NINETEENTH ANNUAL REPORT 2011-12

KHANDWALA SECURITIES LIMITED

KHANDWALA SECURITIES LIMITED

OUR NEW MANTRA

It gives us immense pleasure to announce the new corporate identity of Khandwala Securities Limited (KSL) which is a part of our brand repositioning initiative. The transition of KSL to the new identity has been an ongoing endeavor since a year and a lot of brainstorming has gone into achieving it. Our new identity is recognition of our constant efforts towards your growth. We will like to share with you our vision and journey behind developing our new Logo.

KSL New Logo

The Form of the Logo has the letters 'K' & 'S' showing an upward trend with an arrow. The form truly represents the core principles of KSL which are dedicated towards continuous growth and development. The letters are given a dynamic action which represents our commitment to meet the dynamics of a new market place.

The Blue in the logo represents knowledge, power and integrity in our work. The Red represents our passion, commitment and strength. The color scheme of blue and red is selected to balance the passion for growth with the depth of knowledge.

The Logo in the entirety represents KSL as growth centric and knowledge driven global financial company which is focused on a vision to create, generate and manage wealth for their customers. For our customers we are 'Wealth Visionaries' and our new Logo advocates their belief.

Khandwala Securities Limited (KSL) has always maintained pace with the latest technological advancements. Our new interactive website "http://www.kslindia.com", e-communication tools for an environment-friendly paperless interaction and KSL Wealth Console (for your smart phones and tablets) allow us to provide prompt and efficient services to our customers. The KSL website provides in depth information of our products and services and offers information on Research, IPOs, Derivatives, Mutual funds and more. Kindly sign in with your personal customer identity and explore more interactive features on our website.

We will like to introduce our new products that are created to suit the current market scenario and growing urban needs:

Investment Advisory: The mission of KSL's advisory team is to provide the highest level of performance, service, and integrity and information dissemination to its clients. This involves helping clients to maximize returns in favorable investment climates and protecting assets during unfavorable climates.

Financial Planning: Everybody wants to manage their finances well so that they get desired money for their goals like child education & their marriage, buying a new car, buying a dream home, financial self-sufficient retirement etc. To achieve these goals, one needs to carefully plan for life goals through proper management of finances. KSL helps you to lay out a road map for achieving your goals and objectives.

The heritage, goodwill and experience since 1930s continue to strengthen our core values even today. Adding new global sensibilities and financial foresight, KSL promises efficient services and personal attention to each customer. As we make this transition, please be assured that KSL is the same value-based and service oriented organization that remains focused towards maximizing returns for your wealth.

We thank you for all of your support in the past and as we move ahead!

BOARD OF DIRECTORS

Mr. Shreedhar Parande (Chairman)
Mr. Paresh J. Khandwala (Managing Director & CEO)
Mr. Rohit Chand
Mr. Kalpen Shukla
Mr. Brijmohan Rai Bahl
Mr. Pranav P Khandwala
Mr. Homiar N. Vakil

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Pooja Gupta

REGISTERED OFFICE

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

AUDITORS

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

BANKERS

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

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

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

REGISTRARS & TRANSFER AGENTS

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

LEGAL ADVISOR

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

CONTENTS	PAGE NO.

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of **Khandwala Securities Limited** will be held at C. K. Naidu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020 on Friday, 28th day of September, 2012 at 12.00 noon to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2012 and Profit and Loss Account for the period ended as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kalpen Shukla who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint Auditors M/s. Udyen Jain & Associates, Chartered Accountants, the retiring auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

   RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modification(s) or re-enactment thereof, Mr. Pranav P Khandwala who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 in the Board meeting held on 14th November, 2011, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provision of Articles of Association of the Company".

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

   RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modification(s) or re-enactment thereof, Mr. Homiar N. Vakil who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 in the Board meeting held on 3rd February, 2012, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provision of Articles of Association of the Company".

By Order of the Board of Directors

Pooja Gupta
Company Secretary

Date: 9th August, 2012
Place: Mumbai

NOTES

1. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, setting out the material facts in respect of special business for Item No. 4 & 5 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY / PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. The Register of Members and the Share Transfer Books of the Company will remain close from 20th September, 2012 to 28th September, 2012 (both days inclusive) for the purpose of Annual General Meeting.
4. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, there is no dividend or interest which remains unpaid / unclaimed for a period of 7 years which should be transferred by the Company to IEPF. Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
5. Members are informed that in the case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the AGM.
7. Members are requested to bring their copy of the Annual Report, as copies of the Report will not be distributed again at the Meeting.
8. Members are requested to bring their attendance slip, duly signed, so as to avoid any inconvenience.
9. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least ten days in advance, so as to enable the Company to keep the information ready.
10. Members holding shares in physical form are requested to notify, immediately, any change in their address or bank details to the Company. Shareholders are requested to quote ledger folio / beneficiary numbers in all their correspondence. Members holding shares in electronic form should update such details with their respective Depository Participants.

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

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

ITEM NO. 4

The Board of Directors of the Company ('the Board'), under Section 260 of the Companies Act, 1956 ('the Act') and the Articles of Association of the Company, appointed Mr. Pranav P Khandwala as an Additional Directors of the Company with effect from 14th November, 2011.

In terms of Section 260 of the Act, Mr. Pranav P Khandwala will hold office up to the date of ensuing Annual General Meeting.

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

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

Name	Mr. Pranav P Khandwala
Date of Birth	30-12-1980
Address	Rekha Bldg., Block no. 36, 46, Ridge Road, Malbar Hill, Bombay – 6.
PAN Number	AABPK5769M
Educational Qualification	B.Com & MBA
Profession	Presently Managing Director of M/s. Trumonee Financial Limited.
Experience	Presently Managing Director of Trumonee Financial Limited (Promoted by Khandwala Securities Limited). Advisory to Corporate & HNIs, Relationship Management, Investment Banking & Corporate Finance, Retail Broking and E-Broking, strategic planning & MIS development and has an experience of about 10 years in Investment sector.
Other Directorship	- Khandwala Commodity & Derivatives Private Limited - Trumonee Financial Limited - Piggero Investments Private Limited

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

None of the Directors except Mr. Pranav P Khandwala are concerned or interested in the resolution

ITEM NO. 5

The Board of Directors of the Company ('the Board'), under Section 260 of the Companies Act, 1956 ('the Act') and the Articles of Association of the Company, appointed Mr. Homiar N. Vakil as an Additional Directors of the Company with effect from 03rd February, 2012.

In terms of Section 260 of the Act, Mr. Homiar N. Vakil will hold office up to the date of ensuing Annual General Meeting.

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

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

Name	Mr. Homiar N. Vakil
Date of Birth	21-12-1958
Address	1A/2, Tata Mills Co-operative Housing Society, Elphinstone Road, Parel, Mumbai – 400 012.
PAN Number	AACPV4702G
Educational Qualification	B.Com (Hon), L.L.B. Solicitor (Bombay & London)
Profession	Partner of Messrs. Mulla & Mulla & Craigie Blunt & Caroe, Advocates, Solicitors & Notaries
Experience	Having work experience of more than 25 years in Civil and Criminal Litigations, Arbitration, Constitutional matters, Writ Petitions, Indirect Taxes, and Public Interest Litigations. He has advised several large Public & Private sectors, foreign banks and individual in respect of litigation as well as property cases. He specializes in the area of Conveyancing, Title Investigation, drafting contracts, preparing and vetting International Banking documents.
Other Directorship	NIL

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

None of the Directors except Mr. Homiar N. Vakil are concerned or interested in the resolution

Your Board recommends the Special resolution for your approval.

By order of the Board of Directors

Pooja Gupta
Company Secretary

Date: 9th August, 2012
Place: Mumbai

Come; let's join hands for a new experience

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting herewith the Nineteenth Annual Report along with Audited Statement of Accounts for the year ended on 31st March 2012.

FINANCIAL HIGHLIGHTS

The performance of the Company for the Financial Year ended 31st March, 2012 is summarized below:-

(Rs. in Lakhs)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Total Income	599.41	893.76
Interest & other Financial Charges	39.60	36.53
Depreciation	39.53	44.72
Profit / (Loss) before Tax and prior period item	(58.31)	43.11
Less: Prior Period item	-	-
Provision for Tax (including Deferred Tax & Fringe Benefit Tax)	(3.32)	(0.27)
Profit / (Loss) after Tax	(54.99)	43.37
Appropriations		
Dividend on Preference Shares	-	-
Provision for Corporate Tax on Dividend	-	-
Surplus / (Deficit) carried forward	737.00	792.00
Reserves and Surplus	1621.41	1676.40

RESULTS OF OPERATIONS

The Revenue for the year decreased from Rs. 893.76lacs to Rs.599.42 lacs. The Profit before interest, exceptional items, prior period expenses and taxation registered a decrease from a profit figure of Rs. 43.11 Lacs in the FY 2011 to a loss figure of Rs. (58.31) Lacs in the current FY 2012.

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

DIVIDEND

Your Directors do not recommend Equity dividend for the financial year under review because of inadequacy of profits / loss.

DIRECTORS

During the period Mr. Ajay Narsimhan has vacated the office and Mr. Pranav P Khandwala & Mr. Homiar N. Vakil were appointed as an Additional Directors effective from 14th November, 2011& 3rd February, 2012 respectively. In terms of Section 260 of the Companies Act, 1956 they will hold the office only upto the date of ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing their candidature for the office of Director liable to retire by rotation.

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

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

CORPORATE GOVERNANCE

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

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

RECONCILIATION OF SHARE CAPITAL

Your Company voluntarily appointed M/s. Bhuwnesh Bansal & Associates, Practicing Company Secretary, to conduct Share Capital Audit of the Company for the financial year ended March 31, 2012. The Reconciliation of share Capital Audit Report confirms that the Company has complied with all the applicable provisions of the Listing Agreement, the Companies Act, 1956, and the Depositories Act, 1996.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review as required under Clause 49 of the Listing Agreement, is given as a separate statement in the annual report.

EMPLOYEES

Your Company is consciously aware that its well being largely depends upon the quality and strength of human resource. The Company endeavors to attract and retain talent. The Company ensures that its operations are adequately staffed. Your Company's human resource policies are designed and implemented to achieve these objectives.

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

AUDITORS' REPORT

Observations made by the Auditor in their Report, have been appropriately dealt with in the notes forming part of the accounts for the year, which are self-explanatory and therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

AUDITORS

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

PARTICULARS OF EMPLOYEES

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

COMPLIANCE CERTIFICATE

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

DIRECTOR'S RESPONSIBILITY STATEMENT

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

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

(ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs as at March 31, 2012 and of the profit or loss of the Company for the year ended March 31, 2012.

(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The Directors have prepared the annual accounts for the financial year ended March 31, 2012 on a going concern basis.

DEPOSITS

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

ACKNOWLEDGMENTS

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

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

S M Parande
Chairman

Date: 9th August, 2012
Place: Mumbai.

ANNEXURE A TO DIRECTORS REPORT

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

a) **Conservation of Energy:**

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

b) **Technology Absorption**

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

c) **Foreign Exchange Earnings / Outgo**

Foreign Exchange Earnings	:	Rs. 0.30 Lacs	(previous year – Rs. 0.52 Lacs)
Foreign Exchange Outgo	:	Rs. 2.03 Lacs	(previous year– Rs. 5.62 Lacs)

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

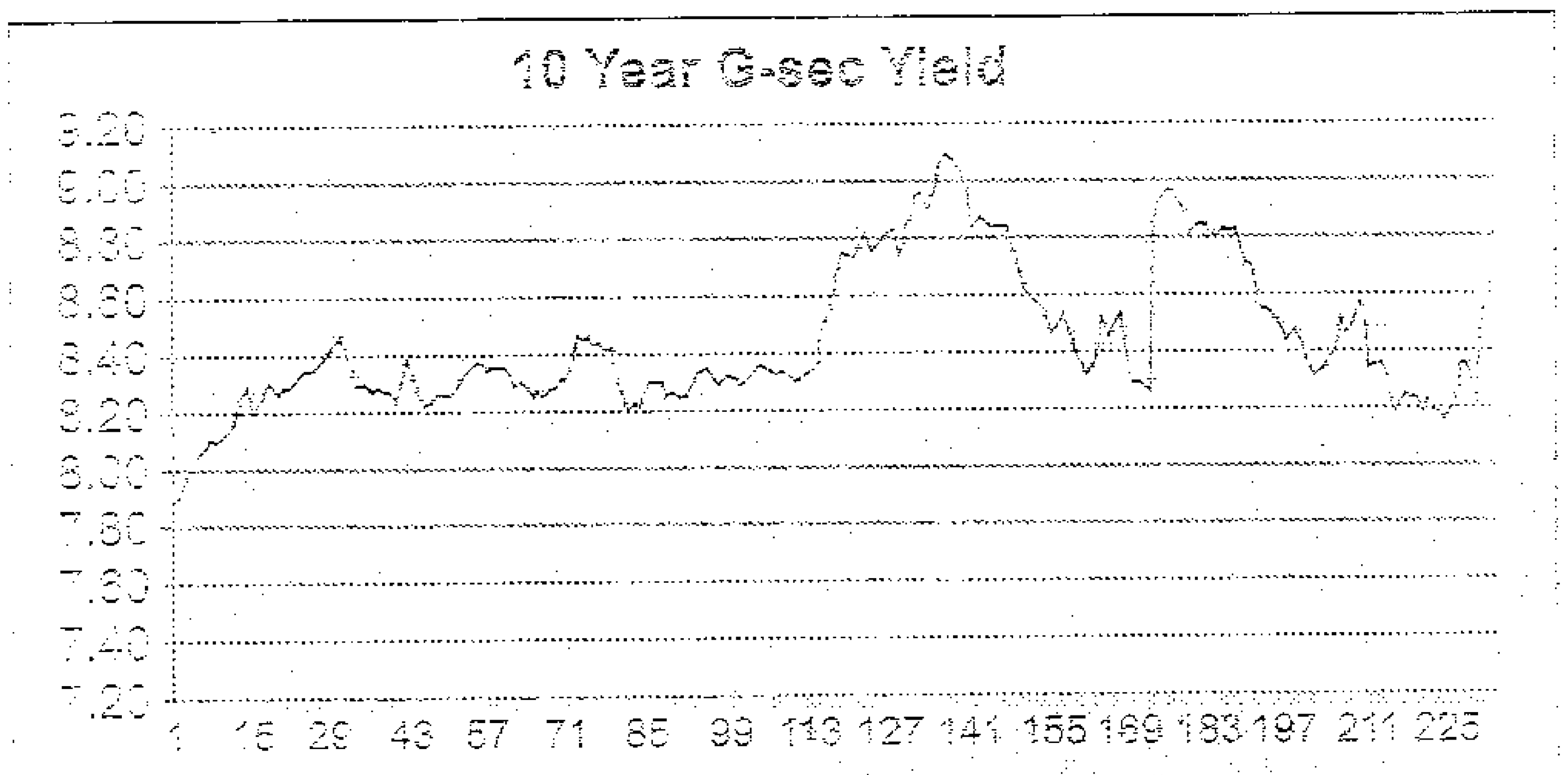
S M Parande
Chairman

Date: 9th August, 2012
Place: Mumbai.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY OVERVIEW

A storm-tossed year 2011 ended with negative sentiments in Global & Indian Economy. Factors affecting the sentiments are Global Debt Crises, High Volatility in Crude Price, Currency Movement, High Inflation, High Interest Rate and bad Policies & Politics have bought the economy to a complete stand still. Equity market was lackluster during the whole year where Sensex & Nifty were down by almost 10%. On the other hand 10 year benchmarked yield has gone up from 7.67% to 8.63% during the Financial Year.



Indian capital markets were at the receiving end by a couple of negative developments from the global investing perspective as S&P downgraded India's sovereign rating outlook from stable to negative but kept the rating unchanged at BBB – (due to slower investment cycle and economic growth coupled with a wider current account deficit). And also warning one-in-three chance of a rating downgrade in next couple of years, got the Indian equity market into a nervous grip again. Reasons cited were persistent external Risk, High fiscal deficit (5.10%), Heavy Borrowing and weakened political setting (that could slow reforms) were the reason behind the downgrade.

The confusion on the taxation to global investing flows (FDI and FII) remained ambiguously unaddressed by introducing GAAR.This had a direct impact on the foreign participation in the markets. One can expect in the near term the government could provide the required clarity on this front to allay concerns of global investors.

The RBI has projected the rate of growth of gross domestic product (GDP) for the financial year ending March 31, 2012, to be somewhere between 7.4 per cent and 8.5 per cent, significantly below the 9 per cent (+/ – 0.25 per cent) estimate put out by the Ministry of Finance in its Economic Survey presented late February. The RBI has projected the overall rate of growth of bank credit during 2011-12 to be 19 per cent, against a two percentage point higher credit growth during the previous fiscal year clearly indicating an expected deceleration in credit off-take – that is likely to impact the real estate and automobiles sectors the most.

Outlook

The Indian economy, with various negative sentiments for the future, India's authorities are trying to get things back on an even keel. Finally RBI succumbed to pressure from the government and corporate by a repo rate cut after three years of tightening. Inflation has seen moderation over the previous year. But it still remains sticky on account of global commodity prices and supply side constraints. However, growth in the Indian economy has been the major letdown. This forced the central bank to review its tight liquidity stance. In the first monetary policy review of FY13, the RBI announced its decision to reduce the rates at which it lends to banks (repo rate) by 0.50%. Thus the repo rate now stands at 8% from 8.5% previously. The rate at which RBI borrows from banks (reverse repo) now stands 7% post the review. The central bank left the cash reserve ratio (CRR) unchanged at 4.75%. Reserve Bank of India measures to try to stabilise the rupee. It has lost a fifth of its value against the dollar in the past year, reflecting global woes but also a slowdown in India and a drying up of capital inflows. its decline is widely seen in India as a bad thing, stoking inflation and hurting firms with foreign-currency debt.

GDP growth in India has moderated to 6.1% during 3QFY12 from 6.9% in the previous quarter and 8.3% in 2QFY11. This was mainly on account of a considerable slowdown in industrial growth and a decline inndex of Industrial Production (IIP) numbers. The advance estimate of GDP growth of 6.9% for FY12 by the Central Statistics Office is close to the Reserve Bank's baseline projection of 7% for the period.

The real reason why the central bank cut interest rates by a large quantum was because of a worrying factor. Recent growth and inflation patterns suggest that the growth trend in India has declined from its pre-crisis peak. An economy's trend of growth is the rate that can be sustained over longer periods without stoking demand-side inflation. This decline was due to a number of supply side bottlenecks on the infrastructure, energy, minerals and labor front. A sustained effort on these fronts is needed.

Banking activity is a major indicator of growth in any economy. Non-food credit growth decelerated from 22.1% at the beginning of FY12 to 15.4% by February 2012 reflecting a slowdown in economic activity. However, it picked up to 16.8% as banks rushed to meet their year-end targets. Thus, credit growth came in higher than the indicative projection of 16%. For FY13, the central bank expects moderately higher non-food credit growth of 17%. The consolidation phase experienced by the Indian equity markets in the month of March 2012, continued in the month of April 2012 as well, as the BSE Sense lost 0.5% (or 85.4 points).

Moreover, S&P also slashed its outlook to negative for companies including infosys, wipro and Tata Consultancy Services (TCS) in the private sector, besides state-owned Exim Bank, IIFCL, IRFC, Power Finance Corporation (PFC), National Thermal Power Corporation (NTPC), National Hydel Power Corporation (NHPC) and Steel Authority of India Limited (SAIL); which all have significant global presence. The change in the outlook thus reflected worrisome situation of the Indian economy, as such a rating downgrade could lead to increase in borrowing cost for corporate India and have negative impact on the development of the economy (led by dampening of business sentiments and drying up of investments).

Meanwhile Moody's Analytics was of the view that India's growing, but below its potential, as politics is weighing on the economy. It termed the national Government as the "single biggest drag" on business activity. On the General Anti-Avoidance Rules (GAAR) (which spooked the sentiments in the Indian equity markets earlier in the month of March 2012), although there was news of Finance Ministry considering exempting transactions or tax-saving arrangements less than Rs 15 crore to ensure only corporate structures of significant size come under the ambit and deferring the implementation of GAAR to April 1, 2013 (thereby enabling stakeholders to exhaustively debate the new rules, which will spell out how GAAR is to be implemented, and also enable investors to restructure their businesses to bring them in line with the changed tax code); it did not enthuse the Indian equity markets much, as uncertainty over GAAR yet lingered.

Likewise, although the industrial activity reported an uptick of 4.1% for the month of February 2012 (data released in March 2012), it did not enthuse the markets much. This was mainly because the IIP data for January 2012 underwent a downward revision (placing it at mere 1.1%), due to the incorrect production data of sugar which was originally reported as 134.08 lakh tone and then subsequently rectified to 58.09 lakh tone.

Thus in the background of all these macro-economic factors, while the RBI tried to reduce policy rates by 50 basis points (bps) in attempt to provide impetus to economic growth (encouraged by signs of moderation in WPI inflation); barring the date of announcement of annual monetary policy 2012-13 the Indian equity markets didn't reveal any sharp upswing in the ensuing trading sessions of April 2012. Considering the fact that a weakening Indian Rupee may infuse upside risk to WPI inflation, the central bank guided that the space for further reduction in policy rates would get limited and this in turn also got the Indian equity markets move in consolidative manner.

India has long shied away from letting fickle foreigners buy government bonds, but the RBI loosened the rules to tempt in sovereign-wealth funds and other long-term investors. It also slightly eased restrictions on Indian manufacturing and infrastructure firms seeking funds abroad.

IKEA, a Swedish furniture chain, boosted morale by saying it would invest up to €1.5 billion ($1.9 billion) in India—although on closer inspection that sum was spread over many years. Coca-Cola followed suit with the announcement of an additional $3 billion in investment, taking the total earmarked for India by 2020 to $5 billion. A ratings agency proved oddly helpful, too: on June 25th Moody's signaled it would not follow Standard & Poor's and Fitch, which have both warned of a possible downgrade of India to junk status. Its rating, which hovers just within investment grade, remains stable, the agency said.

The promise of a push on reforms has been made—and broken—consistently by the government for years. With a busy electoral timetable up to general elections in 2014, it may be harder to fulfill than ever. Still, others, stepping back from the hurly-burly, can see a silver lining in India's great wobble, particularly the fall in the currency. T.C.A. Ranganathan, the chairman of Exim Bank of India, which finances trade, says: "The exchange rate has moved in our favor. I'm fairly happy." He reckons a weaker rupee will help spur a long-awaited boom in manufacturing. Kaushik Basu, the government's chief economic adviser, no slouch on the need for reform, agrees. A cheaper currency means India is "getting an advantage for our export sector". Perhaps, in time, that may prove more important than today's firefighting.

AN OVERVIEW OF KSL

As a corporate house, the overall operations of Khandwala Securities Limited include investment Banking, Corporate advisory services, Institutional broking, Private client Broking and Investment advisory services.

The Company's performance was affected by the global crisis and the resultant stock market meltdown. This is reflected in the financials of the Company.

Financial Highlights:

The salient features of the Company's performance: –

Total Revenues of Rs. 599.42 Lakhs

Net Profit/(Loss) of Rs. (54.98) Lakhs

Earning Per Share (EPS) of Rs. (0.46)

Segment Highlights – FY12 over FY11:

(Rs. in Lacs)

Segment	Revenue Financial Year ended on 31st March 2012	Revenue Financial Year ended on 31st March 2011
Brokerage	206.40	382.89
Corporate Advisory Services	45.95	151.28
Income from Capital Market Operations	83.27	4.97
Other	263.79	354.62
Total Income	599.42	893.76
Ratios	**2011-12**	**2010-11**
Debt/Equity (Loans/ Shareholders Funds)	0.13	0.21
Book Value (Rs.)	23.58	25.72

Empanelment during the Year

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

Your Company shall focus more towards high end Research with further enhancement of its team of cutting-edge research