

# 22<sup>ND</sup> ANNUAL REPORT

2014-15



*Wealth Visionaries*

## OUR MANTRA

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

Institutional Equity : Investment Banking : Investment Advisory : Private Wealth

### **Service Differentiators:**

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

[www.kslindia.com](http://www.kslindia.com)

# KHANDWALA SECURITIES LIMITED

---

## BOARD OF DIRECTORS

Shreedhar Parande (Chairman)  
Paresh J. Khandwala (Managing Director)  
Pranav Khandwala  
Kalpen Shukla  
Rohit Chand  
Homiar Vakil  
Bhagyashree Khandwala  
Chief Financial Officer  
Pranav Khandwala

## REGISTERED OFFICE

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

## AUDITORS

UDYEN JAIN & ASSOCIATES  
Chartered Accountants,  
201, 2<sup>nd</sup> Floor, Tower S4,  
Phase II, Cyber City,  
Magarpatta Township,  
Hadapsar, Pune – 411013

## BANKERS

**Union Bank of India**  
Mumbai Samachar Marg,  
Mumbai - 400 023.

**Axis Bank Limited**  
Sir P.M. Road, Fort,  
Mumbai – 400001

**HDFC Bank Limited**  
Manekji Wadia Bldg,  
Nanik Motwani marg, Fort,  
Mumbai – 400001

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

## REGISTRAR & SHARE TRANSFER AGENT

**KARVY COMPUTERSHARE PVT. LTD.**  
Karvy Selenium  
Tower B, Plot Number 31 & 32  
Financial District  
Gachibowli, Hyderabad 500 032

## LEGAL ADVISORS

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

CONTENTS	PAGE NO.
Notice	4
Directors Report	7
Management Discussion & Analysis	20
Corporate Governance Report	35
Auditors Report	45
Financial Statement	48

**Dear Shareholders,**

FY2015 was a landmark year for us. A fall in crude oil prices, together with a decline in international food prices meant that India's inflation and trade deficit fell sharply. These were the two big lingering vulnerabilities of the Indian economy over the past three years. Deriving comfort from this windfall, and in a bid to encourage growth, the Reserve Bank of India commenced the rate easing cycle. The decisive mandate seen in the elections spurred retail and institutional investor interest. After the formation of the Modi Government at the Centre last year, business, consumer and investor confidence has improved. Over time when fully implemental, these incremental changes will add up to a much improved social and economic outcome.

In FY2015, the Indian markets rallied and investor sentiment was at peak owing to the new government, the same couldn't be said of other emerging markets. India ended the fiscal year as one of the best performing markets. Bulk of the returns came in the first quarter around the election period, while the subsequent quarters saw returns taper. Nevertheless, it outperformed most major markets on both 1-Year and 10-Year basis. Cash volumes in the market were Rs. 213.35 bn, up significantly as compared to the levels clocked during the last 3 years. It was only ~6% lower than its all time high of FY2010. Within this, cash delivery volumes reached its all time high in FY2015, as compared to the last 8 years. The fraction in cash market volumes were led by a 73% YOY growth in retail and a 50% YOY growth in Institution. The return of retail investors was the talking point this year, both through direct equities and through equity funds. While institution cash volumes were ~35% higher than its previous peak of FY2008, retail cash volumes still remain ~17% lower than its previous peak of FY2010. Equity funds saw net inflows in FY2015 after a successive quarter of net outflows. FII's also continued to repose their faith in Indian equities.

Away from home, the year was a mixed bag for the global economy. In the United States, the economy continued to gain traction, with unemployed rate declining gradually, but in the rest of the western world, economic growth remained weak. In fact, a major highlight of FY2015 was the sustained rise in USD against all major currencies, and the consequent fall in global commodity prices. The latter acted as a boon for most of the world economies, as inflation declined and real incomes improved. However, in contrast the European Union remains a stark outsider to this trend, with the region constantly battling crisis. Perhaps, it is now becoming clear that a monetary union without a fiscal union is not an ideal model, and will require requisite mechanisms in place to tackle crisis. Meanwhile, the big Emerging Market economy that has slowed down is China. It appears that the slowdown is not just a cyclical one, but more of a fundamental one. There is need for rebalancing the economy, from investments to consumption, as well as from manufacturing to services. This rebalancing will be extremely critical for not just China, but also the rest of the world.

Khandwala Securities Limited (KSL) despite its strong bearings, suffered from the adverse economic conditions and market realities even though FY2015 provided hope in the form of rejuvenated economic wave. FY2015 has been a validation to re-instate our long-term strategy. Synergistic Diversification in line with our new five year strategy to grow Return on Equity (ROE) sustainably to 20% + your company will make strategic allocation of capital to long-term ROE enhancing opportunities into Capital Markets Business, Life Insurance Business, Diversified Asset Management Business, Credit Business, and Commodity Business.

This year, your Company has reported an income of Rs. 506.85 lacs up 15% from last year, and Profit After Tax of Rs. 25.10 lacs, up compared to the previous year loss. The Return on Equity has been improved to 0.21% for FY2015 to (1.01)% for FY2014. The Company's Networth is now Rs. 2977.58 lacs with a balance sheet size of Rs. 3938.25 lacs. Your Company's future endeavors 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.

Many of you may be aware that KSL has incredible innovated ideas under every line of business under adverse market conditions. At a time when competitors and peers were scaling back operations or mothballing investment plans, your Company has actively invested. Since FY2015, we consciously focused on building out the organization across business to support and sustain growth. This strategy of selective and efficient hiring, improving efficiency and productivity, strengthening and growing the balance sheet, robust risk management and investment in technology will bring the organization to the future ready status that it should enjoy. Your Company's five pronged focus on Profitability, Scalability, Sustainability, Governance and Quality Management will help hone performance.

I would like to share the sectoral overview of each of the business clusters with you.

**1. Financial Markets – An Overview**

Witnessing a massive rally in tandem with the new government at the centre, India market cap moved up 37% from Rs. 74 trillion to Rs. 101 trillion while the daily turnover for equity trading in FY15 grew 56% to Rs. 216 billion. The combine FY2015 flow in debt and equity stands at Rs. 2.7 trillion which is the highest since 1998. To top it, the Bombay Stock Exchange recently claimed a steep 34% rise to Rs. 2.67 million retail investors on the Exchange.

**2. Life Insurance – An Overview**

While FY 2015 has been a landmark year with the passage of the Insurance bill, it has continued to be a challenging period for the Life Insurance companies in terms of business growth. Overall the Industry registered a degrowth of ~10.3% over year ago through private players witnessed some signs of traction growth at ~16%. It is expected that increasing financial savings, huge under-penetration and rising disposable income provides huge potential for growth.

**3. Asset Management – An Overview**

The Indian asset management industry continued to witness growth on the back of buoyant equity markets. The Mutual Fund's industry in India witnessed a return of retail investors resulting in the industry's AUM growing 35% to reach Rs. 10.8 trillion at the end of March 2015. In the Alternative space, domestic Alternative Investment Funds have shown a significant growth and have almost doubled the AUM commitments in the fiscal period.

**4. Credit – An Overview**

Credit growth in commercial banking sector continued to be sluggish in FY 2015. Stretched cash flows and balance sheets of corporates negatively impacted the asset quality of the banks, especially PSU banks. NBFC's, given their agility, could record reasonable growth in their credit books. Housing credit remains a low 7% as a percentage of GDP, an opportunity that is waiting to be tapped as RBI begins the ritual of reducing rates.

**5. Commodities – An Overview**

The size of the commodity related markets (including agri dependent industries) in India is a significant 58% of the country's GDP of 13,207 billion offering immense potential to become a separate asset class for investing community. Agri business has a significantly large and untapped potential in India with India importing almost 4.6 million tons of pulses over 3.65 million tons last fiscal.

As I write this letter, the RBI Governor has taken the much expected step to reduce interest rates. Corporate financial performance still has a couple of quarters to go before a visible turnaround can be seen. Inflation targets are holding steady though monsoons seems to be heading towards an unpredictable performance. We continue to believe that 'Make in India' will be successful as long as enough incentives are provided to 'Consume in India' and that goes back to the basic requirement of India's youth - jobs.

Consistent and high quality execution is also the theme of your Company for FY2016 to FY2020, years that we believe will be the foundation of a newer, energized, inclusive and aggressive India. As your Company reviews its future plan, we see that the stated long-term growth-aspirations remain intact and achievable after the FY2015 performance.

With your support, KSL stands steadfast and tall today. I would like to express my gratitude to our passionate, committed and hardworking employees for their immense contribution towards the Company's growth. I am also grateful to our Board of Directors for their guidance and to all our shareholders who have reposed their trust in us and given us their constant support and look forward to a long and mutually beneficial partnership together.

**With best wishes,**

**Sincerely**

**Pranav Khandwala**

**CFO & Director**

**26th May, 2015**

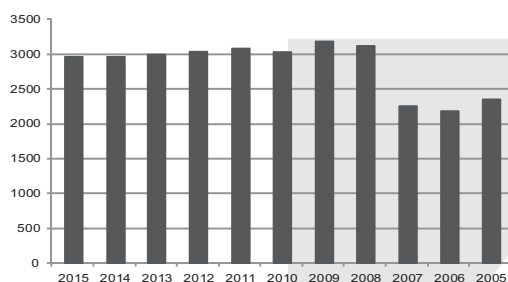
## Performance Highlights

Consolidated Financial Performance of Khandwala Securities Limited.

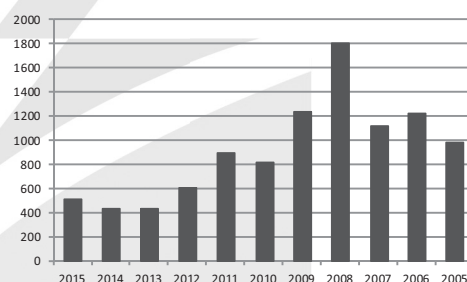
(in Rs. Lacs except per share data)

Year Ended March 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Income	506.85	438.18	440.03	599.42	893.76	813.43	1,231.07	1,801.71	1,119.66	1,221.89	985.57
Total Expenditure	489.21	466.62	475.87	657.73	850.66	988.60	965.37	1,030.71	807.94	810.41	811.08
Profit Before Tax	17.64	(28.44)	(35.83)	(58.31)	43.11	(175.18)	260.70	771.00	311.72	411.48	174.49
Tax Expenses	(7.46)	(0.62)	(0.83)	(3.32)	(0.27)	(0.01)	39.68	97.43	39.58	(194.33)	(30.33)
Net Profit	25.10	(27.82)	(35.01)	(54.99)	43.37	(175.17)	226.02	673.57	265.53	605.81	204.82
Paid up Equity Capital	1,193.90	1,193.90	1,193.90	1,193.90	1,193.90	1,193.90	1,193.90	1,193.90	1,138.30	1,044.00	1,044.00
Networth	2,977.58	2,952.49	2,980.31	3,015.31	3,070.30	3,026.93	3,163.82	3,103.91	2,239.33	2,175.79	2,339.70
Diluted EPS (FV Rs. 10) (in Rs.)	0.21	(0.23)	(0.29)	(0.46)	0.36	(1.66)	1.67	5.58	2.11	4.57	1.23
BVPS (FV Rs. 10) (in Rs.)	23.26	23.05	23.29	23.58	24.04	23.68	24.82	23.07	16.60	13.64	14.56

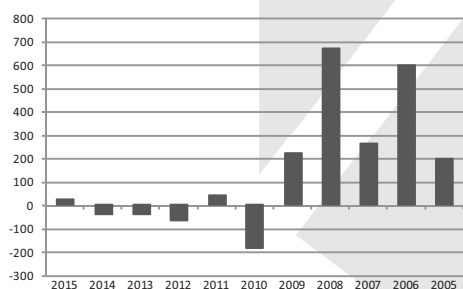
Network



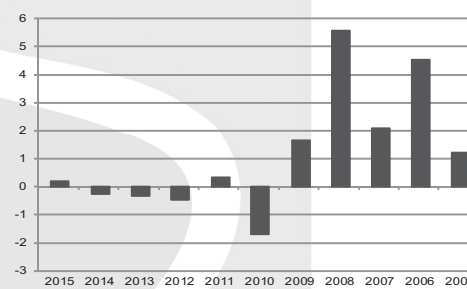
Total Income



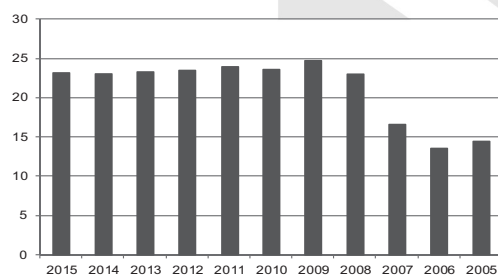
Net Profit



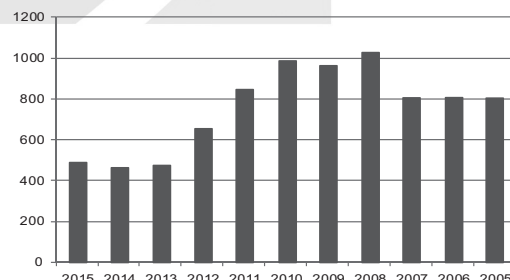
Diluted EPS (FV Rs. 10) (in Rs.)



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



Total Expenditure



**NOTICE**

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of **Khandwala Securities Limited** will be held on 19<sup>th</sup> September 2015 at C. K. Nayadu Hall, in the Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai – 400 020, falling on Saturday at 12.15 P.M. to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2015, the Profit and Loss Account of the Company for the year ended on that date, and the Reports of the Auditors and Directors thereon..
2. To appoint a Director in place of Mrs. Bhagyashree Khandwala (DIN: 02335473), who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

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

**SPECIAL BUSINESS:**

4. To appoint Mr. Homiar Vakil (DIN: 05210178) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Homiar Vakil (DIN: 05210178) who was appointed as Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto 5 (Five) consecutive years commencing from September 19, 2015.”

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

5. To Re-Appoint Mr. Paresh Khandwala (DIN: 00112678) as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and remuneration of Managerial Personnel Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to the approval from shareholders of the Company in a General Meeting and Central Government, if required, the approval of the Board be and is hereby accorded to the re-appointment of Mr. Paresh Khandwala (DIN: 00112678) as Managing Director for the period of 3 years with effect from January 01, 2015, on remuneration as specified below:

**a. Salary Perquisites and allowances per annum:**

Salary of Rs. 31,25,000/- p.a inclusive of perquisites, conveyance, medical allowance and leave travel allowance, contribution towards provident fund, gratuity and leave encashment at the end of tenure would be extra.

**b. Commission:**

In addition to the salary, perquisites and allowance as mentioned above, Commission at rate of 1% on net profits of the Company calculated as per provisions of Act shall be payable on yearly basis subject to approval of Board of Directors.

**“RESOLVED FURTHER THAT** in the event of inadequacy or absence of profits in any financial year of the Company during the term of Mr. Paresh Khandwala, as the Managing Director of the Company, he shall be entitled to receive and be paid the remuneration mentioned above, excluding commission, as minimum remuneration.

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

**By and on Behalf of Board**

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

**Date: - 26th May, 2015**

**Place: Mumbai**

**Registered Office:**

**Ground Floor, Vikas Building,**

**Green Street, Fort,**

**Mumbai - 400023**

**CIN: L67120MH1993PLC070709**

## 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 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.**
2. A person can act as proxy on behalf of Members not exceeding Fifty (50) and holding in the aggregate not more than 10% of the total share Capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. The Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 in respect of the business referred to under Item Nos. 4 to 5 (Both Inclusive) is annexed hereto.
4. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the AGM.
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 are requested to bring their copy of the Annual Report, as copies of the Report will not be distributed again at the Meeting.
7. Members are requested to bring their attendance slip, duly signed, so as to avoid any inconvenience.
8. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least ten days in advance, so as to enable the Company to keep the information ready.
9. The Register of Members of the Share Transfer Books of the Company will remain closed from 12<sup>th</sup> September, 2015 to 19<sup>th</sup> September 2015 (both days inclusive) for the purpose of Annual General Meeting.
10. Members are requested to note that pursuant to the provisions of Section 124 and other applicable provisions of the Companies Act, 2013, (including statutory modification (s) or re-enactment thereof for the time being in force) and rules made thereunder, the dividend remaining unclaimed/unpaid for the period of seven years from the date of transfer to "Unclaimed Dividend Account" shall be credited to Investor Education and Protection Fund set up by the Central Government.
11. Members holding shares in physical form are requested to notify, immediately, any change in their address or bank details to the Company. Shareholders are requested to quote ledger folio / beneficiary numbers in all their correspondence. Members holding shares in electronic form should update such details with their respective Depository Participants.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
13. Additional Information pursuant to clause 49 of listing agreement with the Stock Exchange in respect of the Directors seeking appointment / re-appointment as Director are provided in Corporate Governance Report forming part of Annual Report.
14. To support Green Initiative, Members are requested to register their e-mail addresses with the Company and R&T Agent viz. Karvy Computershare (P) Ltd, in case of shares held in Physical and dematerialized form respectively.
15. **E-Voting** - Pursuant to Section 108 of the Companies Act, 2013 read with relevant rules of the Act and Clause 35B of Listing Agreement, the Company is pleased to provide e-voting facility to its members through e-voting services provided by Karvy Computershare (P) Ltd. (Karvy). The Members whose name appears on in Register of Members/Beneficial Owners as on September 14, 2015 are entitled to exercise their vote on business to be transacted in Annual General Meeting. The Instructions for e-voting is enclosed with Annual Report.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013****Item No. 4**

The Companies Act, 2013, provides for the appointment of Independent Director.

Sub-section (10) of Section 149 of the Companies Act, 2013 provides that Independent Director shall hold office for a term of up to five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of a special resolution by the shareholders of the Company. Accordingly the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, to be as an Independent Director of the Company to hold office for a term upto 5 (Five) consecutive years commencing from September 19, 2015.

The tenure of Independent Director will be for a period of five years and provisions relating to retirement of Directors shall not be applicable to Independent Directors. The Board recommends the appointment of Mr. Homiar Vakil, as Independent Director, in accordance with the Provisions of Section 149 read with Schedule IV of the Act, to hold office for a term upto five consecutive years on the Board of Directors of the Company with effect from the date of the Annual General Meeting.

The Company has also received the declaration from the above mentioned Independent Director to the effect that he meets with criteria of Independence as prescribed under sub-section (6) of section 149 of the Act and clause 49 of the Listing Agreement.

In the opinion of Board, the Director fulfill the conditions specified in the Act read with the relevant Rules and the Listing Agreement, for his respective appointment as Independent Director and is independent of Management.

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

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

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

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

**Item No. 5**

The Members are informed that the present tenure of Shri Paresh J Khandwala - Managing Director of the Company expired on 31st December, 2014 and accordingly, he has been re-appointed as Managing Director for the period of three years from 1st January 2015 by the Board of Directors at its Meeting held on 14th November 2014 provisions of Sections 196,197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and remuneration of Managerial Personnel Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), subject to the approval from shareholders of the Company in a General Meeting

The Board commends the Special Resolution set out at Item No. 5 of the Notice for the approval of Members

None of the Directors of the Company except Mr Paresh Khandwala are concerned or interested in the resolution. The explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

**By and on Behalf of Board**

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

**Date: - 26th May, 2015**

**Place: Mumbai**

**Registered Office:**

**Ground Floor, Vikas Building,**

**Green Street, Fort,**

**Mumbai - 400023**

**CIN: L67120MH1993PLC070709**



## DIRECTORS' REPORT

To

The Members,

The Directors of the Company take pleasure in presenting their Twenty Second Annual Report with the annual audited financial statements for the financial year ended on 31<sup>st</sup> March 2015.

### FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance, for the Financial Year 2014-15 as compared to the previous Financial Year 2013-14 is given below:

(Rs. in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
Total Income	506.85	438.18
Interest & other Financial Charges	52.56	50.17
Depreciation	60.92	29.03
Profit / (Loss) before Tax and prior period item	17.64	(28.44)
Less: Prior Period item	-	-
Provision for Tax (including Deferred Tax & Fringe Benefit Tax)	(7.46)	(0.62)
Profit / (Loss) after Tax	25.10	(27.82)
<b>Appropriations</b>		
Dividend on Preference Shares	-	-
Provision for Corporate Tax on Dividend	-	-
Surplus / (Deficit) carried forward	699.27	674.18
Reserves and Surplus	1583.68	1558.59

### DIVIDEND

Your Directors do not recommend Equity dividend for the year ended 31<sup>st</sup> March, 2015 to conserve the resources.

### RESULTS OF OPERATIONS

The consolidated income of Khandwala Securities Limited stood at Rs. 506.85 lacs for the financial year ended March 31, 2015 as against Rs. 438.18 lacs for the previous year. The Company made a net profit of Rs. 25.10 lacs for the financial year ended March 31, 2015 as compared to a net loss of Rs. 27.82 lacs in the previous year.

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.

### SHARE CAPITAL

The paid up Equity Share Capital as at March 31, 2015 stood at Rs 119,390,000. During the year under review, the Company has neither issued any shares with differential voting rights nor had granted any stock options or sweat equity.

### LISTING WITH STOCK EXCHANGES

The equity shares of the Company are listed on National Stock of India Limited and Bombay Stock Exchange Limited.

### SUBSIDIARIES AND JOINT VENTURES

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

### ASSOCIATE COMPANIES

As at March 31, 2015 Khandwala Securities Limited has Trumonee Financial Limited as an associate company as mentioned in notes to accounts.

### EXTRACT OF ANNUAL RETURN

As provided under section 92(3) of Companies Act, 2013 the extract of annual return is given as "Annexure 1" in the prescribed form MGT-9, which forms part of this report.

### DIRECTORS

1. Mr Brijmohan Rai Bahl, Senior Director of Khandwala Securities Limited, passed away on January 24, 2015 due to cardiac arrest. The Board placed on record the immense contribution made by Mr. Bahl to the deliberations of the Board. Thus Mr. Brijmohan Rai Bahl ceases to be a director with effect from the resolution passed in the meeting of Board of Directors held on February 06, 2015.
2. Mr. Pareshe Khandwala was re-appointed as Managing Director of the Company in accordance with the provisions of Sections 196,197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 in the Board meeting held on November 14, 2014 for a period of 3 years, subject to the approval from shareholders of the Company in the Annual General Meeting.
3. Mr. Pranav Khandwala was appointed as Chief Financial Officer (CFO) of the Company pursuant to Section 203 of Companies Act, read with rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
4. Mrs. Bhagyashree Khandwala shall retire at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

5. Mr. Homiar Vakil will retire at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends their re-appointment.

The Companies Act, 2013, provides for the appointment of Independent Director. Sub-section (10) of Section 149 of the Companies Act, 2013 provides that Independent Director shall hold office for a term of up to five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of a special resolution by the shareholders of the Company. Accordingly the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, to be as an Independent Director of the Company to hold office for a term upto 5 (Five) consecutive years commencing from September 19, 2015.

We seek your support in confirming the appointment of Mr. Homiar Vakil in the ensuing Annual General Meeting of the Company.

#### **BOARD INDEPENDENCE**

The Company has received Declarations of Independence pursuant to clause 49 of the Listing Agreement and section 149 (6) of the Companies Act, 2013 from all the Independent Directors .

#### **NUMBER OF MEETINGS OF THE BOARD**

The Board of Directors met four times during the Financial Year 2015. The meetings were held during the year on May 30, 2014, August 01, 2014, November 14, 2014 and February 06, 2015.

The details of the Board Committee Meetings and attendance of the Directors at the Board / Committee meetings are given in the Corporate Governance Report.

#### **BOARD EVALUATION**

Pursuant to the provisions of the Companies act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of the Board. The manner in which the evaluation was carried out has been explained in the Corporate Governance Report.

#### **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:

- (i) in the preparation of the Annual Accounts for the year ended 31st March, 2015, the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any;
- (ii) that 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 March 31, 2015;

- (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) that the Annual accounts are prepared on a going concern basis.
- (v) that proper internal financial controls were in place and that the internal financial controls were adequate and were operating effectively;
- and
- (v) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and were operating effectively.

#### **RISK MANAGEMENT & INTERNAL CONTROL SYSTEMS**

The Company has an adequate system of internal controls commensurate with the nature of business and complexity of its operations to ensure accuracy of accountancy records, compliance with all laws and regulations, processes and guidelines prescribed by the management. An extensive Internal audit is carried out by Shah & Ramaiya, independent firm of Chartered Accountants. Post audit reviews are also carried to ensure follow up on the observations made. Details of internal finance control and its adequacy are included in the Management Discussion and Analysis Report, which forms a part of this report.

#### **RELATED PARTY TRANSACTIONS**

All Related Party Transactions that were entered during the financial year were on a arm's length basis and were in the ordinary course of business. Thus disclosure in form **AOC-2** is not required. Further, there are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel. The disclosure with related parties is set out in the notes to accounts forming part of annual report.

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

During the financial year ended March 31, 2015, no loan, guarantee and investment under Section 186 of the Companies Act, 2013 was made by the Company.

#### **KEY MANAGERIAL PERSONNEL**

Pursuant to Section 203 of Companies Act, 2013 the Company has designated Mr. Pranav Khandwala as Chief Financial Officer (CFO) of the Company.

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

The Management Discussion and Analysis Report for the year under review as required under Clause 49 of the Listing