

# KEYNOTE

25  
YEARS  
OF CREATING  
VALUE  
THROUGH  
RELATIONSHIPS  
AND  
TRUST

Ref # Key19/Stock Exchange Let/Sm(47)

16<sup>th</sup> July, 2019

The Manager  
BSE Limited,  
Listing Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001

The Manager  
National Stock Exchange of India Ltd.  
Listing Department,  
Exchange Plaza, C-1, Block – G,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400 051

Scrip Code / Name of Scrip: 512597/KEYFINSER

Name of Scrip: KEYFINSERV

Dear Sir,

**Sub: Submission of 26<sup>th</sup> Annual Report of the Company under Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

This is to inform you that the 26<sup>th</sup> Annual General Meeting (“the AGM”) of the Company to be held on Tuesday 13<sup>th</sup> August, 2019 at 10.00 a.m. at Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, Fort, (Town Hall Compound), Mumbai – 400 001.

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the copy of the 26<sup>th</sup> Annual Report of the Company for the Financial Year 2018-19. Further, the 26<sup>th</sup> Annual Report of the Company is also available on the website of the Company at <http://www.keynoteindia.net/investor-relations/>.

Kindly acknowledge the receipt.

Thanking you and assuring you of our best co-operation at all times.

Yours sincerely,

For **Keynote Financial Services Limited**



**Uday S. Patil**  
Director  
(DIN: 00003978)



Encl: as above

## Keynote Financial Services Limited

(formerly known as Keynote Corporate Services Limited)

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028

Tel.: 91 22 6826 6000 · Fax: 91 22 6826 6088 Email: [info@keynoteindia.net](mailto:info@keynoteindia.net) · Website: [www.keynoteindia.net](http://www.keynoteindia.net)

CIN-L67120MH1993PLC072407

**25**  
**—YEARS—**  
**OF CREATING**  
**VALUE**  
**THROUGH**  
**RELATIONSHIPS**  
**AND**  
**TRUST**

KEYNOTE

**26<sup>th</sup>**  
**Annual Report**  
**2018-2019**

KEYNOTE FINANCIAL SERVICES LIMITED

**KEYNOTE FINANCIAL SERVICES LIMITED**  
**(FORMERLY KNOWN AS KEYNOTE CORPORATE SERVICES LIMITED)**  
**ANNUAL REPORT 2018 – 2019**

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## BOARD OF DIRECTORS

**Shri B. Madhuprasad**  
Chairman (upto 27<sup>th</sup> August, 2018)

**Shri Uday S. Patil**  
Director – Investment Banking

**Shri Shishir Dalal**  
Director

**Shri Anish Malhotra**  
Director

**Shri Vineet Suchanti**  
Director

**Smt. Rinku Suchanti**  
Director

**Shri Manish Desai**  
Director

**Shri Hitesh Shah**  
Director (Upto 28<sup>th</sup> May, 2018)

## BOARD COMMITTEES

Audit Committee	Nomination and Remuneration Committee
Shri Shishir Dalal – Chairman	Shri Manish Desai – Chairman
Shri Manish Desai – Member	Shri B. Madhuprasad – Member (upto 27 <sup>th</sup> August, 2018)
Shri Hitesh Shah – Member (upto 28 <sup>th</sup> May, 2018)	Shri Anish Malhotra – Member
Shri Uday S. Patil – Member (since 28 <sup>th</sup> May, 2018)	Shri Hitesh Shah – Member (upto 28 <sup>th</sup> May, 2018)
	Shri Vineet Suchanti – Member (since 27 <sup>th</sup> August, 2018)
Management Committee	Stakeholders Relationship Committee
Shri Vineet Suchanti – Chairman	Shri B. Madhuprasad – Chairman (upto 27 <sup>th</sup> August, 2018)
Shri B. Madhuprasad – Member (upto 27 <sup>th</sup> August, 2018)	Shri Vineet Suchanti – Chairman (since 27 <sup>th</sup> August, 2018)
Shri Uday S. Patil – Member	Shri Uday S. Patil – Member
	Shri Hitesh Shah – Member (upto 28 <sup>th</sup> May, 2018)
	Shri Manish Desai – Member (since 15 <sup>th</sup> May, 2019)

### COMPANY SECRETARY

Shri Sujeet Krishna More

### REGISTERED OFFICE

Keynote Financial Services Limited  
The Ruby, 9<sup>th</sup> floor, Senapati Bapat Marg,  
Dadar (West), Mumbai – 400 028  
CIN: L67120MH1993PLC072407  
Email: [investors@keynoteindia.net](mailto:investors@keynoteindia.net)  
Website: [www.keynoteindia.net](http://www.keynoteindia.net)

### SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.,  
C 101, 247 Park, LBS Marg,  
Vikhroli (West), Mumbai – 400 083  
Tel : (022) 49186000 • Fax : (022) 49186060  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

### BANKERS

Indian Bank  
State Bank of India  
ICICI Bank Limited  
Punjab National Bank  
Kotak Mahindra Bank Limited

### AUDITORS

S M S R & Co. LLP  
Chartered Accountants,  
A-005, Gr. Floor, Western Edge-II,  
Off Western Express Highway,  
Borivali East, Mumbai – 400 066

### Twenty-Sixth Annual General Meeting

On Tuesday, 13<sup>th</sup> August, 2019 at 10.00 a.m. At Homi J. H. Taleyarkhan Memorial Hall,  
Indian Red Cross Society, 141, Shahid Bhagat Singh Road,  
Fort, (Town Hall Compound), Mumbai – 400 001

## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF KEYNOTE FINANCIAL SERVICES LIMITED WILL BE HELD ON TUESDAY, 13<sup>TH</sup> DAY OF AUGUST, 2019 AT HOMI J. H. TALEYARKHAN MEMORIAL HALL, INDIAN RED CROSS SOCIETY, 141, SHAHID BHAGAT SINGH ROAD (TOWN HALL COMPOUND) FORT, MUMBAI – 400 001 AT 10.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS :**

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) for the financial year ended 31<sup>st</sup> March, 2019 and the Reports of the Board of Directors and Auditor's thereon.
2. To declare dividend for the financial year ended 31<sup>st</sup> March, 2019.
3. To appoint a Director in place of Shri. Vineet Suchanti, (DIN - 00004031), who retires by rotation and being eligible offers himself for reappointment.

### **SPECIAL BUSINESS:**

4. **To Re-appoint Shri. Manish Desai (DIN: 02925757), as an Independent Director of the Company for a second term.**

To consider and if thought fit, to pass the following Resolution as Special Resolution:

**“RESOLVED THAT** pursuant to provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being force) and Regulation 17(1A) and other applicable regulations, if any, of the Securities and Exchange Board of India ( Listing Obligation and Disclosure Requirements) Regulations, 2015 and pursuant to the provisions of the Articles of Association of the Company and subject to such other approvals as may be required, if any, Shri. Manish Desai (DIN: 02925757), who is eligible for re-appointment as an Independent Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for the second term of 5 (Five) years with effect from 9<sup>th</sup> September, 2019 up to 8<sup>th</sup> September, 2024, as per recommendation of Nomination and Remuneration Committee.”

5. **To Re-appoint Shri. Anish Malhotra (DIN: 02034366), as an Independent Director of the Company for a second term.**

To consider and if thought fit, to pass the following Resolution as Special Resolution:

**RESOLVED THAT** pursuant to provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being force) and Regulation 17(1A) and other applicable regulations, if any, of the Securities and Exchange Board of India ( Listing Obligation and Disclosure Requirements) Regulations, 2015 and pursuant to the provisions of the Articles of Association of the Company and subject to such other approvals as may be required, if any, Shri. Anish Malhotra (DIN: 02034366), who is eligible for re-appointment as an Independent Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for the second term of 5(Five) years with effect from 9<sup>th</sup> September, 2019 up to 8<sup>th</sup> September, 2024, as per recommendation of Nomination and Remuneration Committee.

**For and on behalf of the Board  
Keynote Financial Services Limited**

**Sd/-  
Uday S. Patil  
Director  
(DIN - 00003978)**

**Date: 15<sup>th</sup> May, 2019  
Place: Mumbai**

**NOTES:**

1) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto. Additional information, pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), in respect of the directors seeking appointment/re-appointment at the AGM, is furnished as annexure to the Notice. The directors have furnished consent/declaration for their appointment/re-appointment as required under the Companies Act, 2013 and the Rules there under.

**2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 [FORTY-EIGHT] HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than 10 [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) Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution to the Company, authorising their representative to attend and vote on their behalf at the meeting.

4) Members/proxies/authorised representatives are requested to bring the duly filled Attendance Slip enclosed herewith to attend the meeting.

5) The Register of Members and share transfer books of the Company will remain closed from Wednesday, 7<sup>th</sup> August, 2019 to Tuesday, 13<sup>th</sup> August, 2019 (both days inclusive).

6) The dividend for the financial year 31<sup>st</sup> March, 2019, as recommended by the Board of Directors, if approved by the Members, will be paid after Annual General Meeting to those Members holding shares in physical form whose names shall appear on the Company's Register of Members on closure of business hours i.e. Tuesday, 6<sup>th</sup> August, 2019; in respect of the shares held in dematerialized form the dividend will be paid to the Members whose names are furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited as the beneficial owners as at the close of business hours on Tuesday, 6<sup>th</sup> August, 2019.

7) The Dividend is proposed to be disbursed by way of National Electronic Clearing Service (NECS). For this purpose, the details such as, name of the Bank, name of the branch, 9-digit code number appearing on the MICR band of the cheque supplied by the Bank, account type, account number etc. are to be furnished to your DP if the shares are in electronic form or to the Registrars & Transfer Agents if they are held in physical mode.

8) The practice of distributing copies of Annual Reports at the Annual General Meeting has been discontinued as a measure of economy.

9) Members wishing to claim dividends, which have remained unclaimed, are requested to correspond with Registrar & Share Transfer Agent and Company Secretary, at the Company's Registered Office. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection fund constituted by the Central Government.

The details of Dividends paid by the Company and the proposed dates of transfer of unclaimed/un-encashed dividends to the designated fund of the Central Government are as under:

Date of Declaration of Dividend	Dividend for the year	Proposed date for transfer to Investor Education and Protection Fund (IEPF)
27 <sup>th</sup> September, 2012	2011 - 2012	4 <sup>th</sup> November, 2019
25 <sup>th</sup> September, 2013	2012 - 2013	2 <sup>nd</sup> November, 2020
9 <sup>th</sup> September, 2014	2013 - 2014	17 <sup>th</sup> October, 2021
29 <sup>th</sup> September, 2015	2014 - 2015	6 <sup>th</sup> November, 2022
29 <sup>th</sup> July, 2016	2015 - 2016	5 <sup>th</sup> September, 2023
23 <sup>rd</sup> August, 2017	2016 - 2017	30 <sup>th</sup> September, 2024
9 <sup>th</sup> August, 2018	2017 - 2018	16 <sup>th</sup> September, 2025

All the members are requested to note that as per the notification of Ministry of Corporate Affairs (MCA) dated 10<sup>th</sup> May, 2012 full details of shareholders and dividend amount pending encashment have been uploaded on website of MCA (i.e. [www.mca.gov.in](http://www.mca.gov.in)) and Company (i.e. [www.keynoteindia.net](http://www.keynoteindia.net)). Said information for the period up to 9<sup>th</sup> August, 2018 has been made available and will be updated as per the requirements. The members may check the details for unclaimed dividend if any and approach the Company and Registrar for getting the same paid. During Financial Year 2018-2019 Company has transferred a sum of ₹ 2,18,149/- (Rupees Two Lakh Eighteen Thousand One Hundred and Forty Nine only) Unclaimed Dividend of Financial Year 2010-2011 to Investor Education and Protection Fund (IEPF) on 27<sup>th</sup> November, 2018.

10) **Equity Share due for transfer to IEPF:**

Equity shares in respect to which dividend has not been encashed for seven consecutive years or more will be required to be transferred to Investors Education and Protection Fund (IEPF) pursuant to Section 124(6) of the Companies Act, 2013. Relevant details in this respect are posted on the Company's website [www.keynoteindia.net](http://www.keynoteindia.net) in Compliance – Investor Relation section.

The Company sends communication in this respect to concerned shareholders from time to time as may be necessary. Shareholders are requested to Contact Company or RTA to encash the unclaimed dividend and in case any pending legal disputes, provide certified copy of order from Court/Authority restraining transfer, payment of dividend etc. During the financial year 2018-2019 Company has transferred 41011 Equity Shares to the Investor Education and Protection Fund (IEPF) authority.

11) All documents referred in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturday & Sunday between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting.

12) Members are requested to:

- i. Intimate changes, if any, in their registered address at the earliest.
- ii. Furnish PAN with Income Tax Ward/Range/District to the Company.
- iii. Quote ledger folio nos. in all the correspondence with the Company and the Transfer Agent. In case shares are held in dematerialized mode, please quote the DP ID No. and client ID in all the correspondence.
- iv. Bring the copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
- v. Send the queries, if any, **at least 7 (Seven) days in advance** of the meeting so that the information can be made available at the meeting.

13) Ministry of Corporate Affairs, Government of India, vide Circular No. 17/2011 dated 21<sup>st</sup> April, 2011 and Circular No.18/2011 dated 29<sup>th</sup> April, 2011 allowed service of documents by e-mode as a Green initiative in the Corporate Governance. Members are requested to register their e-mail addresses with the Company's Registrar and Share Transfer Agents M/s. Link Intime India Pvt. Limited Unit: Keynote Financial Services Limited, C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083, for the purpose of service of documents under Section 20 of the Companies Act, 2013. The members are also requested to update their e-mail address in the Depository Account holding shares of the Company in dematerialized mode

enabling the Registrar to consider the same. The form for sending the response is annexed at the end of the Annual Report.

**14) Voting through electronic means**

In compliance with provisions of Section 108 of Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by Companies (Management and Administration) Amendment Rules, 2015, and Regulation 44 of the Listing Regulations, the Company is pleased to provide members the facility to exercise their right 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 provided by Central Depository Services (India) Limited (CDSL). The Company has entered into an arrangement with Central Depository Services (India) Limited for facilitating e-voting for AGM.

The E-voting period for all items of business contained in this Notice shall commence from Saturday, 10<sup>th</sup> August, 2019 (10.00 a.m. IST.) and will end on Monday, 12<sup>th</sup> August, 2019 (5.00 p.m. IST.) During this period Equity Shareholders of the Company holding shares either in physical form or in dematerialized form, as on Tuesday, 6<sup>th</sup> August, 2019 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by any Member, he/she shall not be allowed to change it subsequently or cast vote again.

The voting rights of Members shall be in proportion to their equity shareholding in the paid up equity share capital of the Company as on cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of e-voting as well as voting at the meeting through ballot.

Any person, who acquires shares of the Company, becomes a member of the company after dispatch of the Notice and holding shares as of the cut-off date may follow the same procedure as mentioned for e-Voting.

The Company has appointed an Independent Professional (Practicing Company Secretary – M/s. Uma Lodha & Co.) as Scrutinizer to conduct the E-voting in a fair and transparent manner. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or person authorized by him in writing who shall countersign the same.

The results along with Scrutinizer's report shall be placed on the website (i.e. [www.keynoteindia.net](http://www.keynoteindia.net)) of the Company and shall also be communicated to the Stock Exchanges. The Resolutions shall be deemed to be passed, if approved, on the date of AGM.

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 10<sup>th</sup> August, 2019 and ends on 12<sup>th</sup> August, 2019. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Tuesday, 6<sup>th</sup> August, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders / Members
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:



PAN	<p><b>For Members holding shares in Demat Form and Physical Form</b></p> <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Keynote Financial Services Limited on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

##### **In respect of Item No. 4 – To Re-appoint Shri. Manish Desai (DIN: 02925757), as an Independent Director of the Company for a second term.**

Shri. Manish Desai (DIN: 02925757) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of the Section 149 of the Companies Act, 2013 (the “**Act**”) read with Companies (Appointment and Qualification of Directors) Rules, 2014. He holds office as an Independent Director of the Company up to 8<sup>th</sup> September, 2019 (“**First Term**”) in line with the explanation to sections 149 (10) and 149 (11) of the Act).

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) inter alia prescribe that an Independent Director of a Company shall meet the criteria of Independence as provided in Section 149(6) of the Act and clause (b) of sub-regulation (1) of Regulation 16 of the Listing Regulations respectively and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence. Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five (5) consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the Company and disclosure of such appointment in its Board’s Report. Section 149(11) of the Act provides that an Independent Director may hold office for up to two (2) consecutive terms.

Shri. Manish Desai is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director. The Company has also received declaration from Shri. Manish Desai that he meets with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations. In the opinion of the Board, Shri. Manish Desai fulfil the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations.

Your Directors, therefore, recommend the appointment of Shri. Manish Desai (DIN: 02925757) as an Independent Director of the Company, for consecutive second term of five (5) years (i.e. up to September 8, 2024, completion of consecutive second term of five (5) years in the Company), subject to maximum five (5) years of second term as provided under the Act, not liable to retire by rotation, as set forth in Item No. 4 of this Notice.

Save and except Shri. Manish Desai and his relatives, none of the other Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the above Resolution.

##### **In respect of Item No. 5 – To Re-appoint Shri. Anish Malhotra (DIN: 02034366), as an Independent Director of the Company for a second term.**

Shri. Anish Malhotra (DIN: 02034366) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of the Section 149 of the Companies Act, 2013 (the “**Act**”) read with Companies (Appointment and Qualification of Directors) Rules, 2014. He holds office as an Independent Director of the Company up to 8<sup>th</sup> September, 2019 (“**First Term**”) in line with the explanation to sections 149 (10) and 149 (11) of the Act).

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) inter alia prescribe that an Independent Director of a Company shall meet the criteria of Independence as provided in Section 149(6) of the Act and clause (b) of sub-regulation (1) of Regulation 16 of the Listing Regulations respectively and that he is not aware

of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence. Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five (5) consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the Company and disclosure of such appointment in its Board's Report. Section 149(11) of the Act provides that an Independent Director may hold office for up to two (2) consecutive terms.

Shri. Anish Malhotra is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director. The Company has also received declaration from Shri. Anish Malhotra that he meets with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations. In the opinion of the Board, Shri. Anish Malhotra fulfil the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations.

Your Directors, therefore, recommend the appointment of Shri. Anish Malhotra (DIN: 02034366) as an Independent Director of the Company, for consecutive second term of five (5) years (i.e. up to September 8, 2024 completion of consecutive second term of five (5) years in the Company), subject to maximum five (5) years of second term as provided under the Act, not liable to retire by rotation, as set forth in Item No. 5 of this Notice.

Save and except Shri. Anish Malhotra and his relatives, none of the other Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the above Resolution.

**For and on behalf of the Board  
Keynote Financial Services Limited**

**Sd/-  
Uday S. Patil  
Director  
(DIN - 00003978)**

**Date: 15<sup>th</sup> May, 2019  
Place: Mumbai**

**ANNEXURE TO THE NOTICE**

**Details of the Directors seeking re-appointment in the forthcoming Annual General Meeting pursuant to Regulation 36 (3) of the Listing Regulations and applicable secretarial standards:**

**1. Shri Vineet Suchanti – Director [Due to retire by rotation seeking re-appointment.]**

**A. A brief resume of the director and Nature of his expertise in specific function areas:**

Shri Vineet Suchanti is associated with the Company since September, 1997 and presently he is the Non Executive Director of the Company since 5<sup>th</sup> April, 2017. He is also the part of promoter of the Company and has provided immense contribution for development of Keynote Financial Services Limited. Shri Vineet Suchanti is a Bachelor of Commerce from University of Mumbai and MBA in Finance and Marketing from University of Rochester, New York. He added innovations, perseverance and dynamism to the profession. He has been largely responsible for introducing state-of-the-art technology and modern methods of analysis and valuations in structuring and marketing, thereby taking Keynote close to international standards in terms of creativity and services. Being new generation entrepreneur he is best suited for the associating with the affairs of the Company in a most profitable manner.

**B. Disclosure of relationships between directors inter-se:**

Smt. Rinku Vineet Suchanti one of the Director of the Company is the spouse of Shri Vineet Suchanti. None of the other directors on the Board are related to Shri. Vineet Suchanti.

**C. Name of the listed entities in which the person also holds the directorship and the membership of Committees of the board:**

Name of the Company	Directorship	Membership of the Committees
LKP Finance Limited	Independent Director	<ul style="list-style-type: none"> <li>• Chairman – Audit Committee</li> <li>• Member – Share Transfer Committee</li> <li>• Member – Stakeholder Relationship Committee</li> <li>• Chairman – Nomination &amp; Remuneration Committee</li> <li>• Member – Corporate Social Responsibility (CSR) Committee</li> </ul>

**D. Shareholding in the Company:**

11,977 Equity shares as on 31<sup>st</sup> March, 2019

**2. Shri Manish Desai (Re-appointment as Independent Director of the Company)**

**A. A brief resume of the director and Nature of his expertise in specific function areas:**

Shri Manish Desai, aged 44 years is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in January, 2011. Shri Manish Desai is a Lawyer by profession. He has more than 20 years of experience in Litigation, Arbitration, Corporate Mergers, Acquisition, Financial structuring and restructuring, advising clients on transactional matters and concluding complex transactions.

**B. Disclosure of relationships between directors inter-se:**

None of the other Directors of the company are related to Shri Manish Desai.

**C. Name of the listed entities in which the person also holds the directorship and the membership of Committees of the board:**

Name of the Company	Directorship	Membership of the Committees
NIL	NIL	NIL

**D. Shareholding in the Company:**

Shri Manish Desai does not hold any shares in the Company as on 31<sup>st</sup> March, 2019.

**3. Shri Anish Malhotra (Re-appointment as Independent Director of the Company)****A. A brief resume of the director and Nature of his expertise in specific function areas:**

Shri Anish Malhotra, aged 39 years is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in January, 2008. Shri Anish Malhotra is B.SC. (Hons) Economics from University of London. He has an international experience of more than a decade in Investment Banking, Merger and Amalgamation, Financial Advisory and has worked on cross border transaction.

**B. Disclosure of relationships between directors inter-se:**

None of the Directors of the company are related to Shri Anish Malhotra.

**C. Name of the listed entities in which the person also holds the directorship and the membership of Committees of the board:**

Name of the Company	Directorship	Membership of the Committees
NIL	NIL	NIL

**D. Shareholding in the Company:**

Shri Anish Malhotra does not hold any shares in the Company as on 31<sup>st</sup> March, 2019.

**DIRECTORS' REPORT**

**The Members of KEYNOTE FINANCIAL SERVICES LIMITED**

Dear Shareholder(s),

Your Directors have pleasure in presenting their 26<sup>th</sup> Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2019.

**FINANCIAL RESULTS**

(₹ In Lakhs)

Particulars	Year Ended 31-03-2019	Year Ended 31-03-2018
<b>Total Income</b>	<b>889.08</b>	1,071.95
Gross Operating Profit	<b>281.86</b>	524.69
Depreciation	<b>38.64</b>	38.63
Exceptional Items	-	(42.40)
<b>Profit Before Tax</b>	<b>243.22</b>	443.66
Provision for :		
Current Tax	<b>45.64</b>	120.36
Short/(Excess) provision for tax in respect of earlier years)	<b>23.04</b>	(1.85)
Deferred Tax Liability/(Assets)	<b>6.74</b>	2.43
<b>Profit After Tax</b>	<b>213.88</b>	322.72
Profit/(loss) brought forward from Previous year	<b>2,344.64</b>	2,021.93
Surplus available for appropriations	<b>2,558.52</b>	2,344.64
Proposed Dividend	<b>70.18</b>	175.45
Tax on Dividend	<b>14.43</b>	35.72
Transferred to General Reserve	-	-
<b>Balance carried forward</b>	<b>2,558.52</b>	2,344.64

**DIVIDEND**

Your directors are pleased to recommend dividend of ₹ 1/- per Equity Share having a face value of ₹ 10/- each, (i.e. 10%) for the year ended 31<sup>st</sup> March, 2019 and the same will be paid subject to the approval of the shareholders at the 26<sup>th</sup> Annual General Meeting (AGM) of the Company.

**OPERATIONS**

The financial year 2018-19 witnessed substantial drop in resource raising activities in the capital market. The amount raised through public markets were lower by 68% than that was raised in the preceding financial year. Fund raising through IPOs dropped by huge 81%. The number of Companies that raised money on Main Board were fallen to 14 as against 45 and in respect of SME IPOs to 106 from 154 IPOs in the preceding year. Further, mobilisation of resources through Rights Issue was also fallen steeply with only 8 Rights Issues completed during the year.

Nevertheless, your Company continued focus on quality transactions and was successful in completing 3 Rights Issues, 2 Open Offers, 3 Buy Back Offers and many other valuations & corporate advisory assignments. There has been fall in revenue by about 17% on a standalone basis resulting in a drop in net profit by about 34%. Company continued to focus on quality assignments and conscious efforts are made to reduce the overheads and expenses.

During the year, your Company considered change in name of the Company from Keynote Corporate Services Ltd. (KCSL) to Keynote Financial Services Ltd. (KFSL). The objective of the name change was to reflect true

nature of the activity and business being carried out by the Company. The Board of Directors in their meeting held on 8<sup>th</sup> February, 2019 approved the name change and a special resolution through postal ballot was passed. Company completed the process of name change and obtained fresh certificate of incorporation dated 23<sup>rd</sup> April 2019 pursuant to the change of name from Registrar of Companies, Maharashtra, Mumbai. The scrip code name on BSE Limited (BSE) and National Stock Exchange of India Ltd., (NSE) have been changed to KEYFINSER and to KEYFINSERV respectively w.e.f. 3<sup>rd</sup> May 2019.

During the last financial year, Company had paid a higher dividend of 25% to the equity shareholders on the occasion of completion of 25 years of operation. The management wishes to maintain its dividend paying track record and have recommended a dividend of ₹ 1/- per equity share of face value of ₹ 10/- each i.e. (10%) for the year ended 31<sup>st</sup> March, 2019. The overall financial performance of the Company is stable and steps are being taken to complete the capital market assignments on hand at the earliest besides getting the new mandates in times to come. With the overall improvement in the economy and capital market, your Company with strong capabilities is likely to benefit in coming years.

### **OPERATIONS OF SUBSIDIARIES**

Presently your company has two subsidiaries namely Keynote Capitals Limited (KCL), an integrated broking house and Keynote Fincorp Ltd. (KFIN), a NBFC. KCL is a member of BSE & NSE as well as Depository Participant of Central Depository Services (India) Limited. KCL has a subsidiary namely Keynote Commodities Ltd. which is member of Multi Commodity Exchange of India (MCX).

Presently the Company is debt free. On a consolidated basis Company has reported total revenue of ₹ 1,528.95 lakhs with PAT of ₹ 275.25 lakhs. The networth of the Company on consolidated basis is ₹ 7,813.15 lakhs.

### **SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS**

Keynote Capitals Limited (KCL) and Keynote Fincorp Limited (KFIN) are subsidiary companies of KFSL. Presently Keynote Capitals Limited has one wholly owned subsidiary namely Keynote Commodities Limited.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in **Form AOC-1** is attached to the financial statements of the Company. Pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of the Company.

The financial statement of the subsidiary Companies are kept for inspection by the shareholders at the Registered Office of the Company. The Company shall provide free of cost, the copy of the financial statement of its subsidiary companies to the shareholders upon their request. The statements are also available on the website of the Company i.e. [www.keynoteindia.net](http://www.keynoteindia.net)

As stipulated by Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"] the consolidated financial statement have been prepared by the Company in accordance with the applicable Accounting standards. The audited consolidated financial statements together with Auditors Report form part of the Annual Report.

The company has formulated a policy for determining 'material' subsidiaries and such policy is disclosed on the company's Website [http://www.keynoteindia.net/document-hosting/financial\\_results/MaterialSubsidiary\\_Policy.pdf](http://www.keynoteindia.net/document-hosting/financial_results/MaterialSubsidiary_Policy.pdf)

### **TRANSFER TO RESERVES**

During the year your Company has not transferred any amount to general reserve.

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

As required under Regulation 34 of the Listing Regulations with Stock Exchanges, the Management Discussion and Analysis Report is enclosed as a part of this report.

### **CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION**

The Companies Act, 2013 and Listing Regulations require compliances with specified Corporate Governance practices. These practices have been fully implemented and a certificate from the Practicing Company Secretary as well as a detailed report on Corporate Governance approved by the Board of Directors of the Company is set

out in this Annual Report. Your Company has also been enlisted in the new SEBI Complaint Redressal System (SCORES) enabling the investors to register their complaints if any for speedy redressal.

#### **LISTING WITH STOCK EXCHANGES**

The Equity Shares of the Company continued to be listed and traded on the BSE and NSE. The scrip code number of the Equity Shares of the Company on BSE is 512597/KEYFINSER and on NSE is KEYFINSERV. The Company has paid up to date listing fees to both the stock exchanges.

#### **DEMATERIALIZATION**

The Equity Shares of the Company can be held in dematerialized form. The Company has signed the tripartite agreement with National Securities Depository Ltd. (NSDL), Central Depository Services (India) Ltd. (CDSL) and existing Registrar & Transfer Agent for dematerialization of existing holding of the shareholders. The International Securities Identification Number (ISIN), allotted to the Company is INE681C01015. The Equity Shares of the Company are listed and traded on BSE and NSE. On BSE the equity shares of the Company are traded in "B" segment. The Equity Shares of the Company are being traded in compulsory dematerialized mode. Presently 98.12% of equity capital of the company is in dematerialized mode.

#### **PUBLIC DEPOSIT**

Your Company has neither accepted nor renewed any deposit within the meaning of Section 73 and other applicable provisions, if any, of the Companies Act, 2013 and the necessary rules made there under during the year ended 31<sup>st</sup> March, 2019.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The particulars of loans, guarantees and investment have been disclosed in the notes to the financial statements.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is well defined. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to other Directors. The Accounts Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and based on the report of internal audit the management undertakes corrective action in the respective areas and thereby strengthens the controls. Significant audit observations and recommendations if any, along with corrective actions thereon are required to be presented to the Audit Committee of the Board. During this financial year no such observations have been made.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company understands and values Corporate Social Responsibility (CSR) initiatives of the Government and has also noted the requirements of CSR activities in terms of Companies Act, 2013. The requirement of mandatory implementation of CSR activity is presently not applicable to your company.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

##### **(A) Conservation of energy:**

Considering the nature of business activities carried out by the Company, your directors have nothing to report with regard to conservation of energy as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

##### **(B) Technology absorption:**

The management keeps itself abreast of the technological advancements in the industry and has adopted the state of the art transaction, billing and accounting systems and also risk management solutions.

##### **(C) Foreign exchange earnings and Outgo:**

- a) The foreign exchange earnings ₹ 34.35 lakhs (previous year ₹ 25.09 lakhs).
- b) The foreign exchange expenditure ₹ 10.18 lakhs (previous year ₹ 21.22lakhs).



## **STATE OF AFFAIRS**

During the year under review, your Company enjoyed cordial relationship with employees at all levels.

### **DISCLOSURES UNDER SECTION 134(3) (I) OF THE COMPANIES ACT, 2013**

There are no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

### **DIRECTOR AND KEY MANAGERIAL PERSONNEL (KMP)**

#### **(i) Changes in Director and Key Managerial Personnel (KMP):**

During the Financial Year there were two changes in Composition of the Board of Directors.

Shri Hitesh Shah, Independent Director of the Company due to his pre-occupation submitted his resignation to the Board with effect from 28<sup>th</sup> May, 2018.

Shri. B. Madhuprasad, Chairman of the Company submitted his resignation to the Board w.e.f. 27<sup>th</sup> August, 2018.

Re-appointed Shri. Uday S. Patil (DIN : 00003978) as a Whole Time Director of the Company for further period of 3 (three) years w.e.f. 13<sup>th</sup> November, 2018.

#### **(ii) Retirement by rotation:**

Based on the terms of appointment, Executive Directors and the Non-Executive and Non-Independent Directors are subject to retirement by rotation. Shri. Vineet Suchanti (DIN: 0004031), who was appointed on 5<sup>th</sup> April, 2017, in the current term, being the longest serving member and who is liable to retire, being eligible, seeks reappointment. The Board recommends his reappointment.

#### **(iii) Declaration of Independence**

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Companies Act, 2013 read with the Schedules and Rules issued there under as well as Regulation 25 of the Listing Regulations. The Independent Directors have also complied with the Code for Independent Directors prescribed in Schedule IV to the Act and Code of Conduct for directors and senior management personnel.

#### **(iv) Board Evaluation**

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed under Listing Regulations. Listing Regulations mandates that the Board shall monitor and review the Board evaluation framework.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole was evaluated, taking into account the views of executive directors and nonexecutive directors.

The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

#### **(v) DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL**

In accordance with Section 178 and other applicable provisions if any, of the Companies Act, 2013 read with the Rules issued there under and Regulation 19 of the Listing Regulations the Board of Directors had formulated the Nomination and Remuneration Policy of your Company on the recommendations of the Nomination and Remuneration Committee. The salient aspects covered in the Nomination and Remuneration Policy, covering the policy on appointment and remuneration of Directors and other matters have been outlined in the Corporate Governance Report which forms part of this Report.

**(vi) NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND AUDIT COMMITTEES**

Your Board of Directors duly met four (4) times during the financial year i.e. on 28<sup>th</sup> May, 2018, 9<sup>th</sup> August, 2018, 2<sup>nd</sup> November, 2018 and 8<sup>th</sup> February, 2019 in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minute Book maintained for the purpose. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

The Audit Committee duly met four (4) times during the financial year i.e. on 28<sup>th</sup> May, 2018, 9<sup>th</sup> August, 2018, 2<sup>nd</sup> November, 2018 and 8<sup>th</sup> February, 2019 in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minute Book maintained for the purpose.

**(vii) DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134 (3) (c) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

- (a) In the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (c) They 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;
- (d) They have prepared the annual accounts on a going concern basis;
- (e) They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER**

In accordance with the provisions of section 197(12) of the Companies Act, 2013, the ratio of the remuneration of each Director to the median employee's remuneration and other details in terms 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 [A]**".

In accordance with provisions 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, the annexure pertaining to the names and other particulars of employees is available for inspection by Members at the Registered Office of the Company, 21 (Twenty one) days before and up to the date of the ensuing Annual General Meeting during the business hours on working days. Any Shareholder interested in obtaining a copy of the said Annexure may write to the Company Secretary & Compliance Officer at the Registered Office of the Company.

**EXTRACT OF THE ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rule, 2014, the Extract of Annual Return (**Form No. MGT-9**) as on the financial year ended on 31<sup>st</sup> March, 2019 is enclosed as "**Annexure – [B]**" to the Directors' Report and also available on the Company's Website viz <http://keynoteindia.net/investor-relations/>.

**AUDIT REPORTS AND AUDITORS**

**AUDIT REPORTS**

The observations made by the Statutory Auditors in their Report for the Financial Year Ended 31<sup>st</sup> March, 2019, read with the explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under section 134(3) of the Companies Act, 2013.

The Secretarial Auditor's Report for the Financial Year 2018-19 does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed herewith as "**Annexure - [C]**"

## **AUDITORS**

### **Statutory Auditors**

M/s. S M S R & CO LLP Chartered Accountants, Mumbai (Firm Registration No. 110592W/W100094) was reappointed as Statutory Auditors of the Company at 23rd Annual General Meeting which was held on 29<sup>th</sup> July, 2016 to hold the office as Statutory Auditor from the conclusion of 23<sup>rd</sup> Annual General Meeting till conclusion of 28<sup>th</sup> Annual General Meeting (AGM) of the Company subject to ratification by the Members of the Company at every Annual General Meeting (AGM). As per the Companies (Amendment) Act, 2017 the provision of ratification by the members at every Annual General Meeting has been deleted w.e.f. 7<sup>th</sup> May, 2018. Hence, the resolution relating to ratification of Auditor's Appointment is not included in the Notice of the ensuing Annual General Meeting of the Company.

The Company has received a certificate from M/s. S M S R & CO LLP, confirming that they are not disqualified from continuing as Statutory Auditors of the Company.

### **Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. Uma Lodha & Co., Practising Company Secretaries to conduct the Secretarial Audit of your Company.

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

In pursuance to the provisions of Section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for Directors and Employees to report genuine concerns has been established.

The purpose of the "Whistleblower Policy" is to allow employees to raise concerns about unacceptable, improper or unethical practices being followed in the organization. They will be protected against any adverse action and/or discrimination as a result of such a reporting, provided it is justified and made in good faith. The Chairman of the Audit Committee has been designated for the purpose of receiving and recording any complaints under this policy. The Vigil Mechanism Policy has been uploaded on the website of the Company at [http://www.keynoteindia.net/document-hosting/financial\\_results/WHISTLE%20BLOWER%20POLICY.pdf](http://www.keynoteindia.net/document-hosting/financial_results/WHISTLE%20BLOWER%20POLICY.pdf)

### **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large.

Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its omnibus approval and the particulars of contracts entered during the year as per **Form AOC-2** is enclosed as "**Annexure-D**". The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules there under and the Listing Regulations. This Policy was considered and approved by the Board has been uploaded on the website of the Company at [http://www.keynoteindia.net/document-hosting/financial\\_results/Keynote\\_Policy%20on%20Related%20Party%20Transactions.pdf](http://www.keynoteindia.net/document-hosting/financial_results/Keynote_Policy%20on%20Related%20Party%20Transactions.pdf)

### **CODE OF CONDUCT**

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Code has been placed on the Company's website [www.keynoteindia.net](http://www.keynoteindia.net)

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. All the Board Members and the Senior Management personnel have complied compliance with the Code.

### **RISK MANAGEMENT**

Pursuant to Section 134 (3) (n) of the Companies Act, 2013 & Regulation 17 of Listing Regulations the Company has formulated risk management policy and the same has been placed on the company website. <http://www.>

[keynoteindia.net/investor-relations](http://keynoteindia.net/investor-relations)

At present the company has not identified any element of risk which may adversely affect functioning of the company.

### PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. Said code of conduct is in line with SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All the Directors and the designated employees have complied with the Code.

### SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company's operations in future.

### DISCLOSURE ON COMPLIANCE WITH SECRETARIAL STANDARDS

Your Directors confirm that the Secretarial Standards issued by the Institute of Company Secretaries of India, have been complied with.

### TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

#### a) Transfer of Unclaimed Dividend to IEPF:

As required under section 124 of the Act, the unclaimed dividend amount of ₹ 2,18,149/- (Rupees Two Lakh Eighteen Thousand One Hundred and Forty Nine only) pertaining to the Financial Year 2010-2011 lying with the Company for a period of seven years was transferred during the financial year 2018-19, to the Investor Education and Protection Fund (IEPF) established by the Central Government on 27<sup>th</sup> November, 2018.

#### b) Transfer of Equity Shares to IEPF:

In terms of the provisions of the Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended) and other applicable rules, notifications and circulars, if any, every Company is required to transfer the shares, in respect of which dividend remains unpaid/ unclaimed for a period of seven (7) consecutive years, to the Investor Education and Protection Fund (IEPF) Authority.

The Company sends communication in this respect to concerned shareholders from time to time as may be necessary. Shareholders are requested to Contact Company or RTA to encash the unclaimed dividend and in case any pending legal disputes, provide certified copy of order from Court/Authority restraining transfer, payment of dividend etc. During the financial year 2018-2019 Company has transferred 4660 Equity Shares to the Investor Education and Protection Fund (IFPF) Authority on 26<sup>th</sup> December, 2018.

#### c) The details of Dividends paid by the Company and the proposed dates of transfer of unclaimed / un-encashed dividends to the IEPF Authority are as under:

Date of Declaration of Dividend	Dividend for the year	Proposed date for transfer to Investor Education and Protection Fund (IEPF)	Amount of Unpaid/ Unclaimed Dividend As on 31 <sup>st</sup> March, 2019
27 <sup>th</sup> September, 2012	2011 - 2012	4 <sup>th</sup> November, 2019	1,83,958.50
25 <sup>th</sup> September, 2013	2012 - 2013	2 <sup>nd</sup> November, 2020	1,91,914.50
9 <sup>th</sup> September, 2014	2013 - 2014	17 <sup>th</sup> October, 2021	1,38,701.00
29 <sup>th</sup> September, 2015	2014 - 2015	6 <sup>th</sup> November, 2022	1,56,912.00
29 <sup>th</sup> July, 2016	2015 - 2016	5 <sup>th</sup> September, 2023	1,53,599.00
23 <sup>rd</sup> August, 2017	2016 - 2017	30 <sup>th</sup> September, 2024	1,55,661.00
9 <sup>th</sup> August, 2018	2017 - 2018	16 <sup>th</sup> September, 2025	1,84,218.00

**POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORK PLACE:**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made there under. The Policy aims to provide protection to employees at workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

During the financial year 2018-19, the Company has not received any complaint on sexual harassment.

**GENERAL DISCLOSURES**

• **DISCLOSURE UNDER SECTION 43(a) (ii) OF THE COMPANIES ACT, 2013**

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a) (ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

• **DISCLOSURE UNDER SECTION 54(1) (d) OF THE COMPANIES ACT, 2013**

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1) (d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

• **DISCLOSURE UNDER SECTION 62(1) (b) OF THE COMPANIES ACT, 2013**

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1) (b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

• **DISCLOSURE UNDER SECTION 67(3) OF THE COMPANIES ACT, 2013**

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is furnished.

**ACKNOWLEDGMENT**

We take this opportunity to express deep sense of gratitude to Members of Board of Directors, Shareholders of the Company, Securities and Exchange Board of India (SEBI), BSE Limited (BSE), National Stock Exchange of India Limited (NSE), Registrar of Companies (ROC), National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL), Association of Investment Bankers of India (AIBI), Link Intime India Pvt. Limited, M/s. S M S R & CO. LLP Statutory Auditors, M/s. R. B. Pandya & Co. Internal Auditors, our Clients, Bankers, Employees and other Stakeholders and Government Agencies for their continued support.

**For and on behalf of the Board  
Keynote Financial Services Limited**

**Date: 15<sup>th</sup> May, 2019  
Place: Mumbai**

**Sd/-  
Vineet Suchanti  
Director  
(DIN: 00004031)**

**Sd/-  
Uday S. Patil  
Director and CFO  
(DIN: 00003978)**

**Annexure [A] to Director's Report**

**Information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

**The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

**Particulars of employees**

The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

**a. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:**

<b>Directors</b>	<b>Ratio to median remuneration</b>
Shri Manish Desai	0.13
Shri Shishir Dalal	0.13
Shri Anish Malhotra	—
Shri Hitesh Shah	—
Smt. Rinku Suchanti	7.91
Shri B. Madhuprasad	0.88
Shri. Vineet Suchanti	—
Shri. Uday S. Patil	8.76

**b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:**

<b>Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary</b>	<b>% Increase in remuneration in the financial year</b>
Shri. Vineet Suchanti	—
Shri. Uday S. Patil	(9.08)
Shri. Manish Desai	—
Shri. Shishir Dalal	—
Shri. Anish Malhotra	—
Shri. Hitesh Shah	—
Smt. Rinku Suchanti	15.47
Shri. B. Madhuprasad	(64.26)
Shri. Sujeet More	19.59

**c. The percentage increase in the median remuneration of employees in the financial year: (3.49)**

**d. The number of permanent employees on the rolls of Company: 22.**

**e. Average percentile increase already 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 are any exceptional circumstances for increase in the managerial remuneration:**

The average annual increase during the last financial year was around 4.20% after accounting for promotions and other event based compensation revisions.

The management wish to retain the well settled manpower by making annual increment irrespective of Company's financial performance. Increase in the managerial remuneration for the year was 2.01%.

**f. Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms remuneration is as per the remuneration policy of the Company.

**For and on behalf of the Board  
Keynote Financial Services Limited**

**Date: 15<sup>th</sup> May, 2019**

**Place: Mumbai**

**Sd/-  
Vineet Suchanti  
Director  
(DIN: 00004031)**

**Sd/-  
Uday S. Patil  
Director and CFO  
(DIN: 00003978)**

**Annexure [B] to Director's Report**

**Extract of Annual Return as on 31<sup>st</sup> March, 2019**

**Form No. MGT-9**

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

**I. REGISTRAION AND OTHER DETAILS:**

i.	Corporate Identity Number (CIN)	:	L67120MH1993PLC072407
ii.	Registration Date	:	16 <sup>th</sup> June, 1993
iii.	Name of the Company	:	Keynote Financial Services Limited
iv.	Category/Sub-Category of the Company	:	Public Company limited by shares
v.	Address of the Registered office and contact details	:	The Ruby, 9 <sup>th</sup> floor, Senapati Bapat Marg, Dadar (West) Mumbai – 400 028 Tel : (022) 68266000 Fax : 022) 68266088 Email: <a href="mailto:investors@keynoteindia.net">investors@keynoteindia.net</a> Website: <a href="http://www.keynoteindia.net">www.keynoteindia.net</a>
vi.	Whether listed Company (Yes/No)	:	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	M/s. Link Intime India Pvt. Limited C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai – 400 083 Telephone No.: (022) 49186000 Fax Number : (022) 49186060 Email ID: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>

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

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Investment Banking and Advisory Services	649	100

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

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of Shares held	Applicable Section
1.	Keynote Capitals Limited	U67120MH1995PLC088172	Subsidiary	100	2(87)(ii)
2.	Keynote Fincorp Limited	U67120MH1995PLC084814	Subsidiary	57.14	2(87)(ii)
3.	Keynote Commodities Limited (Step-down subsidiary)	U72900MH2000PLC127047	Subsidiary of Keynote Capitals Limited	100 by Keynote Capital Limited	2(87)(ii)



## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

## I. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (i.e. 1 <sup>st</sup> April, 2018)				No. of Shares held at the end of the year (i.e. 31 <sup>st</sup> March, 2019)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a). Individual/HUF	651052	—	651052	9.28	651052	—	651052	9.28	—
b). Central Govt.	—	—	—	—	—	—	—	—	—
c). State Govt(s)	—	—	—	—	—	—	—	—	—
d). Bodies Corporate	3411166	—	3411166	48.60	3411166	—	3411166	48.60	—
e) Banks/FI	—	—	—	—	—	—	—	—	—
f) Any Other.....	—	—	—	—	—	—	—	—	—
<b>Sub-Total (A) (1):-</b>	<b>4062218</b>	<b>—</b>	<b>4062218</b>	<b>57.88</b>	<b>4062218</b>	<b>—</b>	<b>4062218</b>	<b>57.88</b>	<b>—</b>
(2) Foreign									
a). NRIs- Individuals	—	—	—	—	—	—	—	—	—
b) Other-Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp.	—	—	—	—	—	—	—	—	—
d) Banks/FI	—	—	—	—	—	—	—	—	—
e) Any Other....	—	—	—	—	—	—	—	—	—
<b>Sub-total (A)(2) :-</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Shareholding of Promoter (A) = (A) (1)+(A)(2)</b>	<b>4062218</b>	<b>—</b>	<b>4062218</b>	<b>57.88</b>	<b>4062218</b>	<b>—</b>	<b>4062218</b>	<b>57.88</b>	<b>—</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a). Mutual Funds	—	13900	13900	0.20	12478	—	12478	0.20	—
b). Bank/FI	300	—	300	0.00	300	—	300	0.00	—
c). Central Govt.	—	—	—	—	—	—	—	—	—
d). State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FII's	561348	—	561348	8.00	561348	—	561348	8.00	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i). Others (specify)	—	—	—	—	—	—	—	—	—
<b>Sub-Total (B)(1):-</b>	<b>561648</b>	<b>13900</b>	<b>575548</b>	<b>8.20</b>	<b>574126</b>	<b>—</b>	<b>574126</b>	<b>8.20</b>	<b>—</b>

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

Category of Shareholders	No. of Shares held at the beginning of the year (i.e. 1 <sup>st</sup> April, 2018)				No. of Shares held at the end of the year (i.e. 31 <sup>st</sup> March, 2019)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i). Indian	99390	30400	129790	1.85	104345	6700	111045	1.58	(0.27)
ii) Overseas	—	—	—	—	—	—	—	—	—
b). Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.	291717	148560	440277	6.27	285452	123359	408811	5.82	(0.45)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	218900	—	281900	4.02	297466	—	297466	4.24	0.22
c) Others									
i). Non-resident Indians (Repat)	2527	2000	4527	0.06	2777	1300	4077	0.06	—
ii). Non Resident (Non Repatriable)	530	—	530	0.01	33	—	33	0.00	—
iii). Trust	1451702	200	1451902	20.69	1451702	200	1451902	20.69	—
iv). Hindu Undivided Family	18287	500	18787	0.27	17683	500	18183	0.26	(0.01)
v). Clearing Member	9223	—	9223	0.13	5830	—	5830	0.08	(0.05)
vi) Investors Education and Protection Fund Authority (Ministry of Corporate Affairs)	43637	—	43637	0.62	84648	—	84648	1.20	0.58
<b>Sub-Total (B)(2)</b>	<b>2198913</b>	<b>181660</b>	<b>2380573</b>	<b>33.92</b>	<b>2249936</b>	<b>132059</b>	<b>2381495</b>	<b>33.93</b>	<b>0.01</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2760561</b>	<b>195560</b>	<b>2956121</b>	<b>42.12</b>	<b>2824062</b>	<b>132059</b>	<b>2956121</b>	<b>42.12</b>	<b>—</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Promoter and Promoter Group</b>	—	—	—	—	—	—	—	—	—
<b>Public</b>	—	—	—	—	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	<b>6822779</b>	<b>195560</b>	<b>7018339</b>	<b>100.00</b>	<b>6886280</b>	<b>132059</b>	<b>7018339</b>	<b>100.00</b>	<b>—</b>

ii). **Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 1 <sup>st</sup> April, 2018			Share holding at the end of the year i.e. 31 <sup>st</sup> March, 2019			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of shares pledged/encumbered to total shares	
1.	NSS Digital Media Limited	3112256	44.34	—	3112256	44.34	—	—
2.	Nirmal Suchanti – HUF	282499	4.03	—	282499	4.03	—	—
3.	Concept Production Limited	241600	3.44	—	241600	3.44	—	—
4.	Pushpa Nirmal Suchanti	132308	1.89	—	132308	1.89	—	—
5.	Nirmal Suchanti	117647	1.68	—	117647	1.68	—	—
6.	Naga Accounts Management Pvt. Ltd.,	53300	0.76	—	53300	0.76	—	—
7.	Vivek Suchanti	49440	0.70	—	49440	0.70	—	—
8.	B. Madhuprasad	48550	0.69	—	48550	0.69	—	—
9.	Vineet Suchanti	11977	0.17	—	11977	0.17	—	—
10.	Rita Suchanti	4829	0.07	—	4829	0.07	—	—
11.	Dhanvirdhi Tie up Pvt. Limited	4010	0.06	—	4010	0.06	—	—
12.	Rinku Suchanti	3802	0.05	—	3802	0.05	—	—
	<b>Total</b>	<b>4062218</b>	<b>57.88</b>	<b>—</b>	<b>4062218</b>	<b>57.88</b>	<b>—</b>	<b>—</b>

iii). **Change in Promoters' Shareholding as on 31<sup>st</sup> March, 2019 (Please specify, if there is no change)**

Sr. No.	Shareholder's Name	No. of Shares at the beginning of the year i.e. 1 <sup>st</sup> April, 2018	% of total shares of the Company	Date	Increase/Decrease in shareholding	Reason	Cumulative Shares during the year	% of total shares of the company during the year
1.	NSS Digital Media Limited	3112256	44.34		No Change		3112256	44.34
2.	Nirmal Suchanti – HUF	282499	4.03		No Change		282499	4.03
3.	Concept Production Limited	241600	3.44		No Change		241600	3.44
4.	Pushpa Nirmal Suchanti	132308	1.89		No Change		132308	1.89
5.	Nirmal Suchanti	117647	1.68		No Change		117647	1.68
6.	Naga Accounts Management Pvt. Ltd.,	53300	0.76		No Change		53300	0.76
7.	Vivek Suchanti	49440	0.70		No Change		49440	0.70
8.	B. Madhuprasad	48550	0.69		No Change		48550	0.69
9.	Vineet Suchanti	11977	0.17		No Change		11977	0.17
10.	Rita Suchanti	4829	0.07		No Change		4829	0.07
11.	Dhanvirdhi Tie up Pvt. Limited	4010	0.06		No Change		4010	0.06
12.	Rinku Suchanti	3802	0.05		No Change		3802	0.05

iv). **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No.	Shareholder's Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of Shares at the beginning (01-04-2018)/ end of the year (31-03-2019)	% of total Shares of the company				No. of Shares	% of total Shares of the Company
1	Keynote Trust	1451702	20.68	01-04-2018	0	NIL Movement during the year	1451702	20.68
		1451702	20.68	31-03-2019				
2	India Max Investment Fund Ltd.,	561348	8.00	01-04-2018	0	NIL Movement during the year	561348	8.00
		561348	8.00	31-03-2019				
3	Gaurav Himatsingka	121000	1.72	01-04-2018	0	NIL Movement during the year	121000	1.72
		121000	1.72	31-03-2019				
4	Investor Education and Protection Fund Authority Ministry of Corporate Affairs	43637	0.62	01-04-2018	36351 4660	Transferred pursuant to the circular issued by Ministry of Corporate Affairs	79988	1.13
				07-06-2018			84648	1.21
		84648	1.21	31-03-2019			84648	1.21
5.	Skunk Agents Private Limited	41914	0.59	31-03-2018	0	NIL Movement during the year	41914	0.59
		41914	0.59	31-03-2019				
6.	Gulu Khuba Watumull	41523	0.59	01-04-2018	0	NIL Movement during the year	41523	0.59
		41523	0.59	31-03-2019				
7	Bela Properties Private Limited	36166	0.51	01-04-2018	4610	Purchase	40776	0.58
		40776	0.58	20-04-2018				
				31-03-2019				
8.	Narsingh Pal Singh	34674	0.49	01-04-2018				
				06-04-2018	448	Purchase	35122	0.50
				13-04-2018	50	Purchase	35172	0.50
				20-04-2018	-10	Sale	35162	0.50
				11-05-2018	130	Purchase	35292	0.50
				03-08-2018	646	Purchase	35938	0.51
				10-08-2018	299	Purchase	36237	0.51
				31-08-2018	1	Purchase	36238	0.51
				08.03-2019	-10	Sale	36228	0.51
				22-03-2019	12	Purchase	36240	0.51
				36240	0.51	31-03-2018		36240
9.	Manoj J. Bagadia	21500	0.30	31-03-2018	0	NIL Movement during the year	21500	0.30
		21500	0.30	31-03-2019				
10.	Varsha Berlia	16000	0.22	01-04-2017	0	NIL Movement during the year	16000	0.22
		16000	0.22	31-03-2018				

v) **Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Shareholder's Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of Shares at the beginning (01-04-2018)/ end of the year (31-03-2019)	% of total Shares of the company				No. of Shares	% of total Shares of the Company
<b>Directors:</b>								
1.	Shri B. Madhuprasad*	48550	0.69	01-04-2018	0	NIL Movement during the year	48550	0.69
		48550	0.69	31-03-2019				
2.	Shri Vineet Suchanti	11977	0.17	01-04-2018	0	NIL Movement during the year	11977	0.17
		11977	0.17	31-03-2019				
3.	Shri Uday S. Patil	2500	0.03	01-04-2018	0	NIL Movement during the year	2500	0.03
		2500	0.03	31-03-2019				
4.	Shri Hitesh Shah**	0	0	01-04-2018	0	NIL holding/ Movement during the year	0	0
		0	0	31-03-2019				
5.	Shri Shishir Vasant Dalal	0	0	01-04-2018	0	NIL holding/ Movement during the year	0	0
		0	0	31-03-2019				
6.	Shri Anish Malhotra	0	0	01-04-2018	0	NIL holding/ Movement during the year	0	0
		0	0	31-03-2019				
7.	Shri Manish Desai	0	0	01-04-2018	0	NIL holding/ Movement during the year	0	0
		0	0	31-03-2019				
8.	Smt. Rinku Suchanti	3802	0.05	01-04-2018	0	NIL Movement during the year	3802	0.03
		3802	0.03	31-03-2019				

\* Shri B. Madhuprasad, chairman of the company submitted his resignation to the Board w.e.f. 27<sup>th</sup> August, 2018.

\*\*Shri Hitesh Shah, Independent Director of the Company due to his pre-occupation submitted his resignation to the Board with effect from 28<sup>th</sup> May, 2018.

**Key Managerial Personnel**

1.	Shri Uday S. Patil	2500	0.03	01-04-2018	0	NIL holding/ Movement during the year	2500	0.03
		2500	0.03	31-03-2019				
2.	Shri Sujeet More	0	0	01-04-2018	0	NIL holding/ Movement during the year	0	0
				31-03-2019			0	0

**V. INDEBTEDNESS**

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

Amount (₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01-04-2018</b>				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
<b>Change in Indebtedness during the financial year</b>				
+ Addition				
- Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year – 31-03-2019</b>				
i). Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

NIL

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹)
		* Smt. Rinku Suchanti – Whole-Time Director	Shri Uday S. Patil – Whole-Time Director	
1.	Gross Salary	(₹)	(₹)	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	39,00,150/-	43,48,291/-	82,48,441/-
	(b) Value of perquisites u/s 17(2) 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			
	<b>Total (A)</b>	39,00,150/-	43,48,291/-	82,48,441/-
	Ceiling as per the Act			*1,68,00,000/-

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

**B. Remuneration of other Directors:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹)
		Shri Manish Desai	Shri Shishir Dalal	
<b>1.</b>	<b>Independent Directors</b>			
	• Fees for attending board committee meetings	60,000/-	60,000/-	1,20,000/-
	• Commission			
	• Others			
	<b>Total (1)</b>	60,000/-	60,000/-	1,20,000/-

	Particulars of Remuneration	Name of the Director	Total Amount (₹)
		Shri B. Madhuprasad	
<b>2.</b>	<b>Other Non-Executive Directors</b>		
	• Fees for attending board committee meetings	Nil	Nil
	• Commission	Nil	Nil
	• Others (Professional fees)	4,01,250/- *	4,01,250/-
	<b>Total (2)</b>	4,01,250/-	4,01,250/-

<b>Total B = (1+2)</b>		5,21,250/-
Total Managerial Remuneration		
Ceiling as per the Act	* As per Resolution passed by the Nomination & Remuneration Committee of the company.	

**C. Remuneration to Key Managerial Personnel other than MD/Manager/ WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (₹)
		CEO	Company Secretary	CFO	
			Shri Sujeet More	Shri Uday S. Patil	
<b>1.</b>	<b>Gross Salary</b>	(₹)	(₹)	(₹)	
	(a). Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	---	4,96,577/-	As mentioned in point No. VI (A)	4,96,577/-
	(b). Value of perquisites u/s 17(2) Income-tax Act, 1961	---	---	---	---
	(c). Profits in lieu of salary under section 17(3) Income-tax Act, 1961	---	---	---	---
<b>2.</b>	Stock Option	---	---	---	---
<b>3.</b>	Sweat Equity	---	---	---	---
<b>4.</b>	Commission	---	---	---	---
	- As % of Profit	---	---	---	---
	- Others specify	---	---	---	---
<b>5.</b>	Others, please specify	---	---	---	---
	<b>Total</b>	---	4,96,577/-	---	4,96,577/-

VII. 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					

For and on behalf of the Board  
Keynote Financial Services Limited

Sd/-  
Vineet Suchanti  
Director  
(DIN: 00004031)

Sd/-  
Uday S. Patil  
Director and CFO  
(DIN: 00003978)

Date: 15<sup>th</sup> May, 2019  
Place: Mumbai



**Annexure - C to Directors Report**

**Form MR-3**

**SECRETARIAL AUDIT REPORT**

**[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup>MARCH 2019**

**To**

**The Members of**

**Keynote Financial Services Limited**

**(Formerly known as Keynote Corporate Services Limited)**

We have conducted the Secretarial Audit of the compliance of applicable statutory provision and the adherence to good corporate practices by M/s. Keynote Financial Services Limited (CIN: L67120MH1993PLC072407) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of books, papers, minute books, forms 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March 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:

We have examined the books, papers, minutes' books, forms and returns filed and other records maintained by M/s. Keynote Financial Services Limited for the financial year ended 31<sup>st</sup> March 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (regulation) Act, 1956 (SCRA) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations any Bye-laws framed thereunder;
- (iv) 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;
- (v) The following Regulations 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, 1992(now known as SEBI (prohibition of Insider Trading) Regulation 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Registrars to issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- vi) Other laws specifically applicable to the Company:
  - Securities Exchange Board of India (Merchant Bankers) Regulation, 1992.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc;

I further report that there were no events/actions in pursuance of:

- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- The Securities and Exchange Board of India (Delisting of Equity Shares), Regulations, 2009;
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999;

**We 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.

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

**We further report that** during the audit period there were no major events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

**For Uma Lodha & Co.**

Place: Mumbai  
Date: 15<sup>th</sup> May, 2019

**Sd/-**  
**Uma Lodha**  
Proprietor  
FCS No.: 5363  
C.P. No.2593

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE B(i)' and forms an integral part of this report.

**To,  
The Members,  
Keynote Financial Services Limited  
(Formerly known as Keynote Corporate Services Limited)**

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

- Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have followed the audit practices and processes 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 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 Uma Lodha & Co.**

Place: Mumbai  
Date: 15<sup>th</sup> May, 2019

Sd/-  
**Uma Lodha**  
Proprietor  
FCS No.: 5363  
C.P. No.2593

**ANNEXURE [D] TO DIRECTOR'S REPORT**

**FORM No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and  
Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

Sr. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transactions	
c)	Duration of the contracts/arrangements/transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any:	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188.	

**2. Details of material contracts or arrangements or transactions at arm's length basis:**

Sr. No.	Particulars	Details
a)	Name (s) of the related party and nature of relationship	NIL
b)	Nature of contracts/arrangements/transactions	
c)	Duration of the contracts/arrangements/transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
e)	Date(s) of approval by the Board, if any:	
f)	Amount paid as advance, if any:	

**For and on behalf of the Board  
Keynote Financial Services Limited**

**Date: 15<sup>th</sup> May, 2019  
Place: Mumbai**

**Sd/-  
Vineet Suchanti  
Director  
(DIN: 00004031)**

**Sd/-  
Uday S. Patil  
Director and CFO  
(DIN: 00003978)**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Industry structure and developments**

Indian economy witnessed many events in financial year 2018-19 affecting capital market and resource raising activities. The debacle of fall of large NBFCs such as ILFS & failure of largest domestic airlines were few of the major events effecting the capital market. This coupled with liquidity crunch and spate of loan defaults being treated under IBC had an impact on capital formation and resource raising activity. Though the 'Sensex' and 'Nifty Fifty' witnessed new heights, overall scenario in corporate activities was at a low level. Companies were struggling to raise further resources and there is a panic in the capital market as far as small & mid cap companies are concerned. As a result, there was a steep fall in resource raising activity through public equity markets. The year 2018-19 saw a drop by huge 81% in fund raising through IPOs as against last year. Similar situation was witnessed in respect of Rights Issues, SME IPOs and other areas. The events such as terrorists attack, forthcoming elections etc. had its effect on overall economic activity and financial markets. As a result capital market witnessed high degree of volatility. Nevertheless, India being one of the growing economy is considered as a good investment destination by many foreign investors and capital formation activity is likely to improve in times to come.

**Opportunities & Threats**

The country witnessed one of the major event of Elections and everybody is looking at the same eagerly to be able to have an appropriate view. In the event of likelihood of present political party regaining the majority, it is expected that overall capital market would improve. In any case India has various opportunities to grow further on account of many positives. A new Government is expected to continue to thrive for better reforms and conducive policies to develop economy on rational lines. The events on international front such as trade standoff amongst the countries shall also play a major role in devising the policy. Being a vibrant market, there are always threats of instability on account of many events such as performance of monsoon, crude oil price, interest rate structures globally. The smaller players would find it difficult to raise resources and there is a need to work on quality assignments and maintain long term relationship with the clients.

**Segment-wise performance**

The income of the Company comprises of fees received on advisory services in the Merchant Banking, Corporate Finance & ESOP Advisory. On a consolidated basis income further comprises of brokerage, depository services, profit on trading besides interest on loan & advances.

During the current year, besides the fall in revenue by your Company, there was also a fall in revenue by subsidiaries of the Company which effected the overall performance of the Company.

**Outlook**

Fund raising activity in coming year i.e. 2019-20 is likely to be impacted substantially. The volatility and the bearish sentiment in the market continued to prevail which will affect the capital markets. The proposed budget by the newly formed government is likely to set a tone for further activities in the market. Though many Companies hold SEBI approval to raise money from the capital market, on account of subdued conditions, they are not able to launch their IPOs. Repeat of political mandate to the present party in power and the stable government at centre may make sentiments positive for the capital market. It remains to be seen whether capital market sees positive developments on account of various factors.

**Risks & Concerns**

The size of your Company is a concern given the segment in which it operates. However, your Company also enjoys a niche in the segment in which it operates for providing value added and efficient services to its clients. It may be increasingly difficult to compete for your Company for securing large size mandates.

**Internal Control systems and their adequacy**

The company being in existence as Merchant Banker since past several years has developed well-structured internal control systems to conduct the business within the framework of Regulations. The present structure & systems are adequate and commensurate to the size of operations of your company.

**Discussion on financial performance with respect to operational performance**

Your Company continued to adopt policy of being selective while accepting the assignments and strive for working on assignments of good corporate houses and Companies. The focus on Rights Issues, Buy Backs, Open Offers, Valuations and other corporate advisory services yield good results for the company. The current financial year saw a decline in performance on account of reasons mentioned. The management also has consciously capped the expenses to a certain extent to be able to sustain. Overall financial performance is likely to be stable in the years to come.

**Material developments in Human Resources/Industrial Relations front, including number of people employed**

There are no material developments in human resources /industrial relations front. The Company continues to operate with a sleek employee structure.

**Significant changes in Key Financial Ratios**

The significant changes in key financial ratios of the Company which are more than 25% as compared to the previous year are summaries as below:

Current ratio of the Company has enhanced by 63% whereas operating profit margin declined by about 40% as compared to previous year. The Return on Networth has also declined by about 34% over the previous year. The statutory dues & other liabilities outstanding as at the end of previous financial year was paid during the current financial year and hence current ratio has improved. Due to weak market and competitive conditions prevailing in the market, operating profit margin have declined. As mentioned, the profits declined during the current financial year and as a result a Return on Networth has fallen.

**DISCLOSURE OF ACCOUNTING TREATMENT**

Your Company follows Accounting Standards as prescribed by Institute of Chartered Accountants of India (ICAI) for preparation of financial statements; there is no other such different treatment followed for the same.

## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The philosophy of governance has been deeply rooted in the culture of the Company over a long period of time. The Company continues to deliver value to its various stakeholders. The practice of responsible governance has enabled the Company to maintain sustainability, while meeting the expectations of all stakeholders and the society at large. Besides complying with Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the Company has adopted various practices and set reasonable standards for conducting business. The Company endeavours to improve upon aspects like transparency, professionalism, accountability and fair disclosures, on an ongoing basis and takes necessary steps towards growth and enhancing value for its shareholders.

The Company has complied with all the regulations stipulated by the Securities Exchange Board of India (SEBI) in the Listing Regulations.

### GOVERNANCE FRAMEWORK

The Company's Governance structure consists of Board of Directors, its Committees and the Management.

### BOARD STRUCTURE:

#### Board Leadership:

The Company has a well-balanced Board of Directors with members from diverse backgrounds who have experience and expertise in various fields. Out of 8 members on the Board, 4 are Independent Directors who are well known for their wealth of experience, high standards of governance and independence. The Board over the period of years has created a culture of leadership to provide long-term vision and policy approach to improve performance and quality of governance in the Company. It has played a primary role in providing strategic direction to the management coupled with giving responsibility and accountability to deliver value with highest level of transparency and integrity.

#### Board Committees:

Committees have been constituted by the Board with specific terms of reference and have an optimum representation of Board members. These Committee members meet at such frequency as is necessary to address the responsibilities and tasks assigned to them. Presently there are four (4) Committees of the Board viz., Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Management Committee (Non-mandatory).

### BOARD OF DIRECTORS

#### Composition:

The composition of the Board is in conformity with Regulation 17(1) of Listing Regulation as well as the Companies Act, 2013. The Company has an optimum representation of Independent Directors on the Board of Directors of the Company.

The composition of the Board of Directors of the Company as on 31<sup>st</sup> March, 2019 is as follows:

Category	:	Name of Directors
Non-Independent Directors	:	*Shri. Vineet Suchanti – Non-Executive Director *Smt. Rinku Suchanti – Executive Director Shri. Uday S. Patil – Executive Director
Independent Directors	:	Shri. Shishir Dalal Shri. Manish Desai Shri. Anish Malhotra

\* Promoter Director

Smt. Rinku Vineet Suchanti is the spouse of Shri Vineet Suchanti. None of the other directors are related to any other director on the Board.

Board Meetings held during the financial year 2018-2019.

The Board of Directors had met 4 times during the financial year 2018-2019. These meetings were held on 28<sup>th</sup> May, 2018, 9<sup>th</sup> August, 2018, 2<sup>nd</sup> November, 2018 and 8<sup>th</sup> February, 2019. Composition of Board of Directors,

attendance at the Board Meetings and the last Annual General Meeting as on 31<sup>st</sup> March, 2019, as applicable, is tabulated hereunder:

Name of the Director	No. of Board Meeting attended	Attendance at previous AGM on 09/08/2018	No. of outside Directorships held (Excluding Keynote Financial Services Limited.)	No. of Membership/ Chairmanship in other Board Committees (Excluding Keynote Financial Services Limited)		Nature of Directorship in the Company
				Member	Chairman	
Shri B. Madhuprasad + [DIN-00004632]	1	Yes	1	Nil	Nil	Non-Executive
Shri Vineet Suchanti [DIN-00004031]	4	Yes	4	6 #	2 ##	Non-Executive
Shri Uday S. Patil [DIN-00003978]	4	Yes	4	Nil	Nil	Executive
Shri Hitesh Shah ++ [DIN-00061296]	1	NA	1	1 *	Nil	Independent
Shri Anish Malhotra [DIN-02034366]	1	No	4	Nil	Nil	Independent
Shri Manish Desai [DIN-02925757]	4	Yes	2	Nil	Nil	Independent
Smt. Rinku Suchanti [DIN-00012903]	4	Yes	3	—	—	Executive
Shri Shishir Dalal (DIN-00007008)	4	Yes	7	1@	3@@	Independent

+ Shri. B. Madhuprasad, Chairman of the Company, resigned w.e.f. 27<sup>th</sup> August, 2018.

++ Shri Hitesh Shah, Independent Director of the Company, resigned w.e.f. 28<sup>th</sup> May, 2018.

# Member of “Stakeholder Relationship Committee” and “Corporate Social Responsibility (CSR) Committee” and Share Transfer Committee of LKP Finance Limited. Member of “Audit Committee” and “Nomination and Remuneration Committee” of Keynote Capitals Limited.

## Chairman of “Audit Committee” and “Nomination and Remuneration Committee” of LKP Finance Limited.

\* Member of Audit Committee of Keynote Capitals Limited.

@ Member of “Nomination and Remuneration Committee” of Sustainable Agro-Commercial Finance Limited.

@@ Chairman of “Audit Committee” of Sustainable Agro-Commercial Finance Limited, Windsor Machines Limited and Chairman of “Nomination and Remuneration Committee” of Windsor Machines Limited.

Name of other listed entities where Directors of the Company are Directors and Category of Directorship:

Sr. No.	Name of Director	Name of Listed entities in which the concerned Director is a Director	Category of Directorship
1.	Vineet Suchanti	LKP Finance Limited	Independent Director
2.	Uday S. Patil	—	—
3.	Rinku Suchanti	—	—
4.	Shishir Dalal	Windsor Machines Limited	Independent Director
5.	Manish Desai	—	—
6.	Anish Malhotra	—	—



**Skills / Expertise / Competencies of the Board of Directors:**

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

- i) Leadership – Ability to envision the future and prescribe a strategic goal for the Company, help the Company to identify possible road maps, inspire and motivate the strategy, approach, processes and other such key deliverables and mentor the leadership team to channelize its energy/ efforts in appropriate direction.
- ii) Behavioral skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.
- iii) Business Strategy, Marketing, Corporate Governance, Administration, Decision Making
- iv) Financial and Management skills
- v) Gender, ethnic, national or other diversity- Representation of gender, ethnic, geographic, cultural or other perspectives that expands the Boards understanding of the needs and viewpoints of clients, employees, governments and other stakeholders.
- vi) Professional skills and specialized knowledge in relation to Company's business.

**INDEPENDENT DIRECTORS:**

The Independent Directors have submitted declarations that they meet the criteria of independence as per the provisions of the Companies Act, 2013 and the Listing Regulations; a statement in this regard forms part of the Board's Report. The Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013 and Listing Regulations. A sample of the letter of appointment is available on the website of the Company and can be accessed through the link:<http://www.keynoteindia.net/investor-relations>

Shri. Hitesh Shah an Independent Director of the Company had resigned from the Board w.e.f. 28<sup>th</sup> May, 2018 due to pre-occupation.

**The shareholding of the Non-Executive Directors of the company as on 31<sup>st</sup> March, 2019 is as follows:**

Name of the Director	Nature of Directorship	No. of Shares held	% to the paid up Share Capital
Shri Vineet Suchanti	Director/Promoter	11977	0.17
Shri Anish Malhotra	Independent Director	Nil	Nil
Shri Manish Desai	Independent Director	Nil	Nil
Shri Shishir Dalal	Independent Director	Nil	Nil

Smt. Rinku Suchanti, Whole-Time Director holds 3802 (0.05%) Equity Shares of the Company as on 31<sup>st</sup> March, 2019 and Shri Uday S. Patil, Whole-Time Director and CFO holds 2500 (0.03%) Equity Shares of the Company as on 31<sup>st</sup> March, 2019.

**Board Procedures**

The Board meets at least once in a quarter to review financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues concerning the businesses of the Company. The tentative annual calendar of Board Meetings for the ensuing year is decided in advance by the Board.

The Board Meetings are governed by a structured Agenda. The Agenda along with detailed explanatory notes and supporting material are circulated in advance before each meeting to all the Directors for facilitating effective discussion and decision making. The Board members are, on a quarterly basis, appraised on the overall performance of the Company through presentations and detailed notes.

Presentations are also made by the Executive Directors on the Company's plans, performance, operations and other matters on a periodic basis. The Board has complete access to any information within the Company which includes the information as specified in Part A of Schedule II Listing Regulations and they are updated about their roles and responsibilities in the Company.

The Board, inter alia, reviews annual operating and capital expenditure plans and budgets, financial statements of business segments, compliance report(s) of all laws applicable to the Company, major legal and tax issues, policies/charters of committees of the Company, appointment and remuneration to Directors, minutes of the Board Meetings of the Company's subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, risk management, transactions involving sale of material investments, subsidiaries, assets, which are not in normal course of business, foreign currency exposure, status of all investments made by the Company, minutes of meetings of the Committees of the Board, declaration of dividend, issue of securities, short-term borrowings, any other proposal from the management regarding mergers, acquisitions and restructuring of investments, etc.

The proceedings of each meeting of the Board and its Committees are captured in accordance with the provisions of the Companies Act, 2013 and Companies (Meetings of Board and its Powers) Rules, 2014.

#### **Directors' Induction and Familiarization**

The provision of an appropriate induction for new Directors and ongoing familiarisation for existing Directors is a major contributor to the maintenance of high Corporate Governance standards of the Company.

The Whole-Time Director is responsible for ensuring that such familiarisation programme is provided to Directors. The Independent Directors, from time to time request management to provide detailed understanding of any specific project, activity or process of the Company. The management provides such information and training either at the meeting of Board of Directors or otherwise. The induction process is designed to:

- a. build an understanding of the Company, its businesses and the markets and regulatory environment in which it operates;
- b. provide an appreciation of the role and responsibilities of the Director;
- c. fully equip Directors to perform their role on the Board effectively; and
- d. develop understanding of Company's people and its key stakeholder relationships.

Upon appointment, Directors receive a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. In addition to the extensive induction and training provided as part of the familiarization programme, the Independent Directors are also taken through various business and functional sessions in the Board meetings including the Board meetings to discuss strategy.

The details of Director's induction and familiarization are available on the Company's website at [http://www.keynoteindia.net/document-hosting/financial\\_results/Familiarization\\_Program\\_for\\_IndependentDirectors\\_of\\_Keynote.pdf](http://www.keynoteindia.net/document-hosting/financial_results/Familiarization_Program_for_IndependentDirectors_of_Keynote.pdf)

#### **Separate Independent Directors' Meeting:**

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and Regulation 25(3) of Listing Regulations, a meeting of the Independent Directors of the Company was held on 8<sup>th</sup> February, 2019, without the attendance of Non-Independent Directors and members of the management.

#### **Evaluation of Board Effectiveness**

In terms of provisions of the Companies Act, 2013 read with Rules issued there under and Part D of Schedule II of Listing Regulations, the Board of Directors, on recommendation of the Nomination and Remuneration Committee, have evaluated the effectiveness of the Board. Accordingly, the performance evaluation of the Board, each Director and the Committees was carried out for the financial year ended 31<sup>st</sup> March, 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.

#### **COMMITTEES OF THE BOARD**

The Committees constituted by the Board play a very important role in the governance structure of the Company. The terms of reference of these Committees are approved by the Board and are in line with the requirements of Companies Act, 2013 and Listing Regulations. The minutes of Committee meetings are tabled at the Board meetings and the Chairman of each Committee briefs the members of the Board on the important deliberations and decisions of the respective Committees. The minutes of the proceedings of the Committee Meetings are

captured in the same manner as the Board Meetings and in accordance with the provisions of the Companies Act, 2013.

The Board has currently established the following statutory and non-statutory Committees.

#### **AUDIT COMMITTEE**

The Audit Committee has played an important role in ensuring the financial integrity of the Company. The Audit Committee's role includes oversight of the financial reporting process, the audit process, the adequacy of internal controls and compliance with applicable laws and regulations. The composition of the Audit Committee is in line with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. The members of the Audit Committee are financially literate and have requisite experience in financial management. The Committee invites the Managing Director, Chief Financial Officer (CFO) and Statutory Auditor to attend its meetings.

The previous annual general meeting (AGM) of the Company was held on 9<sup>th</sup> August, 2018 and was attended by Shri Shishir Dalal, Chairman of Audit Committee.

The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year ended 31<sup>st</sup> March, 2019 are detailed below:

The Audit Committee comprises of 3 members namely Shri Shishir Dalal, Shri Uday Patil and Shri Manish Desai. The Committee met 4 (four) times during the year under review. The audit committee met prior to the finalization of the accounts for the year ended 31<sup>st</sup> March, 2019.

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Designation in Committee</b>	<b>Nature of Directorship in the Company</b>	<b>No. of Meetings attended upto 31<sup>st</sup> March, 2019</b>
1.	Shri Shishir Dalal	Chairman	Independent	4
2.	Shri Hitesh Shah	Member	Independent	1
3.	Shri Manish Desai	Member	Independent	4
4.	Shri. Uday S. Patil	Member	Executive	3

The necessary quorum was present for all the meetings.

During the period Shri Hitesh Shah, Director of the Company resigned from the Board w.e.f. 28<sup>th</sup> May, 2018 and Shri Uday S. Patil, Whole-Time Director and CFO of the Company was appointed as a Member of Audit Committee w.e.f. 28<sup>th</sup> May, 2018. Accordingly, Audit Committee was reconstituted as under:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Designation in Committee</b>	<b>Nature of Directorship in the Company</b>
1.	Shri Shishir Dalal	Chairman	Independent
2.	Shri Manish Desai	Member	Independent
3.	Shri Uday S. Patil	Member	Whole-Time Director and CFO

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

The scope of activities and terms of reference of the Audit Committee is governed by a Charter which is in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

#### **A. The role of the Audit Committee, inter alia, includes the following:**

- (1) Oversight of the listed entity'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 listed entity;
- (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;
  - (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

**B. The audit committee shall mandatorily review the following information:**

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) management letters/letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and

- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) statement of deviations:
- quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

#### NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee broadly plays a dual role of determining the composition of the Board based on need and requirements of the Company from time to time and determines the overall compensation framework and policy for Directors, senior management and employees. The Committee further reviews that the human resource practices of the Company are effective in maintaining and retaining a competent workforce.

The composition of the "Nomination and Remuneration Committee" is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations.

The Committee met one (1) time during the financial year ended 31<sup>st</sup> March, 2019 on 28<sup>th</sup> May, 2018. The composition of the Nomination and Remuneration Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year ended 31<sup>st</sup> March, 2019 is detailed below:

**The details of Nomination and Remuneration Committee are as follows:**

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship in the Company	No. of Meetings attended upto 31 <sup>st</sup> March, 2019
1.	Shri Manish Desai	Chairman	Independent	1
2.	Shri Anish Malhotra	Member	Independent	1
3.	Shri Vineet Suchanti	Member	Non Independent	1

During the period Shri Hitesh Shah, Director of the Company resigned from the Board as well as the Member of "Nomination and Remuneration Committee" w.e.f. 28<sup>th</sup> May, 2018 and Shri Manish Desai Member of "Nomination and Remuneration Committee" appointed as a Chairman of the "Nomination and Remuneration Committee." Further, Shri. B. Madhuprasad Chairman of the Company resigned from the Board as well as the Member of Nomination and Remuneration Committee and Shri Vineet Suchanti Non Executive Director of the Company appointed as the Member of the Committee w.e.f. 27<sup>th</sup> August, 2018. Accordingly, "Nomination and Remuneration Committee" was reconstituted as under:

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship in the Company
1.	Shri Manish Desai	Chairman	Independent
2.	Shri Anish Malhotra	Member	Independent
3.	Shri Vineet Suchanti	Member	Non Executive

Company Secretary of the Company acts as Secretary to the "Nomination and Remuneration Committee"

The Nomination and Remuneration Committee is empowered, pursuant to its terms of reference, *inter alia*, to:

- Identify persons who are qualified to become Directors and persons who may be appointed in Senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- Carry on the evaluation of every Director's performance;
- Formulate criteria for determining qualifications, positive attributes and independence of a Director;

4. Recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
5. Formulate criteria for evaluation of Independent Directors and the Board;
6. Devise a policy on Board Diversity; and
7. Undertake any other matters as the Board may decide from time to time.

In accordance with Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors at their meeting held on 11th November, 2014 formulated the Nomination and Remuneration Policy of the Company on the recommendations of the Nomination and Remuneration Committee.

#### **Nomination and Remuneration Policy of the Company:**

In accordance with the Nomination and Remuneration Policy, the Nomination and Remuneration Committee has, inter alia, the following responsibilities:

1. Formulate the criteria for appointment as a Director: The Committee shall formulate criteria, and review them on an ongoing basis, for determining qualifications, skills, expertise, qualities, positive attributes required to be a Director of the Company.
2. Identify persons who are qualified to be Directors: The Committee shall identify persons who are qualified to become Directors and who satisfy the criteria laid down. The process of identification shall include ascertaining, meeting, screening and reviewing candidates for appointment as Directors, whether Independent, Non-Executive or Executive.
3. Nominate candidates for Directorships subject to the approval of Board: The Committee recommends to the Board the appointment of potential candidates as Non-Executive Director or Independent Director or Executive Director, as the case may be.
4. Approve the candidates required for Senior Management positions: The Committee shall lay down criteria including qualifications, skills, expertise and qualities required for senior management positions like Managing Director, CFO, Company Secretary and Executive Directors of the Company.
5. Evaluate the performance of the Board: The Committee shall determine a process for evaluating the performance of every Director, Committees of the Board and the Board. The Committee may seek the support and guidance of external experts and agencies for this purpose.
6. Evaluate the performance of the Managing Director or Whole-time Director and determine the Executive compensation: The Committee shall evaluate the performance of the Managing Director by setting his Key Performance Objectives at the beginning of each financial year. The Committee shall also approve his/her/ their compensation package(s) in accordance with applicable laws, in line with the Company's objectives, shareholders' interests, comparable with industry standards and which shall have an adequate balance between fixed and variable component.
7. Review performance and compensation of Senior Management: The Committee shall review the performance of the senior management of the Company. The Committee shall ensure that the remuneration to the Key Managerial Persons 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.
8. Recommend to the Board, commission (if any) to the Non-Executive Directors: The Committee shall recommend the commission payable to the Non-Executive Directors, including Independent Directors, to the Board of Directors of the Company after considering their contribution to the decision making at meetings of the Board/Committees, participation and time spent as well as providing strategic inputs and supporting the highest level of corporate governance and Board effectiveness. It shall be within the overall limits fixed by the shareholders of the Company.

#### **Details of remuneration paid to Non-Executive Directors during the year 2018-19:**

During the financial year ended 31<sup>st</sup> March, 2019, the Company paid ₹ 1,20,000/- (Rupees One Lakh Twenty Thousand only) as sittings fees for attending the Board meetings to the Independent Directors and ₹ 4,01,250/- (Rupees Four Lakh One Thousand Two Hundred and Fifty only) as a professional fees to Shri B. Madhuprasad, Chairman (upto 27<sup>th</sup> August, 2018) of the Company.

**Details of the remuneration paid to the Executive Directors of the Company for the financial year ended 31<sup>st</sup> March, 2019 is as follows:**

During the financial year ended 31<sup>st</sup> March, 2019, the Company paid to total amount ₹ 82,48,441/- (Rupees eighty two lakh forty eight thousand four hundred and forty one only) to Whole-Time Directors of the Company. Company has not granted any stock options to any of its Directors.

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

In the Financial Year 2014-2015, the nomenclature of the “Shareholders/Investors Grievance Committee” was changed to “Stakeholders Relationship Committee” pursuant to the provisions of Section 178 of the Companies Act, 2013. The composition of the Stakeholder Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

Stakeholders Relationship Committee of Directors look into the redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The Company has also been enlisted in the new SEBI compliant redressal system (SCORES) enabling the investors to register their complaint if any for speedy redressal.

During the period Shri Hitesh Shah, Director of the Company resigned from the Board as well as the Member of “Stakeholders Relationship Committee” w.e.f. 28<sup>th</sup> May, 2018. Further, Shri B. Madhuprasad, resigned from the Board as Chairman as well as Chairman of Stakeholders Relationship Committee w.e.f. 27<sup>th</sup> August, 2019. Shri Vineet Suchanti, Non-Executive Director of the Company appointed as a Chairman of “Stakeholder Relationship Committee”. Further, in accordance with SEBI (Listing Obligation and Disclosure Requirements) (Amendment) Regulations, 2018, at least one Independent Director shall be appointed as a member of the Committee. Hence, Shri. Manish Desai an Independent Director of the Company is being appointed as a member of the Committee w.e.f. 15<sup>th</sup> May, 2019. Accordingly, “Stakeholders Relationship Committee” was reconstituted; the details of “Stakeholders Relationship Committee” are as follows:

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship in the Company
1.	Shri Vineet Suchanti	Chairman	Non Executive
2.	Shri Uday S. Patil	Member	Executive
3.	Shri. Manish Desai	Member	Independent

Company Secretary of the Company acts as Secretary to the “Stakeholders Relationship Committee”

During the financial year 2018-2019 few communications were received from shareholders and Investors. These communications were of routine nature regarding corrections/change in address, and issuance of demand draft against dividend warrant due to expiry of the date etc and were addressed promptly.

All valid requests for share transfer received during 2018-2019 have been acted upon by the Company and no transfer/grievances/complaints are pending.

The details of the complaints resolved during the financial year ended on 31<sup>st</sup> March, 2019 are as follows:

Number of Complaints	Received	Resolved	Closing
Nil	Nil	Nil	Nil

**MANAGEMENT COMMITTEE**

The Company has constituted a “Management Committee” (Non-mandatory) of Directors consisting of:

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship in the Company
1.	Shri Vineet Suchanti	Chairman	Executive
2.	Shri Uday S. Patil	Member	Executive

During the year Shri. B. Madhuprasad Chairman of the Company resigned from the Board as well as the Member of Management Committee w.e.f. 27<sup>th</sup> August, 2018. Accordingly, "Management Committee" was reconstituted as above.

The said committee of Board of Director is constituted for the purposes of operational convenience in respect of Merchant Banking assignment handled by the company under the authority of Board of Directors in January, 2006. The committee has powers to open and operate Escrow/Special Accounts and/or any such accounts with Banks for take-over, Buy Back offers and other assignments accepted by the company in the course of Merchant Banking activities.

Further the Board Meeting held on 6<sup>th</sup> September, 2011 had delegated powers to Management Committee to place the Inter Corporate Deposits (ICDs) with known corporate entities.

The Board of Directors of the Company at their meeting held on 7<sup>th</sup> February, 2013 delegated the powers to Management Committee comprising of Directors of the Company to give loan to the various body corporates.

**THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND REGULATION 46(2)**

During the financial year the company has complied with all the requirements of Corporate Governance as specified in regulation 17 to 27 and Regulation 46(2) of SEBI (Listing Obligation and Discloser Requirement) Regulations, 2015.

**GENERAL BODY MEETINGS**

Location and time of last three Annual General Meetings are as under:

Year	Venue	Date	Time
2015-2016	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall compound), Fort,Mumbai – 400 001	29 <sup>th</sup> July, 2016	10.00 a.m.
2016-2017	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall compound), Fort,Mumbai – 400 001	23 <sup>rd</sup> August, 2017	10.00 a.m.
2017-2018	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall compound), Fort,Mumbai – 400 001	9 <sup>th</sup> August, 2018	10.00 a.m.

**Details of Special Resolutions passed in previous three Annual General Meetings.**

Date of Annual General Meeting	Number of Special Resolutions passed	Details of Special Resolutions Passed
29 <sup>th</sup> July, 2016	1	1. To increase borrowing power not exceeding ₹ 200 Crores (Rupees Two Hundred Crore only) on such terms and conditions as Board may think fit.
23 <sup>rd</sup> August, 2017	—	—
9 <sup>th</sup> August, 2018	—	—

All special resolutions set out in the notices for the Annual General Meetings were passed by the shareholders at the respective meetings with requisite majority.

**Postal Ballot**

During the period one Special Resolution was passed by Postal Ballot, details of which are given as follows: Approval for change of name of the Company from "Keynote Corporate Services Limited" to "Keynote Financial Services Limited" and consequent amendment to Memorandum of Association and Articles of Association and other documents of the Company.



The procedure laid down under Section 108 and other applicable provisions of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended was followed. The details of voting patterns of the Special Resolution passed are as under:

Date of Result: 4<sup>th</sup> April, 2019

Result:

Resolution as given in the Postal Ballot Notice dated 27 <sup>th</sup> February, 2019	Particulars of the Votes Cast			Result
		No. of Votes	%	
Approval for change of name of the Company from “Keynote Corporate Services Limited” to “Keynote Financial Services Limited” and consequent amendment to Memorandum of Association and Articles of Association and other documents of the Company.	Votes cast in favour	4067431	99.99	Approved by requisite majority
	Votes cast against	54	0.01	

The detailed Scrutinizers Report is available on the website of the company and can be accessed through the link:<http://www.keynoteindia.net/investor-relations>

### Extraordinary General Meeting

During the year, no extraordinary General Meeting of the members was held.

### MEANS OF COMMUNICATION

#### 1. Publication of quarterly financial results:

Quarterly, half-yearly, nine-monthly and annual financial results of the Company were published in English and vernacular language newspapers, viz., Free Press Journal and Navshakti, Mumbai newspapers. “Limited Review” by the Statutory Auditors of the Company for the quarterly results was sent to BSE Limited and National Stock Exchange of India Limited where the shares of the company are listed. Shareholders can also access the quarterly results on the website of these exchanges where the equity shares of the company are listed (i.e. [www.bseindia.com](http://www.bseindia.com) [www.nseindia.com](http://www.nseindia.com))

#### 2. Website and News Releases:

A separate dedicated section under ‘Investors Relations’ on the Company’s website gives information of unclaimed dividend, Annual Report, Quarterly/Half yearly/ Nine-monthly and Annual financial results along with the applicable policies of the Company.

#### 3. Stock Exchange:

Your Company makes timely disclosures of necessary information to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) in terms of the SEBI (LODR) Regulations, 2015 and other rules and regulations issued by SEBI.

#### 4. NEAPS (NSE Electronic Application Processing System):

NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are also filed electronically through NEAPS.

#### 5. BSE Corporate Compliance & Listing Centre:

<http://listing.bseindia.com> is a web-based application designed by BSE for corporates. All periodical compliance filings, inter alia, Shareholding pattern, Corporate Governance Report, Corporate announcements, amongst others are also filed electronically on the Listing Centre.

## GENERAL SHAREHOLDER'S INFORMATION

### Annual General Meeting

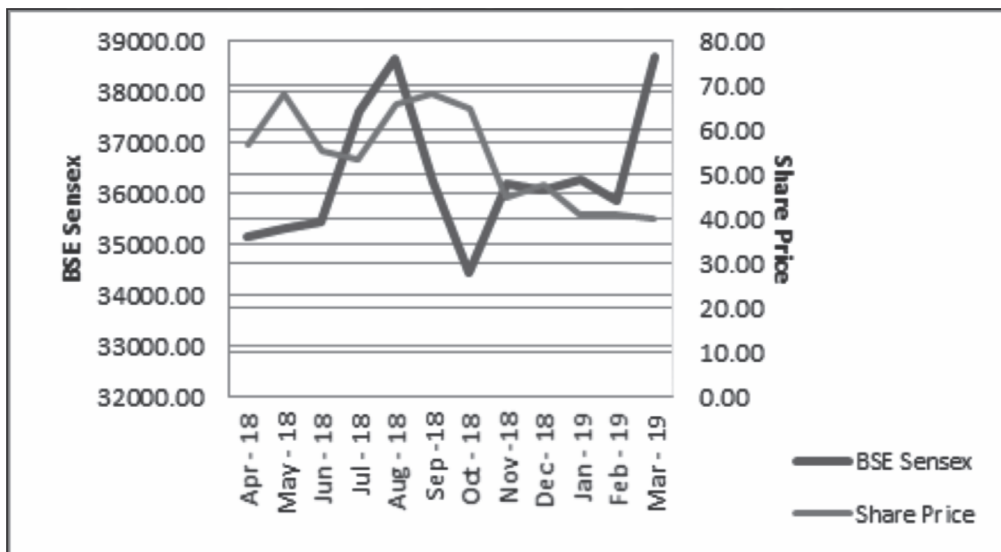
Date and time	:	Tuesday, 13 <sup>th</sup> August, 2019, 10.00 a.m.
Venue	:	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall compound), Fort, Mumbai – 400 001
Financial Year Ending	:	31 <sup>st</sup> March, 2019
Tentative Schedule for declaration of results during the financial year 2019-2020	:	
• 1 <sup>st</sup> Quarter (June, 2019)	:	Second week of August, 2019.
• 2 <sup>nd</sup> Quarter (September, 2019)	:	First week of November, 2019
• 3 <sup>rd</sup> Quarter (December, 2019)	:	Second week of February, 2020
• 4 <sup>th</sup> Quarter (March, 2020) and Audited Financial Results for the year ended 31 <sup>st</sup> March, 2020	:	Last week of May, 2020
Date of Book Closure	:	From Wednesday, 7 <sup>th</sup> August, 2019 to Tuesday, 13 <sup>th</sup> August, 2019 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend which will be subject to approval of shareholders.
Dividend Payment date	:	After 13 <sup>th</sup> August, 2019 (Subject to approval of the shareholders)
• Final Dividend 2018-2019 recommended by the Board of Directors at its Meeting held on 15 <sup>th</sup> May, 2019.		
Listing on Stock Exchange and Stock Code	:	Equity Shares of the Company are listed at BSE Limited, (Scrip Code : 512597) and National Stock Exchange of India Limited, (Symbol: KEYFINSERV).
Face Value of Equity Shares	:	₹ 10/- each.

### Monthly High/Low price of Equity Shares of the Company during the financial year 2018-2019 on BSE Limited and National Stock Exchange of India Limited.

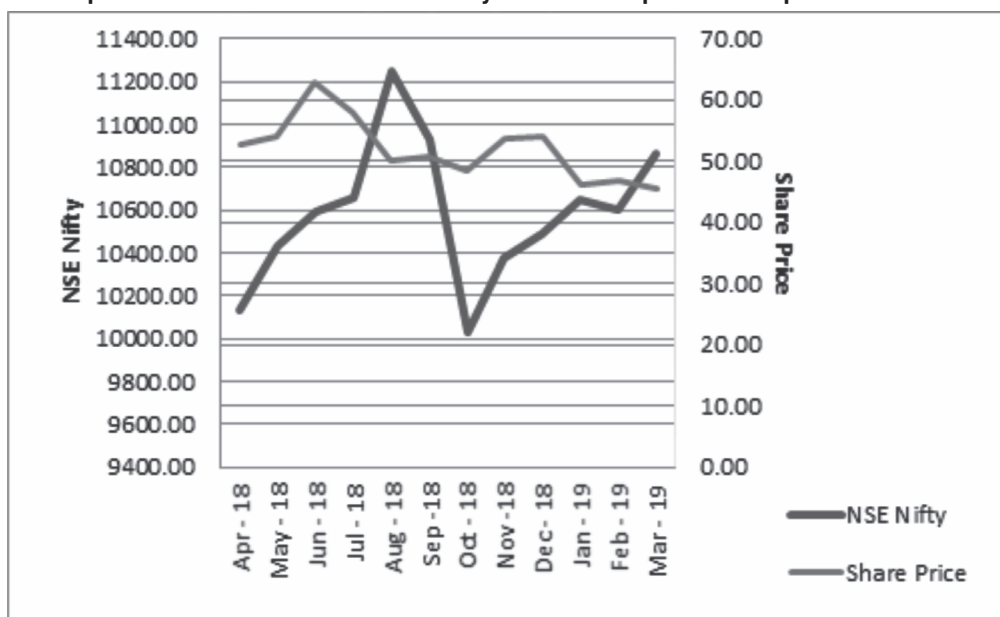
Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	Month's High Price (₹)	Month's Low Price (₹)	Month's High Price (₹)	Month's Low Price (₹)
April, 2018	58.80	51.55	63.05	45.10
May, 2018	73.00	56.40	70.00	51.75
June, 2018	67.50	54.30	71.00	62.25
July, 2018	53.15	53.15	67.90	56.10
August, 2018	65.90	50.85	63.85	50.00
September, 2018	69.10	62.60	65.00	50.65
October, 2018	64.75	64.75	66.50	46.05
November, 2018	65.00	44.65	63.15	51.60
December, 2018	47.55	42.50	60.15	50.95
January, 2019	49.90	41.10	56.00	46.00
February, 2019	40.95	37.15	55.00	46.90
March, 2019	47.90	39.90	55.90	43.70

Source : BSE and NSE website

**Graphical Representation of Performance of Keynote’s share price in comparison with BSE Sensex**



**Graphical Representation of Performance of Keynote’s share price in comparison with NSE Nifty.**



**REGISTRAR AND TRANSFER AGENT**

For any queries relating to the shares of the Company, correspondence may please be addressed to:  
 Link Intime India Pvt. Ltd.,  
 C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083  
 Tel : (022) 4918 6000, Fax : (022) 4918 6060  
[www.linkintime.co.in](http://www.linkintime.co.in)

### SHARE TRANSFER SYSTEM

The Company's shares being in compulsory Demat list are transferable through the depository system. However, shares in the physical form are processed by the Registrar & Share Transfer Agent and approved by the "Stakeholders Relationship Committee." The share transfer process is reviewed by the said committee.

The Company obtains half-yearly certificate of compliance related to the share transfer formalities from a Company Secretary in practice and Registrar and Share Transfer Agent as required under Regulation 40 (9) and 7(3) of the Listing Regulations respectively and files a copy of the certificate with the Stock Exchanges on or before the due date.

### DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2019

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Upto 5000	1847	90.67	2352520	3.35
5001 to 10000	88	4.32	703650	1.00
10001 to 20000	41	2.01	629240	0.90
20001 to 30000	20	0.98	489710	0.70
30001 to 40000	10	0.49	346640	0.49
40001 to 50000	4	0.20	182280	0.26
50001 to 100000	2	0.10	134780	0.19
100001 and above	25	1.23	65344570	93.11
<b>TOTAL</b>	<b>2037</b>	<b>100.00</b>	<b>70,18,339</b>	<b>100.00</b>

### SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2019

Sr. No.	Category of Shares	No. of Shares	% of total shares
(A)	<b>Promoter &amp; Promoter Group :</b>		
	(a) Individuals/Hindu Undivided Family	6,51,052	9.28
	(b) Bodies Corporate	34,11,166	48.60
	Sub Total :	40,62,218	57.88
(B)	<b>Public Shareholding :</b>		
	1. Institutions		
	(a) Mutual Funds	12,478	0.18
	(b) Financial Institutions/Banks	300	0.00
	(c) Foreign Institutional Investors	5,61,348	8.00
	2. Non-Institutions		
	(a) Individuals	7,06,277	10.06
	(b) Trust	14,51,902	20.69
	(c) Hindu Undivided Family	18,183	0.26
	(d) Non-Resident (Non-Repatriable)	33	0.00
	(e) Non-Resident Indians (Repat)	4,077	0.06
	(f) Clearing Members	5,830	0.08
	(g) Investor Education and Protection Fund Authority Ministry of Corporate Affairs	84,648	1.21
	(h) Bodies Corporate	1,11,045	1.58
	Sub Total :	29,56,121	42.12
	<b>GRAND TOTAL</b>	<b>70,18,339</b>	<b>100.00</b>

**Dematerialization of Shares:** 68,86,280 Equity Shares of ₹ 10/- each (i.e. 98.12%) of the total capital of the Company have been dematerialized as on 31<sup>st</sup> March, 2019.

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

**Outstanding GDRs/ADRs/Warrants/Convertible Instruments and their impact on equity:**

The Company does not have any outstanding GDRs/ADRs/Warrants/Convertible Instruments as on 31<sup>st</sup> March, 2019.

**ADDRESS FOR CORRESPONDENCE:**

Keynote Financial Services Limited

The Ruby, 9<sup>th</sup> floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028.

E-mail: investors@keynoteindia.net

Shareholders are requested to quote their folio no./DP ID & Client ID, e-mail address, telephone number and full address while corresponding with the Company and its Registrar & Transfer Agent.

**National Electronic Clearing System (NECS) for dividend:**

The remittance of dividend through Electronic Clearing System has been moved to National Electronic Clearing System (NECS) platform through core banking system effective 1st October, 2009. Accordingly, dividend will be credited to the shareholders' bank account through NECS where complete core banking details are available with the Company. In the event any branch of a bank has not migrated to core banking system, or where core banking account is not furnished by the shareholder to the Depository/Company as the case may be, the Company will print details available in its records on the dividend warrants to be issued to the shareholders.

**For shares held in physical form:**

Investors who would like to avail NECS facility and are holding shares in physical form may send in their NECS Mandate Form, duly filled in to the Company's Registrar and Transfer Agent, Link Intime India Pvt. Ltd. The NECS Mandate instruction should be under the signature of the shareholder(s) as per the specimen signature lodged with the Company.

**For shares in electronic/dematerialized form:**

Investors holding shares in dematerialized or electronic form may check the details on record with the concerned Depository Participant (DP). Pursuant to the Depository Regulations, the Company is obliged to pay dividend on dematerialized shares as per the details furnished by the concerned DP. The Company or the Registrar and Transfer Agent cannot make any change in such records received from the Depository.

**Transfer of unclaimed dividend to Investor Education and Protection Fund:**

In terms of Sections 124 of the Companies Act, 2013, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer of the said amounts to the IEPF.

**OTHER DISCLOSURES**

a. Related Party Transactions

During the financial year 2018-2019, the Company had no materially significant Related Party Transaction (RPT) which is considered to have potential conflict with the interest of the Company at large. The Audit Committee and the Board of Directors of the Company have formulated the Policy on dealing with RPTs and a Policy on materiality of RPTs which is uploaded on the website of the Company and can

be accessed through the following link: [http://www.keynoteindia.net/document-hosting/financial\\_results/Keynote\\_Policy%20on%20Related%20Party%20Transactions.pdf](http://www.keynoteindia.net/document-hosting/financial_results/Keynote_Policy%20on%20Related%20Party%20Transactions.pdf)

- b. Details of non-compliance by the Company, penalties and strictures imposed on the Company by the stock exchanges or the Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets, during the last three years i.e. 2016-17, 2017-2018 and 2018-2019 respectively:

There are no significant material orders passed by the Regulators/ Courts or Tribunals impacting the going concern status of the Company's operations in future.

- c. The Company has adopted a whistle blower policy and has established the necessary vigil mechanism for employees and directors to report concerns about unethical behavior. No person has been denied access to the chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link: [http://www.keynoteindia.net/document-hosting/financial\\_results/WHISTLE%20BLOWER%20POLICY.pdf](http://www.keynoteindia.net/document-hosting/financial_results/WHISTLE%20BLOWER%20POLICY.pdf)

- d. Reconciliation of Share Capital Audit:

A qualified Practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

- e. Code of Conduct

The Company has in place a Code of Conduct applicable to the Board as well as the designated employees and the same has been posted on the website of the company (i.e. [www.keynoteindia.net](http://www.keynoteindia.net)). The members of the Board and senior management personnel have affirmed the compliance with the Code applicable to them during the year ended 31<sup>st</sup> March, 2019. The Annual Report of the Company contains a Certificate by the Director in terms of Regulation 34(3) and Part D of Schedule V of the Listing Regulations based on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management.

- f. Risk Management:

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

- g. Non-mandatory requirements:

Adoption of non-mandatory requirements of Listing Regulation is being reviewed by the Board from time-to-time.

- h. Compliances with Governance Framework

The Company is in compliance with all mandatory requirements under Listing Regulation.

- i. A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority

The Certificate of Company Secretary in practice is annexed herewith as a part of the report.

- j. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:

It is not applicable to the Company. As all recommendation of committees of the Board, which are usually accepted by the Board during the Financial year 2018-19.

**SUBSIDIARY COMPANIES**

Keynote Capitals Limited (KCL) and Keynote Fincorp Limited (KFIN) are our subsidiaries. Presently Keynote Capitals Limited has one wholly owned subsidiary namely Keynote Commodities Limited.

The audit committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the board of directors of the Company.

The Company has a policy for determining 'material subsidiaries' which is disclosed on its website at [http://www.keynoteindia.net/document-hosting/financial\\_results/Material Subsiary Policy.pdf](http://www.keynoteindia.net/document-hosting/financial_results/Material_Subsiary_Policy.pdf)

**For and on behalf of the Board  
Keynote Financial Services Limited**

**Date: 15<sup>th</sup> May, 2019  
Place: Mumbai**

**Sd/-  
Vineet Suchanti  
Director  
(DIN: 00004031)**

**Sd/-  
Uday S. Patil  
Director and CFO  
(DIN: 00003978)**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
**(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI**  
**(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,  
The Members of  
**Keynote Financial Services Limited,**  
(Formerly known as Keynote Corporate Services Limited)  
The Ruby, 9th Floor  
Senapati, Bapat Marg,  
Dadar (W), Mumbai - 400 028

We have examined the relevant registers, records, forms, returns and disclosures received from Directors of **Keynote Financial Services Limited** having CIN No. L67120MH1993PLC072407 and having registered office at The Ruby, 9th Floor, Senapati, Bapat Marg, Dadar (W), Mumbai - 400 028 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have 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 other Statutory Authority.

Sr. No.	Name of Director	DIN
1	Uday Shankarrao Patil	00003978
2	Anish Subhash Malhotra	02034366
3	Manish Chandrakant Desai	02925757
4	Shishir Vasant Dalal	00007008
5	Vineet Suchanti	00004031
6	Rinku Suchanti	00012903

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Uma Lodha & Co.**  
**Practicing Company Secretaries**

Place: Mumbai  
Date: 15<sup>th</sup> May, 2019

Sd/-  
**Uma Lodha**  
Proprietor  
FCS No.: 5363  
C.P. No.2593



**Declaration by Director**

I, Uday S. Patil, (DIN: 00003978) Director of Keynote Financial Services Limited, hereby declare that all the members of the Board of Directors have affirmed compliance with the Code of Conduct applicable to them as laid down by the Board of Directors in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended 31<sup>st</sup> March, 2019.

**For and on behalf of the Board  
Keynote Financial Services Limited**

Date: 15<sup>th</sup> May, 2019  
Place: Mumbai

Sd/-  
**Uday S. Patil**  
Director  
(DIN - 00003978)

**Certification**

We, Rinku Suchanti (Director) and Uday S. Patil (Director & CFO) of Keynote Financial Services Limited hereby certify that:

- (a) We have reviewed financial statement and the cash flow statement for the year ended 31<sup>st</sup> March, 2019 and that 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 that we have evaluated the effectiveness of 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 have 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 has not been any significant changes in internal control over financial reporting during the year under reference;
  - (ii) there has not been any significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) there has not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For and on behalf of the Board  
Keynote Financial Services Limited**

Date: 15<sup>th</sup> May, 2019  
Place: Mumbai

Sd/-  
**Rinku Suchanti**  
Director  
(DIN: 00012903)

Sd/-  
**Uday S. Patil**  
Director and CFO  
(DIN: 00003978)

**CERTIFICATE ON CORPORATE GOVERNANCE**

**To**  
**The Members of**  
**Keynote Financial Services Limited**  
**(Formerly known as Keynote Corporate Services Limited)**

We have examined the compliance of conditions of Corporate Governance by **M/s. Keynote Financial Services Limited (CIN: L67120MH1993PLC072407)** (the Company) for the year ended March 31, 2019 as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015") as referred in Regulation 15(2) of the listing regulations for the period from 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement 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 all the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We 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 Uma Lodha & Company**

Place: Mumbai  
Date: 15<sup>th</sup> May 2019

Sd/-  
**Uma Lodha**  
Proprietor  
FCS No. : 5363  
C.P. No.2593

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Keynote Financial Services Limited**  
(formerly known as 'Keynote Corporate Services Limited')

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **Keynote Financial Services Limited** (formerly known as 'Keynote Corporate Services Limited') ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss and Statement of Cash Flows for the year ended on that date and notes to the financial statements, including a summary of 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 in conformity with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder of the state of affairs of the Company as at 31 March, 2019, and its profit and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the requirements of applicable Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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 standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No	Key Audit Matter
1	<p>Accuracy of recognition, measurement, presentation and disclosure of revenues and other related balances in respect of contracts involving critical estimates, as per AS 9 "Revenue Recognition".</p> <p>The Company recognises revenue with respect to income from sale of services (including other operating revenue) in accordance to achievement of milestones defined in the corresponding engagement letters or mandate letters entered with counter party which reflects the proportionate stage of completion method. Refer Notes 2 (l) and 18 to the Standalone Financial Statements</p>
<b>Auditor's Response</b>	
<p><b>Principal Audit Procedures</b></p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to recording of revenue with respect to income from sale of services (including other operating revenue) based upon time spent and efforts taken.</li> <li>• Selected a sample of continuing and new contracts and through inspection of evidence of performance of these controls, tested the operating effectiveness of the internal controls relating to time spent and efforts taken.</li> <li>• Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones</li> <li>• Performed analytical procedures and test of details for reasonableness of time spent and efforts taken.</li> </ul>	

### **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 the Board's Report, Corporate Governance and Shareholders' 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 Responsibilities 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 and cash flows of the Company in accordance with the accounting standards and 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 of 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 statement 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 also 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 SA, 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 are 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 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 work; and (ii) to evaluate the effect of any identified misstatements in the standalone 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 with 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 the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 and the Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued thereunder.
  - e) On the basis of the written representations received from the directors as on 31 March 2019, taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 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 B". 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 managerial 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 positions in its standalone financial statements. Refer Note

24(i) of the standalone financial statements.

- ii) The Company has made provisions as at 31 March 2019, as required under the applicable law or accounting standard, for foreseeable losses, if any, on long-term contracts. Refer Note 29 to the standalone financial statements.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S M S R & Co LLP**  
*Chartered Accountants*  
Firm Registration No. 110592W/W100094

Date: 15 May 2019  
Place: Mumbai

**U B Bhat**  
*Partner*  
Membership No: 019216

**ANNEXURE A TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Keynote Financials Services Limited of even date)

- i. In respect of the Company’s fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) During the year, the fixed assets have been physically verified by the management and as informed, 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 is a service company, primarily rendering services of investment banking, corporate advisory and ESOP advisory services. Accordingly, it does not hold any physical inventories. Thus, clause 3(ii) of the Order is not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has granted unsecured loans to three bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 (‘the Act’).
  - (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the bodies corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company
  - (b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the principal and interest as stipulated
  - (c) There are no overdue amounts in respect of the loan granted to a body corporate listed in the register maintained under section 189 of the Act

- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at 31 March, 2019 and therefore, the provisions of the 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 Section 148(1) of the Act, for any of the services rendered by the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax and other material statutory dues applicable to it with the appropriate authorities.  
There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
  - (b) There are no dues of Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax which have not been deposited with the appropriate authorities on account of any dispute, other than those mentioned below:

Name of the Statute	Nature of dues	Amount (Rs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	8,670	A.Y. 2016-17	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income tax	273,890	A.Y. 2017-18	Deputy Commissioner of Income Tax

The Company has not deposited any of the above aforesaid disputed statutory dues with the relevant statutory/government authorities.

- viii. According to the information and explanations given to us, the Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3(viii) of the Order is not applicable to the Company.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans. Accordingly, clause 3(ix) of the Order is not applicable to the Company.
- x. In our opinion and according to the information and explanations given to us, no 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 give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, The Company is not a Nidhi Company Accordingly, clause 3(xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with sections 177 and 188 of the Act where applicable, for all transactions with related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors. Accordingly, clause 3(xv) of the Order is not applicable to the Company. Hence, provisions of Section 192 of the Act are not applicable of the Company.
- xvi. According to the information and explanations given to us, The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi) of the Order is not applicable to the Company.

For **S M S R & Co LLP**  
*Chartered Accountants*  
Firm Registration No. 110592W/W100094

**U B Bhat**  
*Partner*  
Membership No: 019216

Date: 15 May 2019  
Place: Mumbai



## ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Keynote Financial Services Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Keynote Financial Services Limited** ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Board of Directors of the Company 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 Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, 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, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions 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 only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not 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, to the best of our information and according to the explanations given to us, 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 operating effectively as at 31 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 the Institute of Chartered Accountants of India.

For **S M S R & Co LLP**  
*Chartered Accountants*  
Firm Registration No. 110592W/W100094

Date: 15 May 2019  
Place: Mumbai

**U B Bhat**  
*Partner*  
Membership No: 019216

## BALANCE SHEET AS ON 31 MARCH 2019

(Currency: Indian Rupees)

PARTICULARS	Note	31 March 2019	31 March 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3	70,183,390	70,183,390
Reserves and surplus	4	470,326,955	470,057,032
		<b>540,510,345</b>	<b>540,240,422</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	5	7,739,415	7,064,976
Other long-term liabilities	6	260,000	260,000
Long-term provisions	7	3,724,154	3,549,131
		<b>11,723,569</b>	<b>10,874,107</b>
<b>Current liabilities</b>			
Other current liabilities	8	7,668,731	11,853,205
Short-term provisions	9	2,572,267	4,830,156
		<b>10,240,998</b>	<b>16,683,361</b>
<b>TOTAL</b>		<b>562,474,912</b>	<b>567,797,890</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	10	85,242,278	89,028,739
Non-current investments	11	238,859,845	238,868,204
Long-term loans and advances	12	572,312	2,261,475
		<b>324,674,435</b>	<b>330,158,418</b>
<b>Current assets</b>			
Current investments	13	168,212,731	206,751,755
Trade receivables	14	5,798,321	2,639,721
Cash and bank balances	15	41,233,734	10,147,494
Short-term loans and advances	16	18,221,192	16,747,444
Other current assets	17	4,334,499	1,353,058
		<b>237,800,477</b>	<b>237,639,472</b>
<b>TOTAL</b>		<b>562,474,912</b>	<b>567,797,890</b>
Significant accounting policies	2		

The accompanying notes referred above form an integral part of the standalone financial statements.

As per our report of even date attached

**For S M S R & Co LLP**

Chartered Accountants

Firm Registration No: 110592W/W100094

Sd/-

**U Balakrishna Bhat**

Partner

Membership No: 019216

Date: 15 May 2019

Place: Mumbai

**For and on behalf of the Board of Directors of****Keynote Financial Services Limited**

CIN No: L67120MH1993PLC072407

Sd/-

**Rinku Suchanti**

Director

DIN: 00012903

Date: 15 May 2019

Place: Mumbai

Sd/-

**Uday Patil**

Director &amp; CFO

DIN: 00003978

Sd/-

**Sujeet More**

Company Secretary

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

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

(Currency: Indian Rupees)

PARTICULARS	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Revenue</b>			
Revenue from operations	18	58,795,514	82,616,430
Other income	19	<u>30,112,091</u>	<u>24,579,532</u>
		<b>88,907,605</b>	<b>107,195,962</b>
<b>Expenses</b>			
Employee benefits expense	20	24,420,693	29,369,232
Finance costs	21	-	46,069
Depreciation	22	3,863,820	3,862,687
Other expenses	23	<u>36,301,182</u>	<u>25,312,015</u>
		<b>64,585,695</b>	<b>58,590,003</b>
<b>Profit before exceptional items and tax</b>		<b>24,321,910</b>	<b>48,605,959</b>
Exceptional items	36	<u>-</u>	<u>(4,240,294)</u>
<b>Profit before tax</b>		<b>24,321,910</b>	<b>44,365,665</b>
<b>Tax Expense</b>			
- Current tax		5,516,628	12,036,111
- MAT credit entitlement		<u>(952,456)</u>	-
- Deferred tax charge/(credit)		674,439	242,576
- Taxation for earlier years		<u>(2,304,394)</u>	<u>(184,609)</u>
		<b>2,934,217</b>	<b>12,094,078</b>
<b>Profit for the year</b>		<b>21,387,693</b>	<b>32,271,587</b>
Basic & diluted earnings per share	26	<b>3.05</b>	4.60
(Face value of ₹10 each)			
Significant accounting policies	2		

The accompanying notes referred above form an integral part of the standalone financial statements

As per our report of even date attached

**For S M S R & Co LLP**  
Chartered Accountants  
Firm Registration No: 110592W/W100094

**Sd/-**  
**U Balakrishna Bhat**  
Partner  
Membership No: 019216

Date: 15 May 2019  
Place: Mumbai

**For and on behalf of the Board of Directors of**  
**Keynote Financial Services Limited**  
CIN No: L67120MH1993PLC072407

**Sd/-**  
**Rinku Suchanti**  
Director  
DIN: 00012903

Date: 15 May 2019  
Place: Mumbai

**Sd/-**  
**Uday Patil**  
Director & CFO  
DIN: 00003978

**Sd/-**  
**Sujeet More**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

(Currency: Indian Rupees)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>(A) Cash flows from operating activities:</b>		
<b>Profit before tax</b>	<b>24,321,910</b>	<b>44,365,665</b>
<b>Adjustments for</b>		
Depreciation	3,863,820	3,862,687
Provision for gratuity	85,613	3,759,113
Provision for compensated absences	465,676	415,301
Provision for doubtful debts	109,047	2,389,591
Sundry balances written back (net)	(564,528)	-
Provision for diminution in value of investments (net)	1,890,260	781,195
Reversal of provision of doubtful debts	(27,250)	(652,628)
Interest expenses	-	46,069
Bad debts	33,971	289,500
Bad debts recovered	(3,300,000)	-
Profit on sale of investments (net)	(10,316,424)	(8,393,247)
Dividend income	(5,427,663)	(1,808,451)
Interest Income	(7,795,533)	(11,332,278)
Rent Income	(819,000)	(708,324)
Unrealised foreign exchange loss/(gain)	16,003	12,531
<b>Operating profit before working capital changes</b>	<b>2,535,902</b>	<b>33,026,724</b>
<b>Adjustment for working capital changes</b>		
(Increase)/decrease in trade and other receivables	98,147	4,511,181
(Increase)/decrease in short-term loans and advances	(1,473,748)	96,928,124
(Increase)/decrease in other current assets	(2,981,441)	621,088
(Increase)/decrease in long-term loans and advances	602,864	(802,550)
Increase/(decrease) in long-term provisions	(179,217)	3,058,815
Increase/(decrease) in short-term provisions	(4,518)	(3,693,420)
Increase/(decrease) in trade payables	-	(972,636)
Increase/(decrease) in other current liabilities	(3,619,946)	(7,708,833)
<b>Cash generated from/(used) in operations</b>	<b>(5,021,957)</b>	<b>124,968,493</b>
Taxes paid (net of refunds)	(7,521,809)	(9,039,712)
<b>Net cash generated from/(used) in operating activities before exceptional items</b>	<b>(12,543,766)</b>	<b>115,928,781</b>
Exceptional items	-	4,240,294
<b>Net cash generated from/(used in) operating activities (A)</b>	<b>(12,543,766)</b>	<b>120,169,075</b>
<b>(B) Cash flows from investing activities:</b>		
Purchase of fixed assets	(69,000)	(300,857)
Sale of investments (net)	50,754,068	(129,863,351)
Deposits placed in banks and unpaid dividend accounts (net)	10,256	682
Rent received	819,000	708,324
Interest received	7,795,533	11,332,278
Dividend received	5,427,663	1,808,451
<b>Net cash generated from/(used in) investing activities (B)</b>	<b>64,737,520</b>	<b>(116,314,473)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

(Currency: Indian Rupees)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>(C) Cash flow from financing activities:</b>		
Repayment of borrowings (net)	-	(50,894)
Dividend paid	(17,545,848)	(7,018,339)
Dividend distribution tax paid	(3,571,922)	(1,428,793)
Interest paid	-	(46,069)
<b>Net cash generated from/(used in) financing activities (C)</b>	<b>(21,117,770)</b>	<b>(8,544,095)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>31,075,984</b>	<b>(4,689,493)</b>
Cash and cash equivalents as at beginning of year	8,222,446	12,911,939
<b>Cash and cash equivalents as at the end of the year</b>	<b>39,298,430</b>	<b>8,222,446</b>

**Notes to cash flow statement:**

**1 Cash and cash equivalents as at the end of the year comprise of:**

Cash on hand	242,899	353,647
Balances with banks		
– In current accounts	12,943,653	7,347,141
– In fixed deposits accounts (with original maturity of 3 months or less from the reporting date)	26,111,878	521,658
	<b>39,298,430</b>	<b>8,222,446</b>

**2** The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3 "Cash Flow Statement"

**3** Cash and cash equivalents comprises cash on hand, current accounts and deposits with banks (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**4** The corresponding previous year figures have been regrouped or reclassified wherever necessary to confirm with the presentation of current year's figures.

As per our report of even date attached

**For S M S R & Co LLP**  
Chartered Accountants  
Firm Registration No: 110592W/W100094

**Sd/-**  
**U Balakrishna Bhat**  
Partner  
Membership No: 019216

Date: 15 May 2019  
Place: Mumbai

**For and on behalf of the Board of Directors of**  
**Keynote Financial Services Limited**  
CIN No: L67120MH1993PLC072407

**Sd/-**  
**Rinku Suchanti**  
Director  
DIN: 00012903

Date: 15 May 2019  
Place: Mumbai

**Sd/-**  
**Uday Patil**  
Director & CFO  
DIN: 00003978

**Sd/-**  
**Sujeet More**  
Company Secretary

**Notes to the standalone financial statements****1. Corporate Information**

Keynote Financial Services Limited (*formerly known as "Keynote Corporate Services Limited"*) ("the Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its registered office is located at Mumbai. Its shares are listed on two stock exchanges in India. i.e., BSE Limited (BSE) & National Stock Exchange of India Limited (NSE).

The Company is engaged in providing services of Investment Banking, Corporate Advisory Services & ESOP Advisory etc.

**2. Significant Accounting Policies****a) Basis of preparation of the standalone financial statements**

These standalone financial statements are prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). These standalone financial statements have been prepared on going concern basis. Accounting policies have been consistently applied during the period presented in these financial statements.

**b) Use of estimates**

Preparation of the standalone financial statements in conformity with the GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the standalone financial statements, and the reported amounts of revenue and expenses during the reported period. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of property, plant and equipment and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Difference between the actual results and estimates are recognized in the period in which the results are known.

**c) Current/Non-current classification of assets and liabilities**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of resources for delivery and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

**d) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**e) Property Plant & Equipment**

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost includes expenses related to purchases, borrowing costs and any directly attributable cost for bringing the assets to its working condition for its intended use and excludes any duties and taxes recoverable, net of adjustments arising from the exchange rate variations attributable to the assets. Any trade discounts and rebates are deducted in arriving at the purchase price of property, plant and equipment.

Subsequent expenditure related to an item of property, plant and equipment is capitalized

only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance/or life. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective assets if the recognition criteria for a provision are met.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Further, components which can only be used in connection with an item of tangible fixed assets and meets criteria of property, plant and equipment are capitalised and depreciated over the estimated remaining useful life of the asset.

The advances given for acquiring property, plant and equipment are shown under loans and advances (capital advances).

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Items of property, plant and equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are shown separately in the standalone financial statements under "Other current assets". Any expected loss is recognized immediately in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for the intended use on the date of Balance Sheet are stated at Cost as "Capital work-in-progress"

**f) Depreciation on property, plant and equipment**

Depreciation on property, plant and equipment are provided using the Straight-

Line Method as specified in Schedule II to the Companies Act, 2013.

Further, the estimated useful lives of the property, plant and equipment is as prescribed in Schedule II of the Companies Act, 2013, except in case of investment property.

The residual value for the assets is restricted to 5% of the original cost of the respective assets for all property, plant and equipment.

If the assets are purchased during the year, depreciation is provided on pro – rata basis (including property held as investment) from the date the assets are installed. In case the assets are sold, depreciation is provided on the same up to the date of sale on pro – rata basis.

Assets individually costing upto ₹ 5,000 are fully depreciated in the year of acquisition.

The assets' residual value, useful lives and methods of depreciation are reviewed at each financial year and adjusted prospectively, if appropriate. Such changes are accounted for in accordance with AS 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies". The judgements are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

**g) Intangible assets and amortization**

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The cost recognition for intangible assets is recognised in a similar manner as in the property, plant and equipment as mentioned above.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the



asset and are recognized in the statement of profit and loss when the asset is derecognized.

The advances given for acquiring for intangible fixed assets are shown under loans and advances (capital advances). Intangible assets which are not ready for the intended use on the date of Balance Sheet are stated at Cost as “Intangible assets under development”

Intangible assets are amortised on a straight-line basis over the estimated useful economic life.

All the intangible assets are assessed for impairment whenever there is an indication that the intangible assets may be impaired. The judgements for impairment and revision of useful life of intangible assets are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

**h) Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors except in case of intangibles under development which are reviewed at every reporting date. An impairment loss is recognized in the Statement of Profit & Loss, wherever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of the asset’s net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects the current market assessment of time value of money and the risk specifics to the asset.

An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimates of the recoverable amount and such loss either no longer exists or has decreased.

**i) Leases**

The lease arrangement is classified as either a finance lease or an operating lease,

at the inception of the lease, based on the substance of the lease arrangement.

**Operating lease**

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases.

**Where the group is lessee**

Operating lease expenses are charged to the statement of profit and loss on straight line basis over lease term.

**Where the group is the lessor**

Lease income on an operating lease is recognized in the statement of profit and loss on straight line basis over lease term.

Assets given by the Group under operating lease are included in Investment property. Lease income from operating leases is recognized in the Statement of Profit and Loss on a straight-line basis over the non-cancellable lease term. Costs, including depreciation, incurred in earning the lease income are recognized as expenses. Initial direct costs incurred specifically for an operating lease are recognized in the Statement of Profit and Loss.

**Finance lease**

A finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability. The finance expenses are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**j) Investments**

Investments which are readily realizable and intended to be held for not more than

one year from the date on which such investments are made, are classified as "Current Investments". On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as "Non-Current Investments"

If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the standalone financial statements at lower of weighted average cost and fair value determined on individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between it carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**k) Investment property**

Property given on lease is shown as Investment property under "Non-Current Investments" and is depreciated using Straight Line method over the estimated useful economic life for the investment property.

**l) Revenue recognition**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and there is no uncertainty about ultimate collection.

Revenue is measured reliably at the fair value of the consideration received or receivable, and is recognised net of goods

and service tax (GST) and adjustments on account of revision in rates, excluding discounts and other similar allowances.

Income from services (including other operating revenues) are recognized with reference to achievement of milestones defined in the corresponding engagement or mandate letters entered with counter party which reflects the proportionate stage of completion method.

Initial acceptance fee is recorded as income after the achievement of the first milestone. In situations where there is no further progress on the mandate, the initial acceptance fees so received, is recorded as income immediately after 12 months from the date of issuing of invoice.

Unbilled revenue represents value of services performed in accordance with reference to achievement of milestones defined in the corresponding engagement or mandate letters entered with counter party with the contract terms but not billed.

Interest income is recognized on time proportion basis taking into account the amount outstanding and the rates applicable.

Dividend from investments is accounted for as income when the right to receive the dividend is established.

Other heads of income are accounted on accrual basis as and when the right to receive arises.

**m) Foreign currency transactions**

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the respective transactions or that approximates the actual rate at the date of transaction. Exchange differences arising on foreign currency transactions, settled during the year, are recognized in the statement of profit and loss. The premium or discount on foreign exchange forward contracts is amortized as income or expense over the life of the contract.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are reported using the foreign exchange rates as at the balance sheet

date. The resultant exchange differences are recognized in the Statement of Profit & Loss. Non-monetary assets and liabilities are carried at the rates prevailing on the date of transaction.

**n) Employee benefits**

**Short term employee benefits**

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries, bonus, ex-gratia and short term compensated absences and performance incentives are recognised in the period in which the employee renders the related service.

**Post-employment benefits**

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. Retirement benefits in the form of Provident Fund, Employees State Insurance Scheme and Labour Welfare Fund etc. are defined contribution plans. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

**Defined benefit plans**

Under Payment of Gratuity Act, 1972, the gratuity liability is a defined benefit obligation for the Company. It makes contribution to a scheme administered by the Life Insurance Corporation of India ("LIC") to discharge the gratuity liability to employees. Presently the gratuity scheme of the Company is funded. Contribution made to the LIC fund and provision made for the funded amounts are expensed in the books of accounts. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary at the balance sheet date using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date. When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognised immediately in the statement of profit and loss.

**Long-term employee benefits**

The Company's long-term employee benefits currently consists of compensated absences. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation which is done as per Projected Unit Credit Method. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for

a period beyond 12 months, the same is presented as non-current liability.

#### **Termination benefits**

Where termination benefits such as compensation payable under voluntary retirement scheme are payable, the actual amount is recognised as an expense immediately.

#### **o) Taxes on income**

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expenses is recognised in the statement of profit and loss.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Minimum Alternative tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement

of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for -which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

#### **p) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issue including for changes effected prior to the approval of standalone financial statements by the Board of Directors.

#### **q) Provisions, Contingent liabilities & Contingent assets**

Provision is recognized in the standalone financial statements when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions which are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to passage of time is recognised as finance cost.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the standalone financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

r) **Dividends**

The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Standalone Financial Statements**  
(Currency: Indian Rupees)

<b>3 SHARE CAPITAL</b>	<u>31 March 2019</u>	<u>31 March 2018</u>
<b>Authorised:</b>		
15,000,000 (P.Y: 15,000,000) equity shares of ₹ 10 each	<u>150,000,000</u>	<u>150,000,000</u>
	<u>150,000,000</u>	<u>150,000,000</u>
<b>Issued:</b>		
11,274,417 (P.Y: 11,274,417) equity shares of ₹ 10 each	<u>112,744,170</u>	<u>112,744,170</u>
	<u>112,744,170</u>	<u>112,744,170</u>
<b>Subscribed and fully paid-up shares:</b>		
7,018,339 (P.Y: 7,018,339) equity shares of ₹ 10 each	<u>70,183,390</u>	<u>70,183,390</u>
	<u>70,183,390</u>	<u>70,183,390</u>

**(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:**

Particulars	<u>31 March 2019</u>		<u>31 March 2018</u>	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares at the beginning of the year	7,018,339	70,183,390	7,018,339	70,183,390
Equity shares outstanding at the end of the year	<u>7,018,339</u>	<u>70,183,390</u>	<u>7,018,339</u>	<u>70,183,390</u>

**(b) Terms/rights attached to equity shares**

The Company has issued only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. All shares rank pari passu with regard to dividend & repayment of capital. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. During the year ended 31 March 2019, the Company has proposed final dividend of ₹ 1 per share (P.Y: ₹ 2.50 per share) to equity shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining net assets of the Company, after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

**(c) Details of shareholders holding more than 5% shares in the Company:**

Name of the shareholder	<u>31 March 2019</u>		<u>31 March 2018</u>	
	No. of Shares	% holding	No. of Shares	% holding
NSS Digital Media Limited	3,112,256	44.34	3,112,256	44.34
Keynote Trust	1,451,702	20.68	1,451,702	20.68
India Max Investment Fund Limited	<u>561,348</u>	<u>8.00</u>	<u>561,348</u>	<u>8.00</u>

**Note:** As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**(d) For the period of five years immediately preceding the date at which the balance sheet is prepared:**

- there are no shares allotted as fully paid pursuant to contract(s) without payment being received in cash.
- there are no shares allotted as fully paid up by way of bonus shares, and
- there are no shares bought back.

<b>4 RESERVES AND SURPLUS</b>	<u>31 March 2019</u>	<u>31 March 2018</u>
<b>Securities premium account</b>	<u>230,648,293</u>	<u>230,648,293</u>
<b>General reserve</b>	<u>13,391,679</u>	<u>13,391,679</u>
<b>Surplus in the statement of profit and loss</b>		
At the commencement of the year	<u>226,017,060</u>	<u>202,192,605</u>

	<u>31 March 2019</u>	<u>31 March 2018</u>
Add: Profit for the year	<u>21,387,693</u>	<u>32,271,587</u>
Less: Appropriations		
– Equity dividend	<u>(17,545,848)</u>	<u>(7,018,339)</u>
– Tax on equity dividend	<u>(3,571,922)</u>	<u>(1,428,793)</u>
	<u>226,286,983</u>	<u>226,017,060</u>
	<u>470,326,955</u>	<u>470,057,032</u>

**5 DEFERRED TAX LIABILITIES (NET)** 31 March 2019 31 March 2018

<b>Deferred tax liabilities</b>		
– Difference between book and tax depreciation	<u>9,461,992</u>	<u>8,752,816</u>
	<u>9,461,992</u>	<u>8,752,816</u>

<b>Deferred tax assets</b>		
– Provision for employee benefits allowable u/s 43B of the Income Tax Act, 1961, on payment basis	<u>1,636,715</u>	<u>1,608,965</u>
– Allowance for doubtful debts	<u>85,862</u>	<u>78,875</u>
	<u>1,722,577</u>	<u>1,687,840</u>
	<u>7,739,415</u>	<u>7,064,976</u>

**6 OTHER LONG-TERM LIABILITIES** 31 March 2019 31 March 2018

Interest free security deposits	<u>260,000</u>	<u>260,000</u>
towards leased premises	<u>260,000</u>	<u>260,000</u>

**7 LONG-TERM PROVISIONS** 31 March 2019 31 March 2018

<b>Provision for employee benefits</b>		
– Gratuity	<u>3,285,660</u>	<u>3,464,516</u>
– Compensated absences	<u>84,254</u>	<u>84,615</u>
<b>Other provisions</b>		
– Provision for taxation ( <i>Net of advance tax and tax deducted at source of ₹ 27,715,319; P.Y: NIL</i> )	<u>354,240</u>	<u>-</u>
	<u>3,724,154</u>	<u>3,549,131</u>

**8 OTHER CURRENT LIABILITIES** 31 March 2019 31 March 2018

Advance received from customers	<u>2,837,500</u>	<u>3,050,000</u>
Unpaid dividend ( <i>refer note below</i> )	<u>1,164,765</u>	<u>1,198,630</u>
Statutory dues payable	<u>760,485</u>	<u>4,214,165</u>
Payables for expenses	<u>1,112,280</u>	<u>1,308,166</u>
Payables for purchase of capital goods	<u>40,710</u>	<u>-</u>
Provision for expenses	<u>437,078</u>	<u>315,048</u>
Employee benefits payable	<u>1,315,913</u>	<u>1,767,196</u>
	<u>7,668,731</u>	<u>11,853,205</u>

**Note:** During the current year, the Company had transferred ₹218,149 (P.Y: ₹193,830) to Investor Education and Protection Fund under section 125 of the Companies Act, 2013.

**9 SHORT-TERM PROVISIONS** 31 March 2019 31 March 2018

<b>Provision for employee benefits</b>		
– Gratuity	<u>1,103,978</u>	<u>1,109,173</u>
– Compensated absences	<u>93,427</u>	<u>92,750</u>
<b>Other provisions</b>		
– Provision for taxation ( <i>Net of advance tax and tax deducted at source of ₹ 4,136,617; P.Y: ₹ 8,407,878</i> )	<u>1,374,862</u>	<u>3,628,233</u>
	<u>2,572,267</u>	<u>4,830,156</u>

**Notes forming part of the Standalone Financial Statements**

(Currency: Indian Rupees)

**Notes: Disclosures as required by Accounting Standard (AS) 15 Employee Benefits:**

**(A) Defined Contribution Plan**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue.

Contribution to Defined Contribution Plan, recognised as an expense and included in "Employee benefits expense" under Note 20 in the Statement of Profit and Loss are as under:

- Employer's contribution to Provident Fund and Family Pension Scheme ₹ 1,645,269 (P. Y: ₹ 1,629,192)
- Employer's contribution to Employees State Insurance Scheme ₹ 25,164 (P. Y: ₹ 23,955)
- Employer's contribution to Gratuity Fund ₹ 85,613 (P. Y: ₹ 3,759,113)

**(B) Defined Benefit Plans**

The Company has a defined benefit Gratuity plan. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary (last drawn basic salary) for each completed year of service.

The amount recognised as an expense in the statement of profit and loss for the year towards the gratuity benefits is ₹ 85,613 (P. Y: ₹ 3,759,113)

**(i) Gratuity**

The following table sets forth the status of the Gratuity Plan of the Company and the amounts recognised in the Balance Sheet and the Statement of Profit and Loss.

**Disclosure pursuant to Accounting Standard (AS) – 15 (Revised) 'Employee benefits'**

Particulars	31 March 2019	31 March 2018
<b>I Change in the present value of projected benefit obligation during the year</b>		
Liability at the beginning of the year	5,877,632	4,707,026
Interest cost	449,639	320,548
Current service cost	204,100	160,940
Past service cost - Non-vested benefit incurred during the period	-	-
Past service cost - vested benefit incurred during the period	-	1,690,778
Liability transferred in/acquisitions (Liability transferred out/divestments)	-	-
(Gains)/losses on curtailment (Liabilities extinguished on settlement)	-	-
(Benefits paid directly by the employer)	-	-
(Benefits paid from the fund)	-	(2,720,513)
Effect of changes in foreign exchange rates	-	-
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(37,401)	67,870
Actuarial (gains)/losses on obligations - due to experience	(415,293)	1,650,983
Liability at the end of the year	6,078,677	5,877,632
<b>II Change in fair value of plan assets during the year</b>		
Fair value of plan assets at the beginning of the year	1,303,943	3,647,636
Expected return of plan assets	99,752	248,404
Contributions by the employer	269,664	244,814
Expected contribution by the employees	-	-

Particulars	31 March 2019	31 March 2018
Asset transferred in/acquisitions	-	-
(Assets transferred out/divestments)	-	-
(Benefits paid from the fund)	-	(2,720,513)
(Assets distributed on settlement)	-	-
(Expenses and tax for managing the benefit obligations - paid from the fund)	-	-
Effect of asset ceiling	-	-
Effect of changes in foreign exchange rates	-	-
Actuarial gains/(losses) on plan assets - due to experience	15,680	(116,398)
Fair value of plan assets at the end of the year	1,689,039	1,303,943
<b>III Recognition of Actuarial (gains)/ losses recognised in the statement of profit or loss</b>		
Actuarial (gains)/losses to be recognised on obligation for the period	(452,694)	1,718,853
Actuarial gains/(losses) to be recognised on assets for the period	(15,680)	116,398
Total actuarial (gains)/losses to be recognised in statement of profit and loss	(468,374)	1,835,251
<b>IV Actual return on plan assets</b>		
Expected return on plan assets	99,752	248,404
Actuarial gains/(losses) on plan assets - due to experience	15,680	(116,398)
Actual return on plan assets	115,432	132,006
<b>V Net asset/(liability) recognised in the balance sheet</b>		
(Present value of benefit obligation as at the end of the year)	(6,078,677)	(5,877,632)
Fair value of plan assets at the end of the year	1,689,039	1,303,943
Funded status (surplus/(deficit))	(4,389,638)	(4,573,689)
Unrecognised past service cost at the end of the year	-	-
Net asset/(liability) recognised in the balance sheet	(4,389,638)	(4,573,689)
<b>VI Net interest cost for the current period</b>		
Present value of benefit obligation at the beginning of the year	5,877,632	4,707,026
(Fair value of plan assets at the beginning of the year)	(1,303,943)	(3,647,636)
Net (asset)/liability at the beginning of the year	4,573,689	1,059,390
Interest cost	449,639	320,548
(Expected return on plan assets)	(99,752)	(248,404)
Net interest cost for the current period	349,887	72,144
<b>VII Expenses recognised in the statement of profit and loss for the year</b>		
Current service cost	204,100	160,940
Interest cost	449,639	320,548
(Expected return on plan assets)	(99,752)	(248,404)
Net interest cost	349,887	72,144
Actuarial (gains)/losses	(468,374)	1,835,251
Past service cost - Non-vested benefit recognised during the period	-	-
Past service cost -Vested benefit recognised during the period	-	1,690,778
(Expected contribution by the employees)	-	-
(Gains)/losses on curtailments and settlements	-	-

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Standalone Financial Statements**  
(Currency: Indian Rupees)

Particulars	31 March 2019	31 March 2018
Effect of changes in foreign exchange rates	-	-
Change in asset ceiling	-	-
Total expenses as per actuarial valuation recognised in the Statement of Profit & Loss	<b>85,613</b>	3,759,113
<b>VIII Balance Sheet Reconciliation</b>		
Opening net liability	<b>4,573,689</b>	1,059,390
Expenses recognised in the statement of profit and loss for the year	<b>85,613</b>	3,759,113
Net liability/(asset) transferred in	-	-
Net (liability)/asset transferred out (Benefits paid directly by the employer)	-	-
(Employer's contribution)	<b>(269,664)</b>	(244,814)
Net (asset)/liability recognised in the balance sheet	<b>4,389,638</b>	4,573,689
<b>IX Other details</b>		
Number of active members	<b>22</b>	21
Salary per month for active members	<b>1,103,978</b>	1,109,173
Average salary per month	<b>50,181</b>	52,818
Projected benefit obligations	<b>6,078,677</b>	5,877,632
Prescribed contribution for next year (12 months)	<b>1,103,978</b>	1,109,173
Average age	<b>38.95 years</b>	39.14 years
Average past service	<b>11.14 years</b>	11.00 years
Average future service	<b>4 years</b>	4 years
Funding status	<b>Funded</b>	Funded
Fund balance	<b>1,689,295</b>	1,303,943
<b>X Experience adjustments</b>		
Actuarial (gains)/losses on obligations - due to experience	<b>(415,293)</b>	1,650,983
Actuarial gains/(losses) on plan assets - due to experience	<b>15,680</b>	(116,398)
<b>XI Actuarial assumptions (closing period):</b>		
Discount rate	<b>6.96%</b>	7.65%
Expected return on plan assets	<b>6.96%</b>	7.65%
Salary escalation rate	<b>5.00%</b>	6.00%
Attrition rate	<b>20.00%</b>	20.00%
Retirement age	<b>60 years</b>	60 years
Vesting period	<b>5 years</b>	5 years
Method of valuation	<b>Projected unit credit method</b>	Projected unit credit method
Mortality rate during employment	<b>Indian assured lives mortality (2006-08) ultimate</b>	Indian assured lives mortality (2006-08) ultimate
Mortality rate after employment	<b>NA</b>	NA
<b>XII Category of assets</b>		
Government of India assets	-	-
State Government securities	-	-
Special Deposit Scheme	-	-
Debts Instruments	-	-
Corporate bonds	-	-
Cash And Cash Equivalents	-	-
Insurer fund	<b>1,689,295</b>	1,303,943
Asset-Backed Securities	-	-
Structured Debt	-	-
Others	-	-
Total	<b>1,689,295</b>	1,303,943
<b>XIII Classification as per schedule III of the Companies Act, 2013</b>		
Current liability (refer note 9)	<b>1,103,978</b>	1,109,173
Non-current liability (refer note 7)	<b>3,285,660</b>	3,464,516
<b>Total</b>	<b>4,389,638</b>	4,573,689

Particulars	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015
Present value of benefit obligation	(6,078,677)	(5,877,632)	(4,707,026)	(5,688,959)	(5,699,687)
Fair value of plan assets	1,689,039	1,303,943	3,647,636	3,312,457	2,984,933
Surplus/(Deficit)	(4,389,638)	(4,573,689)	(1,059,390)	(2,376,502)	(2,714,754)
Experience adjustment on plan liability (gains)/losses	(415,293)	1,650,983	(445,195)	(443,113)	(542,508)
Experience adjustment on plan assets (losses)/gains	15,680	(116,398)	5,953	11,793	906

**Note: Disclosures of plan assets**

The Company has group plan with LIC of India pertaining to insurance and has not been provided with the details of the planned assets. As a result, no disclosures for the same has been made.

**(C) Other long term employee benefits**

**(i) Compensated absences**

**Disclosure pursuant to Accounting Standard (AS) – 15 (Revised) 'Employee benefits'**

Particulars	31 March 2019	31 March 2018
<b>I Actuarial assumptions (closing period):</b>		
Discount rate	<b>6.96%</b>	7.65%
Salary escalation rate	<b>5.00%</b>	6.00%
Attrition rate	<b>20.00%</b>	20.00%
Retirement age	<b>60 years</b>	60 years
Maximum accumulation	<b>6 days</b>	6 days
While in service encashment rate	<b>5.00% of the leave balance (for the next year)</b>	5.00% of the leave balance (for the next year)
Mortality rate during employment	<b>Indian assured lives mortality (2006-08) ultimate</b>	Indian assured lives mortality (2006-08) ultimate
Method of valuation	<b>Projected unit credit method</b>	Projected unit credit method
<b>II Other details</b>		
Benefit type	<b>Privilege leave</b>	Privilege leave
Number of active members	<b>22</b>	21
Total salary (encashment)	<b>1,569,900</b>	1,576,372
Average salary (encashment)	<b>71,359</b>	75,065
Average age	<b>38.95 years</b>	39.14 years
Average past service	<b>11.14 years</b>	11.00 years
Total leave days	<b>63.75 days</b>	51.25 days
Average leave days	<b>2.90 days</b>	2.44 days
Average future service	<b>4 years</b>	4 years
Funding status	<b>Unfunded</b>	Unfunded
Fund balance	<b>NA</b>	NA
<b>III Valuation results</b>		
Discontinuance liability	<b>185,141</b>	182,534
Projected benefit obligation	<b>177,681</b>	177,365
<b>IV Classification as per schedule III of the Companies Act, 2013</b>		
Current liability (refer note 9)	<b>93,427</b>	92,750
Non-current liability (refer note 7)	<b>84,254</b>	84,615
Total	<b>177,681</b>	177,365

As per the Company's policy, a sum of ₹465,360 (P.Y: ₹389,791) has been paid towards compensated absences; calculated on the basis of unutilised leave. Further, the Company has recorded its closing compensated absences to ₹177,681 (P.Y: ₹ 177,365) as per actuarial valuation done by independent actuary.

**Note:** Detailed disclosures of compensated absence is not given in terms of para 132 of AS-15 "Employee Benefits".



# ANNUAL REPORT 2018-19

## Notes forming part of the Standalone Financial Statements (Currency: Indian Rupees)

### 10 PROPERTY, PLANT AND EQUIPMENT

Sr No.	Particulars	Gross Block			Accumulated Depreciation			Net Block			
		Balance as at 01 April 2018	Additions	Disposals/ Adjustments	Balance as at 31 March 2019	Balance as at 01 April 2018	Depreciation for the year	Disposals/ Adjustments during the year	Balance as at 31 March 2019	Balance as at 31 March 2018	
(a)	Premises	89,134,571	-	-	89,134,571	8,493,471	1,408,892	-	9,902,363	79,232,208	80,641,100
		(89,134,571)	-	-	(89,134,571)	(7,084,579)	(1,408,892)	-	(8,493,471)	(80,641,100)	(82,049,992)
(b)	Vehicles	10,615,427	-	-	10,615,427	7,732,087	1,170,188	-	8,902,275	1,713,152	2,883,340
		(10,615,427)	-	-	(10,615,427)	(6,561,900)	(1,170,187)	-	(7,732,087)	(2,883,340)	(4,053,527)
(c)	Furniture & fixtures	8,487,115	-	-	8,487,115	4,757,137	813,965	-	5,571,102	2,916,013	3,729,978
		(8,487,115)	-	-	(8,487,115)	(3,943,172)	(813,965)	-	(4,757,137)	(3,729,978)	(4,543,943)
(d)	Air conditioners	2,028,570	-	-	2,028,570	1,452,873	117,294	-	1,570,167	458,403	575,697
		(2,028,570)	-	-	(2,028,570)	(1,335,579)	(117,294)	-	(1,452,873)	(575,697)	(692,991)
(e)	Office equipments	947,484	-	-	947,484	895,545	3,214	-	898,759	48,725	51,939
		(947,484)	-	-	(947,484)	(874,489)	(21,056)	-	(895,545)	(51,939)	(72,995)
(f)	Computers & peripherals	3,937,072	69,000	-	4,006,072	3,432,807	199,391	-	3,632,198	373,874	504,265
		(3,636,215)	(300,857)	-	(3,937,072)	(3,255,207)	(177,600)	-	(3,432,807)	(504,265)	(381,008)
(g)	Electrical fittings	1,337,699	-	-	1,337,699	695,279	142,517	-	837,796	499,903	642,420
		(1,337,699)	-	-	(1,337,699)	(552,762)	(142,517)	-	(695,279)	(642,420)	(784,937)
		<b>116,487,938</b>	<b>69,000</b>	-	<b>116,556,938</b>	<b>27,459,199</b>	<b>3,855,461</b>	-	<b>31,314,660</b>	<b>85,242,278</b>	<b>89,028,739</b>
		(116,187,081)	(300,857)	-	(116,487,938)	(23,607,688)	(3,851,511)	-	(27,459,199)	(89,028,739)	(92,579,393)

Note: Figures in brackets indicate previous year's figures.

### 11 NON-CURRENT INVESTMENTS

(valued at cost, unless stated otherwise)

Sr. No.	Particulars	Relationship with company	No. of Shares/units		Classification	Status	Face Value	Amount	
			31 March 2019	31 March 2018				31 March 2019	31 March 2018
(A)	<b>Investment property (at cost less depreciation)</b>								
	Gross cost of property						700,000	700,000	
	Less: Accumulated depreciation						(314,584)	(306,225)	
	Net book value						<b>385,416</b>	<b>393,775</b>	
(B)	<b>Investment in Equity Instruments</b>								
	<b>Trade Investments</b>								
1	Keynote Financial Services Ltd (held by Keynote Trust)	Others	1,451,702	1,451,702	Quoted	Fully Paid up	10	12,970,873	12,970,873
2	Keynote Capitals Limited	Subsidiary	11,266,667	11,266,667	Unquoted	Fully Paid up	10	175,500,010	175,500,010
3	Keynote Fincorp Limited	Subsidiary	2,000,000	2,000,000	Unquoted	Fully Paid up	10	37,500,000	37,500,000
4	Investment in Keynote Trust (initial corpus fund)	Others	-	-	Unquoted	Fully Paid up	-	20,000	20,000
5	Scana point Geomatics Limited	Others	400	400	Quoted	Fully Paid up	2	1,156	1,156
6	Mitcon Consultancy & Engineering Services Limited	Others	40,000	40,000	Quoted	Fully Paid up	10	2,440,000	2,440,000
7	Dugar Finance Limited	Others	700	700	Unquoted	Fully Paid up	10	2,870	2,870
8	Dugar Housing Limited	Others	800	800	Unquoted	Fully Paid up	10	9,520	9,520
9	Stella Exports Limited	Others	10,000	10,000	Unquoted	Fully Paid up	3	30,000	30,000
								<b>228,474,429</b>	<b>228,474,429</b>
(C)	<b>Investment in Debentures</b>								
	ECL Finance Limited		10,000	10,000	Unquoted	Fully Paid up	1,000	10,000,000	10,000,000
								<b>10,000,000</b>	<b>10,000,000</b>
	<b>Grand Total (A + B + C)</b>							<b>238,859,845</b>	<b>238,868,204</b>

Particulars	31 March 2019	31 March 2018
Aggregate amount of quoted investments	15,412,029	15,412,029
Market Value of quoted investments	59,935,170	76,101,982
Aggregate amount of unquoted investments	223,062,400	223,062,400
Aggregate provision for diminution in value of investments	-	-

Note: Investment property comprises of commercial property granted on non-cancellable operating lease (refer note 27).

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Standalone Financial Statements**  
(Currency: Indian Rupees)

<b>12 LONG-TERM LOANS &amp; ADVANCES</b> <i>(Unsecured, considered good)</i>	<u>31 March 2019</u>	<u>31 March 2018</u>
Security deposits	110,770	310,770
Loans to employees	236,856	288,356
Prepaid expenses	224,686	576,050
Advance tax and tax deducted at source <i>(Net of provision for tax: NIL; P.Y. ₹ 72,607,821)</i>	-	1,086,299
	<u>572,312</u>	<u>2,261,475</u>

**13 CURRENT INVESTMENTS**

*(valued at lower of cost and market value)*

Sr. No.	Particulars	Relationship with company	No. of Shares/units		Classification	Status	Face Value	Amount	
			31 March 2019	31 March 2018				31 March 2019	31 March 2018
<b>Trade Investments</b>									
<b>(A) Investment in Equity Instruments</b>									
1	Godrej Properties Limited	Others	2,950	2,950	Quoted	Fully Paid up	5	781,396	802,782
2	HDFC Bank Limited	Others	142	725	Quoted	Fully Paid up	2	285,548	729,084
3	Kotak Mahindra Bank Limited	Others	311	301	Quoted	Fully Paid up	5	240,677	228,185
4	Info Edge (India) Limited	Others	623	500	Quoted	Fully Paid up	10	713,013	558,879
5	GRP Limited	Others	-	500	Quoted	Fully Paid up	10	-	558,970
6	Shree Cement Limited	Others	9	9	Quoted	Fully Paid up	10	122,247	118,014
7	Page Industries Limited	Others	19	18	Quoted	Fully Paid up	10	277,327	256,804
8	Pidlite Industries Limited	Others	334	243	Quoted	Fully Paid up	1	237,790	139,894
9	P I Industries Limited	Others	429	429	Quoted	Fully Paid up	1	296,254	296,254
10	Motherson Sumi Systems Limited	Others	1,119	1,139	Quoted	Fully Paid up	1	167,010	201,041
11	Indusind Bank Limited	Others	288	272	Quoted	Fully Paid up	10	292,642	268,505
12	Havells India Limited	Others	622	741	Quoted	Fully Paid up	1	193,180	216,126
13	Eicher Motors Limited	Others	15	12	Quoted	Fully Paid up	10	295,848	214,148
14	Britannia Industries Limited	Others	148	85	Quoted	Fully Paid up	2	225,199	261,424
15	Bajaj Finance Limited	Others	124	271	Quoted	Fully Paid up	2	164,917	248,405
16	Bajaj Finserv Limited	Others	81	90	Quoted	Fully Paid up	5	161,348	174,540
17	City Union Bank Limited	Others	10,043	9,130	Quoted	Fully Paid up	1	768,340	768,340
18	Steelcast Limited	Others	4,500	4,500	Quoted	Fully Paid up	5	296,342	296,342
19	Piramal Enterprises Limited	Others	-	147	Quoted	Fully Paid up	2	-	173,754
20	Garware Wall Ropes Limited	Others	-	373	Quoted	Fully Paid up	10	-	136,358
21	Asian Paints Limited	Others	257	257	Quoted	Fully Paid up	1	276,027	218,438
22	Astral Poly Technik Limited	Others	2,607	2,727	Quoted	Fully Paid up	1	1,102,097	1,128,381
23	Sudarshan Chemicals Industries Limited	Others	-	760	Quoted	Fully Paid up	1	-	231,904
24	Vardhman Textiles Limited	Others	-	268	Quoted	Fully Paid up	10	-	282,524
25	Cholamandalam Inv & Fin Co Limited	Others	306	325	Quoted	Fully Paid up	1	309,865	324,961
26	Rajratan Global Wire Limited	Others	-	1,388	Quoted	Fully Paid up	10	-	694,375
27	RBL Bank Limited	Others	443	769	Quoted	Fully Paid up	10	290,251	360,091
28	Vijaya Bank	Others	-	24,300	Quoted	Fully Paid up	10	-	1,261,170
29	Ashok Leyland Limited	Others	6,600	5,000	Quoted	Fully Paid up	1	602,580	455,134
30	Bella Casa Fashion & Retail Limited	Others	4,757	5,000	Quoted	Fully Paid up	10	354,111	372,200
31	Bharti Infratel Limited	Others	-	1,279	Quoted	Fully Paid up	10	-	399,406
32	Faze Three Limited	Others	6,618	6,667	Quoted	Fully Paid up	10	317,664	416,003
33	Insecticides (India) Limited	Others	-	444	Quoted	Fully Paid up	10	-	252,091
34	M R F Limited	Others	6	5	Quoted	Fully Paid up	10	329,097	271,723
35	Welspun India Limited	Others	-	3,159	Quoted	Fully Paid up	1	-	183,064
36	Wim Plast Limited	Others	222	222	Quoted	Fully Paid up	10	124,686	129,932
37	Visaka Industries Limited	Others	-	1,100	Quoted	Fully Paid up	10	-	383,991
38	Surya Roshni Limited	Others	-	2,349	Quoted	Fully Paid up	10	-	729,990
39	Sharda Motor Industries Limited	Others	-	108	Quoted	Fully Paid up	10	-	208,672
40	Max Financial Services Limited	Others	-	377	Quoted	Fully Paid up	10	-	171,026
41	Apex Frozen Food Limited	Others	-	1,068	Quoted	Fully Paid up	10	-	226,446
42	Avanti Feeds Limited	Others	-	155	Quoted	Fully Paid up	10	-	260,933
43	CESC Limited	Others	411	452	Quoted	Fully Paid up	10	193,047	437,378
44	Odisha Cement Ltd (Dalmia Bharat Limited)	Others	274	104	Quoted	Fully Paid up	2	271,219	300,076
45	Jindal Stainless Limited	Others	-	5,512	Quoted	Fully Paid up	10	-	431,865
46	J K Paper Limited	Others	1,081	4,353	Quoted	Fully Paid up	10	115,252	464,099
47	Maharashtra Seamless Limited	Others	-	730	Quoted	Fully Paid up	10	-	310,506
48	Tejas Networks Limited	Others	-	1,616	Quoted	Fully Paid up	10	-	543,682
49	Thirumalai Chemicals Limited	Others	-	176	Quoted	Fully Paid up	10	-	215,196
50	V2 Retail Limited	Others	-	808	Quoted	Fully Paid up	10	-	288,417
51	Astec Lifesciences Limited	Others	531	551	Quoted	Fully Paid up	10	285,997	300,449
52	Minda Industries Limited	Others	651	122	Quoted	Fully Paid up	2	212,649	128,665
53	The New India Assurance Company Limited	Others	-	510	Quoted	Fully Paid up	5	-	356,909
54	Technocraft Industries (India) Limited	Others	568	936	Quoted	Fully Paid up	10	319,614	460,404
55	Sunflag Iron & Steel Co Limited	Others	-	4,200	Quoted	Fully Paid up	10	-	316,050
56	Reliance Industries Limited	Others	222	621	Quoted	Fully Paid up	10	214,807	548,219

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## Notes forming part of the Standalone Financial Statements (Currency: Indian Rupees)

Sr. No.	Particulars	Relationship with company	No. of Shares/units		Classification	Status	Face Value	Amount	
			31 March 2019	31 March 2018				31 March 2019	31 March 2018
57	NMDC Limited	Others	-	6,000	Quoted	Fully Paid up	1	-	711,900
58	Hi-Tech Pipes Limited	Others	-	2,500	Quoted	Fully Paid up	10	-	875,602
59	IDEA Cellular Limited	Others	-	7,550	Quoted	Fully Paid up	10	-	571,913
60	Divi's Laboratories Limited	Others	187	132	Quoted	Fully Paid up	2	205,857	142,977
61	Saregama India Limited	Others	491	716	Quoted	Fully Paid up	10	290,795	470,985
62	Titan Company Limited	Others	269	457	Quoted	Fully Paid up	1	284,840	376,499
63	Weizmann Forex Limited	Others	-	329	Quoted	Fully Paid up	10	-	348,230
64	Welspun Enterprises Limited	Others	-	2,909	Quoted	Fully Paid up	10	-	411,042
65	Action Construction Equipment Limited	Others	-	1,976	Quoted	Fully Paid up	10	-	330,881
66	Hikal Ltd	Others	2,049	-	Quoted	Fully Paid up	2	331,371	-
67	HIL Ltd	Others	131	-	Quoted	Fully Paid up	10	242,199	-
68	Larsen & Toubro Ltd	Others	500	-	Quoted	Fully Paid up	2	664,452	-
69	Mahindra & Mahindra Financial Services Ltd	Others	779	-	Quoted	Fully Paid up	10	302,844	-
70	Multi Commodity Exchange of India Ltd	Others	569	-	Quoted	Fully Paid up	10	447,365	-
71	Orbit Exports Ltd	Others	3,452	-	Quoted	Fully Paid up	10	353,830	-
72	TGI Express Ltd	Others	626	-	Quoted	Fully Paid up	2	327,451	-
73	Bajaj Electricals Ltd	Others	1,250	-	Quoted	Fully Paid up	2	614,791	-
74	Garware Technical Fibres Ltd	Others	125	-	Quoted	Fully Paid up	10	141,488	-
75	ICICI Lombard General Insurance Co. Ltd	Others	401	-	Quoted	Fully Paid up	10	310,599	-
76	Interglobe Aviation Ltd	Others	176	-	Quoted	Fully Paid up	10	153,183	-
77	Mahindra Holidays & Resorts (I) Ltd	Others	1,513	-	Quoted	Fully Paid up	10	363,196	-
78	Matrimony.Com Ltd	Others	242	-	Quoted	Fully Paid up	5	136,720	-
79	Precision Wires India Ltd	Others	676	-	Quoted	Fully Paid up	10	135,437	-
80	Relaxo Footwears Ltd	Others	392	-	Quoted	Fully Paid up	1	297,085	-
81	Thermax Ltd	Others	650	-	Quoted	Fully Paid up	2	631,712	-
82	Vinati Organics Ltd	Others	241	-	Quoted	Fully Paid up	2	302,996	-
83	Bajaj Finance Ltd	Others	183	-	Quoted	Fully Paid up	2	309,407	-
84	Bank of Baroda	Others	9,425	-	Quoted	Fully Paid up	2	1,213,940	-
85	ICICI Bank Ltd	Others	1,604	-	Quoted	Fully Paid up	2	577,728	-
86	ICICI Securities Limited	Others	1,128	-	Quoted	Fully Paid up	5	270,934	-
87	PSP Projects Ltd	Others	1,150	-	Quoted	Fully Paid up	10	460,649	-
88	Punjab National Bank	Others	5,045	-	Quoted	Fully Paid up	2	344,529	-
89	Sanghvi Brands Ltd	Others	3,000	-	Quoted	Fully Paid up	10	105,000	-
90	State Bank of India	Others	1,175	-	Quoted	Fully Paid up	1	332,211	-
91	Thyrocare Technologies Ltd	Others	642	-	Quoted	Fully Paid up	10	340,581	-
92	Yes Bank Ltd	Others	776	-	Quoted	Fully Paid up	2	185,675	-
93	Westlife Development Ltd	Others	672	-	Quoted	Fully Paid up	2	285,023	-
94	Radico Khaitan Ltd	Others	663	-	Quoted	Fully Paid up	2	262,051	-
95	Power Finance Corporation Ltd	Others	3,585	-	Quoted	Fully Paid up	10	409,388	-
96	Jubilant Foodworks Ltd	Others	298	-	Quoted	Fully Paid up	10	429,984	-
97	Development Credit Bank Ltd	Others	1,435	-	Quoted	Fully Paid up	10	283,280	-
98	Dabur India Ltd	Others	506	-	Quoted	Fully Paid up	10	206,979	-
99	NTPC Ltd	Others	2,500	-	Quoted	Fully Paid up	10	338,375	-
100	Control Print Limited	Others	1,627	1,627	Quoted	Fully Paid up	10	259,483	259,483
								<b>23,991,469</b>	<b>25,211,371</b>
<b>(B) Investment in Mutual Funds</b>									
1	HDFC Liquid Fund Daily Dividend	Others	-	559	Unquoted	Fully Paid up	1,000	-	569,585
2	HDFC Liquid Fund	Others	8,634	-	Unquoted	Fully Paid up	1,000	30,800,000	-
3	Aditya Birla Sun Life Mutual Fund-Cash Plus	Others	-	133,372	Unquoted	Fully Paid up	100	-	36,705,348
4	Aditya Birla Sun Life Overnight Fund	Others	1,503	-	Unquoted	Fully Paid up	100	1,515,463	-
5	Aditya Birla Sun Life Mutual Fund-Floating Rate Fund - Short Term Fund	Others	-	44,440	Unquoted	Fully Paid up	100	-	10,000,000
6	ICICI Prudential Equity Arbitrage Fund	Others	2,988,332	-	Unquoted	Fully Paid up	100	40,694,962	-
7	Kotak Equity Arbitrage Fund	Others	1,766,270	-	Unquoted	Fully Paid up	10	40,741,870	-
8	Mahindra Liquid Fund-Regular -Growth	Others	2,844	107,258	Unquoted	Fully Paid up	1,000	3,379,942	111,711,229
9	Reliance Liquid Fund-Treasury - Growth plan option	Others	-	2,808	Unquoted	Fully Paid up	1,000	-	11,054,222
								<b>117,132,237</b>	<b>170,040,384</b>
<b>(C) Investment in Other Funds</b>									
1	IFIL Special Opportunities Fund-Series 5	Others	1,029,531	500,000	Unquoted	Fully Paid up	10	9,948,872	5,000,000
2	Parag Parikh LTFE-Reg Plan	Others	394,631	-	Unquoted	Fully Paid up	10	9,836,346	-
3	Carpediem Capital Partners Fund	Others	830	650	Unquoted	Fully Paid up	10,000	7,303,807	6,500,000
								<b>27,089,025</b>	<b>11,500,000</b>
								<b>168,212,731</b>	<b>206,751,755</b>
<b>Grand Total (A + B + C)</b>									
			<b>31 March 2019</b>	<b>31 March 2018</b>					
Aggregate amount of quoted investments			<b>23,991,469</b>	<b>25,211,371</b>					
Market value of quoted investments			<b>34,133,024</b>	<b>35,409,220</b>					
Aggregate amount of unquoted investments			<b>144,221,262</b>	<b>181,540,384</b>					
Aggregate provision for diminution in value of investments			<b>1,890,260</b>	<b>781,195</b>					

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Standalone Financial Statements**  
(Currency: Indian Rupees)

<b>14 TRADE RECEIVABLES</b>	<u>31 March 2019</u>	<u>31 March 2018</u>
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
– Unsecured, considered good	197,395	-
– Unsecured, considered doubtful	308,635	286,271
Less: Allowance for doubtful debts	<u>(308,635)</u>	<u>(286,271)</u>
	197,395	-
<b>Other receivables</b>		
– Unsecured, considered good	5,600,926	2,639,721
	<u>5,798,321</u>	<u>2,639,721</u>

<b>15 CASH AND BANK BALANCES</b>	<u>31 March 2019</u>	<u>31 March 2018</u>
<b>Cash and cash equivalents</b>		
– Cash on hand	242,899	353,647
<b>Balances with banks</b>		
– In current accounts	12,943,653	7,347,141
– In fixed deposits accounts (with original maturity of 3 months or less from the reporting date)	26,111,878	521,658
	<u>39,298,430</u>	<u>8,222,446</u>
<b>Other bank balances</b>		
– In fixed deposits with maturity of more than 3 months but less than 12 months from the reporting date	770,539	726,418
– In unpaid dividend accounts	1,164,765	1,198,630
	<u>1,935,304</u>	<u>1,925,048</u>
	<u>41,233,734</u>	<u>10,147,494</u>

**Notes:**

- a) Bank balances include restricted bank balances of ₹ 1,164,765 (P.Y ₹ 1,198,630) on account of bank balances held as unpaid dividends.
- b) The deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

<b>16 SHORT-TERM LOANS &amp; ADVANCES</b>	<u>31 March 2019</u>	<u>31 March 2018</u>
<i>(Unsecured, considered good, unless stated otherwise)</i>		
<b>Secured</b>		
Loans to others (refer note 1 below)	5,000,000	5,000,000
<b>Unsecured</b>		
Loans to others (refer note 2 below)	10,000,000	10,000,000
Advances to related parties	256,755	213,600
Prepaid expenses	622,843	737,186
Loans to employees	228,000	240,000
Advances to service providers	1,161,138	515,224
MAT credit entitlement	952,456	-
Other advances	-	41,434
	<u>18,221,192</u>	<u>16,747,444</u>

**Notes:**

- 1 During the previous year, the Company had given a secured short term loan to Bela Properties Private Limited amounting to ₹5,000,000 at the rate of 12% p.a., repayable within a period of less than twelve months or on demand. The said loan is secured against 2,51,022 equity shares of Credo Brands Marketing Pvt. Ltd and a demand promissory note.
- 2 The company had given an unsecured loan to Siddha Real Estate Development Private Limited amounting to ₹10,000,000 at the rate of 18%, repayable on demand.

<b>17 OTHER CURRENT ASSETS</b>	<u>31 March 2019</u>	<u>31 March 2018</u>
<i>(Unsecured, considered good)</i>		
Interest accrued on		
– Loans and deposits	3,810,578	846,579
– Fixed deposits	223,921	6,479
Unbilled revenue	300,000	500,000
	<u>4,334,499</u>	<u>1,353,058</u>

<b>18 REVENUE FROM OPERATIONS</b>	<u>For the year ended 31 March 2019</u>	<u>For the year ended 31 March 2018</u>
<b>Sale of services</b>		
– Income from Corporate Finance	31,300,265	40,654,641
– Income from ESOP Advisory	6,359,292	4,426,100
– Income from Merchant Banking	20,375,000	36,891,697
	<u>58,034,557</u>	<u>81,972,438</u>
<b>Other operating revenue</b>		
– Reimbursement of expenses:		
– Income from Corporate Finance	295,000	490,560
– Income from ESOP Advisory	198,957	131,974
– Income from Merchant Banking	267,000	21,458
	<u>760,957</u>	<u>643,992</u>
	<u>58,795,514</u>	<u>82,616,430</u>

<b>19 OTHER INCOME</b>	<u>For the year ended 31 March 2019</u>	<u>For the year ended 31 March 2018</u>
Interest income on		
– Loans and deposits	5,489,170	11,079,757
– Fixed deposits	1,736,373	252,521
– Income tax	569,990	-
Dividend income from investments		
– Current investments	1,798,408	316,749
– Non current investments	3,629,255	1,491,702
Net profit on sale of current investments (Net of loss ₹ 1,525,301; P.Y ₹ 609,410)	10,316,424	8,393,247
Rent income	819,000	708,324
Reversal of provision of doubtful debts	27,250	652,628
Bad debts recovered	3,300,000	-
Recovery of common expenses from related parties	1,619,561	1,445,212
Net gain on foreign exchange fluctuations	68,197	-
Sundry balances written back	564,528	-
Miscellaneous income	173,935	239,392
	<u>30,112,091</u>	<u>24,579,532</u>

<b>20 EMPLOYEE BENEFITS EXPENSE</b>	<u>For the year ended 31 March 2019</u>	<u>For the year ended 31 March 2018</u>
Salaries, bonus and allowances	20,846,637	21,082,029
Contribution to provident fund and other funds	1,670,433	1,653,147
Gratuity	85,613	3,759,113
Compensated absences	465,676	415,301
Staff welfare expenses	1,352,334	2,459,642
	<u>24,420,693</u>	<u>29,369,232</u>

<b>21 FINANCE COSTS</b>	<u>For the year ended 31 March 2019</u>	<u>For the year ended 31 March 2018</u>
Interest expenses on vehicle loans	-	46,069
	<u>-</u>	<u>46,069</u>

<b>22 DEPRECIATION</b>	<u>For the year ended 31 March 2019</u>	<u>For the year ended 31 March 2018</u>
Property, plant and equipment (refer note 10)	3,855,461	3,851,511
Investment property (refer note 11)	8,359	11,176
	<u>3,863,820</u>	<u>3,862,687</u>

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## Notes forming part of the Standalone Financial Statements (Currency: Indian Rupees)

23 OTHER EXPENSES	For the year ended 31 March 2019	For the year ended 31 March 2018
Electricity charges	288,678	317,361
Advertisement and business promotion expenses	365,521	302,688
Vehicle maintenance expenses	895,978	935,876
Net loss on foreign exchange fluctuations	-	10,088
Rates and taxes	543,724	566,679
Insurance expenses	441,296	223,090
Repairs and maintenance		
– Buildings	3,202,477	2,948,794
– Others	450,821	3,653,298
Travelling and conveyance	2,839,065	1,923,870
Office and administration expenses	1,297,146	596,341
Communication expenses	671,204	706,613
Printing and stationery	648,635	466,495
Provision for diminution in value of current investments	1,890,260	781,195
Legal and professional charges	20,045,622	9,170,300
Portfolio management charges	403,545	1,872,833
Directors' sitting fees	120,000	120,000
Auditors' Remuneration ( <i>excluding applicable taxes</i> )		
– Statutory audit fees	200,000	200,000
– Tax audit fees	50,000	50,000
– Other services	225,000	150,000
	475,000	400,000
Membership and subscription	1,294,603	883,789
Provision for doubtful debts	109,047	2,389,591
Bad debts	33,971	289,500
Miscellaneous expenses	284,589	206,307
	<u>36,301,182</u>	<u>25,312,015</u>

## 24 CONTINGENT LIABILITIES AND COMMITMENTS

### (i) Contingent liabilities

(to the extent not provided for)

(a) The company has not provided for income tax liability with respect of disputed income tax demand of ₹8,670 & ₹273,890 for Assessment Year 2016-17 & 2017-18 respectively, considering the matter is pending with the corresponding Income tax authorities.

The Company believes in the merits of the case and hence no provision was created in the financial statements as of the Balance Sheet date.

(b) The Company has provided corporate guarantees aggregating to ₹ 160,000,000 (P.Y.: ₹ 160,000,000) to the bankers of its subsidiary, Keynote Capitals Limited towards BSE & NSE operations.

### (ii) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is NIL (P.Y.: NIL).

## 25 SEGMENT REPORTING

As per Para 4 of Accounting Standard (AS) 17 - "Segment Reporting", segment information has been disclosed in consolidated financial statements of the company. Thus, no separate disclosures on segment information is given in these standalone financial statements.

## 26 EARNINGS PER SHARE

The disclosure requirements with respect of Accounting Standard (AS) 20 on "Earnings Per Share" are as follows:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net Profit attributable to equity shareholders	21,387,693	32,271,587
Number of equity shares outstanding at the beginning of the year	7,018,339	7,018,339
Number of equity shares outstanding at the end of the year	7,018,339	7,018,339
Weighted average number of equity shares outstanding during the year (based on date of issue of shares)	7,018,339	7,018,339
Earnings per share: Basic and diluted (₹)	3.05	4.60
Face value per share (₹)	10	10

## 27 LEASES

The following are the disclosures in accordance with Accounting Standard (AS) 19 on "Leases":

### Operating lease where Company is a lessor

The Company has given a commercial property on non-cancellable operating lease. The corresponding lease agreement provides for an option to the Company to renew the lease period at the end of non-cancellable period. The initial tenure of the lease is 60 months. Accordingly, lease rentals amounting to ₹819,000 (P.Y.: ₹708,324) has been recognised as income in the Statement of Profit and Loss and the same is disclosed under Note 19 - "Other Income". There are no exceptional/restrictive covenants in the lease agreement.

The future minimum lease payments receivable in respect of lease property is as follows:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Not later than one year	859,944	819,000
Later than one year but not later than 5 years	-	859,944
Later than 5 years	-	-

## 28 Disclosures as required by Accounting Standard (AS) 18 - Related Party Disclosures

Information on related party transactions as required by Accounting Standard - 18 on Related Party Disclosures for the year ended 31 March 2019 are as follows:

### (i) List of related parties identified by Management

#### (a) Enterprise where control exist

##### Subsidiaries:

Keynote Capitals Limited  
Keynote Fincorp Limited  
Keynote Commodities Limited (*step down subsidiary*)

#### (b) Key Managerial Personnel:

Mr. B. Madhuprasad - Chairman (*upto 27 August 2018*)  
Mr. Vineet Suchanti - Managing Director (*upto 5 April 2017*) and Director (*w.e.f. 6 April 2017*)  
Mrs. Rinku Suchanti - Whole-time Director (*w.e.f. 25 May 2017*)  
Mr. Uday S. Patil - Whole-time Director & Chief Financial Officer  
Ms. Saloni Maru - Company Secretary (*upto 21 April 2017*) \*\*  
Mr. Sujeet More - Company Secretary (*w.e.f. 25 May 2017*)

#### (c) Relatives of Key Managerial Personnel:

Mrs. Pushpa Suchanti  
Mr. Nirmal Suchanti  
Mr. Vivek Suchanti

#### (d) Enterprise over which Key Managerial Personnel/Relatives of Key Managerial Personnel exercise significant influence:

Concept Communication Limited  
Concept Production Limited  
Nirmal Suchanti - HUF  
Keynote Trust  
NSS Digital Media Limited  
Liqvd Digital India Private Limited  
VN Creative Chemicals Private Limited (*upto 29 September 2017*)

\*\* No transactions during the year

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Standalone Financial Statements**  
(Currency: Indian Rupees)

**(ii) Transactions with related parties:**

Particulars	Name of the related party	Subsidiary Company		Key Managerial Personnel/Relatives of key managerial personnel		Enterprise over which Key Managerial Personnel/Relatives of Key Managerial Personnel exercise significant influence		Total	
		For the year ended							
		31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Receiving of services	Keynote Capitals Limited	840	1,112	-	-	-	-	840	1,112
Receiving of services	Concept Communication Limited	-	-	-	-	51,653	77,941	51,653	77,941
		<b>840</b>	<b>1,112</b>	-	-	<b>51,653</b>	<b>77,941</b>	<b>52,493</b>	<b>79,053</b>
Managerial Remuneration	Mrs. Rinku Suchanti	-	-	3,900,150	3,379,642	-	-	3,900,150	3,379,642
Managerial Remuneration	Mr. Uday S. Patil	-	-	4,348,291	4,730,820	-	-	4,348,291	4,730,820
Remuneration	Mr. Sujeet More	-	-	496,577	440,700	-	-	496,577	440,700
		-	-	<b>8,745,018</b>	<b>8,551,162</b>	-	-	<b>8,745,018</b>	<b>8,551,162</b>
Professional Fees	Mr. B. Madhurasad	-	-	401,250	1,122,585	-	-	401,250	1,122,585
		-	-	<b>401,250</b>	<b>1,122,585</b>	-	-	<b>401,250</b>	<b>1,122,585</b>
Dividend paid	Keynote Trust	-	-	-	-	3,629,255	1,451,702	3,629,255	1,451,702
Dividend paid	Mrs. Pushpa Suchanti	-	-	330,770	132,308	-	-	330,770	132,308
Dividend paid	Mrs. Rinku Suchanti	-	-	9,505	3,802	-	-	9,505	3,802
Dividend paid	Mr. B. Madhurasad	-	-	121,375	48,550	-	-	121,375	48,550
Dividend paid	Mr. Vineet Suchanti	-	-	29,943	11,977	-	-	29,943	11,977
Dividend paid	Mr. Vivek Suchanti	-	-	123,600	49,440	-	-	123,600	49,440
Dividend paid	Mr. Nirmal Suchanti	-	-	294,118	117,647	-	-	294,118	117,647
Dividend paid	Concept Production Limited	-	-	-	-	604,000	241,600	604,000	241,600
Dividend paid	NSS Digital Media Limited	-	-	-	-	7,780,640	3,112,256	7,780,640	3,112,256
Dividend paid	Nirmal Suchanti - HUF	-	-	-	-	706,248	282,499	706,248	282,499
		-	-	<b>909,311</b>	<b>363,724</b>	<b>12,720,143</b>	<b>5,088,057</b>	<b>13,629,454</b>	<b>5,451,781</b>
Dividend received	Keynote Trust	-	-	-	-	3,629,255	1,451,702	3,629,255	1,451,702
		-	-	-	-	<b>3,629,255</b>	<b>1,451,702</b>	<b>3,629,255</b>	<b>1,451,702</b>
Security deposit given	Mr. B. Madhurasad	-	-	-	300,000	-	-	-	300,000
		-	-	-	<b>300,000</b>	-	-	-	<b>300,000</b>
Security deposit refunded	Mr. B. Madhurasad	-	-	300,000	-	-	-	300,000	-
		-	-	<b>300,000</b>	-	-	-	<b>300,000</b>	-
Interest received	Keynote Fincorp Limited	756,822	3,754,521	-	-	-	-	756,822	3,754,521
Interest received	Concept Communication Limited	-	-	-	-	542,466	3,346,330	542,466	3,346,330
Interest received	Liqvd Digital India Private Limited	-	-	-	-	589,881	-	589,881	-
		<b>756,822</b>	<b>3,754,521</b>	-	-	<b>1,132,347</b>	<b>3,346,330</b>	<b>1,889,169</b>	<b>7,100,851</b>
Loans given	Concept Communication Limited	-	-	-	-	40,000,000	-	40,000,000	-
Loans given	Keynote Fincorp Limited	60,000,000	60,000,000	-	-	-	-	60,000,000	60,000,000
Loans given	Liqvd Digital India Private Limited	-	-	-	-	10,000,000	-	10,000,000	-
		<b>60,000,000</b>	<b>60,000,000</b>	-	-	<b>50,000,000</b>	-	<b>110,000,000</b>	<b>60,000,000</b>
Loans and deposits repaid	Concept Communication Limited	-	-	-	-	40,000,000	51,147,847	40,000,000	51,147,847
Loans and deposits repaid	Liqvd Digital India Private Limited	-	-	-	-	10,000,000	-	10,000,000	-
Loans and deposits repaid	Keynote Fincorp Limited	60,000,000	60,000,000	-	-	-	-	60,000,000	60,000,000
		<b>60,000,000</b>	<b>60,000,000</b>	-	-	<b>50,000,000</b>	<b>51,147,847</b>	<b>110,000,000</b>	<b>111,147,847</b>
Reimbursement of expenses	Mr. Vineet Suchanti	-	-	2,500	2,500	-	-	2,500	2,500
Reimbursement of expenses	Mr. Uday S. Patil	-	-	2,500	2,500	-	-	2,500	2,500
Reimbursement of expenses	Mrs. Rinku Suchanti	-	-	2,500	2,500	-	-	2,500	2,500
Reimbursement of expenses	Keynote Trust	-	-	-	-	13,900	-	13,900	-
Reimbursement of expenses	Keynote Capitals Limited	597,209	-	-	-	-	-	597,209	-
Reimbursement of expenses	Keynote Commodities Ltd	200	7,442	-	-	-	-	200	7,442
Reimbursement of expenses	VN Creative Chemicals Pvt. Limited	-	-	-	-	-	309	-	309
Recovery of expenses	Keynote Fincorp Limited	-	14,884	-	-	-	-	-	14,884
Recovery of expenses	Keynote Capitals Limited	1,619,561	1,422,886	-	-	-	-	1,619,561	1,422,886
		<b>2,216,970</b>	<b>1,445,212</b>	<b>7,500</b>	<b>7,500</b>	<b>13,900</b>	<b>309</b>	<b>2,238,370</b>	<b>1,453,021</b>

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## Notes forming part of the Standalone Financial Statements (Currency: Indian Rupees)

### (iii) Balances outstanding as at the year end

Particulars	Name of the related party	Subsidiary Company		Key Managerial Personnel/Relatives of key managerial personnel		Enterprise over which Key Managerial Personnel/Relatives of Key Managerial Personnel exercise significant influence		Total	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Payables	Keynote Capitals Limited	991	-	-	-	-	-	991	-
		991	-	-	-	-	-	991	-
Receivables	Keynote Trust	-	-	-	-	256,755	213,600	256,755	213,600
Receivables	Liqvd Digital India Private Limited	-	-	-	-	563,998	-	563,998	-
		-	-	-	-	820,753	213,600	820,753	213,600

### (iv) Contingent liabilities

Particulars	Name of the related party	Subsidiary Company		Key Managerial Personnel/Relatives of key managerial personnel		Enterprise over which Key Managerial Personnel/Relatives of Key Managerial Personnel exercise significant influence		Total	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Corporate guarantee given	Keynote Capitals Limited	160,000,000	160,000,000	-	-	-	-	160,000,000	160,000,000
		160,000,000	160,000,000	-	-	-	-	160,000,000	160,000,000

### 29 The provisions made during the year ended 31 March 2019 comprises of the following:

Particulars	Balance as at 01 April 2018	Provisions made during the year	Reversal of provisions/ payments/ adjustments during the year	Balance as at 31 March 2019
Bonus	1,088,580	2,500,455	2,273,121	1,315,914
	(916,133)	(2,342,074)	(2,169,627)	(1,088,580)
Gratuity	4,573,689	85,613	269,664	4,389,638
	(1,059,390)	(3,759,113)	(244,814)	(4,573,689)
Compensated absences	177,365	465,676	465,360	177,681
	(151,855)	(415,301)	(389,791)	(177,365)
Allowance for doubtful debts	286,271	109,047	86,683	308,635
	(1,950,480)	(2,389,591)	(4,053,800)	(286,271)

(Figures in brackets indicate previous year's figures)

### 30 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Travelling and conveyance	1,018,880	685,256
Staff Welfare	-	1,436,377
	1,018,880	2,121,633

### 31 EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Income from sale of services	3,390,557	2,509,641
Reimbursement of expenses	44,900	-
	3,435,457	2,509,641

### 32 Particulars of unhedged foreign currency exposures:

Foreign currency exposures not hedged by derivative instruments are as follows:

Particulars	Foreign currency	Amount in Foreign Currency		Amount in Indian Currency	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade receivables	USD	10,000	14,720	694,357	958,924
Trade receivables	SGD	5,175	-	263,192	-

### 33 Loans and advances in the nature of Loans given to subsidiary as per the provision of Regulations 34(3) of Securities Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirement) Regulations, 2015.

#### Keynote Capitals Limited (subsidiary company)

Balance as at 31 March 2019 is Nil (P.Y Nil). Maximum outstanding during the year is Nil (P.Y Nil)

#### Keynote Fincorp Limited (subsidiary company)

Balance as at 31 March 2019 is Nil (P.Y Nil). Maximum outstanding during the year is ₹ 30,000,000 (P.Y ₹ 60,000,000)

#### Keynote Commodities Limited (step down subsidiary)

Balance as at 31 March 2019 is Nil (P.Y Nil). Maximum outstanding during the year is Nil (P.Y Nil)

### 34 Details of dues to micro, small and medium enterprises as defined under MSMED Act, 2006:

Under the Micro, Small and Medium Enterprises development act 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available;

Particulars	31 March 2019	31 March 2018
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year.	Nil	Nil

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Standalone Financial Statements**  
(Currency: Indian Rupees)

Particulars	31 March 2019	31 March 2018
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
Dues to Micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.		
<b>35</b> During the year, the Company has changed its name from "Keynote Corporate Services Limited " to "Keynote Financial Services Limited"		

by passing of a resolution at the Board Meeting dated 8 February 2019. Further, the necessary secretarial compliances with respect to the same were completed by the Company, evidenced by a fresh certificate of incorporation dated 23 April 2019.

- 36** During the previous year, the Company had written off two of its long term equity investments in Centerac Emarketplaces Private Limited of ₹ 1,000,000 & Eagle Eye Research & Media Private Limited of ₹ 3,240,000 as both of these entities were in the process of winding up. Accordingly the entire value of the investment made in these entities had been charged off in the Statement of Profit & Loss and was disclosed separately as an "exceptional item".
- 37** During the previous year, the Company had written off the debts amounting to ₹ 3,300,000 pertaining to Binani Cement Limited. The entire amount was already provided as doubtful debts by the end of the quarter ended 30 September, 2017. However, the said amount was recovered by the company during the current financial year.
- 38** The figures of the previous year have been regrouped/reclassified wherever necessary to conform to the classification/presentation of current year figures.

**For S M S R & Co LLP**  
*Chartered Accountants*  
Firm Registration No:  
110592W/W100094

**For and on behalf of the Board of Directors of  
Keynote Financial Services Limited**  
CIN No: L67120MH1993PLC072407

**Sd/-**  
**U Balakrishna Bhat**  
*Partner*  
Membership No: 019216

**Sd/-**  
**Rinku Suchanti**  
*Director*  
DIN: 00012903

**Sd/-**  
**Uday Patil**  
*Director & CFO*  
DIN: 00003978

**Sd/-**  
**Sujeet More**  
*Company Secretary*

Date: 15 May 2019  
Place: Mumbai

Date: 15 May 2019  
Place: Mumbai



## INDEPENDENT AUDITOR'S REPORT

**To the Members of Keynote Financial Services Limited**  
(formerly known as 'Keynote Corporate Services Limited')

### Report on the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of **Keynote Financial Services Limited** (formerly known as 'Keynote Corporate Services Limited') ("the Company"), its subsidiaries and a trust (the Company, its subsidiaries and a trust together referred to as 'the Group') comprising the consolidated Balance Sheet as at 31 March 2019, the consolidated Statement of Profit and Loss and consolidated Statement of Cash Flows for the year ended on that date and notes to consolidated the financial statements, including a summary of 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 in conformity with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder of the consolidated state of affairs of the Company as at 31 March, 2019, and its consolidated profit and its consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the requirements of applicable Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 Group 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 opinion on the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No	Key Audit Matter
1	<p>Accuracy of recognition, measurement, presentation and disclosure of revenues and other related balances in respect of contracts involving critical estimates, as per AS 9 "Revenue Recognition".</p> <p>The Company recognises revenue with respect to income from sale of services (including other operating revenue) in accordance to achievement of milestones defined in the corresponding engagement letters or mandate letters entered with counter party which reflects the proportionate stage of completion method.</p> <p>Refer Notes 2 (o) and 23 to the Consolidated Financial Statements</p>
	<b>Auditor's Response</b>
	<p><b>Principal Audit Procedures</b></p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p>

- Evaluated the design of internal controls relating to recording of revenue with respect to income from sale of services (including other operating revenue) based upon time spent and efforts taken.
- Selected a sample of continuing and new contracts and through inspection of evidence of performance of these controls, tested the operating effectiveness of the internal controls relating to time spent and efforts taken.
- Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones.
- Performed analytical procedures and test of details for reasonableness of time spent and efforts taken.

#### **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 the Board's Report, Corporate Governance and Shareholders' Information, but does not include 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 Responsibilities 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 consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting standards and accounting principles generally accepted in India. The respective Board of Directors of the companies and trustees of the trust included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of

the Group 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, the respective Board of Directors of the companies and the trustees of the trust included in the Group are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors and the trustees of the trust of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

#### **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 SA, 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 are 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 control 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 and its subsidiary companies which are companies incorporated in India 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 Group'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 Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements

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 work; and (ii) to evaluate the effect of any identified misstatements in the consolidated 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 with 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.

#### **Other Matters**

We did not audit the financial statements of three subsidiaries and a trust, whose financial statements reflect total assets of ₹ 847,179,696 as at 31 March 2019, total revenues of ₹ 70,903,707 as at 31 March 2019 and net profit after tax of ₹ 10,125,084 as considered in the consolidated financial statements

for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in these subsidiaries and trust, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and trust is based solely on reports of other auditors.

Our opinion is not modified in respect of this matter.

#### 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 of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued thereunder.
  - e) On the basis of the written representations received from the directors as on 31 March 2019, taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March, 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 and the operating effectiveness of such controls, refer to our separate

Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.

- 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 managerial 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 consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group. Refer Note 29(i) to the consolidated financial statements.

- ii) The Group has made provisions as at 31 March 2019, as required under the applicable law or accounting standard, for foreseeable losses, if any on long-term contracts. Refer Note 31 to the consolidated financial statements.

- iii) There has been no delay in transferring amount, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.

For **SMSR & Co LLP**  
Chartered Accountants

Firm Registration No. 110592W/W100094

**U B Bhat**  
Partner

Date: 15 May 2019  
Place: Mumbai

Membership No: 019216

## ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Keynote Financial Services Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of Keynote Financial Services Limited ('hereinafter referred to as "the Company") and its subsidiary companies, which are incorporated in India, as of that date.

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

The respective Board of Directors of the Company and its subsidiary companies which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, 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, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the

extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an 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 judgement, including the assessment of the risks 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 internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions 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 only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection

of unauthorised 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 the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not 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, to the best of our information and according to the explanations given to us, the Company and its subsidiaries which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting

were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to three subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **S M S R & Co LLP**  
*Chartered Accountants*  
Firm Registration No. 110592W/W100094

Date: 15 May 2019  
Place: Mumbai

**U B Bhat**  
*Partner*  
Membership No: 019216

ANNUAL REPORT 2018-19

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

(Currency: Indian Rupees)

PARTICULARS	Note	31 March 2019	31 March 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	55,666,370	55,666,370
Reserves and surplus	4	725,648,819	715,614,182
		<u>781,315,189</u>	<u>771,280,552</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	4,797,420	687,964
Deferred tax liabilities (net)	6	16,640,812	15,049,778
Other long-term liabilities	7	260,000	260,000
Long-term provisions	8	5,751,828	3,549,131
		<u>27,450,060</u>	<u>19,546,873</u>
<b>Current liabilities</b>			
Short-term borrowings	9	142,690,998	134,063,480
Trade payables	10		
– total outstanding dues of micro enterprises and small enterprises		-	-
– total outstanding dues of creditors other than micro enterprises and small enterprises		47,832,821	64,865,876
Other current liabilities	11	72,823,703	55,912,175
Short-term provisions	12	12,763,903	4,479,908
		<u>276,111,425</u>	<u>259,321,439</u>
<b>TOTAL</b>		<u><u>1,084,876,674</u></u>	<u><u>1,050,148,864</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13A	179,781,096	178,188,626
Intangible assets	13B	-	-
Goodwill on consolidation (net)		1,041,615	1,041,615
Non-current investments	14	165,964,442	139,803,835
Long-term loans and advances	15	63,035,312	71,596,043
Other non-current assets	16	12,035,000	10,250,000
		<u>421,857,465</u>	<u>400,880,119</u>
<b>Current assets</b>			
Current investments	17	169,067,535	206,885,869
Inventories	18	2,508,380	19,868,431
Trade receivables	19	37,883,846	63,035,174
Cash and bank balances	20	226,243,768	194,581,612
Short-term loans and advances	21	220,866,184	163,408,753
Other current assets	22	6,449,496	1,488,906
		<u>663,019,209</u>	<u>649,268,745</u>
<b>TOTAL</b>		<u><u>1,084,876,674</u></u>	<u><u>1,050,148,864</u></u>
Significant accounting policies	2		

The accompanying notes referred above form an integral part of the consolidated financial statements.

As per our report of even date attached

**For S M S R & Co LLP**  
Chartered Accountants  
Firm Registration No: 110592W/W100094

**Sd/-**  
**U Balakrishna Bhat**  
Partner  
Membership No: 019216

Date: 15 May 2019  
Place: Mumbai

**For and on behalf of the Board of Directors of**  
**Keynote Financial Services Limited**  
CIN No: L67120MH1993PLC072407

**Sd/-**  
**Rinku Suchanti**  
Director  
DIN: 00012903

Date: 15 May 2019  
Place: Mumbai

**Sd/-**  
**Uday Patil**  
Director & CFO  
DIN: 00003978

**Sd/-**  
**Sujeet More**  
Company Secretary

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

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

(Currency: Indian Rupees)

PARTICULARS	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Revenue</b>			
Revenue from operations	23	110,020,622	152,424,982
Other income	24	<u>42,874,143</u>	<u>51,783,304</u>
		<b>152,894,765</b>	<b>204,208,286</b>
<b>Expenses</b>			
Employee benefits expense	25	44,689,427	52,197,018
Finance costs	26	11,261,106	18,645,428
Depreciation	27	7,638,185	7,134,813
Other expenses	28	<u>55,373,220</u>	<u>49,298,253</u>
		<b>118,961,938</b>	<b>127,275,512</b>
<b>Profit before exceptional items and tax</b>		<b>33,932,827</b>	76,932,774
Exceptional items	41	<u>-</u>	<u>(4,240,294)</u>
<b>Profit before tax</b>		<b>33,932,827</b>	72,692,480
<b>Tax expense</b>			
- Current tax		8,183,422	18,268,179
- MAT credit entitlement		<u>(952,456)</u>	-
- Deferred tax charge/(credit)		1,591,033	678,394
- Taxation for earlier years		<u>(2,412,324)</u>	<u>(3,377,100)</u>
		<b>6,409,675</b>	<b>15,569,473</b>
<b>Profit for the year</b>		<b>27,523,152</b>	57,123,007
Basic & diluted earnings per share	30	4.94	10.26
(Face value of ₹ 10 each)			
Significant accounting policies	2		

The accompanying notes referred above form an integral part of the consolidated financial statements.

As per our report of even date attached

**For S M S R & Co LLP**  
Chartered Accountants  
Firm Registration No: 110592W/W100094

**Sd/-**  
**U Balakrishna Bhat**  
Partner  
Membership No: 019216

Date: 15 May 2019  
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**For and on behalf of the Board of Directors of**  
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**Rinku Suchanti**  
Director  
DIN: 00012903

Date: 15 May 2019  
Place: Mumbai

**Sd/-**  
**Uday Patil**  
Director & CFO  
DIN: 00003978

**Sd/-**  
**Sujeet More**  
Company Secretary



### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

(Currency: Indian Rupees)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>(A) Cash flows from operating activities:</b>		
<b>Profit before tax</b>	<b>33,932,827</b>	72,692,480
<b>Adjustments for</b>		
Depreciation	7,638,185	7,134,813
Provision for gratuity	305,586	5,057,928
Provision for compensated absences	905,369	865,311
Provision for doubtful debts	109,047	2,389,591
Loss on sale of assets	34,743	-
Provision for contingencies on standard assets (net)	98,966	(70,197)
Provision for diminution in value of investments (net)	1,890,260	781,195
Interest expenses	11,261,106	18,645,428
Bad debts	33,971	916,532
Reversal of provision of doubtful debts	(27,250)	(653,800)
Bad debts recovered	(3,300,000)	-
Net profit on sale of investments	(8,865,369)	(23,317,319)
Dividend income	(3,601,408)	(1,537,804)
Interest Income	(21,542,028)	(24,787,574)
Rental Income	(919,000)	(708,324)
Unrealised foreign exchange loss/(gain)	(68,197)	12,531
<b>Operating profit before working capital changes</b>	<b>17,886,808</b>	57,420,791
<b>Adjustment for working capital changes</b>		
(Increase)/decrease in trade and other receivables	28,403,757	410,940,316
(Increase)/decrease in short-term loans and advances	(57,457,431)	126,308,710
(Increase)/decrease in other current assets	(4,960,590)	616,380
(Increase)/decrease in long-term loans and advances	612,864	2,385,050
(Increase)/decrease in inventories	17,360,051	(19,868,431)
(Increase)/decrease in other non-current assets	(1,785,000)	(4,250,000)
Increase/(decrease) in short-term borrowings	8,627,518	1,952,318
Increase/(decrease) in long-term provisions	943,089	2,608,805
Increase/(decrease) in short-term provisions	(2,230,215)	(4,121,439)
Increase/(decrease) in trade payables	(17,033,055)	(481,986,748)
Increase/(decrease) in other current liabilities	16,911,528	(29,191,597)
<b>Cash generated from/(used) in operations</b>	<b>7,279,324</b>	62,814,155
Taxes paid (net of refunds)	8,045,910	(12,624,275)
<b>Net cash generated from/(used) in operating activities before exceptional items</b>	<b>15,325,234</b>	50,189,880
Exceptional items	-	4,240,294
<b>Net cash generated from/(used) in operating activities (A)</b>	<b>15,325,234</b>	54,430,174
<b>(B) Cash flows from investing activities:</b>		
Purchase of fixed assets	(9,654,369)	(512,245)
Sale of fixed assets	397,331	-
Sale of investments (net)	26,343,626	(85,129,769)
Deposits placed in banks and unpaid dividend accounts (net)	125,233,144	52,746,869
Rent received	919,000	708,324
Interest received	19,347,671	24,787,574
Dividend received	3,601,408	1,512,754
<b>Net cash generated from/(used) in investing activities (B)</b>	<b>166,187,811</b>	(5,886,493)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

(Currency: Indian Rupees)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>(C) Cash flow from financing activities:</b>		
Dividend paid	(13,916,593)	(5,566,637)
Dividend distribution tax paid	(3,571,922)	(1,428,793)
Interest paid	(11,238,686)	(18,623,006)
Repayment of borrowings (net)	4,109,456	(182,714)
<b>Net cash generated from/(used) in financing activities (C)</b>	<u>(24,617,745)</u>	<u>(25,801,150)</u>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>156,895,300</b>	22,742,531
Cash and cash equivalents as at beginning of year	<u>50,830,782</u>	<u>28,088,251</u>
<b>Cash and cash equivalents as at the end of the year</b>	<u><b>207,726,082</b></u>	<u>50,830,782</u>

**Notes to cash flow statement:**

- 1 **Cash and cash equivalents as at the end of the year comprise of**

Cash on hand	749,857	696,298
Balances with banks		
– In current accounts	40,652,318	49,612,826
– In fixed deposits with original maturity of 3 months or less from reporting date		
	<u>166,323,907</u>	<u>521,658</u>
	<u><b>207,726,082</b></u>	<u>50,830,782</u>
- 2 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3 "Cash Flow Statement"
- 3 Cash and cash equivalents comprises cash on hand, current accounts and deposits with banks (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
- 4 The corresponding previous year figures have been regrouped or reclassified wherever necessary to confirm with the presentation of current year's figures.

**For S M S R & Co LLP**  
Chartered Accountants  
Firm Registration No: 110592W/W100094

**Sd/-**  
**U Balakrishna Bhat**  
Partner  
Membership No: 019216

Date: 15 May 2019  
Place: Mumbai

**For and on behalf of the Board of Directors of**  
**Keynote Financial Services Limited**  
CIN No: L67120MH1993PLC072407

**Sd/-**  
**Rinku Suchanti**  
Director  
DIN: 00012903

Date: 15 May 2019  
Place: Mumbai

**Sd/-**  
**Uday Patil**  
Director & CFO  
DIN: 00003978

**Sd/-**  
**Sujeet More**  
Company Secretary

**Notes to the consolidated financial statements****1) CORPORATE INFORMATION**

Keynote Financial Services Limited (*formerly known as "Keynote Corporate Services Limited"*) ("Keynote" or "the Company") is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Keynote together with its subsidiaries and trust, is herein after referred to as ' the Group' having its registered office located in Mumbai. Its shares are listed on two stock exchanges in India. i.e., BSE Limited (BSE) & National Stock Exchange of India Limited (NSE).

The Group is engaged in providing services of investment banking, corporate advisory services, ESOP advisory, broking business in commodities and trading in securities.

**2) SIGNIFICANT ACCOUNTING POLICIES****a) Basis of preparation of consolidated financial statements**

These consolidated financial statements are prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). These consolidated financial statements have been prepared on going concern basis.

The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year.

Further, where applicable the Group follows prudential norms for income recognition, assets classification and provisioning for Non-performing assets (NPA), as well as contingency provisions

for standard assets, prescribed by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFC). The accounting standards are followed to the extent, as they are not inconsistent with the Prudential Norms, prescribed by the RBI.

**b) Principles and assumptions used for Consolidated Financial Statements**

- i) These consolidated financial statements have been prepared applying the principles laid in the Accounting Standard (AS) 21 "Consolidated Financial Statements" as notified by Companies (Accounting Standards), Rules 2006 (as amended). These consolidated financial statements comprise the financial statements of the Company, its trust and its subsidiaries.
- ii) These financial statements have been consolidated on line-by-line basis by adding together the book value of the assets, liabilities, income and expenses, after eliminating intra-group transactions and unrealized profits or unrealized losses.
- iii) The cost to the parent of its investment in each subsidiary and the parent's portion of equity of each subsidiary, at the date on which investment in each subsidiary is made, is eliminated.
- iv) The excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, is treated as goodwill & recognized as an asset in the Consolidated Financial Statements. When the cost to the parent of its investment in a subsidiary is less than the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, the difference is treated as a capital reserve in the Consolidated Financial Statements.
- v) Following are the Companies / Enterprises whose standalone financial statements have been considered for the Consolidated Financial Statements.

Name of the Company	Country of Incorporation	Proportion of ownership / Beneficial Interest as on 31-March -2019	Proportion of ownership / Beneficial Interest as on 31-March -2018
Keynote Capitals Limited	India	100%	100%
Keynote Commodities Limited	India	100%	100%
Keynote Fincorp Limited	India	100%	100%
Keynote Trust	India	100%	100%

**c) Use of estimates**

Preparation of the consolidated financial statements in conformity with the GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reported period. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of property, plant and equipment and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Difference between the actual results and estimates are recognized in the period in which the results are known.

**d) Current/Non-current classification of assets and liabilities**

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of resources for delivery and their realization in cash and cash equivalents, the Group has ascertained

its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

**e) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

**f) Property Plant & Equipment**

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost includes expenses related to purchases, borrowing costs and any directly attributable cost for bringing the assets to its working condition for its intended use and excludes any duties and taxes recoverable, net of adjustments arising from the exchange rate variations attributable to the assets. Any trade discounts and rebates are deducted in arriving at the purchase price of property, plant and equipment.

Subsequent expenditure related to an item of property, plant and equipment is capitalized only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance/or life. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective assets if the recognition criteria for a provision are met.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and

equipment. Further, components which can only be used in connection with an item of tangible fixed assets and meets criteria of property, plant and equipment are capitalised and depreciated over the estimated remaining useful life of the asset.

The advances given for acquiring property, plant and equipment are shown under loans and advances (capital advances).

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Items of property, plant and equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are shown separately in the consolidated financial statements under "Other current assets". Any expected loss is recognized immediately in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for the intended use on the date of Balance Sheet are stated at Cost as "Capital work-in-progress"

**g) Depreciation on property, plant and equipment**

Depreciation on property, plant and equipment are provided using the Straight-Line Method as specified in Schedule II to the Companies Act, 2013.

Further, the estimated useful lives of the property, plant and equipment is as prescribed in Schedule II of the Companies Act, 2013, except in case of investment property.

The residual value for the assets is restricted to 5% of the original cost of the respective assets for all property, plant and equipment.

If the assets are purchased during the year, depreciation is provided on pro – rata basis (including property held as investment) from the date the assets are

installed. In case the assets are sold, depreciation is provided on the same up to the date of sale on pro – rata basis.

Assets individually costing upto ₹ 5,000 are fully depreciated in the year of acquisition.

The assets' residual value, useful lives and methods of depreciation are reviewed at each financial year and adjusted prospectively, if appropriate. Such changes are accounted for in accordance with AS 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies". The judgements are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

**h) Intangible assets and amortization**

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably.

The cost recognition for intangible assets is recognised in a similar manner as in the property, plant and equipment as mentioned above. Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The advances given for acquiring for intangible fixed assets are shown under loans and advances (capital advances). Intangible assets which are not ready for the intended use on the date of Balance Sheet are stated at Cost as "Intangible assets under development"

Intangible assets are amortised on a straight-line basis over its estimated useful economic life.

All the intangible assets are assessed for impairment whenever there is an

indication that the intangible assets may be impaired. The judgements for impairment and revision of useful life of intangible assets are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

**i) Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors except in case of intangibles under development which are reviewed at every reporting date. An impairment loss is recognized in the Statement of Profit & Loss, wherever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects the current market assessment of time value of money and the risk specifics to the asset.

An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimates of the recoverable amount and such loss either no longer exists or has decreased.

**j) Leases**

The lease arrangement is classified as either a finance lease or an operating lease, at the inception of the lease, based on the substance of the lease arrangement.

**Operating lease**

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases.

**Where the group is lessee**

Operating lease expenses are charged to the statement of profit and loss on straight line basis over lease term.

**Where the group is the lessor**

Lease income on an operating lease is recognized in the statement of profit and loss on straight line basis over lease term.

Assets given by the Group under operating lease are included in Investment property. Lease income from operating leases is recognized in the Statement of Profit and Loss on a straight-line basis over the non-cancellable lease term. Costs, including depreciation, incurred in earning the lease income are recognized as expenses. Initial direct costs incurred specifically for an operating lease are recognized in the Statement of Profit and Loss.

**Finance lease**

A finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability. The finance expenses are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**k) Borrowing costs**

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost, interest and other financial charges incurred by the Group in connection with the borrowing of funds. Borrowing costs that are attributable to the acquisition or construction of qualifying fixed assets are capitalized as part of cost of such assets till such time as the asset is ready for its intended use. A qualifying asset is an asset

that necessarily requires a substantial time to get ready for its intended use. All other borrowing costs are recognized as expense in the year in which it is incurred. Expenses incurred in connection with the arrangement of borrowings are written off over the period of borrowing.

**l) Stock-in-trade**

Stock-in-trade is valued as lower of cost and net realizable value on an individual category basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.

**m) Investments**

The Group accounts for investments in accordance with applicable RBI guidelines and AS 13 – “Accounting for Investments” Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as “Current Investments”. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as “Non-Current Investments”

If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the consolidated financial statements at lower of weighted average cost and fair value determined on individual investment

basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**n) Investment property**

Property given on lease is shown as Investment property under “Non-Current Investments” and is depreciated using Straight Line method over the estimated useful economic life for the investment property.

**o) Revenue recognition**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the group and there is no uncertainty about ultimate collection.

Revenue is measured reliably at the fair value of the consideration received or receivable, and is recognised net of goods and service tax (GST) and adjustments on account of revision in rates, excluding discounts and other similar allowances.

Income from services (including other operating revenues) are recognized with reference to achievement of milestones defined in the corresponding engagement or mandate letters entered with counter party which reflects the proportionate stage of completion method.

Initial acceptance fees is recorded as income after the achievement of the first milestone. In situations where there is no further progress on the mandate, the initial acceptance fees so received, is recorded as income immediately after 12 months from the date of issuing of invoice.

Brokerage income is recognized on trade date basis and is exclusive of GST and Securities Transaction Tax (STT) wherever applicable, except for brokerage of commodity transactions, which are accounted on transactional / accrual basis depending upon the respective

transactions.

Advisory and transactional processing fees income is accounted on an accrual basis, in accordance with the terms of contracts, entered into between the Group and the counter party.

Profit or loss on equity derivative transactions is accounted for as explained below:

- a) Initial and additional margin paid over and above initial margin, for entering into contracts for Equity Index/Stock Futures or equity Index/stock options which are released on final settlement/squaring-up of underlying contracts are disclosed under Current Assets, Loans and advances. "Mark-to-market margin-Equity Index/Stock Futures" representing the amounts paid in respect of mark to market margin is disclosed under Loans and Advances and amount received is shown under Current Liabilities.
- b) "Equity Index/Stock Option Premium Account" represents premium paid or received for buying or selling the options, respectively.
- c) On final settlement or squaring-up of contracts for equity index / stock futures, the realized profit or loss is recognized in the Profit and Loss Account. On settlement or squaring-up of equity index / stock options before expiry, the premium prevailing in "Equity Index/Stock Option Premium Account" on that date is recognized in the Statement of Profit and Loss. When more than one contract in respect of the relevant series of equity index / stock futures or equity index/stock options contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.
- d) As at the balance sheet date, the mark to market / unrealized profit / (loss) on all outstanding hedged transactions comprising of Securities and Equity Derivatives positions is determined on a

Portfolio basis with net unrealized losses being recognized in the Statement of Profit and Loss. Unrealized gains (on overall portfolio basis) are not recognized in the Statement of Profit and Loss on grounds of prudence as enunciated in Accounting Standard (AS) - 1, "Disclosure of Accounting Policies". In respect of other transactions, the unrealized losses on equity derivatives determined on script basis are recognized in Statement of Profit and Loss and unrealized gains are ignored; and in case of securities (shares, etc.) the net unrealized losses are recognized in Profit & Loss account and net unrealized gains are ignored.

Income from investment in Mutual Funds is accounted when the same is distributed by the Fund. The return of capital contribution is reduced from the original cost of investments.

Income from depository operations etc. is recognized on accrual basis.

Profit or loss on sale of securities held as investments and stock-in-trade is calculated on weighted average basis.

Account opening charges are recognized on accrual basis.

Unbilled revenue represents value of services performed in accordance with reference to achievement of milestones defined in the corresponding engagement or mandate letters entered with counter party with the contract terms but not billed.

Income, including interest / discount or any other charges on Non-Performing Assets (NPA) are recognised as income, only when it is actually realized. However, any unrealizable income which is earned on Non- Performing Assets (NPA) would be adjusted / reversed during the year of classification.

Dividend from investments is accounted for as income when the right to receive the dividend is established.

Interest income is recognized on time proportion basis taking into account the amount outstanding and the rates applicable.



Other heads of income is recognized on accrual basis.

**p) Foreign currency transactions**

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the respective transactions or that approximates the actual rate at the date of transaction. Exchange differences arising on foreign currency transactions, settled during the year, are recognized in the statement of profit and loss. The premium or discount on foreign exchange forward contracts is amortized as income or expense over the life of the contract.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are reported using the foreign exchange rates as at the balance sheet date. The resultant exchange differences are recognized in the Statement of Profit & Loss. Non-monetary assets and liabilities are carried at the rates prevailing on the date of transaction.

**q) Employee benefits**

**Short term employee benefits**

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries, bonus, ex-gratia and short term compensated absences and performance incentives are recognised in the period in which the employee renders the related service.

**Post-employment benefits:**

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. Retirement benefits in the form of Provident Fund, Employees State Insurance Scheme and Labour Welfare Fund etc. are defined contribution plans. The Group's contribution is recognized as an expense in the Statement of Profit and Loss during

the period in which the employee renders the related service.

**Defined benefit plans**

Under Payment of Gratuity Act, 1972, the gratuity liability is a defined benefit obligation for the Group. It makes contribution to a scheme administered by the Life Insurance Corporation of India ("LIC") to discharge the gratuity liability to employees. Presently the gratuity scheme of the Group is funded. Contribution made to the LIC fund and provision made for the funded amounts are expensed in the books of accounts. The Group's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary at the balance sheet date using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognised immediately in the statement of profit and loss.

**Long-term employee benefits**

The Group's long-term employee benefits

currently consists of compensated absences. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation which is done as per Projected Unit Credit Method. The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

#### **Termination benefits**

Where termination benefits such as compensation payable under voluntary retirement scheme are payable, the actual amount is recognised as an expense immediately.

#### **r) Taxes on income**

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expenses is recognised in the statement of profit and loss.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The

deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Minimum Alternative tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for -which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

#### **s) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented

for any share splits and bonus shares issue including for changes effected prior to the approval of consolidated financial statements by the Board of Directors.

**t) Segment reporting**

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The accounting policies adopted for

segment reporting are in conformity with the accounting policies adopted for the Group. Further, segment revenue, expenses, assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment revenue, expenses, assets and liabilities, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included under "Un-allocated corporate expenses net of un-allocated income.

**u) Provisions, Contingent liabilities & Contingent assets**

Provision is recognized in the consolidated financial statements when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions which are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the

increase in the provision due to passage of time is recognised as finance cost.

Provisioning on Receivables from Financing Business:

- a) Provision for standard assets is made on the basis of prudential norms prescribed for NBFCs by Reserve Bank of India.
- b) Provision for non-performing asset is based on the management's assessment of the degree of impairment of the loan asset the level of provisioning required as per the prudential norms prescribed for NBFCs by Reserve Bank of India.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Consolidated Financial Statements**  
(Currency: Indian Rupees)

<b>3 SHARE CAPITAL</b>	<u>31 March 2019</u>	<u>31 March 2018</u>
<b>Authorised:</b>		
15,000,000 (P.Y: 15,000,000) equity shares of ₹ 10 each	<u>150,000,000</u>	<u>150,000,000</u>
	<u>150,000,000</u>	<u>150,000,000</u>
<b>Issued:</b>		
11,274,417 (P.Y: 11,274,417) equity shares of ₹ 10 each	<u>112,744,170</u>	<u>112,744,170</u>
	<u>112,744,170</u>	<u>112,744,170</u>
<b>Subscribed and fully paid-up shares:</b>		
7,018,339 (P.Y: 7,018,339) equity shares of ₹ 10 each (refer note below)	<u>55,666,370</u>	<u>55,666,370</u>
	<u>55,666,370</u>	<u>55,666,370</u>

**Note:** Since Keynote Trust has been consolidated, hence, the shares held by Keynote Trust in Keynote Financial Services Limited (Current Year: 1,451,702 shares; Previous Year: 1,451,702 shares) have been eliminated, on consolidation.

**(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:**

Particulars	<u>31 March 2019</u>		<u>31 March 2018</u>	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares at the beginning of the year	5,566,637	55,666,370	5,566,637	55,666,370
Equity shares outstanding at the end of the year	<u>5,566,637</u>	<u>55,666,370</u>	<u>5,566,637</u>	<u>55,666,370</u>

**(b) Terms/rights attached to equity shares**

The Company has issued only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. All shares rank pari passu with regard to dividend & repayment of capital. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. During the year ended 31 March 2019, the Company has proposed final dividend of ₹ 1 per share (P.Y: ₹ 2.50 per share) to equity shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining net assets of the Company, after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

**(c) Details of shareholders holding more than 5% shares in the Company:**

Name of the shareholder	<u>31 March 2019</u>		<u>31 March 2018</u>	
	No. of Shares	% holding	No. of Shares	% holding
NSS Digital Media Limited	3,112,256	44.34	3,112,256	44.34
India Max Investment Fund Limited	<u>561,348</u>	<u>8.00</u>	<u>561,348</u>	<u>8.00</u>

**Note:** As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**(d) For the period of five years immediately preceding the date at which the financial statements are prepared:**

- there are no shares allotted as fully paid pursuant to contract(s) without payment being received in cash;
- there are no shares allotted as fully paid up by way of bonus shares, and
- there are no shares bought back.

<b>4 RESERVES AND SURPLUS</b>	<u>31 March 2019</u>	<u>31 March 2018</u>
<b>Statutory reserve</b>		
At the commencement of the year	5,855,738	3,963,141
Add: Transfer from the consolidated statement of profit and loss	<u>1,714,933</u>	<u>1,892,597</u>
	<u>7,570,671</u>	<u>5,855,738</u>
<b>Securities premium account</b>	<u>230,648,293</u>	<u>230,648,293</u>
<b>General reserve</b>	<u>13,391,679</u>	<u>13,391,679</u>
<b>Surplus in the statement of profit &amp; loss</b>		
At the commencement of the year	465,718,472	417,483,492
Add: Profit for the year	<u>27,523,152</u>	<u>57,123,007</u>
Less: Appropriations		
– Transfer to Statutory reserve	<u>(1,714,933)</u>	<u>(1,892,597)</u>
– Equity dividend	<u>(17,545,848)</u>	<u>(7,018,339)</u>
– Tax on equity dividend	<u>(3,571,922)</u>	<u>(1,428,793)</u>
Add: Dividend adjustment on account of consolidation of trust	<u>3,629,255</u>	<u>1,451,702</u>
	<u>474,038,176</u>	<u>465,718,472</u>
	<u>725,648,819</u>	<u>715,614,182</u>

**Note:** Statutory reserve has been created by Keynote Fincorp Limited (subsidiary) as required under section 45-1C of the Reserve Bank of India Act, 1934.

<b>5 LONG-TERM BORROWINGS</b>	<u>31 March 2019</u>	<u>31 March 2018</u>
<b>Secured</b>		
– Term loans from parties other than banks (refer note below)	<u>4,797,420</u>	<u>687,964</u>
	<u>4,797,420</u>	<u>687,964</u>

**Notes:**

- (i) During the F.Y. 2015-16, the subsidiary i.e. Keynote Capitals Limited had obtained vehicle loan from a financial institution carrying interest @ 8.778% p.a., repayable in 48 monthly instalments of ₹ 61,500 each.
- (ii) During the F.Y. 2018-19, the subsidiary i.e. Keynote Capitals Limited has obtained two vehicle loans from a financial institution carrying interest @ 8.51% & 8.50% p.a., repayable in 48 & 37 monthly instalments of ₹ 143,270 & ₹ 79,697 each respectively.

The aforesaid loans are secured by the hypothecation of respective fixed assets of the subsidiary company.

<b>6 DEFERRED TAX LIABILITIES (NET)</b>	<u>31 March 2019</u>	<u>31 March 2018</u>
<b>Deferred tax liabilities</b>		
– Difference between book and tax depreciation	<u>18,536,483</u>	<u>17,343,336</u>
	<u>18,536,483</u>	<u>17,343,336</u>
<b>Deferred tax assets</b>		
– Provision for employee benefits allowable u/s 43B of the Income Tax Act, 1961, on payment basis	<u>1,809,809</u>	<u>2,214,683</u>
– Allowance for doubtful debts	<u>85,862</u>	<u>78,875</u>
	<u>1,895,671</u>	<u>2,293,558</u>
	<u>16,640,812</u>	<u>15,049,778</u>

<b>7 OTHER LONG-TERM LIABILITIES</b>	<u>31 March 2019</u>	<u>31 March 2018</u>
Interest free security deposits towards leased premises	<u>260,000</u>	<u>260,000</u>
	<u>260,000</u>	<u>260,000</u>

# ANNUAL REPORT 2018-19

## Notes forming part of the Consolidated Financial Statements (Currency: Indian Rupees)

	31 March 2019	31 March 2018
<b>8 LONG-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
– Gratuity	5,114,203	3,464,516
– Compensated absences	283,386	84,615
<b>Other provisions</b>		
– Provision for taxation (Net of advance tax and tax deducted source of ₹ 27,715,318; P.Y: NIL)	354,239	-
	<u>5,751,828</u>	<u>3,549,131</u>

	31 March 2019	31 March 2018
<b>9 SHORT-TERM BORROWINGS</b>		
<b>Secured</b>		
– Bank overdraft (refer note 1 below)	11,622,136	53,140,751
<b>Unsecured</b>		
– Loans from parties other than banks (refer note 2 below)	131,068,862	80,922,729
	<u>142,690,998</u>	<u>134,063,480</u>

### Notes:

- The subsidiary i.e. Keynote Capitals Limited 's bank overdraft is secured against pledge of fixed deposits with banks.
- The subsidiary i.e. Keynote Fincorp Limited had taken unsecured loans from parties other than banks carrying interest @ 9% p.a., repayable on demand

	31 March 2019	31 March 2018
<b>10 TRADE PAYABLES</b>		
Total outstanding dues of micro enterprises and small enterprises (refer note - 39)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	47,832,821	64,865,876
	<u>47,832,821</u>	<u>64,865,876</u>

	31 March 2019	31 March 2018
<b>11 OTHER CURRENT LIABILITIES</b>		
Advances and deposits received from customers	64,858,452	35,162,298
Unpaid dividend (refer note below)	1,164,765	1,198,630
Statutory dues payable	2,033,666	10,292,640
Provision for expenses	925,613	1,101,420
Employee benefit payable	1,423,707	3,709,820
Other payables	2,417,500	4,447,367
	<u>72,823,703</u>	<u>55,912,175</u>

**Note:** During the current year, the Company had transferred ₹ 218,149 (P.Y: ₹ 193,830) to Investor Education and Protection Fund under section 125 of the Companies Act, 2013.

	31 March 2019	31 March 2018
<b>12 SHORT-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
– Gratuity	1,980,792	3,899,299
– Compensated absences	134,273	239,361
– Bonus	173,885	-
<b>Other provisions</b>		
– Provision for Taxation (Net of Advance Tax and tax deducted at source ₹ 4,141,767; P.Y: NIL)	10,034,739	-
– Provision against standard assets	440,214	341,248
	<u>12,763,903</u>	<u>4,479,908</u>

## Notes: Disclosures as required by Accounting Standard (AS) 15 Employee Benefits:

### (A) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as an expense and included in "Employee benefits expense" - Note 25 of the consolidated financial statements

- Employers contribution to Provident Fund and Family Pension Scheme ₹ 2,965,734 (P.Y: ₹ 2,920,490)
- Employers contribution to Employees State Insurance Scheme ₹ 62,260 (P.Y: ₹ 84,487)
- Employers contribution to Gratuity Fund ₹ 305,586 (P.Y: ₹ 5,057,928)

### (B) Defined Benefit Plans

#### (i) Gratuity

Sr No	Particulars	31 March 2019	31 March 2018
<b>I</b>	<b>Change in the present value of projected benefit obligation during the year</b>		
	Liability at the beginning of the year	12,304,933	9,633,937
	Interest cost	941,327	656,071
	Current service cost	533,380	408,347
	Past service cost - vested benefit incurred during the period (Benefits paid)	(14,399)	(2,743,490)
	Actuarial (gains)/losses	(689,261)	2,262,999
	Liability at the end of the year	13,075,980	12,304,933
<b>II</b>	<b>Change in fair value of plan assets during the year</b>		
	Fair value of plan assets at the beginning of the year	4,941,118	6,777,822
	Expected return on plan assets	377,996	461,570
	Contributions by the employer (Benefits paid)	597,641	527,249
	Actuarial gains/(losses)	78,629	(82,033)
	Fair value of plan assets at the end of the year	5,980,985	4,941,118
	Total actuarial gains/(loss) to be recognised	767,890	(2,345,032)
<b>III</b>	<b>Recognition of Actuarial (gains)/ losses recognised in the statement of profit or loss</b>		
	Actuarial (gains)/losses to be recognised on obligation for the period	(689,261)	2,262,999
	Actuarial (gains)/losses to be recognised on assets for the period	(78,629)	82,033
	Total actuarial (gains)/losses to be recognised in statement of profit and loss	(767,890)	2,345,032
<b>IV</b>	<b>Actual return on plan assets</b>		
	Expected return on plan assets	377,996	461,570
	Actuarial gains/(losses) on plan assets - due to experience	78,629	(82,033)
	Actual return on plan assets	456,625	379,537
<b>V</b>	<b>Net asset/(liability) recognised in the balance sheet</b>		
	Fair value of plan assets at the end of the year	5,980,985	4,941,118
	(Present value of benefit obligation as at the end of the year)	(13,075,980)	(12,304,933)
	Funded status	(7,094,995)	(7,363,815)
	Unrecognised past service cost at the end of the year	-	-
	Unrecognised transitional liability at the end of the year	-	-
	Net asset/(liability) recognised in the balance sheet	(7,094,995)	(7,363,815)
<b>VI</b>	<b>Net interest cost for the current period</b>		
	Present value of benefit obligation at the beginning of the year	12,304,933	9,633,937

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Consolidated Financial Statements**  
(Currency: Indian Rupees)

Sr No	Particulars	31 March 2019	31 March 2018
	(Fair value of plan assets at the beginning of the year)	<b>(4,941,118)</b>	(6,777,822)
	Net (asset)/liability at the beginning of the year	<b>7,363,815</b>	2,856,115
	Interest cost	<b>941,327</b>	656,071
	(Expected return on plan assets)	<b>(377,996)</b>	(461,570)
	Net interest cost for the current period	<b>563,331</b>	194,501
<b>VII</b>	<b>Expenses recognised in the statement of profit and loss for the year</b>		
	Current service cost	<b>533,380</b>	408,347
	Interest cost	<b>941,327</b>	656,071
	Expected return on plan assets	<b>(377,996)</b>	(461,570)
	Net interest cost	<b>563,331</b>	194,501
	Actuarial (gain)/losses	<b>(767,890)</b>	2,345,032
	Past service cost (non vested benefit) recognised during the year	-	-
	Past service cost (vested benefit) recognised during the year	<b>(23,235)</b>	2,110,048
	Transitional liability recognised during the year	-	-
	Total expenses as per actuarial valuation recognised in the Statement of Profit & Loss	<b>305,586</b>	5,057,928
<b>VIII</b>	<b>Balance Sheet Reconciliation</b>		
	Opening net liability	<b>7,363,815</b>	2,856,115
	Expenses recognised in the statement of profit and loss for the year	<b>305,586</b>	5,057,928
	Employer's contribution	<b>(597,641)</b>	(550,228)
	Net asset/(liability) recognised in the balance sheet	<b>7,071,760</b>	7,363,815
<b>IX</b>	<b>Other details</b>		
	Number of members	<b>42</b>	41
	Salary per month	<b>1,980,792</b>	1,119,769
	Prescribed contribution for next year (12 months)	<b>1,980,792</b>	1,119,769
<b>X</b>	<b>Experience adjustments</b>		
	Actuarial (gains)/losses on obligations - due to experience	<b>(689,261)</b>	2,262,999
	Actuarial gains/(losses) on plan assets - due to experience	<b>78,629</b>	(82,033)
<b>XI</b>	<b>Actuarial assumptions (closing period):</b>		
1	Discount rate	<b>6.96% - 7.07%</b>	7.65%
2	Rate of return on plan assets	<b>6.96% - 7.07%</b>	7.65%
3	Salary escalation	<b>5.00% - 8.00%</b>	6.00% - 8.00%
<b>XII</b>	<b>Category of assets</b>		
	Government of India assets	-	-
	State Government securities	-	-
	Special Deposit Scheme	-	-
	Debts Instruments	-	-
	Corporate bonds	-	-
	Cash And Cash Equivalents	-	-
	Insurer fund	<b>5,980,985</b>	4,941,122
	Asset-Backed Securities	-	-
	Structured Debt	-	-
	Others	-	-
	Total	<b>5,980,985</b>	4,941,122
<b>XIII</b>	<b>Classification as per schedule III of the Companies Act,2013</b>		
	Current liability (refer note 12)	<b>1,980,792</b>	3,899,299
	Non-current liability (refer note 8)	<b>5,114,203</b>	3,464,516
	Total	<b>7,094,995</b>	7,363,815

XIV	Particulars	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015
	Present value of benefit obligation	<b>(13,075,980)</b>	(12,304,933)	(9,633,937)	(10,630,084)	(10,004,663)
	Fair value of plan assets	<b>5,980,985</b>	4,941,118	6,777,823	5,938,314	4,983,709
	Surplus/(Deficit)	<b>(7,094,995)</b>	(7,363,815)	(2,856,114)	(4,691,770)	(5,020,954)
	Experience adjustment on plan liability (gains)/ losses	<b>(410,160)</b>	726,023	(1,188,140)	(436,659)	(710,994)
	Experience adjustment on plan assets (losses)/ gains	<b>78,629</b>	(82,033)	32,048	223,758	167,580
	<b>Note: Disclosures of plan assets</b>					
	The Company has group plan with LIC of India for insurance and has not been provided with the details of the planned assets. As a result, no disclosures for the same has been made.					
	<b>(C) Other long term employee benefits</b>					
	<b>(i) Compensated absences</b>					
	<b>Disclosure pursuant to Accounting Standard (AS) – 15 (Revised) 'Employee benefits'</b>					
Sr No	Particulars	31 March 2019	31 March 2018			
<b>I</b>	<b>Actuarial assumptions (closing period):</b>					
	Discount rate	<b>6.96%</b>	7.65%			
	Salary escalation rate	<b>5.00%</b>	6.00%			
	Attrition rate	<b>20.00%</b>	20.00%			
	Retirement age	<b>60 years</b>	60 years			
	Maximum accumulation	<b>6 days</b>	6 days			
	While in service encashment rate	<b>5.00% of the leave balance (for the next year)</b>	5.00% of the leave balance (for the next year)			
	Mortality rate during employment	<b>Indian assured lives mortality (2006-08) ultimate</b>	Indian assured lives mortality (2006-08) ultimate			
	Method of valuation	<b>Projected unit credit method</b>	Projected unit credit method			
<b>II</b>	<b>Other details</b>					
	Benefit type	<b>Privilege leave</b>	Privilege leave			
	Number of active members	<b>22</b>	21			
	Total salary (encashment)	<b>1,569,900</b>	1,576,372			
	Average salary (encashment)	<b>71,359</b>	75,065			
	Average age	<b>38.95 years</b>	39.14 years			
	Average past service	<b>11.14 years</b>	11.00 years			
	Total leave days	<b>63.75 days</b>	51.25 days			
	Average leave days	<b>2.90 days</b>	2.44 days			
	Average future service	<b>4 years</b>	4 years			
	Funding status	<b>Unfunded</b>	Unfunded			
	Fund balance	<b>NA</b>	NA			
<b>III</b>	<b>Valuation results</b>					
	Discontinuance liability	<b>415,590</b>	326,865			
	Projected benefit obligation	<b>417,659</b>	323,976			
<b>IV</b>	<b>Classification as per schedule III of the Companies Act, 2013</b>					
	Current liability (refer note 12)	<b>134,273</b>	239,361			
	Non-current liability (refer note 8)	<b>283,386</b>	84,615			
	<b>Total</b>	<b>417,659</b>	323,976			

As per the Company's policy, a sum of ₹ 785,712 (P.Y.: ₹ 588,810) has been paid towards compensated absences; calculated on the basis of unutilised leave. During the year, the Company has provided to the extent of ₹ 417,659 (P.Y.: ₹ 323,976) as per actuarial valuation done by independent actuary.

**Note:** Detailed disclosures of compensated absence is not given in terms of para 132 of AS-15 "Employee Benefits".

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## Notes forming part of the Consolidated Financial Statements (Currency: Indian Rupees)

### 13A PROPERTY, PLANT AND EQUIPMENT

Sr No	Particulars	Gross Block			Accumulated Depreciation				Net Block		
		Balance as at 01 April 2018	Additions	Disposals/ Adjustments	Balance as at 31 March 2019	Balance as at 01 April 2018	Depreciation for the year	Disposals/ Adjustments during the year	Balance as at 31 March 2019	Balance as at 31 March 2019	Balance as at 31 March 2018
(a)	Premises	177,441,939	-	-	177,441,939	16,832,873	2,807,092	-	19,639,965	157,801,974	160,609,066
		(177,441,939)	-	-	(177,441,939)	(14,025,781)	(2,807,092)	-	(16,832,873)	(160,609,066)	(163,416,158)
(b)	Vehicles	23,586,950	9,539,055	2,221,545	30,904,460	16,275,306	2,719,440	1,796,789	17,197,957	13,706,503	7,311,644
		(23,586,950)	-	-	(23,586,950)	(14,171,658)	(2,103,648)	-	(16,275,306)	(7,311,644)	(9,415,292)
(c)	Furniture & fixtures	16,307,131	-	-	16,307,131	8,825,462	1,550,406	-	10,375,868	5,931,263	7,481,669
		(16,307,131)	-	-	(16,307,131)	(7,268,702)	(1,556,760)	-	(8,825,462)	(7,481,669)	(9,038,429)
(d)	Air conditioners	2,028,570	-	-	2,028,570	1,452,873	117,294	-	1,570,167	458,403	575,697
		(2,028,570)	-	-	(2,028,570)	(1,335,579)	(117,294)	-	(1,452,873)	(575,697)	(692,991)
(e)	Office equipments	2,852,881	2,474	-	2,855,355	2,706,172	5,065	-	2,711,237	144,118	146,709
		(2,842,881)	(10,000)	-	(2,852,881)	(2,675,116)	(31,056)	-	(2,706,172)	(146,709)	(167,765)
(f)	Computers & peripherals	18,212,658	112,840	146,358	18,179,140	16,791,237	288,012	139,041	16,940,208	1,238,932	1,421,421
		(17,710,413)	(502,245)	-	(18,212,658)	(16,425,967)	(365,270)	-	(16,791,237)	(1,421,421)	(1,284,446)
(g)	Electrical fittings	1,337,699	-	-	1,337,699	695,279	142,517	-	837,796	499,903	642,420
		(1,337,699)	-	-	(1,337,699)	(552,762)	(142,517)	-	(695,279)	(642,420)	(784,937)
	<b>Total (I)</b>	<b>241,767,828</b>	<b>9,654,369</b>	<b>2,367,903</b>	<b>249,054,294</b>	<b>63,579,202</b>	<b>7,629,826</b>	<b>1,935,830</b>	<b>69,273,198</b>	<b>179,781,096</b>	<b>178,188,626</b>
		(241,255,583)	(512,245)	-	(241,767,828)	(56,455,565)	(7,123,637)	-	(63,579,202)	(178,188,626)	(184,800,018)

### 13B INTANGIBLE ASSETS

Particulars	Gross Block			Accumulated Amortisation				Net Block		
	Balance as at 01 April 2018	Additions	Disposals/ Adjustments	Balance as at 31 March 2019	Balance as at 01 April 2018	Amortisation for the year	Disposals/ Adjustments during the year	Balance as at 31 March 2019	Balance as at 31 March 2019	Balance as at 31 March 2018
(a) Stock exchange membership card	35,957,108	-	35,957,108	-	35,957,108	-	35,957,108	-	-	-
	(35,957,108)	-	-	(35,957,108)	(35,957,108)	-	-	(35,957,108)	-	-
<b>Total (II)</b>	<b>35,957,108</b>	<b>-</b>	<b>35,957,108</b>	<b>-</b>	<b>35,957,108</b>	<b>-</b>	<b>35,957,108</b>	<b>-</b>	<b>-</b>	<b>-</b>
	(35,957,108)	-	-	(35,957,108)	(35,957,108)	-	-	(35,957,108)	-	-
<b>Grand Total (I + II)</b>	<b>277,724,936</b>	<b>9,654,369</b>	<b>38,325,011</b>	<b>249,054,294</b>	<b>99,536,310</b>	<b>7,629,826</b>	<b>37,892,938</b>	<b>69,273,198</b>	<b>179,781,096</b>	<b>178,188,626</b>
	(277,212,691)	(512,245)	-	(277,724,936)	(92,412,673)	(7,123,637)	-	(99,536,310)	(178,188,626)	(184,800,018)

Note: Figures in brackets indicate previous year's figures.

### 14 NON-CURRENT INVESTMENTS

(valued at cost, unless stated otherwise)

Sr No.	Particulars	Relationship with company	No. of shares/units		Classification	Status	Face Value	Amount	
			31 March 2019	31 March 2018				31 March 2019	31 March 2018
(A)	<b>Investment property (at cost less depreciation)</b>								
	Gross block							700,000	700,000
	Less: Accumulated depreciation							(314,584)	(306,225)
	Net book value							385,416	393,775
(B)	<b>Rights in financial assets (refer note below)</b>							11,369,780	11,369,780
								11,369,780	11,369,780
(C)	<b>Investment in Equity Instruments</b>								
	<b>Trade Investments</b>								
1	S H Kelkar & Company Ltd	Others	50,000	50,000	Quoted	Fully Paid up	10	9,000,000	9,000,000
2	5 Paisa cap Ltd	Others	4	4	Quoted	Fully Paid up	10	40	40
3	ABB Ltd	Others	-	444	Quoted	Fully Paid up	2	-	534,640
4	Aegis Logistics Ltd	Others	1,777	1,777	Quoted	Fully Paid up	1	289,169	289,169
5	Affordable Robotics Limited	Others	1,600	-	Quoted	Fully Paid up	10	136,000	-
6	AIA Engineering Ltd	Others	303	-	Quoted	Fully Paid up	2	485,511	-

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Consolidated Financial Statements**  
(Currency: Indian Rupees)

Sr. No.	Particulars	Relationship with company	No. of shares/units		Classification	Status	Face Value	Amount	
			31 March 2019	31 March 2018				31 March 2019	31 March 2018
7	Alkem Laboratory Ltd	Others	178	178	Quoted	Fully Paid up	2	274,048	274,048
8	APL Apollo Tubes Ltd	Others	209	450	Quoted	Fully Paid up	10	192,521	414,547
9	Ashapura Minechem Ltd	Others	25,000	-	Quoted	Fully Paid up	1	799,498	-
10	Ashok Leyland Limited	Others	6,309	-	Quoted	Fully Paid up	1	535,378	-
11	Aptech Ltd	Others	3,320	3,320	Quoted	Fully Paid up	10	257,300	257,300
12	Arvind Ltd	Others	-	1,670	Quoted	Fully Paid up	10	-	667,471
13	AU Small Finance Bank Ltd	Others	288	331	Quoted	Fully Paid up	2	172,665	198,661
14	Auribindo Pharma Ltd	Others	542	-	Quoted	Fully Paid up	1	413,206	-
15	Bayer Crop Science Ltd	Others	45	45	Quoted	Fully Paid up	10	210,152	210,151
16	Bharat Forge Ltd	Others	478	478	Quoted	Fully Paid up	2	201,739	201,658
17	Birla Corporation Ltd	Others	291	291	Quoted	Fully Paid up	10	211,003	211,003
18	Blue Star Ltd	Others	180	180	Quoted	Fully Paid up	2	117,383	117,383
19	Bosch Ltd	Others	20	20	Quoted	Fully Paid up	10	354,087	354,087
20	Canfin Homes Ltd	Others	350	350	Quoted	Fully Paid up	2	115,766	115,766
21	CESC LTD	Others	-	627	Quoted	Fully Paid up	10	-	513,063
22	Chambal Fertilizers Ltd	Others	3,076	-	Quoted	Fully Paid up	10	489,880	-
23	City Union Bank Ltd	Others	2,325	2,305	Quoted	Fully Paid up	1	168,897	186,684
24	Cochin Shipyard Ltd	Others	12,489	-	Quoted	Fully Paid up	10	5,395,248	-
25	Colgate Palmolive Ltd	Others	170	170	Quoted	Fully Paid up	1	144,769	144,769
26	Container Corpn. Ltd	Others	442	177	Quoted	Fully Paid up	10	183,925	183,925
27	Coromandel International Ltd.	Others	2,075	2,075	Quoted	Fully Paid up	1	574,194	574,194
28	Cummins India Ltd	Others	285	285	Quoted	Fully Paid up	2	250,616	250,616
29	DCB Bank Ltd	Others	1,440	1,560	Quoted	Fully Paid up	10	182,633	197,673
30	Dhanuka Agri Tech Ltd	Others	117	117	Quoted	Fully Paid up	2	79,383	79,383
31	Dishman Pharmaceuticals Ltd	Others	439	367	Quoted	Fully Paid up	2	137,673	111,141
32	Dr. Lal Path Laboratories Ltd	Others	107	112	Quoted	Fully Paid up	10	117,748	123,570
33	Eicher Motors Ltd	Others	19	19	Quoted	Fully Paid up	10	361,843	361,843
34	Emami Ltd	Others	514	257	Quoted	Fully Paid up	1	262,145	262,145
35	Engineers India Ltd	Others	710	710	Quoted	Fully Paid up	5	53,807	53,807
36	Entertainment Network India Ltd	Others	-	965	Quoted	Fully Paid up	10	-	703,297
37	Escorts India Ltd	Others	975	975	Quoted	Fully Paid up	10	617,197	617,197
38	Federal Bank Ltd	Others	2,225	2,225	Quoted	Fully Paid up	2	265,332	265,332
39	Gabriel Inida Ltd	Others	1,150	1,150	Quoted	Fully Paid up	1	137,333	137,333
40	Glaxosmithkline Ltd	Others	34	33	Quoted	Fully Paid up	10	197,183	189,924
41	Godrej Industries Ltd	Others	601	601	Quoted	Fully Paid up	1	305,011	305,011
42	Grathite India Ltd	Others	-	2,335	Quoted	Fully Paid up	2	-	433,232
43	Greaves Cotton Ltd	Others	2,339	-	Quoted	Fully Paid up	2	327,196	-
44	Gujarat Fluorochemicals Ltd	Others	600	600	Quoted	Fully Paid up	10	430,208	430,208
45	Hudco Ltd	Others	103,334	-	Quoted	Fully Paid up	10	6,200,040	-
46	ICICI Bank Ltd	Others	317	-	Quoted	Fully Paid up	2	112,665	-
47	IIFL Holdings Ltd	Others	119	119	Quoted	Fully Paid up	10	52,788	52,788
48	Indian Energy Exchange Ltd	Others	386	386	Quoted	Fully Paid up	10	623,781	623,781
49	IDFC Ltd	Others	10	10	Quoted	Fully Paid up	10	576	576
50	IDFC Bank Ltd	Others	10	10	Quoted	Fully Paid up	10	683	683
51	Ipca Laboratories Ltd	Others	292	292	Quoted	Fully Paid up	2	184,844	184,844
52	ITD Cementation Ltd	Others	600	600	Quoted	Fully Paid up	1	87,180	87,180
53	J & K Bank Ltd	Others	1,210	1,210	Quoted	Fully Paid up	1	81,312	81,312
54	JSW Energy Ltd	Others	7,892	-	Quoted	Fully Paid up	10	553,345	-
55	Jagran Prakashan Ltd	Others	476	2,813	Quoted	Fully Paid up	2	395,475	495,734
56	Kajaria Ceramics Ltd	Others	240	240	Quoted	Fully Paid up	1	167,033	167,033
57	Kaveri Seeds Ltd	Others	1,404	1,429	Quoted	Fully Paid up	2	677,581	683,457
58	KEI Industries Ltd	Others	1,315	-	Quoted	Fully Paid up	2	450,120	-
59	Kotak Mahindra Bank Ltd	Others	739	799	Quoted	Fully Paid up	5	559,092	597,625
60	L & T Technologies Ltd	Others	243	243	Quoted	Fully Paid up	10	206,351	206,351
61	Lakshmi Vilas Bank Ltd	Others	1,063	1,063	Quoted	Fully Paid up	2	159,263	159,263
62	Linde India Ltd	Others	-	531	Quoted	Fully Paid up	10	-	202,566
63	Mahanagar Gas Ltd	Others	154	159	Quoted	Fully Paid up	10	101,541	104,838
64	Max Financial Services Ltd	Others	768	768	Quoted	Fully Paid up	2	267,924	267,924



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## Notes forming part of the Consolidated Financial Statements (Currency: Indian Rupees)

Sr. No.	Particulars	Relationship with company	No. of shares/units		Classification	Status	Face Value	Amount	
			31 March 2019	31 March 2018				31 March 2019	31 March 2018
65	Nagarjuna Const Co Ltd	Others	5,663	-	Quoted	Fully Paid up	2	525,390	-
66	Mphasis Ltd	Others	-	481	Quoted	Fully Paid up	10	-	353,041
67	Mitcon Consultancy Ltd	Others	102,000	102,000	Quoted	Fully Paid up	10	7,031,600	7,031,600
68	O K Play Ltd	Others	71,189	71,189	Quoted	Fully Paid up	10	9,999,919	9,999,919
69	Page Industries Ltd	Others	32	32	Quoted	Fully Paid up	10	347,258	347,258
70	Perfect Infraengineers Ltd	Others	180,000	342,000	Quoted	Fully Paid up	10	1,020,300	4,883,700
71	Powermech Projects Ltd	Others	1,000	1,000	Quoted	Fully Paid up	10	588,590	588,590
72	Quess Corp. Ltd	Others	152	250	Quoted	Fully Paid up	10	84,719	139,340
73	Radico Khaitan Ltd	Others	1,143	-	Quoted	Fully Paid up	2	453,555	-
74	Ramkrishna Forging Ltd	Others	813	-	Quoted	Fully Paid up	10	419,115	-
75	S H Kelkar Ltd	Others	325	-	Quoted	Fully Paid up	10	64,019	-
76	SRF Ltd	Others	250	-	Quoted	Fully Paid up	10	431,649	-
77	Sarveshwar Foods Ltd	Others	297,600	235,200	Quoted	Fully Paid up	10	20,702,320	19,972,800
78	Shakti Pumps Ltd	Others	1,099	1,099	Quoted	Fully Paid up	10	528,668	528,667
79	Shankara Building Products Ltd	Others	-	263	Quoted	Fully Paid up	10	-	158,381
80	Sun TV Network Ltd	Others	-	713	Quoted	Fully Paid up	10	-	544,114
81	Suprajit Engery Ltd	Others	224	224	Quoted	Fully Paid up	10	47,453	47,452
82	Syngene International Ltd	Others	914	-	Quoted	Fully Paid up	10	559,928	-
83	Shree Pushkar Chemicals Ltd	Others	4,650	4,650	Quoted	Fully Paid up	10	614,213	614,213
84	Siddha Real Estates Ltd	Others	490,000	490,000	Quoted	Fully Paid up	1	490,000	490,000
85	Steel City Securities Ltd.	Others	158,000	200,000	Quoted	Fully Paid up	10	9,641,500	9,419,700
86	Tata Power Ltd	Others	4,313	-	Quoted	Fully Paid up	1	306,390	-
87	TTK Prestige Ltd	Others	24	24	Quoted	Fully Paid up	10	118,818	118,817
88	Tech Mahindra Ltd	Others	381	-	Quoted	Fully Paid up	1	261,157	-
89	United Spirits Ltd	Others	-	231	Quoted	Fully Paid up	10	-	529,488
90	Va Tech wabag Ltd	Others	1,780	-	Quoted	Fully Paid up	2	647,878	-
91	VIP Industries Ltd	Others	82	-	Quoted	Fully Paid up	2	34,460	-
92	V Mart Ltd	Others	9	-	Quoted	Fully Paid up	10	20,309	-
93	Voltas Ltd	Others	1,372	1,372	Quoted	Fully Paid up	1	346,085	346,084
94	Zensar Technologies Ltd	Others	-	360	Quoted	Fully Paid up	10	-	338,300
95	Zuari Agro Chemicals Ltd	Others	-	496	Quoted	Fully Paid up	10	-	136,518
96	Navin Flourine Ltd	Others	10	10	Quoted	Fully Paid up	10	2,135	2,135
97	Kisan Mouldings Ltd	Others	127,000	127,000	Quoted	Fully Paid up	10	15,100,300	15,100,300
98	Medicamen Biotech Ltd	Others	18,500	18,500	Quoted	Fully Paid up	10	10,101,000	10,101,000
99	Shivalik Rasayan Ltd	Others	133,600	35,000	Quoted	Fully Paid up	5	25,388,600	10,360,000
100	Scana point Geomatics Limited	Others	400	400	Quoted	Fully Paid up	2	1,156	1,156
101	Mitcon Consultancy & Engineering Services Limited	Others	40,000	40,000	Quoted	Fully Paid up	10	2,440,000	2,440,000
102	Dugar Finance Limited	Others	700	700	Unquoted	Fully Paid up	10	2,870	2,870
103	Dugar Housing Limited	Others	800	800	Unquoted	Fully Paid up	10	9,520	9,520
104	Stella Exports Limited	Others	10,000	10,000	Unquoted	Fully Paid up	3	30,000	30,000
								<b>143,690,155</b>	<b>117,521,189</b>
<b>(D) Investment in Debentures</b>									
1	ECL Finance Limited	Others	10,000	10,000	Unquoted	Fully Paid up	1,000	10,000,000	10,000,000
								<b>10,000,000</b>	<b>10,000,000</b>
<b>(E) Investment in Mutual Funds</b>									
1	ICICI Mutual Fund	Others	10,980	10,980	Unquoted	Fully Paid up	10	519,091	519,091
								<b>519,091</b>	<b>519,091</b>
<b>Grand Total (A + B + C + D + E)</b>								<b>165,964,442</b>	<b>139,803,835</b>

Particulars	31 March 2019	31 March 2018
Aggregate amount of quoted investments	143,647,765	117,478,799
Market Value of quoted investments	126,896,732	157,709,834
Aggregate amount of unquoted investments	10,561,481	10,561,481
Aggregate provision for diminution in value of investments	-	-

**Note:** The rights in financial assets are secured against hypothecation of immovable property

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Consolidated Financial Statements**  
(Currency: Indian Rupees)

<b>15 LONG-TERM LOANS &amp; ADVANCES</b> <i>(Unsecured, considered good)</i>	<u>31 March 2019</u>	<u>31 March 2018</u>	<b>16 OTHER NON CURRENT ASSETS</b> <i>(Unsecured, considered good)</i>	<u>31 March 2019</u>	<u>31 March 2018</u>
Security deposits	62,573,770	62,783,770	Security deposits with stock exchanges (Refer note below)	12,035,000	10,250,000
Loans to employees	236,856	288,356		12,035,000	10,250,000
Prepaid expenses	224,686	576,050			
Advance tax and tax deducted at source (Net of provision for tax: NIL; P.Y: ₹ 86,988,970)	-	7,947,867	<b>Note:</b> The aforesaid deposits include ₹ 120,00,000 (P.Y ₹ 7,000,000) as collateral deposits with MCX exchange.		
	<u>63,035,312</u>	<u>71,596,043</u>			

**17 CURRENT INVESTMENTS**

*(valued at lower of cost and market value)*

Sr. No.	Particulars	Relationship with company	No. of Shares/units		Classification	Status	Face Value	Amount	
			31 March 2019	31 March 2018				31 March 2019	31 March 2018
<b>Trade Investments</b>									
<b>(A) Investment in Equity Instruments</b>									
1	Godrej Properties Limited	Others	2,950	2,950	Quoted	Fully Paid up	5	781,396	802,782
2	HDFC Bank Limited	Others	142	725	Quoted	Fully Paid up	2	285,548	729,084
3	Kotak Mahindra Bank Limited	Others	311	301	Quoted	Fully Paid up	5	240,677	228,185
4	Info Edge (India) Limited	Others	623	500	Quoted	Fully Paid up	10	713,013	558,879
5	GRP Limited	Others	-	500	Quoted	Fully Paid up	10	-	558,970
6	Shree Cement Limited	Others	9	9	Quoted	Fully Paid up	10	122,247	118,014
7	Page Industries Limited	Others	19	18	Quoted	Fully Paid up	10	277,327	256,804
8	Pidlite Industries Limited	Others	334	243	Quoted	Fully Paid up	1	237,790	139,894
9	P I Industries Limited	Others	429	429	Quoted	Fully Paid up	1	296,254	296,254
10	Motherhood Sumi Sytems Limited	Others	1,119	1,139	Quoted	Fully Paid up	1	167,010	201,041
11	Mahindra Holidays & Resorts (I) Limited	Others	1,513	-	Quoted	Fully Paid up	10	363,196	-
12	Mahindra & Mahindra Financial Services Limited	Others	779	-	Quoted	Fully Paid up	2	302,844	-
13	Indusind Bank Limited	Others	288	272	Quoted	Fully Paid up	10	292,642	268,505
14	Havells India Limited	Others	622	741	Quoted	Fully Paid up	1	193,180	216,126
15	Eicher Motors Limited	Others	15	12	Quoted	Fully Paid up	10	295,848	214,148
16	Britannia Industries Limited	Others	148	85	Quoted	Fully Paid up	2	225,199	261,424
17	Bajaj Finance Limited	Others	124	271	Quoted	Fully Paid up	2	164,917	248,405
18	Bajaj Finserv Limited	Others	81	90	Quoted	Fully Paid up	5	161,348	174,540
19	City Union Bank Limited	Others	10,043	9,130	Quoted	Fully Paid up	1	768,340	768,340
20	Steelcast Limited	Others	4,500	4,500	Quoted	Fully Paid up	5	296,342	296,342
21	Piramal Enterprises Limited	Others	-	147	Quoted	Fully Paid up	2	-	173,754
22	Garware Wall Ropes Limited	Others	-	373	Quoted	Fully Paid up	10	-	136,358
23	Asian Paints Limited	Others	257	257	Quoted	Fully Paid up	1	276,027	218,438
24	Astral Poly Technik Limited	Others	2,607	2,727	Quoted	Fully Paid up	1	1,102,097	1,128,381
25	Sudarshan Chemicals Industries Ltd	Others	-	760	Quoted	Fully Paid up	1	-	231,904
26	Vardhman Textiles Ltd	Others	-	268	Quoted	Fully Paid up	10	-	282,524
27	Cholamandalam Inv & Fin Co Ltd	Others	306	325	Quoted	Fully Paid up	1	309,865	324,961
28	Rajratan Global Wire Ltd	Others	-	1,388	Quoted	Fully Paid up	10	-	694,375
29	RBL Bank Ltd	Others	443	769	Quoted	Fully Paid up	10	290,251	360,091
30	Vijaya Bank	Others	-	24,300	Quoted	Fully Paid up	10	-	1,261,170
31	Ashok Leyland Ltd	Others	6,600	5,000	Quoted	Fully Paid up	1	602,580	455,134
32	Bella Casa Fashion & Retail Ltd	Others	4,757	5,000	Quoted	Fully Paid up	10	354,111	372,200
33	Bharti Infratel Ltd	Others	-	1,279	Quoted	Fully Paid up	10	-	399,406
34	Faze Three Ltd	Others	6,618	6,667	Quoted	Fully Paid up	10	317,664	416,003
35	Insecticides (India) Ltd	Others	-	444	Quoted	Fully Paid up	10	-	252,091

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## Notes forming part of the Consolidated Financial Statements (Currency: Indian Rupees)

Sr. No.	Particulars	Relationship with company	No. of Shares/units		Classification	Status	Face Value	Amount	
			31 March 2019	31 March 2018				31 March 2019	31 March 2018
36	M R F Ltd	Others	6	5	Quoted	Fully Paid up	10	329,097	271,723
37	Welspun India Ltd	Others	-	3,159	Quoted	Fully Paid up	1	-	183,064
38	Yes Bank Ltd	Others	776	-	Quoted	Fully Paid up	2	185,675	-
39	Wim Plast Limited	Others	222	222	Quoted	Fully Paid up	10	124,686	129,932
40	Visaka Industries Ltd	Others	-	1,100	Quoted	Fully Paid up	10	-	383,991
41	Surya Roshni Ltd	Others	-	2,349	Quoted	Fully Paid up	10	-	729,990
42	Sharda Motor Industries Ltd	Others	-	108	Quoted	Fully Paid up	10	-	208,672
43	Max Financial Services Ltd	Others	-	377	Quoted	Fully Paid up	10	-	171,026
44	Apex Frozen Food Ltd	Others	-	1,068	Quoted	Fully Paid up	10	-	226,446
45	Avanti Feeds Ltd	Others	-	155	Quoted	Fully Paid up	10	-	260,933
46	CESC Ltd	Others	411	452	Quoted	Fully Paid up	10	193,047	437,378
47	Dalmia Bharat Ltd	Others	274	104	Quoted	Fully Paid up	2	271,219	300,076
48	Jindal Stainless Ltd	Others	-	5,512	Quoted	Fully Paid up	10	-	431,865
49	J K Paper Ltd	Others	1,081	4,353	Quoted	Fully Paid up	10	115,252	464,099
50	Maharashtra Seamless Ltd	Others	-	730	Quoted	Fully Paid up	10	-	310,506
51	Tejas Networks Ltd	Others	-	1,616	Quoted	Fully Paid up	10	-	543,682
52	Thirumalai Chemicals Ltd	Others	-	176	Quoted	Fully Paid up	10	-	215,196
53	V2 Retail Ltd	Others	-	808	Quoted	Fully Paid up	10	-	288,417
54	Astec Lifesciences Ltd	Others	531	551	Quoted	Fully Paid up	10	285,997	300,449
55	Minda Industries Ltd	Others	651	122	Quoted	Fully Paid up	2	212,649	128,665
56	The New India Assurance Company Ltd	Others	-	510	Quoted	Fully Paid up	5	-	356,909
57	Technocraft Industries (India) Ltd	Others	568	936	Quoted	Fully Paid up	10	319,614	460,044
58	Sunflag Iron & Steel Co Ltd	Others	-	4,200	Quoted	Fully Paid up	10	-	316,050
59	Reliance Industries Ltd	Others	222	621	Quoted	Fully Paid up	10	214,807	548,219
60	NMDC Ltd	Others	-	6,000	Quoted	Fully Paid up	1	-	711,900
61	Bajaj Electricals Ltd	Others	1,250	-	Quoted	Fully Paid up	2	614,791	-
62	Bajaj Finance Ltd	Others	183	-	Quoted	Fully Paid up	2	309,407	-
63	Bank of Baroda	Others	9,425	-	Quoted	Fully Paid up	2	1,213,940	-
64	Dabur India Ltd	Others	506	-	Quoted	Fully Paid up	10	206,979	-
65	Development Credit Bank Ltd	Others	1,435	-	Quoted	Fully Paid up	10	283,280	-
66	Garware Technical Fibres Ltd	Others	125	-	Quoted	Fully Paid up	10	141,488	-
67	Hikal Ltd	Others	2,049	-	Quoted	Fully Paid up	2	331,371	-
68	HIL Ltd	Others	131	-	Quoted	Fully Paid up	10	242,199	-
69	ICICI BANK LTD	Others	1,604	-	Quoted	Fully Paid up	2	577,728	-
70	ICICI Lombard General Insu Company Ltd	Others	401	-	Quoted	Fully Paid up	10	310,599	-
71	ICICI Securities Limited	Others	1,128	-	Quoted	Fully Paid up	5	270,934	-
72	Interglobe Aviation Ltd	Others	176	-	Quoted	Fully Paid up	10	153,183	-
73	Jubilant Foodworks Ltd	Others	298	-	Quoted	Fully Paid up	10	429,984	-
74	Larsen & Toubro Ltd	Others	500	-	Quoted	Fully Paid up	2	664,452	-
75	Matrimony.Com Ltd	Others	242	-	Quoted	Fully Paid up	5	136,720	-
76	Multi Commodity Exchange of India Ltd	Others	569	-	Quoted	Fully Paid up	10	447,365	-
77	NTPC Ltd	Others	2,500	-	Quoted	Fully Paid up	10	338,375	-
78	Orbit Exports Ltd	Others	3,452	-	Quoted	Fully Paid up	10	353,830	-
79	Power Finance Corporation Ltd	Others	3,585	-	Quoted	Fully Paid up	10	409,388	-
80	Precision Wires India Ltd	Others	676	-	Quoted	Fully Paid up	10	135,437	-
81	PSP Projects Ltd	Others	1,150	-	Quoted	Fully Paid up	10	460,649	-
82	Punjab National Bank	Others	5,045	-	Quoted	Fully Paid up	2	344,529	-

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Consolidated Financial Statements**  
(Currency: Indian Rupees)

Sr. No.	Particulars	Relationship with company	No. of Shares/units		Classification	Status	Face Value	Amount	
			31 March 2019	31 March 2018				31 March 2019	31 March 2018
83	Radico Khaitan Ltd	Others	663	-	Quoted	Fully Paid up	2	262,051	-
84	Relaxo Footwears Ltd	Others	392	-	Quoted	Fully Paid up	1	297,085	-
85	Sanghvi Brands Ltd	Others	3,000	-	Quoted	Fully Paid up	10	105,000	-
86	State Bank of India	Others	1,175	-	Quoted	Fully Paid up	1	332,211	-
87	TCI Express Ltd	Others	626	-	Quoted	Fully Paid up	2	327,451	-
88	Thermax Ltd	Others	650	-	Quoted	Fully Paid up	2	631,712	-
89	Thyrocare Technologies Ltd	Others	642	-	Quoted	Fully Paid up	10	340,581	-
90	Vinati Organics Ltd	Others	241	-	Quoted	Fully Paid up	2	302,996	-
91	Westlife Development Ltd	Others	672	-	Quoted	Fully Paid up	2	285,023	-
92	Hi-Tech Pipes Ltd	Others	-	2,500	Quoted	Fully Paid up	10	-	875,602
93	IDEA Cellular Ltd	Others	-	7,550	Quoted	Fully Paid up	10	-	571,913
94	Divi's Laboratories Ltd	Others	187	132	Quoted	Fully Paid up	2	205,857	142,977
95	Saregama India Ltd	Others	491	716	Quoted	Fully Paid up	10	290,795	470,985
96	Titan Company Ltd	Others	269	457	Quoted	Fully Paid up	1	284,840	376,499
97	Weizmann Forex Ltd	Others	-	329	Quoted	Fully Paid up	10	-	348,230
98	Welspun Enterprises Ltd	Others	-	2,909	Quoted	Fully Paid up	10	-	411,042
99	Action Construction Equipment Ltd	Others	-	1,976	Quoted	Fully Paid up	10	-	330,881
100	Control Print Limited	Others	1,627	1,627	Quoted	Fully Paid up	10	259,484	259,484
								<b>23,991,470</b>	<b>25,211,372</b>
<b>(B) Investment in Mutual Funds</b>									
1	HDFC Liquid Fund	Others	8,634	-	Unquoted	Fully Paid up	1,000	30,800,000	-
2	HDFC Liquid Fund Daily Dividend	Others	-	559	Unquoted	Fully Paid up	1,000	-	569,585
3	Aditya Birla Sun Life Mutual Fund-Cash Plus	Others	-	133,372	Unquoted	Fully Paid up	100	-	36,705,348
4	Aditya Birla Sun Life Overnight Fund	Others	1,503	-	Unquoted	Fully Paid up	100	1,515,463	-
5	Aditya Birla Sun Life Mutual Fund-Floating Rate Fund - Short Term Fund	Others	-	44,440	Unquoted	Fully Paid up	100	-	10,000,000
6	HDFC Liquid Fund	Others	838	-	Unquoted	Fully Paid up	1,000	854,803	-
7	ICICI Prudential Mutual Fund	Others	2,988,332	-	Unquoted	Fully Paid up	100	40,694,962	-
8	Kotak Equity Arbitrage Fund	Others	1,766,270	-	Unquoted	Fully Paid up	10	40,741,870	-
9	Kotak Liquid Plan-A	Others	-	110	Unquoted	Fully Paid up	1,000	-	134,113
10	Mahindra Mutual Fund-Low Duration Bachat Yojana-Regula -Growth	Others	2,844	107,258	Unquoted	Fully Paid up	1,000	3,379,942	111,711,229
11	Reliance Liquid Fund-Treasury - Growth plan option	Others	-	2,808	Unquoted	Fully Paid up	1,000	-	11,054,222
								<b>117,987,040</b>	<b>170,174,497</b>
<b>(C) Investment in Other Funds</b>									
1	IIFL Special Opportunities Fund-Series 5	Others	1,029,531	500,000	Unquoted	Fully Paid up	10	9,948,872	5,000,000
2	Parag Parikh Liquid Fund	Others	394,631	-	Unquoted	Fully Paid up	1,000	9,836,346	-
3	Carpediem Capital Partners Fund	Others	650	250	Unquoted	Fully Paid up	10,000	7,303,807	6,500,000
								<b>27,089,025</b>	<b>11,500,000</b>
<b>Grand Total (A + B + C)</b>								<b>169,067,535</b>	<b>206,885,869</b>

Particulars	31 March 2019	31 March 2018
Aggregate amount of quoted investments	23,991,470	25,211,372
Market value of quoted investments	34,133,024	35,409,220
Aggregate amount of unquoted investments	145,076,065	181,674,497
Aggregate provision for diminution in value of investments	1,890,260	781,195

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## Notes forming part of the Consolidated Financial Statements (Currency: Indian Rupees)

### 18 INVENTORIES

(valued at lower of weighted average cost and market value)  
Quantity Amount

Sr. No	Particulars	31 March 2019	31 March 2018	Face Value	31 March 2019	31 March 2018
(A)	<b>Equity Instruments (Quoted)</b>					
1	Cochin Shipyard Ltd.	-	12,489	10	-	5,395,248
2	HUDDCO	46,905	150,239	10	2,108,380	9,312,187
3	MAS Financial Services Ltd.	-	11,244	10	-	5,160,996
					2,108,380	19,868,431
(B)	<b>Call options</b>					
1	IDBI CE 25 APRIL 2019	-	-	-	400,000	-
					400,000	-
	<b>Grand Total (A + B)</b>				2,508,380	19,868,431

Particulars	31 March 2019	31 March 2018
Aggregate value of inventories		
At book value	2,508,380	19,868,431
At market value	2,508,380	22,752,993

Details of outstanding contract is as follows:

Name of Option	Units	
	31 March 2019	31 March 2018
Call Option	2	-
Put Option	-	-

### 19 TRADE RECEIVABLES

Outstanding for a period exceeding six months from the date they are due for payment

	31 March 2019	31 March 2018
- Unsecured, considered good	28,261,759	35,358,284
- Unsecured, considered doubtful	308,635	286,271
Less: Allowance for doubtful debts	(308,635)	(286,271)
	28,261,759	35,358,284

Other receivables

	31 March 2019	31 March 2018
- Unsecured, considered good	9,622,087	27,676,890
	9,622,087	27,676,890
	37,883,846	63,035,174

### 20 CASH AND BANK BALANCES

Cash and cash equivalents

	31 March 2019	31 March 2018
- Cash on hand	749,857	696,298

Balances with banks

	31 March 2019	31 March 2018
- In current accounts	40,652,318	49,612,826
- In fixed deposits accounts (with original maturity of 3 months or less from the reporting date)	166,323,907	521,658
	207,726,082	50,830,782

Other bank balances

	31 March 2019	31 March 2018
- In fixed deposits with maturity of more than 3 months but less than 12 months from the reporting date	17,352,921	142,552,200
- In unpaid dividend accounts	1,164,765	1,198,630
	18,517,686	143,750,830
	226,243,768	194,581,612

Notes:

- The deposits maintained by the Company & its subsidiaries with banks comprise of time deposits, which can be withdrawn by the Company & its subsidiaries at any point without prior notice or penalty on the principal except for those mentioned in (b) below.
- Fixed deposits amounting to ₹ 83,500,000 (P.Y. ₹ 40,000,000) pledged against overdraft facility from banks.
- Bank balances include restricted bank balances of ₹ 1,164,765 (P.Y.

₹ 1,198,630) on account of bank balances held as unpaid dividends.

### 21 SHORT-TERM LOANS & ADVANCES

(Unsecured, considered good, unless stated otherwise)

Secured

	31 March 2019	31 March 2018
Loans to others (refer notes 1 & 2 below)	98,156,335	82,715,949

Unsecured

	31 March 2019	31 March 2018
Loans to others (refer notes 3 & 4 below)	85,442,662	68,783,382
Balances with government/statutory authorities	-	2,756,116
Prepaid expenses	946,620	1,124,682
Loans to employees	752,630	429,630
Advances to service providers	34,975,851	7,557,560
MAT Credit Entitlement	592,086	-
Other advances	-	41,434
	220,866,184	163,408,753

Notes:

- During the previous year, the Company had given a secured short term loan to Bela Properties Private Limited amounting to ₹ 5,000,000 at the rate of 12% p.a., repayable within a period of less than twelve months or on demand. The said loan is secured against 2,51,022 equity shares of Credo Brands Marketing Pvt. Ltd and a demand promissory note.
- The subsidiary i.e. Keynote Fincorp Limited had given secured loans to other parties carrying interest rate between 12% to 18% p.a. The said loans are repayable on demand. The said loan is secured against shares of a listed company.
- The Company and its subsidiary i.e. Keynote Fincorp Limited has given unsecured short-term loans to other parties at the rate of 18% p.a. and between 12% to 18% p.a. respectively. The said loans are repayable on demand.
- The company had given an unsecured loan to Siddha Real Estate Development Private Limited amounting to ₹ 10,000,000 at the rate of 18%, repayable on demand.

### 22 OTHER CURRENT ASSETS

(Unsecured, considered good)

Interest accrued on

	31 March 2019	31 March 2018
- Short term loans and deposits	3,925,647	961,648
- Fixed deposits	223,921	6,479
Unbilled Revenue	300,000	500,000
Prepaid expenses	1,999,928	20,779
	6,449,496	1,488,906

### 23 REVENUE FROM OPERATIONS

Sale of services

	For the year ended 31 March 2019	For the year ended 31 March 2018
- Income from advisory services	70,363,348	93,998,425
- Income from broking and other related activities	13,632,444	30,545,417
- Interest income on loans and deposits	23,841,523	23,539,044
- Net profit from trading in securities	1,422,350	3,698,103
	109,259,665	151,780,989

Other operating revenue

	31 March 2019	31 March 2018
- Reimbursement of expenses		
- Income from Corporate Finance	295,000	490,560
- Income from ESOP Advisory	198,957	131,974
- Income from Merchant Banking	267,000	21,459
	760,957	643,993

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Consolidated Financial Statements**  
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	<u>110,020,622</u>	<u>152,424,982</u>
	<u>For the year ended</u>	<u>For the year ended</u>
	<u>31 March 2019</u>	<u>31 March 2018</u>
<b>24 OTHER INCOME</b>		
Interest income on		
– Short term loans and deposits	4,740,321	2,969,547
– Fixed deposits	14,037,341	21,351,611
– Income tax refunds	2,764,366	466,416
Dividend income from investments		
– Current investments	1,798,408	432,392
– Non current investments	1,803,000	1,105,413
Profit on sale of investments	10,830,503	23,317,319
Rent income	919,000	708,324
Sundry balances written back (net)	1,843,094	-
Net gain on foreign exchange fluctuations	68,197	-
Reversal of provision of doubtful debts	27,250	653,800
Bad debts recovered	3,300,000	-
Miscellaneous income	742,663	778,482
	<u>42,874,143</u>	<u>51,783,304</u>
<b>25 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, bonus and allowances	38,863,919	40,393,895
Contribution to provident fund and other funds	3,027,994	3,004,977
Gratuity	305,586	5,057,928
Compensated absences	905,369	865,311
Staff welfare expenses	1,586,559	2,874,907
	<u>44,689,427</u>	<u>52,197,018</u>
<b>26 FINANCE COSTS</b>		
Interest Expenses		
– Vehicle loans	492,977	156,741
– Bank overdraft	26,125	2,023,830
– Term loans from other parties	10,742,004	16,464,857
	<u>11,261,106</u>	<u>18,645,428</u>
<b>27 DEPRECIATION</b>		
Depreciation on		
– Property, plant and equipment (refer note 13A)	7,629,826	7,123,637
– Investment property (refer note 14)	8,359	11,176
	<u>7,638,185</u>	<u>7,134,813</u>
<b>28 OTHER EXPENSES</b>		
Electricity charges	586,792	525,801
Donations	311,000	636,400
Advertisement and business promotion expenses	742,951	1,215,779
Vehicle maintenance expenses	1,306,080	1,314,691
Net loss on foreign exchange fluctuations	-	10,088
Rates and taxes	947,660	1,607,604
Insurance expenses	763,245	328,407
Repairs and maintenance		

	3,202,477	2,948,793
	<u>750,307</u>	<u>3,952,784</u>
	<u>For the year ended</u>	<u>For the year ended</u>
	<u>31 March 2019</u>	<u>31 March 2018</u>
– Buildings		
– Others		
Travelling and conveyance	7,622,635	4,886,976
Office and administration expenses	2,565,214	2,050,976
Communication expenses	1,371,350	1,445,410
Printing and stationery	725,155	550,994
Loss on sale of investment	1,965,134	-
Loss on sale of assets	34,743	-
Provision for diminution in value of current investments	1,890,260	781,195
Legal and professional charges	23,832,608	17,826,535
Portfolio management charges	922,067	2,068,140
Directors' sitting fees	120,000	120,000
Auditors' Remuneration (excluding applicable taxes)		
– Statutory audit fees	773,600	747,500
– Tax audit fees	50,000	100,000
– Other services	372,500	518,500
	<u>1,196,100</u>	<u>1,366,000</u>
Membership and subscription	1,867,619	1,815,866
Provision for doubtful debts	109,047	2,389,591
Bad debts	33,971	916,532
Stock exchange related expenses	757,269	2,165,164
Miscellaneous expenses	1,749,536	1,285,884
	<u>55,373,220</u>	<u>49,298,253</u>

**29 CONTINGENT LIABILITIES AND COMMITMENTS**

**(i) Contingent liabilities**

(to the extent not provided for)

**(I) Keynote Financial Services Limited**

(a) The Company has not provided for income tax liability with respect of disputed income tax demand of ₹ 8,670 & ₹ 273,890 for Assessment Year 2016-17 & 2017-18 respectively, considering the matter is pending with the corresponding Income tax authorities.

The Company believes in the merits of the case and hence no provision was created in the financial statements as of the Balance Sheet date.

(b) The Company has provided corporate guarantees aggregating to ₹ 160,000,000 (P.Y: ₹ 160,000,000) to the bankers of its subsidiary, Keynote Capitals Limited towards BSE & NSE operations.

**(II) Keynote Capitals Limited**

Keynote Capitals Limited had filed an Arbitration Petition in the High Court, Mumbai against arbitrary order of Appellate bench of National Stock Exchange of India Limited amounting to ₹ 23,516,348 with interest @ 10% p.a. from 04.03.2013 till date of payment in the matter of "Eco Recycling Limited v Keynote Capitals Limited" and the petition is been allowed by the Hon'ble High Court, Mumbai as per order dated 21 June 2018

The Management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Keynote Capitals Limited's financial position and results of operations.

**(III) Keynote Fincorp Limited**

Keynote Fincorp Limited has not provided for in respect of disputed income tax demand of ₹ 288,320 for Assessment Year 2014-15 as Keynote Fincorp Limited has contested the entire demand before Income Tax Appellate Tribunal.

Keynote Fincorp Limited believes in the merits of the case and hence no provision was created in the financial statements as of the Balance Sheet date.

**(IV) Keynote Commodities Limited**

Contingent liability not provided for in respect of disputed income tax demand of ₹ 8,816,570 for Assessment Year 2014-15 as Keynote Commodities Limited has contested the entire demand before CIT(A).

The Management of Keynote Commodities Limited believes that the ultimate outcome of these proceedings will not have a material adverse effect on the company's financial position and results of operations.

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### (ii) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is NIL (P.Y: NIL).

### 30 EARNINGS PER SHARE

The disclosure requirements with respect of Accounting Standard (AS) 20 on "Earnings Per Share" are as follows:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net profit after tax	27,523,152	57,123,007
Number of equity shares outstanding at the beginning of the year	5,566,637	5,566,637
Number of equity shares outstanding at the end of the year	5,566,637	5,566,637
Weighted average number of equity shares outstanding during the year (based on date of issue of shares)	5,566,637	5,566,637
Earnings per share: Basic and diluted (₹)	4.94	10.26

### 32 LEASES

The following are the disclosures in accordance with Accounting Standard (AS) 19 on "Leases":

#### Operating lease as lessor

The Company has given a commercial property on non-cancellable operating lease. The corresponding lease agreement provides for an option to the Company to renew the lease period at the end of non-cancellable period. Accordingly, lease rentals amounting to ₹ 8,19,000 (P.Y: ₹ 7,08,324) has been recognised as income in the Statement of Profit and Loss under "Other Income" - Note 24 of the consolidated financial statements.

There are no exceptional/restrictive covenants in the lease agreement.

The future minimum lease payments receivable in respect of lease property is as follows:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Not later than one year	859,944	819,000
Later than one year but not later than 5 years	-	859,944
Later than 5 years	-	-

### 33 SEGMENT INFORMATION

#### (i) Primary Segment

- The business segment has been considered as the primary segment for disclosure. The Group's primary business comprises of Merchant Banking & related activities, Broking & related activities, Trading in securities and Financing Activities. Further, the identified business segments have been identified as per the criteria specified in Accounting Standard (AS) 17 "Segment Reporting".
- The business segments have been identified based on the dominant source, the nature of services, the differing risks and returns, the organisational structure and the internal financial reporting system. The accounting policies and principles adopted for segment reporting are in conformity with the significant accounting policies of the Group.
- Broking and other related activities include broking services to clients, advisory services, depository services etc.
- Investment banking represents results of raising financial capital by underwriting or acting as the client's agent in the issuance of securities.
- Income and expenses have been specifically identified to a segment, based upon the relationship with the operating activities for each segment. Further, incomes and expenses which relate to enterprise as a whole and are not allocable to any segment, on reasonable basis have been disclosed as "Unallocable".
- Segment Assets and liabilities represents the assets and liabilities in respective segments. Further, investments, tax related assets and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

The following table gives information as required under the Accounting Standard (AS) - 17 "Segment Reporting"

Particulars	Income from Advisory Services		Broking & related activities		Trading in Securities		Investment Activities		Unallocated		Elimination		Total	
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
External Revenue	71,124,306	94,642,417	13,632,444	30,559,950	12,698,791	37,590,452	21,336,793	23,539,044	20,003,597	7,652,395	6,916,546	14,563,720	131,879,385	179,420,538
Inter Segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL Revenue</b>	<b>71,124,306</b>	<b>94,642,417</b>	<b>13,632,444</b>	<b>30,559,950</b>	<b>12,698,791</b>	<b>37,590,452</b>	<b>21,336,793</b>	<b>23,539,044</b>	<b>20,003,597</b>	<b>7,652,395</b>	<b>6,916,546</b>	<b>14,563,720</b>	<b>131,879,385</b>	<b>179,420,538</b>
<b>RESULT</b>														
Segment Result	(3,037,500)	30,052,714	(3,675,158)	1,169,580	4,059,791	20,693,371	9,637,392	5,253,311	9,505,211	776,625	-	(12,846,298)	16,489,736	70,791,903

Face value per share (₹)

10

10

**Note:** Keynote trust has been consolidated. Consequently, the shares held by Keynote trust in Keynote Financial Services Limited i.e. 1,451,702 shares (P.Y 1,451,702 shares) have been eliminated while computing the earnings per share.

### 31 The provisions made during the year ended 31 March 2019 comprises of the following:

Particulars	Balance as at 01 April, 2018	Provisions made during the year	Reversal of provisions/ payments during the year	Balance as at 31 March, 2019
Bonus	1,955,890	2,674,340	3,140,431	1,489,799
	(1,723,813)	(3,209,384)	(2,977,307)	(1,955,890)
Gratuity	7,363,815	328,564	597,384	7,094,995
	(2,856,115)	(5,057,928)	(550,228)	(7,363,815)
Compensated absences	323,976	705,654	611,971	417,659
	(350,874)	(561,912)	(588,810)	(323,976)
Allowance for doubtful debts	286,271	109,047	86,683	308,635
	(1,950,480)	(2,389,591)	(4,053,800)	(286,271)

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Particulars	Income from Advisory Services		Broking & related activities		Trading in Securities		Investment Activities		Unallocated		Elimination		Total		
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	
Un-allocated expenses														-	-
Operating profit														16,489,736	70,791,903
Interest Expenses														3,572,291	18,646,880
Interest Income														21,015,382	24,787,751
Exceptional items														-	(4,240,294)
Income Tax														6,409,675	15,569,473
<b>Net Profit</b>														27,523,152	57,123,007
<b>Other Information</b>															
Segment Assets	133,046,314	103,525,522	366,421,601	353,259,081	171,582,730	226,761,113	199,178,698	152,967,950	214,647,331	213,635,198	-	-	-	1,084,876,674	1,050,148,864
Segment Liabilities	10,665,041	11,191,638	128,214,861	176,929,325	-	-	128,821,432	58,504,607	35,860,151	32,242,742	-	-	-	303,561,485	278,868,312
Capital Expenditure	69,000	300,857	9,585,369	211,388	-	-	-	-	-	-	-	-	-	9,654,369	512,245
Depreciation and amortisation	3,863,819	3,862,687	3,774,366	3,272,126	-	-	-	-	-	-	-	-	-	7,638,185	7,134,813
Non-cash expenses other than depreciation	143,018	2,679,091	34,743	20,448	1,890,260	781,195	98,966	-	-	-	-	-	-	2,166,987	3,480,734

**(II) Geographical Segment**

Particulars	Year	In India	Outside India	Total
Revenue (excluding other income)	31 March 2019	97,175,346	12,845,276	110,020,622
	31 March 2018	149,915,341	2,509,641	152,424,982
Carrying amount of Segment Assets	31 March 2019	1,082,988,767	1,887,907	1,084,876,674
	31 March 2018	1,049,189,940	958,924	1,050,148,864

**34 Disclosures as required by Accounting Standard (AS) 18 - Related Party Disclosures**

Information on related party transactions as required by Accounting Standard - 18 on Related Party Disclosures for the year ended 31 March 2019 are as follows:

**(i) List of related parties identified by Management**

**(a) Key Management Personnel:**

Mr. B. Madhuprasad	- Chairman (upto 27 August 2018)
Mr. Vineet Suchanti	- Managing Director, Keynote Financial Services Limited (upto 5 April 2017) and Director (w.e.f 6 April 2017) Director, Keynote Commodities Limited; Director, Keynote Capitals Limited & Director, Keynote Fincorp Limited
Mrs. Rinku Suchanti	- Whole-time Director, Keynote Financial Services Limited (w.e.f. 25 May 2017)
Mr. Devin Joshi	- Chief Financial Officer, Keynote Capitals Limited
Ms. Saloni Maru	- Company Secretary, Keynote Financial Services Limited (upto 21 April 2017) **
Mr. Sujeet More	- Company Secretary, Keynote Financial Services Limited (w.e.f. 25 May 2017) Company Secretary, Keynote Capitals Limited (w.e.f. 14 March 2019)
Mr. Manish Desai	- Director, Keynote Commodities Limited; Director, Keynote Capitals Limited (w.e.f. 27 August 2018)
Mr. Uday S. Patil	- Director & Chief Financial Officer, Keynote Financial Services Limited; Director, Keynote Fincorp Limited; Director, Keynote Capitals Limited (w.e.f. 1 June 2017) & Director, Keynote Commodities Limited (w.e.f. 10 July 2017)

Mr. Rakesh Choudhari - Managing Director, Keynote Capitals Limited;  
Director, Keynote Commodities Limited &  
Director, Keynote Fincorp Limited

**(b) Relatives of Key Management Personnel:**

Mrs. Pushpa Suchanti  
Mr. Nirmal Suchanti  
Mr. Vivek Suchanti

**(c) Enterprise over which Key Management Personnel exercise significant influence:**

Concept Communication Limited  
Concept Production Limited  
Nirmal Suchanti - HUF  
NSS Digital Media Limited  
Liqvd Digital India Private Limited  
VN Creative Chemicals Private Limited (upto 29 September 2017)  
Rakesh Choudhari (HUF)

\*\* No transactions during the year



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### (ii) Transactions with related parties:

Particulars	Name of the related party	Key Management Personnel/ Relatives of key managerial personnel		Enterprise over which Key Management Personnel exercise significant influence		Total	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Receiving of services	Concept Communication Limited	-	-	51,653	77,941	51,653	77,941
		-	-	<b>51,653</b>	<b>77,941</b>	<b>51,653</b>	<b>77,941</b>
Managerial Remuneration	Mrs. Rinku Suchanti	3,900,150	3,379,642	-	-	3,900,150	3,379,642
Managerial Remuneration	Mr. Uday S. Patil	4,348,291	4,730,820	-	-	4,348,291	4,730,820
Managerial Remuneration	Mr. Rakesh Choudhari	3,812,036	4,170,285	-	-	3,812,036	4,170,285
Remuneration	Mr. Devin Joshi	1,266,940	1,300,969	-	-	1,266,940	1,300,969
Remuneration	Mr Sujeet More	496,577	440,700	-	-	496,577	440,700
		<b>13,823,994</b>	<b>14,022,416</b>	-	-	<b>13,823,994</b>	<b>14,022,416</b>
Professional Fees	Mr. B.Madhusrasad	401,250	1,122,585	-	-	401,250	1,122,585
		<b>401,250</b>	<b>1,122,585</b>	-	-	<b>401,250</b>	<b>1,122,585</b>
Dividend paid	Mrs. Pushpa Suchanti	330,770	132,308	-	-	330,770	132,308
Dividend paid	Mrs. Rinku Suchanti	9,505	3,802	-	-	9,505	3,802
Dividend paid	Mr. B.Madhusrasad	121,375	48,550	-	-	121,375	48,550
Dividend paid	Mr. Vineet Suchanti	29,943	11,977	-	-	29,943	11,977
Dividend paid	Mr. Vivek Suchanti	123,600	49,440	-	-	123,600	49,440
Dividend paid	Mr.Nirmal Suchanti	294,118	117,647	-	-	294,118	117,647
Dividend paid	Concept Production Limited	-	-	604,000	241,600	604,000	241,600
Dividend paid	NSS Digital Media Limited	-	-	7,780,640	3,112,256	7,780,640	3,112,256
Dividend paid	Nirmal Suchanti - HUF	-	-	706,248	282,499	706,248	282,499
		<b>909,311</b>	<b>363,724</b>	<b>9,090,888</b>	<b>3,636,355</b>	<b>10,000,199</b>	<b>4,000,079</b>
Brokerage	Mr. B.Madhusrasad	-	25,378	-	-	-	25,378
Brokerage	Mr. Vineet Suchanti	-	23,590	-	-	-	23,590
Brokerage	Mr. Rakesh Choudhari	3,000	2,528	-	-	3,000	2,528
Brokerage	Rakesh Choudhari - HUF	-	27,712	-	-	-	27,712
		<b>3,000</b>	<b>79,208</b>	-	-	<b>3,000</b>	<b>79,208</b>
Security deposit given	Mr. B.Madhusrasad	-	300,000	-	-	-	300,000
		-	<b>300,000</b>	-	-	-	<b>300,000</b>
Security deposit refunded	Mr. B.Madhusrasad	300,000	-	-	-	300,000	-
		<b>300,000</b>	-	-	-	<b>300,000</b>	-
Interest received	Concept Communication Limited	-	-	720,000	3,346,330	720,000	3,346,330
Interest received	Liqvd Digital India Pvt Ltd	-	-	589,881	37,619	589,881	37,619
		-	-	<b>1,309,881</b>	<b>3,383,949</b>	<b>1,309,881</b>	<b>3,383,949</b>
Interest paid	Concept Communication Limited	-	-	117,124	-	117,124	-
		-	-	<b>117,124</b>	-	<b>117,124</b>	-
Loans given	Concept Communication Limited	-	-	50,000,000	-	50,000,000	-
Loans given	Liqvd Digital India Private Limited	-	-	10,000,000	-	10,000,000	-
		-	-	<b>60,000,000</b>	-	<b>60,000,000</b>	-
Loans and deposits repaid	Concept Communication Limited	-	-	50,000,000	51,147,847	50,000,000	51,147,847
Loans and deposits repaid	Liqvd Digital India Private Limited	-	-	10,000,000	-	10,000,000	-
		-	-	<b>60,000,000</b>	<b>51,147,847</b>	<b>60,000,000</b>	<b>51,147,847</b>
Loans taken	Concept Communication Limited	-	-	30,000,000	-	30,000,000	-
		-	-	<b>30,000,000</b>	-	<b>30,000,000</b>	-
Repayment of loan taken	Concept Communication Limited	-	-	30,000,000	-	30,000,000	-
		-	-	<b>30,000,000</b>	-	<b>30,000,000</b>	-
Reimbursement of expenses	Mr. Vineet Suchanti	2,500	2,500	-	-	2,500	2,500
Reimbursement of expenses	Mrs. Rinku Suchanti	2,500	2,500	-	-	2,500	2,500
Reimbursement of expenses	Mr. Uday S. Patil	2,500	2,500	-	-	2,500	2,500
Reimbursement of expenses	VN Creative Chemicals Private Limited	-	-	-	309	-	309
		<b>7,500</b>	<b>7,500</b>	-	<b>309</b>	<b>7,500</b>	<b>7,809</b>

### (iii) Balances outstanding as at the year end

Particulars	Name of the related party	Key Management Personnel/ Relatives of key managerial personnel		Enterprise over which Key Management Personnel exercise significant influence		Total	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Receivables	Liqvd Digital India Private Limited	-	-	563,998	-	563,998	-
		-	-	<b>563,998</b>	-	<b>563,998</b>	-

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**35 Details of Scheme of amalgamation approved by the Hon'ble High Court**

As per the scheme of amalgamation approved by the Allahabad, Bombay, and Gawahati High court vide order dated 21 December 2006, 09 March, 2007 and 19 March, 2007 respectively, ₹ 1,451,702 equity shares of ₹ 10 each fully paid up is held by Keynote trust as a beneficiary of the Company. Due to such cross holding the dividend of ₹ 3,629,255 (Previous year ₹ 1,451,702) has been paid & received back from the trust. With respect to the dividend of ₹ 2.50 per share for 31 March, 2018, the Company has adjusted its liability of dividend towards shares held by the Trust.

**36 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS):**

Particulars	For the	For the
	year ended	year ended
	31 March 2019	31 March 2018
Travelling and conveyance	3,781,379	2,441,390
Staff Welfare	-	1,436,377
	<u>3,781,379</u>	<u>3,877,767</u>

**37 EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS):**

Particulars	For the	For the
	year ended	year ended
	31 March 2019	31 March 2018
Income from Corporate Finance	12,800,376	2,509,641
Reimbursement of expenses	44,900	-
	<u>12,845,276</u>	<u>2,509,641</u>

**38 Particulars of unhedged foreign currency exposures:**

Foreign currency exposures not hedged by derivative instruments are as follows:

Particulars	Foreign currency	Amount in Foreign Currency		Amount in Indian Currency	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
		Trade receivables	USD	23,397	14,720
Trade receivables	SGD	5,175	-	263,192	-

**39 Details of dues to micro, small and medium enterprises as defined under MSMED Act, 2006:**

Particulars	31 March 2019	31 March 2018
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year.	Nil	Nil
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil

Dues to Micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

**40 Additional information as required, under Schedule III of Companies Act, 2013, of enterprises consolidated as subsidiaries:**

Sr. No	Name of Entity	Share of Net Assets 31 March 2019		Share of Net Assets 31 March 2018		Share in Profit and Loss 31 March 2019		Share in Profit and Loss 31 March 2018	
		As % of consolidated Net Assets	Amount	As % of consolidated Net Assets	Amount	As % of consolidated Profit/(Loss)	Amount	As % of consolidated Profit/(Loss)	Amount
1	Keynote Financial Services Limited	69.18%	540,510,345	70.05%	540,240,422	77.71%	21,387,693	56.49%	32,271,587
	<b>Indian Subsidiaries</b>								
2	Keynote Capitals Ltd	47.08%	367,873,847	47.49%	366,319,636	5.65%	1,554,211	23.46%	13,402,421
3	Keynote Commodities Limited	3.74%	29,253,499	3.79%	29,229,082	0.09%	24,417	6.08%	3,471,970
4	Keynote Fincorp Limited	13.15%	102,751,585	12.21%	94,176,921	31.15%	8,574,664	16.57%	9,462,983
	<b>Indian Trust</b>								
5	Keynote Trust	1.70%	13,247,628	1.71%	13,204,473	-0.10%	(28,208)	-0.06%	(34,249)
	<b>Total</b>	134.85%	1,053,636,904	135.25%	1,043,170,534	114.50%	31,512,777	102.54%	58,574,712
	Elimination Adjusted	-34.85%	(272,321,715)	-35.25%	(271,889,982)	-14.50%	(3,989,625)	-2.54%	(1,451,705)
	<b>Net Total</b>	100.00%	781,315,189	100.00%	771,280,552	100.00%	27,523,152	100.00%	57,123,007
	Minority Interest in all subsidiaries	-	-	-	-	-	-	-	-
	<b>Grand Total</b>	100.00%	781,315,189	100.00%	771,280,552	100.00%	27,523,152	100.00%	57,123,007

**Notes forming part of the Consolidated Financial Statements**

(Currency: Indian Rupees)

- 41 During the previous year, the Company had written off two of its long term equity investments in Centerac Emarketplaces Private Limited of ₹ 1,000,000 & Eagle Eye Research & Media Private Limited of ₹ 3,240,000 as both of these entities were in the process of winding up. Accordingly the entire value of the investment made in these entities had been charged off in the Statement of Profit & Loss and was disclosed separately as an "exceptional item".
- 42 During the previous year, the Company had written off the debts amounting to ₹ 3,300,000 pertaining to Binani Cement Limited. The entire amount was already provided as doubtful debts by the end of the quarter ended 30 September, 2017. However, the said amount was recovered by the company during the current financial year.
- 43 During the year, the Company has changed its name from "Keynote Corporate Services Limited " to "Keynote Financial Services Limited" by passing of a resolution at the Board Meeting dated 8 February 2019.  
Further, the necessary secretarial compliances with respect to the same were completed by the Company, evidenced by a fresh certificate of incorporation dated 23 April 2019.
- 44 The figures of the previous year have been regrouped or reclassified wherever necessary to confirm to the presentation of current year figures.

For **S M S R & Co LLP**  
Chartered Accountants  
Firm Registration No: 110592W/W100094

Sd/-  
**U Balakrishna Bhat**  
Partner  
Membership No: 019216

Date: 15 May 2019  
Place: Mumbai

For and on behalf of the Board of Directors of  
**Keynote Financial Services Limited**  
CIN No: L67120MH1993PLC072407

Sd/- **Rinku Suchanti**      Sd/- **Uday Patil**      Sd/- **Sujeet More**  
Director                      Director & CFO                      Company Secretary  
DIN: 00012903                      DIN: 00003978

Date: 15 May 2019  
Place: Mumbai

**Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 relating to subsidiary companies**

**Details of Subsidiary Companies**

₹

Particulars	Name of Subsidiaries		
	Keynote Capitals Limited	Keynote Commodities Limited	Keynote Fincorp Limited
Share Capital	112,666,670	3,500,000	35,000,000
Reserves & Surplus	255,207,177	25,753,499	67,751,585
Total Assets	462,604,162	130,237,221	241,043,485
Total Liabilities	462,604,162	130,237,221	241,043,485
Investment (Except investment in subsidiaries)	82,988,468	50,592,035	22,478,160
Turnover	44,680,056	2,573,321	23,650,330
Profit/(Loss) before Taxation	2,470,792	246,992	10,550,596
Add Excess Provision	-	-	171,571
Add Mat Credit	360,370	-	-
Less Short Provision	-	63,641	-
Provision for Taxation	360,370	158,920	2,147,504
Deferred Tax (Asset)/Liability	916,580	14	-
Profit/(Loss) after Taxation	1,554,212	24,417	8,574,664
Proposed Dividend	-	-	-
Percentage (%) of Shareholding	100.00	100.00	100.00

For and on behalf of the Board of Directors of  
**Keynote Financial Services Limited**  
CIN No: L67120MH1993PLC072407

Place: Mumbai  
Date: May 15, 2019

Sd/- **Rinku Suchanti**      Sd/- **Uday Patil**      Sd/- **Sujeet More**  
Director                      Director & CFO                      Company Secretary  
DIN: 00012903                      DIN: 00003978

**KEYNOTE FINANCIAL SERVICES LIMITED**

CIN: L67120MH1993PLC072407

Registered Office: The Ruby, 9th floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028

Tel : (022) 6826 6000 Fax : (022) 6826 6088

Website: [www.keynoteindia.net](http://www.keynoteindia.net) E-mail: [investors@keynoteindia.net](mailto:investors@keynoteindia.net)

**CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE**

1. Name(s) of Shareholder(s)  
(including joint holders, if any) : \_\_\_\_\_
  
2. Registered Address of the sole/  
First name shareholder : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
3. Registered folio No. DP ID No./Client ID No. : \_\_\_\_\_  
[\*Applicable to investor holding share in  
Dematerialized form]
  
4. No. of Shares held : \_\_\_\_\_
  
5. I/We hereby exercise my/our option to receive the documents such as Notice of Annual General Meeting, Audited Financial Statement, Balance Sheet, Profit & Loss Account, Director's Report, Auditor's Report; Explanatory Statement etc. in electronic mode pursuant to the "Green Initiative" by the Ministry of Corporate Affairs vide circular dated 29th April, 2011.
  
6. My email ID is : \_\_\_\_\_

Place:

Date:

\_\_\_\_\_  
(Name and Signature of the Member)



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**PROXY FORM – MGT - 11****[Pursuant to Section 105(6) of the Companies Act, 2013 read with Rule 19(3) of Companies (Management and Administration) Rules, 2014**

Name and Address of the Member(s) : \_\_\_\_\_

Registered Address : \_\_\_\_\_

I/We being the member(s) of \_\_\_\_\_ shares of Keynote Financial Services Limited, hereby appoint:

1. Name : \_\_\_\_\_  
 Email ID : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 Signature \_\_\_\_\_

or failing her/him

2. Name : \_\_\_\_\_  
 Email ID : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 Signature \_\_\_\_\_

or failing her/him

3. Name : \_\_\_\_\_  
 Email ID : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 Signature : \_\_\_\_\_

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 Tuesday, 13th August, 2019 at 10.00 a.m. at Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall Compound), Fort, Mumbai – 400 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

\* I wish my above proxy to vote in the manner as indicated in the below table:

	<b>Resolution</b>	<b>For</b>	<b>Against</b>
1.	Adoption of the Audited Financial Statements (including Audited Consolidated Financial Statements) for the Financial year ended 31st March, 2019 and the Reports of Directors and the Auditors thereon.		
2.	Approval for dividend of ₹ 1/- per Equity Shares of the Company for the Financial Year ended 31st March, 2019.		
3.	Re-appointment of Shri. Vineet Suchanti, (DIN - 00004031), who retires by rotation and being eligible, offers himself for re-appointment.		
4.	Re-appointment of Shri. Manish Desai (DIN: 02925757), as an Independent Director of the Company for a second term.		
5.	Re-appointment of Shri. Anish Malhotra (DIN: 02034366), as an Independent Director of the Company for a second term.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

\_\_\_\_\_  
Signature of Shareholder\_\_\_\_\_  
Signature of proxy holder(s)

Affix a Re.1/- Revenue Stamp
---------------------------------------

**Note:**

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not than 48 hours before the commencement of the meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% 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.
- \* (4) This is only optional. Please put a "X" in the appropriate column against the resolutions indicated in the Box. If you leave the "FOR or "Against" column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (6) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



**KEYNOTE FINANCIAL SERVICES LIMITED**

CIN: L67120MH1993PLC072407

Registered Office: The Ruby, 9<sup>th</sup> floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028

Tel : (022) 6826 6000 Fax : (022) 6826 6088

Website: [www.keynoteindia.net](http://www.keynoteindia.net) E-mail: [investors@keynoteindia.net](mailto:investors@keynoteindia.net)**ATTENDANCE SLIP****Serial No.:**

Registered Folio/ DP ID & Client ID	:	
Name and Address of the Shareholder(s)	:	
Joint Holder 1		
Joint Holder 2		
No. of Shares held	:	

I/We hereby record my/our presence at the Twenty-Sixth Annual General Meeting of the Company being held on Tuesday, 13<sup>th</sup> August, 2019 at 10.00 a.m. at Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall Compound), Fort, Mumbai – 400 001

Signature of the Shareholder/Proxy/Authorized Representative: \_\_\_\_\_

Please fill in the attendance slip and hand it over at the entrance of the meeting hall. Please bring your copy of the annual report for reference at the Meeting.



(To be retained with the members)

**ELECTRONIC VOTING PARTICULARS**

The Company is providing facility for remote e-voting (i.e. voting from a place other than venue of Annual General Meeting) and the business as set out in the notice of Annual General Meeting (AGM) dated 15<sup>th</sup> May, 2019 may be transacted by the members through such voting. The remote e-voting facility is provided through e-voting platform of Central Depository Services (India) Limited (CDSL).

The detailed instructions for remote e-voting are given in the AGM notice. The particulars for Remote e-voting are as under:

<b>EVSN</b> <b>Electronic Voting Sequence Number</b>	<b>User ID</b>	<b>Sequence Number *</b>
190626009		<b>Read Note No. 2</b>

- \* To be used in the PAN field for password creation after logging on to [www.evotingindia.com](http://www.evotingindia.com) only by the members who are first time users and who have not updated their PAN with the Company Depository Participant.
- The members who have not earlier created their password for CDSL platform for e-voting but have furnished their PAN to the Company/ Depository Participant need to use their PAN for password creation. Existing users can login using their existing password.

Please read the detailed instructions for remote-e-voting given in the AGM notice before voting.

The e-voting facility will be available during the following voting period.

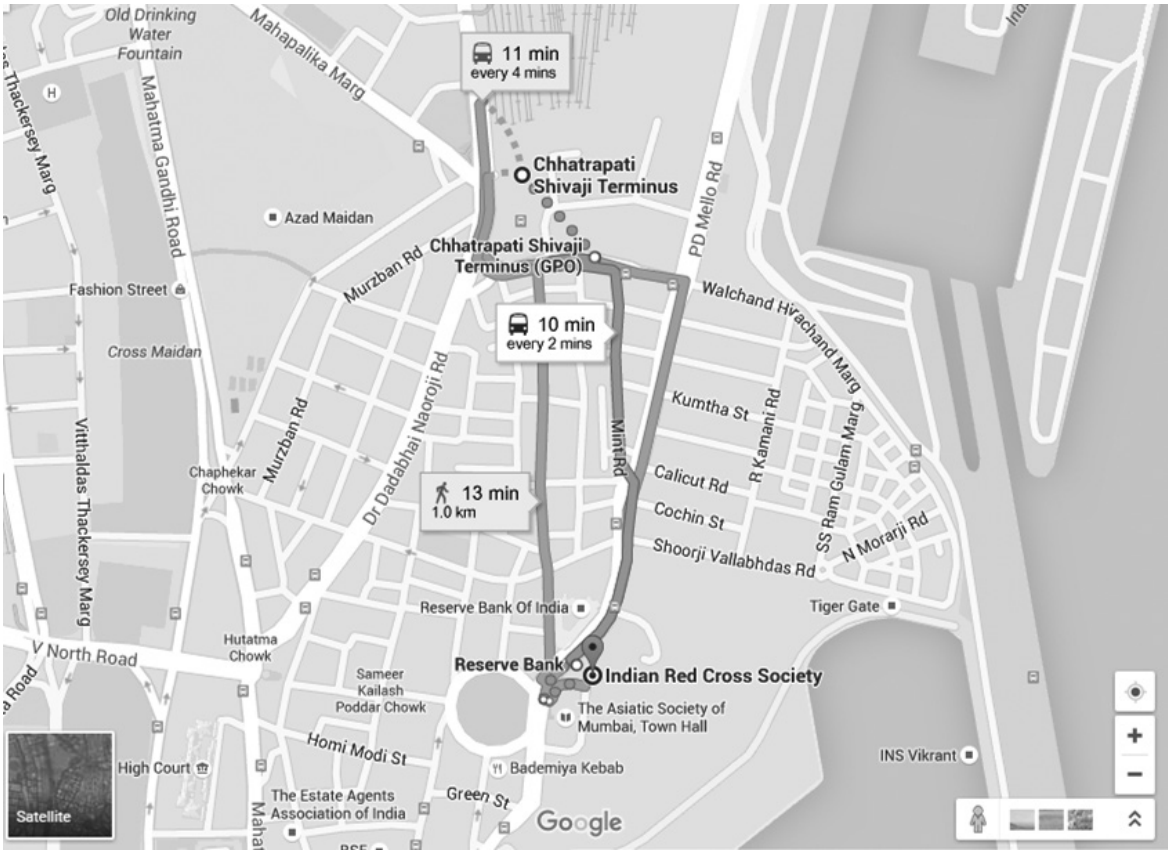
<b>Commencement of e-voting</b>	<b>End of e-voting</b>
10 <sup>th</sup> August, 2019 at 10.00 a.m.	12 <sup>th</sup> August, 2019 at 5.00 p.m.

The above details form an integral part of the AGM notice.





**ROUTE MAP FROM CHHATRAPATI SHIVAJI MAHARAJ TERMINUS TO THE VENUE OF THE ANNUAL GENERAL MEETING OF THE COMPANY DATED 13<sup>TH</sup> AUGUST, 2019**



**ROUTE MAP FROM CHURCHGATE STATION TO THE VENUE OF THE ANNUAL GENERAL MEETING OF THE COMPANY DATED 13<sup>TH</sup> AUGUST, 2019**





**BY COURIER**

If undelivered, please return to:

**KEYNOTE FINANCIAL SERVICES LIMITED**

The Ruby, 9th floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028