

# KEYNOTE

25  
YEARS  
OF CREATING  
VALUE  
THROUGH  
RELATIONSHIPS  
AND  
TRUST

Ref # Key21/Stock Exchange Let/Ru(29)

2<sup>nd</sup> September, 2021

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 28<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 28<sup>th</sup> Annual General Meeting (“the AGM”) of the Company to be held on Wednesday, 29<sup>th</sup> September, 2021 at 11.00 a.m. through Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”) in compliance with the applicable provisions of the Companies Act, 2013 (“the Act”) read with rules framed there under read with MCA General Circular dated April 8, 2020 April 13, 2020 and May 5, 2020 (“MCA Circulars”), to transact the businesses as set out in the Notice of the AGM.

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, please find enclosed herewith the copy of 28<sup>th</sup> Annual Report of the Company for the Financial Year 2020 – 2021. Further, the 28<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, 9<sup>th</sup> 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

KEYNOTE



KEYNOTE FINANCIAL SERVICES LIMITED

**KEYNOTE FINANCIAL SERVICES LIMITED**  
**(FORMERLY KNOWN AS KEYNOTE CORPORATE SERVICES LIMITED)**  
**ANNUAL REPORT 2020 - 2021**

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## BOARD OF DIRECTORS

**Shri Vineet Suchanti**  
Director

**Shri Uday S. Patil**  
Director & CFO

**Smt. Rinku Suchanti**  
Director

**Shri Shishir Dalal**  
Director

**Shri Manish Desai**  
Director

**Shri Anish Malhotra**  
Director

## BOARD COMMITTEES

<b>Audit Committee</b>	<b>Nomination and Remuneration Committee</b>
Shri Shishir Dalal – Chairman Shri Manish Desai – Member Shri Uday S. Patil – Member	Shri Manish Desai – Chairman Shri Anish Malhotra – Member Shri Vineet Suchanti – Member (upto 15 <sup>th</sup> June, 2021) Shri Shishir Dalal – Member (Since 15 <sup>th</sup> June, 2021)
<b>Management Committee</b>	<b>Stakeholders Relationship Committee</b>
Shri Vineet Suchanti – Chairman Shri Uday S. Patil – Member	Shri Manish Desai – Chairman (Appointed as Chairman Since 15 <sup>th</sup> June, 2021) Shri Vineet Suchanti – Member (Appointed as Member Since 15 <sup>th</sup> June, 2021) Shri Uday S. Patil – Member

### COMPANY SECRETARY

Shri Sujeet Krishna More  
(upto 13<sup>th</sup> August, 2021)

### 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)

### BANKERS

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

### SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.,  
C 101, 247 Park, LBS Marg,  
Vikhroli (West), Mumbai – 400 063  
Tel : (022) 49186000 Fax No. (022) 49186060  
Website : [www.linkintime.co.in](http://www.linkintime.co.in)

### 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-Eight Annual General Meeting**  
**On Wednesday, 29<sup>th</sup> September, 2021 at 11.00 a.m.**  
**Through Video Conference or Other Audio-Visuals Means**

**NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE TWENTY-EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF KEYNOTE FINANCIAL SERVICES LIMITED WILL BE HELD ON WEDNESDAY, 29<sup>TH</sup> SEPTEMBER, 2021 AT 11.00 A.M. INDIAN STANDARD TIME (“IST”). THE ANNUAL GENERAL MEETING SHALL BE HELD BY MEANS OF VIDEO CONFERENCING (“VC”) / OTHER AUDIO VISUAL MEANS (“OAVM”) ON ACCOUNT OF OUTBREAK OF COVID-19 (CORONAVIRUS) PANDEMIC AND IN ACCORDANCE WITH THE RELEVANT CIRCULARS ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS, 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, 2021 together with the Reports of the Board of Directors and Auditor’s thereon.**

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

“**RESOLVED THAT** the Audited Financial Statements (including Audited Consolidated Financial Statements) of the Company for the Financial Year ended 31<sup>st</sup> March, 2021, together with the Reports of the Board of Directors and Auditor’s thereon for the Financial Year ended 31<sup>st</sup> March, 2021, placed before the 28<sup>th</sup> Annual General Meeting be and are hereby received, considered and adopted.”

- 2. To declare dividend for the financial year ended 31<sup>st</sup> March, 2021.**

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

“**RESOLVED THAT** in terms of the recommendation of the Board of Directors of the Company, the approval of the Members of the Company be and is hereby granted for payment of dividend of 10% on 7018339 Equity Shares of ₹ 10/- each fully paid up for the year ended 31<sup>st</sup> March, 2021.”

- 3. To appoint a Director in place of Smt. Rinku Suchanti, (DIN: 00012903), who retires by rotation and being eligible offers herself for reappointment.**

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

“**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Smt. Rinku Suchanti, (DIN – 00012903), who retires by rotation, be and is hereby re-appointed as a Director liable to retire by rotation.”

- 4. To re-appoint Auditors and fix their remuneration.**

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

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, as amended from time to time, M/s. S M S R & CO LLP Chartered Accountants, Mumbai (Firm Registration No. 110592W/W100094), be and is hereby reappointed as the Statutory Auditors of the Company to hold office from the conclusion of 28<sup>th</sup> Annual General Meeting till the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the company (including any committee thereof) be and is hereby authorized to fix the remuneration payable to the statutory auditors of the company, from time to time including the actual travelling and out of pocket expenses incurred in connection with the audit, in addition to taxes as applicable, during the appointed period.”

**SPECIAL BUSINESS:**

**5. To appoint Shri. Vineet Suchanti (DIN: 00004031), as a Executive Director of the Company.**

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

**“RESOLVED THAT** pursuant to Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 (**“the Act”**) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the Company hereby accords its approval for appointment of Shri. Vineet Suchanti (DIN: 00004031) as Executive Director of the Company for a period of 3 (three) years with effect from 1<sup>st</sup> April, 2021 on the terms and conditions of appointment and remuneration which are set out in the explanatory statement annexed to the Notice convening this meeting and the Board of Directors be and is hereby authorized to alter and vary such terms of appointment and remuneration so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 as may be agreed to by the Board of Directors and Shri. Vineet Suchanti.

**RESOLVED FURTHER THAT** the Company hereby accords its approval for the revision of remuneration, if any payable to Shri. Vineet Suchanti (DIN: 00004031) during the period of his tenure with the liberty to the Board of Directors to alter and vary the terms of appointment so as to not exceed the limits set out in Schedule V to the Companies Act, 2013 including statutory modifications or re-enactment thereof for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as maybe agreed between the Board and Shri. Vineet Suchanti.

**RESOLVED FURTHER THAT** the Director(s)/Officer(s) of the Company be and are hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, to file requisite forms or applications with statutory/regulatory authorities, with power to settle all questions, difficulties or doubts that may arise in this regard, as he/she may in his/her sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any other Director(s)/Officer(s) of the Company, to give effect to this Resolution.”

**6. To Re-appoint Shri Uday S. Patil (DIN: 00003978), as a Whole-time Director of the Company.**

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

**“RESOLVED THAT** pursuant to Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 (**“the Act”**) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the Company hereby accords its approval for re-appointment of Shri Uday S. Patil (DIN: 00003978) as Whole-Time Director of the Company for a period of 2 (two) years with effect from 13<sup>th</sup> November, 2021 on the terms and conditions of appointment and Professional fees which are set out in the explanatory statement annexed to the Notice convening this meeting and the Board of Directors be and is hereby authorized to alter and vary such terms of appointment and Professional fees payable to him so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 as may be agreed to by the Board of Directors and Shri Uday S. Patil.

**RESOLVED FURTHER THAT** the Director(s)/Officer(s) of the Company be and are hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, to file requisite forms or applications with statutory/regulatory authorities, with power to settle all questions, difficulties or doubts that may arise in this regard, as he/she may in his/her sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any other Director(s)/Officer(s) of the Company, to give effect to this Resolution.”



**7. To approve the related party transactions which may exceed 10% of the annual consolidated turnover of the Company as per the Companies last Audited Financial Statements within the financial year 2021-22.**

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

“**RESOLVED THAT** pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the applicable provisions of the Companies Act, 2013 and any other applicable provisions of law, including any amendments, modifications, variations or re-enactments thereof, the members of the Company do hereby accord its approval to the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include any committee constituted/ empowered by the Board from time to time to exercise its powers conferred by this resolution) for entering into transaction(s) and /or continuing with arrangements (whether individual transactions or transactions taken together or series of transactions or otherwise) with the related parties as defined under the provisions of the SEBI (LODR) Regulations, 2015 and which are identified by the Company as related parties, including transactions of giving Inter Corporate Loans for an amount not exceeding ₹ 15 Crores (Rupees Fifteen Crores only) during the Financial Year 2021-22 on such terms and conditions, against such consideration as agreed upon or as may be mutually agreed upon from time to time between the Company and Related Parties, notwithstanding the fact that all these transactions within the Financial Year 2021-22 in aggregate may exceed 10% of the annual consolidated turnover of the Company as per the Companies last audited financial statements, and the Company may take approval of the Audit Committee as and when required.”

**RESOLVED FURTHER THAT** the Director(s)/Officer(s) of the Company be and are hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, to file requisite forms or applications with statutory/regulatory authorities, with power to settle all questions, difficulties or doubts that may arise in this regard, as he/she may in his/her sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any other Director(s)/ Officer(s) of the Company, to give effect to this Resolution.”

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

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

**Date: 13<sup>th</sup> August, 2021**

**Place: Mumbai**

**NOTES:**

- 1) In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) vide its circular dated May 05, 2020 read with circulars dated April 08, 2020, April 13, 2020 and January 13, 2021 (collectively referred to as “MCA Circulars”) and Securities and Exchange Board of India (“SEBI”) vide circular dated May 12, 2020 and January 15, 2021 (“SEBI Circular”) permitted the holding of the Annual General Meeting (“the AGM”) through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”), without the physical presence of the Members (also referred as “Shareholders”) at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), MCA Circulars and SEBI Circular (amended from time to time), the AGM of the Company is being held through VC / OAVM and Members can attend and participate in the ensuing AGM through VC / OAVM.

For this purpose, necessary arrangements have been made by the Company with **Central Depository Services (India) Limited (“CDSL”)** and instructions for the process to be followed for attending and participating in the ensuing AGM through VC/OAVM is forming part of this Notice.

- 2) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses set out at Item Nos. 5 to 7 of this Notice 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.
- 3) The Register of Members and share transfer books of the Company will remain closed from Thursday, 23<sup>rd</sup> September, 2021 to Wednesday, 29<sup>th</sup> September, 2021 (both days inclusive).
- 4) The dividend for the financial year 31<sup>st</sup> March, 2021, 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. Wednesday, 22<sup>nd</sup> September, 2021; 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 Wednesday, 22<sup>nd</sup> September, 2021.
- 5) 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.
- 6) 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:

<b>Date of Declaration of Dividend</b>	<b>Dividend for the year</b>	<b>Proposed date for transfer to Investor Education and Protection Fund (IEPF)</b>
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
13 <sup>th</sup> August, 2019	2018 - 2019	20 <sup>th</sup> September, 2026
30 <sup>th</sup> September, 2020	2019 - 2020	7 <sup>th</sup> November, 2027

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 31<sup>st</sup> March, 2020 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 2020-2021 Company has transferred a sum of ₹ 2,04,143/- (Rupees Two Lakhs Four Thousand One Hundred and Forty Three only) Unclaimed Dividend of Financial Year 2012-2013 to Investor Education and Protection Fund (IEPF) on 26<sup>th</sup> November, 2020.



- 7) 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 2020-2021 Company has transferred 6425 Equity Shares to the Investor Education and Protection Fund (IEPF) authority.
- 8) All relevant documents referred to in this Notice requiring the approval of the Members at the meeting shall be available for inspection by the Members. Members who wish to inspect the documents are requested to send an email to [investors@keynoteindia.net](mailto:investors@keynoteindia.net) / [info@keynoteindia.net](mailto:info@keynoteindia.net) mentioning their name, folio no. / client ID and DP ID, and the documents they wish to inspect, with a self-attested copy of their PAN card attached to the email. The Notice and the Annual Report are also available on the Company's website at the link - <http://www.keynoteindia.net> and on the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com)
- 9) Members are requested to:
- Intimate changes, if any, in their registered address at the earliest.
  - Furnish PAN with Income Tax Ward/Range/District to the Company.
  - 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.
  - 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.
- 10) 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 - 400 083, 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.
- 11) In accordance with the General Circular No. 20/2020 dated May 5, 2020, read with the circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 issued by the Ministry of Corporate Affairs(MCA) and in accordance with circular dated May 12, 2020 and January 15, 2021 issued by the Securities and Exchange Board of India providing relaxations to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively "Applicable Circulars"), electronic copies of the Annual Report and this Notice inter alia indicating the process and manner of e-voting along with instructions to attend the AGM through video-conferencing/ other audio-visual means are being sent by email to those Members whose email addresses have been made available to the Company/ Depository Participants. For Members who have not registered their email addresses, kindly register the same with our RTA M/s Link Intime India Private Limited as copies of this Notice as well as the other documents will not be sent to them in physical mode and will be sent only by email, in view of the COVID-19 (Corona virus) pandemic and the Applicable Circulars.
- 12) Members who have not updated their latest email addresses in the records of the Company/RTA/ their Depository Participants are requested to update the same at the earliest by September 22, 2021. The

notice and documents will be sent by email only to those Members who register their email addresses prior to this date.

Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

- 13) Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates.

For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode). A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to [investors@keynoteindia.net](mailto:investors@keynoteindia.net) by 6:00 p.m. IST on 24th September, 2021. Alternatively, the shareholders may make an online submission of Form 15G/15H and Form 10F, along with the requisite supporting documents (scanned copies) as applicable, on the website of the Company at [www.keynoteindia.net](http://www.keynoteindia.net).

The Shareholders download these forms from website and send: (a) physical copies of the duly filled forms / documents to the Registered Office of the Company at – The Ruby, 9th floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028 at Maharashtra, or (b) scanned copies of the duly filled forms / documents to Company's e-mail ID [investors@keynoteindia.net](mailto:investors@keynoteindia.net).

Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [investors@keynoteindia.net](mailto:investors@keynoteindia.net).

It may please be noted that Forms received after the said date and incomplete or incorrect forms shall not be considered and shall not be eligible for non-deduction or lower deduction of tax.

**By submission of Form 15G/15H and Form 10F, along with the requisite supporting documents, the Shareholder is deemed to confirm to the Company that:**

- a. the Shareholder satisfies the requisite criteria for submission of the same and takes full responsibility for availing the TDS deduction exemption;
- b. the Company or Registrar and Transfer Agent i.e. Link Intime India Private Limited, will not be held responsible / liable and no claims shall lie against them in this regard;
- c. the online submission of the Form 15G/Form 15H (if made) shall be deemed to have been signed by the Shareholder. The forms for download are available at Company's website at : <https://keynoteindia.net/investor-relations>.

- 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 28<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 Sunday, 26<sup>th</sup> September, 2021 (10.00 a.m. IST.) and will end on Tuesday, 28<sup>th</sup> September, 2021 (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 Wednesday, 22<sup>nd</sup> September, 2021 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.
- 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 e-voting at the Virtual 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.

### **PROCESS AND MANNER FOR AVAILING REMOTE E-VOTING FACILITY**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 02/2021 dated January 13, 2021 in continuation of Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming Annual General Meeting (AGM) will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020, May 05, 2020 and January 13, 2021, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.keynoteindia.net](http://www.keynoteindia.net). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com)
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 02/2021 dated January 13, 2021 in continuation with MCA Circular No. 14/2020 dated April 8, 2020, Circular No. 17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January, 13, 2021.

**THE INTRUCTIONS FOR SHAREHOLDRES FOR E-VOTING AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:**

- i. The voting period begins on Sunday, 26<sup>th</sup> September, 2021 (10.00 a.m. IST.) and ends on Tuesday, 28<sup>th</sup> September, 2021 (5.00 p.m. IST.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on Wednesday, 22<sup>nd</sup> September, 2021 i.e. the cut-off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the e-voting facility provided at the AGM through VC.
- iii. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- iv. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat</li> </ol>

Type of shareholders	Login Method
	account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or Contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co">evoting@nsdl.co</a> . in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

v. Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on “Shareholders” module.
- 3) 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) Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login
- 5) 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 e-voting of any company, then your existing password is to be used.



6) If you are a first time user follow the steps given below:

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	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. <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.</li> </ul>

- vi After entering these details appropriately, click on “SUBMIT” tab.
- vii Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- viii For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- ix Click on the EVSN for the Keynote Financial Services Limited on which you choose to vote.
- x 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.
- xi Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xii 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.
- xiii Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xiv You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xv If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvi **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [investors@keynoteindia.net](mailto:investors@keynoteindia.net) if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM / EGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [investors@keynoteindia.net](mailto:investors@keynoteindia.net) up to 22<sup>nd</sup> September, 2021 (IST 5.00 p.m.). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [investors@keynoteindia.net](mailto:investors@keynoteindia.net) up to 22<sup>nd</sup> September, 2021 (IST 5.00 p.m.). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders-, please update your email id & mobile no. with your respective Depository Participant (DP)

3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

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

#### **In respect of Item No. 5 – Appointment of Shri. Vineet Suchanti (DIN: 00004031), as a Executive Director of the Company.**

Shri Vineet Suchanti was the Managing Director of the Company from 5<sup>th</sup> May, 2005 to 5<sup>th</sup> April, 2017.

Since 6<sup>th</sup> April, 2017 to 31<sup>st</sup> March, 2021 he was Non-Executive Director. He is associated with Company since September, 1997. Shri Vineet Suchanti is also the promoter of the Company and has provided immense contribution for development of Keynote Financial Services Limited.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Vineet Suchanti as a Executive Director, the Board recommends for his reappointment for further period of 3 (three) years.

The remuneration drawn by Shri Vineet Suchanti is approved by Nomination and remuneration Committee of the Company and is within the limits prescribed by Section 197 and Schedule V of the Companies Act, 2013, the details of the same are as follows:

Salary: ₹ 4,00,000/- (Rupees Four Lakhs only) per month with increments as per the Company's Policy and as may be determined by the Board of Directors, from time to time, within the limits prescribed by Section 197 and Schedule V of the Companies Act, 2013 and subject to approval of the Central Government, if any, he will be entitled to perquisites as per Company's rules.

Performance/Bonus Benefit: The Executive Director shall be paid yearly performance benefit as decided by the Board.

Benefits and Amenities:

- a) Gratuity: Half a month's salary for each completed year of service.
- b) Earned Leave and encashment of leave: 21 days leave for every year of service out of which 15 days is encashable.

he shall not be paid any sitting fees for attending the meetings of the Board of Directors/Committees thereof.

The appointment can be terminated by either side by giving six month's notice in writing.

### **Disclosure Pursuant to Section II of Part II of Schedule V of the Companies Act, 2013**

#### **I. General Information:**

##### **1. Nature of Industry**

Merchant Baking/Corporate Advisory Services

##### **2. Date or expected date of commencement of commercial production**

Not Applicable

##### **3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**

Not Applicable

**4. Financial performance based on given indicators during financial year ended 31<sup>st</sup> March, 2021**

(₹ In Lakhs)

Total Income	:	1,127.76
Expenses	:	449.29
Profit	:	462.23
EPS (₹)	:	6.59
Total Assets	:	6,234.49

**5. Foreign investment or collaborators, if any**

As on 31<sup>st</sup> March, 2021, the foreign shareholding in the company is 5,18,976 Equity Shares representing 7.39% of the total capital.

**II. Information about Shri Vineet Suchanti, Executive Director**

**1. Background Details:**

Shri Vineet Suchanti is a Bachelor of Commerce from University of Mumbai and MBA in Finance and Marketing from University of Rochester, New York.

**2. Past remuneration:**

NIL

**3. Recognition or awards:**

Shri Vineet Suchanti is a Master in Business Administration (MBA) with specialization in finance from University Rochester, New York, USA. He adds 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.

**4. Job profile and her suitability:**

Shri Vineet Suchanti 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 manager with responsibility of overall supervision he is best suited for the responsibility of managing the affairs of the Company in a most profitable manner.

**5. Remuneration proposed:**

The remuneration of Shri Vineet Suchanti is set out above.

**6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)**

Keeping in view the type of the industry, size of the Company, the responsibilities and capabilities of Shri Vineet Suchanti, the proposed remuneration is competitive with the remuneration paid by other companies to such similar positions.

**7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:**

Shri Vineet Suchanti is one of the person forming part of Promoter Group of the Company and apart from the remuneration stated above, Shri Vineet Suchanti, has no other pecuniary relationship directly or indirectly with Company.

### III. Other Information

#### 1. Reason of loss or inadequate profits

During the year margins were under stress due to competitive conditions & lesser number of mandates. Though efforts to keep the expenses under control were initiated basic cost of human resources were more or less maintained. Capital Markets tanked substantially towards end of the financial year due to outbreak of COVID-19. This resulted in providing for notional loss due to fair value adjustments as per requirements of IND-AS. This coupled with the strain on margins resulted in reporting of a small loss at gross operating level.

#### 2. Steps taken or proposed to be taken for improvement

The Company has well defined business strategy wherein focus on completion of various assignments is laid. The efforts to complete the transactions within the said timelines are on. The execution team has been assigned structured timelines to adhere.

#### 3. Expected increase in productivity and profits in measurable terms.

The Company expects to increase the productivity and profit by increasing new mandates. Various mandates at various stages of execution are reviewed from time to complete. As a result company expects to improve both the top line and the bottom line growth.

### IV. Disclosures

Except Shri Vineet Suchanti and Smt. Rinku Suchanti, none of the Directors and Key Managerial personnel of the company and their relative are concerned or interested, financial or otherwise, in the resolution set out at item no. 5.

The Directors recommend the aforesaid resolution for the approval by the members as Ordinary Resolution.

#### **In respect of Item No. 6 – Re-appointment of Shri Uday Patil (DIN: 00003978) as Whole-time Director.**

Shri Uday S. Patil had been the Whole-Time Director of the company from September, 1997 and has been with the Company Since May, 1994. His terms were approved by the members in the 25<sup>th</sup> Annual General Meeting held on 3<sup>rd</sup> August, 2018 for the period of 3 years upto 12<sup>th</sup> November, 2021.

The Board of Directors, on the recommendation of Nomination and remuneration Committee at their Meeting held on 13<sup>th</sup> August, 2021, re-appointed Shri Uday S. Patil as a Whole-time Director of the Company for a term of 2 (two) years with effect from 13<sup>th</sup> November, 2021, subject to approval of the Shareholders at the ensuing Annual General Meeting.

Mr. Uday S. Patil has expressed his desire to discontinue to draw 'managerial remuneration' as has been receivable by him till 12<sup>th</sup> November, 2021 & settle his dues on attaining superannuation. However, he would continue to provide his professional services to the company after 13<sup>th</sup> November, 2021 if approved by the members of the company. The professional fees proposed to be payable to Shri Uday S. Patil is approved by Nomination and remuneration Committee of the Company and is within the limits prescribed by Section 197 and Schedule V of the Companies Act, 2013, the details of the same are as follows:

Professional Fees : ₹ 3,20,198/- (Rupees Three Lakh Twenty Thousand One Hundred Ninety Eight only) per month with changes if any as per the Company's Policy and as may be determined by the Board of Directors, from time to time, within the limits prescribed by Section 197 and Schedule V of the Companies Act, 2013 and subject to approval of the Central Government, if any, he will be entitled to perquisites as per Company's rules.

Performance / Bonus Benefit: The Whole-time Director shall be paid yearly performance benefit as decided by the Board.

He shall not be paid any sitting fees for attending the meetings of the Board of Directors/Committees thereof.

The appointment can be terminated by either side by giving six months' notice in writing. Shri Uday S. Patil, is concerned or interested in the resolution and the terms and conditions mentioned herein.

**Disclosure Pursuant to Section II of Part II of Schedule V of the Companies Act, 2013**

**I. General Information:**

**1. Nature of Industry**

Merchant Baking/Corporate Advisory Services

**2. Date or expected date of commencement of commercial production**

Not Applicable

**3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**

Not Applicable

**4. Financial performance based on given indicators during financial year ended 31<sup>st</sup> March, 2021**

(₹ In Lakhs)

Total Income	:	1,127.76
Expenses	:	449.29
Profit	:	462.23
EPS ₹	:	6.59
Total Assets	:	6,234.49

**5. Foreign investment or collaborators, if any**

As on 31<sup>st</sup> March, 2021, the foreign shareholding in the company is 5,18,976 Equity Shares representing 7.39% of the total capital.

**II. Information about Shri Uday S. Patil, Whole-Time Director**

**1. Background Details:**

Uday S. Patil is a Science graduate with a Law Degree and also a certified Associate of Indian Institute of Bankers. An ex-banker with rich hands-on experience on various fields of Banking and Investment Banking.

**2. Past remuneration:**

For the financial year 2020-2021 Shri Uday S. Patil, total remuneration was ₹ 34.53 Lakhs.

**3. Recognition or awards:**

He has been Guest faculty at Alkesh Dinesh Mody Institute of Financial and Management Studies [ADMI], Jamanalal Bajaj Institute of Management Studies [JBIMS] of University of Mumbai, The Institute of Chartered Accountants of India [ICAI], National Institute of Securities Market [NISM] etc. His quote's on primary market related topics find place in leading newspapers & magazines such as Economic Times, Business Standard etc.

**4. Job profile and his suitability:**

Shri Uday S. Patil has been with the Company since 1994. He has been the member of Board of Directors since September, 1997. He is having about 3 decades of experience in various fields of Commercial Banking & Investment Banking. He is instrumental in forming various processes/procedures for the company as a whole & for Merchant Banking activities of the company which is a core business of the company. His immense contribution as Director (Investment Banking) has helped the company to execute & complete many transactions such as IPOs, Rights Issues, Buy Back, Takeovers etc. The execution capabilities & developing the team with capabilities to handle transactions of various natures has been one of the strengths of Shri Uday S. Patil. He is well suited for the job profile.

**5. Professional fees proposed:**

Professional fees proposed for Shri Uday S. Patil is set out above.



**6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)**

Keeping in view the type of the industry, size of the Company, the responsibilities and capabilities of Shri Uday S. Patil, the proposed remuneration is competitive with the remuneration paid by other companies to such similar positions.

**7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:**

Other than the stated above, Shri Uday S. Patil has no other pecuniary relationship directly or indirectly with Company.

### III. Other Information

**1. Reason of loss or inadequate profits**

During the year margins were under stress due to competitive conditions & lesser number of mandates. Though efforts to keep the expenses under control were initiated basic cost of human resources were more or less maintained. Capital Markets tanked substantially towards end of the financial year due to outbreak of COVID-19. This resulted in providing for notional loss due to fair value adjustments as per requirements of IND-AS. This coupled with the strain on margins resulted in reporting of a small loss at gross operating level.

**2. Steps taken or proposed to be taken for improvement**

The Company has well defined business strategy wherein focus on completion of various assignments is laid. The efforts to complete the transactions within the said timelines are on. The execution team has been assigned structured timelines to adhere.

**3. Expected increase in productivity and profits in measurable terms.**

The Company expects to increase the productivity and profit by increasing new mandates. Various mandates at various stages of execution are reviewed from time to complete. As a result company expects to improve both the top line and the bottom line growth.

### IV. Disclosures

The remuneration details of Shri Uday S. Patil, Whole-Time Director are set out in the explanatory statement.

The Board recommends the passing of an Ordinary Resolution as set out in item No. 6 of the accompanied notice. Except Shri Uday S. Patil, none of the Directors and Key Managerial personnel of the company and their relative is concerned or interested, financial or otherwise, in the resolution set out at item no. 6.

The Directors recommend the aforesaid resolution for the approval by the members as Ordinary Resolution.

**In respect of Item No. 7 - To approve the related party transactions which may exceed 10% of the annual consolidated turnover of the Company as per the Companies last audited financial statements within the financial year 2021-22.**

The provisions of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") requires shareholders' approval by means of an ordinary resolution for all material related party transactions, even if such transactions are in the ordinary course of the business of the concerned company and at an arm's length basis.

A transaction with a related party shall be considered material if the transaction(s) in a contract to be entered into individually or taken together with previous transactions during a financial Year 2021-22, may exceed(s) 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

The Audit Committee of the Company has granted omnibus approval for the related party transactions proposed to be entered into by the Company with Related Parties. Accordingly, as per the Listing Regulations, approval of the Members is sought for for entering into transaction(s) and /or continuing with arrangements (whether individual transactions or transactions taken together or series of transactions or otherwise) with the related

parties as defined under the provisions of the SEBI (LODR) Regulations, 2015 and which are identified by the Company as related parties, including transactions of giving Inter Corporate Loans for an amount not exceeding ₹15 crores (Rupees Fifteen Crores only) during the Financial Year 2021-22 on such terms and conditions, against such consideration as agreed upon or as may be mutually agreed upon from time to time between the Company and Related Parties, notwithstanding the fact that all these transactions within the financial year 2021-22 in aggregate may exceed 10% of the annual consolidated turnover of the Company as per the Companies last audited financial statements, and the Company may take approval of the Audit Committee as and when required.

Accordingly, your Board of Directors recommends the passing of ordinary resolution contained in Item No. 7 of the accompanying Notice.

Shri. Vineet Suchanti, Smt. Rinku Suchanti and his relatives are interested in the above resolution.

None of the other Directors, Key Managerial Personnel or their relatives, are concerned / interested in the above resolution.

The Members may please note that in terms of the provisions of the Listing Regulations, the related parties as defined there under (whether the member is a related party / party to the aforesaid transactions or not), shall not vote to approve resolutions under this Item No. 7.

### **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. Smt. Rinku Suchanti -Whole-Time Director [Due to retire by rotation seeking re-appointment.]**

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

Smt. Rinku Suchanti, would be one of the Whole-Time Director of the Company. She is providing an administrative support to the management and has been one of the authorized signatories on behalf of the Company. She is found to be suitable for the job being of the Executive Director and Woman Director.

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

Smt. Rinku Vineet Suchanti, is the spouse of Shri. Vineet Suchanti. None of the other directors are related to Smt. Rinku Suchanti.

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

<b>Name of the Company</b>	<b>Directorship</b>	<b>Membership of Committees</b>
NIL		

**D. Shareholding in the Company:**

3802 Equity shares as on 31<sup>st</sup> March, 2021.

**2. Shri Vineet Suchanti – Director [Appointment as Executive Director of the Company.]**

**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 – CSR Committee</li> </ul>

**D. Shareholding in the Company:**

11,977 Equity shares as on 31<sup>st</sup> March, 2021

**3. Shri Uday S. Patil - Whole-Time Director [Re-appointment as Whole-Time Director of the Company.]**

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

Shri Uday S. Patil has been with the Company since 1994. He has been the member of Board of Directors since September, 1997. He is having about 3 decades of experience in various fields of Commercial Banking & Investment Banking. He is instrumental in forming various processes/ procedures for the company as a whole & for Merchant Banking activities of the company which is a core business of the company. His immense contribution as Director (Investment Banking) has helped the company to execute & complete many transactions such as IPOs, Rights Issues, Buy Back, Takeovers etc. The execution capabilities & developing the team with capabilities to handle transactions of various natures has been one of the strengths of Shri Uday S. Patil. He has been Guest faculty at Alkesh Dinesh Mody Institute of Financial and Management Studies [ADMI], Jamanalal Bajaj Institute of Management Studies [JBIMS] of University of Mumbai, The Institute of Chartered Accountants of India [ICAI], National Institute of Securities Market [NISM] etc. His quote's on primary market related topics find place in leading newspapers & magazines such as Economic Times, Business Standard etc.

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

None of the Directors of the Company are related to Shri. Uday S. Patil.

**C. Name of listed entities in which Shri. Uday S. Patil, holds the Directorship and Membership of the Committees of Board.**

Name of the Company	Directorship	Membership of Committees
NIL		

**D. Shareholding in the Company:**

2500 Equity shares as on 31<sup>st</sup> March, 2021.

## DIRECTORS' REPORT

Dear Shareholder(s),

Your Directors have pleasure in presenting their 28<sup>th</sup> Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2021.

### FINANCIAL RESULTS

(₹ In Lakhs)

Particulars	Year Ended 31-03-2021	Year Ended 31-03-2020
<b>Total Income</b>	<b>1,127.76</b>	554.90
Gross Operating Profit	<u>710.40</u>	<u>-11.43</u>
Depreciation	<b>31.92</b>	34.81
Exceptional Items	-	-
<b>Profit Before Tax</b>	<b>678.48</b>	-46.24
Provision for :		
Current Tax	<b>78.75</b>	6.99
Deferred Tax Liability/(Assets)	<u>137.49</u>	<u>-43.85</u>
<b>Profit After Tax</b>	<b>462.23</b>	-9.38
Other Comprehensive Income	<b>2.56</b>	2.50
Profit/(loss) brought forward from Previous year	<u>2,347.68</u>	<u>2,565.73</u>
Surplus available for appropriations	<b>2,812.47</b>	2,558.52
Proposed Dividend	<b>70.18</b>	70.18
Tax on Dividend	-	-
Transferred to General Reserve	<u>-</u>	<u>-</u>
<b>Balance carried forward</b>	<b><u>2,742.29</u></b>	<b><u>2,488.67</u></b>

### 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, 2021 and the same will be paid subject to the approval of the shareholders at the 28<sup>th</sup> Annual General Meeting (AGM) of the Company.

### COVID – 19 – Measures by the management.

The COVID-19 pandemic continues to spread rapidly across the globe including India. The COVID-19 outbreak was declared a global pandemic by the World Health Organization and has caused social and economic disruption. As the human toll mounts, so does the capital markets damage.

The Indian government had announced nationwide lockdown in India. In this nation-wide lock-down period, though all the services across the nation were suspended (except the specified essential services), some establishments including securities market intermediaries could operate and were exempted from the lock-down. Accordingly, your Company continued its operations through minimal staff working at office premises and rest all working from home.

Your Company adopted several measures to fight against COVID-19 and to ensure business continuity.

Some of the measures taken by the Company are as follows:

- 'Work from Home' facility for employees was provided 1 week in advance before announcement of lockdown without compromising any commitments.
- IT infrastructure support was rolled out overnight to help our employees shift to this new work paradigm.
- Motivational mails sent by Whole-time Director and awareness mails circulated.
- Conducting Virtual Meetings.
- Provision of hand sanitizers, compulsory hand sanitization for all individuals at frequent intervals and daily periodic sanitization of offices, work-area etc.
- Provision for conducting Board & other meetings in an online system

### OPERATIONS

Total revenue from operations on standalone basis for Financial Year 2020-21 was ₹ 1,127.76 Lakhs as against ₹ 554.90 Lakhs for Financial Year 2019-20. The total revenue on standalone basis comprised of ₹ 424.60 Lakhs on account of net gain on fair value changes.

Total revenue from operations on consolidated basis for Financial Year 2020-21 was ₹ 2,274.89 Lakhs as against ₹ 1,137.21 Lakhs for Financial Year 2019-20. The total revenue on consolidated basis comprised of ₹ 976.24 Lakhs on account of net gain on fair value changes.

Though the entire Financial Year 2020-21 was overshadowed by the COVID Pandemic, resource raising by Indian Corporates through public equity markets was at an all time high. About 30 Main Board IPOs came to the market and overall response from the public to these IPOs was very good. The listing performance of all the Main Board IPOs was generally strong. However, the activity with regard to SME IPOs declined and only 28 SME IPOs hit the capital market as against 45 IPOs in the previous year. Mobilization through Rights issues was also high mainly because of Mega issue of Reliance Industries Ltd. 20 companies used Rights issue route to raise the equity resources as compared to 13 companies in the previous year.

During the year, inspite of difficult administrative situation on account of restrictions due to COVID 19 measures, your company did reasonably well by handling 5 Delisting offers, 2 Rights issues, 2 Takeover offers and a Buy Back offer besides other advisory services. Keynote advised Electro Mobility Solutions Company as 'Financial Advisor' for investment of Green Cell Mobility backed by Ever Source Capital for UP projects of 350 E-buses. Keynote also advised on acquisition of an Italian Company for one of the prime clients engaged in flavours & fragrance segment. The ESOP advisory services continued its activity. Keynote also provided Valuation, Fairness Opinion, Advisory for Preferential Allotments, Direct Listing to few of its clients.

The company reported improved financial performance as against last financial year on account of completion of various assignments on hand during the current year. As the capital market was buoyant, Company reported substantial increase in net gain on fair value of investments. Company also implemented cost cutting measures including 25% reduction in the remuneration of employees during the financial year. On account of all these factors, company reported improvement in the total comprehensive income of the company for the period as against the last financial year.

The management adhered to the dividend distribution policy and maintained a dividend payout of Re.1/- per share i.e. 10% to the shareholders of the company.

As the restrictions on account of pandemic are likely to be eased and there has been a substantial increase in the capital market activity, the overall performance of the capital market is likely to remain good for the current financial year. Management has been working hard to book a few assignments to remain active and reap the benefits of good market conditions. Company is looking forward to better business opportunities in the coming year.

### 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 ₹ 2,274.88 Lakhs & profit of ₹ 1,127.41 Lakhs. The networth of the Company on consolidated basis is ₹ 8,554.98 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 98.34% 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, 2021.

### **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 the 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 ₹ 13.18 Lakhs (previous year ₹ 19.79 Lakhs).
- b) The foreign exchange expenditure ₹ Nil (previous year ₹ 6.81 Lakhs).

### **STATE OF AFFAIRS**

The information on the state of affairs of the Company has been given as part of Management Discussion and Analysis Report forming part of Annual Report of the Company.

### **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):**

After the end of the year and up to the date of the Report there were two changes in Composition of the Board.

Re-designated Shri. Vineet Suchanti (DIN: 00004031) as an Executive Director of the Company for period of 3 (three) years with effect from 1<sup>st</sup> April, 2021 subject to approval from shareholders in the 28<sup>th</sup> Annual General Meeting.

Re-appointed Shri Uday Patil (DIN: 00003978) as a Whole-time Director of the Company for further period of 2 (Two) years with effect from 13<sup>th</sup> November, 2021, subject to approval from shareholders in the 28<sup>th</sup> Annual General Meeting.

Accepted the resignation of Shri Sujeet More, Company Secretary and Compliance Officer w.e.f. 13<sup>th</sup> August, 2021 and approved the appointment of Ms. Renita Crasto as Company Secretary and Compliance Officer.

**(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. Smt. Rinku Suchanti (DIN: 00012903), being the longest serving member and who is liable to retire, being eligible, seeks reappointment. The Board recommends her re-appointment.

**(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 16 (1) (b) 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 non-executive 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 29<sup>th</sup> June, 2020, 14<sup>th</sup> August, 2020, 6<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021 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 29<sup>th</sup> June, 2020, 14<sup>th</sup> August, 2020, 6<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021 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 31<sup>st</sup> March, 2021, 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 loss 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.

### (viii) CERTIFICATE FROM A COMPANY SECRETARY IN PRACTICE

In terms of regulation 34(3) read with schedule V of the Listing Regulations, the Company has obtained a Certificate from Uma Lodha & Co., Practicing Company Secretaries confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company either by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities. The said Certificate is annexed as part of this Report.

### 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 in electronic mode. 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

The Annual Return of the Company as on March 31, 2021 is available on the Company's website and can be accessed at <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, 2021, 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. Further, pursuant to Section 143(12) of the Act, the Statutory Auditors of the Company have not reported any instances of frauds committed in the Company by its officers or employees.

The Secretarial Auditor has submitted their Report and has observations as follows:

As per Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, The company shall inform, at the latest available address, the shareholder concerned regarding transfer of shares 3 months before the due date of transfer of shares and also simultaneously publish a notice in the leading newspaper in English and regional language having wide circulation informing the concerned that the names of such shareholders and their folio number or DP ID - Client ID are available on their website duly mentioning the website address. Whereas, Company has informed the Shareholders and published notice in Newspapers 2.5 months before the due date of transfer of shares as against 3 months. The Company has submitted that said delay was mainly on account of administrative and co-ordination difficulties faced due to Covid-19 situation.

The Secretarial Audit Report is annexed herewith as “**Annexure - [B]**”

Further, the Secretarial Compliance Report for the financial year ended March 31, 2021 was obtained from M/s. Uma Lodha & Co., Practicing Company Secretaries, in relation to compliance of all applicable SEBI Regulations/circulars/guidelines issued thereunder, pursuant to requirement of Regulation 24A of Listing Regulations.

Except for the above mentioned observations the Secretarial Audit Report and Secretarial Compliance Report does not contain any other qualification, reservation nor adverse remark.

Further, pursuant to the provisions of Regulation 24A of Listing Regulations, the Secretarial Audit Report of Keynote Capitals Ltd. (KCL) and Keynote Fincorp Ltd. (KFIL) is available at website of the Company at [www.keynoteindia.net](http://www.keynoteindia.net). The said Reports are annexed as part of this Annual Report.

### **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 23<sup>rd</sup> 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 of the Company subject to ratification by the Members of the Company at every Annual General Meeting.

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.

Now, the Company has received consent from M/s. S M S R & CO LLP, Chartered Accountants for re-appointment as Statutory Auditors for second term of five (5) years from the conclusion of 28<sup>th</sup> Annual General Meeting to conclusion of 33<sup>rd</sup> Annual General Meeting of the Company.

Hence, the resolution relating to re-appointment of Auditor's is included in the Notice of the ensuing Annual General Meeting 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., Practicing 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 “Whistle blower 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 entered into during the Financial Year 2020-2021 were on an arm’s length basis. There are no other 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-C**”. The Board of Directors of the Company has, on the commendation 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>

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 ₹ 2,04,142.50 (Rupees Two Lakhs Four Thousand One Hundred Forty Two and Fifty paise only) pertaining to the Financial Year 2012-2013 lying with the Company for a period of seven years was transferred during the financial year 2020-21, to the Investor Education and Protection Fund (IEPF) established by the Central Government on 7<sup>th</sup> November, 2020.

**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 maybe 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 2020-2021 Company has transferred 6425 Equity Shares to the Investor Education and Protection Fund (IFPF) Authority on 9<sup>th</sup> February, 2021.

**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:**

<b>Date of Declaration of Dividend</b>	<b>Dividend for the year</b>	<b>Proposed date for transferto Investor Educationand Protection Fund (IEPF)</b>	<b>Amount of Unpaid/ Unclaimed DividendAs on 31<sup>st</sup> March, 2021</b>
9 <sup>th</sup> September, 2014	2013 - 2014	17 <sup>th</sup> October, 2021	1,41,767.00
29 <sup>th</sup> September, 2015	2014 - 2015	6 <sup>th</sup> November, 2022	1,63,065.00
29 <sup>th</sup> July, 2016	2015 - 2016	5 <sup>th</sup> September, 2023	1,61,893.00
23 <sup>rd</sup> August, 2017	2016 - 2017	30 <sup>th</sup> September, 2024	1,69,826.00
9 <sup>th</sup> August, 2018	2017 - 2018	16 <sup>th</sup> September, 2025	2,02,603.00
13 <sup>th</sup> August, 2019	2018 - 2019	20 <sup>th</sup> September, 2026	1,35,932.00
30 <sup>th</sup> September, 2020	2019 - 2020	7 <sup>th</sup> November, 2027	74,903.90

**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 2020-21, 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 provision 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 Private Limited, M/s. S M S R & CO. LLP Statutory Auditors, M/s. R. B. Pandya & Co. Internal Auditors, Praxis database, 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: 13<sup>th</sup> August, 2021  
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:**

Directors	Ratio to median remuneration
Shri Manish Desai	0.13
Shri Shishir Dalal	0.13
Shri Anish Malhotra	—
Smt. Rinku Suchanti	—
Shri. Vineet Suchanti	—
Shri. Uday S. Patil	—

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

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% Increase in remuneration in the financial year
Shri. Vineet Suchanti	—
Shri. Uday S. Patil	-22
Shri. Manish Desai	33.33
Shri. Shishir Dalal	—
Shri. Anish Malhotra	—
Smt. Rinku Suchanti	-25.57
Shri. Sujeet More	-9.63

- c. The percentage increase in the median remuneration of employees in the financial year: (-4.12%)**

- d. The number of permanent employees on the rolls of Company: 19**

- 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 -13.72% 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 -22.77%.

**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: 13<sup>th</sup> August, 2021  
Place: Mumbai**

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

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

**“Annexure – B” 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 2021**

**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, 2021 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, 2021 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, 2015.
  - c The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **[Not Applicable as the Company has not issued any further share capital during the period under review]**
  - d The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **[Not applicable during the period under review]**
  - e The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not Applicable as the Company has not issued and listed any debt securities during the financial year under review]**
  - f The Securities and Exchange Board of India (Registrars to issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
  - g The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable during the period under review]** and

h The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;  
**[Not applicable during the period under review]**

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.

### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. There were no changes in the composition of the Board of Directors during the period under review.

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.

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

1. As per Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, The company shall inform, at the latest available address, the shareholder concerned regarding transfer of shares 3 months before the due date of transfer of shares and also simultaneously publish a notice in the leading newspaper in English and regional language having wide circulation informing the concerned that the names of such shareholders and their folio number or DP ID - Client ID are available on their website duly mentioning the website address. Whereas, Company has informed the Shareholders and published notice in Newspapers 2.5 months before the due date of transfer of shares as against 3 months. The Company has submitted that said delay was mainly on account of administrative and co-ordination difficulties faced due to Covid-19 situation.

**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.**

Sd/-

**Uma Lodha  
Proprietor**

**FCS No. : 5363**

**C.P. No.2593**

**UDIN: F005363C000774725**

**Place: Mumbai**

**Date: 13<sup>th</sup> August, 2021**

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

**ANNEXURE A(i)'**

**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.
- Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- Due to restricted movement amid COVID-19 pandemic, my basis of examination for issuing Secretarial Audit Report for the financial year 2020-21 was only restricted to the information/documents/Confirmations/Records provided by the Company in the electronic mode and could not be verified from the original records. The management has confirmed that the records submitted to me are the true and correct.
- 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.**

**Sd/-  
Uma Lodha  
Proprietor  
FCS No.: 5363  
C.P. No.2593  
UDIN:F005363C000774725**

**Place: Mumbai  
Date: 13<sup>th</sup> August, 2021**



**ANNEXURE [C] 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:**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
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:**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
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: 13<sup>th</sup> August, 2021**

**Place: Mumbai**

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

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

## **MANAGEMENT DISCUSSINO AND ANALYSIS REPORT**

### **Industry structure and developments**

Though the entire financial year 2020-21 was overshadowed by the COVID Pandemic, resource raising by Indian Corporates through public equity markets was at an all time high. About 30 Main Board IPOs came to the market and overall response from the public to these IPOs was very good. The listing performance of all the Main Board IPOs was generally strong. However, the activity with regard to SME IPOs declined and only 28 SME IPOs hit the capital market as against 45 IPOs in the previous year. Mobilization through Rights issues was also high mainly because of Mega issue of Reliance Industries Ltd. 20 companies used Rights issue route to raise the equity resources as compared to 13 companies in the previous year.

During the year, inspite of difficult administrative situation on account of restrictions due to COVID 19 measures, your company did reasonably well by handling 5 Delisting offers, 2 Rights issues, 2 Takeover offers and a Buy Back offer besides other advisory services. Keynote advised Electro Mobility Solutions Company as 'Financial Advisor' for investment of Green Cell Mobility backed by Ever Source Capital for UP projects of 350 E-buses. Keynote also advised on acquisition of an Italian Company for one of the prime clients engaged in flavours & fragrance segment. The ESOP advisory services continued its activity. Keynote also provided Valuation, Fairness Opinion, Advisory for Preferential Allotments, Direct Listing to few of its clients.

The company reported improved financial performance as against last financial year on account of completion of various assignments on hand during the current year. As the capital market was buoyant, Company reported substantial increase in net gain on fair value of investments. Company also implemented cost cutting measures including 25% reduction in the remuneration of employees during the financial year. On account of all these factors, company reported improvement in the total comprehensive income of the company for the period as against the last financial year.

### **Opportunities & Threats**

The capital market is likely to remain buoyant and resource raising activity from IPO market is likely to remain very strong. The IPO pipeline for the current year is strong on account of tremendous response and attractive listing performance by IPO bound companies such as Zomato and others. Very strong stock markets witnessed addition of large number of new investors in the capital market mainly on account of easy access and operation for online trading. The overall good conditions offered various opportunities to capital market intermediaries such as Investment Bankers.

Though the capital market activity seems to be at a very high level, overall economic conditions as far as manufacturing & service industry is concerned, have adversely affected on account of lock down situation. Your company being operating in mid market segment, opportunities to raise capital for the small size transactions remains a challenge. This may result in threat of languishing the operations at a similar level of activity for the company in particular.

### **Segment-wise performance**

The income of the company comprised of fees received on account of advisory services provided in Investment Banking, Corporate Finance & Valuation and ESOP Advisory. On a consolidated basis the income component comprises of brokerage, depository services, profit on trading activity besides interest on loans & advances. During the current year on a standalone basis, company reported improvement in revenue & profitability. Further, due to better performance by subsidiaries, there has been an improvement in consolidated revenues and profitability. However, the major improvement in the revenue and profitability is on account of net gain on fair value investments by the company and its subsidiaries.

### **Outlook**

Outlook for the current financial year as far as capital market is concerned seems very buoyant & enthusiastic. There is a spate of new-age companies and unicorns hitting the capital market in the form of large IPOs. Though

the listing performance of these IPO bound companies is good at present it remains to be seen whether they continue to command such valuations in times to come. Any correction and downward re-rating of the companies is likely to have substantial adverse effect on the valuations and overall sentiments of the capital market.

### **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 has been continuing to adopt the policy of being selective while accepting the assignments. Company has been able to bag mandates from good corporate houses and companies. Improved financial market is likely to have positive impact on financial performance of the company. The management is striving hard to continue to look out for good and large mandates to execute enabling the company to sustain its performance.

### **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. However, company had adopted the cautious policy by reducing the compensation structure for the mid & senior level management during past financial year. On gradual relaxation in lock down norms the business environment is beginning to become normal. The management has restored the pay packages to earlier levels and expects to have an improved business.

**Significant changes in Key Financial Ratios** (i.e. change of 25% or more as compared to the immediately previous financial year) along with detailed explanations thereof

#### **(i) Debtors Turnover**

Debtors to turnover ratio was at around 16.30 times as against around 8.64 times as at the end of previous financial year. Your company is a service provider & have adopted the policy of raising the invoices on the clients on completion of the milestone as per respective engagement letters. As a result, the outstanding debtors are not significant. However, some of the debtors remain outstanding at the end of financial year which are mostly recovered in the next financial year.

#### **(ii) Inventory Turnover**

Being into services business not applicable.

#### **(iii) Interest Coverage Ratio**

Your company is debt free.

#### **(iv) Current Ratio**

Current Ratio for this financial year is about 31.89% as against 31.29% for the previous financial year. This is particularly on account of provision for fair value adjustments in current investment as per requirements of IND-AS.

**(v) Debt Equity Ratio**

Your company is debt free.

**(vi) Operating Profit Margin (%)**

The company has improved operating profits during the financial year. The operating profit margins stood at 0.60% as against the loss reported in the previous financial year. During the year profitability is enhanced on account of net gain in fair value investments as per accounting standards.

**(vii) Net Profit Margin (%)**

The net profit margin is at 0.41% during current financial year as against previous year.

**(viii) Sector-specific equivalent ratios:**

Not applicable

**Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.**

There has been an improvement in Return on networth which stood at 0.08% as against negative Return on networth during previous financial year. Improvement in financial year is attributed to completion of various assignments on hand, substantial increase in net gain on fair value of investments coupled with reduction in expenses on account of salary reduction, savings in administrative costs due to 'Work from Home' situation.

**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 endeavors 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 6 members on the Board, 3 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, 2021 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. Anish Malhotra Shri. Manish Desai Shri. Shishir Dalal

\* 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.

During the period Shri Vineet Suchanti appointed as an Executive Director of the Company w.e.f. 1<sup>st</sup> April, 2021.

**Board Meetings held during the financial year 2020-2021.**

The Board of Directors had met 4 times during the financial year 2020-2021. These meetings were held on 29<sup>th</sup> June, 2020, 14<sup>th</sup> August, 2020, 6<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021. Composition of Board of Directors, attendance at the Board Meetings and the last Annual General Meeting as on 31<sup>st</sup> March, 2021, as applicable, is tabulated hereunder:

Name of the Director	No. of Board Meeting attended	Attendance at previous AGM on 30/09/2020	*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 Vineet Suchanti [DIN-00004031]	4	Yes	4	2 #	2 ##	Non-Executive
Shri Uday S. Patil [DIN-00003978]	4	Yes	3	Nil	Nil	Executive
Shri Anish Malhotra [DIN-02034366]	1	No	Nil	Nil	Nil	Independent
Shri Manish Desai [DIN-02925757]	4	Yes	2	Nil	Nil	Independent
Smt. Rinku Suchanti [DIN-00012903]	4	Yes	1	—	—	Executive
Shri Shishir Dalal (DIN-00007008)	4	Yes	4	1 @	3 @@	Independent

\* Excludes Directorship in Private Limited companies, Foreign Companies and companies registered under Section 8 of the Companies Act, 2013.

# Member of “Stakeholder Relationship Committee” and “Corporate Social Responsibility (CSR) Committee” of LKP Finance Limited.

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

@ Member of “Audit Committee” of Transwarranty Finance Limited, Member of “Stakeholders Relationship Committee” of Windsor Machines Limited, Sustainable Agro-Commercial Finance Limited, Transwarranty Finance Limited and Member of “Nomination and Remuneration Committee” of Sustainable Agro-Commercial Finance Limited.

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



## ANNUAL REPORT 2020-21

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.	Shri Vineet Suchanti	LKP Finance Limited	Independent Director
2.	Shri Uday S. Patil	————	————
3.	Smt Rinku Suchanti	————	————
4.	Shri Shishir Dalal	Windsor Machines Limited	Independent Director
5.	Shri Manish Desai	————	————
6.	Shri 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:

Sr. No.	Skills / expertise / competencies	Name of the Directors
1	Business Strategy, Marketing, Administration, Decision Making	Shri. Vineet Suchanti and Shri. Uday S. Patil
2	Financial and Management skills	Shri. Vineet Suchanti, Shri Uday S. Patil and Mrs. Rinku Suchanti
3	Professional skills and specialized knowledge in relation to Company's business.	Shri. Vineet Suchanti, Shri Uday S. Patil, Shri. Shishir Dalal, Shri. Manish Desai and Shri. Anish Mohotra.
4	Legal, Compliance & Governance, Information Technology	Shri. Uday S. Patil

### 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>.

**The shareholding of the Non-Executive Directors of the company as on 31<sup>st</sup> March, 2021 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, 2021 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, 2021.

## **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 familiarization 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 familiarization 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

[https://keynoteindia.net/wp-content/uploads/document-hosting/financial\\_results/Familiarization Program for Independent Directors of Keynote.pdf](https://keynoteindia.net/wp-content/uploads/document-hosting/financial_results/Familiarization_Program_for_Independent_Directors_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 12<sup>th</sup> February, 2021, 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, 2021. 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 Non Executive Director, Chief Financial Officer (CFO) and Statutory Auditor to attend its meetings.

The previous annual general meeting (AGM) of the Company was held on 30<sup>th</sup> September, 2020 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, 2021 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, 2021.

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, 2021
1.	Shri Shishir Dalal	Chairman	Independent	4
3.	Shri Manish Desai	Member	Independent	4
4.	Shri. Uday S. Patil	Member	Executive	4

The necessary quorum was present for all the meetings.

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:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) 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, 2021 on 29<sup>th</sup> June, 2020. 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, 2021 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, 2021
1.	Shri Manish Desai	Chairman	Independent	1
2.	Shri Anish Malhotra	Member	Independent	1
3.	Shri Vineet Suchanti *	Member	Non Independent	1

\* Shri Vineet Suchanti resigned as a Member of Nomination and Remuneration Committee w.e.f. 15<sup>th</sup> June, 2021.

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

During the period Shri Vineet Suchanti, Director of the Company appointed as an Executive-Director w.e.f. 1<sup>st</sup> April, 2021. As per the Listing Obligations and Disclosure Requirements Regulations, 2015 ("Listing Regulations") the Members of the "Nomination and Remuneration Committee" should be Non-Executive Directors. Accordingly, Shri Vineet Suchanti resigned as a Member of Nomination and Remuneration Committee and Shri Shishir Dalal appointed as Member of Nomination and Remuneration Committee. Accordingly, Nomination and Remuneration Committee reconstituted as under.

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, 2021
1.	Shri Manish Desai	Chairman	Independent	1
2.	Shri Anish Malhotra	Member	Independent	1
3.	Shri Shishir Dalal **	Member	Independent	1

\*\* Shri Shishir Dalal appointed as a Member of Nomination and Remuneration Committee w.e.f. 15<sup>th</sup> June, 2021.

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

1. 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;
2. Carry on the evaluation of every Director's performance;
3. 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 11<sup>th</sup> 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 2020 - 2021:

During the financial year ended 31<sup>st</sup> March, 2021, the Company paid ₹ 1,20,000/- (Rupees One Lakh Twenty Thousand only) as sittings fees for attending the Board meetings to the Independent Directors.

### Details of the remuneration paid to the Executive Directors of the Company for the financial year ended 31<sup>st</sup> March, 2021 is as follows:

During the financial year ended 31<sup>st</sup> March, 2021, the Company paid to total amount ₹ 63,38,331/- (Rupees Sixty Three Lakhs Thirty Eight Thousand Three Hundred Thirty 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.

"Stakeholders Relationship Committee" is 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, 2021
1.	Shri Vineet Suchanti *	Chairman	Non Executive	1
2.	Shri Uday S. Patil	Member	Executive	1
3.	Shri. Manish Desai	Member	Independent	1

\* Shri Vineet Suchanti resigned as a Chairman of Stakeholder Relationship Committee w.e.f. 15<sup>th</sup> June, 2021.

Company Secretary of the Company acts as Secretary to the "Stakeholders Relationship Committee"

During the period Shri Vineet Suchanti, Director of the Company appointed as an Executive-Director w.e.f. 1<sup>st</sup> April, 2021. As per the Listing Obligations and Disclosure Requirements Regulations, 2015 ("Listing Regulations") the Chairman of the Stakeholders Relationship Committee should be Non-Executive Director. Accordingly, Shri Vineet Suchanti resigned as a Chairman of Stakeholders Relationship Committee and Shri Manish Desai, Independent Director appointed as a Chairman of Stakeholders Relationship Committee. Accordingly, Stakeholders Relationship Committee reconstituted as under:

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, 2021
1.	Shri. Manish Desai **	Member	Independent	1
2.	Shri Vineet Suchanti	Chairman	Executive	1
3.	Shri Uday S. Patil	Member	Executive	1

\*\* Shri Manish Desai appointed as a Chairman of Stakeholders Relationship Committee w.e.f. 15<sup>th</sup> June, 2021.

During the financial year 2020-2021 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 2020-2021 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, 2021 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

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 corporate.

#### 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 Disclosure Requirement) Regulations, 2015.

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### GENERAL BODY MEETINGS

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

Year	Venue	Date	Time
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.
2018-2019	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall compound), Fort, Mumbai – 400 001	13 <sup>th</sup> August, 2019	10.00 a.m.
2019-2020	Through Video Conference or Other Audio-Visuals Means	30 <sup>th</sup> September, 2020	11.00 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
9 <sup>th</sup> August, 2018	—	—
13 <sup>th</sup> August, 2019	2	<ul style="list-style-type: none"> <li>To Re-appoint Shri. Manish Desai (DIN: 02925757), as an Independent Director of the Company for a second term. (w.e.f. 9<sup>th</sup> September, 2019 up to 8<sup>th</sup> September, 2024).</li> <li>To Re-appoint Shri. Anish Malhotra (DIN: 02034366), as an Independent Director of the Company for a second term. (w.e.f. 9<sup>th</sup> September, 2019 up to 8<sup>th</sup> September, 2024).</li> </ul>
30 <sup>th</sup> September, 2020	4	<ul style="list-style-type: none"> <li>To Re-appoint Smt. Rinku Suchanti (DIN: 00012903) as a Whole-time Director of the Company for a period of 3 years w.e.f. 25<sup>th</sup> May, 2020.</li> <li>To Re-appoint Shri. Shirshir Dalal (DIN: 00007008), as an Independent Director of the Company for a second term. (w.e.f. 29<sup>th</sup> September, 2020 up to 28<sup>th</sup> September, 2025).</li> <li>To ratify and approve the related party transactions with Concept Communication Limited.</li> <li>To approve the related party transactions which may exceed 10% of the annual consolidated turnover of the Company as per Companies last audited financial statements within the financial year 2020-2021.</li> </ul>

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.

### 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	: 29 <sup>th</sup> September, 2021, 11.00 a.m.
Venue/Mode	: Through Video Conference or Other Audio-Visuals Means at Registered Office of the Company
Financial Year Ending	: 31 <sup>st</sup> March, 2021
Tentative Schedule for declaration of results during the financial year 2021-2022	
• 1 <sup>st</sup> Quarter (June, 2021)	: Second week of August, 2021
• 2 <sup>nd</sup> Quarter (September, 2021)	: First week of November, 2021
• 3 <sup>rd</sup> Quarter (December, 2021)	: Second week of February, 2022
• 4 <sup>th</sup> Quarter (March, 2022) and Audited Financial Results for the year ended 31 <sup>st</sup> March, 2022	: Last week of May, 2022
Date of Book Closure	: From 23 <sup>rd</sup> September, 2021 to 29 <sup>th</sup> September, 2021 (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 29 <sup>th</sup> September, 2021 (Subject to approval of the shareholders)
• Final Dividend 2020-2021 recommended by the Board of Directors at its Meeting held on 15 <sup>th</sup> June, 2021.	
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.

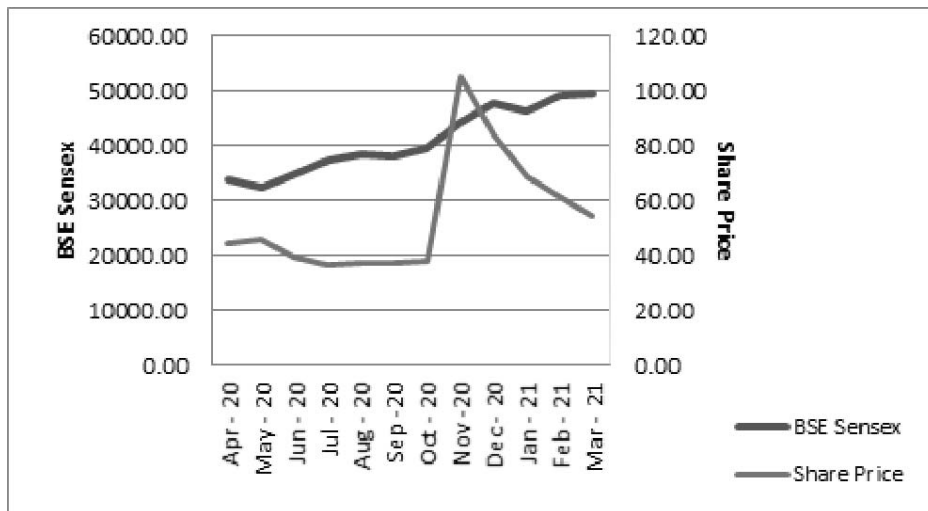
## ANNUAL REPORT 2020-21

Monthly High/Low price of Equity Shares of the Company during the financial year 2020-2021 on BSE Limited and National Stock Exchange of India Limited.

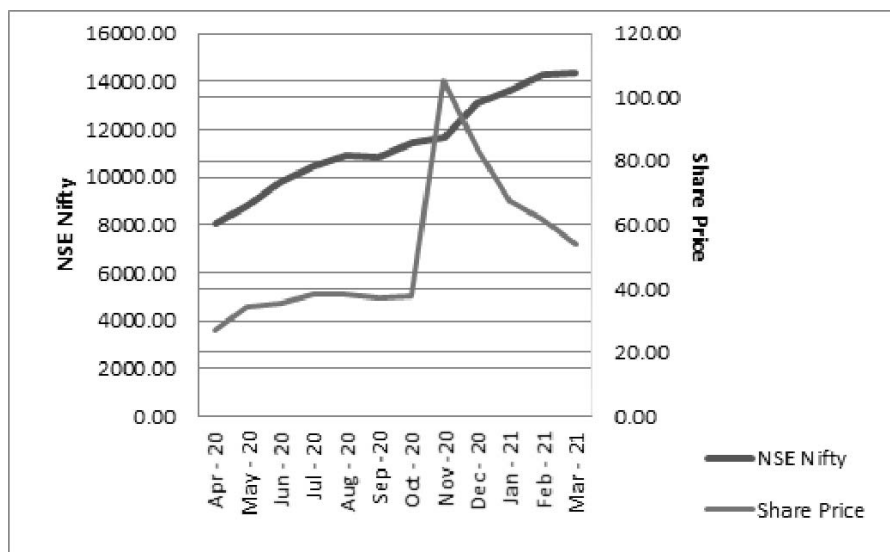
Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	Month's High Price (₹)	Month's Low Price (₹)	Month's High Price (₹)	Month's Low Price (₹)
April, 2020	47.20	42.65	30.15	24.70
May, 2020	53.30	46.25	41.15	27.10
June, 2020	43.95	35.95	41.35	32.50
July, 2020	41.45	36.55	40.40	32.10
August, 2020	44.55	35.30	44.50	33.50
September, 2020	44.55	34.45	42.80	33.60
October, 2020	40.50	32.70	40.95	31.40
November, 2020	115.95	35.35	117.00	34.40
December, 2020	110.00	73.60	100.10	73.60
January, 2021	86.95	64.70	87.00	65.00
February, 2021	71.80	60.60	71.00	59.30
March, 2021	65.00	52.00	66.75	51.35

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 - 400 083

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, 2021**

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
1 to 500	2459	91.55	2,84,633	4.06
501 to 1000	111	4.13	85,611	1.22
1001 to 2000	56	2.09	82,569	1.18
2001 to 3000	20	0.74	52,145	0.74
3001 to 4000	9	0.34	32,609	0.46
4001 to 5000	5	0.19	23,298	0.33
5001 to 10000	6	0.22	44,487	0.63
10001 and above	20	0.74	64,12,987	91.38
<b>TOTAL</b>	<b>2686</b>	<b>100.00</b>	<b>70,18,339</b>	<b>100.00</b>

## ANNUAL REPORT 2020-21

### SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2021

Sr. No.	Category of Shares	No. of Shares	% of total shares
(A)	<b>Promoter &amp; Promoter Group :</b>		
	(a) Individuals/Hindu Undivided Family	7,04,352	10.04
	(b) Bodies Corporate	33,57,866	47.84
	<b>Sub Total :</b>	<b>40,62,218</b>	<b>57.88</b>
(B)	<b>Public Shareholding :</b>		
	1. Institutions		
	(a) Financial Institutions/Banks	300	0.00
	(b) Foreign Institutional Investors	5,15,684	7.35
	2. Non-Institutions		
	(a) Individuals	8,03,318	11.45
	(b) Trust	14,51,902	20.68
	(c) Hindu Undivided Family	24,960	0.36
	(d) Non-Resident (Non-Repatriable)	254	0.00
	(e) Non-Resident Indians (Repat)	3,038	0.05
	(f) Clearing Members	2,075	0.00
	(g) Investor Education and Protection Fund Authority Ministry of Corporate Affairs	93,618	1.33
	(h) Bodies Corporate	60,972	0.87
	<b>Sub Total :</b>	<b>29,56,121</b>	<b>42.12</b>
	<b>GRAND TOTAL</b>	<b>70,18,339</b>	<b>100.00</b>

**Dematerialization of Shares:** 6901930 Equity Shares of ₹ 10/- each (i.e. 98.34%) of the total capital of the Company have been dematerialized as on 31<sup>st</sup> March, 2021. 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, 2021.

#### **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](mailto: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 1<sup>st</sup> 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 2020-2021, the Company had material Related Party Transaction (RPT) and the details are mentioned in the Directors Report. 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: [https://keynoteindia.net/wp-content/uploads/document-hosting/financial\\_results/Keynote\\_Policy%20on%20Related%20Party%20Transactions.pdf](https://keynoteindia.net/wp-content/uploads/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. 2017-2018, 2018-2019 and 2019-2020 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: [https://keynoteindia.net/wp-content/uploads/document-hosting/financial\\_results/WHISTLE%20BLOWER%20POLICY.pdf](https://keynoteindia.net/wp-content/uploads/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 dematerialized 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, 2021. 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 2020-2021.

k. Total fees paid to M/s. S M S R & Co. LLP, Chartered Accountants, Statutory Auditors on consolidated basis is ₹ 6,41,000/- for the Financial Year 2020-21.

l. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- |   |   |     |
|---|---|-----|
| a. Number of complaints filed during the financial year         | - | NIL |
| b. Number of complaints disposed of during the financial year   | - | NIL |
| c. Number of complaints pending as on end of the financial year | - | NIL |

**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 [https://keynoteindia.net/wp-content/uploads/document-hosting/financial\\_results/Material\\_Subsidary\\_Policy.pdf](https://keynoteindia.net/wp-content/uploads/document-hosting/financial_results/Material_Subsidary_Policy.pdf)

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

**Date: 13<sup>th</sup> August, 2021  
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, 9<sup>th</sup> 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, 9<sup>th</sup> 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 March 31, 2021 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.

<b>Sr. No.</b>	<b>Name of Director</b>	<b>DIN</b>
1	Mr. Uday Patil	00003978
2	Mr. Anish Malhotra	02034366
3	Mr. Manish Desai	02925757
4	Mr. Shishir Vasant Dalal	00007008
5	Mr. Vineet Suchanti	00004031
6	Mrs. Rinku Suchanti	00012903

Ensuring the eligibility 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**

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

Place: Mumbai  
Date: 13<sup>th</sup> August, 2021

Membership No. 5363  
UDIN: F005363C000774549

### **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 and Senior Management Personnel 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, 2021.

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

Date: 13<sup>th</sup> August, 2021  
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, 2021 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: 13<sup>th</sup> August, 2021  
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, 2021 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 April 01, 2020 to March 31, 2021.

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 & Co.  
Practicing Company Secretaries**

Place: Mumbai  
Date: 13<sup>th</sup> August, 2021

**Sd/-  
Uma Lodha  
Proprietor  
C.P. No. 2593  
UDIN: F005363C000774318**

**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, 2021**

**To**

**The Members of  
Keynote Capitals 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 CAPITALS LIMITED (CIN: U67120MH1995PLC088172)** (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 the **M/S. KEYNOTE CAPITALS LIMITED** 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, 2021 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 CAPITALS LIMITED** for the financial year ended 31<sup>st</sup> March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (regulation) Act, 1956 (SCRA) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations any Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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 (Prohibition of Insider Trading) Regulations, 1992
  - (b) SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003
- (vi) The following laws are specifically applicable to the Company:
  - The Prevention of Money Laundering Act, 2002

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the following observation:

As per the representation given by the Company, all the existing related party transactions of the Company with its related parties are in the ordinary course of business and on arm's length basis or as per the contracts existing on the commencement of the Act, 2013.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors & Key Managerial Personnel, Non-Executive Directors and Independent Directors. There were no changes in composition of Board of Directors during the year.



## ANNUAL REPORT 2020-21

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

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

**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.

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

**We further report that** Company has altered its main object resulting Alteration in the Memorandum of Association of the Company.

**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.  
Practicing Company Secretaries**

**Sd/-  
Proprietor**

ACS/FCS No.: 5363

C.P. No.2593

UDIN: F005363C000566541

Place: Mumbai  
Date: 01<sup>st</sup> July, 2021

**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.

**ANNEXURE B(i)**

**To**  
**The Members**  
**M/S. KEYNOTE CAPITALS 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.**  
**Practicing Company Secretaries**

Place: Mumbai  
Date: 01<sup>st</sup> July, 2021

**Sd/-**  
**Proprietor**  
ACS/FCS No.: 5363  
C.P. No.2593  
UDIN NO. F005363C000566541

**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, 2021**

**To**

**The Members of  
Keynote Fincorp 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 FINCORP LIMITED (CIN: U67120MH1995PLC084814)** (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 the **M/S. KEYNOTE FINCORP LIMITED** 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, 2021 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 FINCORP LIMITED** for the financial year ended 31<sup>st</sup> March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (regulation) Act, 1956 (SCRA) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations any Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following laws are specifically applicable to the Company:
  - The Prevention of Money Laundering Act, 2002
  - Reserve Bank of India Act, 1934

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India

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

**We further report that:**

The Board of Directors of the Company is duly constituted. There were no changes in the composition of the Board of Directors during the period under review.

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

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

**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.

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

**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.**  
**Practicing Company Secretaries**

Place: Mumbai  
Date: 26<sup>th</sup> May, 2021

**Sd/-**  
**Proprietor**  
ACS/FCS No.: 5363  
C.P. No.2593  
UDIN:F005363C000374853

**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.

**ANNEXURE B(i)**

**To**  
**The Members**  
**M/S. KEYNOTE FINCORP 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.
- Due to restricted movement amid COVID-19 pandemic, my basis of examination for issuing Secretarial Audit Report for the financial year 2019-20 was only restricted to the information/documents/Confirmations/Records provided by the Company in the electronic mode and could not be verified from the original records. The management has confirmed that the records submitted to me are the true and correct.
- 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.**  
**Practicing Company Secretaries**

Place: Mumbai  
Date: 26<sup>th</sup> May, 2021

**Sd/-**  
**Proprietor**  
ACS/FCS No.: 5363  
C.P. No.2593  
UDIN NO. F005363C000374853

**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 Ind AS Financial Statements**

**Opinion**

We have audited the accompanying standalone Ind AS 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 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its profit and other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone Ind AS 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 SAs are further described

in the 'Auditor's Responsibilities for the Audit of the standalone Ind AS 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 ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS 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 Ind AS financial statements for the financial year ended 31 March 2021. These matters were addressed in the context of our audit of the standalone Ind AS 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. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>Accuracy of recognition, measurement, presentation and disclosure of revenues and other related balances in respect of contracts involving critical estimates, as per Ind AS 115 “Revenue from Contract with Customers”.</b></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 stage of completion for each performance obligation.</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>
<p><b>Impairment on financial assets (expected credit losses)</b></p>	
<p>Ind AS 109 requires the Company to recognise impairment loss allowance towards its financial assets (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles of Ind AS 109 including: unbiased, probability weighted outcome under various scenarios; time value of money; impact arising from forward looking macro-economic factors and; availability of reasonable and supportable information without undue costs. Applying these principles involves significant estimation in various aspects, such as: staging of loans / receivables and estimation of behavioral life; determining macro-economic factors impacting credit quality of receivables, credit worthiness of the borrowers / customers, etc. Considering the significance of such allowance to the overall financial statements and the degree of estimation involved in computation of expected credit losses, this area is considered as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• We read and assessed the Company’s accounting policies for impairment of financial assets and their compliance with Ind AS 109.</li> <li>• We tested samples of loans / receivables to assess whether any loss indicators were present, requiring them to be re-classified, wherever required.</li> <li>• We evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation. Tested the ECL model, including assumptions and underlying computation.</li> <li>• Audited disclosures included in the standalone Ind AS financial statements in respect of expected credit losses.</li> </ul>
<p><b>Information Other than the Standalone Ind AS Financial Statements and Auditor’s Report Thereon</b></p> <p>The Company’s Management and Board of Directors are 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</p>	<p>to the Board’s Report, Corporate Governance and Shareholders’ Information, but does not include the standalone Ind AS Financial statements and our auditor’s report thereon.</p> <p>Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p>



In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS 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.

**Responsibilities of Management and Those Charged with Governance for the standalone Ind AS financial statements**

The Company's Management and the Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS 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 Company's Management and the Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Ind AS financial statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone Ind AS 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the standalone Ind AS 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 Company to express an opinion on the standalone Ind AS financial statements.

Materiality is the magnitude of misstatements in the standalone Ind AS 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 Ind AS 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 Ind AS 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, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued thereunder.
  - e) On the basis of the written representations received from the directors as on 31 March 2021, taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2021, 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 with reference to these standalone Ind AS financial statements of the Company and the operating effectiveness of such

controls, refer to our separate Report in “Annexure B” to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

g) In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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 Ind AS financial statements. Refer Note 34 of the standalone Ind AS financial statements;

ii) The Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer Note 38 of the standalone Ind AS 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

**Sd/-**

**U Balakrishna Bhat**

*Partner*

Date: 15 June 2021

Place: Mumbai

UDIN:- 21019216AAAABH8885

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 as at the Balance Sheet date.
- 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 not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- 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 2021 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. Accordingly, the provisions of the clause 3(vi) of the Order are not applicable to 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 in arrears as at 31 March 2021 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 (INR)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	2,924	A.Y. 2016-17	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income tax	16,40,930	A.Y. 2018-19	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income tax	43,63,910	A.Y. 2019-20	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Tax deducted at source and interest	2,961	F.Y 2017-18	Assessing Officer
Income Tax Act, 1961	Tax deducted at source and interest	6,791	F.Y 2019-20	Assessing Officer

Name of the Statute	Nature of dues	Amount (INR)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax deducted at source and interest	15,417	F.Y 2020-21	Assessing Officer
Maharashtra Municipal Property Tax Board Act, 2011	Property tax	72,52,747	October 2011 to March 2021	Assst.Assessor and Collector G/North Ward

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 given 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 Ind AS 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 to 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

**Sd/-**  
**U Balakrishna Bhat**  
*Partner*  
Date: 15 June 2021  
Place: Mumbai  
UDIN: 21019216AAAABH8885  
Membership No: 019216

**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 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

The Company's Board of Directors and Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial 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 Act.

**Auditors' Responsibility for the Audit of Internal Financial Controls**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 standalone Ind AS 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 with reference to these standalone Ind AS financial statements.

**Meaning of Internal Financial Controls over Financial Reporting with reference to these Standalone Ind AS financial statements**

A Company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS 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

- (iii) 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 standalone Ind AS financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Standalone Ind AS financial statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements, 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 with reference to these Standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements were operating effectively as at 31 March 2021, 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').

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

Date: 15 June 2021  
Place: Mumbai  
UDIN: 21019216AAAABH8885

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



## ANNUAL REPORT 2020-21

### STANDALONE BALANCE SHEET AS ON 31 MARCH 2021

(Currency: Indian Rupees)

	Note	31 March 2021	31 March 2020
<b>ASSETS</b>			
<b>A. Financial assets</b>			
Cash and cash equivalents	3	86,22,370	11,74,68,576
Bank balances other than cash and cash equivalents	4	13,01,55,547	19,25,311
Receivables	5		
- Trade receivables		67,94,620	70,46,203
- Other receivables		8,59,928	8,04,735
Loans	6	1,52,14,575	1,52,83,438
Investments	7	37,39,43,308	33,08,98,807
Other financial assets	8	62,07,473	44,72,068
<b>Sub-Total - Financial assets (A)</b>		<b>54,17,97,821</b>	<b>47,78,99,138</b>
<b>B. Non-Financial Assets</b>			
Current tax assets (net)	9	3,23,768	24,89,827
Investment property	10	3,60,222	3,71,366
Property, plant & equipment	11	7,93,11,580	8,19,58,850
Right of use assets	12	70,706	1,64,980
Other non-financial assets	13	15,84,517	35,68,075
<b>Sub-Total - Non-Financial assets (B)</b>		<b>8,16,50,793</b>	<b>8,85,53,098</b>
<b>Total - Assets (A+B)</b>		<b>62,34,48,614</b>	<b>56,64,52,236</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>A. Financial liabilities</b>			
Payables			
Trade payables			
	14		
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		55,673	72,225
Other payables			
- total outstanding dues of micro enterprises and small enterprises		55,250	10,924
- total outstanding dues of creditors other than micro enterprises and small enterprises		14,10,780	11,37,598

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

**STANDALONE BALANCE SHEET AS ON 31 MARCH 2021 (CONTD.)**

(Currency: Indian Rupees)

	<b>Note</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Deposits	15	2,32,143	2,07,205
Lease liabilities	16	88,321	1,86,962
Other financial liabilities	17	<u>31,37,126</u>	<u>37,07,230</u>
<b>Sub-total - Financial liabilities (A)</b>		<b>49,79,293</b>	<b>53,22,144</b>
<b>B. Non- Financial liabilities</b>			
Provisions	18	58,92,033	53,03,075
Deferred tax liabilities (net)	19	1,91,55,411	40,26,071
Other non-financial liabilities	20	<u>49,69,522</u>	<u>28,09,908</u>
<b>Sub-total - Non-Financial liabilities (B)</b>		<b>3,00,16,966</b>	<b>1,21,39,054</b>
<b>C. Equity</b>			
Equity Share capital	21	7,01,83,390	7,01,83,390
Other Equity	22	<u>51,82,68,965</u>	<u>47,88,07,648</u>
<b>Sub-total - Equity (C)</b>		<b>58,84,52,355</b>	<b>54,89,91,038</b>
<b>Total - Liabilities and Equity (A+B+C)</b>		<b><u>62,34,48,614</u></b>	<b><u>56,64,52,236</u></b>
Significant accounting policies	2		

The accompanying notes referred above form an integral part of the standalone Ind AS 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 June 2021

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 June 2021

Place: Mumbai

Sd/-

**Uday Patil**

*Director & CFO*

DIN: 00003978

Sd/-

**Sujeet More**

*Company Secretary*

## ANNUAL REPORT 2020-21

### STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(Currency: Indian Rupees)

	Note	For the Year ended 31 March 2021	For the Year ended 31 March 2020
<b>A. Revenue from operations</b>			
Sale of services	23	5,45,25,160	4,05,01,755
Net gain on fair value changes	24	4,24,59,824	-
Other operating income	25	6,92,800	7,49,217
<b>Total revenue from operations</b>		<b>9,76,77,784</b>	<b>4,12,50,972</b>
<b>B. Other income</b>	26	<b>1,50,98,397</b>	<b>1,42,39,433</b>
<b>Total income (A+B)</b>		<b>11,27,76,181</b>	<b>5,54,90,405</b>
<b>C. Expenses</b>			
Finance costs	27	4,78,850	48,505
Fees and commission expense	28	10,43,523	8,23,839
Net loss on fair value changes	29	-	96,25,476
Impairment on financial instruments	30	10,34,417	13,02,793
Employee benefits expense	31	2,21,68,610	2,42,55,251
Depreciation and amortisation expense	32	31,92,424	34,80,988
Other expenses	33	1,70,10,717	2,05,76,753
<b>Total Expenses (C)</b>		<b>4,49,28,541</b>	<b>6,01,13,605</b>
<b>Profit / (Loss) before tax (A+B-C)</b>		<b>6,78,47,640</b>	<b>(46,23,200)</b>
<b>D. Tax Expense</b>	50		
- Current tax		75,93,790	15,04,290
- Deferred tax and Minimum alternate tax (MAT)		1,37,49,171	(43,84,713)
- Taxation for earlier years		2,81,085	(8,05,433)
<b>Total Tax Expenses (D)</b>		<b>2,16,24,046</b>	<b>(36,85,856)</b>
<b>Profit / (loss) for the year (A+B-C-D)</b>		<b>4,62,23,594</b>	<b>(9,37,344)</b>
<b>E. Other Comprehensive Income</b>			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement gains /(losses) of defined benefit plans		3,54,755	3,37,740
Income tax on the above		(98,693)	(87,812)
(ii) Items that will be reclassified to profit & loss		-	-
<b>Other Comprehensive Income (E)</b>		<b>2,56,062</b>	<b>2,49,928</b>

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

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)**

(Currency: Indian Rupees)

	<b>Note</b>	<b>For the Year ended 31 March 2021</b>	<b>For the Year ended 31 March 2020</b>
<b>Total Comprehensive Income for the year (net of tax) (A+B-C-D+E)</b>		<b>4,64,79,656</b>	<b>(6,87,416)</b>
<b>Earnings per equity share (face value of INR 10 each)</b>			
Basic & diluted (INR)	37	6.59	(0.13)
Significant accounting policies	2		

The accompanying notes referred above form an integral part of the standalone Ind AS 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 June 2021

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 June 2021

Place: Mumbai

Sd/-

**Uday Patil**

*Director & CFO*

DIN: 00003978

Sd/-

**Sujeet More**

*Company Secretary*

## ANNUAL REPORT 2020-21

### STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

(Currency: Indian Rupees)

Particulars	For the Year ended 31 March 2021	For the year ended 31 March 2020
<b>(A) Cash flows from operating activities:</b>		
<b>Profit / (loss) before tax</b>	<b>6,78,47,640</b>	<b>(46,23,200)</b>
<b>Adjustments for</b>		
Depreciation and amortisation	31,92,424	34,80,988
Provision for gratuity	7,84,621	7,64,850
Provision for compensated absences	4,50,541	6,69,522
Impairment on financial instruments	10,34,417	13,02,793
Net (gain) / loss on fair value changes	-	96,25,476
Interest expenses	4,78,850	48,505
Dividend income	(22,30,191)	(45,03,117)
Interest Income	(99,29,131)	(65,08,661)
Sundry balances written back (net)	(6,35,420)	(5,95,363)
Lease income	(7,88,282)	(8,61,977)
<b>Operating profit before working capital changes</b>	<b>6,02,05,469</b>	<b>(12,00,184)</b>
<b>Adjustment for working capital changes</b>		
- (Increase) / decrease in trade and other receivables	(8,38,027)	(30,98,654)
- (Increase) / decrease in loans	68,863	48,190
- (Increase) / decrease in other financial assets	(17,35,405)	(2,77,548)
- (Increase) / decrease in other non-financial assets	19,83,558	(12,33,731)
- (Decrease) / Increase in trade and other payable	3,00,956	4,04,965
- (Decrease) / Increase in other financial liabilities	(5,70,104)	17,30,391
- (Decrease) / Increase in other non-financial liabilities	21,59,614	(8,65,946)
- (Decrease) / Increase in deposits	24,938	22,200
- (Decrease) / Increase in lease liabilities	(98,641)	(78,245)
- (Decrease) / Increase in provisions	2,45,278	(11,69,238)
<b>Cash generated from / (used) in operations</b>	<b>6,17,46,499</b>	<b>(57,17,800)</b>
Taxes paid (net of refunds)	(43,28,648)	(50,57,964)
<b>Net cash generated from / (used) in operating activities (A)</b>	<b>5,74,17,851</b>	<b>(1,07,75,764)</b>

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021**

(Currency: Indian Rupees)

**(B) Cash flows from investing activities:**

Purchase of plant, property and equipment and intangible assets	(4,39,736)	(89,289)
Sale of investments (net)	(4,30,44,500)	8,54,71,694
Deposits placed in banks and unpaid dividend accounts (net)	(12,82,30,236)	14,719
Rent received	7,88,282	8,61,977
Interest received	99,29,131	65,08,661
Dividend received	22,30,191	45,03,117
<b>Net cash generated from / (used in) investing activities (B)</b>	<b><u>(15,87,66,868)</u></b>	<b><u>9,72,70,879</u></b>

**(C) Cash flow from financing activities:**

Dividend paid	(70,18,339)	(70,18,339)
Dividend distribution tax paid	-	(14,77,319)
Interest paid	(4,78,850)	(48,505)
<b>Net cash generated from / (used) in financing activities (C)</b>	<b><u>(74,97,189)</u></b>	<b><u>(85,44,163)</u></b>

<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b><u>(10,88,46,206)</u></b>	<b><u>7,79,50,952</u></b>
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Cash and cash equivalents as at beginning of year	11,74,68,576	3,95,17,624
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<b>Cash and cash equivalents as at the end of the year</b>	<b><u>86,22,370</u></b>	<b><u>11,74,68,576</u></b>
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**Notes to cash flow statement :**

<b>1 Cash and cash equivalents as at the end of the year comprise of:</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
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Cash on hand	3,57,585	3,80,387
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Balances with banks		
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- In current accounts	76,28,540	54,05,773
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- In fixed deposits accounts (with original maturity of 3 months or less from the reporting date)	6,36,245	11,16,82,416
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	<b><u>86,22,370</u></b>	<b><u>11,74,68,576</u></b>
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**2** The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (Ind AS) 7 - "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standard) Rules, 2015.

**3** Cash and cash equivalents comprises cash on hand, current accounts and deposits with banks (with an original maturity of three months or less) 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 June 2021

Place: Mumbai

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

**Keynote Financial Services Limited**

CIN: L67120MH1993PLC072407

Sd/-

**Rinku Suchanti**

*Director*

DIN: 00012903

Date : 15 June 2021

Place: Mumbai

Sd/-

**Uday Patil**

*Director & CFO*

DIN: 00003978

Sd/-

**Sujeet More**

*Company Secretary*

# ANNUAL REPORT 2020-21

## STANDALONE STATEMENT OF CHANGES IN EQUITY AS ON 31 MARCH 2021

(Currency: Indian Rupees)

### A. Equity Share Capital

Particulars	Equity share capital	
	No. of Shares	Amount
<b>Balance as at 1 April 2019</b>	<b>70,18,339</b>	<b>7,01,83,390</b>
Changes in equity share capital during the year	-	-
<b>Balance as at 31 March 2020</b>	<b>70,18,339</b>	<b>7,01,83,390</b>
Changes in equity share capital during the year	-	-
<b>Balance as at 31 March 2021</b>	<b>70,18,339</b>	<b>7,01,83,390</b>

### B. Other Equity

Particulars	Reserves and surplus			Other items of other comprehensive income	Total
	Securities premium	General reserve	Retained earnings		
<b>Opening reinstated balance as on 1 April 2019</b>	<b>23,06,48,293</b>	<b>1,33,91,679</b>	<b>24,39,50,750</b>	-	<b>48,79,90,722</b>
Profit / (loss) after tax for the year	-	-	(9,37,344)	-	(9,37,344)
Other comprehensive income (net of tax)	-	-	2,49,928	-	2,49,928
Appropriations towards dividend paid (including corporate tax dividend)	-	-	(84,95,658)	-	(84,95,658)
<b>Balance as at 31 March 2020</b>	<b>23,06,48,293</b>	<b>1,33,91,679</b>	<b>23,47,67,676</b>	-	<b>47,88,07,648</b>
Profit / (loss) after tax for the year	-	-	4,62,23,594	-	4,62,23,594
Other comprehensive income (net of tax)	-	-	2,56,062	-	2,56,062
Appropriations towards dividend paid	-	-	(70,18,339)	-	(70,18,339)
<b>Balance as at 31 March 2021</b>	<b>23,06,48,293</b>	<b>1,33,91,679</b>	<b>27,42,28,993</b>	-	<b>51,82,68,965</b>

The accompanying notes referred above form an integral part of the standalone Ind AS 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 June 2021

Place: Mumbai

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

CIN: L67120MH1993PLC072407

Sd/-

**Rinku Suchanti**

Director

DIN: 00012903

Date : 15 June 2021

Place: Mumbai

Sd/-

**Uday Patil**

Director & CFO

DIN: 00003978

Sd/-

**Sujeet More**

Company Secretary



## **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 and ESOP advisory services etc.

## **2. Significant Accounting Policies**

### **(a) Basis of preparation**

These standalone Ind AS financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act, under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value. These accounting policies have been applied consistently over all the periods presented in these standalone Ind AS financial statements.

The financial statements were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) under the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), the relevant provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI) and other generally accepted accounting principles in India (collectively referred to as "Indian GAAP").

### **(b) Presentation of the financial statements**

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the format prescribed under Division III of Schedule III to the Companies Act, 2013 on 11 October 2013, the Company presents the Standalone Balance Sheet, the Standalone Statement of Profit and

Loss and the Standalone Statement of Changes in Equity in the order of liquidity. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 53 of the standalone Ind AS financial statements.

Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- (i) The normal course of business
- (ii) The event of default
- (iii) The event of insolvency or bankruptcy of the Company and/or its counterparties

### **(c) Use of estimates and judgements**

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of financial statements and the reported amounts of revenue and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognized in the period in which the Company becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised and future periods. The estimates and judgments that have significant impact on carrying amount of assets and liabilities at each balance sheet date are discussed at note 2(v) of the standalone Ind AS financial statements.

### **(d) Property, Plant and Equipment**

Property, plant and equipment (PPE) are stated at cost of acquisition less accumulated depreciation and accumulated impairment, (if any). Such cost includes purchase price including import duties and other non-refundable purchase taxes

or levies, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use and adjustments arising from exchange rate variations attributable to the assets. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

Assets costing INR 5,000 or less are fully depreciated in the year of purchase.

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-financial assets.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the statement of profit and loss when the asset is derecognised.

**Depreciation methods, estimated useful lives and residual value**

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013.

<b>Tangible assets</b>	<b>Useful life</b>
Premises	60 years
Furniture and fixtures	10 years
Electrical fittings	10 years
Air conditioners	10 years
Office equipments	5 years
Computers and peripherals	3 years
Vehicles	8 years

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

**(e) Investment Property**

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on property (Flat) classified as investment property has been provided on the straight-line method over a period of 60 years based on the Company's estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Schedule II to the Companies Act 2013.

Though the Company initially measures investment property using cost based measurement. The said is measured subsequently at the fair value which are determined based on an annual evaluation as per Management's best estimates.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition. The date of disposal of an item of investment property is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

**(f) Intangible assets and amortization**

Intangible assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation and impairment losses, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Intangible assets are amortised on a straight-line basis over the estimated useful economic life, which is the Management's estimate of its useful life.

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the statement of profit and loss when the asset is derecognized. The date of disposal of an item of intangible assets is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

**(g) Investments in subsidiaries and trust**

Investments in subsidiaries and trust are carried at cost less accumulated impairment losses, if any in the Separate Financial Statements as permitted under Ind AS 27 - "Separate financial statements".

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and trust, the difference between net disposal proceeds and the carrying amounts are recognised in the Standalone Statement of Profit and Loss.

**(h) Impairment of non-financial assets**

At each reporting date, the Company assesses whether there is any indication based on internal/ external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount of asset is the higher of its fair value or value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects the current market assessment of time value of money and the risks specific to it. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An Impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the assets carrying amount would have been determined, net of depreciation or amortization, had no impairment loss been recognised.

**(i) Provisions and contingencies**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at each reporting date.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for in the standalone Ind AS financial statements.

Contingent liabilities are disclosed when there is a possible obligation arising from past events,

the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**(j) Foreign currency translation**

**Functional and presentation currency**

Items included in financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

**(k) Employee benefits**

**(i) Short-term obligations**

Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered. The Company recognises the costs of bonus payments when it has a present obligation

to make such payments as a result of past events and a reliable estimate of the obligation can be made.

**(ii) Post-employment obligations**

**(I) Defined contribution plans**

**(a) Provident Fund:** The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**(b) Employees' State Insurance:** The Company contributes to Employees State Insurance Scheme and recognises such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

**(II) Defined benefit plans**

**(a) Gratuity:** The Company makes contribution to a Gratuity Fund administered by trustees and managed by LIC. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year by an independent actuary using the Projected Unit Credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- (i) The date of the plan amendment or curtailment, and
- (ii) The date that the company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in the standalone statement of profit and loss:

- (i) Service costs comprising current and past service costs, gains and losses on curtailments and non-routine settlements; and
- (ii) Net interest expense or income

**(III) Other Long-term employee benefits**

- (a) Compensated absences** - Privilege leave entitlements are recognised as a liability as per the rules of the Company. The liability for accumulated leaves which can be availed and/or encashed at any time during the tenure of employment is recognised using the projected unit credit method at the actuarially determined value by an appointed independent actuary. The liability for accumulated leaves which is eligible for encashment within the same calendar year is provided for at prevailing salary rate for the entire unavailed leave balance as at the Balance Sheet date.

**(I) Leases**

- (I) Operating lease as lessee** - The Company has adopted Ind AS 116 - "Leases" effective 1 April, 2019, using the "full retrospective method". Further, the Company has applied the standard to its leases with the full impact recognised on the date of initial application.

The Company's lease asset classes primarily consist of leases for office premises. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange

for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) The contract involves the use of an identified asset;
- (ii) The Company has substantially all of the economic benefits from use of the asset through the period of the lease; and
- (iii) The Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in



an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

- (II) **Operating lease as lessor:** In respect of assets given on operating lease, lease rentals are recognised on a straight-line basis over the term of lease unless;
- (i) Another systematic basis is more representative of the time pattern in which the benefit is derived from leased asset; or
  - (ii) The payments to the lessor are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases, in which case the rental are recognised based on contractual term.

(m) **Income tax**

**Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Minimum Alternate Tax**

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company

recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit". The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**Deferred Tax**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except in respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(n) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(o) Financial instruments**

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradable securities, the Company recognises the financial instruments on settlement date.

**Initial recognition and measurement:**

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortised cost.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- (b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

**Classification and subsequent measurement**

The Company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost only if both of the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold them to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

The Company has applied Ind AS 109 and classifies its financial assets in the following measurement categories:

- Amortised cost
- Fair value through profit or loss (FVTPL); or
- Fair value through other comprehensive income (FVOCI)



Such financial assets are subsequently measured at amortised cost using the Effective Interest rate method. Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal and the interest on the principal outstanding. Any financial instrument, which does not meet the criteria for categorisation as amortized cost or as Fair Value Through Other Comprehensive Income (FVTOCI), is classified as at Fair Value Through P&L (FVTPL). In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit and loss.

Financial liabilities are classified at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in Statement of Profit or loss.

### **Equity Investments**

The Company accounts for equity investments in subsidiaries at cost less impairment.

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'. However, dividend on such equity investments are recognised in

Statement of Profit and loss when the Company's right to receive payment is established.

### **Fair Value Hierarchy**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purpose. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 49 of the standalone Ind AS financial statements.

### **Impairment of Financial Assets**

The Company applies expected credit loss (ECL) model for measurement and recognition of loss allowance on the following:

- (i) Trade receivables
- (ii) Financial assets measured at amortised cost (other than trade receivables)
- (iii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash

flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables.

The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

#### **Write-offs**

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries are credited to the statement of profit and loss.

#### **De-recognition of financial instruments**

- (a) **Financial asset** - A financial asset or a part thereof is primarily de-recognised when:
- (i) The right to receive contractual cash flows from the asset has expired, or
  - (ii) The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- (a) The Company has transferred substantially all the risks and rewards of the asset, or
- (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains all or substantially all the risks and rewards of the transferred assets, the transferred assets are not de-recognised. On de-recognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in profit or loss.

- (b) **Financial liabilities:** The Company de-recognises a financial liability when its contractual obligations are discharged, cancelled or expired.

#### **Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

#### **(p) Revenue Recognition**

The Company recognises revenue from contracts with customers based on a five-step model set out in Ind AS 115, Revenue from Contracts with Customers, to determine when to recognize revenue and at what amount. Revenue is measured based on the consideration specified in the contract with a customer. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised service (i.e. an asset) to a customer.

An asset is transferred when (or as) the customer obtains control of that asset

**Step 1: Identify contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2: Identify performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3: Determine the transaction price:** The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4: Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.**

- (i) **Interest income** - Interest income is recognised using the effective interest rate (EIR) method by considering all contractual terms of the financial instrument in estimating the cash flows.
- (ii) **Dividend income** - Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.
- (iii) **Net gain on fair value changes** - Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Company recognises gains/losses on fair

value change of financial assets measured as FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL and FVOCI.

- (iv) **Sale of services** - 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 stage of each performance obligation.
- (v) **Dividend income** - The Company recognises dividend income in the statement of profit or loss on the date that the Company's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be reliably measured. This is generally when the shareholders approve the dividend.
- (vi) **Contract Balances**
  - Trade Receivables** - A receivable represents the Company's right to an amount of consideration that is unconditional.
  - Unbilled Revenue** - 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.
  - Contract Liabilities** - A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.
- (q) **Cash flow statement**

Cash flows are reported using the indirect method, where by profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

For the purpose of the Statement of Cash Flows, cash and cash equivalents as defined above, as they are considered an integral part of cash management of the company.

**(r) Earnings per share**

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(s) 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 and consequently approved by the shareholders of the company.

**(t) Segment information**

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments

The accounting policies adopted for Segment reporting are in line with the accounting policies of the company with the following additional policies:

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to Segments on

a reasonable basis have been included under "Un-allocable".

Assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the Segment. Assets and liabilities, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

**(u) Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

**(v) Critical estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgement are:

- (i) Estimated useful life of PPE - refer Note 2(d) and 11
- (ii) Estimation of tax expenses and tax payable - refer Note 2(m) and 47
- (iii) Fair value of financial instruments - refer Note 2(o) and 49
- (iv) Estimation of Defined benefit obligations - refer Note 2(k) and 45
- (v) Probable outcome of matters included under Contingent Liabilities - refer note 2(i) and 34

# ANNUAL REPORT 2020-21

## Notes to the Standalone Ind AS financial statements

(Currency: Indian Rupees)

	31 March 2021	31 March 2020
<b>3 Cash and cash equivalents</b>		
Cash on hand	3,57,585	3,80,387
<b>Balances with banks</b>		
- In current accounts	76,28,540	54,05,773
- In fixed deposits accounts (with maturity of 3 months or less)	6,36,245	11,16,82,416
	<b>86,22,370</b>	<b>11,74,68,576</b>

### Notes:

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting periods disclosed in the financial statements.

	31 March 2021	31 March 2020
<b>4 Bank balances other than cash and cash equivalents</b>		
Fixed deposits with banks (with maturity of more than 3 months)	12,91,05,557	8,22,016
Earmarked balances with banks towards unpaid dividend accounts	10,49,990	11,03,295
	<b>13,01,55,547</b>	<b>19,25,311</b>

### Notes:

- There are no repatriation restrictions with regard to bank balances other than cash and cash equivalents as at the end of the reporting periods disclosed in the financial statements.
- There are no bank deposits and balances with banks to the extent held as margin money or security against the borrowings, guarantees and other commitments as at the end of the reporting periods disclosed in the financial statements.
- Bank balances include restricted bank balances of INR 10,49,990 (P.Y: INR 11,03,295) on account of bank balances held as unpaid dividends.

	31 March 2021	31 March 2020
<b>5 Receivables</b>		
<b>Trade receivables</b>		
Receivables considered good - unsecured	67,94,620	70,46,203
Receivables - credit impaired	26,45,845	16,11,428
Less : Impairment loss allowance	(26,45,845)	(16,11,428)
	<b>67,94,620</b>	<b>70,46,203</b>
<b>Other receivables</b>		
Receivables considered good - unsecured	8,59,928	8,04,735
Less : Impairment loss allowance	-	-
	<b>8,59,928</b>	<b>8,04,735</b>
	<b>76,54,548</b>	<b>78,50,938</b>

### Notes:

- The Company applies the Ind AS 109 simplified approach to measure expected credit losses (ECLs) for receivables at an amount equal to lifetime ECLs. The ECLs on receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired receivables. The Company considers a receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. When a receivable is credit impaired, it is written off against receivables and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited to the income statement. Further, the Company has recognised ECL on credit impaired assets only.
- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade and other receivables are non-interest bearing and the same is relied upon by the Auditor.
- Trade receivables includes receivables from related parties NIL (P.Y: NIL).
- Other receivables includes receivables from related parties INR 8,59,928 (P.Y INR 8,04,735) (refer note 46(iii)).

	31 March 2021	31 March 2020
<b>6 Loans</b>		
<b>(A) Measured at amortised cost / fair value through profit or loss</b>		
<b>At amortised cost</b>		
Loans repayable on demand (Refer notes below)	1,50,00,000	1,50,00,000
<b>At fair value through profit or loss</b>		
Loan to employees - considered good	2,14,575	2,83,438
	<b>1,52,14,575</b>	<b>1,52,83,438</b>
Less : Impairment loss allowance	-	-
	<b>1,52,14,575</b>	<b>1,52,83,438</b>
<b>(B) Secured / Unsecured</b>		
(i) Secured by tangible assets	50,00,000	50,00,000
(ii) Unsecured	1,02,14,575	1,02,83,438
	<b>1,52,14,575</b>	<b>1,52,83,438</b>
Less : Impairment loss allowance	-	-
	<b>1,52,14,575</b>	<b>1,52,83,438</b>
<b>(C) Of the above</b>		
(i) Loans in India		
- Public sector	-	-
- Others	1,52,14,575	1,52,83,438
	<b>1,52,14,575</b>	<b>1,52,83,438</b>
Less : Impairment loss allowance	-	-
	<b>1,52,14,575</b>	<b>1,52,83,438</b>
(ii) Loans outside India	-	-
Less : Impairment loss allowance	-	-
	<b>1,52,14,575</b>	<b>1,52,83,438</b>
<b>(D) Stage wise breakup of loans</b>		
(i) Low credit risk (Stage 1)	1,52,14,575	1,52,83,438
(ii) Significant increase in credit risk (Stage 2)	-	-
(iii) Credit impaired (Stage 3)	-	-
	<b>1,52,14,575</b>	<b>1,52,83,438</b>
Less : Impairment loss allowance	-	-
	<b>1,52,14,575</b>	<b>1,52,83,438</b>

### Notes:

- The Company had given a secured loan to Bela Properties Private Limited amounting to INR 50,00,000 at the rate of 12% p.a, repayable on demand. Further, the said loan is secured against 2,51,022 equity shares of Credo Brands Marketing Private Limited and a demand promissory note.
- The company had given an unsecured loan to Siddha Real Estate Development Private Limited amounting to INR 1,00,00,000 at the rate of 18% p.a, repayable on demand.
- The Company considers the secured / unsecured loans given to other parties as fully recoverable i.e. at Stage 1 category (low credit risk) at the various reporting periods. Accordingly, in line with the Company's accounting policy no impairment allowance was created at the end of the aforesaid mentioned reporting periods.

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

**Notes to the Standalone Ind AS financial statements**  
(Currency: Indian Rupees)

**7 Investments**

Sr No.	Particulars	No. of Shares / units		Quoted / Unquoted	Face Value	Amount as at	
		31 March 2021	31 March 2020			31 March 2021	31 March 2020
<b>(A) Investments measured at amortised cost</b>							
<b>(i) Investments in debt securities</b>							
1	Series II 8% Partly convertible debentures - Netambit Valuefirst Services Private Limited	7,500	7,500	Unquoted	1,000	75,00,000	75,00,000
<b>Total (A- i)</b>						<b>75,00,000</b>	<b>75,00,000</b>
<b>(ii) Investments in equity instruments</b>							
1	Keynote Financial Services Ltd ( <i>held by Keynote Trust</i> )	14,51,702	14,51,702	Quoted	10	1,29,70,873	1,29,70,873
<b>Total (A- ii)</b>						<b>1,29,70,873</b>	<b>1,29,70,873</b>
<b>(iii) Investments in subsidiaries</b>							
1	Keynote Capitals Limited	1,12,66,667	1,12,66,667	Unquoted	10	17,55,00,010	17,55,00,010
2	Keynote Fincorp Limited	20,00,000	20,00,000	Unquoted	10	3,75,00,000	3,75,00,000
3	Keynote Trust ( <i>initial corpus fund</i> )	-	-	Unquoted	-	20,000	20,000
<b>Total (A- iii)</b>						<b>21,30,20,010</b>	<b>21,30,20,010</b>
<b>Total (A = i+ii+iii)</b>						<b>23,34,90,883</b>	<b>23,34,90,883</b>
<b>(B) Investments measured at fair value through profit or loss</b>							
<b>(i) Investments in mutual funds / exchange traded funds</b>							
1	HDFC Ultra Short Term Fund-Direct Plan-Weekly Dividend Option	69,425	149	Quoted	100	6,98,278	1,504
2	HDFC Liquid Fund Growth	122	-	Quoted	100	4,94,305	-
3	ICICI Prudential Ultra Short Term Fund - Growth	4,76,975	-	Quoted	100	1,02,86,591	-
4	Kotak Savings Fund - Growth (Regular Plan)	60,939	-	Quoted	10	20,55,508	-
5	Parag Parikh Flexi Cap Fund - Regular Plan - Growth	3,94,631	3,94,631	Quoted	10	1,49,96,626	82,89,233
6	Nippon India ETF Nifty Bees	-	6,878	Quoted	1	-	6,30,918
<b>Total (B- i)</b>						<b>2,85,31,308</b>	<b>89,21,655</b>
<b>(ii) Investments in debt securities</b>							
1	Non convertible debentures - JM Financial Products Limited Tranche III	20,000	20,000	Quoted	1,000	2,33,40,000	1,96,94,000
2	12% Non convertible debentures - ECL Finance Limited	-	10,000	Quoted	1,000	-	1,06,88,324
<b>Total (B- ii)</b>						<b>2,33,40,000</b>	<b>3,03,82,324</b>
<b>(iii) Investments in equity instruments</b>							
1	Godrej Properties Limited	2,000	2,500	Quoted	5	28,16,700	15,06,875
2	HDFC Bank Limited	2,021	1,871	Quoted	1	30,18,465	16,12,802
3	Kotak Mahindra Bank Limited	276	316	Quoted	5	4,84,104	4,09,646
4	Info Edge (India) Limited	125	350	Quoted	10	5,34,531	7,12,705
5	Shree Cement Limited	23	17	Quoted	10	6,77,934	2,98,774
6	Page Industries Limited	15	19	Quoted	10	4,55,043	3,21,628
7	Pidlilite Industries Limited	174	334	Quoted	1	3,14,931	4,53,121
8	P I Industries Limited	258	486	Quoted	1	5,81,674	5,68,401
9	Havells India Limited	476	711	Quoted	1	4,99,752	3,41,173
10	Britannia Industries Limited	101	162	Quoted	1	3,66,438	4,35,724
11	Bajaj Finance Limited	347	209	Quoted	2	17,86,668	4,63,155
12	Bajaj Finserv Limited	73	68	Quoted	5	7,05,749	3,12,103
13	City Union Bank Limited	11,400	10,043	Quoted	1	17,77,260	13,02,074
14	Steelcast Limited	6,000	4,500	Quoted	5	8,38,800	3,50,775



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## Notes to the Standalone Ind AS financial statements (Currency: Indian Rupees)

Sr No.	Particulars	No. of Shares / units		Quoted / Unquoted	Face Value	Amount as at	
		31 March 2021	31 March 2020			31 March 2021	31 March 2020
15	Asian Paints Limited	163	274	Quoted	1	4,13,490	4,56,676
16	Astral Ltd	3,127	2,771	Quoted	1	50,54,887	25,61,651
17	Cholamandalam Investment and Finance Company Ltd	2,866	1,497	Quoted	2	16,01,521	2,28,966
18	Bella Casa Fashion & Retail Limited	4,757	4,757	Quoted	10	6,22,691	4,89,971
19	M R F Limited	-	6	Quoted	10	-	3,49,450
20	Max Financial Services Limited	-	429	Quoted	10	-	1,65,336
21	CESC Ventures Limited	-	411	Quoted	10	-	48,087
22	CESC Limited	222	182	Quoted	10	1,31,646	74,402
23	Odisha Cement Ltd (Dalmia Bharat Limited)	-	108	Quoted	2	-	52,812
24	Minda Industries Limited	-	515	Quoted	2	-	1,23,110
25	Reliance Industries Limited	710	-	Quoted	10	14,22,272	-
26	Divi's Laboratories Limited	177	232	Quoted	2	6,42,519	4,61,112
27	Larsen & Toubro Ltd	181	303	Quoted	2	2,56,722	2,44,475
28	Orbit Exports Ltd	-	2,116	Quoted	10	-	1,29,182
29	ICICI Lombard General Insurance Company Ltd	-	821	Quoted	10	-	8,83,971
30	Precision Wires India Ltd	-	1,056	Quoted	10	-	70,435
31	Thermax Ltd	800	800	Quoted	2	10,76,840	5,91,600
32	Vinati Organics Ltd	80	-	Quoted	1	1,11,996	-
33	Stanrose Mafatlal Investments and Finance Limited	12,690	-	Quoted	10	9,78,399	-
34	ICICI Bank Ltd	1,658	2,629	Quoted	2	9,63,713	8,53,110
35	ICICI Securities Limited	271	-	Quoted	5	1,03,400	-
36	PSP Projects Ltd	1,850	1,450	Quoted	10	8,57,290	4,66,465
37	Sanghvi Brands Ltd	-	3,000	Quoted	10	-	15,720
38	State Bank of India	742	6,389	Quoted	1	2,70,347	12,58,313
39	Westlife Development Ltd	-	2,057	Quoted	2	-	6,58,651
40	Jubilant Foodworks Ltd	255	324	Quoted	10	7,42,828	4,76,361
41	Dabur India Ltd	720	1,038	Quoted	1	3,89,304	4,67,359
42	Axis Bank Limited	-	152	Quoted	2	-	57,654
43	Bajaj Consumer Care Ltd	-	792	Quoted	1	-	1,05,217
44	Coffee Day Enterprises Ltd	3,498	3,498	Quoted	10	91,123	80,804
45	Care Ratings Ltd	186	186	Quoted	10	76,492	61,296
46	Equitas Holdings Ltd	-	919	Quoted	10	-	39,149
47	Fortis Healthcare Ltd	2,619	3,425	Quoted	10	5,21,181	4,31,721
48	Goldiam International Ltd	-	1,132	Quoted	10	-	1,00,069
49	Great Eastern Shipping Co.Ltd	-	681	Quoted	10	-	1,41,070
50	IIFL Holdings Ltd	-	2,898	Quoted	10	-	2,15,611
51	Kalpataru Power Transmission Ltd	600	290	Quoted	2	2,26,140	52,635
52	Maruti Suzuki India Ltd	9	9	Quoted	5	61,738	38,590
53	Navneet Education Ltd	-	917	Quoted	2	-	56,808
54	Nucleus Software Exports Ltd	-	1,542	Quoted	10	-	2,73,011
55	Polycab India Ltd	365	93	Quoted	10	5,03,755	68,997
56	Sundram Fasteners Ltd	-	70	Quoted	1	-	20,394



**KEYNOTE FINANCIAL SERVICES LIMITED**  
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**Notes to the Standalone Ind AS financial statements**  
(Currency: Indian Rupees)

Sr No.	Particulars	No. of Shares / units		Quoted / Unquoted	Face Value	Amount as at	
		31 March 2021	31 March 2020			31 March 2021	31 March 2020
57	Tata Motors Ltd	1,900	1,900	Quoted	2	5,73,515	1,34,995
58	Thomas Cook (India) Ltd	2,159	3,945	Quoted	1	1,06,115	95,271
59	Titan Company Ltd	246	274	Quoted	1	3,83,121	2,55,779
60	Varun Beverages Ltd	83	169	Quoted	10	83,490	89,663
61	Zee Entertainment Enterprises Ltd	-	81	Quoted	1	-	10,044
62	Worth Peripherals Ltd	-	3,000	Quoted	10	-	1,23,000
63	Quess Corp Ltd	-	330	Quoted	10	-	69,811
64	Metropolis Healthcare Ltd	-	220	Quoted	2	-	2,82,975
65	India Bulls Real Estates Ltd	7,866	2,410	Quoted	2	6,39,112	98,328
66	IndiaMART InterMESH Ltd	129	155	Quoted	10	9,97,499	3,00,065
67	Housing Development Finance Corporation Ltd	100	50	Quoted	2	2,49,895	81,522
68	Grasim Industries Limited	125	125	Quoted	2	1,81,512	59,425
69	Grauer &Well (India) Ltd	-	17,500	Quoted	1	-	5,92,375
70	Gateway Distriparks Ltd	-	2,444	Quoted	10	-	2,31,447
71	Avenue Supermarts Ltd	-	212	Quoted	10	-	4,66,548
72	Abbott India Ltd	-	65	Quoted	10	-	10,04,607
73	Hemisphere Properties India Ltd	-	200	Quoted	10	-	46,640
74	IIFL Securities Ltd	-	707	Quoted	2	-	21,952
75	United Spirits Ltd	320	423	Quoted	2	1,78,048	2,05,176
76	Poly Medicure Ltd	768	974	Quoted	5	6,27,917	2,29,475
77	ISGEC Heavy Engineering Ltd	-	129	Quoted	1	-	32,940
78	J B Chemicals & Pharmaceuticals Ltd	182	815	Quoted	2	2,28,155	4,14,305
79	Infosys Limited	1,302	271	Quoted	5	17,80,810	1,73,522
80	Honeywell Automation India Ltd	-	20	Quoted	10	-	5,19,016
81	Heritage Foods (India) Ltd	-	584	Quoted	5	-	1,24,480
82	Hexaware Technologies Ltd	-	368	Quoted	2	-	83,224
83	DFM Foods Ltd	970	1,235	Quoted	2	3,54,729	2,17,113
84	Bharti Airtel Ltd	619	189	Quoted	5	3,20,208	83,274
85	Zensar Technologies Ltd	-	3,344	Quoted	2	-	2,89,256
86	Tech Mahindra Ltd	107	107	Quoted	5	1,06,063	60,449
87	Raymond Ltd	1,148	1,148	Quoted	10	4,15,231	2,56,004
88	Prince Pipes & Fittings Ltd	-	1,190	Quoted	10	-	1,21,677
89	Piramal Enterprises Ltd	271	400	Quoted	2	4,74,792	3,75,520
90	Mahanagar Gas Limited	-	100	Quoted	10	-	81,795
91	ITC Ltd	699	726	Quoted	1	1,52,731	1,24,872
92	Hindustan Unilever Ltd	77	73	Quoted	1	1,87,172	1,67,765
93	Forbes and Company Ltd	440	400	Quoted	10	7,58,802	3,07,640
94	Engineers India Ltd	2,714	3,156	Quoted	5	2,09,113	1,89,518
95	Delta Corp Ltd	334	668	Quoted	1	54,108	43,754
96	Bandhan Bank Limited	-	318	Quoted	10	-	64,760
97	A U Small Finance Bank Ltd	523	330	Quoted	10	6,41,329	1,67,920
98	Aditya Birla Capital Ltd	2,200	2,429	Quoted	10	2,62,680	1,02,504

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## Notes to the Standalone Ind AS financial statements (Currency: Indian Rupees)

Sr No.	Particulars	No. of Shares / units		Quoted / Unquoted	Face Value	Amount as at	
		31 March 2021	31 March 2020			31 March 2021	31 March 2020
99	Alkem Laboratories Ltd	-	228	Quoted	2	-	5,30,978
100	Voltas Ltd	975	231	Quoted	1	9,76,803	1,10,614
101	Control Print Limited	-	874	Quoted	10	-	1,69,337
102	Torrent Pharmaceuticals Ltd	163	-	Quoted	5	4,14,216	-
103	Ultratech Cement Ltd	149	-	Quoted	10	10,03,857	-
104	Vidhi Speciality Food Ingredients Ltd	4,200	-	Quoted	1	8,93,970	-
105	Tata Consultancy Services Ltd	138	-	Quoted	1	4,38,509	-
106	IDFC Ltd	8,370	-	Quoted	10	3,95,901	-
107	Hatsun Agro Product Ltd	706	-	Quoted	1	5,11,532	-
108	Eicher Motors Ltd	143	-	Quoted	1	3,72,337	-
109	Central Depository Services India Ltd	1,344	-	Quoted	10	8,81,731	-
110	Bharat Petroleum Corporation Ltd	323	-	Quoted	10	1,38,228	-
111	Healthcare Global Enterprises Ltd	2,723	-	Quoted	10	5,20,229	-
112	Tv18 Broadcast Ltd	11,396	-	Quoted	2	3,27,635	-
113	Tata Elxsi Limited	283	-	Quoted	10	7,62,091	-
114	Oracle Financial Services Software Ltd	36	-	Quoted	5	1,15,164	-
115	Dixon Technologies (India) Ltd	103	-	Quoted	2	3,78,010	-
116	CCL Products (India) Ltd	311	-	Quoted	2	72,821	-
117	Angel Broking Ltd	1,533	-	Quoted	10	4,46,256	-
118	VIP Industries Ltd	380	-	Quoted	2	1,34,596	-
119	Tata Steel Limited	1,480	-	Quoted	10	12,01,686	-
120	Tanla Platforms Ltd	197	-	Quoted	1	1,60,870	-
121	Tata Communications Ltd	129	-	Quoted	10	1,37,069	-
122	Sasken Technologies Ltd	491	-	Quoted	10	4,28,790	-
123	Prism Johnson Ltd	1,380	-	Quoted	10	1,81,263	-
124	Orient Refractories Ltd	1,697	-	Quoted	1	3,84,710	-
125	Nirfon Ltd	793	-	Quoted	10	2,16,647	-
126	Multi Commodity Exchange of India Limited	81	-	Quoted	10	1,22,521	-
127	Indostar Capital Finance Ltd	1,256	-	Quoted	10	3,92,312	-
128	Hindalco Industries Ltd	1,742	-	Quoted	1	5,69,372	-
129	Greenpanel Industries Ltd	2,042	-	Quoted	1	3,26,822	-
130	Den Networks Ltd	4,356	-	Quoted	10	2,14,533	-
131	Cera Sanitaryware Ltd	146	-	Quoted	5	5,70,035	-
132	Burger King India Ltd	645	-	Quoted	10	83,270	-
133	Blue Dart Express Ltd	119	-	Quoted	10	6,63,437	-
134	Apl Apollo Tubes Limited	192	-	Quoted	2	2,68,906	-
135	Fermenta Biotech Ltd (DIL Limited)	724	-	Quoted	5	1,81,217	-
136	Cipla Ltd	637	-	Quoted	2	5,19,314	-
137	Cadila Healthcare Ltd	329	-	Quoted	1	1,45,039	-
138	Ajanta Pharma Ltd	348	-	Quoted	2	6,24,051	-
139	Aarti Industries Ltd	392	-	Quoted	5	5,16,087	-
140	Scan point Geomatics Limited	400	400	Quoted	2	5,776	7,220

**KEYNOTE FINANCIAL SERVICES LIMITED**  
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**Notes to the Standalone Ind AS financial statements**  
(Currency: Indian Rupees)

Sr No.	Particulars	No. of Shares / units		Quoted / Unquoted	Face Value	Amount as at	
		31 March 2021	31 March 2020			31 March 2021	31 March 2020
141	Mitcon Consultancy & Engineering Services Limited	40,000	40,000	Quoted	10	16,40,000	15,94,000
142	Dugar Finance India Limited	700	700	Unquoted	10	2,870	2,870
143	Dugar Housing Limited	800	800	Unquoted	10	9,520	9,520
144	Stellar Exports Limited	10,000	10,000	Unquoted	10	30,000	30,000
						<b>6,03,24,493</b>	<b>3,28,14,142</b>
	Less: Impairment loss allowance					(42,390)	(42,390)
				<b>Total (B - iii)</b>		<b>6,02,82,103</b>	<b>3,27,71,752</b>
<b>(iv) Investments in alternate investment funds</b>							
1	IIFL Special Opportunities Fund - Series 5	10,29,531	10,29,531	Unquoted	10	95,21,451	84,22,489
2	Carpediem Capital Partners Fund - I	1,000	950	Unquoted	10,000	1,87,77,563	1,69,09,704
				<b>Total (B - iv)</b>		<b>2,82,99,014</b>	<b>2,53,32,193</b>
				<b>Total (B = i+ii+iii+iv)</b>		<b>14,04,52,425</b>	<b>9,74,07,924</b>
				<b>Grand total (A+B)</b>		<b>37,39,43,308</b>	<b>33,08,98,807</b>
<b>Notes:</b>							
<b>1 Of the above</b>							
	Investment in India					37,39,85,698	33,09,41,197
	Investment outside India					-	-
						<b>37,39,85,698</b>	<b>33,09,41,197</b>
	Less: Impairment loss allowance					(42,390)	(42,390)
						<b>37,39,43,308</b>	<b>33,08,98,807</b>
<b>2 Aggregate value of quoted/unquoted investments</b>							
	Aggregate fair value of quoted investments					12,51,24,284	8,50,46,604
	Aggregate value of unquoted investments					24,88,61,414	24,58,94,593
						<b>37,39,85,698</b>	<b>33,09,41,197</b>
	Less: Impairment loss allowance					(42,390)	(42,390)
						<b>37,39,43,308</b>	<b>33,08,98,807</b>
<b>3 The Company measures its equity investments at amortised cost / FVTPL, considering the investments are held for trading purposes only.</b>							
<b>8</b>	<b>Other financial assets</b>	<b>31 March 2021</b>	<b>31 March 2020</b>	<b>9</b>	<b>Current tax assets (net)</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<i>(Unsecured, considered good)</i>				Advance tax and tax deducted at source	3,23,768	24,89,827
	<b>At amortised cost</b>				<i>(Net of provision for tax: INR 3,60,59,122 ; P.Y: INR 2,89,56,995)</i>		
	Interest accrued on					<b>3,23,768</b>	<b>24,89,827</b>
	- Loans	32,85,000	19,08,498				
	- Investment in debt securities	20,44,966	9,20,822	<b>10</b>	<b>Investment property</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	Security deposits	10,770	10,770		<b>Property (flat)</b>		
	Unbilled revenue	7,74,923	15,50,000		<b>Gross carrying amount</b>		
	<b>At fair value through profit or loss</b>				Balance at the beginning of the year	3,93,775	3,93,775
	Security deposits for rental premises	91,814	81,978		Additions during the year	-	-
		<b>62,07,473</b>	<b>44,72,068</b>		Disposals during the year	-	-
					<b>Balance at the end of the year</b>	<b>3,93,775</b>	<b>3,93,775</b>
					<b>Accumulated depreciation</b>		
					Balance at the beginning of the year	22,409	8,359
					Depreciation during the year	11,144	11,208
					Disposals/adjustments during the year	-	2,842
					<b>Balance at the end of the year</b>	<b>33,553</b>	<b>22,409</b>
					<b>Net carrying amount</b>	<b>3,60,222</b>	<b>3,71,366</b>
<b>Notes:</b>							
1.	Impairment loss allowance recognised on other financial assets - NIL (P.Y: NIL).						
2.	Other financial assets includes receivable from related parties - NIL (P.Y: NIL).						

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## Notes to the Standalone Ind AS financial statements

(Currency: Indian Rupees)

### Notes

#### 1. Income earned and expense incurred in connection with investment property

Particulars	For the year ended	
	31 March 2021	31 March 2020
Rental income derived from investment property	7,88,282	8,61,977
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income	(27,948)	(27,948)
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income	-	-
Income arising from investment property before depreciation	<u>7,60,334</u>	<u>8,34,029</u>
Depreciation	(11,144)	(11,208)
Income arising from investment property (net)	<u><u>7,49,190</u></u>	<u><u>8,22,821</u></u>

#### 2. Contractual obligations

There are no contractual obligations (P.Y: NIL) to purchase, construct or develop investment property.

#### 3. Leasing arrangements

The Company has given a commercial property on non-cancellable operating lease. The corresponding lease agreement provides for an option

to renew the lease period at the end of non-cancellable period to lessor. The initial tenure of the lease is 60 months. There are no exceptional / restrictive covenants in the lease agreement.

Fair value	31 March 2021	31 March 2020
	Investment property	1,41,82,526

#### Estimation of fair value

The fair valuation of the investment property was based upon management's best estimates instead of independent valuation. The best evidence of fair value is current prices in an active market for similar properties taking into consideration various factors such as location, facilities & amenities, quality of construction, residual life of building, business potential, supply & demand, local nearby enquiry, market feedback of investigation, ready reckoner published by government, etc. The fair value measurement is categorised in level 2 fair value hierarchy. Further, the fair valuation of the investment property was not determined by an independent valuer as required under Ind AS 40 and were completely based upon management's best estimates.

#### 5. Reconciliation of fair value

Particulars	Investment property
Balance as at 1 April 2019	1,41,97,004
Fair value differences	-
Balance as at 31 March 2020	1,41,97,004
Fair value differences	(14,478)
Balance as at 31 March 2021	<u><u>1,41,82,526</u></u>

#### 11 Property, plant & equipment

Tangible assets	Premises	Vehicles	Furniture and Fittings	Air Conditioners	Office Equipments	Computers and Peripherals	Electrical fittings	Total
<b>Gross block</b>								
Balance as at 1 April 2019	8,06,41,100	28,83,340	37,29,978	5,75,697	51,939	5,73,265	6,42,420	8,90,97,739
Additions during the year	-	-	-	-	1,255	88,034	-	89,289
Disposals / adjustments during the year	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>8,06,41,100</b>	<b>28,83,340</b>	<b>37,29,978</b>	<b>5,75,697</b>	<b>53,194</b>	<b>6,61,299</b>	<b>6,42,420</b>	<b>8,91,87,028</b>
Balance as at 1 April 2020	8,06,41,100	28,83,340	37,29,978	5,75,697	53,194	6,61,299	6,42,420	8,91,87,028
Additions during the year	-	-	-	-	-	4,39,736	-	4,39,736
Disposals / adjustments during the year	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>8,06,41,100</b>	<b>28,83,340</b>	<b>37,29,978</b>	<b>5,75,697</b>	<b>53,194</b>	<b>11,01,035</b>	<b>6,42,420</b>	<b>8,96,26,764</b>
<b>Depreciation / Amortisation</b>								
Balance as at 1 April 2019	14,08,892	11,70,188	8,13,965	1,17,294	3,213	1,99,391	1,42,517	38,55,460
Depreciation for the year	14,12,751	7,70,102	8,15,918	1,17,616	3,388	1,12,824	1,42,907	33,75,506
Disposals / adjustments during the year	793	1,275	535	671	(2,034)	(4,123)	95	(2,788)
<b>Balance as at 31 March 2020</b>	<b>28,22,436</b>	<b>19,41,565</b>	<b>16,30,418</b>	<b>2,35,581</b>	<b>4,567</b>	<b>3,08,092</b>	<b>2,85,519</b>	<b>72,28,178</b>
Balance as at 1 April 2020	28,22,436	19,41,565	16,30,418	2,35,581	4,567	3,08,092	2,85,519	72,28,178
Depreciation for the year	14,07,884	4,57,629	8,12,058	1,16,824	1,190	1,49,288	1,42,133	30,87,006
Disposals / adjustments during the year	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>42,30,320</b>	<b>23,99,194</b>	<b>24,42,476</b>	<b>3,52,405</b>	<b>5,757</b>	<b>4,57,380</b>	<b>4,27,652</b>	<b>1,03,15,184</b>
<b>Net block</b>								
As at 31 March 2020	7,78,18,664	9,41,775	20,99,560	3,40,116	48,627	3,53,207	3,56,901	8,19,58,850
As at 31 March 2021	7,64,10,780	4,84,146	12,87,502	2,23,292	47,437	6,43,655	2,14,768	7,93,11,580

# KEYNOTE FINANCIAL SERVICES LIMITED

(Formerly known as Keynote Corporate Services Limited)

## Notes to the Standalone Ind AS financial statements

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12 Right of use assets	31 March 2021	31 March 2020
Right of use assets on premises (Refer note below) (Refer note 48)	70,706	1,64,980
	<u>70,706</u>	<u>1,64,980</u>

**Note:** Amortisation charged during the year INR 94,274 (P.Y: INR 94,274).

13 Other non-financial assets	31 March 2021	31 March 2020
(Unsecured, considered good)		
Balances with government / statutory authorities	-	27,112
Prepaid expenses	12,28,871	6,30,101
Deferred lease rentals receivable	71,662	1,26,984
Advances to service providers	2,83,984	27,83,878
	<u>15,84,517</u>	<u>35,68,075</u>

**Note:** Impairment loss allowance recognised on other non-financial assets - NIL (P.Y: NIL)

14 Payables	31 March 2021	31 March 2020
<b>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	55,673	72,225
<b>Other payables</b>		
- total outstanding dues of micro enterprises and small enterprises (Refer note 39)	55,250	10,924
- total outstanding dues of creditors other than micro enterprises and small enterprises	14,10,780	11,37,598
	<u>15,21,703</u>	<u>12,20,747</u>

**Notes:**

- Trade payables and other payables are non-interest bearing and are normally settled as per payment terms mentioned in the respective contracts.
- Trade or other payables due to the directors or other officers of the Company either severally or jointly with any other person is NIL (P.Y: NIL). Further, trade or other payable which are due to firms or private companies respectively in which any director is a partner, a director or a member is NIL (P.Y: NIL).
- Trade and other payables includes payables to related parties INR 3,89,805 (P.Y: INR 13,910) (refer note 46(iii)) other than those covered under point 2 above.
- In the opinion of the management, the balances of payables are stated at book value and are payable.

15 Deposits	31 March 2021	31 March 2020
<b>At fair value through profit or loss</b>		
Security deposit against premise given on lease	2,32,143	2,07,205
	<u>2,32,143</u>	<u>2,07,205</u>

**Note:** Public deposits and deposits from banks is NIL (P.Y: NIL).

16 Lease liabilities	31 March 2021	31 March 2020
Lease Liabilities (Refer note 48)	88,321	1,86,962
	<u>88,321</u>	<u>1,86,962</u>

17 Other financial liabilities	31 March 2021	31 March 2020
Unpaid dividends (refer note below)	10,49,990	11,03,295
Payable to employees	9,46,762	14,46,716
Provision for expenses	11,12,517	11,04,424
Deferred rent income	27,857	52,795
	<u>31,37,126</u>	<u>37,07,230</u>

**Note:** During the current year, the Company had transferred INR 2,04,143 (P.Y: INR 1,88,160) to Investor Education and Protection Fund under section 125 of the Companies Act, 2013.

18 Provisions	31 March 2021	31 March 2020
<b>Provision for employee benefits</b>		
- Gratuity (refer note 45(ii))	43,01,860	42,82,543
- Compensated absences (refer note 45(iii))	7,61,373	3,10,832
- Bonus and incentives	8,28,800	7,09,700
	<u>58,92,033</u>	<u>53,03,075</u>

19 Deferred tax liabilities (net)	31 March 2021	31 March 2020
Deferred tax liabilities (net) (refer note 47)	1,91,55,411	40,26,071
	<u>1,91,55,411</u>	<u>40,26,071</u>

20 Other non-financial liabilities	31 March 2021	31 March 2020
Statutory dues payable	14,52,819	13,09,908
Advances from customers	35,16,703	15,00,000
	<u>49,69,522</u>	<u>28,09,908</u>

21 Equity Share capital	31 March 2021	31 March 2020
<b>Authorised :</b>		
1,50,00,000 (P.Y : 1,50,00,000) equity shares of INR 10 each	15,00,00,000	15,00,00,000
	<u>15,00,00,000</u>	<u>15,00,00,000</u>

**Issued :**

1,12,74,417 (P.Y : 1,12,74,417) equity shares of INR 10 each	11,27,44,170	11,27,44,170
	<u>11,27,44,170</u>	<u>11,27,44,170</u>

**Subscribed and fully paid-up shares:**

70,18,339 (P.Y : 70,18,339) equity shares of INR 10 each	7,01,83,390	7,01,83,390
	<u>7,01,83,390</u>	<u>7,01,83,390</u>

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

Particulars	31 March 2021		31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	70,18,339	7,01,83,390	70,18,339	7,01,83,390
Changes in equity share capital during the year	-	-	-	-
<b>At the end of the year</b>	<u>70,18,339</u>	<u>7,01,83,390</u>	<u>70,18,339</u>	<u>7,01,83,390</u>

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

The Company has issued only one class of equity shares having par value of INR 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 2021, the Company has proposed final dividend of INR 1 per share (P.Y: INR 1 per share)

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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	31 March 2021		31 March 2020	
	No. of Shares	% holding	No. of Shares	% holding
NSS Digital Media Limited	31,12,256	44.34	31,12,256	44.34
Keynote Trust	14,51,702	20.68	14,51,702	20.68
India Max Investment Fund Limited	5,61,348	8.00	5,61,348	8.00

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.

22 Other Equity	31 March 2021	31 March 2020
<b>Securities premium</b>		
Balance at the beginning of the year	23,06,48,293	23,06,48,293
Add / (Less) : Additions / (Deductions) during the year	-	-
Balance at the end of the year	<b>23,06,48,293</b>	<b>23,06,48,293</b>
<b>General reserve</b>		
Balance at the beginning of the year	1,33,91,679	1,33,91,679
Add / (Less) : Additions / (Deductions) during the year	-	-
Balance at the end of the year	<b>1,33,91,679</b>	<b>1,33,91,679</b>
<b>Retained earnings</b>		
Balance at the beginning of the year	23,47,67,676	24,39,50,750
Add/(Less) : Profit/(Loss) for the year	4,62,23,594	(9,37,344)
Add: Other comprehensive income for the year	2,56,062	2,49,928
	<b>28,12,47,332</b>	<b>24,32,63,334</b>
Less : Appropriations		
- Equity dividend	(70,18,339)	(70,18,339)
- Corporate tax on equity dividend	-	(14,77,319)
	<b>(70,18,339)</b>	<b>(84,95,658)</b>
	<b>27,42,28,993</b>	<b>23,47,67,676</b>
	<b>51,82,68,965</b>	<b>47,88,07,648</b>

### Notes:

- 1 Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.
- 2 The general reserve is a free reserve, retained from Company's profits and can be utilized upon fulfilling certain conditions in accordance with statute of the relevant Act / Law.
- 3 Retained earnings represent the accumulated earnings net of losses if any made by the company over the financial years and after payment of dividend (including tax on dividend) and transfer to reserves.

23 Sale of services	For the Year ended 31 March 2021	For the Year ended 31 March 2020
<b>Income from</b>		
- Corporate finance	3,32,41,122	1,42,66,516
- ESOP advisory	49,49,000	81,85,755
- Merchant banking	1,55,77,225	1,80,49,484
- Debt advisory services	7,57,813	-
	<b>5,45,25,160</b>	<b>4,05,01,755</b>
<b>24 Net gain on fair value changes</b>	<b>For the Year ended 31 March 2021</b>	<b>For the Year ended 31 March 2020</b>
<b>Net gain / (loss) on financial instruments measured at fair value through profit or loss</b>		
On trading portfolio		
- Equity shares	2,78,78,597	-
- Mutual funds	48,45,008	-
- Debt securities	29,57,676	-
- Alternate investment funds	67,78,543	-
	<b>4,24,59,824</b>	<b>-</b>
<b>Total net gain / (loss) on financial instruments measured at fair value through profit or loss</b>		
- Realised gain / (loss)	33,31,021	-
- Unrealised gain / (loss)	3,91,28,803	-
	<b>4,24,59,824</b>	<b>-</b>
<b>25 Other operating income</b>	<b>For the Year ended 31 March 2021</b>	<b>For the Year ended 31 March 2020</b>
<b>Reimbursement of expenses</b>		
- Corporate finance	75,000	3,34,743
- ESOP advisory	1,67,800	2,54,474
- Merchant banking	4,50,000	1,60,000
	<b>6,92,800</b>	<b>7,49,217</b>
<b>26 Other income</b>	<b>For the Year ended 31 March 2021</b>	<b>For the Year ended 31 March 2020</b>
<b>Interest income</b>		
<b>- On financial assets measured at amortised cost</b>		
- Interest on loans	24,00,000	24,00,000
- Interest on deposits with banks	49,19,465	16,33,768
- Other interest income		
- Interest on investments	6,00,000	1,70,960
- Interest on inter corporate deposits	-	9,24,493
<b>- On financial assets measured at fair value through profit or loss</b>		
- Interest on loans	27,699	38,893
- Other interest income		
- Interest on investments	19,81,967	13,40,547
<b>Dividend income</b>		
<b>On financial assets measured at amortised cost</b>		
- Investments (refer note below)	14,51,702	14,51,702

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**Notes to the Standalone Ind AS financial statements**  
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<b>26 Other income</b>	<b>For the Year ended</b>	<b>For the Year ended</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>- On financial assets measured at fair value through profit or loss</b>		
- Investments	7,78,489	30,51,415
Net gain on foreign currency transaction and translation	-	35,101
Lease income	7,88,282	8,61,977
Recovery of common expenses from related parties (refer note 46(ii) and 59)	14,70,580	16,01,462
Sundry balances written back (net)	6,35,420	5,95,363
Miscellaneous income	44,793	1,33,752
	<u>1,50,98,397</u>	<u>1,42,39,433</u>

**Note:** Includes dividend income earned from related parties INR 14,51,702 (P.Y: INR 14,51,702) (refer note 46(ii)) & Note 59).

<b>27 Finance costs</b>	<b>For the Year ended</b>	<b>For the Year ended</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>On financial instruments measured at amortised cost</b>		
Interest on income tax	4,32,321	-
Interest on lease liabilities (refer note 48)	16,364	26,305
Other finance expense	30,165	22,200
	<u>4,78,850</u>	<u>48,505</u>

<b>28 Fees and commission expense</b>	<b>For the Year ended</b>	<b>For the Year ended</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
Portfolio management charges	10,43,523	8,23,839
	<u>10,43,523</u>	<u>8,23,839</u>

<b>29 Net loss on fair value changes</b>	<b>For the Year ended</b>	<b>For the Year ended</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>Net (gain) / loss on financial instruments measured at fair value through profit or loss</b>		
On trading portfolio		
- Equity shares	-	90,69,217
- Mutual funds	-	(6,07,927)
- Debt securities	-	2,43,001
- Alternate investment funds	-	9,21,185
	-	<u>96,25,476</u>
<b>Total net (gain) / loss on financial instruments measured at fair value through profit or loss</b>		
- Realised (gain) / loss	-	4,43,913
- Unrealised (gain) / loss	-	91,81,563
	-	<u>96,25,476</u>

<b>30 Impairment on financial instruments</b>	<b>For the Year ended</b>	<b>For the Year ended</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>At amortised cost</b>		
Trade receivables	10,34,417	13,02,793
	<u>10,34,417</u>	<u>13,02,793</u>

<b>31 Employee benefits expense</b>	<b>For the Year ended</b>	<b>For the Year ended</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
Salaries, wages and bonus	1,93,00,444	1,99,97,803
Contribution to provident fund and other funds (refer note 45(i))	17,79,099	17,22,000
Gratuity (refer note 45(ii))	5,28,559	5,14,922
Compensated absences (refer note 45(iii))	4,50,541	6,69,522
Staff welfare expenses	1,09,967	13,51,004
	<u>2,21,68,610</u>	<u>2,42,55,251</u>

<b>32 Depreciation and amortisation expense</b>	<b>For the Year ended</b>	<b>For the Year ended</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
Depreciation on property, plant and equipment (refer note 11)	30,87,006	33,75,506
Depreciation on investment property (refer note 10)	11,144	11,208
Amortisation on right of use assets (refer note 48)	94,274	94,274
	<u>31,92,424</u>	<u>34,80,988</u>

<b>33 Other expenses</b>	<b>For the Year ended</b>	<b>For the Year ended</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
Advertisement and publicity	1,30,260	3,26,328
Rent, taxes and energy costs	11,98,603	9,57,394
Insurance	2,48,812	3,17,392
Repairs and maintenance	43,76,999	45,15,004
Travelling and conveyance	1,08,807	23,26,713
Office and administration expenses	3,75,776	5,94,709
Communication costs	3,06,200	5,69,742
Printing and stationery	2,26,481	5,38,897
Legal and professional charges	79,39,341	81,03,296
Directors' fees and expenses	1,20,000	1,11,500
Auditors' fees and expenses (refer note 36)	6,41,000	5,92,500
Membership and subscription expenses	11,52,016	13,13,892
Net loss on foreign currency transaction and translation	69,205	-
Other expenditure	1,17,217	3,09,386
	<u>1,70,10,717</u>	<u>2,05,76,753</u>

**34 Contingent liabilities and commitments**

**(I) Contingent liabilities**

(to the extent not provided for)

Sr No	Particulars	As at	
		31 March 2021	31 March 2020
(i)	Demand in respect of income tax matters that may arise in respect of which the Company is in appeal (refer note (a) below)	60,32,933	62,36,903
(ii)	Claims against the Company not acknowledged as debts (refer note (b) below)	72,52,747	-
(ii)	Corporate guarantees given by the Company on behalf of its subsidiary (refer note (c) below)	16,00,00,000	16,00,00,000



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- (a) The Company is contesting the demands and the management, including its tax / legal advisors believe that its position will likely to be upheld in the appellate process. No provision has been recognised in the standalone Ind AS financial statements for the tax demands raised. The Company's Management based on its internal assessment and advice by its legal counsel believes that these income tax demands are not sustainable and expects to succeed in its appeal. Further, it is thereby determined by the management, that such demands will not have any material and adverse effect on the Company's financial position and results of operations. In addition to the above, it is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings. The same would be determinable only on receipt of judgements/decisions pending with various forums / authorities.
- (b) During the year the Company has received a communication from the Ruby Mills Limited (premises in which the Company owns office space) requesting the Company to make the payment of Company's share of property tax payable to Brihanmumbai Mahanagar Palika amounting to INR 72,52,747 for the period between October 2011 to March 2021 of which 50% is payable by Keynote Capitals Limited, subsidiary company. The Company has represented to Brihanmumbai Mahanagar Palika on the grounds that the Company is entitled to exemption under Information Technology Policy of Government of Maharashtra as it has ITES registration in place besides there being discrepancy in the carpet area of its premises, basis which the share of such tax amounts to around INR 7,81,884 only. The Company has submitted relevant documents substantiating its submissions to the concerned Regulatory Authority. Accordingly, based on the calculations made by the Company, an amount of INR 3,90,997 has been paid to Brihanmumbai Mahanagar Palika (further amount of INR 3,90,997 is separately paid by the subsidiary company) and charged to standalone statement of profit & loss. Considering the pending response from the Brihanmumbai Mahanagar Palika, no further provision has been recognised by the Company.
- (c) The Company has provided corporate guarantees aggregating to INR 16,00,00,000 (P.Y: INR 16,00,00,000) to the bankers of its subsidiary, Keynote Capitals Limited towards BSE & NSE operations.
- (d) The Company does not expect any reimbursements in respect of the above contingent liabilities

### (II) Capital commitments

Sr No	Particulars	As at	
		31 March 2021	31 March 2020
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-

There are no additional contingent liabilities & capital commitments, other than those disclosed above and the same is relied upon by the Auditor.

### 35 Segment Reporting

As per Ind AS 108 para 4, Segment has been disclosed in Consolidated Ind AS financial statements, hence no separate disclosure has been given in standalone Ind AS financial statements of the Company.

### 36 Payments to the auditor (excluding applicable taxes)

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>(a) As Auditor :</b>		
- Statutory audit	2,50,000	2,00,000
- Tax audit	50,000	50,000
- Limited review fees	2,25,000	2,25,000
<b>(b) In other Capacity :</b>		
- Other services	1,10,000	70,000
- Reimbursement of expenses	6,000	47,500
	<b>6,41,000</b>	<b>5,92,500</b>

### 37 Earnings per share (EPS)

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per Share":

Sr No	Particulars	For the year ended	
		31 March 2021	31 March 2020
(I)	Profit / (loss) after tax as per statement of profit and loss	4,62,23,594	(9,37,344)
(II)	Weighted average number of equity shares	70,18,339	70,18,339
(III)	Earnings per share - Basic and Diluted (I / II)	6.59	(0.13)
(IV)	Face value per equity share	10	10

### 38 The provisions made during the year ended 31 March 2021 comprises of the following :

The Company has a process whereby periodically all long-term contracts (including derivative contracts, if any) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts, if any) has been made in the books of account and the same has been disclosed as follows:

Particulars	As at	Opening Balance	Provisions made during the year	Payments / reversals during the year	Closing Balance
Bonus and incentives	31 March 2021	7,09,700	9,78,800	8,59,700	8,28,800
	31 March 2020	13,15,914	7,09,700	13,15,914	7,09,700
Gratuity	31 March 2021	42,82,543	1,73,804	1,54,487	43,01,860
	31 March 2020	43,89,638	1,77,182	2,84,277	42,82,543
Compensated absences	31 March 2021	3,10,832	4,50,541	-	7,61,373
	31 March 2020	1,77,681	6,69,522	5,36,371	3,10,832
Expected credit losses / Impairment loss allowance	31 March 2021	16,11,428	10,34,417	-	26,45,845
	31 March 2020	3,08,635	13,02,793	-	16,11,428

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

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act, 2006) as at 31 March 2021. The disclosure pursuant to the said Act is as under:

Sr No	Particulars	As at	
		31 March 2021	31 March 2020
(i)	Principal amount due to suppliers under MSMED Act,2006 as at the year end	55,250	10,924
(ii)	Interest accrued and due to suppliers under MSMED Act,2006 on the above amount as at the year end; and unpaid	-	-
(iii)	Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
(iv)	Interest paid to suppliers under MSMED Act,2006 (Section 16)	-	-
(v)	Interest paid to suppliers under MSMED Act,2006 (other than Section 16)	-	-
(vi)	Interest due and payable towards suppliers under MSMED Act,2006 Act for payments already made	-	-
(vii)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act,2006	-	-
(viii)	Amount of further interest remaining due and payable even in the succeeding years	-	-

# KEYNOTE FINANCIAL SERVICES LIMITED

(Formerly known as Keynote Corporate Services Limited)

## Notes to the Standalone Ind AS financial statements

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Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company. There are no overdue principal amounts/ interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the year or on balance brought forward from previous year.

### 40 Assets pledged as security

Particulars	As at	
	31 March 2021	31 March 2020
Carrying amounts of assets pledged as security for borrowings	-	-

### 43 Unhedged foreign currency exposures

Particulars	Foreign currency	Amount in Foreign currency		Amount in INR	
		As at		As at	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Trade receivables	USD	1,418	4,122	1,04,230	3,10,741
Trade receivables	SGD	5,175	5,175	2,81,637	2,74,059
Advances from customers	USD	8,500	-	6,24,790	-

### 44 Revenue from Contracts with Customers

#### (a) Disaggregation of revenue into operating segments :

The table below presents disaggregate revenues from contracts with customers. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by market and other economic factors.

Operating Segment	For the year ended	
	31 March 2021	31 March 2020
Corporate finance	3,33,16,122	1,46,01,259
ESOP advisory	51,16,800	84,40,229
Merchant banking	1,60,27,225	1,82,09,484
Debt advisory	7,57,813	-
<b>Total</b>	<b>5,52,17,960</b>	<b>4,12,50,972</b>

#### (b) Geographical markets

Particulars	For the year ended	
	31 March 2021	31 March 2020
India	5,38,99,838	4,01,91,344
Outside India	13,18,122	10,59,628
<b>Total</b>	<b>5,52,17,960</b>	<b>4,12,50,972</b>

#### (c) Relation with customers

Particulars	For the year ended	
	31 March 2021	31 March 2020
Related party	-	-
Non-related party	5,52,17,960	4,12,50,972
<b>Total</b>	<b>5,52,17,960</b>	<b>4,12,50,972</b>

#### (d) Timing of revenue recognition

Particulars	For the year ended	
	31 March 2021	31 March 2020
Services transferred at a point in time	5,44,43,037	3,97,00,972
Services transferred over time	7,74,923	15,50,000
<b>Total</b>	<b>5,52,17,960</b>	<b>4,12,50,972</b>

There are no assets pledged as security for borrowings other than those disclosed above and the same is relied upon by the Auditor.

### 41 Expenditure in foreign currency

Particulars	For the year ended	
	31 March 2021	31 March 2020
Travelling and conveyance	-	6,81,465
<b>Total</b>	<b>-</b>	<b>6,81,465</b>

### 42 Income in foreign currency

Particulars	For the year ended	
	31 March 2021	31 March 2020
Income from sale of services	13,18,122	10,59,628
<b>Total</b>	<b>13,18,122</b>	<b>10,59,628</b>

#### (e) Reconciliation of revenue from operations

Particulars	For the year ended	
	31 March 2021	31 March 2020
Revenue as per Contracted price	5,52,17,960	4,12,50,972
Less: Adjustments during the year (refer notes below)	-	-
<b>Revenue from operations</b>	<b>5,52,17,960</b>	<b>4,12,50,972</b>

#### Notes:

- Due to Company's nature of business and the type of contracts entered with the customers, the Company does not have any difference between the amount of revenue recognised in the standalone statement of profit and loss and the contracted price.
- The Company satisfies its performance obligations on completion of the corresponding services provided to its customers. The payments on these contracts are due on completion of the respective services. The contracts do not contain significant financing component and the consideration is not variable.

#### (f) Contract balances

Particulars	As at	
	31 March 2021	31 March 2020
Contract liabilities	35,16,703	15,00,000
<b>Total</b>	<b>35,16,703</b>	<b>15,00,000</b>

**Note:** The contract liability relates to payments received in advance (initial acceptance fees) of performance under the contract. Further, the contract liabilities are recognised as revenue as/when we perform under the contract. In situations where there is no further progress on the mandate, the initial acceptance fees so received, is treated as income after a period of 12 months from the date of raising of debit note

#### (g) Movement in contract liability during the year

Particulars	As at	
	31 March 2021	31 March 2020
Contract liability at the beginning of the year	15,00,000	28,37,500
Contract liability at the end of the year	35,16,703	15,00,000
<b>Net increase / (decrease)</b>	<b>20,16,703</b>	<b>(13,37,500)</b>

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## Notes to the Standalone Ind AS financial statements

(Currency: Indian Rupees)

### (h) Movement in Expected Credit Loss (impairment loss allowance) during the year for contract assets

Particulars	As at	
	31 March 2021	31 March 2020
Opening balance	16,11,428	3,08,635
Provision / (reversals) (net) towards credit impaired receivables	10,34,417	13,02,793
<b>Closing balance</b>	<b>26,45,845</b>	<b>16,11,428</b>

### (i) Remaining performance obligation

The aggregate value of performance obligations pertaining to completely or partially unsatisfied contracts as at 31 March 2021 was INR 48,00,000 (P.Y: INR 78,42,888). The Company's expects that these unsatisfied performance obligation will be recognised as revenue in the subsequent financial years.

## 45 Employee benefits plans

Disclosure pursuant to Ind AS -19 "Employee Benefits" is given as below:

### (i) Defined Contribution Plans:

Contribution to defined contribution plans, recognised as expense under Note 31 - "Employee benefits expense" in the standalone Ind AS financial statements, for the year is as under:

Particulars	For the year ended	
	31 March 2021	31 March 2020
Employers' Contribution to Provident Fund	17,61,168	17,02,370
Employers' Contribution to Employees State Insurance Scheme	17,931	19,630

### (ii) Defined Benefit Plans:

#### Gratuity

The Company's defined benefit gratuity plan requires contributions to be made to a separately administered fund. The gratuity plan is funded with Life Insurance Corporation of India (LIC). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the statement of profit or loss / other comprehensive income and the funded status and amounts recognised in the balance sheet for the gratuity benefit plan :

### (i) Table Showing Change in the Present Value of Projected Benefit Obligation

Particulars	As at	
	31 March 2021	31 March 2020
Present Value of Benefit Obligation at the Beginning of the Period	63,85,303	60,78,933
Interest Cost	3,67,793	4,23,094
Current Service Cost	2,81,885	2,09,403
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	-	-
(Liability Transferred Out/ Divestments)	-	-
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	-	-
(Benefit Paid From the Fund)	-	-
The Effect of changes in Foreign Exchange Rates	-	-

Particulars	As at	
	31 March 2021	31 March 2020
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(61,107)	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(69,345)	2,17,823
Actuarial (Gains)/Losses on Obligations - Due to Experience	(1,84,959)	(5,43,950)
<b>Present Value of Benefit Obligation at the End of the Period</b>	<b>67,19,570</b>	<b>63,85,303</b>

### (ii) Table Showing Change in the Fair Value of Plan Assets

Particulars	As at	
	31 March 2021	31 March 2020
Fair Value of plan assets at the Beginning of the period	21,02,760	16,89,295
Interest Income	1,21,119	1,17,575
Contributions by the Employer	1,54,487	2,84,277
Expected Contributions by the employees	-	-
Assets Transferred In/Acquisitions	-	-
(Assets Transferred Out Divestments)	-	-
(Benefit Paid From the Fund)	-	-
(Assets distributed on settlement)	-	-
(Expenses and tax for managing the Benefit Obligation - paid from the fund)	-	-
Effects of Asset Ceiling	-	-
The Effect of changes in Foreign Exchange Rates	-	-
Return on Plan Assets, excluding interest income	39,344	11,613
<b>Fair Value of plan assets at the End of the Period</b>	<b>24,17,710</b>	<b>21,02,760</b>

### (iii) Amount Recognised in the Balance Sheet

Particulars	As at	
	31 March 2021	31 March 2020
(Present Value of Benefit Obligation at the end of the Period)	(67,19,570)	(63,85,303)
Fair Value of Plan Assets at the end of the Period	24,17,710	21,02,760
Funded Status (Surplus / (Deficit))	(43,01,860)	(42,82,543)
<b>Net (Liability)/Asset Recognised in the Balance Sheet</b>	<b>(43,01,860)</b>	<b>(42,82,543)</b>

### (iv) Net Interest Cost for Current Period

Particulars	For the year ended	
	31 March 2021	31 March 2020
Present Value of Benefit Obligation at the Beginning of the Period	63,85,303	60,78,933
(Fair Value of Plan Assets at the Beginning of the Period)	(21,02,760)	(16,89,295)
Net Liability/(Asset) at the Beginning	42,82,543	43,89,638
Interest Cost	3,67,793	4,23,094
(Interest Income)	(1,21,119)	(1,17,575)
<b>Net Interest Cost for Current Period</b>	<b>2,46,674</b>	<b>3,05,519</b>

**KEYNOTE FINANCIAL SERVICES LIMITED**  
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**(V) Expenses Recognised in the Statement of Profit or Loss for Current Period**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Current Service Cost	2,81,885	2,09,403
Net Interest Cost	2,46,674	3,05,519
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
<b>Expense recognised in the Statement of Profit or Loss</b>	<b>5,28,559</b>	<b>5,14,922</b>

**(VI) Expenses Recognised in the Other Comprehensive Income (OCI) for Current Period**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Actuarial (Gains)/Losses on Obligations for the Period	(3,15,411)	(3,26,127)
Return on Plain assets, excluding interest income	(39,344)	(11,613)
Changes in Asset Ceiling	-	-
<b>Net (Income)/Expense for the period recognised in OCI</b>	<b>(3,54,755)</b>	<b>(3,37,740)</b>

**(VII) Balance Sheet Reconciliation**

Particulars	As at	
	31 March 2021	31 March 2020
Opening Net Liability	42,82,543	43,89,638
Expenses Recognised in Statement of Profit or Loss	5,28,559	5,14,922
Expenses Recognised in OCI	(3,54,755)	(3,37,740)
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(1,54,487)	(2,84,277)
<b>Net Liability/(Asset) Recognised in the Balance Sheet</b>	<b>43,01,860</b>	<b>42,82,543</b>

**(VIII) Category of Assets**

Particulars	As at	
	31 March 2021	31 March 2020
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash and Cash Equivalents	-	-
Insurance fund	24,17,710	21,02,760
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
<b>Total</b>	<b>24,17,710</b>	<b>21,02,760</b>

**(IX) Other Details**

Particulars	For the year ended	
	31 March 2021	31 March 2020
No of Active Members	21	23
Per Month Salary For Active Members	11,98,471	12,55,986
Method of valuation	Projected Unit Credit Method	Projected Unit Credit Method
Average age	41.86 years	39.30 years
Average past service	13.43 years	11.48 years
Weighted Average Duration of the Projected Benefit Obligation	5	4
Average Expected Future Service	5	4
Projected Benefit Obligation	67,19,570	63,85,303
Prescribed Contribution For Next Year (12 Months)	11,98,471	12,55,986

**(X) Maturity Analysis of the Benefit Payments**

Particulars	As at	
	31 March 2021	31 March 2020
Projected Benefits Payable in Future Years From the Date of Reporting:		
1st Following Year	11,51,242	13,66,458
2nd Following Year	10,68,024	11,26,044
3rd Following Year	9,20,324	9,77,983
4th Following Year	17,18,613	8,03,823
5th Following Year	5,24,834	12,56,433
Sum of Years 6 To 10	19,86,950	14,73,796
Sum of Years 11 and above	11,34,280	7,36,796

**(XI) Sensitivity Analysis**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Projected Benefit Obligation on Current Assumptions	67,19,570	63,85,303
Delta Effect of +1% Change in Rate of Discounting	(2,20,264)	(1,82,740)
Delta Effect of -1% Change in Rate of Discounting	2,37,446	1,95,846
Delta Effect of +1% Change in Rate of Salary Increase	1,48,890	1,10,885
Delta Effect of -1% Change in Rate of Salary Increase	(1,39,172)	(1,04,356)
Delta Effect of +1% Change in Rate of Employee Turnover	20,082	14,348
Delta Effect of -1% Change in Rate of Employee Turnover	(21,597)	(15,441)

**(XII) Weighted Average assumptions used**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Discount Rate	6.06%	5.76%
Salary Escalation Rate	5.00%	5.00%
Attrition Rate (for all service groups)	16.00%	20.00%
Expected Rate of Return on Plan Assets	6.06%	5.76%
Retirement age	60 & 65 years	60 & 65 years
Vesting period	5 years	5 years
Mortality Rate during employment	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Mortality Rate after employment	N.A.	N.A.

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### Notes:

- The Company has a defined benefit gratuity plan in India (funded). The company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy. A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.
- Risks associated with defined benefit plan**  
Gratuity is a defined benefit plan and company is exposed to the following risks:
  - Investment risk** : The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
  - Interest rate risk** : A fall in the discount rate which is linked to the G. Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.
  - Asset Liability Matching (ALM) Risk** : The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.
  - Salary risk** : The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
  - Mortality risk** : Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
  - Concentration Risk** : Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.
- During the year, there were no plan amendments, curtailments and settlements.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation

### (iii) Other Long-term employee benefits: Compensated absences

Particulars	As at	
	31 March 2021	31 March 2020
Present Value of Unfunded Obligation	7,61,373	3,10,832
Expense recognised in statement of profit and loss	4,50,541	6,69,522
Discount Rate (p.a.)	6.06%	5.76%
Salary Escalation Rate (p.a.)	5.00%	5.00%
Attrition Rate (for all service groups)	16.00%	20.00%
Maximum accumulation	15 days	15 days
No of Active Members	21	23
Per Month Salary For Active Members	17,28,765	18,31,625
Method of valuation	Projected Unit Credit Method	Projected Unit Credit Method
Average age	41.86 years	39.30 years
Average past service	13.43 years	11.48 years
Average future service	5 years	4 years

Particulars	As at	
	31 March 2021	31 March 2020
Average Leave days	13.99 days	3.88 days
Retirement age	60 & 65 years	60 & 65 years
Funding status	Unfunded	Unfunded
Funding balance	N.A	N.A
Mortality Rate during employment	Indian Assured Lives Mortality (2006-08) Ut	Indian Assured Lives Mortality (2006-08) Ut

### Notes:

- The Company has not funded its Compensated Absences liability and the same continues to remain as unfunded as at 31 March 2021.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- Discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.
- 46 Disclosures as required by Indian Accounting Standard (Ind AS) 24 - Related Party Disclosures**  
Disclosure of related parties/related party transactions pursuant to Ind AS 24 - "Related Party Disclosures" are as follows:
  - List of related parties identified by Management with whom transaction have taken place during financial year ended 31 March 2020 and 31 March 2021**
    - Enterprise where control exist**  
Keynote Capitals Limited - Subsidiary  
Keynote Fincorp Limited - Subsidiary  
Keynote Commodities Limited - Step down subsidiary  
Keynote Trust - Keynote Financial Services Limited is the sole beneficiary
    - Key Managerial Personnel**  
Mr. Vineet Suchanti - Director  
Mrs. Rinku Suchanti - Whole-time Director  
Mr. Uday S. Patil - Whole-time Director & Chief Financial Officer  
Mr. Sujeet More - Company Secretary
    - Relatives of Key Managerial Personnel**  
Mrs. Pushpa Suchanti  
Mr. Nirmal Suchanti  
Mr. Vivek Suchanti
    - Enterprise over which Key Managerial Personnel / Relatives of Key Managerial Personnel exercise significant influence**  
Concept Communication Limited  
Concept Production Limited  
Nirmal Suchanti - HUF  
NSS Digital Media Limited

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

Particulars	Name of the related party	Enterprise where control exist		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 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Receiving of services	Concept Communication Limited	-	-	-	-	70,237	1,14,016	70,237	1,14,016
		-	-	-	-	<b>70,237</b>	<b>1,14,016</b>	<b>70,237</b>	<b>1,14,016</b>
Managerial Remuneration	Mrs. Rinku Suchanti	-	-	28,84,989	37,93,150	-	-	28,84,989	37,93,150
Managerial Remuneration	Mr. Uday S. Patil	-	-	34,53,342	43,48,291	-	-	34,53,342	43,48,291
Remuneration	Mr. Sujeet More	-	-	5,00,976	5,51,231	-	-	5,00,976	5,51,231
		-	-	<b>68,39,307</b>	<b>86,92,672</b>	-	-	<b>68,39,307</b>	<b>86,92,672</b>
Dividend paid	Keynote Trust	14,51,702	14,51,702	-	-	-	-	14,51,702	14,51,702
Dividend paid	Mrs. Pushpa Suchanti	-	-	1,32,308	1,32,308	-	-	1,32,308	1,32,308
Dividend paid	Mrs. Rinku Suchanti	-	-	3,802	3,802	-	-	3,802	3,802
Dividend paid	Mr. Vineet Suchanti	-	-	11,977	11,977	-	-	11,977	11,977
Dividend paid	Mr. Vivek Suchanti	-	-	49,440	49,440	-	-	49,440	49,440
Dividend paid	Mr. Nirmal Suchanti	-	-	1,17,647	1,17,647	-	-	1,17,647	1,17,647
Dividend paid	Concept Production Limited	-	-	-	-	2,41,600	2,41,600	2,41,600	2,41,600
Dividend paid	NSS Digital Media Limited	-	-	-	-	31,12,256	31,12,256	31,12,256	31,12,256
Dividend paid	Nirmal Suchanti - HUF	-	-	-	-	2,82,499	2,82,499	2,82,499	2,82,499
		<b>14,51,702</b>	<b>14,51,702</b>	<b>3,15,174</b>	<b>3,15,174</b>	<b>36,36,355</b>	<b>36,36,355</b>	<b>54,03,231</b>	<b>54,03,231</b>
Dividend received	Keynote Trust	14,51,702	14,51,702	-	-	-	-	14,51,702	14,51,702
		<b>14,51,702</b>	<b>14,51,702</b>	-	-	-	-	<b>14,51,702</b>	<b>14,51,702</b>
Interest received	Concept Communication Limited	-	-	-	-	-	9,24,493	-	9,24,493
		-	-	-	-	-	<b>9,24,493</b>	-	<b>9,24,493</b>
Loans and deposits given	Concept Communication Limited	-	-	-	-	-	4,40,00,000	-	4,40,00,000
		-	-	-	-	-	<b>4,40,00,000</b>	-	<b>4,40,00,000</b>
Loans and deposits repaid	Concept Communication Limited	-	-	-	-	-	4,40,00,000	-	4,40,00,000
		-	-	-	-	-	<b>4,40,00,000</b>	-	<b>4,40,00,000</b>
Reimbursement of expenses	Keynote Trust	-	47,200	-	-	-	-	-	47,200
Reimbursement of expenses	Keynote Capitals Limited	5,53,090	7,79,681	-	-	-	-	5,53,090	7,79,681
Recovery of expenses	Mr. Uday S. Patil	-	-	2,500	2,500	-	-	2,500	2,500
Recovery of expenses	Mrs. Rinku Suchanti	-	-	2,500	2,500	-	-	2,500	2,500
		<b>5,53,090</b>	<b>8,26,881</b>	<b>5,000</b>	<b>5,000</b>	-	-	<b>5,58,090</b>	<b>8,31,881</b>
Recovery of expenses	Keynote Capitals Limited	16,20,872	16,01,462	-	-	-	-	16,20,872	16,01,462
		<b>16,20,872</b>	<b>16,01,462</b>	-	-	-	-	<b>16,20,872</b>	<b>16,01,462</b>

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

Particulars	Name of the related party	Enterprise where control exist		Key Managerial Personnel / Relatives of key managerial personnel		Enterprise over which Key Managerial Personnel / Relatives of Key Managerial Personnel exercise significant influence		Total	
		As at							
		31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Payables	Mrs. Rinku Suchanti	-	-	1,85,925	-	-	-	1,85,925	-
Payables	Mr. Uday S. Patil	-	-	2,03,880	-	-	-	2,03,880	-
Payables	Mr. Sujeet More	-	-	38,776	-	-	-	38,776	-
Payables	Keynote Capitals Limited	-	13,910	-	-	-	-	-	13,910
		-	<b>13,910</b>	<b>4,28,581</b>	-	-	-	<b>4,28,581</b>	<b>13,910</b>
Receivables	Keynote Capitals Limited	5,55,973	-	-	-	-	-	5,55,973	-
Receivables	Keynote Trust	3,03,955	3,03,955	-	-	-	-	3,03,955	3,03,955
Receivables	Keynote Capitals Limited	-	5,00,780	-	-	-	-	-	5,00,780
		<b>8,59,928</b>	<b>8,04,735</b>	-	-	-	-	<b>8,59,928</b>	<b>8,04,735</b>
Investment in equity shares	Keynote Capitals Limited	17,55,00,010	17,55,00,010	-	-	-	-	17,55,00,010	17,55,00,010
	Keynote Fincorp Limited	3,75,00,000	3,75,00,000	-	-	-	-	3,75,00,000	3,75,00,000
	Keynote Trust (Holding equity shares of and on behalf of Keynote Financial Services Limited)	1,29,70,873	1,29,70,873	-	-	-	-	1,29,70,873	1,29,70,873
		<b>22,59,70,883</b>	<b>22,59,70,883</b>	-	-	-	-	<b>22,59,70,883</b>	<b>22,59,70,883</b>
Corpus Fund	Keynote Trust	20,000	20,000	-	-	-	-	20,000	20,000
		<b>20,000</b>	<b>20,000</b>	-	-	-	-	<b>20,000</b>	<b>20,000</b>

### (iv) Contingent liabilities

Particulars	Name of the related party	Enterprise where control exist		Key Managerial Personnel/ Relatives of key managerial personnel		Enterprise over which Key Managerial Personnel / Relatives of Key Managerial Personnel exercise significant influence		Total	
		As at							
		31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Corporate guarantee given	Keynote Capitals Limited	16,00,00,000	16,00,00,000	-	-	-	-	16,00,00,000	16,00,00,000
		<b>16,00,00,000</b>	<b>16,00,00,000</b>	-	-	-	-	<b>16,00,00,000</b>	<b>16,00,00,000</b>



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

**Notes to the Standalone Ind AS financial statements**

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**47 Tax expense**

The Company pays taxes according to the rates applicable in India. Most taxes are recorded in the income statement and relate to taxes payable for the reporting period (current tax), but there is also a charge or credit relating to tax payable for future periods due to income or expenses being recognised in a different period for tax and accounting purposes (deferred tax). The Company provides for current tax according to the tax laws of India using tax rates that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns in respect of situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A deferred tax asset is recognised when it is considered recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

Disclosure pursuant to Ind AS 12 "Income Taxes" are as follows:

**(a) Tax expense / (credit) recognised in the Statement of Profit and Loss**

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>Current tax</b>		
Current Tax on taxable income for the year	75,93,790	15,04,290
Taxation for earlier years	2,81,085	(8,05,433)
<b>Total current tax expense - (A)</b>	<b>78,74,875</b>	<b>6,98,857</b>
<b>Deferred tax</b>		
Minimum alternate tax (MAT)	-	(1,01,030)
Deferred tax charge / (credit)	1,37,49,171	(42,83,683)
<b>Total deferred income tax expense/ (credit) - (B)</b>	<b>1,37,49,171</b>	<b>(43,84,713)</b>
<b>Total income tax expense/ (credit) (A+B)</b>	<b>2,16,24,046</b>	<b>(36,85,856)</b>

**(b) Reconciliation of the income tax expenses to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarised below:**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Profit / (loss) before tax	4,62,23,594	(9,37,344)
Enacted income tax rate in India applicable to the Company	27.82%	26.00%
Current tax expenses on Profit / (loss) before tax expenses at the enacted income tax rate in India	1,28,59,404	(2,43,709)
<b>Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income</b>		
Fair valuation of financial instruments (net)	(1,08,85,633)	15,82,795

Particulars	For the year ended	
	31 March 2021	31 March 2020
Income not subject to tax or chargeable at lower rate	(9,26,690)	(7,02,486)
Taxation for earlier years	2,81,085	(8,05,433)
Other disallowances (net)	1,94,06,113	6,23,981
<b>Current tax provision (A)</b>	<b>78,74,875</b>	<b>6,98,857</b>
Deferred tax liability on account of depreciation & amortisation of property, plant and equipment and intangible assets as per books and Income Tax Act, 1961	(1,06,76,770)	(95,25,054)
Deferred tax liability / (asset) on account of financial instruments and other temporary differences (net)	2,44,25,941	52,41,371
Minimum alternate tax credit entitlement / (utilisation)	-	(1,01,030)
<b>Total deferred income tax expense / (credit) (B)</b>	<b>1,37,49,171</b>	<b>(43,84,713)</b>
<b>Total income tax expense / (credit) (A+B)</b>	<b>2,16,24,046</b>	<b>(36,85,856)</b>

**(c) Deferred tax**

(i) The components of deferred tax liabilities / assets (net) are as follows:

Particulars	As at	
	31 March 2021	31 March 2020
<b>Deferred tax liabilities</b>		
Depreciation and amortisation on Property, plant and equipment and intangible assets as per books and Income Tax Act, 1961	1,06,76,770	95,25,054
Unrealised net gain on fair value changes	1,08,85,633	-
Other temporary differences	27,686	46,743
<b>Gross deferred tax liabilities (A)</b>	<b>2,15,90,089</b>	<b>95,71,797</b>
<b>Deferred tax assets</b>		
Disallowance u/s 43B of the Income Tax Act, 1961	16,39,163	13,78,800
Allowance on impairment	7,47,867	4,18,971
Unrealised net loss on fair value changes	-	23,87,206
Other temporary differences	47,648	79,273
<b>Gross deferred tax assets (B)</b>	<b>24,34,678</b>	<b>42,64,250</b>
<b>MAT credit entitlements (net) (C)</b>	<b>-</b>	<b>12,81,476</b>
<b>Deferred tax liabilities (net) (A-B-C)</b>	<b>1,91,55,411</b>	<b>40,26,071</b>

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(ii) **The movement in deferred tax assets and liabilities during the year ended 31 March 2020 and 31 March 2021 are as follows:**

(a) **Net deferred tax charge/(credit) recorded in statement of profit and loss**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Depreciation and amortisation on Property, plant and equipment as per books and Income Tax Act, 1961	11,51,716	(1,27,803)
Unrealised net gain / (loss) on fair value changes	1,32,72,839	(40,23,024)
Disallowance u/s 43B of the Income Tax Act, 1961	(3,59,056)	1,70,102
Allowance on impairment losses	(3,28,896)	(3,33,108)
Other temporary differences	12,568	30,150
MAT credit (entitlements)/ utilisation (net)	12,81,476	(3,29,020)
<b>Net deferred tax charge / (credit) recorded in statement of profit and loss</b>	<b>1,50,30,647</b>	<b>(46,12,703)</b>

(b) **Net deferred tax charge / (credit) recorded in the Statement of Other Comprehensive Income (OCI)**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Disallowance u/s 43B of the Income Tax Act, 1961	98,693	87,812
<b>Net deferred tax charge / (credit) recorded in statement of OCI</b>	<b>98,693</b>	<b>87,812</b>

**48 Leases**

On 30 March 2019, the Ministry of Corporate Affairs notified Ind AS 116 'Leases'. Ind AS 116 is effective for accounting periods beginning on or after 1 April 2019. The new standard required lessees to recognize leases on their balance sheets and use a single accounting model for all leases, with certain exemptions. Basis above requirement, effective from 1 April 2019 onwards, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on 1 April 2019 using the "Full Retrospective Approach" on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the Right-of-Use (ROU) asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The effect of this adoption is insignificant on the profit/(loss) before tax, profit/(loss) for the year and earnings per share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The Company has excluded the initial direct costs from the measurement of the ROU asset at the date of initial application, owing to practical expedients elected on initial application.

The weighted average incremental borrowing rate applied to lease liabilities was 12% p.a.

(i) **The movements in the carrying value of ROU assets are as follows:**

Particulars	Office Premises
<b>Gross block</b>	
Balance as at 1 April 2019	2,82,823
Additions	-
Terminations / modifications	-
<b>Balance as at 31 March 2020</b>	<b>2,82,823</b>

Particulars	Office Premises
Balance as at 1 April 2020	2,82,823
Additions	-
Terminations / modifications	-
<b>Balance as at 31 March 2021</b>	<b>2,82,823</b>
<b>Accumulated depreciation</b>	
Balance as at 1 April 2019	23,569
Additions	94,274
Terminations / modifications	-
<b>Balance as at 31 March 2020</b>	<b>1,17,843</b>
Balance as at 1 April 2020	1,17,843
Additions	94,274
Terminations / modifications	-
<b>Balance as at 31 March 2021</b>	<b>2,12,117</b>
<b>Net block as at 31 March 2020</b>	<b>1,64,980</b>
<b>Net block as at 31 March 2021</b>	<b>70,706</b>

The aggregate amortisation expense on ROU assets is included under Note 32 - "Depreciation and amortisation expense" in the Standalone Ind AS Statement of Profit and Loss

(ii) **The following is the movement in lease liabilities are as follows:**

Particulars	Amount (INR)
Balance as at 1 April 2019	2,65,207
Additions	-
Terminations	-
Finance expense	26,305
Payment of lease liabilities	(1,04,550)
<b>Balance as at 31 March 2020</b>	<b>1,86,962</b>
Balance as at 1 April 2020	1,86,962
Additions	-
Terminations	-
Finance expense	16,364
Payment of lease liabilities	(1,15,005)
<b>Balance as at 31 March 2021</b>	<b>88,321</b>

(iii) **The details of the contractual maturities of lease liabilities as at 31 March 2021 on an undiscounted basis are as follows:**

Tenure	As at	
	31 March 2021	31 March 2020
Less than one year	92,565	1,15,005
One to five years	-	92,565
More than 5 years	-	-
<b>Total</b>	<b>92,565</b>	<b>2,07,570</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

(iv) **Rental expenses for short-term leases and low value assets**

The Company incurred NIL (P.Y: NIL) for the year ended 31 March 2021 towards expenses relating to short-term leases and leases of low-value assets or for any of variable lease payments for any of the reporting year.

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**(v) Rental income**

Tenure	For the year ended	
	31 March 2021	31 March 2020
Rental income on assets given on operating leases to other parties	7,88,282	8,61,977

**(vi) Future lease commitments**

Leases not yet commenced to which Company is committed aggregates to NIL (P.Y: NIL).

**(vii) Sub lease income / expense**

The Company has not earned or expensed any rentals under sub-lease contractual arrangements during the current year (P.Y: NIL).

**49 Fair value measurement**

**(i) Carrying amount and fair values of financial assets and financial liabilities, including quantitative disclosure fair value measurement hierarchy as at 31 March 2021**

Particulars	Carrying amount as at 31 March 2021				Fair value as at 31 March 2021			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	86,22,370	86,22,370	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	13,01,55,547	13,01,55,547	-	-	-	-
Receivables								
- Trade receivables	-	-	67,94,620	67,94,620	-	-	-	-
- Other receivables	-	-	8,59,928	8,59,928	-	-	-	-
Loans	2,89,350	-	1,50,00,000	1,52,89,350	-	-	2,14,575	2,14,575
Investments	9,97,07,791	-	23,34,90,883	33,31,98,674	14,04,52,425	-	-	14,04,52,425
Other financial assets	1,00,000	-	61,15,659	62,15,659	-	-	91,814	91,814
<b>Total - Financial assets</b>	<b>10,00,97,141</b>	<b>-</b>	<b>40,10,39,007</b>	<b>50,11,36,148</b>	<b>14,04,52,425</b>	<b>-</b>	<b>3,06,389</b>	<b>14,07,58,814</b>
<b>Financial liabilities</b>								
Payables								
Trade payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	55,673	55,673	-	-	-	-
Other payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	55,250	55,250	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	14,10,780	14,10,780	-	-	-	-
Deposits	2,60,000	-	-	2,60,000	-	-	2,32,143	2,32,143
Lease liabilities	-	-	88,321	88,321	-	-	-	-
Other financial liabilities	-	-	31,37,126	31,37,126	-	-	-	-
<b>Total - Financial liabilities</b>	<b>2,60,000</b>	<b>-</b>	<b>47,47,150</b>	<b>50,07,150</b>	<b>-</b>	<b>-</b>	<b>2,32,143</b>	<b>2,32,143</b>

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### (ii) Carrying amount and fair values of financial assets and financial liabilities, including quantitative disclosure fair value measurement hierarchy as at 31 March 2020

Particulars	Carrying amount as at 31 March 2020				Fair value as at 31 March 2020			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	11,74,68,576	11,74,68,576	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	19,25,311	19,25,311	-	-	-	-
Receivables								
- Trade receivables	-	-	70,46,203	70,46,203	-	-	-	-
- Other receivables	-	-	8,04,735	8,04,735	-	-	-	-
Loans	3,83,350	-	1,50,00,000	1,53,83,350	-	-	2,83,438	2,83,438
Investments	9,00,87,050	-	23,34,90,883	32,35,77,933	9,74,07,924	-	-	9,74,07,924
Other financial assets	1,00,000	-	43,90,090	44,90,090	-	-	81,978	81,978
<b>Total - Financial assets</b>	<b>9,05,70,400</b>	<b>-</b>	<b>38,01,25,798</b>	<b>47,06,96,198</b>	<b>9,74,07,924</b>	<b>-</b>	<b>3,65,416</b>	<b>9,77,73,340</b>
<b>Financial liabilities</b>								
Payables								
Trade payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	72,225	72,225	-	-	-	-
Other payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	10,924	10,924	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	11,37,598	11,37,598	-	-	-	-
Deposits	2,60,000	-	-	2,60,000	-	-	2,07,205	2,07,205
Lease liabilities	-	-	1,86,962	1,86,962	-	-	-	-
Other financial liabilities	-	-	37,07,230	37,07,230	-	-	-	-
<b>Total - Financial liabilities</b>	<b>2,60,000</b>	<b>-</b>	<b>51,14,939</b>	<b>53,74,939</b>	<b>-</b>	<b>-</b>	<b>2,07,205</b>	<b>2,07,205</b>

### 50 Fair value measurement

#### Notes:

- The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:  
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;  
Level 2 - Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and  
Level 3 - Inputs are based on unobservable market data.
- The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- There is no fair value gains / losses on financial instruments designated under FVOCI.

- There is no case of any fair value measurement of the investment categorised under level 3 hierarchy.
- The following methods and assumptions were used to estimate the fair values:
  - Fair value of cash and short-term loans and deposits, trade and other short term receivables, trade payables, other current liabilities, short-term borrowings approximate their carrying amounts largely due to short term maturities of these instruments.
  - Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.
  - The fair values for security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as

**Notes to the Standalone Ind AS financial statements**

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Level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

- (d) Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. Investments in subsidiaries have fair values that approximate to their carrying amounts.
  - (e) Employee loans and security deposits are valued using Level 3 techniques. A change in one or more of the inputs to reasonably possible alternative assumptions would not change the value significantly.
  - (f) The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.
  - (g) The fair value of the remaining financial instruments is determined using discounted cash flow analysis.
  - (h) All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.
6. There have been no transfers between different levels of the fair value measurement hierarchy during the year ended 31 March 2021 and 31 March 2020.

**51 Capital Management**

The Company adheres to a disciplined Capital Management framework in order to maintain a strong balance sheet. The objectives when managing capital are to:

- 1. Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- 2. Maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated. The Company monitors the capital using the debt equity ratio (net gearing ratio).

Net debt includes borrowings net of cash and bank balances and total equity comprises of equity share capital, security premium and other equity attributable to equity shareholders.

Considering there are no borrowings (including debt securities) as of the Balance Sheet date (P.Y: NIL), the net gearing ratio has not been calculated and accordingly have not been disclosed with respect to financial years presented in the standalone Ind AS financial statements.

**52 Financial risk management**

The Company's business activities are exposed to a variety of financial risks, namely credit risk, liquidity risk and market risk. Further, it is also subject to various operating and business risks. While the risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. Additionally, the Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

**(A) Credit risk**

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual

risk limits are set and periodically reviewed on the basis of such information. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- (iv) Significant increase in credit risk on other financial instruments of the same counterparty
- (v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements

Credit information is regularly shared between businesses and finance function, with a framework in place to quickly identify, respond and recognise cases of credit deterioration.

Credit risk with respect to the company arises primarily from financial assets such as trade receivables, investments, balances with banks, loans & other receivables and other financial assets.

**Trade receivables, loans and inter corporate deposits**

The Company measures the expected credit loss (ECL) of trade receivables and loans / inter corporate deposits given, based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. The Company's senior management has established accounts receivable policy under which customer accounts are regularly monitored. Based on the historical data, loss on collection of receivable provision is considered. Also, refer the significant accounting policies' for accounting policy on Financial Instruments.

In addition to the above, the Company applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. Further, the movement in the ECL has been disclosed under Note 38 of the standalone Ind AS financial statements.

**Other financial assets**

These include financial assets such as cash and bank balances, investments, term deposits, security deposits etc. Credit risk from balance with banks (including term deposits), investments is managed in accordance with the Company's approved investment policies. Investment of surplus funds are made only with approved counterparties and within the credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on a regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the Balance Sheet (including exceptions, if any) as at 31 March 2021 and 31 March 2020 is the carrying value as illustrated the respective notes of the standalone Ind AS financial statements.

**(B) Liquidity risk**

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the company on acceptable terms. To limit this risk, management has arranged for diversified funding sources such as investing its surplus funds in short term liquid assets in bank deposits and liquid mutual funds. The company has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The company also has lines of credit that it can access to meet liquidity needs.

Refer Note 53 for analysis of maturities of financial assets and financial liabilities.

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### (C) Market risk

#### (i) Foreign currency risk

Foreign Currency Risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than Indian Rupee. The exposure to the Company on holding financial assets (receivables) and liabilities (payables) other than in their functional currency amounted to INR 2,38,923 net payable (P.Y: INR 5,84,500 net receivables).

In respect of the foreign currency transactions, the Company does not hedge the exposures since the management believes that the same is insignificant in nature and will not have a material impact on the Company.

The Company's exposure to foreign currency risk at the end of reporting period is shown under Note 43 of the standalone Ind AS financial statements.

A 5% strengthening of the Indian Rupee against key currencies to which the Company is exposed would have led to approximately an additional net loss of INR 11,946 in the Standalone Statement of Profit and Loss (P.Y: net gain of INR 29,240). A 5% weakening of the Indian Rupee against these currencies would have led to an equal but opposite effect.

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimise the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, the

company's senior management have devised a policy of a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio. The Company is exposed to Interest risk if the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates.

Interest rate change does not affect significantly interest bearing investments and loans given and therefore the Company's exposure to the risk of changes in market interest rates relates primarily to the Company's deposits with banks. The Company has laid policies and guidelines to minimise impact of interest rate risk.

A 0.50% decrease in interest rates would have led to approximately an additional loss of INR 24,597 in the Standalone Statement of Profit and Loss (P.Y: loss of INR 8,169). A 0.50% increase in interest rates would have led to an equal but opposite effect.

#### (iii) Price risks

The Company is exposed to market price risk, which arises from FVTPL and FVOCI investments. The management monitors the proportion of these investments in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the appropriate authority.

A 1% increase in prices would have led to approximately an additional gain of INR 14,04,524 in the Standalone Statement of Profit and Loss (P.Y: gain of INR 9,74,079). A 1% decrease in prices would have led to an equal but opposite effect.

### 53 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at					
	31 March 2021			31 March 2020		
	within 12 months	after 12 months	Total	within 12 months	after 12 months	Total
<b>ASSETS</b>						
<b>A. Financial assets</b>						
Cash and cash equivalents	86,22,370	-	86,22,370	11,74,68,576	-	11,74,68,576
Bank balances other than cash and cash equivalents	13,01,55,547	-	13,01,55,547	19,25,311	-	19,25,311
Receivables						
- Trade receivables	67,94,620	-	67,94,620	70,46,203	-	70,46,203
- Other receivables	8,59,928	-	8,59,928	8,04,735	-	8,04,735
Loans	1,50,07,225	2,07,350	1,52,14,575	1,49,94,088	2,89,350	1,52,83,438
Investments	8,71,67,635	28,67,75,673	37,39,43,308	5,07,80,511	28,01,18,296	33,08,98,807
Other financial assets	61,96,703	10,770	62,07,473	43,79,320	92,748	44,72,068
<b>Sub-total - financial assets (A)</b>	<b>25,48,04,028</b>	<b>28,69,93,793</b>	<b>54,17,97,821</b>	<b>19,73,98,744</b>	<b>28,05,00,394</b>	<b>47,78,99,138</b>
<b>B. Non-financial assets</b>						
Current tax assets (net)	-	3,23,768	3,23,768	-	24,89,827	24,89,827
Investment property	-	3,60,222	3,60,222	-	3,71,366	3,71,366
Property, plant & equipment	-	7,93,11,580	7,93,11,580	-	8,19,58,850	8,19,58,850
Right of use assets	70,706	-	70,706	94,274	70,706	1,64,980
Other non-financial assets	15,30,387	54,130	15,84,517	33,22,886	2,45,189	35,68,075
<b>Sub-total - non-financial assets (B)</b>	<b>16,01,093</b>	<b>8,00,49,700</b>	<b>8,16,50,793</b>	<b>34,17,160</b>	<b>8,51,35,938</b>	<b>8,85,53,098</b>
<b>Total - Assets (A+B)</b>	<b>25,64,05,121</b>	<b>36,70,43,493</b>	<b>62,34,48,614</b>	<b>20,08,15,904</b>	<b>36,56,36,332</b>	<b>56,64,52,236</b>

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

**Notes to the Standalone Ind AS financial statements**  
(Currency: Indian Rupees)

Particulars	As at					
	31 March 2021			31 March 2020		
	within 12 months	after 12 months	Total	within 12 months	after 12 months	Total
<b>LIABILITIES</b>						
<b>A. Financial liabilities</b>						
Payables						
Trade payables						
Payables						
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	55,673	-	55,673	72,225	-	72,225
Other payables						
- total outstanding dues of micro enterprises and small enterprises	55,250	-	55,250	10,924	-	10,924
- total outstanding dues of creditors other than micro enterprises and small enterprises	14,10,780	-	14,10,780	11,37,598	-	11,37,598
Deposits	2,32,143	-	2,32,143	-	2,07,205	2,07,205
Lease liabilities	88,321	-	88,321	98,641	88,321	1,86,962
Other financial liabilities	22,28,903	9,08,223	31,37,126	29,18,348	7,88,882	37,07,230
<b>Sub-total - financial liabilities (A)</b>	<b>40,71,070</b>	<b>9,08,223</b>	<b>49,79,293</b>	<b>42,37,736</b>	<b>10,84,408</b>	<b>53,22,144</b>
<b>B. Non- Financial liabilities</b>						
Provisions	21,91,042	37,00,991	58,92,033	20,43,682	32,59,393	53,03,075
Deferred tax liabilities (net)	-	1,91,55,411	1,91,55,411	-	40,26,071	40,26,071
Other non-financial liabilities	49,69,522	-	49,69,522	28,09,908	-	28,09,908
<b>Sub-total - non-financial liabilities (B)</b>	<b>71,60,564</b>	<b>2,28,56,402</b>	<b>3,00,16,966</b>	<b>48,53,590</b>	<b>72,85,464</b>	<b>1,21,39,054</b>
<b>Total - Liabilities (A+B)</b>	<b>1,12,31,634</b>	<b>2,37,64,625</b>	<b>3,49,96,259</b>	<b>90,91,326</b>	<b>83,69,872</b>	<b>1,74,61,198</b>

**54 Disclosures pursuant to Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013**

**(a) Loans and advances to subsidiaries**

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>(a) Keynote Capitals Limited</b> (subsidiary company)		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	-
<b>(b) Keynote Fincorp Limited</b> (subsidiary company)		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	-
<b>(c) Keynote Commodities Limited</b> (step down subsidiary company)		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	-

**(b) Investment by the loanees in the shares of the Company**

The loanees have not made any investments in the shares of the Company.

**(c) Corporate guarantees**

The Company has given corporate guarantees and the fact has been disclosed under Note 46(iv) of the standalone Ind AS financial statements.

**55 Dividend on equity shares**

**(I) Dividend on equity shares declared and paid during the year**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Final dividend of INR 1 per share for FY 2019-20 (FY 2018-19: INR 1 per share)	70,18,339	70,18,339
Dividend distribution tax on final dividend \$	-	14,77,319

The proposed dividend on equity shares for FY 2019-20 was distributed based upon the approval of the shareholders of the Company at the Annual General Meeting held on 30 September 2020.



# ANNUAL REPORT 2020-21

## Notes to the Standalone Ind AS financial statements (Currency: Indian Rupees)

### (II) Proposed dividend on equity shares not recognised as liability

Particulars	For the year ended	
	31 March 2021	31 March 2020
Final dividend of INR 1 per share for FY 2020-21 (FY 2019-20: INR 1 per share) #	70,18,339	70,18,339
Dividend distribution tax on final dividend \$	-	-

The proposed dividend on equity shares for FY 2020-21 is subject to the approval of the shareholders of the Company at the Annual General Meeting and not recognised as liability as at the Balance Sheet date.

# Includes dividend of INR 14,51,702 paid to Keynote trust.

\$ The Budget 2020 has made dividend income from shares taxable in the hands of the recipient at the applicable income tax slab rates to the individual and abolish the Dividend Distribution Tax (DDT) hitherto levied on dividend income before distribution by the company.

### 56 Change of name

During the financial year 2018-19, the Company had changed its name from "Keynote Corporate Services Limited" to "Keynote Financial Services Limited" by passing 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.

### 58 Events after reporting date

The Board of Directors have recommended dividend of INR 1 per fully paid up equity share of INR 10 each (P.Y: INR 1 each) for the financial year 2020-21.

### 59 Sharing of costs

The company shares certain operating costs with a subsidiary - Keynote Capitals Limited. These costs have been recovered from the subsidiary on a basis mutually agreed between them, which has been relied upon by the Auditors.

### 60 Changes in liabilities arising from financing activities

The Company does not have any financing activities which affect the capital and asset structure of the company without the use of cash and cash equivalents

### 61 Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement and the same has been relied upon by the Auditor.

### 62 Details of Scheme of amalgamation approved by the Hon'ble High Court

As per the scheme of amalgamation approved by the Allahabad, Bombay, and Gauhati High court vide order dated 21 December 2006, 9 March 2007 and 19 March 2007 respectively, 14,51,702 equity shares of INR 10 each fully paid up is held by Keynote trust as a beneficiary of the Company. Due to such cross holding the dividend of INR 14,51,702 (P.Y: INR 14,51,702) has been paid & received back from the trust. With respect to the dividend of INR 1 per share (P.Y: INR 1 per share) for 31 March 2021, the Company has adjusted its liability of dividend towards shares held by the Trust.

### 63 Approval of standalone Ind AS financial statements

The standalone Ind AS financial statements were approved for issue by the Board of Directors on 15 June 2021.

### 64 Taxation Law (Amendment) Ordinance, 2019

Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on 20 September, 2019 which is effective 1 April, 2019, domestic companies have the option to pay corporate income tax rate at 22% plus applicable surcharge and cess ('New tax rate') subject to certain conditions. The Company had made an assessment for the impact of the Ordinance and decided to continue with the existing tax structure on account of non-utilisation of accumulated minimum alternative tax (MAT) credit and carry forward capital losses.

### 65 Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact in the financial statements.

### 66 Prior year comparatives

The figures of the previous year have been regrouped / reclassified wherever necessary to conform to the classification / presentation of current year figures.

The accompanying notes referred above form an integral part of the standalone Ind AS 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 June 2021  
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 June 2021  
Place: Mumbai

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

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

## INDEPENDENT AUDITOR'S REPORT

### **To the Members of Keynote Financial Services Limited**

*(formerly known as 'Keynote Corporate Services Limited')*

### **Report on the Audit of Consolidated Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated Ind AS financial statements of **Keynote Financial Services Limited** (formerly known as 'Keynote Corporate Services Limited') ("the Company" or "the Holding Company"), its subsidiaries and a trust (the Company, its subsidiaries and a trust together referred to as 'the Group') which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year ended on that date and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Ind AS financial statements').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditor on separate financial statements of the subsidiaries and a trust as was audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 Group as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated cash flows and the consolidated changes in equity for the year then ended.

#### **Basis for Opinion**

We conducted our audit of the consolidated Ind AS 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 SAs are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS 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 ethical requirements that are relevant to our audit of the consolidated Ind AS 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 along with the consideration of audit reports of the other auditors referred to in the "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our opinion on the consolidated Ind AS 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 Ind AS financial statements for the financial year ended 31 March 2021. These matters were addressed in the context of our consolidated Ind AS 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. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS Financial Statements.

## ANNUAL REPORT 2020-21

Key audit matters	How our audit addressed the key audit matter
<b>Accuracy of recognition, measurement, presentation and disclosure of revenues and other related balances in respect of contracts involving critical estimates, as per Ind AS 115 “Revenue from Contract with Customers”.</b>	
<p>The Group recognises revenue in accordance to achievement of milestones defined in the corresponding engagement letters, mandate letters, agreements / contracts etc. entered with counter party which reflects the stage of completion for each performance obligation.</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>
<b>Impairment on financial assets (expected credit losses)</b>	
<p>Ind AS 109 requires the Company to recognise impairment loss allowance towards its financial assets (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles of Ind AS 109 including: unbiased, probability weighted outcome under various scenarios; time value of money; impact arising from forward looking macro-economic factors and; availability of reasonable and supportable information without undue costs. Applying these principles involves significant estimation in various aspects, such as: staging of loans / receivables and estimation of behavioral life; determining macro-economic factors impacting credit quality of receivables, credit worthiness of borrowers / customers, etc. Considering the significance of such allowance to the overall financial statements and the degree of estimation involved in computation of expected credit losses, this area is considered as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• We read and assessed the Group’s accounting policies for impairment of financial assets and their compliance with Ind AS 109.</li> <li>• We tested samples of loans / receivables to assess whether any loss indicators were present, requiring them to be re-classified, wherever required.</li> <li>• We evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation. Tested the ECL model, including assumptions and underlying computation.</li> <li>• Audited disclosures included in the consolidated Ind AS financial statements in respect of expected credit losses.</li> </ul>
<b>Information Other than the Consolidated Ind AS Financial Statements and Auditor’s Report Thereon</b>	
<p>The Holding Company’s Board of Directors are 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</p>	<p>to the Board’s Report, Corporate Governance and Shareholder’s Information, but does not include consolidated Ind AS financial statements and our auditor’s report thereon.</p> <p>Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p>

In connection with our audit of the consolidated Ind AS 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 Ind AS 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.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements**

The Holding Company's Management Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS 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 of the companies and the trustees of the trust 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 Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS 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 Ind AS 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 Ind AS financial statements.

Materiality is the magnitude of misstatements in the consolidated Ind AS 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 Ind AS 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 for the financial year ended 31 March 2021 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 Ind AS financial statements of three subsidiaries and a trust, whose Ind AS financial statements reflect total assets (before consolidation adjustments) of INR 92,20,63,883 as at 31 March 2021, total revenues (before consolidation adjustments) of INR 12,13,20,330, total net profit before tax (before consolidation adjustments) of INR 6,84,67,652 and net cash outflows of INR 10,33,79,658 for the year ended on that date as considered in the consolidated Ind AS financial statements for the year ended on that date. These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS 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 on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

### 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 Ind AS financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of other auditors;
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Company 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 are disqualified as on 31 March 2021 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) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, incorporated in India, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.
- 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 Ind AS financial statements disclose impact of pending litigations on the consolidated financial position of the Group. Refer Note 39 to the consolidated Ind AS financial statements.
- ii) The Group has made provisions as at 31 March 2021, as required under the applicable law or Ind AS, for foreseeable losses, if any on long-term contracts. Refer Note 42 to the consolidated Ind AS 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 **S M S R & Co LLP**  
*Chartered Accountants*  
Firm Registration No. 110592W/W100094

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

Place: Mumbai  
Date: 15 June 2021

UDIN: 21019216AAAABI9733

**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 Ind AS financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls over financial reporting of **Keynote Financial Services Limited** (hereinafter referred to as "the Company or the Holding Company") and its subsidiaries (the company and its subsidiaries together referred to as "the Group"), which are incorporated in India, as of that date.

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

The respective Board of Directors of the Holding 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 respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") 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 Act.

**Auditor's Responsibility for the Audit of Internal Financial Controls**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding 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 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 Holding Company and its subsidiary companies, which are companies incorporated in India.

**Meaning of Internal Financial Controls over Financial Reporting with reference to these Consolidated Ind AS financial statements**

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:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) 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

- (iii) 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 with reference to these Consolidated Ind AS Financial Statements**

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, and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph below, the Holding Company and its subsidiaries 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 2021, based on the internal financial control over financial reporting criteria established by the respective companies considering the essential components of internal financial 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 the separate financial statements of 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

**U Balakrishna Bhat**  
*Partner*  
Membership No: 019216  
UDIN: 21019216AAAABI9733

Place: Mumbai  
Date: 15 June 2021

# ANNUAL REPORT 2020-21

## CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2021

(Currency: Indian Rupees)

	Note	31 March 2021	31 March 2020
<b>ASSETS</b>			
<b>A. Financial assets</b>			
Cash and cash equivalents	3	2,39,17,746	23,64,03,445
Bank balances other than cash and cash equivalents	4	32,61,84,734	19,53,75,274
Receivables	5		
- Trade receivables		1,01,36,346	3,97,35,021
- Other receivables		44,47,963	10,22,027
Loans	6	19,75,37,400	22,31,67,844
Investments	7	44,28,59,393	27,98,69,584
Other financial assets	8	2,72,92,725	3,01,97,873
<b>Sub-total - financial assets (A)</b>		<b>1,03,23,76,307</b>	<b>1,00,57,71,068</b>
<b>B. Non-Financial Assets</b>			
Inventories	9	20,59,130	9,35,755
Current tax assets (net)	10	9,06,915	61,41,023
Investment property	11	3,60,222	3,71,366
Property, plant & equipment	12	16,59,04,499	17,24,07,080
Goodwill on consolidation		10,41,615	10,41,615
Right of use assets	13	1,41,412	4,47,803
Other non-financial assets	14	35,61,182	45,13,815
<b>Sub-total - non-financial assets (B)</b>		<b>17,39,74,975</b>	<b>18,58,58,457</b>
<b>Total - Assets (A+B)</b>		<b>1,20,63,51,282</b>	<b>1,19,16,29,525</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>A. Financial liabilities</b>			
Payables			
Trade payables	15		
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		4,57,21,916	20,35,51,360
Other payables			
- total outstanding dues of micro enterprises and small enterprises		55,250	10,924
- total outstanding dues of creditors other than micro enterprises and small enterprises		14,10,780	25,84,307
Borrowings (other than debt securities)	16	25,80,37,089	21,67,27,151
Deposits	17	2,32,143	2,07,205
Lease liabilities	18	1,76,643	3,73,924
Other financial liabilities	19	51,24,879	53,91,158
<b>Sub-total - financial liabilities (A)</b>		<b>31,07,58,700</b>	<b>42,88,46,029</b>
<b>B. Non-Financial liabilities</b>			
Provisions	20	1,01,43,611	90,30,966
Deferred tax liabilities (net)	21	2,01,92,812	1,25,20,617
Other non-financial liabilities	22	97,58,160	85,24,824
<b>Sub-total - non-financial liabilities (B)</b>		<b>4,00,94,583</b>	<b>3,00,76,407</b>
<b>C. Equity</b>			
Share capital	23	6,16,66,370	5,56,66,370
Other equity	24	79,38,31,629	67,70,40,719
<b>Sub-total - equity (C)</b>		<b>85,54,97,999</b>	<b>73,27,07,089</b>
<b>Total - Liabilities and Equity (A+B+C)</b>		<b>1,20,63,51,282</b>	<b>1,19,16,29,525</b>
Significant accounting policies	2		

The accompanying notes referred above form an integral part of the consolidated Ind AS financial statements.

As per our report of even date attached

**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: 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 June 2021  
Place : Mumbai

Date : 15 June 2021  
Place : Mumbai

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

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021**

(Currency: Indian Rupees)

	Note	For the Year ended 31 March 2021	For the Year ended 31 March 2020
<b>A. Revenue from operations</b>			
Interest income	25	1,26,83,567	1,20,46,304
Fees and commission income	26	2,44,41,616	1,90,00,922
Net gain on fair value changes	27	9,76,24,101	-
Sale of services	28	6,60,19,902	5,48,61,698
Other operating income	29	<u>6,92,800</u>	<u>7,49,217</u>
<b>Total revenue from operations</b>		<b>20,14,61,986</b>	<b>8,66,58,141</b>
<b>B. Other income</b>	30	<u>2,60,25,968</u>	<u>2,70,62,817</u>
<b>Total income (A+B)</b>		<b>22,74,87,954</b>	<b>11,37,20,958</b>
<b>C. Expenses</b>			
Finance costs	31	1,09,01,145	1,21,89,228
Fees and commission expense	32	15,96,647	14,47,881
Net loss on fair value changes	33	-	4,88,87,601
Impairment on financial instruments	34	18,01,334	14,57,274
Changes in inventories of stock-in-trade	35	(11,23,375)	15,72,625
Employee benefits expense	36	3,97,34,609	4,60,22,996
Depreciation and amortisation expense	37	72,78,327	76,08,518
Other expenses	38	<u>3,44,86,715</u>	<u>3,81,38,630</u>
<b>Total Expenses (C)</b>		<b>9,46,75,402</b>	<b>15,73,24,753</b>
<b>Profit / (loss) before tax (A+B-C)</b>		<b>13,28,12,552</b>	<b>(4,36,03,795)</b>
<b>D. Tax expense / (credit)</b>	51		
- Current tax		1,23,55,534	41,54,960
- Deferred tax and Minimum alternate tax (MAT)		74,34,665	(47,19,585)
- Taxation for earlier years		<u>2,81,085</u>	<u>(8,05,433)</u>
<b>Total tax expenses (D)</b>		<b>2,00,71,284</b>	<b>(13,70,058)</b>
<b>Profit / (loss) for the year (A+B-C-D)</b>		<b>11,27,41,268</b>	<b>(4,22,33,737)</b>
<b>E. Other Comprehensive Income</b>			
<b>(i) Items that will not be reclassified to profit or loss</b>			
- Remeasurement gains /(losses) of defined benefit plans		8,53,808	3,37,740
- Income tax on the above		(2,37,529)	(87,812)
<b>(ii) Items that will be reclassified to profit or loss</b>		<u>-</u>	<u>-</u>
<b>Other Comprehensive Income (E)</b>		<b>6,16,279</b>	<b>2,49,928</b>
<b>Total Comprehensive Income for the year (net of tax) (A+B-C-D+E)</b>		<b>11,33,57,547</b>	<b>(4,19,83,809)</b>
<b>Earnings per equity share (face value of INR 10 each)</b>			
Basic & diluted (INR)	41	20.25	(7.59)
Significant accounting policies	2		

The accompanying notes referred above form an integral part of the consolidated Ind AS 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 June 2021  
Place : Mumbai

**For and on behalf of the Board of Directors of**  
**Keynote Financial Services Limited**  
CIN: L67120MH1993PLC072407

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

Date : 15 June 2021  
Place : Mumbai

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

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

## ANNUAL REPORT 2020-21

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

(Currency: Indian Rupees)

Particulars	For the Year ended 31 March 2021	For the year ended 31 March 2020
<b>(A) Cash flows from operating activities:</b>		
<b>Net Profit / (loss) before tax</b>	<b>13,28,12,552</b>	<b>(4,36,03,795)</b>
<b>Adjustments for</b>		
Depreciation and amortisation	72,78,327	76,08,518
Provision for gratuity	17,11,772	13,01,447
Provision for compensated absences	11,48,072	9,55,964
Provision for doubtful debts	18,01,334	14,57,274
Interest expenses	1,09,01,145	1,21,89,228
Net (gain) / loss on financial instruments measured at fair value through profit or loss	(9,76,24,101)	4,88,87,601
Dividend income	(30,42,472)	(40,56,372)
Interest Income	(3,48,33,988)	(3,33,06,163)
Sundry balances written back (net)	-	(5,95,363)
Lease Income	(7,88,282)	(9,61,977)
<b>Profit (loss) / before working capital changes</b>	<b>1,93,64,359</b>	<b>(1,01,23,638)</b>
<b>Adjustment for working capital changes</b>		
- (Increase) / decrease in trade and other receivables	2,43,71,405	(40,40,262)
- (Increase) / decrease in loans	2,56,30,444	(3,81,61,324)
- (Increase) / decrease in other financial assets	29,05,148	4,92,76,346
- (Increase) / decrease in Inventory	(11,23,375)	15,72,625
- (Increase) / decrease in other non-financial assets	9,52,633	(13,09,899)
- (Decrease) / Increase in trade and other payable	(15,89,58,645)	15,74,28,743
- (Decrease) / Increase in other financial liabilities	(2,66,279)	9,25,116
- (Decrease) / Increase in other non-financial liabilities	12,33,336	(28,51,606)
- (Decrease) / Increase in deposits	24,938	22,200
- (Decrease) / Increase in lease liabilities	(1,97,281)	(1,56,490)
- (Decrease) / Increase in provisions	(11,30,920)	(24,19,184)
<b>Cash generated from / (used) in operations</b>	<b>(8,71,94,237)</b>	<b>15,01,62,627</b>
Taxes paid (net of refunds)	(71,64,981)	1,37,83,222
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>(9,43,59,218)</b>	<b>16,39,45,849</b>
<b>(B) Cash flows from investing activities:</b>		
Purchase of fixed assets	(4,58,211)	(1,49,746)
Sale of investments (net)	(6,53,65,707)	74,81,415
Deposits placed in banks and unpaid dividend accounts (net)	(13,08,09,460)	(3,66,33,653)
Lease income received	7,88,282	9,61,977
Interest received	3,48,33,988	3,33,06,163
Dividend received	30,42,472	40,56,372
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>(15,79,68,636)</b>	<b>90,22,528</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021**

(Currency: Indian Rupees)

**(C) Cash flow from financing activities:**

Repayment of borrowings (net)	4,13,09,937	1,49,35,006
Issue of preference share capital	1,50,00,000	-
Dividend paid	(55,66,637)	(55,66,637)
Dividend distribution tax paid	-	(14,77,319)
Interest paid	<u>(1,09,01,145)</u>	<u>(1,21,89,228)</u>
<b>Net cash generated from / (used in) financing activities (C)</b>	<b><u>3,98,42,155</u></b>	<b><u>(42,98,178)</u></b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b><u>(21,24,85,699)</u></b>	<b><u>16,86,70,199</u></b>
Cash and cash equivalents as at beginning of year	23,64,03,445	6,77,33,246
<b>Cash and cash equivalents as at the end of the year</b>	<b><u>2,39,17,746</u></b>	<b><u>23,64,03,445</u></b>

**Notes to cash flow statement :**

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

Cash on hand	9,30,506	9,84,750
Balances with banks		
- In current accounts	2,23,50,995	12,37,36,279
- In fixed deposits accounts (with original maturity of 3 months or less from the reporting date)	6,36,245	11,16,82,416
	<u><u>2,39,17,746</u></u>	<u><u>23,64,03,445</u></u>

**2** The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (Ind AS) 7 - "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standard) Rules, 2015.

**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

**For and on behalf of the Board of Directors of  
Keynote Financial Services Limited**  
CIN: 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 June 2021  
Place : Mumbai

Date : 15 June 2021  
Place : Mumbai

# ANNUAL REPORT 2020-21

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS ON 31 MARCH 2021

(Currency: Indian Rupees)

### A. Share capital

Particulars	Equity share capital	
	No. of Shares	Amount
<b>Balance as at 1 April 2019</b>	<b>55,66,637</b>	<b>5,56,66,370</b>
Changes in share capital during the year	-	-
<b>Balance as at 31 March 2020</b>	<b>55,66,637</b>	<b>5,56,66,370</b>
Changes in share capital during the year	-	-
<b>Balance as at 31 March 2021</b>	<b>55,66,637</b>	<b>5,56,66,370</b>

Particulars	Preference share capital	
	No. of Shares	Amount
<b>Balance as at 1 April 2019</b>	-	-
Changes in share capital during the year	-	-
<b>Balance as at 31 March 2020</b>	-	-
Changes in share capital during the year	6,00,000	60,00,000
<b>Balance as at 31 March 2021</b>	<b>6,00,000</b>	<b>60,00,000</b>

### B. Other equity

Particulars	Reserves and surplus				Other items of other comprehensive income	Total
	Securities premium	General reserve	Statutory reserve	Retained earnings		
<b>Balance as at 1 April 2019</b>	<b>23,06,48,293</b>	<b>1,33,91,679</b>	<b>73,32,783</b>	<b>47,46,95,729</b>	-	<b>72,60,68,484</b>
Transfers during the year	-	-	9,15,273	(9,15,273)	-	-
Loss after tax for the year	-	-	-	(4,22,33,737)	-	(4,22,33,737)
Other comprehensive income (net of tax)	-	-	-	2,49,928	-	2,49,928
"Appropriations towards dividend paid (including corporate tax dividend)"	-	-	-	(70,43,956)	-	(70,43,956)
<b>Balance as at 31 March 2020</b>	<b>23,06,48,293</b>	<b>1,33,91,679</b>	<b>82,48,056</b>	<b>42,47,52,691</b>	-	<b>67,70,40,719</b>
Balance as at 1 April 2020	<b>23,06,48,293</b>	<b>1,33,91,679</b>	82,48,056	42,47,52,691	-	67,70,40,719
Transfers during the year	-	-	<b>9,33,505</b>	(9,33,505)	-	-
Premium on issue of preference shares	<b>90,00,000</b>	-	-	-	-	90,00,000
Profit after tax for the year	-	-	-	11,27,41,268	-	11,27,41,268
Other comprehensive income (net of tax)	-	-	-	6,16,279	-	6,16,279
"Appropriations towards dividend paid (including corporate tax dividend)"	-	-	-	(55,66,637)	-	(55,66,637)
<b>Balance as at 31 March 2021</b>	<b>23,96,48,293</b>	<b>1,33,91,679</b>	<b>91,81,561</b>	<b>53,16,10,096</b>	-	<b>79,38,31,629</b>

The accompanying notes referred above form an integral part of the consolidated Ind AS financial statements

As per our report of even date attached

**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: 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 June 2021  
Place : Mumbai

Date : 15 June 2021  
Place : Mumbai

## **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. 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**

These consolidated Ind AS financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act, under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value. These accounting policies have been applied consistently over all the periods presented in these consolidated Ind AS financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to Ind AS.

The consolidated financial statements were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) under the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), the relevant provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI) and other generally accepted accounting principles in India (collectively referred to as "Indian GAAP"). 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) Presentation of the consolidated financial statements**

The Holding Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the format prescribed under Division III of Schedule III to the Companies Act, 2013 on 11 October 2013, the Holding Company presents the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Statement of Changes in Equity in the order of liquidity. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 56 of the consolidated Ind AS financial statements.

Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- (i) The normal course of business
- (ii) The event of default
- (ii) The event of insolvency or bankruptcy of the Group and/or its counterparties

### **(c) Use of estimates and judgements**

The preparation of consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of financial



statements and the reported amounts of revenue and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognized in the period in which the Group becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised and future periods. The estimates and judgments that have significant impact on carrying amount of assets and liabilities at each balance sheet date are discussed at Note 2(w) of the consolidated Ind AS financial statements.

### **(d) Principles of consolidation**

#### **Subsidiaries and trust**

The consolidated financial statements is comprised of financial statements of the Holding Company and its subsidiaries and trust. The subsidiaries and the trust are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries and the trust are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the Holding Company and its subsidiaries & trust line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions within the Group are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of

subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of changes in equity and balance sheet respectively. Statement of Profit and Loss including Other Comprehensive Income (OCI) is attributable to the equity holders of the Holding Company and to the non-controlling interest basis the respective ownership interest and such balance is attributed even if this results in controlling interest is having a deficit balance.

#### **Equity method**

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

#### **Changes in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the Group ceases to consolidate because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

**(e) Property, Plant and Equipment**

Property, plant and equipment (PPE) are stated at cost of acquisition less accumulated depreciation and accumulated impairment, (if any). Such cost includes purchase price including import duties and other non-refundable purchase taxes or levies, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use and adjustments arising from exchange rate variations attributable to the assets. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

Assets costing INR 5,000 or less are fully depreciated in the year of purchase.

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non- financial assets.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the statement of profit and loss when the asset is derecognised.

**Depreciation methods, estimated useful lives and residual value**

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013.

<b>Tangible assets</b>	<b>Useful life</b>
Premises	60 years
Furniture and fixtures	10 years
Electrical fittings	10 years
Air conditioners	10 years
Office equipments	5 years
Computers and peripherals	3 years
Vehicles	8 years

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

**(f) Investment Property**

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction

costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on property (Flat) classified as investment property has been provided on the straight-line method over a period of 60 years based on the Group's estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Schedule II to the Companies Act 2013.

Though the Group initially measures investment property using cost based measurement. The said is measured subsequently at the fair value which are determined based on an annual evaluation as per Management's best estimates.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition. The date of disposal of an item of investment property is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

### **(g) Intangible assets and amortization**

Intangible assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation and impairment losses, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Intangible assets are amortised on a straight-line basis over the estimated useful economic life, which is the Management's estimate of its useful life.

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the statement of profit and loss when the asset is derecognized. The date of disposal of an item of intangible assets is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

### **(h) Impairment of non-financial assets**

At each reporting date, the Group assesses whether there is any indication based on internal / external factors, that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount of asset is the higher of its fair value or value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects the current market assessment of time value of money and the risks specific to it. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An Impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. Such a reversal is made only to the extent that

the assets carrying amount would have been determined, net of depreciation or amortization, had no impairment loss been recognised.

**(i) Provisions and contingencies**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the each reporting date.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for in the consolidated Ind AS financial statements.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**(j) Foreign currency translation**

**Functional and presentation currency**

Items included in financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupees (INR), which is the Group's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

**(k) Employee benefits**

**(i) Short-term obligations**

Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered. The Group recognises the costs of bonus payments when it has a present obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

**(ii) Post-employment obligations**

**(l) Defined contribution plans**

**(a) Provident Fund:** The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already

paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

- (b) Employees' State Insurance:** The Group contributes to Employees State Insurance Scheme and recognises such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

**(II) Defined benefit plans**

- (a) Gratuity:** The Group makes contribution to a Gratuity Fund administered by trustees and managed by LIC. The Group accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year by an independent actuary using the Projected Unit Credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- (i) The date of the plan amendment or curtailment, and
  - (ii) The date that the Group recognises related restructuring costs
- Net interest is calculated by applying

the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- (a) Service costs comprising current and past service costs, gains and losses on curtailments and non-routine settlements; and
- (b) Net interest expense or income

**(III) Other Long-term employee benefits**

- (a) Compensated absences** - Privilege leave entitlements are recognised as a liability as per the rules of the Group. The liability for accumulated leaves which can be availed and/or encashed at any time during the tenure of employment is recognised using the projected unit credit method at the actuarially determined value by an appointed independent actuary. The liability for accumulated leaves which is eligible for encashment within the same calendar year is provided for at prevailing salary rate for the entire unavailed leave balance as at the Balance Sheet date.

**(I) Leases**

- (i) Operating lease as lessee** - The Group has adopted Ind AS 116 - "Leases" effective 1 April, 2019, using the "full retrospective method". Further, the Group has applied the standard to its leases with the full impact recognised on the date of initial application. The Group's lease asset classes primarily consist of leases for office premises. The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:
- (i) The contract involves the use of an identified asset;

- (ii) The Group has substantially all of the economic benefits from use of the asset through the period of the lease; and
- (iii) The Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**(II) Operating lease as lessor:** In respect of assets given on operating lease, lease rentals are recognised on a straight-line basis over the term of lease unless;

- (i) Another systematic basis is more representative of the time pattern in which the benefit is derived from leased asset; or
- (ii) The payments to the lessor are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases, in which case the rental are recognised based on contractual term.

**(m) Income tax**

**Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the country where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Minimum Alternate Tax**

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the

Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit". The Group reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

### **Deferred Tax**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except in respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to

the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **(n) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **(o) Financial instruments**

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All the financial instruments are recognised on the date when the Group becomes party to the contractual provisions of the financial instruments. For tradable securities, the Group recognises the financial instruments on settlement date.

### **Initial recognition and measurement:**

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of

the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortised cost.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- (b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

#### **Classification and subsequent measurement**

The Group classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost only if both of the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold them to collect contractual cash flows; and

- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

The Group has applied Ind AS 109 and classifies its financial assets in the following measurement categories:

- Amortised cost
- Fair value through profit or loss (FVTPL); or
- Fair value through other comprehensive income (FVOCI)

Such financial assets are subsequently measured at amortised cost using the Effective Interest rate method. Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal and the interest on the principal outstanding. Any financial instrument, which does not meet the criteria for categorisation as amortized cost or as Fair Value Through Other Comprehensive Income (FVTOCI), is classified as at Fair Value Through P&L (FVTPL). In addition, the Group may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit and loss.

Financial liabilities are classified at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.



Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in Statement of Profit or loss.

### **Equity Investments**

The Group accounts for equity investments in subsidiaries at cost less impairment.

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Group has elected to present the value changes in 'Other Comprehensive Income'. However, dividend on such equity investments are recognised in Statement of Profit and loss when the Group's right to receive payment is established.

### **Derivative financial Instruments**

Derivative financial instruments are classified and measured at fair value through profit and loss.

### **Fair Value Hierarchy**

Some of the Group's assets and liabilities are measured at fair value for financial reporting purpose. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 53 of the consolidated Ind AS financial statements.

### **Impairment of Financial Assets**

The Group applies expected credit loss (ECL) model for measurement and recognition of loss allowance on the following:

- (i) Trade receivables
- (ii) Financial assets measured at amortised cost (other than trade receivables)

- (iii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as ii and iii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Group reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Group uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables.

The provision matrix is prepared based

on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

#### **Write-offs**

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries are credited to the statement of profit and loss.

#### **De-recognition of financial instruments**

**(a) Financial asset** - A financial asset or a part thereof is primarily de-recognised when:

- (i) The right to receive contractual cash flows from the asset has expired, or
- (ii) The Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- (a) The Group has transferred substantially all the risks and rewards of the asset, or
- (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains all or substantially all the risks and rewards of the transferred assets, the transferred assets are not de-recognised. On de-recognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in profit or loss.

**(b) Financial liabilities:** The Group de-recognises a financial liability when its contractual obligations are discharged, cancelled or expired.

#### **Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

#### **(p) Stock-in-trade**

Stock-in-trade is valued as lower of cost and net realizable value on an individual category basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of stock-in-trade are determined on weighted average basis.

#### **(q) Revenue Recognition**

The Group recognises revenue from contracts with customers based on a five-step model asset out in Ind AS 115, Revenue from Contracts with Customers, to determine when to recognize revenue and at what amount. Revenue is measured based on the consideration specified in the contract with a customer. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset

**Step 1: Identify contract(s) with a customer:**

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2: Identify performance obligations in the contract:**

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3: Determine the transaction price:**

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4: Allocate the transaction price to the performance obligations in the contract:**

For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

- (i) **Interest income** - Interest income is recognised using the effective interest rate (EIR) method by considering all contractual terms of the financial instrument in estimating the cash flows.
- (ii) **Dividend income** - Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.
- (iii) **Net gain on fair value changes** - Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Group recognises gains/losses on fair value change of financial assets measured

as FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL and FVOCI.

- (iv) **Sale of services** - 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 stage of each performance obligation.
- (v) **Brokerage income** - 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 transaction.
- (vi) **Investment advisory and transactional processing fees** - Performance obligations are satisfied over a period of time and advisory and transactional processing fees income is accounted in accordance with the terms of contracts, entered into between the Group and the counter party.
- (vii) **Account maintenance charges** are recognized on time basis over the period of the contract.
- (viii) **Depository income**- Income from depository services, finance charges on client dues are recognised on the basis of agreements entered into with the clients and when the right to receive the income is established.
- (ix) **Contract Balances**
  - Trade Receivables** - A receivable represents the Group's right to an amount of consideration that is unconditional.
  - Unbilled Revenue** - 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.
  - Contract Liabilities** - A contract liability is the obligation to transfer goods or services

to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

**(r) Cash flow statement**

Cash flows are reported using the indirect method, where by profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. For the purpose of the Statement of Cash Flows, cash and cash equivalents as defined above, as they are considered an integral part of cash management of the Group.

**(s) Earnings per share**

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(t) 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 Group's Board of Directors and consequently approved by the shareholders.

**(u) Segment information**

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Group to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments

The accounting policies adopted for Segment reporting are in line with the accounting policies of the Group with the following additional policies:

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

Assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the Segment. Assets and liabilities, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

**(v) Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the consolidated financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

**(w) Critical estimates and judgements**

The preparation of consolidated financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of

judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgement are:

- (i) Estimated useful life of PPE - refer Note 2(e) and 12
- (ii) Estimation of tax expenses and tax payable - refer Note 2(m) and 51
- (iii) Fair value of financial instruments - refer Note 2(o) and 53
- (iv) Estimation of Defined benefit obligations - refer Note 2(k) and 49
- (v) Probable outcome of matters included under Contingent Liabilities - refer note 2(i) and 39

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

**Notes forming part of the Consolidated Ind AS Financial Statements**  
(Currency: Indian Rupees)

<b>3 CASH AND CASH EQUIVALENTS</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Cash on hand	9,30,506	9,84,750
<b>Balances with banks</b>		
- In current accounts	2,23,50,995	12,37,36,279
- In fixed deposits accounts (with maturity of 3 months or less)	6,36,245	11,16,82,416
	<u>2,39,17,746</u>	<u>23,64,03,445</u>

**Note:** There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting periods disclosed in the financial statements.

<b>4 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Fixed deposits with banks (with maturity of more than 3 months)	32,51,34,744	19,42,71,979
Earmarked balances with banks towards unpaid dividend accounts	10,49,990	11,03,295
	<u>32,61,84,734</u>	<u>19,53,75,274</u>

**Notes:**

- There are no repatriation restrictions with regard to bank balances other than cash and cash equivalents as at the end of the reporting periods disclosed in the financial statements.
- There are no bank deposits and balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments as at the end of the reporting periods disclosed in the financial statements, except for fixed deposits amounting to INR 8,00,00,000 (P.Y: INR 8,00,00,000) pledged against overdraft facility from banks.
- Bank balances include restricted bank balances of INR 10,49,990 (P.Y: INR 11,03,295) on account of bank balances held as unpaid dividends.

<b>5 RECEIVABLES</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>Trade receivables</b>		
Receivables considered good - unsecured	1,01,36,346	3,97,35,021
Receivables - credit impaired	26,45,845	16,11,428
Less : Impairment loss allowance	(26,45,845)	(16,11,428)
	<u>1,01,36,346</u>	<u>3,97,35,021</u>
<b>Other receivables</b>		
Receivables considered good - unsecured	44,47,963	10,22,027
Less : Impairment loss allowance	-	-
	<u>44,47,963</u>	<u>10,22,027</u>
	<u>1,45,84,309</u>	<u>4,07,57,048</u>

**Notes:**

- The Group applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for receivables at an amount equal to lifetime ECLs. The ECLs on receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired receivables. The Group considers a receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. When a receivable is credit impaired, it is written off against receivables and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited to the income statement. Further, the Group has recognised ECL on credit impaired assets only.
- No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade and other receivables are non-interest bearing and the same is relied upon by the Auditor.

<b>6 LOANS</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>(A) Measured at amortised cost / fair value through profit or loss</b>		
<b>At amortised cost</b>		
Loans repayable on demand (Refer notes below)	19,72,74,697	22,25,77,780
<b>At fair value through profit or loss</b>		
Loan to employees - considered good	2,62,703	5,90,064
	<u>19,75,37,400</u>	<u>22,31,67,844</u>
Less : Impairment loss allowance	-	-
	<u>19,75,37,400</u>	<u>22,31,67,844</u>
<b>(B) Secured / Unsecured</b>		
(i) Secured by tangible assets	3,42,35,555	6,07,11,618
(ii) Unsecured	16,33,01,845	16,24,56,226
	<u>19,75,37,400</u>	<u>22,31,67,844</u>
Less : Impairment loss allowance	-	-
	<u>19,75,37,400</u>	<u>22,31,67,844</u>
<b>(C) Of the above</b>		
(i) Loans in India		
- Public sector	-	-
- Others	19,75,37,400	22,31,67,844
	<u>19,75,37,400</u>	<u>22,31,67,844</u>
Less : Impairment loss allowance	-	-
	<u>19,75,37,400</u>	<u>22,31,67,844</u>
(ii) Loans outside India	-	-
	<u>19,75,37,400</u>	<u>22,31,67,844</u>
<b>(D) Stage wise breakup of loans</b>		
(i) Low credit risk (Stage 1)	19,75,37,400	22,31,67,844
(ii) Significant increase in credit risk (Stage 2)	-	-
(iii) Credit impaired (Stage 3)	-	-
	<u>19,75,37,400</u>	<u>22,31,67,844</u>
Less : Impairment loss allowance	-	-
	<u>19,75,37,400</u>	<u>22,31,67,844</u>

**Notes:**

- The Holding Company - Keynote Financial Services Limited, had given a secured loan to Bela Properties Private Limited amounting to INR 50,00,000 at the rate of 12% p.a, repayable on demand. Further, the said loan is secured against 2,51,022 equity shares of Credo Brands Marketing Private Limited and a demand promissory note.
- The Holding Company - Keynote Financial Services Limited, had given an unsecured loan to Siddha Real Estate Development Private Limited amounting to INR 1,00,00,000 at the rate of 18% p.a, repayable on demand.
- The Subsidiary Company - Keynote Fincorp Limited had given secured loans to other parties carrying interest rate between 12% to 18% p.a. The said loans were repayable on demand. The said loans were secured against shares of a listed company.
- The Subsidiary Companies - Keynote Capital Limited, Keynote Fincorp Limited and Keynote Commodities Limited had given unsecured loans and advances to various parties at the rate of interest ranging between 8.50% to 18% p.a, repayable on demand. Additionally, the said subsidiaries have also lent interest free loans and advances to various parties, repayable on demand.
- The Group considers the secured / unsecured loans given to other parties as fully recoverable i.e. at Stage 1 category (low credit risk) at the various reporting periods. Accordingly, in line with the Group's accounting policy no impairment provision was created at the end of the aforesaid mentioned reporting periods.

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## Notes forming part of the Consolidated Ind AS Financial Statements (Currency: Indian Rupees)

### 7 Investments

Sr. No.	Particulars	No. of Shares / units		Quoted / Unquoted	Face Value	Amount as at	
		31 March 2021	31 March 2020			31 March 2021	31 March 2020
<b>(A)</b>	<b>Investments measured at amortised cost</b>						
	<b>Investments in debt securities</b>						
1	Series II 8% Partly convertible debentures - Netambit Valuefirst Services Private Limited	7,500	7,500	Unquoted	1,000	75,00,000	75,00,000
2	SRH Life Styles Private Limited	2,097	2,097	Unquoted	10	47,37,188	47,37,188
	<b>Total (A)</b>					<b>1,22,37,188</b>	<b>1,22,37,188</b>
<b>(B)</b>	<b>Investments measured at fair value through profit or loss</b>						
<b>(i)</b>	<b>Investments in mutual funds / exchange traded funds</b>						
1	HDFC Ultra Short Term Fund-Direct Plan-Weekly Dividend	69,425	149	Quoted	10	6,98,278	1,504
2	Parag Parikh Flexi Cap Fund - Regular Plan - Growth	3,94,631	3,94,631	Quoted	10	1,49,96,626	82,89,233
3	HDFC Liquid Fund Growth	122	-	Quoted	100	4,94,305	-
4	ICICI Prudential Ultra Short Term Fund - Growth	4,76,975	-	Quoted	100	1,02,86,591	-
5	Kotak Savings Fund - Growth (Regular Plan)	60,939	-	Quoted	10	20,55,508	-
6	Kotak Mahindra Mutual Fund	23,285	4,49,519	Quoted	10	9,60,75,000	1,25,00,000
7	BNP Paribas Overnight Fund	-	271	Quoted	1,000	-	2,71,154
8	ICICI Prudential Money Market Fund	1,078	2,743	Quoted	100	1,16,207	2,74,292
9	ICICI Mutual Fund	-	10,980	Unquoted	10	-	5,19,091
10	Kotak Liquid Fund- Regular Growth	16,118	17,733	Quoted	1,000	6,67,41,653	7,09,39,908
11	Nippon India ETF Nifty Bees	-	6,878	Quoted	1	-	6,30,918
	<b>Total (B - i)</b>					<b>19,14,64,168</b>	<b>9,34,26,100</b>
<b>(ii)</b>	<b>Rights in financial assets (refer note 4 below)</b>						
				Unquoted		1,13,69,780	1,13,69,780
	<b>Total (B - ii)</b>					<b>1,13,69,780</b>	<b>1,13,69,780</b>
<b>(iii)</b>	<b>Investments in debt securities</b>						
1	Non convertible debentures - JM Financial Products Limited Tranche III	20,000	20,000	Quoted	1,000	2,33,40,000	1,96,94,000
2	12% Non convertible debentures - ECL Finance Limited	-	10,000	Quoted	1,000	-	1,06,88,324
	<b>Total (B - iii)</b>					<b>2,33,40,000</b>	<b>3,03,82,324</b>
<b>(iv)</b>	<b>Investments in equity instruments</b>						
1	Godrej Properties Limited	2,000	2,500	Quoted	5	28,16,700	15,06,875
2	HDFC Bank Limited	2,021	1,871	Quoted	1	30,18,465	16,12,802
3	Kotak Mahindra Bank Limited	276	316	Quoted	5	4,84,104	4,09,646
4	Info Edge (India) Limited	125	350	Quoted	10	5,34,531	7,12,705
5	Shree Cement Limited	23	17	Quoted	10	6,77,934	2,98,774
6	Page Industries Limited	15	19	Quoted	10	4,55,043	3,21,628
7	Pidlite Industries Limited	174	334	Quoted	1	3,14,931	4,53,121
8	P I Industries Limited	258	486	Quoted	1	5,81,674	5,68,401
9	Havells India Limited	476	711	Quoted	1	4,99,752	3,41,173
10	Britannia Industries Limited	101	162	Quoted	2	3,66,438	4,35,724
11	Bajaj Finance Limited	347	209	Quoted	2	17,86,668	4,63,155
12	Bajaj Finserv Limited	73	68	Quoted	5	7,05,749	3,12,103
13	City Union Bank Limited	11,400	10,043	Quoted	1	16,89,497	13,02,074
14	Steelcast Limited	6,000	4,500	Quoted	5	8,38,800	3,50,775
15	Asian Paints Limited	163	274	Quoted	1	4,13,490	4,56,676
16	Astral Ltd	3,127	2,771	Quoted	1	50,54,887	25,41,663
17	Cholamandalam Investment and Finance Company Ltd	2,866	1,497	Quoted	2	16,01,521	2,28,966
18	Bella Casa Fashion & Retail Limited	4,757	4,757	Quoted	10	6,22,691	4,89,971
19	M R F Limited	-	6	Quoted	10	-	3,49,450
20	Max Financial Services Limited	-	429	Quoted	10	-	1,65,336
21	CESC Ventures Ltd	-	411	Quoted	10	-	48,087
22	CESC Ltd	222	182	Quoted	10	1,31,646	74,402

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

**Notes forming part of the Consolidated Ind AS Financial Statements**  
(Currency: Indian Rupees)

Sr. No.	Particulars	No. of Shares / units		Quoted / Unquoted	Face Value	Amount as at	
		31 March 2021	31 March 2020			31 March 2021	31 March 2020
23	Odisha Cement Ltd (Dalmia Bharat Limited)	-	108	Quoted	2	-	52,812
24	Minda Industries Limited	-	515	Quoted	2	-	1,23,110
25	Reliance Industries Limited	710	-	Quoted	10	14,22,272	-
26	Divi's Laboratories Limited	177	232	Quoted	2	6,42,519	4,61,112
27	Larsen & Toubro Ltd	181	303	Quoted	2	2,56,722	2,44,475
28	Orbit Exports Ltd	-	2,116	Quoted	10	-	1,29,182
29	ICICI Lombard General Insurance Company Ltd	-	821	Quoted	10	-	8,83,971
30	Precision Wires India Ltd	-	1,056	Quoted	10	-	70,435
31	Thermax Ltd	800	800	Quoted	2	10,76,840	5,91,600
32	Vinati Organics Ltd	80	-	Quoted	1	1,11,996	-
33	Stanrose Mafatral Investments and Finance Limited	12,690	-	Quoted	10	9,78,399	-
34	ICICI Bank Ltd	1,658	2,629	Quoted	2	9,63,713	8,53,110
35	ICICI Securities Limited	271	-	Quoted	5	1,03,400	-
36	PSP Projects Ltd	1,850	1,450	Quoted	10	8,57,290	4,66,465
37	Sanghvi Brands Ltd	-	3,000	Quoted	10	-	15,720
38	State Bank of India	742	6,389	Quoted	1	2,70,347	12,58,313
39	Westlife Development Ltd	-	2,057	Quoted	2	-	6,58,651
40	Jubilant Foodworks Ltd	255	324	Quoted	10	7,42,828	4,76,361
41	Dabur India Ltd	720	1,038	Quoted	1	3,89,304	4,67,359
42	Axis Bank Ltd	-	152	Quoted	2	-	57,654
43	Bajaj Consumer Care Ltd	-	792	Quoted	1	-	1,05,217
44	Coffee Day Enterprises Ltd	3,498	3,498	Quoted	10	91,123	80,804
45	Care Ratings Ltd	186	186	Quoted	10	76,492	61,296
46	Equitas Holdings Ltd	-	919	Quoted	10	-	39,149
47	Fortis Healthcare Ltd	2,619	3,425	Quoted	10	5,21,181	4,31,721
48	Goldiam International Ltd	-	1,132	Quoted	10	-	1,00,069
49	Great Eastern Shipping Co.Ltd	-	681	Quoted	10	-	1,41,070
50	IIFL Holdings Ltd	-	2,898	Quoted	2	-	2,15,611
51	Kalpataru Power Transmission Ltd	600	290	Quoted	2	2,26,140	52,635
52	Maruti Suzuki India Ltd	9	9	Quoted	5	61,738	38,590
53	Navneet Education Ltd	-	917	Quoted	2	-	56,808
54	Nucleus Software Exports Ltd	-	1,542	Quoted	10	-	2,73,011
55	Polycab India Ltd	365	93	Quoted	10	5,03,755	68,997
56	Sundaram Fasteners Ltd	-	70	Quoted	1	-	20,394
57	Tata Motors Ltd	1,900	1,900	Quoted	2	5,73,515	1,34,995
58	Thomas Cook (India) Ltd	2,159	3,945	Quoted	1	1,06,115	95,271
59	Titan Company Ltd	246	274	Quoted	1	3,83,121	2,55,779
60	Varun Beverages Ltd	83	169	Quoted	10	83,490	89,663
61	Zee Entertainment Enterprises Ltd	-	81	Quoted	1	-	10,044
62	Worth Peripherals Ltd	-	3,000	Quoted	10	-	1,23,000
63	Quess Corp Ltd	-	330	Quoted	10	-	69,811
64	Metropolis Healthcare Ltd	-	220	Quoted	2	-	2,82,975
65	India Bulls Real Estates Ltd	7,866	2,410	Quoted	2	6,39,112	98,328
66	IndiaMART InterMESH Ltd	129	155	Quoted	10	9,97,499	3,00,065
67	Housing Development Finance Corporation Ltd	100	50	Quoted	2	2,49,895	81,522
68	Grasim Industries Limited	125	125	Quoted	2	1,81,512	59,425
69	Grauer &Well (India) Ltd	-	17,500	Quoted	1	-	5,92,375
70	Gateway Distriparks Ltd	-	2,444	Quoted	10	-	2,31,447
71	Avenue Supermarts Ltd	-	212	Quoted	10	-	4,66,548
72	Abbott India Ltd	-	65	Quoted	10	-	10,04,607
73	Hemisphere Properties India Ltd	-	200	Quoted	10	-	46,640



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## Notes forming part of the Consolidated Ind AS Financial Statements (Currency: Indian Rupees)

Sr. No.	Particulars	No. of Shares / units		Quoted / Unquoted	Face Value	Amount as at	
		31 March 2021	31 March 2020			31 March 2021	31 March 2020
74	IIFL Securities Ltd	-	707	Quoted	2	-	21,952
75	United Spirits Ltd	320	423	Quoted	2	1,78,048	2,05,176
76	Poly Medicare Ltd	768	974	Quoted	5	6,27,917	2,29,475
77	ISGEC Heavy Engineering Ltd	-	129	Quoted	1	-	32,940
78	J B Chemicals & Pharmaceuticals Ltd	182	815	Quoted	2	2,28,155	4,14,305
79	Infosys Limited	1,302	271	Quoted	5	17,80,810	1,73,522
80	Honeywell Automation India Ltd	-	20	Quoted	10	-	5,19,016
81	Heritage Foods (India) Ltd	-	584	Quoted	5	-	1,24,480
82	Hexaware Technologies Ltd	-	368	Quoted	2	-	83,224
83	DFM Foods Ltd	970	1,235	Quoted	2	3,54,729	2,17,113
84	Bharti Airtel Ltd	619	189	Quoted	5	3,20,208	83,274
85	Zensar Technologies Ltd	-	3,344	Quoted	2	-	2,89,256
86	Tech Mahindra Ltd	107	107	Quoted	5	1,06,063	60,449
87	Raymond Ltd	1,148	1,148	Quoted	10	4,15,231	2,56,004
88	Prince Pipes & Fittings Ltd	-	1,190	Quoted	10	-	1,21,677
89	Piramal Enterprises Ltd	271	400	Quoted	2	4,74,792	3,75,520
90	Mahanagar Gas Limited	-	100	Quoted	10	-	81,795
91	ITC Ltd	699	726	Quoted	1	1,52,731	1,24,872
92	Hindustan Unilever Ltd	77	73	Quoted	1	1,87,172	1,67,765
93	Forbes and Company Ltd	440	400	Quoted	10	7,58,802	3,07,640
94	Engineers India Ltd	2,714	3,156	Quoted	5	2,09,113	1,89,518
95	Delta Corp Ltd	334	668	Quoted	1	54,108	43,754
96	Bandhan Bank Limited	-	318	Quoted	10	-	64,760
97	A U Small Finance Bank Ltd	523	330	Quoted	10	6,41,329	1,67,920
98	Aditya Birla Capital Ltd	2,200	2,429	Quoted	10	2,62,680	1,02,504
99	Alkem Laboratories Ltd	-	228	Quoted	2	-	5,30,978
100	Voltas Ltd	975	231	Quoted	1	9,76,803	1,10,614
101	Control Print Limited	-	874	Quoted	10	-	1,69,337
102	Torrent Pharmaceuticals Ltd	163	-	Quoted	5	4,14,216	-
103	Ultratech Cement Ltd	149	-	Quoted	10	10,03,857	-
104	Vidhi Speciality Food Ingredients Ltd	4,200	-	Quoted	1	8,93,970	-
105	Tata Consultancy Services Ltd	138	-	Quoted	1	4,38,509	-
106	IDFC Ltd	8,370	-	Quoted	10	3,95,901	-
107	Hatsun Agro Product Ltd	706	-	Quoted	1	5,11,532	-
108	Eicher Motors Ltd	143	-	Quoted	1	3,72,337	-
109	Central Depository Services India Ltd	1,344	-	Quoted	10	8,81,731	-
110	Bharat Petroleum Corporation Ltd	323	-	Quoted	10	1,38,228	-
113	Healthcare Global Enterprises Ltd	2,723	-	Quoted	10	5,20,229	-
114	Tv18 Broadcast Ltd	11,396	-	Quoted	2	3,27,635	-
115	Tata Elxsi Limited	283	-	Quoted	10	7,62,091	-
116	Oracle Financial Services Software Ltd	36	-	Quoted	5	1,15,164	-
117	Dixon Technologies (India) Ltd	103	-	Quoted	2	3,78,010	-
118	CCL Products (India) Ltd	311	-	Quoted	2	72,821	-
119	Angel Broking Ltd	1,533	-	Quoted	10	4,46,256	-
121	VIP Industries Ltd	380	-	Quoted	2	1,34,596	-
122	Tata Steel Limited	1,480	-	Quoted	10	12,01,686	-
123	Tanla Platforms Ltd	197	-	Quoted	1	1,60,870	-
124	Tata Communications Ltd	129	-	Quoted	10	1,37,069	-
125	Sasken Technologies Ltd	491	-	Quoted	10	4,28,790	-
126	Prism Johnson Ltd	1,380	-	Quoted	10	1,81,263	-
127	Orient Refractories Ltd	1,697	-	Quoted	1	3,84,710	-

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**Notes forming part of the Consolidated Ind AS Financial Statements**  
(Currency: Indian Rupees)

Sr. No.	Particulars	No. of Shares / units		Quoted / Unquoted	Face Value	Amount as at	
		31 March 2021	31 March 2020			31 March 2021	31 March 2020
128	Nirlon Ltd	793	-	Quoted	10	2,16,647	-
129	Multi Commodity Exchange of India Limited	81	-	Quoted	10	1,22,521	-
130	Indostar Capital Finance Ltd	1,256	-	Quoted	10	3,92,312	-
131	Hindalco Industries Ltd	1,742	-	Quoted	1	5,69,372	-
132	Greenpanel Industries Ltd	2,042	-	Quoted	1	3,26,822	-
133	Den Networks Ltd	4,356	-	Quoted	10	2,14,533	-
134	Cera Sanitaryware Ltd	146	-	Quoted	5	5,70,035	-
135	Burger King India Ltd	645	-	Quoted	10	83,270	-
136	Blue Dart Express Ltd	119	-	Quoted	10	6,63,437	-
137	Apl Apollo Tubes Limited	192	-	Quoted	2	2,68,906	-
138	Fermenta Biotech Ltd (DIL Limited)	724	-	Quoted	5	1,81,217	-
139	Cipla Ltd	637	-	Quoted	2	5,19,314	-
140	Cadila Healthcare Ltd	329	-	Quoted	1	1,45,039	-
141	Ajanta Pharma Ltd	348	-	Quoted	2	6,24,051	-
142	Aarti Industries Ltd	392	-	Quoted	5	5,16,087	-
143	Antony Waste Handling Cell Ltd.	1,107	-	Quoted	10	2,67,008	-
144	ABB Power & System Ltd.	566	-	Quoted	10	8,02,248	-
145	Bharat Wires Ltd.	43,200	-	Quoted	10	14,99,040	-
146	Coral Labs Ltd	3,000	-	Quoted	10	9,66,750	-
147	Cipla Ltd	67	-	Quoted	2	54,622	-
148	Gland Pharma Ltd	93	-	Quoted	10	2,30,259	-
149	G S P L	2,853	-	Quoted	10	7,84,575	-
150	HCL Technologies Ltd	737	-	Quoted	2	7,24,803	-
151	HINDALCO	1,816	-	Quoted	1	5,93,560	-
152	ITC Ltd	955	-	Quoted	1	2,08,668	-
153	Kisan Moulding Ltd.	15,000	-	Quoted	10	2,50,500	-
154	L & T Ltd	100	-	Quoted	2	1,41,835	-
155	L & T Infotech Ltd	75	-	Quoted	10	3,04,294	-
156	Man Industries Ltd	1,39,000	-	Quoted	10	1,10,78,300	-
157	Network 18 Ltd	1,00,000	-	Quoted	5	36,50,000	-
158	NMDC Limited	100	-	Quoted	10	13,525	-
159	Redington India Ltd	4,363	-	Quoted	10	8,27,661	-
160	Reliance Ltd	400	-	Quoted	10	8,01,280	-
161	Sadhana Nitro Ltd	1,20,000	-	Quoted	1	30,78,000	-
162	STI India LTD	2,46,275	-	Quoted	1	1,84,637	-
163	State Bank of India	727	-	Quoted	1	2,64,882	-
164	Tanla Platforms Ltd	700	-	Quoted	1	5,66,160	-
165	TCS Ltd	180	-	Quoted	10	4,91,974	-
166	TD Power Sys Ltd.	10,498	-	Quoted	10	15,52,654	-
167	TFCIL	50,000	-	Quoted	10	30,72,500	-
168	Thomas Cook India Ltd	1,40,000	-	Quoted	10	69,16,000	-
169	All Cargo Ltd	21,000	-	Quoted	10	25,86,320	-
170	Mazgaon Docks Ltd	3,000	-	Quoted	10	6,34,500	-
171	HCL Technologies Ltd.	200	-	Quoted	10	1,96,690	-
172	TVS Motors Ltd	400	-	Quoted	10	2,33,520	-
173	NTPC Ltd	400	-	Quoted	10	42,580	-
174	Navin Fluorine Ltd	10	10	Quoted	2	27,501	12,247
175	Kisan Mouldings Ltd	27,000	1,27,000	Quoted	10	4,50,900	9,14,400
176	Medicamen Biotech Ltd	-	18,500	Quoted	10	-	33,42,950
177	Catholic Syrian Bank	25,000	25,000	Quoted	10	58,26,250	29,62,500
178	Shivalik Rasayan Ltd	-	1,33,600	Quoted	5	-	2,88,04,919

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## Notes forming part of the Consolidated Ind AS Financial Statements (Currency: Indian Rupees)

Sr. No.	Particulars	No. of Shares / units		Quoted / Unquoted	Face Value	Amount as at	
		31 March 2021	31 March 2020			31 March 2021	31 March 2020
179	Ashapura Minechem Ltd	10,000	10,000	Quoted	2	10,41,500	2,04,500
180	Aegis Logistics Ltd	1,777	1,777	Quoted	1	5,36,832	2,47,536
181	Affordable Robotics Limited	-	1,600	Quoted	10	-	36,320
182	AIA Engineering Ltd	309	309	Quoted	2	6,30,051	4,27,069
183	Alkem Laboratory Ltd	124	178	Quoted	2	3,44,100	4,14,535
184	Aptech Ltd	3,320	3,320	Quoted	10	6,11,378	2,88,001
185	AU Small Finance Bank Ltd	-	272	Quoted	2	-	1,38,407
186	Auribindo Pharma Ltd	1,203	1,034	Quoted	1	10,60,505	4,27,094
187	Bajaj Finance Ltd	-	56	Quoted	2	-	1,24,099
188	Bayer Crop Science Ltd	45	45	Quoted	10	2,37,488	1,55,644
189	Bharat Forge Ltd	364	478	Quoted	2	2,16,999	1,11,900
190	Bharti Airtel Ltd	-	810	Quoted	10	-	3,56,886
191	Birla Corporation Ltd	364	291	Quoted	10	3,45,964	1,21,347
192	Blue Star Ltd	177	177	Quoted	2	1,65,929	81,535
193	Bosch Ltd	20	20	Quoted	10	2,81,000	1,88,195
194	Canfin Homes Ltd	349	350	Quoted	2	2,13,885	97,615
195	Chambal Fertilisers Ltd	3,810	3,816	Quoted	10	8,74,776	4,12,510
196	City Union Bank Ltd	-	1,913	Quoted	1	-	2,48,020
197	Cochin Shipyard Ltd	12,489	12,489	Quoted	10	46,63,393	33,00,218
198	Colgate Palmolive Ltd	170	170	Quoted	1	2,65,132	2,13,002
199	Container Corpn. Ltd	442	442	Quoted	5	2,64,095	1,46,501
200	Coromandel International Ltd.	902	2,075	Quoted	1	6,98,148	11,28,593
201	Cummins India Ltd	285	285	Quoted	2	2,62,086	92,768
202	DCB Bank Ltd	-	1,372	Quoted	10	-	1,30,340
203	Dhanuka Agri Tech Ltd	105	117	Quoted	2	72,450	37,861
204	Dr. Lal Path Laboratories Ltd	-	98	Quoted	10	-	1,37,337
205	Eicher Motors Ltd	190	190	Quoted	10	4,94,884	2,48,657
206	Emami Ltd	683	514	Quoted	1	3,29,889	87,380
207	Engineers India Ltd	517	710	Quoted	5	39,835	42,636
208	Escorts India Ltd	-	975	Quoted	10	-	6,46,376
209	Federal Bank Ltd	-	2,225	Quoted	2	-	91,336
210	Gabriel Inida Ltd	1,150	1,150	Quoted	1	1,19,025	61,525
211	Glaxosmithkline Ltd	-	34	Quoted	10	-	3,39,765
212	Godrej Industries Ltd	601	601	Quoted	1	3,26,043	1,70,384
213	Greaves Cotton Ltd	2,518	2,684	Quoted	2	3,22,304	1,86,940
214	Hindustan Petroleum Ltd	880	880	Quoted	10	2,06,404	1,67,332
215	Hudco Ltd	2,28,334	1,03,334	Quoted	10	99,32,529	20,61,514
216	India Bulls Housing Finance Ltd	20,400	20,400	Quoted	2	40,08,600	19,69,620
217	ICICI Bank Ltd	1,049	1,049	Quoted	2	6,09,731	3,40,401
218	ICICI Securities Limited	349	90	Quoted	10	1,33,161	24,939
219	IIFL Holdings Ltd	-	119	Quoted	10	-	8,854
220	IIFL Securities Ltd	-	119	Quoted	10	-	3,695
221	Indiamart Intermesh Ltd	111	103	Quoted	10	8,62,470	1,99,398
222	Indian Energy Exchange Ltd	4,220	3,718	Quoted	10	14,04,838	4,75,532
223	IDFC Ltd	10	10	Quoted	10	473	149
224	IDFC Bank Ltd	10	10	Quoted	10	557	211
225	Ipca Laboratories Ltd	224	292	Quoted	2	4,26,082	4,05,325
226	ITD Cementation Ltd	600	600	Quoted	1	46,620	17,790
227	J & K Bank Ltd	-	1,210	Quoted	1	-	15,004
228	Jindal Steel & Power Limited	-	2,885	Quoted	1	-	2,37,147
229	JSW Energy Ltd	4,053	8,897	Quoted	10	3,56,461	3,79,012

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

**Notes forming part of the Consolidated Ind AS Financial Statements**  
(Currency: Indian Rupees)

Sr. No.	Particulars	No. of Shares / units		Quoted / Unquoted	Face Value	Amount as at	
		31 March 2021	31 March 2020			31 March 2021	31 March 2020
230	KSB Pumps Ltd	476	476	Quoted	2	4,26,187	2,01,919
231	Kajaria Ceramics Ltd	356	240	Quoted	1	3,28,980	90,372
232	Kaveri Seeds Ltd	1,401	1,339	Quoted	2	7,19,484	4,56,331
233	KEI Industries Ltd	1,175	1,175	Quoted	2	6,17,874	3,14,606
234	Kotak Mahindra Bank Ltd	633	692	Quoted	5	11,10,282	8,97,074
235	L & T Technologies Ltd	243	243	Quoted	10	6,45,116	2,82,463
236	LKP Securities Ltd	4,42,750	1,750	Quoted	2	29,88,563	6,335
237	Mahanagar Gas Ltd	154	154	Quoted	10	1,79,749	1,25,964
238	Max Financial Services Ltd	913	768	Quoted	2	7,84,130	2,95,987
239	Nagarjuna Const Co Ltd	-	5,663	Quoted	2	-	1,06,464
240	Mitcon Consultancy Ltd	1,02,000	1,02,000	Quoted	10	41,82,000	40,64,700
241	O K Play Ltd	71,189	71,189	Quoted	10	17,61,928	14,09,542
242	Page Industries Ltd	17	32	Quoted	10	5,13,400	5,41,690
243	Perfect Infraengineers Ltd	66,000	66,000	Quoted	10	6,86,400	8,25,000
244	Petronet LNG Limited	-	1,779	Quoted	10	-	3,55,533
245	Powermech Projects Ltd	-	1,000	Quoted	10	-	3,36,100
246	Quess Corp. Ltd	152	152	Quoted	10	1,04,166	32,156
247	Radico Khaitan Ltd	1,282	1,282	Quoted	2	7,11,446	3,42,486
248	Ramkrishna Forging Ltd	813	813	Quoted	10	4,25,890	1,23,576
249	S H Kelkar Ltd	5,215	325	Quoted	10	5,80,169	16,684
250	SRF Ltd	67	162	Quoted	10	3,62,236	4,50,247
251	Sarveshwar Foods Ltd	2,96,000	3,15,200	Quoted	10	65,86,000	32,30,800
252	Shakti Pumps Ltd	-	62	Quoted	10	-	7,322
253	Suprajit Engery Ltd	224	224	Quoted	10	61,734	24,819
254	Syngene International Ltd	1,263	914	Quoted	10	6,87,388	2,20,777
255	Shree Pushkar Chemicals Ltd	4,650	4,650	Quoted	10	6,32,400	3,43,635
256	Steel City Securities Ltd.	1,58,000	1,58,000	Quoted	10	55,53,700	28,36,100
257	TTK Prestige Ltd	13	28	Quoted	10	94,721	1,37,150
258	Tech Mahindra Ltd	363	363	Quoted	1	3,59,824	2,05,077
259	UPL Ltd	1,747	5,400	Quoted	2	11,21,923	17,62,560
260	Va Tech Wabag Ltd	1,780	1,780	Quoted	2	4,47,136	1,47,295
261	VIP Industries Ltd	433	100	Quoted	2	1,53,174	24,005
262	V Mart Ltd	9	9	Quoted	10	24,756	12,713
263	Voltas Ltd	1,372	1,372	Quoted	1	13,74,538	6,56,982
264	Scana point Geomatics Limited	400	400	Quoted	2	5,776	7,220
265	Mitcon Consultancy & Engineering Services Limited	40,000	40,000	Quoted	10	16,40,000	15,94,000
266	Dugar Finance India Limited	700	700	Unquoted	10	2,870	2,870
267	Dugar Housing Limited	800	800	Unquoted	10	9,520	9,520
268	Stella Exports Limited	10,000	10,000	Unquoted	10	30,000	30,000
						<b>17,61,91,633</b>	<b>10,71,64,389</b>
	Less: Impairment loss allowance					(42,390)	(42,390)
				<b>Total (B - iv)</b>		<b>17,61,49,243</b>	<b>10,71,21,999</b>
<b>(v)</b>	<b>Investments in alternate investment funds</b>						
1	IIFL Special Opportunities Fund - Series 5	10,29,531	10,29,531	Unquoted	10	95,21,451	84,22,489
2	Carpediem Capital Partners Fund - I	1,000	950	Unquoted	10,000	1,87,77,563	1,69,09,704
				<b>Total (B - v)</b>		<b>2,82,99,014</b>	<b>2,53,32,193</b>
				<b>Total (B = i+ii+iii+iv+v)</b>		<b>43,06,22,205</b>	<b>26,76,32,396</b>

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### Notes forming part of the Consolidated Ind AS Financial Statements (Currency: Indian Rupees)

Sr. No.	Particulars	No. of Shares / units		Quoted / Unquoted	Face Value	Amount as at	
		31 March 2021	31 March 2020			31 March 2021	31 March 2020
				Grand total (A+B)		<u>44,28,59,393</u>	<u>27,98,69,584</u>
<b>Notes:</b>							
<b>1</b>	<b>Of the above</b>						
	Investment in India					44,29,01,783	27,99,11,974
	Investment outside India					-	-
						<u>44,29,01,783</u>	<u>27,99,11,974</u>
	Less: Impairment loss allowance					(42,390)	(42,390)
						<u>44,28,59,393</u>	<u>27,98,69,584</u>
<b>2</b>	<b>Aggregate value of quoted/unquoted investments</b>						
	Aggregate fair value of quoted investments					39,09,53,410	23,04,11,331
	Aggregate value of unquoted investments					5,19,48,372	4,95,00,642
						<u>44,29,01,782</u>	<u>27,99,11,972</u>
	Less: Impairment loss allowance					(42,390)	(42,390)
						<u>44,28,59,392</u>	<u>27,98,69,582</u>
<b>3</b>	The Company measures its equity investments at amortised cost / FVTPL, considering the investments are held for trading purposes only.						
<b>4</b>	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 Ind AS Financial Statements**  
(Currency: Indian Rupees)

<b>8 OTHER FINANCIAL ASSETS</b> <i>(Unsecured, considered good)</i>	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
<b>At amortised cost</b>		
Interest accrued on		
- Loans	34,00,069	20,23,567
- Investment in debt securities	20,44,966	9,20,822
Security deposits		
- Deposits with exchanges	1,08,50,000	1,44,50,000
- Deposits for rental premises	1,00,50,000	1,00,50,000
- Deposits with corporates and other parties	4,48,000	10,92,736
- Deposits with statutory authorities	28,770	28,770
Unbilled revenue	3,79,106	15,50,000
<b>At fair value through profit or loss</b>		
Security deposits for rental premises	91,814	81,978
	<b>2,72,92,725</b>	<b>3,01,97,873</b>

**Note:** Impairment loss allowance recognised on other financial assets is NIL (P.Y NIL).

<b>9 INVENTORIES</b>	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
<b>At fair value through profit or loss</b>		
<b>Equity instruments - Quoted</b>		
46,905 equity shares (P.Y: 46,905 equity shares) of HUDCO Limited of face value of INR 10 each	20,59,130	9,35,755
	<b>20,59,130</b>	<b>9,35,755</b>
<b>Particulars</b>		
	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
<b>Aggregate value of quoted inventories</b>	20,59,130	9,35,755

<b>10 CURRENT TAX ASSETS (NET)</b>	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
Advance tax and tax deducted at source	9,06,915	61,41,023
<i>(Net of provision for tax: INR 1,30,27,442; P.Y: INR 2,00,31,272)</i>		
	<b>9,06,915</b>	<b>61,41,023</b>

<b>11 INVESTMENT PROPERTY</b>	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
<b>Property (flat)</b>		
<b>Gross carrying amount</b>		
Balance at the beginning of the year	3,93,775	3,93,775
Additions during the year	-	-
Disposals during the year	-	-
<b>Balance at the end of the year</b>	<b>3,93,775</b>	<b>3,93,775</b>
<b>Accumulated depreciation</b>		
Balance at the beginning of the year	22,409	8,359
Depreciation during the year	11,144	11,208
Disposals / adjustments during the year	-	2,842
<b>Balance at the end of the year</b>	<b>33,553</b>	<b>22,409</b>
<b>Net carrying amount</b>	<b>3,60,222</b>	<b>3,71,366</b>

**Notes:**

**1. Income earned and expense incurred in connection with investment property**

<b>Particulars</b>	<b>For the year ended</b>	<b>For the year ended</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
Rental income derived from investment property	7,88,282	8,61,977
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income	(27,948)	(27,948)
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income	-	-
Income arising from investment property before depreciation	<b>7,60,334</b>	<b>8,34,029</b>
Depreciation	(11,144)	(11,208)
Income arising from investment property (net)	<b>7,49,190</b>	<b>8,22,821</b>

**3. Contractual obligations**

There are no contractual obligations (31 March 2020 : NIL) to purchase, construct or develop investment property.

**4. Leasing arrangements**

The Holding Company - Keynote Financial Services Limited has given a commercial property on non-cancellable operating lease. The corresponding lease agreement provides for an option to renew the lease period at the end of non-cancellable period to lessor. The initial tenure of the lease is 60 months. There are no exceptional / restrictive covenants in the lease agreement.

<b>5. Fair value</b>	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
Investment property	1,41,82,526	1,41,97,004

**Estimation of fair value**

The fair valuation of the investment property was based upon management's best estimates instead of independent valuation. The best evidence of fair value is current prices in an active market for similar properties taking into consideration various factors such as location, facilities & amenities, quality of construction, residual life of building, business potential, supply & demand, local nearby enquiry, market feedback of investigation, ready reckoner published by government, etc. The fair value measurement is categorised in level 2 fair value hierarchy. Further, the fair valuation of the investment property was not determined by an independent valuer as required under Ind AS 40 and were completely based upon management's best estimates.

**6. Reconciliation of fair value**

<b>Particulars</b>	<b>Property (flat)</b>
<b>Balance as at 1 April 2019</b>	<b>1,41,97,004</b>
Fair value differences	-
<b>Balance as at 31 March 2020</b>	<b>1,41,97,004</b>
Fair value differences	(14,478)
<b>Balance as at 31 March 2021</b>	<b>1,41,82,526</b>

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## Notes forming part of the Consolidated Ind AS Financial Statements (Currency: Indian Rupees)

### 12 PROPERTY, PLANT & EQUIPMENT

Tangible assets	Premises	Vehicles	Furniture and Fittings	Air Conditioners	Office Equipments	Computers and Peripherals	Electrical fittings	Total
<b>Gross block</b>								
Balance as at 1 April 2019	16,06,09,066	1,46,29,154	74,81,669	5,75,697	1,49,183	13,87,903	6,42,421	18,54,75,093
Additions during the year	-	-	-	-	61,766	88,034	-	1,49,800
Disposals / adjustments during the year	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>16,06,09,066</b>	<b>1,46,29,154</b>	<b>74,81,669</b>	<b>5,75,697</b>	<b>2,10,949</b>	<b>14,75,937</b>	<b>6,42,421</b>	<b>18,56,24,893</b>
Balance as at 1 April 2020	16,06,09,066	1,46,29,154	74,81,669	5,75,697	2,10,949	14,75,937	6,42,421	18,56,24,893
Additions during the year	-	-	-	-	36,318	5,39,736	-	5,76,054
Disposals / adjustments during the year	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>16,06,09,066</b>	<b>1,46,29,154</b>	<b>74,81,669</b>	<b>5,75,697</b>	<b>2,47,267</b>	<b>20,15,673</b>	<b>6,42,421</b>	<b>18,62,00,947</b>
<b>Depreciation / Amortisation</b>								
Balance as at 1 April 2019	28,07,092	9,46,220	15,50,406	1,17,294	5,065	1,48,971	1,42,517	57,17,565
Depreciation for the year	28,10,951	26,66,792	15,51,380	1,17,616	21,002	1,92,388	1,42,907	75,03,036
Disposals / adjustments for the year	793	1,275	535	671	(2,034)	(4,123)	95	(2,788)
<b>Balance as at 31 March 2020</b>	<b>56,18,836</b>	<b>36,14,287</b>	<b>31,02,321</b>	<b>2,35,581</b>	<b>24,033</b>	<b>3,37,236</b>	<b>2,85,519</b>	<b>1,32,17,813</b>
Balance as at 1 April 2020	56,18,836	36,14,287	31,02,321	2,35,581	24,033	3,37,236	2,85,519	1,32,17,813
Depreciation for the year	28,06,084	22,60,044	15,24,252	1,16,824	13,736	2,15,562	1,42,133	70,78,635
Disposals / adjustments during the year	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>84,24,920</b>	<b>58,74,331</b>	<b>46,26,573</b>	<b>3,52,405</b>	<b>37,769</b>	<b>5,52,798</b>	<b>4,27,652</b>	<b>2,02,96,448</b>
<b>Net block</b>								
As at 31 March 2020	15,49,90,230	1,10,14,867	43,79,348	3,40,116	1,86,916	11,38,701	3,56,902	17,24,07,080
As at 31 March 2021	15,21,84,146	87,54,823	28,55,096	2,23,292	2,09,498	14,62,875	2,14,769	16,59,04,499

### 13 RIGHT OF USE ASSETS

	31 March 2021	31 March 2020
Right of use assets on premises (Refer note below)(Refer note 52)	1,41,412	4,47,803
	<b>1,41,412</b>	<b>4,47,803</b>

Note: Amortisation charged during the year INR 1,88,548 (P.Y: INR 94,274).

### 14 OTHER NON-FINANCIAL ASSETS

(Unsecured, considered good)	31 March 2021	31 March 2020
Balances with government / statutory authorities	5,67,252	5,67,334
Prepaid expenses	23,62,033	10,20,193
Deferred lease rentals receivable	71,662	1,26,984
Advances to service providers	5,60,235	27,99,304
	<b>35,61,182</b>	<b>45,13,815</b>

Note: Impairment loss allowance recognised on other non-financial assets - NIL (P.Y: NIL)

### 15 PAYABLES

	31 March 2021	31 March 2020
<b>Trade payables</b>		
- total outstanding dues of micro enterprises and small enterprises(Refer note 43)	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	4,57,21,916	20,35,51,360
<b>Other payables</b>		
- total outstanding dues of micro enterprises and small enterprises (Refer note 43)	55,250	10,924
- total outstanding dues of creditors other than micro enterprises and small enterprises	14,10,780	25,84,307
	<b>4,71,87,946</b>	<b>20,61,46,591</b>

### Notes:

- Trade payables and other payables are non-interest bearing and are normally settled as per payment terms mentioned in the contract.
- Trade or other payables due to the directors or other officers of the Group either severally or jointly with any other person is NIL (P.Y: NIL). Further, trade or other payable which are due to firms or private companies respectively in which any director is a partner, a director or a member is NIL (P.Y: NIL).
- In the opinion of the management, the balances of payables are stated at book value and are payable.

### 16 BORROWINGS (OTHER THAN DEBT SECURITIES)

	31 March 2021	31 March 2020
<b>(A) At amortised cost</b>		
Term loans		
- from banks	24,42,798	47,97,420
Loans repayable on demand		
- from other parties	19,63,14,551	21,18,34,006
Bank overdraft facility	5,92,79,739	95,725
	<b>25,80,37,089</b>	<b>21,67,27,151</b>
<b>(B) Secured / Unsecured</b>		
(i) Secured	6,17,22,537	48,93,144
(ii) Unsecured	19,63,14,552	21,18,34,007
	<b>25,80,37,089</b>	<b>21,67,27,151</b>
<b>(C) Of the above</b>		
(i) Borrowings in India	25,80,37,089	21,67,27,151
(ii) Borrowings outside India	-	-
	<b>25,80,37,089</b>	<b>21,67,27,151</b>

### Notes:

- The Subsidiary company - Keynote Capital Limited had taken two secured vehicle loans from banks at the rate of interest of 8.50% p.a and 8.51% p.a repayable in 37 and 48 monthly instalments of INR 79,697 and INR 1,43,270 each respectively. The said loans are secured against the respective movable assets of the company. Further, the Company will repay INR 17,41,549 (P.Y: INR 23,54,622) out of the total borrowing amounting to INR 24,42,798 (P.Y: INR 47,97,420) as at 31 March 2021, within a period of one year from the end of the Balance Sheet date i.e 31 March 2022.

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

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

(Currency: Indian Rupees)

2. The Subsidiary company - Keynote Fincorp Limited had taken unsecured loans from other parties at the rate of interest ranging between 6% to 9% p.a. The said loans are repayable on demand.
3. The Subsidiary company - Keynote Capitals Limited had received unsecured interest free loans and advances from other parties. The same are repayable on demand.
4. The Subsidiary company - Keynote Capital Limited was sanctioned bank overdraft facility at the rate of 7.40% p.a. The said facility is secured against pledge of fixed deposits with banks.

	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>17 Deposits</b>		
<b>At fair value through profit or loss</b>		
Security deposit against premise given on lease	2,32,143	2,07,205
	<b>2,32,143</b>	<b>2,07,205</b>

**Note:** Public deposits and deposits from banks is NIL (P.Y: NIL).

	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>18 Lease liabilities</b>		
Lease Liabilities (Refer note 52)	1,76,643	3,73,924
	<b>1,76,643</b>	<b>3,73,924</b>

	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>19 Other financial liabilities</b>		
Unpaid dividends (refer note below)	10,49,990	11,03,295
Payable to employees	20,69,970	27,10,112
Provision for expenses	19,76,587	15,02,061
Deferred rent income	27,857	52,795
Interest accrued on borrowings	475	22,895
	<b>51,24,879</b>	<b>53,91,158</b>

**Note:** During the current year, the Company had transferred INR 2,04,143 (P.Y: INR 1,88,160) to Investor Education and Protection Fund under section 125 of the Companies Act, 2013.

	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>20 PROVISIONS</b>		
<b>Provision for employee benefits</b>		
- Gratuity (refer note 49(ii))	69,03,763	71,87,923
- Compensated absences (refer note 49(iii))	16,08,208	4,60,136
- Bonus and incentives	10,65,535	8,84,235
<b>Other provisions</b>		
Provision against standard assets	5,66,105	4,98,672
	<b>1,01,43,611</b>	<b>90,30,966</b>

	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>21 DEFERRED TAX LIABILITIES (NET)</b>		
Deferred tax liabilities (net) (refer note 51)	2,01,92,812	1,25,20,617
	<b>2,01,92,812</b>	<b>1,25,20,617</b>

	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>22 OTHER NON-FINANCIAL LIABILITIES</b>		
Statutory dues payable	27,75,333	39,57,050
Advances from customers	69,82,827	45,67,774
	<b>97,58,160</b>	<b>85,24,824</b>

	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>23 SHARE CAPITAL</b>		

**Authorised:**

1,50,00,000 (P.Y: 1,50,00,000) equity shares of INR 10 each	15,00,00,000	15,00,00,000
10,00,000 (P.Y: NIL) preference shares of INR 10 each	1,00,00,000	-
	<b>16,00,00,000</b>	<b>15,00,00,000</b>

**Issued:**

1,12,74,417 (P.Y: 1,12,74,417) equity shares of INR 10 each	11,27,44,170	11,27,44,170
6,00,000 (P.Y: NIL) 4% Non - Cumulative Optionally Convertible Preference Shares of INR 10 each	60,00,000	-
	<b>11,87,44,170</b>	<b>11,27,44,170</b>

**Subscribed and fully paid-up shares:**

70,18,339 (P.Y: 70,18,339) equity shares of INR 10 each (Refer note below)	5,56,66,370	5,56,66,370
6,00,000 (P.Y: NIL) 4% Non-Cumulative Optionally Convertible Preference Shares of INR 10 each	60,00,000	-
	<b>6,16,66,370</b>	<b>5,56,66,370</b>

**Note:** Since Keynote Trust has been consolidated, hence, the shares held by Keynote Trust in Keynote Financial Services Limited (31 March 2021: 14,51,702 shares; 31 March 2020: 14,51,702 shares) have been eliminated, on consolidation.



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## Notes forming part of the Consolidated Ind AS Financial Statements (Currency: Indian Rupees)

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

Particulars	31 March 2021		31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	55,66,637	5,56,66,370	55,66,637	5,56,66,370
Changes in equity share capital during the year	-	-	-	-
<b>At the end of the year</b>	<b>55,66,637</b>	<b>5,56,66,370</b>	<b>55,66,637</b>	<b>5,56,66,370</b>

### (b) Reconciliation of the number of 4% non-cumulative optionally convertible preference shares outstanding at the beginning and at the end of the year :

Particulars	31 March 2021		31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	-	-	-	-
Changes in preference share capital during the year	6,00,000	60,00,000	-	-
<b>At the end of the year</b>	<b>6,00,000</b>	<b>60,00,000</b>	<b>-</b>	<b>-</b>

### (c) Terms / rights attached to equity shares

The Holding Company has issued only one class of equity shares having par value of INR 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 Holding 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 2021, the Holding Company has proposed final dividend of INR 1 per share (31 March 2020: INR 1 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.

### (d) Terms / rights attached to preference shares

The Step-down subsidiary has issued 6,00,000 Non-Cumulative Non Participating Optional Convertible preference shares (OCPS) having par value of INR 10 per share. The tenure of the OCPS is 20 years. The dividend rate is 4% p.a on the term of non cumulative & non participating. Further, the preference shares hold a convertible option which enables them to be converted into 1 equity shares of the Company for every 5 OCPS held, at the instance of the issuer Company and also can be redeemed at the instance of the issuer Company.

### (e) Details of shareholders holding more than 5% equity shares :

Name of the shareholder	31 March 2021		31 March 2020	
	No. of Shares	% holding	No. of Shares	% holding
NSS Digital Media Limited	31,12,256	44.34	31,12,256	44.34
India Max Investment Fund Limited	5,61,348	8.00	5,61,348	8.00

### (f) Details of shareholders holding more than 5% preference shares :

Name of the shareholder	31 March 2021		31 March 2020	
	No. of Shares	% holding	No. of Shares	% holding
Ironwood Education Limited (formerly known as Greycells Education Limited)	6,00,000	100.00	-	-

**Note:** As per records of the Holding Company and its subsidiaries, 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.

### (g) 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.

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

**Notes forming part of the Consolidated Ind AS Financial Statements**  
(Currency: Indian Rupees)

<b>24 OTHER EQUITY</b>	<u>31 March 2021</u>	<u>31 March 2020</u>	<b>26 FEES AND COMMISSION INCOME</b>	<u>For the Year ended 31 March 2021</u>	<u>For the Year ended 31 March 2020</u>
<b>Securities premium</b>			<b>Brokerage and related activities</b>		
Balance at the beginning of the year	23,06,48,293	23,06,48,293	- Brokerage income	2,44,41,616	1,90,00,922
Add / (less) : Additions / deductions during the year	90,00,000	-		<u>2,44,41,616</u>	<u>1,90,00,922</u>
Balance at the end of the year	<u>23,96,48,293</u>	<u>23,06,48,293</u>			
<b>General reserve</b>			<b>27 NET GAIN ON FAIR VALUE CHANGES</b>	<u>For the Year ended 31 March 2021</u>	<u>For the Year ended 31 March 2020</u>
Balance at the beginning of the year	1,33,91,679	1,33,91,679	<b>Net gain / (loss) on financial instruments measured at fair value through profit or loss</b>		
Add / (less) : Additions / deductions during the year	-	-	On trading portfolio		
Balance at the end of the year	<u>1,33,91,679</u>	<u>1,33,91,679</u>	- Equity shares	8,02,13,521	-
<b>Statutory Reserve (u/s 45 IC of RBI Act)</b>			- Mutual funds	76,74,361	-
Balance at the beginning of the year	82,48,056	73,32,783	- Debt securities	29,57,676	-
Add / (less) : Additions / deductions during the year	9,33,505	9,15,273	- Alternate investment funds	67,78,543	-
Balance at the end of the year	<u>91,81,561</u>	<u>82,48,056</u>		<u>9,76,24,101</u>	<u>-</u>
<b>Retained earnings</b>			<b>Total net gain / (loss) on financial instruments measured at fair value through profit or loss</b>		
Balance at the beginning of the year	42,47,52,691	47,46,95,729	- Realised gain / (loss)	1,74,44,400	-
Add / (less): Profit / (loss) for the year	11,27,41,268	(4,22,33,737)	- Unrealised gain / (loss)	8,01,79,701	-
Add: Other comprehensive income for the year	6,16,279	2,49,928		<u>9,76,24,101</u>	<u>-</u>
	<u>53,81,10,238</u>	<u>43,27,11,920</u>	<b>28 SALE OF SERVICES</b>	<u>For the Year ended 31 March 2021</u>	<u>For the Year ended 31 March 2020</u>
Less : Appropriations			<b>Income from</b>		
- Equity dividend	(55,66,637)	(55,66,637)	- Corporate finance services	3,32,41,122	1,42,66,516
- Tax on equity dividend	-	(14,77,319)	- ESOP advisory services	49,49,000	81,85,755
- Transfer to statutory reserve	(9,33,505)	(9,15,273)	- Merchant banking services	1,55,77,225	1,80,49,484
	<u>(65,00,142)</u>	<u>(79,59,229)</u>	- Other advisory services	1,22,52,555	1,43,59,943
	<u>53,16,10,096</u>	<u>42,47,52,691</u>		<u>6,60,19,902</u>	<u>5,48,61,698</u>
	<u>79,38,31,629</u>	<u>67,70,40,719</u>	<b>29 OTHER OPERATING INCOME</b>	<u>For the Year ended 31 March 2021</u>	<u>For the Year ended 31 March 2020</u>
<b>Notes:</b>			<b>Reimbursement of expenses</b>		
1 Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.			- Corporate finance services	75,000	3,34,743
2 The general reserve is a free reserve, retained from Company's profits and can be utilized upon fulfilling certain conditions in accordance with statute of the relevant Act / Law.			- ESOP advisory services	1,67,800	2,54,474
3 The Group creates a reserve fund in accordance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934 and transfers therein an amount of equal to / more than twenty per cent of its net profit of the year, before declaration of dividend. Further, the Statutory reserve has been created by the subsidiary company - Keynote Fincorp Limited as required under section 45-IC of the Reserve Bank of India Act, 1934.			- Merchant banking services	4,50,000	1,60,000
4 Retained earnings represent the accumulated earnings net of losses if any made by the company over the financial years and after payment of dividend (including tax on dividend) and transfer to reserves.				<u>6,92,800</u>	<u>7,49,217</u>
<b>25 INTEREST INCOME</b>	<u>For the Year ended 31 March 2021</u>	<u>For the Year ended 31 March 2020</u>	<b>30 OTHER INCOME</b>	<u>For the Year ended 31 March 2021</u>	<u>For the Year ended 31 March 2020</u>
<b>Interest income on financial assets measured at amortised cost</b>			<b>Interest income</b>		
- Loans	1,26,10,462	1,20,46,304	<b>On financial assets measured at amortised cost</b>		
- Fixed deposits	73,105	-	- Interest on loans	24,00,000	24,00,000
	<u>1,26,83,567</u>	<u>1,20,46,304</u>	- Interest on deposits with banks	1,71,40,755	1,63,84,966
			- Other interest income		
			- Interest on investments	6,00,000	1,70,960
			- Interest on inter corporate deposits	-	9,24,493

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## Notes forming part of the Consolidated Ind AS Financial Statements (Currency: Indian Rupees)

<b>On financial assets measured at fair value through profit or loss</b>			<b>35 CHANGES IN INVENTORIES OF STOCK-IN-TRADE</b>	<b>For the Year ended 31 March 2021</b>	<b>For the Year ended 31 March 2020</b>
- Interest on loans	27,699	38,893	<b>Opening inventories</b>		
- Other interest income			- Stock-in-trade	9,35,755	25,08,380
- Interest on investments	19,81,967	13,40,547	<b>Closing inventories</b>		
<b>Dividend income</b>			- Stock-in-trade	(20,59,130)	(9,35,755)
<b>On financial assets measured at fair value through profit or loss</b>				<b>(11,23,375)</b>	<b>15,72,625</b>
- Investments	30,42,472	40,56,372	<b>36 EMPLOYEE BENEFITS EXPENSE</b>	<b>For the Year ended 31 March 2021</b>	<b>For the Year ended 31 March 2020</b>
Net gain on foreign currency transaction and translation	-	48,428	Salaries, wages and bonus	3,41,56,629	3,91,08,085
Lease income	7,88,282	9,61,977	Contribution to provident and other funds (refer note 49(i))	31,32,223	31,64,271
Sundry balances / excess provisions written back (net)	-	5,95,363	Gratuity (refer note 49(ii))	10,95,493	10,51,519
Miscellaneous income	44,793	1,40,818	Compensated absences (refer note 49(iii))	11,48,072	9,55,964
	<b>2,60,25,968</b>	<b>2,70,62,817</b>	Staff welfare expenses	2,02,192	17,43,157
<b>31 FINANCE COSTS</b>	<b>For the Year ended 31 March 2021</b>	<b>For the Year ended 31 March 2020</b>		<b>3,97,34,609</b>	<b>4,60,22,996</b>
<b>On financial liabilities measured at amortised cost</b>			<b>37 DEPRECIATION AND AMORTISATION EXPENSE</b>	<b>For the Year ended 31 March 2021</b>	<b>For the Year ended 31 March 2020</b>
Interest on borrowings	1,04,03,005	1,21,14,418	Depreciation on property, plant and equipment (refer note 12)	70,78,635	75,03,036
Interest on lease liabilities (refer note 52)	32,728	52,610	Depreciation on investment property (refer note 11)	11,144	11,208
Interest on income tax	4,32,321	-	Amortisation on right of use assets (refer note 52)	1,88,548	94,274
Other finance expenses	33,091	22,200		<b>72,78,327</b>	<b>76,08,518</b>
	<b>1,09,01,145</b>	<b>1,21,89,228</b>	<b>38 OTHER EXPENSES</b>	<b>For the Year ended 31 March 2021</b>	<b>For the Year ended 31 March 2020</b>
<b>32 FEES AND COMMISSION EXPENSES</b>	<b>For the Year ended 31 March 2021</b>	<b>For the Year ended 31 March 2020</b>	Advertisement and publicity	9,88,327	9,04,214
Portfolio management charges	15,96,647	14,47,881	Rent, taxes and energy costs	21,96,830	12,71,756
	<b>15,96,647</b>	<b>14,47,881</b>	Insurance	6,59,100	7,56,088
<b>33 NET LOSS ON FAIR VALUE CHANGES</b>	<b>For the Year ended 31 March 2021</b>	<b>For the Year ended 31 March 2020</b>	Repairs and maintenance	62,94,312	54,41,606
<b>Net (gain) / loss on financial instruments measured at fair value through profit or loss</b>			Travelling and conveyance	9,12,239	59,66,135
On trading portfolio			Office and administration expenses	4,83,339	18,65,198
- Equity shares	-	5,28,15,079	Communication costs	8,17,949	9,41,842
- Mutual funds	-	(50,91,664)	Printing and stationery	2,69,528	6,21,855
- Debt securities	-	2,43,001	Legal and professional charges	1,74,06,561	1,55,57,422
- Alternate investment funds	-	9,21,185	Net loss on foreign currency transaction and translation	1,60,669	-
	-	<b>4,88,87,601</b>	Directors' fees and expenses	1,20,000	1,11,500
<b>Net (gain) / loss on financial instruments measured at fair value through profit or loss</b>			Auditors' fees and expenses (refer note 40)	12,86,100	14,05,500
- Realised (gain) / loss	-	(86,08,722)	Membership and subscription expenses	14,78,418	19,40,672
- Unrealised (gain) / loss	-	5,74,96,323	Stock exchange related expenses	9,43,536	7,19,788
	-	<b>4,88,87,601</b>	Other expenditure	4,69,807	6,35,054
<b>34 IMPAIRMENT ON FINANCIAL INSTRUMENTS</b>	<b>For the Year ended 31 March 2021</b>	<b>For the Year ended 31 March 2020</b>		<b>3,44,86,715</b>	<b>3,81,38,630</b>
<b>At amortised cost</b>					
Loans and receivables	18,01,334	14,57,274			
	<b>18,01,334</b>	<b>14,57,274</b>			

**Notes forming part of the Consolidated Ind AS Financial Statements**  
(Currency: Indian Rupees)

**39 CONTINGENT LIABILITIES AND COMMITMENTS**

**(I) Contingent liabilities**

(to the extent not provided for)

Sr No	Particulars	As at 31 March 2021	As at 31 March 2020
(i)	Demand in respect of income tax matters that may arise in respect of which the Group is in appeal (refer note (a) below)	1,48,49,503	1,50,53,473
(ii)	Corporate guarantees given by the Holding Company on behalf of its subsidiary (refer note (b) below)	16,00,00,000	16,00,00,000
(iii)	Claims against the Group not acknowledged as debts (refer note (c) below)	72,52,747	-

- (a) The Holding Company - Keynote Financial Services Limited and its subsidiary - Keynote Commodities Limited are contesting the income tax demands. The management of the aforesaid respective companies, including its tax / legal advisors believe that its position will likely to be upheld in the appellate process. No provision has been recognised in the standalone Ind AS financial statements for the tax demands raised. The respective management based on its internal assessment and advice by its legal counsel believes that these income tax demands are not sustainable and expects to succeed in its appeal. Further, it is thereby determined by the management, that such demands will not have any material and adverse effect on the Company's financial position and results of operations.

In addition to the above, it is not practicable for the Group to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings. The same would be determinable only on receipt of judgements/decisions pending with various forums/authorities.

- (b) The Holding Company - Keynote Financial Services Limited has provided corporate guarantees aggregating to INR 16,00,00,000 (P.Y: INR 16,00,00,000) to the bankers of its subsidiary, Keynote Capitals Limited towards BSE & NSE operations.
- (c) During the year the Holding Company- Keynote Financial Services Limited has received a communication from the Ruby Mills Limited (premises in which the Company owns office space) requesting the Holding Company to make the payment of Company's share of property tax payable to Brihanmumbai Mahanagar Palika amounting to INR 72,52,747 for the period between October 2011 to March 2021 of which 50% is payable by Keynote Capitals Limited, subsidiary company. The Holding Company has represented to Brihanmumbai Mahanagar Palika on the grounds that the Company is entitled to exemption under Information Technology Policy of Government of Maharashtra as it has ITES registration in place besides there being discrepancy in the carpet area of its premises, basis which the share of such tax amounts to around INR 7,81,884 only. The Holding Company has submitted relevant documents substantiating its submissions to the concerned Regulatory Authority. Accordingly, based on the calculations made by the Company, an amount of INR 3,90,997 has been paid to Brihanmumbai Mahanagar Palika (further amount of INR 3,90,997 is separately paid by the subsidiary company) and charged to standalone statement of profit & loss. Considering the pending response from the Brihanmumbai Mahanagar Palika, no further provision has been recognised by the Holding Company

- (d) The Group does not expect any reimbursements in respect of the above contingent liabilities.

**(II) Capital commitments**

Sr No	Particulars	As at 31 March 2021	As at 31 March 2020
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-

There are no additional contingent liabilities & capital commitments, other than those disclosed above and the same is relied upon by the Auditor.

**40 PAYMENTS TO THE AUDITOR (EXCLUDING APPLICABLE TAXES)**

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>(a) As Auditor :</b>		
- Statutory audit	8,20,000	7,70,000
- Tax audit	1,75,000	1,75,000
- Limited review fees	2,25,000	2,25,000
<b>(b) In other Capacity :</b>		
- Other services	60,100	1,88,000
- Reimbursement of expenses	6,000	47,500
	<b>12,86,100</b>	<b>14,05,500</b>

**41 EARNINGS PER SHARE (EPS)**

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per Share":

Sr No	Particulars	For the year ended	
		31 March 2021	31 March 2020
(I)	Loss after tax as per consolidated statement of profit and loss	11,27,41,268	(4,22,33,737)
(II)	Weighted average number of equity shares	55,66,637	55,66,637
(III)	Earnings per share - Basic and Diluted (I / II)	20.25	(7.59)
(IV)	Face value per equity share	10	10

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## Notes forming part of the Consolidated Ind AS Financial Statements (Currency: Indian Rupees)

### 42 The provisions made during the year ended 31 March 2021 comprises of the following :

The Group has a process whereby periodically all long-term contracts (including derivative contracts, if any) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts, if any) has been made in the books of account and the same has been disclosed as follows:

Particulars	As at	Opening Balance	Provisions made during the year	Payments / reversals during the year	Closing Balance
Bonus and incentives	31 March 2021	8,84,235	11,41,000	9,59,700	10,65,535
	31 March 2020	14,89,799	16,04,390	22,09,954	8,84,235
Gratuity	31 March 2021	71,87,923	2,41,685	5,25,845	69,03,763
	31 March 2020	70,94,995	7,13,779	6,20,851	71,87,923
Compensated absences	31 March 2021	4,60,136	11,48,072	-	16,08,208
	31 March 2020	4,17,659	9,55,964	9,13,487	4,60,136
Provision against standard assets	31 March 2021	4,98,672	5,66,105	4,98,672	5,66,105
	31 March 2020	4,40,214	4,98,672	4,40,214	4,98,672
Expected credit losses / Impairment loss allowance	31 March 2021	16,53,818	18,01,334	7,66,917	26,88,235
	31 March 2020	3,08,635	13,45,183	-	16,53,818

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

The Group has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act, 2006) as at 31 March 2021. The disclosure pursuant to the said Act is as under:

Sr No	Particulars	As at	
		31 March 2021	31 March 2020
(i)	Principal amount due to suppliers under MSMED Act, as at the year end	55,250	10,924
(ii)	Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end; and unpaid	-	-
(iii)	Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
(iv)	Interest paid to suppliers under MSMED Act (Section 16)	-	-
(v)	Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(vi)	Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
(vii)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-
(viii)	Amount of further interest remaining due and payable even in the succeeding years	-	-

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Group regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Group. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the year or on balance brought forward from previous year.

### 44 ASSETS PLEDGED AS SECURITY

There are no assets pledged as security for borrowings other than those disclosed under Note 16 of the consolidated financial statements and the same is relied upon by the Auditor.

### 45 Expenditure in foreign currency

Particulars	For the year ended	
	31 March 2021	31 March 2020
Travelling and conveyance	-	27,65,578
<b>Total</b>	<b>-</b>	<b>27,65,578</b>

### 46 Income in foreign currency

Particulars	For the year ended	
	31 March 2021	31 March 2020
Income from sale of services	54,12,864	48,19,571
<b>Total</b>	<b>54,12,864</b>	<b>48,19,571</b>

### 47 Unhedged foreign currency exposure

Particulars	Foreign currency	Amount in Foreign currency		Amount in INR	
		As at		As at	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Trade receivables	USD	1,418	29,555	1,04,230	22,26,492
	SGD	5,175	5,175	2,81,637	2,74,059
Advances from customers	USD	8,500	-	6,24,790	-

**Notes forming part of the Consolidated Ind AS Financial Statements**  
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**48 REVENUE FROM CONTRACTS WITH CUSTOMERS**

**(a) Disaggregation of revenue into operating segments :**

The table below presents disaggregate revenues from contracts with customers. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by market and other economic factors

Operating Segment	For the year ended	
	31 March 2021	31 March 2020
Corporate Finance	3,33,16,122	1,46,01,259
ESOP Advisory	51,16,800	84,40,229
Merchant Banking	1,60,27,225	1,82,09,484
Broking and related activities	2,44,41,616	1,90,00,922
Other advisory services	1,22,52,555	1,43,59,943
<b>Total</b>	<b>9,11,54,318</b>	<b>7,46,11,837</b>

**(b) Geographical markets**

Particulars	For the year ended	
	31 March 2021	31 March 2020
India	8,57,41,454	6,97,92,265
Outside India	54,12,864	48,19,571
<b>Total</b>	<b>9,11,54,318</b>	<b>7,46,11,837</b>

**(c) Relation with customers**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Related party	-	-
Non-related party	9,11,54,318	7,46,11,837
<b>Total</b>	<b>9,11,54,318</b>	<b>7,46,11,837</b>

**(d) Timing of revenue recognition**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Services transferred at a point in time	9,07,75,212	7,30,61,837
Services transferred over time	3,79,106	15,50,000
<b>Total</b>	<b>9,11,54,318</b>	<b>7,46,11,837</b>

**(e) Reconciliation of revenue from operations**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Revenue as per Contracted price	9,11,54,318	7,46,11,837
Less: Adjustments during the year (refer note below)	-	-
<b>Revenue from operations</b>	<b>9,11,54,318</b>	<b>7,46,11,837</b>

**Notes:**

- Due to Group's nature of business and the type of contracts entered with the customers, the Group does not have any difference between the amount of revenue recognised in the standalone statement of profit and loss and the contracted price.
- The Group satisfies its performance obligations on completion of the corresponding services provided to its customers. The payments on these contracts are due on completion of the respective services. The contracts do not contain significant financing component and the consideration is not variable.

**(f) Contract balances**

Particulars	As at	
	31 March 2021	31 March 2020
Contract liabilities	69,82,827	45,67,774
<b>Total</b>	<b>69,82,827</b>	<b>45,67,774</b>

Note: The contract liability relates to payments received in advance (initial acceptance fees) of performance under the contract. Further, the contract liabilities are recognised as revenue as / or when we perform under the contract. In situations where there is no further progress on the mandate, the initial acceptance fees so received, is treated as income after a period of 12 months from the date of raising of debit note

**(g) Movement in contract liability during the year**

Particulars	As at	
	31 March 2021	31 March 2020
Contract liability at the beginning of the year	45,67,774	98,32,947
Contract liability at the end of the year	69,82,827	45,67,774
<b>Net increase / (decrease)</b>	<b>24,15,053</b>	<b>(52,65,173)</b>

**(h) Movement in Expected Credit Loss (impairment loss allowance) during the year for contract assets**

Particulars	As at	
	31 March 2021	31 March 2020
Opening balance	16,11,428	3,08,635
Provision / (reversals) (net) towards credit impaired receivables	10,76,807	13,02,793
<b>Closing balance</b>	<b>26,88,235</b>	<b>16,11,428</b>

**(i) Remaining performance obligation**

The aggregate value of performance obligations pertaining to completely or partially unsatisfied contracts as at 31 March 2021 was INR 48,00,000 (P.Y: INR 78,42,888). The Company's expects that these unsatisfied performance obligation will be recognised as revenue in the subsequent financial years.

**49 EMPLOYEE BENEFITS PLANS**

Disclosure pursuant to Ind AS -19 "Employee Benefits" is given as below:

**(i) Defined Contribution Plans:**

Contribution to defined contribution plans, recognised as expense under Note 36 - " Employee benefits expense" in the consolidated Ind AS financial statements, for the year is as under:

Particulars	For the year ended	
	31 March 2021	31 March 2020
Employers' Contribution to Provident Fund	30,86,800	31,15,433
Employers' Contribution to Employees State Insurance Scheme	45,423	48,838

**(ii) Defined Benefit Plans:**

**Gratuity**

The Group's defined benefit gratuity plan requires contributions to be made to a separately administered fund. The gratuity plan is funded with Life Insurance Corporation of India (LIC). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the consolidated statement of profit or loss / other comprehensive income and the funded status and amounts recognised in the balance sheet for the gratuity benefit plan :

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## Notes forming part of the Consolidated Ind AS Financial Statements (Currency: Indian Rupees)

### (I) Table Showing Change in the Present Value of Projected Benefit Obligation

Particulars	As at	
	31 March 2021	31 March 2020
Present Value of Benefit Obligation at the Beginning of the Period	1,42,40,823	1,30,75,980
Interest Cost	8,57,977	9,17,785
Current Service Cost	6,67,524	5,49,922
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	-	-
(Liability Transferred Out/ Divestments)	-	-
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	-	-
(Benefit Paid From the Fund)	(8,33,142)	-
The Effect of changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(61,107)	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(69,345)	2,41,086
Actuarial (Gains)/Losses on Obligations - Due to Experience	(6,46,492)	(5,43,950)
<b>Present Value of Benefit Obligation at the End of the Period</b>	<b>1,41,56,238</b>	<b>1,42,40,823</b>

### (II) Table Showing Change in the Fair Value of Plan Assets

Particulars	As at	
	31 March 2021	31 March 2020
Fair Value of plan assets at the Beginning of the period	70,52,900	59,80,985
Interest Income	4,30,008	4,20,997
Contributions by the Employer	5,25,845	6,20,851
Expected Contributions by the employees	-	-
Assets Transferred In/Acquisitions	-	-
(Assets Transferred Out/Divestments)	-	-
(Benefit Paid From the Fund)	(8,33,142)	-
(Assets distributed on settlement)	-	-
(Expenses and tax for managing the Benefit Obligation - paid from the fund)	-	-
Effects of Asset Ceiling	-	-
The Effect of changes in Foreign Exchange Rates	-	-
Return on Plan Assets, excluding interest income	76,865	30,067
<b>Fair Value of plan assets at the End of the Period</b>	<b>72,52,476</b>	<b>70,52,900</b>

### (III) Amount Recognized in the Consolidated Balance Sheet

Particulars	As at	
	31 March 2021	31 March 2020
(Present Value of Benefit Obligation at the end of the Period)	(1,41,56,238)	(1,42,40,823)
Fair Value of Plan Assets at the end of the Period	72,52,476	70,52,900
Funded Status (Surplus/ (Deficit))	(69,03,763)	(71,87,923)
<b>Net (Liability)/Asset Recognized in the Consolidated Balance Sheet</b>	<b>(69,03,763)</b>	<b>(71,87,923)</b>

### (IV) Net Interest Cost for Current Period

Particulars	For the year ended	
	31 March 2021	31 March 2020
Present Value of Benefit Obligation at the Beginning of the Period	1,42,40,823	1,30,75,980
(Fair Value of Plan Assets at the Beginning of the Period)	(70,52,900)	(59,80,985)
Net Liability/(Asset) at the Beginning	71,87,923	70,94,995
Interest Cost	8,57,977	9,17,785
(Interest Income)	(4,30,008)	(4,20,997)
<b>Net Interest Cost for Current Period</b>	<b>4,27,969</b>	<b>4,96,788</b>

### (V) Expenses Recognized in the Consolidated Statement of Profit or Loss for Current Period

Particulars	For the year ended	
	31 March 2021	31 March 2020
Current Service Cost	6,67,524	5,49,922
Net Interest Cost	4,27,969	4,96,788
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments And Settlements	-	4,809
Net Effect of Changes in Foreign Exchange Rates	-	-
<b>Expense Recognised in the Statement of Profit or Loss</b>	<b>10,95,493</b>	<b>10,51,519</b>

### (VI) Expenses Recognized in the Consolidated Statement of Other Comprehensive Income (OCI) for Current Period

Particulars	For the year ended	
	31 March 2021	31 March 2020
Actuarial (Gains)/ Losses on Obligations for the Period	(7,15,837)	(3,02,864)
Return on Plain assets, excluding interest income	(76,865)	(30,067)
Changes in Asset Ceiling	-	-
(Gains)/Losses on Curtailments And Settlements	(61,107)	(4,809)
Net Effect of Changes in Foreign Exchange Rates	-	-
<b>Net (Income)/ Expense for the period recognised in OCI</b>	<b>(8,53,808)</b>	<b>(3,37,740)</b>

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

**Notes forming part of the Consolidated Ind AS Financial Statements**  
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**(VII) Balance Sheet Reconciliation**

Particulars	As at	
	31 March 2021	31 March 2020
Opening Net Liability	71,87,923	70,94,995
Expenses Recognized in Statement of Profit or Loss	10,95,493	10,51,519
Expenses Recognized in OCI	(8,53,808)	(3,37,740)
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out (Benefit Paid Directly by the Employer)	-	-
(Gains)/Losses on Curtailments And Settlements	-	-
(Employer's Contribution)	(5,25,845)	(6,20,851)
<b>Net Liability/(Asset) Recognized in the Balance Sheet</b>	<b>69,03,763</b>	<b>71,87,923</b>

**(VIII) Category of Assets**

Particulars	As at	
	31 March 2021	31 March 2020
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	72,52,476	70,52,900
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
<b>Total</b>	<b>72,52,476</b>	<b>70,52,900</b>

**(IX) Maturity Analysis of the Benefit Payments: From the Fund**

Particulars	As at	
	31 March 2021	31 March 2020
Projected Benefits Payable in Future Years From the Date of Reporting:		
1st Following Year	21,41,293	24,17,375
2nd Following Year	19,78,075	20,97,340
3rd Following Year	17,57,524	24,91,469
4th Following Year	24,89,337	15,34,247
5th Following Year	12,34,796	19,31,222
Sum of Years 6 To 10	67,79,627	54,16,362
Sum of Years 11 and above	22,45,828	25,76,233

**(X) Maturity Analysis of the Benefit Payments: From the Employer**

Particulars	As at	
	31 March 2021	31 March 2020
Projected Benefits Payable in Future Years From the Date of Reporting:		
1st Following Year	-	-
2nd Following Year	-	-
3rd Following Year	-	-
4th Following Year	-	-
5th Following Year	-	-
Sum of Years 6 To 10	-	-
Sum of Years 11 and above	-	-

**(XI) Sensitivity Analysis**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Projected Benefit Obligation on Current Assumptions	1,41,56,238	1,42,40,823
Delta Effect of +1% Change in Rate of Discounting	(5,05,055)	(4,51,417)
Delta Effect of -1% Change in Rate of Discounting	5,45,999	4,89,936
Delta Effect of +1% Change in Rate of Salary Increase	3,67,776	3,46,528
Delta Effect of -1% Change in Rate of Salary Increase	(3,69,481)	(3,47,081)
Delta Effect of +1% Change in Rate of Employee Turnover	5,550	12,862
Delta Effect of -1% Change in Rate of Employee Turnover	(5,559)	(13,472)

**(XII) Weighted Average assumptions used**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Retirement age	60 & 65 years	60 years
Method of valuation	Projected Unit Credit Method	Projected Unit Credit Method
Mortality Rate during employment	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Mortality Rate after employment	N.A.	N.A.

**Notes:**

- The Group has a defined benefit gratuity plan in India (funded). The Group's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy. A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.
- Risks associated with defined benefit plan**  
Gratuity is a defined benefit plan and the Group is exposed to the following risks:
  - Investment risk** : The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments
  - Interest rate risk** : A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.
  - Asset Liability Matching (ALM) Risk** : The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk
  - Salary risk** : The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
  - Mortality risk** : Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
  - Concentration Risk** : Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.



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3. During the year, there were no plan amendments, curtailments and settlements.
4. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
5. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

### (iii) Other long-term benefits:

#### Compensated absences

Particulars	As at	
	31 March 2021	31 March 2020
Present Value of Unfunded Obligation	16,08,208	4,60,136
Expense recognised in consolidated statement of profit and loss	11,48,072	9,55,964
Method of valuation	Projected Unit Credit Method	Projected Unit Credit Method
Funding status	Unfunded	Unfunded

#### Notes:

- 1 The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at 31 March 2021.
2. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
3. Discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.

### 50 Disclosures as required by Indian Accounting Standard (Ind AS) 24 - Related Party Disclosures

Disclosure of related parties/related party transactions pursuant to Ind AS 24 - "Related Party Disclosures" are as follows:

### (i) List of related parties identified by Management with whom transaction have taken place during the year:

#### (a) Key Managerial Personnel

- Mr. Vineet Suchanti - Director, Keynote Financial Services Limited  
Director, Keynote Commodities Limited  
Director, Keynote Capitals Limited &  
Director, Keynote Fincorp Limited
- Mrs. Rinku Suchanti - Whole Time Director, Keynote Financial Services Limited
- Mr. Uday S. Patil - Whole Time Director & Chief Financial Officer, Keynote Financial Services Limited  
Director, Keynote Fincorp Limited  
Director, Keynote Capitals Limited &  
Director, Keynote Commodities Limited
- Mr. Sujeet More - Company Secretary, Keynote Financial Services Limited & Company Secretary, Keynote Capitals Limited
- Mr. Devin Joshi - Chief Financial Officer, Keynote Capitals Limited
- Mr. Manish Desai - Director, Keynote Commodities Limited & Director, Keynote Capitals Limited
- Mr. Rakesh Choudhari - Managing Director, Keynote Capitals Limited, Director, Keynote Commodities Limited & Director, Keynote Fincorp Limited

#### (b) Relatives of Key Managerial Personnel

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

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

- Concept Communication Limited  
Concept Production Limited  
Nirmal Suchanti - HUF  
NSS Digital Media Limited

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(Formerly known as Keynote Corporate Services Limited)

Notes forming part of the Consolidated Ind AS Financial Statements  
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**50 Related party disclosures(continued):**  
**(ii) Transactions with related parties:**

Particulars	Name of the related party	Key Managerial Personnel		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 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Receiving of services	Concept Communication Limited	-	-	-	-	70,237	1,14,016	70,237	1,14,016
		-	-	-	-	<b>70,237</b>	<b>1,14,016</b>	<b>70,237</b>	<b>1,14,016</b>
Managerial Remuneration	Mrs. Rinku Suchanti	-	-	28,84,989	37,93,150	-	-	28,84,989	37,93,150
Managerial Remuneration	Mr. Uday S. Patil	-	-	34,53,342	43,48,291	-	-	34,53,342	43,48,291
Managerial Remuneration	Mr. Rakesh Choudhari	-	-	27,30,108	38,82,816	-	-	27,30,108	38,82,816
Remuneration	Mr. Devin Joshi	-	-	9,74,076	12,38,291	-	-	9,74,076	12,38,291
Remuneration	Mr. Sujeet More	-	-	5,00,976	5,51,231	-	-	5,00,976	5,51,231
		-	-	<b>1,05,43,491</b>	<b>1,38,13,779</b>	-	-	<b>1,05,43,491</b>	<b>1,38,13,779</b>
Dividend paid	Mrs. Pushpa Suchanti	-	-	1,32,308	1,32,308	-	-	1,32,308	1,32,308
Dividend paid	Mrs. Rinku Suchanti	-	-	3,802	3,802	-	-	3,802	3,802
Dividend paid	Mr. Vineet Suchanti	-	-	11,977	11,977	-	-	11,977	11,977
Dividend paid	Mr. Vivek Suchanti	-	-	49,440	49,440	-	-	49,440	49,440
Dividend paid	Mr. Nirmal Suchanti	-	-	1,17,647	1,17,647	-	-	1,17,647	1,17,647
Dividend paid	Concept Production Limited	-	-	-	-	2,41,600	2,41,600	2,41,600	2,41,600
Dividend paid	NSS Digital Media Limited	-	-	-	-	31,12,256	31,12,256	31,12,256	31,12,256
Dividend paid	Nirmal Suchanti - HUF	-	-	-	-	2,82,499	2,82,499	2,82,499	2,82,499
		-	-	<b>3,15,174</b>	<b>3,15,174</b>	<b>36,36,355</b>	<b>36,36,355</b>	<b>39,51,529</b>	<b>39,51,529</b>
Interest received	Concept Communication Limited	-	-	-	-	-	11,50,685	-	11,50,685
		-	-	-	-	-	<b>11,50,685</b>	-	<b>11,50,685</b>
Loans given	Concept Communication Limited	-	-	-	-	-	6,00,00,000	-	6,00,00,000
		-	-	-	-	-	<b>6,00,00,000</b>	-	<b>6,00,00,000</b>
Loans and deposits repaid	Concept Communication Limited	-	-	-	-	-	6,00,00,000	-	6,00,00,000
		-	-	-	-	-	<b>6,00,00,000</b>	-	<b>6,00,00,000</b>
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
		-	-	<b>5,000</b>	<b>5,000</b>	-	-	<b>5,000</b>	<b>5,000</b>

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

Particulars	Name of the related party	Key Managerial Personnel		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 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Payables	Mrs. Rinku Suchanti	1,85,925	-	-	-	-	-	1,85,925	-
Payables	Mr. Uday S. Patil	2,03,880	-	-	-	-	-	2,03,880	-
Payables	Mr. Rakesh Choudhari	1,47,208	1,71,044	-	-	-	-	1,47,208	1,71,044
Payables	Mr. Devin Joshi	74,097	86,972	-	-	-	-	74,097	86,972
Payables	Mr. Sujeet More	38,776	-	-	-	-	-	38,776	-
		<b>6,49,886</b>	<b>2,58,016</b>	-	-	-	-	<b>6,49,886</b>	<b>2,58,016</b>

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## Notes forming part of the Consolidated Ind AS Financial Statements (Currency: Indian Rupees)

### 51 TAX EXPENSE

The Group pays taxes according to the rates applicable in India. Most taxes are recorded in the income statement and relate to taxes payable for the reporting period (current tax), but there is also a charge or credit relating to tax payable for future periods due to income or expenses being recognised in a different period for tax and accounting purposes (deferred tax).

The Group provides for current tax according to the tax laws of India using tax rates that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns in respect of situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A deferred tax asset is recognised when it is considered recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

Disclosure pursuant to Ind AS 12 "Income Taxes" are as follows:

#### (a) Tax expense / (credit) recognised in the Statement of Profit and Loss

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>Current tax</b>		
Current Tax on taxable income for the year	1,23,55,534	41,54,960
Taxation for earlier years	2,81,085	(8,05,433)
<b>Total current tax expense - (A)</b>	<b>1,26,36,619</b>	<b>33,49,527</b>
<b>Deferred tax</b>		
Minimum alternate tax credit entitlement	(14,68,424)	(8,87,816)
Deferred tax charge / (credit)	89,03,089	(38,31,769)
<b>Total deferred income tax expense / (credit) - (B)</b>	<b>74,34,665</b>	<b>(47,19,585)</b>
<b>Total income tax expense / (credit) (A+B)</b>	<b>2,00,71,284</b>	<b>(13,70,058)</b>

#### (b) Reconciliation of the income tax expenses to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarised below:

Particulars	For the year ended	
	31 March 2021	31 March 2020
Profit / (Loss) before tax	13,28,12,552	(4,36,03,795)
Enacted income tax rate in India applicable to the Company	27.82%	26.00%
Current tax expenses on Profit / (loss) before tax expenses at the enacted income tax rate in India	3,69,48,452	(1,13,36,987)
<b>Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income</b>		
Fair valuation of financial instruments (net)	8,01,79,701	(5,74,96,323)
Exempt income	-	(7,12,145)
Taxation for earlier years	2,81,085	(8,05,433)

### Particulars

Particulars	For the year ended	
	31 March 2021	31 March 2020
Income taxed at a higher / (lower) rate	2,16,432	(3,03,732)
Other allowances and disallowances (net)	(6,80,40,600)	6,26,67,159
<b>Current tax provision (A)</b>	<b>1,26,36,618</b>	<b>33,49,526</b>
Deferred tax liability on account of depreciation & amortisation of property, plant and equipment and intangible assets as per books and Income Tax Act, 1961	(2,06,17,332)	(1,91,87,916)
Deferred tax liability / (asset) on account of financial instruments and other temporary differences (net)	2,95,20,421	1,53,56,147
Minimum alternate tax credit entitlement	(14,68,424)	(8,87,816)
<b>Total deferred income tax expense / (credit) (B)</b>	<b>74,34,665</b>	<b>(47,19,585)</b>
<b>Total income tax expense / (credit) (A+B)</b>	<b>2,00,71,283</b>	<b>(13,70,059)</b>

#### (c) Deferred tax

(i) The components of deferred tax liabilities / assets (net) are as follows:

Particulars	As at	
	31 March 2021	31 March 2020
<b>Deferred tax liabilities</b>		
Depreciation and amortisation on Property, plant and equipment and intangible assets as per books and Income Tax Act, 1961	2,06,17,332	1,91,87,916
Unrealised net gain on fair value changes	57,16,909	-
Other temporary differences	27,686	-
<b>Gross deferred tax liabilities (A)</b>	<b>2,63,61,927</b>	<b>1,91,87,916</b>
<b>Deferred tax assets</b>		
Disallowance u/s 43B of the Income Tax Act, 1961	19,02,989	15,83,075
Allowance on impairment	7,47,867	4,18,971
Unrealised net loss on fair value changes	-	24,64,977
Other temporary differences	43,908	32,530
<b>Gross deferred tax assets (B)</b>	<b>26,94,764</b>	<b>44,99,553</b>
<b>MAT credit entitlements (net) (C)</b>	<b>34,74,351</b>	<b>21,67,746</b>
<b>Deferred tax liabilities (net) (A-B-C)</b>	<b>2,01,92,812</b>	<b>1,25,20,617</b>

(ii) The movement in deferred tax assets and liabilities during the year are as follows:

#### (a) Net deferred tax charge / (credit) recorded in statement of profit and loss recorded in the Statement of Profit and loss

Particulars	For the year ended	
	31 March 2021	31 March 2020
Depreciation and amortisation on Property, plant and equipment as per books and Income Tax Act, 1961	14,29,416	4,60,568
Unrealised net gain / (loss) on fair value changes	81,81,886	(46,59,590)
Disallowance u/s 43B of the Income Tax Act, 1961	(5,57,443)	1,11,415
Allowance on impairment losses	(3,28,896)	(3,33,108)
Other temporary differences	16,309	30,150
MAT credit entitlements/ (utilisation) (net)	(13,06,605)	(3,29,020)
<b>Net deferred tax charge / (credit) recorded in statement of profit and loss</b>	<b>74,34,665</b>	<b>(47,19,585)</b>

Notes forming part of the Consolidated Ind AS Financial Statements  
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**(b) Net deferred tax charge / (credit) recorded in the Statement of Other Comprehensive Income (OCI)**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Disallowance u/s 43B of the Income Tax Act, 1961	2,37,529	87,812
<b>Net deferred tax charge / (credit) recorded in statement of OCI</b>	<b>2,37,529</b>	<b>87,812</b>

**52 LEASES**

On 30 March 2019, the Ministry of Corporate Affairs notified Ind AS 116 'Leases'.

Ind AS 116 is effective for accounting periods beginning on or after 1 April 2019. The new standard required lessees to recognize leases on their balance sheets and use a single accounting model for all leases, with certain exemptions. Basis above requirement, effective from 1 April 2019 onwards, the Group adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on 1 April 2019 using the "Full Retrospective Approach" on the date of initial application.

Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the Right-of-Use (ROU) asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The effect of this adoption is insignificant on the profit /(loss) before tax, profit/(loss) for the year and earnings per share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The Group has excluded the initial direct costs from the measurement of the ROU asset at the date of initial application, owing to practical expedients elected on initial application.

The weighted average incremental borrowing rate applied to lease liabilities was 12% p.a.

**(i) The movements in the carrying value of ROU assets are as follows:**

Particulars	Office Premises
<b>Gross block</b>	
Balance as at 1 April 2019	5,65,646
Additions	-
Terminations / modifications	-
<b>Balance as at 31 March 2020</b>	<b>5,65,646</b>
Balance as at 1 April 2020	5,65,646
Additions	-
Terminations / adjustments / modifications	-
<b>Balance as at 31 March 2021</b>	<b>5,65,646</b>
<b>Accumulated depreciation</b>	
Balance as at 1 April 2019	23,569
Additions	94,274
Terminations / adjustments / modifications	-
<b>Balance as at 31 March 2020</b>	<b>1,17,843</b>
Balance as at 1 April 2020	1,17,843
Additions	1,88,548
Terminations / adjustments / modifications	1,17,843
<b>Balance as at 31 March 2021</b>	<b>4,24,234</b>
<b>Net block as at 31 March 2020</b>	<b>4,47,803</b>
<b>Net block as at 31 March 2021</b>	<b>1,41,412</b>

The aggregate amortisation expense on ROU assets is included under Note 37 - "Depreciation and amortisation expense" in the Consolidated Ind AS Statement of Profit and Loss

**(ii) The following is the movement in lease liabilities are as follows:**

Particulars	Amount (INR)
Balance as at 1 April 2019	5,30,414
Additions	-
Terminations/modifications	-
Finance expense	52,610
Payment of lease liabilities	(2,09,100)
<b>Balance as at 31 March 2020</b>	<b>3,73,924</b>
Balance as at 1 April 2020	3,73,924
Additions	-
Terminations/modifications	-
Finance expense	32,728
Payment of lease liabilities	(2,30,009)
<b>Balance as at 31 March 2021</b>	<b>1,76,643</b>

**(iii) The details of the contractual maturities of lease liabilities as at 31 March 2021 on an undiscounted basis are as follows:**

Tenure	As at	
	31 March 2021	31 March 2020
Less than one year	1,85,130	2,30,010
One to five years	-	1,85,130
More than 5 years	-	-
<b>Total</b>	<b>1,85,130</b>	<b>4,15,140</b>

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**(iv) Rental expenses for short-term leases and low value assets**

The Group incurred NIL (P.Y: NIL) for the year ended 31 March 2021 towards expenses relating to short-term leases and leases of low-value assets.

**(v) Rental income**

Tenure	For the year ended	
	31 March 2021	31 March 2020
Rental income on assets given on operating leases to other parties	7,88,282	9,61,977

**(vi) Future lease commitments**

Leases not yet commenced to which Group is committed aggregates to NIL (P.Y: NIL).

**(vii) Sub lease income / expense**

The Group has earned or expensed any rentals under sub-lease contractual arrangements during the current year (P.Y: NIL).

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Notes forming part of the Consolidated Ind AS Financial Statements  
(Currency: Indian Rupees)

## 53 FAIR VALUE MEASUREMENT

(i) Carrying amount and fair values of financial assets and financial liabilities, including quantitative disclosure fair value measurement hierarchy as at 31 March 2021

Particulars	Carrying amount as at 31 March 2021				Fair value as at 31 March 2021			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	2,39,17,746	2,39,17,746	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	32,61,84,734	32,61,84,734	-	-	-	-
Receivables								
- Trade receivables	-	-	1,01,36,346	1,01,36,346	-	-	-	-
- Other receivables	-	-	44,47,963	44,47,963	-	-	-	-
Loans	2,89,350	-	19,73,22,824	19,76,12,174	-	-	2,14,576	2,14,576
Investments	31,77,58,642	-	1,22,37,188	32,99,95,830	43,06,22,205	-	-	43,06,22,205
Other financial assets	1,00,000	-	2,72,00,911	2,73,00,911	-	-	91,814	91,814
<b>Total - Financial assets</b>	<b>31,81,47,992</b>	<b>-</b>	<b>60,14,47,712</b>	<b>91,95,95,704</b>	<b>43,06,22,205</b>	<b>-</b>	<b>3,06,390</b>	<b>43,09,28,595</b>
<b>Financial liabilities</b>								
Payables								
Trade payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	4,57,21,916	4,57,21,916	-	-	-	-
Other payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	55,250	55,250	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	14,10,780	14,10,780	-	-	-	-
Borrowings (other than debt securities)	-	-	25,80,37,089	25,80,37,089	-	-	-	-
Deposits	2,60,000	-	-	2,60,000	-	-	2,32,143	2,32,143
Lease liabilities	-	-	1,76,643	1,76,643	-	-	-	-
Other financial liabilities	-	-	51,24,879	51,24,879	-	-	-	-
<b>Total - Financial liabilities</b>	<b>2,60,000</b>	<b>-</b>	<b>31,05,26,557</b>	<b>31,07,86,557</b>	<b>-</b>	<b>-</b>	<b>2,32,143</b>	<b>2,32,143</b>

(ii) Carrying amount and fair values of financial assets and financial liabilities, including quantitative disclosure fair value measurement hierarchy as at 31 March 2020

Particulars	Carrying amount as at 31 March 2020				Fair value as at 31 March 2020			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	23,64,03,445	23,64,03,445	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	19,53,75,274	19,53,75,274	-	-	-	-
Receivables								
- Trade receivables	-	-	3,97,35,021	3,97,35,021	-	-	-	-
- Other receivables	-	-	10,22,027	10,22,027	-	-	-	-
Loans	3,83,350	-	22,28,84,406	22,32,67,756	-	-	2,83,438	2,83,438
Investments	34,54,85,290	-	-	34,54,85,290	26,76,32,396	-	-	26,76,32,396
Other financial assets	1,00,000	-	3,01,15,895	3,02,15,895	-	-	81,978	81,978
<b>Total - Financial assets</b>	<b>34,59,68,640</b>	<b>-</b>	<b>72,55,36,068</b>	<b>1,07,15,04,708</b>	<b>26,76,32,396</b>	<b>-</b>	<b>3,65,416</b>	<b>26,79,97,812</b>
<b>Financial liabilities</b>								
Payables								
Trade payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	20,35,51,360	20,35,51,360	-	-	-	-

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

**Notes forming part of the Consolidated Ind AS Financial Statements**  
(Currency: Indian Rupees)

Particulars	Carrying amount as at 31 March 2020				Fair value as at 31 March 2020			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Other payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	10,924	10,924	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	25,84,307	25,84,307	-	-	-	-
Borrowings (other than debt securities)	-	-	21,67,27,151	21,67,27,151	-	-	-	-
Deposits	2,60,000	-	-	2,60,000	-	-	2,07,205	2,07,205
Lease liabilities	-	-	3,73,924	3,73,924	-	-	-	-
Other financial liabilities	-	-	53,91,158	53,91,158	-	-	-	-
<b>Total - Financial liabilities</b>	<b>2,60,000</b>	<b>-</b>	<b>42,86,38,824</b>	<b>42,88,98,824</b>	<b>-</b>	<b>-</b>	<b>2,07,205</b>	<b>2,07,205</b>

**Notes:**

- The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
  - Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
  - Level 2 - Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
  - Level 3 - Inputs are based on unobservable market data.
- The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- There is no fair value gains / losses on financial instruments designated under FVOCI.
- There is no case of any fair value measurement of the investment categorised under level 3 hierarchy.
- The following methods and assumptions were used to estimate the fair values:
  - (a) Fair value of cash and short-term loans and deposits, trade and other short term receivables, trade payables, other current liabilities, short-term borrowings approximate their carrying amounts largely due to short term maturities of these instruments.
  - (b) Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.
  - (c) The fair values for security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as Level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.
  - (d) Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. Investments in subsidiaries have fair values that approximate to their carrying amounts.
  - (e) Employee loans and security deposits are valued using Level 3 techniques. A change in one or more of the inputs to reasonably possible alternative assumptions would not change the value significantly.
  - (f) The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.
  - (g) The fair value of the remaining financial instruments is determined using discounted cash flow analysis.
  - (h) All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.
- There have been no transfers between different levels of the fair value measurement hierarchy during the year ended 31 March 2021 and 31 March 2020.

## Notes forming part of the Consolidated Ind AS Financial Statements (Currency: Indian Rupees)

### 54 CAPITAL MANAGEMENT

The Group adheres to a disciplined Capital Management framework in order to maintain a strong balance sheet. The objectives when managing capital are to:

1. Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
2. Maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares etc. The Group monitors capital using debt equity ratio. Further, the Group's strategy is to maintain gearing ratio as per industry norms. The gearing ratio has been disclosed below:

Particulars	As at	
	31 March 2021	31 March 2020
Total gross debt	25,80,37,089	21,67,27,151
Cash and cash equivalents	(2,39,17,746)	(23,64,03,445)
<b>Total net debt (A)</b>	<b>23,41,19,343</b>	<b>(1,96,76,294)</b>
<b>Total equity (B)</b>	<b>85,54,97,999</b>	<b>73,27,07,089</b>
<b>Net Capital gearing ratio (A/B)</b>	<b>0.27</b>	<b>(0.03)</b>

Net debt includes borrowings net of cash and cash equivalents and total equity comprises of equity share capital, security premium and other equity attributable to equity shareholders.

### 55 FINANCIAL RISK MANAGEMENT

The Group's business activities are exposed to a variety of financial risks, namely credit risk, liquidity risk and market risk. Further, it is also subject to various operating and business risks. While the risk is inherent in the Group's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. Additionally, the Group's senior management has the overall responsibility for establishing and governing the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Group.

#### (A) Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- (iv) Significant increase in credit risk on other financial instruments of the same counterparty.
- (v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements

Credit information is regularly shared between businesses and finance

function, with a framework in place to quickly identify, respond and recognise cases of credit deterioration.

Credit risk with respect to the group arises primarily from financial assets such as trade receivables, investments, balances with banks, loans & other receivables and other financial assets.

#### Trade receivables, loans and inter corporate deposits

The Group measures the expected credit loss (ECL) of trade receivables and loans and advances / inter corporate deposits given, based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. The Group's senior management has established accounts receivable policy under which customer accounts are regularly monitored. Based on the historical data, loss on collection of receivable provision is considered. Also, refer 'significant accounting policies' for accounting policy on Financial Instruments.

In addition to the above, the Group applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. Further, the movement in the ECL has been disclosed under Note 42 of the consolidated Ind AS financial statements.

#### Other financial assets

These include financial assets are cash and bank balances, investments, term deposits and security deposits. Credit risk from balance with banks (including term deposits), investments is managed in accordance with the Group's approved investment policies. Investment of surplus funds are made only with approved counterparties and within the credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on a regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the Balance Sheet (including exceptions, if any) as at 31 March 2021 and 31 March 2020 is the carrying value as illustrated in the respective notes of the consolidated Ind AS financial statements.

#### (B) Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the group on acceptable terms. To limit this risk, management has arranged for diversified funding sources such as investing its surplus funds in short term liquid assets in bank deposits and liquid mutual funds. The Group has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The Group also has lines of credit that it can access to meet liquidity needs.

Refer Note 56 for analysis of maturities of financial assets and financial liabilities

#### (C) Market risk

##### (i) Foreign currency risk

Foreign Currency Risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than Indian Rupee.

In respect of the foreign currency transactions, the Group does not hedge the exposures since the management believes that the same is insignificant in nature and will not have a material impact on the Group.

The Group's exposure to foreign currency risk at the end of reporting period is shown under Note 47 of the consolidated Ind AS financial statements.

A 5% strengthening of the Indian Rupee against key currencies to which

# KEYNOTE FINANCIAL SERVICES LIMITED

(Formerly known as Keynote Corporate Services Limited)

## Notes forming part of the Consolidated Ind AS Financial Statements

(Currency: Indian Rupees)

the Group is exposed would have led to approximately an additional loss of INR 11,946 in the Statement of Profit and Loss (P.Y: gain of INR 1,25,028). A 5% weakening of the Indian Rupee against these currencies would have led to an equal but opposite effect.

### (ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimise the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, the group's senior management have devised a policy of a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio. The Group is exposed to Interest risk if the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates.

Interest rate change does not affect significantly interest bearing investments and loans given and therefore the Group's exposure to the

risk of changes in market interest rates relates primarily to the Group's deposits with banks. The Group has laid policies and guidelines to minimise impact of interest rate risk.

A 0.50% decrease in interest rates would have led to approximately an additional loss of INR 1,22,155 in the Statement of Profit and Loss (P.Y: loss of INR 1,05,959). A 0.50% increase in interest rates would have led to an equal but opposite effect.

### (iii) Price risks

The Group is exposed to market price risk, which arises from FVTPL and FVOCI investments. The management monitors the proportion of these investments in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the appropriate authority.

A 1% increase in prices would have led to approximately an additional gain of INR 44,28,594 in the Statement of Profit and Loss (P.Y: gain of INR 27,98,696). A 1% decrease in prices would have led to an equal but opposite effect.

## 56 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at					
	31 March 2021			31 March 2020		
	within 12 months	after 12 months	Total	within 12 months	after 12 months	Total
<b>ASSETS</b>						
<b>A. Financial assets</b>						
Cash and cash equivalents	2,39,17,746	-	2,39,17,746	23,64,03,445	-	23,64,03,445
Bank balances other than cash and cash equivalents	32,61,84,734	-	32,61,84,734	19,53,75,274	-	19,53,75,274
Receivables						
- Trade receivables	1,01,36,346	-	1,01,36,346	3,97,35,021	-	3,97,35,021
- Other receivables	44,47,963	-	44,47,963	10,22,027	-	10,22,027
Loans	19,73,30,050	2,07,350	19,75,37,400	22,28,78,494	2,89,350	22,31,67,844
Investments	36,76,13,410	7,52,45,983	44,28,59,393	21,59,73,611	6,38,95,973	27,98,69,584
Other financial assets	59,15,955	2,13,76,770	2,72,92,725	44,94,389	2,57,03,484	3,01,97,873
<b>Sub-total - financial assets (A)</b>	<b>93,55,46,204</b>	<b>9,68,30,103</b>	<b>1,03,23,76,307</b>	<b>91,58,82,262</b>	<b>8,98,88,807</b>	<b>1,00,57,71,068</b>
<b>B. Non-financial assets</b>						
Inventories	-	20,59,130	20,59,130	-	9,35,755	9,35,755
Current tax assets (net)	-	9,06,915	9,06,915	-	61,41,023	61,41,023
Investment property	-	3,60,222	3,60,222	-	3,71,366	3,71,366
Property, plant & equipment	-	16,59,04,499	16,59,04,499	-	17,24,07,080	17,24,07,080
Right of use assets	1,41,412	-	1,41,412	3,06,391	1,41,412	4,47,803
Goodwill on consolidation	-	10,41,615	10,41,615	-	10,41,615	10,41,615
Other non-financial assets	35,07,052	54,130	35,61,182	37,46,419	7,67,396	45,13,815
<b>Sub-total - non-financial assets (B)</b>	<b>36,48,464</b>	<b>17,03,26,511</b>	<b>17,39,74,975</b>	<b>40,52,810</b>	<b>18,18,05,647</b>	<b>18,58,58,457</b>
<b>Total - Assets (A+B)</b>	<b>93,91,94,668</b>	<b>26,71,56,614</b>	<b>1,20,63,51,282</b>	<b>91,99,35,072</b>	<b>27,16,94,454</b>	<b>1,19,16,29,525</b>



# ANNUAL REPORT 2020-21

## Notes forming part of the Consolidated Ind AS Financial Statements (Currency: Indian Rupees)

Particulars	As at					
	31 March 2021			31 March 2020		
	within 12 months	after 12 months	Total	within 12 months	after 12 months	Total
<b>LIABILITIES</b>						
<b>A. Financial liabilities</b>						
Payables						
Trade payables						
Payables						
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	4,57,21,916	-	4,57,21,916	20,35,51,360	-	20,35,51,360
Other payables						
- total outstanding dues of micro enterprises and small enterprises	55,250	-	55,250	10,924	-	10,924
- total outstanding dues of creditors other than micro enterprises and small enterprises	14,10,780	-	14,10,780	25,84,307	-	25,84,307
Borrowings (other than debt securities)	25,62,95,540	17,41,549	25,80,37,089	21,43,72,529	23,54,622	21,67,27,151
Deposits	2,32,143	-	2,32,143	-	2,07,205	2,07,205
Lease liabilities	1,76,643	-	1,76,643	1,97,281	1,76,643	3,73,924
Other financial liabilities	42,16,656	9,08,223	51,24,879	44,39,211	9,51,947	53,91,158
<b>Sub-total - financial liabilities (A)</b>	<b>30,81,08,928</b>	<b>26,49,772</b>	<b>31,07,58,700</b>	<b>42,51,55,612</b>	<b>36,90,418</b>	<b>42,88,46,029</b>
<b>B. Non- Financial liabilities</b>						
Provisions	24,27,777	77,15,834	1,01,43,611	22,18,217	68,12,749	90,30,966
Deferred tax liabilities (net)	-	2,01,92,812	2,01,92,812	-	1,25,20,617	1,25,20,617
Other non-financial liabilities	97,58,160	-	97,58,160	85,24,824	-	85,24,824
<b>Sub-total - non-financial liabilities (B)</b>	<b>1,21,85,937</b>	<b>2,79,08,646</b>	<b>4,00,94,583</b>	<b>1,07,43,041</b>	<b>1,93,33,366</b>	<b>3,00,76,407</b>
<b>Total - Liabilities (A+B)</b>	<b>32,02,94,865</b>	<b>3,05,58,418</b>	<b>35,08,53,283</b>	<b>43,58,98,653</b>	<b>2,30,23,783</b>	<b>45,89,22,436</b>

### 57 DIVIDEND ON EQUITY SHARES

#### (I) Dividend on equity shares declared and paid during the year

Particulars	For the year ended	
	31 March 2021	31 March 2020
Final dividend of INR 1 per share for FY 2019-20 (FY 2018-19: INR 1 per share) #	70,18,339	70,18,339
Dividend distribution tax on final dividend \$	-	14,77,319

The proposed dividend on equity shares for FY 2019-20 was distributed based upon the approval of the shareholders of the Company at the Annual General Meeting held on 30 September 2020.

#### (II) Proposed dividend on equity shares not recognised as liability

Particulars	For the year ended	
	31 March 2021	31 March 2020
Final dividend of INR 1 per share for FY 2020-21 (FY 2019-20: INR 1 per share) #	70,18,339	70,18,339
Dividend distribution tax on final dividend \$	-	-

The proposed dividend on equity shares for FY 2020-21 is subject to the approval of the shareholders of the Company at the Annual General Meeting and not recognised as liability as at the Balance Sheet date.

# Includes dividend of INR 14,51,702 paid to Keynote trust.

\$ The Budget 2020 has made dividend income from shares taxable in the hands of the recipient at the applicable income tax slab rates to the individual

and abolish the Dividend Distribution Tax (DDT) hitherto levied on dividend income before distribution by the company.

### 58 SEGMENT INFORMATION

The Chief Operating Decision Maker monitors the operating results of the business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The operating segments have been identified considering the nature of services, the differing risks and returns, the organization structure and the internal financial reporting system.

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.

Broking and other related activities include broking services to clients, advisory services, depository services et al. Investment banking represents results of raising financial capital by underwriting or acting as the client's agent in the issuance of securities.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Group with following additional policies for segment reporting.

- Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

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

Notes forming part of the Consolidated Ind AS Financial Statements  
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**58 Segment information**

**(A) Primary segment information**

Particulars	Income from Advisory Services		Broking & related activities		Trading in Securities		Investment Activities		Unallocated		Elimination		Total	
	For the year ended													
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
External Revenue	6,67,12,702	5,56,10,915	2,44,41,616	1,90,00,922	9,76,24,101	1,09,86,399	1,51,11,266	1,44,85,197	2,95,71,407	1,97,18,743	59,73,138	60,81,217	22,74,87,954	11,37,20,958
Inter Segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Revenue from operations</b>	<b>6,67,12,702</b>	<b>5,56,10,915</b>	<b>2,44,41,616</b>	<b>1,90,00,922</b>	<b>9,76,24,101</b>	<b>1,09,86,399</b>	<b>1,51,11,266</b>	<b>1,44,85,197</b>	<b>2,95,71,407</b>	<b>1,97,18,743</b>	<b>59,73,138</b>	<b>60,81,217</b>	<b>22,74,87,954</b>	<b>11,37,20,958</b>
<b>Segment result</b>														
Un-allocated expenses														
Operating loss													10,88,79,709	(6,47,20,730)
Less: finance costs													(1,09,01,145)	(1,21,89,228)
Add: Interest income													3,48,33,988	3,33,06,163
<b>Profit / (loss) before tax and exceptional items</b>													<b>13,28,12,552</b>	<b>(4,36,03,795)</b>
Exceptional items													-	-
<b>Profit / (loss) before tax</b>													<b>13,28,12,552</b>	<b>(4,36,03,795)</b>
Less: Current tax													(1,26,36,619)	(33,49,527)
Add / (Less): Deferred tax													(74,34,665)	47,19,585
<b>Profit / (Loss) after tax (before adjustment for Non-Controlling Interest)</b>													<b>11,27,41,268</b>	<b>(4,22,33,737)</b>
Add: Share of Profit/ (Loss) transferred to Non-Controlling Interest													-	-
<b>Profit / (Loss) after tax (after adjustment for Non-Controlling Interest)</b>													<b>11,27,41,268</b>	<b>(4,22,33,737)</b>

**Other Information**

Particulars	Income from Advisory Services		Broking & related activities		Trading in Securities		Investment Activities		Unallocated		Total	
	As at											
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Segment Assets	22,66,30,840	21,39,49,419	31,72,91,480	48,14,69,678	20,59,130	9,35,755	20,00,31,011	19,53,72,120	46,03,38,821	29,99,02,554	1,20,63,51,282	1,19,16,29,526
Segment Liabilities	1,18,77,200	94,70,538	11,38,75,370	24,16,88,299	-	-	19,56,59,967	18,27,27,666	2,94,40,745	2,50,35,935	35,08,53,283	45,89,22,437

Particulars	Income from Advisory Services		Broking & related activities		Trading in Securities		Investment Activities		Unallocated		Total		
	For the year ended												
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	
Capital expenditure	4,39,736	89,289	1,36,318	60,511	-	-	-	-	-	-	-	5,76,054	1,49,800
Depreciation and amortisation	31,92,424	34,80,988	40,85,903	41,27,530	-	-	-	-	-	-	-	72,78,327	76,08,518
Non-cash expenses other than depreciation	46,61,178	37,14,684	-	-	-	-	-	-	-	-	-	46,61,178	37,14,684

**(B) Secondary segment information**

Particulars	Year		In India	Outside India	Total
	31 March 2021	31 March 2020			
Revenue by geographical market	31 March 2021	22,20,75,090	54,12,864	22,74,87,954	
	31 March 2020	10,89,01,387	48,19,571	11,37,20,958	
Carrying amount of Segment assets	31 March 2021	1,20,59,65,415	3,85,867	1,20,63,51,282	
	31 March 2020	1,19,16,29,526	-	1,19,16,29,526	
Cost acquired for Tangible and Intangible assets	31 March 2021	5,76,054	-	5,76,054	
	31 March 2020	1,49,800	-	1,49,800	

# ANNUAL REPORT 2020-21

**Notes forming part of the Consolidated Ind AS Financial Statements**  
(Currency: Indian Rupees)

## 59 Principles and assumptions on consolidation

The Consolidated Financial Statements have been prepared by applying the principles laid in the Indian Accounting Standard (Ind AS) - 110 "Consolidated Financial Statements" in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India for the purposes of these Consolidated Balance Sheet and Consolidated Statement of Profit and Loss, together referred to in as 'Consolidated Financial Statements.'

**The list of subsidiaries and trust in the consolidated financial statement are as under :-**

Keynote Financial Services Limited ('the Company' or 'the Holding Company') shareholding in the following companies as on 31 March 2021 and 31 March 2020 are as under:

Name of the entity	Country of incorporation	Proportion of ownership / beneficial interest	
		As at	
		31 March 2021	31 March 2020
<b>(a) Subsidiaries</b>			
Keynote Capitals Limited	India	100%	100%
Keynote Fincorp Limited	India	100%	100%
<b>(b) Step down Subsidiary</b>			
Keynote Commodities Limited	India	100%	100%
<b>(c) Trust</b>			
Keynote Trust	India	100%	100%

## 60 Additional information, as required under schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiaries as at 31 March 2021

Name of the entity	Net Assets (i.e. Total Assets - Total Liabilities)		Share in profit & loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated Net Assets	Amount (INR)	As % of Consolidated Profit/(Loss)	Amount (INR)	As % of Consolidated Comprehensive Income	Amount (INR)	As % of Consolidated Total Comprehensive Income	Amount (INR)
<b>Parent Company</b>								
Keynote Financial Services Limited	68.78%	58,84,52,355	41.00%	4,62,23,594	41.55%	2,56,062	41.00%	4,64,79,656
<b>Subsidiaries</b>								
Keynote Capitals Limited	42.34%	36,22,35,599	33.35%	3,76,03,942	80.98%	4,99,053	33.61%	3,81,02,995
Keynote Fincorp Limited	12.94%	11,06,67,972	4.14%	46,67,523	0.00%	-	4.12%	46,67,523
<b>Step down Subsidiary</b>								
Keynote Commodities Limited	6.19%	5,29,24,343	23.26%	2,62,20,460	0.00%	-	23.13%	2,62,20,460
<b>Trust</b>								
Keynote Trust	0.00%	(9,050)	-0.02%	(24,273)	0.00%	-	-0.02%	(24,273)
<b>Total</b>	<b>130.27%</b>	<b>1,11,42,71,218</b>	<b>101.73%</b>	<b>11,46,91,246</b>	<b>122.53%</b>	<b>7,55,115</b>	<b>101.85%</b>	<b>11,54,46,362</b>
Eliminations / Adjustments	-30.27%	(25,87,73,219)	-1.73%	(19,49,978)	-22.53%	(1,38,837)	-1.85%	(20,88,815)
<b>Net total</b>	<b>100.00%</b>	<b>85,54,97,999</b>	<b>100.00%</b>	<b>11,27,41,268</b>	<b>100.00%</b>	<b>6,16,279</b>	<b>100.00%</b>	<b>11,33,57,547</b>

61 The step down subsidiary - Keynote Commodities Limited has surrendered the Membership of Multi Commodity Exchange and NCDEX during the previous year and has encashment the security deposit as follows:

Nature of Security deposit	Amount (INR)
Collateral deposit with MCX exchange	42,50,000
NCDEX Base Capital Collateral deposit	25,00,000
NCDEX Interest free security deposit	10,00,000
<b>Total</b>	<b>77,50,000</b>

## 62 Change of name

During the financial year 2018-19, the Holding Company - Keynote Financial Service Limited had changed its name from "Keynote Corporate Services Limited" to "Keynote Financial Services Limited" by passing a resolution at the Board Meeting dated 8 February 2019. Further, the necessary secretarial compliances with respect to the same were completed by the Holding Company, evidenced by a fresh certificate of incorporation dated 23 April 2019.

## 63 Events after reporting date

The Board of Directors have recommended dividend of INR 1 per fully paid up equity share of INR 10 each (P.Y: INR 1 each) for the financial year 2020-21.

## 64 Details of Scheme of amalgamation approved by the Hon'ble High Court

As per the scheme of amalgamation approved by the Allahabad, Bombay, and Gauhati High court vide order dated 21 December 2006, 09 March, 2007 and 19 March, 2007 respectively, 14,51,702 equity shares of INR 10 each fully paid up is held by Keynote trust as a beneficiary of the Holding Company. Due to such cross holding the dividend of INR 14,51,702 (P.Y : INR 14,51,702) has been paid and received back from the trust. With respect to the dividend of INR 1 per share (P.Y: INR 1 per share) for 31 March, 2021, the Holding Company has adjusted its liability of dividend towards shares held by the Trust.

## 66 Changes in liabilities arising from financing activities

The Group does not have any financing activities which affect the capital and asset structure of the group without the use of cash and cash equivalents.

## 67 Transferred financial assets that are derecognised in their entirety but where the Group has continuing involvement

The Group has not transferred any assets that are derecognised in their entirety where the Group continues to have continuing involvement and the same has been relied upon by the Auditor.

## 68 Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Group towards Provident Fund

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

and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its consolidated financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact in the consolidated financial statements.

**69 Approval of consolidated Ind AS financial statements**

The consolidated Ind AS financial statements financial statements were approved for issue by the Board of Directors on 15 June 2021.

**70 Prior year comparatives**

The figures of the previous year have been regrouped / reclassified wherever necessary to conform to the classification / presentation of current year 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 June 2021  
Place : Mumbai

**For and on behalf of the Board of Directors of  
Keynote Financial Services Limited**  
CIN: L67120MH1993PLC072407

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

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

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

Date : 15 June 2021  
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	11,26,66,670	95,00,000	3,50,00,000
Reserves & Surplus	24,95,68,929	4,34,24,343	7,56,67,972
Total Assets	46,89,63,633	12,18,09,866	31,79,42,355
Total Liabilities	46,89,63,633	12,18,09,866	31,79,42,355
Investment (Except investment in subsidiaries)	11,08,10,035	10,60,73,261	7,81,11,433
Turnover	6,06,67,978	2,87,86,473	1,83,23,290
Profit/(Loss) before Taxation	3,33,60,851	2,69,86,068	65,93,021
Add Excess Provision	-	-	-
Less Short Provision	-	-	-
Provision for Taxation	14,92,567	754	18,00,000
Deferred Tax (Asset) / Liability	(57,35,658)	7,64,854	1,25,498
Profit/(Loss) after Taxation	3,76,03,942	2,62,20,460	46,67,523
Total Comprehensive Income	3,81,02,995	2,62,20,460	46,67,523

**For on behalf of the Board of Directors of  
Keynote Financial Services Ltd**

Place : Mumbai  
Date : 15 June 2021

**Sd/-  
Vineet Suchanti**  
*Director*

**Sd/-  
Uday Patil**  
*Director & CFO*

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

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



**BY COURIER**

If undelivered, please return to:

**KEYNOTE FINANCIAL SERVICES LIMITED**

The Ruby, 9th floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028