

KEYNOTE

DIRECTORS' REPORT

To,
The Members of KEYNOTE FINCORP LIMITED

Dear Shareholders,

Your Directors have pleasure in presenting the 25th Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2020.

1. FINANCIAL SUMMARY OF THE COMPANY:

(Rs.In lakhs)

Particulars	2019-20	2018-19 (Restated as per Ind AS)
Total Receipts	184.95	246.54
Total Expenses	130.46	193.53
Profit/(Loss) before Depreciation	54.48	53.00
Depreciation	Nil	Nil
Profit/(loss) before Tax	54.48	53.00
a. Current Tax	(9.50)	(21.47)
b. Deferred tax	0.77	1.38
c. Prior period Tax adjustment	-	1.71
Profit / (Loss) after tax	45.76	34.62
Earning per Equity Share		
Basic/Diluted	1.31	0.99

2. REVIEW OF OPERATIONS/PERFORMANCE:

During the financial year, the Company has earned total revenue of Rs.184.95/-lakhs as compared to Rs.246.54/-lakhs for the previous year. Profit after Tax stood at Rs.45.76/- lakhs as compared to Rs.34.62/-lakhs for the previous year.

3. DIVIDEND:

The Directors of the Company have decided to conserve the resources and no dividend is being recommended.

4. CHANGE IN NATURE OF BUSINESS, IF ANY:

There is no change in the nature of business of the Company during the year.

5. STATE OF COMPANY'S AFFAIRS:

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

Keynote Fincorp Limited

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400 028.

Tel.: 91 22 6826 6000 • Fax: 91 22 6826 6088 • Email: kcl@keynoteindia.net • Website: www.keynoteindia.net

CIN-U67120MH1995PLC084814

6. MATERIAL CHANGES AND COMMITMENTS IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENT RELATE AND THE DATE OF THE REPORT:

No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year of the company to which the financial statement relate and the date of the report.

7. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL:

There are no significant and material orders issued against the Company by any regulating authority or court or tribunal affecting the going concern status and Company's operation in future.

8. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT:

There were no frauds reported by the Auditors under section 143(12) during the Financial Year under review.

9. COMPLIANCE WITH THE APPLICABLE SECRETARIAL STANDARDS:

Your Board informs you that during the Financial year under review, the Company has complied with the provisions of the Board Meetings and the General Meetings as stated in Secretarial Standard-1 (SS-1) and Secretarial Standard- 2 (SS-2) respectively, issued by the Institute of Company Secretaries of India (ICSI)

10. HOLDING, SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

- The Company is a subsidiary of "Keynote Financial Services Limited" (Formerly Keynote Corporate Services Limited).
- The Company is an Associate Company of "Keynote Capitals Limited".
- The Company neither has any Subsidiary Company nor any Joint Venture Company during the financial year under review.

11. RBI REGULATIONS AND GUIDELINES IN RESPECT OF FAIR PRACTICE CODE FOR NBFC'S:

Your Company always aims to operate in compliance with applicable RBI laws and regulations and employs its best efforts towards achieving the same.

Your Company has complied with all the applicable regulations prescribed by the Reserve Bank of India in respect of Guidelines on Fair Practice Code for NBFC's from time to time.

Your Directors duly considered, adopted and taken on recordsuch RBI directions under theRBI guidelines of Non-Banking Financial Companies from time to time.

12. PUBLIC DEPOSIT:

The Company being a Non-Deposit Accepting, Non-Banking Financial Company has not accepted any deposits from the public 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 under review, and shall not accept any deposits from the public without obtaining prior approval of the Reserve Bank of India (RBI).

13. STATUTORY AUDITORS:

The reappointment of M/s. Jayesh Dadia&Associates LLP, Chartered Accountants, having (Firm Registration Number: 121142W/W100122), as the Statutory Auditors of the Company was ratified in the previous Annual General Meeting to hold office till the conclusion of ensuing Annual General Meeting.

The Company has received a consent letter from them to the effect that their re-appointment for the financial year 2020-21, if made, would be in conformity with the limits prescribed under Section 139, 141 and other applicable provisions, if any, of the Companies Act, 2013 and that they are not disqualified for such re-appointment within the meaning of Section 139 of the said Act. The Board recommends their re-appointment for the financial year 2020-21 and to hold office till the conclusion of next Annual General Meeting.

14. 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 and Regulation no. 24A of SEBI Listing Obligations and Disclosure requirement (LODR) 2015, your Company being a Material Unlisted Subsidiary of Keynote Financial Services Limited for the Financial Year 19-20, Therefore company has appointed M/s. Uma Lodha & Co., Practicing Company Secretaries to conduct the Secretarial Audit of your Company for the financial year ended 31st March 2020.

There were no qualifications, reservations, adverse remarks or comment made by the Secretarial Auditor in their report.

The secretarial audit report in form MR-3 is attached as Annexure III.

15. QUALIFICATIONS, RESERVATIONS, ADVERSE REMARKS OR COMMENT MADE BY THE STATUTORY AUDITORS:

There were no qualifications, reservations, adverse remarks or comment made by the Auditors in their report. The Auditors have referred to certain routine matters in their report and the respective notes to the accounts are self-explanatory.

16. SHARE CAPITAL:

a. Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees

The company has not made any provision of money for purchase of its own shares by employees or by trustees for the benefit of employees as per Rule 16(4) of Companies (share capital and debentures) Rules, 2014.

b. Issue of Sweat Equity Shares:

The Company has not issued any sweat equity share during the financial year under review.

c. Issue of Equity Shares With Differential Rights:

The Company has not issued any Equity Shares with differential voting rights during the financial year as per Rule 4(4) of Companies (Share capital and debentures) Rules, 2014.

d. Issue of Employee Stock Option:

The company has not issued any employee stock option during the financial year as per Rule 12 of Companies (Share Capital and Debentures) Rules, 2014.

e. Issue of Equity Shares Without Differential Rights:

The Company has not issued any Equity Shares without Differential Rights during the financial year as per Rule 12 of Companies (Share Capital and Debentures) Rules, 2014.

17. EXTRACT OF THE ANNUAL RETURN:

The extracts of the Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 in Form No. MGT – 9 is enclosed herewith in **Annexure-I**.

18. 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 - Nil (previous year Nil).
- b) The foreign exchange expenditure –Nil (previous year Nil).

19. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable to the Company.

20. DIRECTOR & KEY MANAGERIAL PERSONNEL:

(i) Non- Independent Director:

There is no change in the Board of Directorship of the Company at the year end. The composition of the Board of Directors is as follows:

Sr. No.	Name of the Director	DIN	Designation
1.	Vineet Suchanti	00004031	Non- Executive Director
2.	Uday Patil	00003978	Non- Executive Director
2.	Rakesh Choudhari	00009093	Non- Executive Director
3.	Harsh Choksey	07191272	Non- Executive Director

(ii) Independent Director:

As such, the provisions for appointment of 'Independent Director' are not applicable to the Company under the Companies Act, 2013 and the necessary rules made thereunder.

(ii) Key Managerial Personnel (KMP):

As such, the provisions for appointment of 'Key Managerial Personnel (KMP)' are not applicable to the Company under the Companies Act, 2013 and the necessary rules made thereunder.

(iii) Appointment of Designated Director under Prevention of Money Laundering Act (PMLA), 2002 and the rules framed there under:

Your Director has appointed Mr. Vineet Suchanti, being a Director as Designated Director of the Company for the purpose of ensuring compliance of Know Your Customer (KYC) Norms / Anti-Money Laundering (AML) Standards / Combating of Financing of Terrorism (CFT) / Obligation of NBFCs under Prevention of Money Laundering Act (PMLA), 2002 and Rules framed there under.

21. DIRECTOR LIABLE TO RETIRE BY ROTATION:

In accordance with the provision of Section 152(6)(a) of the Companies Act, 2013 and the Articles of Association of the Company, Shri. Uday Patil (DIN: 00003978) Director of the Company liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers, himself for reappointment. Your Board recommends his re-appointment.

22. BOARD COMMITTEES:

(a) Audit Committee, Stakeholder Relationship Committee and Nomination and Remuneration Committee:

As such, the provisions for constituting Audit Committee, Stakeholder Relationship Committee and Nomination and Remuneration Committee are not applicable to the Company under the Companies Act, 2013 and the necessary rules made thereunder.

(b) Management Committee:

As per the provisions of Section 179 of the Companies Act, 2013, the Management Committee is formed to authorize the committee to approve intercorporate loans, investments or guarantee or security made by the company and borrowing facilities availed by the company from time to time by the Banks, Financial Institution and other entities and execution of documents for these facilities.

The Composition of Management Committee comprises as per the following:

Sr. No.	Name of the Director	Designation in the Committee
1.	Rakesh Choudhari	Chairman
2.	Vineet Suchanti	Member
3.	Uday Patil	Member
4.	Dinesh Chandra Gaur(Principal Officer)	Member

23. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE FINANCIAL YEAR:

Your Board of Directors has duly met six(06) times during the financial year under review, i.e. on 2nd April, 2019, 8th May, 2019, 17th July, 2019, 10th September, 2019, 20th December, 2019 and 6th January, 2020 respectively 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.

24. VIGIL MECHANISM/WHISTLE BLOWER POLICY:

The provision for establishing "Vigil Mechanism/Whistleblower Policy" is not applicable to the Company.

25. RISK MANAGEMENT:

The Company has developed and implemented "Risk management Policy". At present the company has not identified any element of risk which may threaten the existence of the company.

26. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

The Company is being NBFC registered with RBI and having Investment in Securities as its main business activity; hence, provisions of Section 186 under the Companies Act, 2013 are not applicable to the Company.

27. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

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

The detail regarding particulars of contracts or arrangements referred to in sub-section (1) of Sections 188 have been disclosed in the notes to accounts of financial statements under Accounting Standard -18.

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 is enclosed herewith in **Annexure-II**.

28. MAINTANANCE OF COST RECORDSAS SPECIFIED BY THE CENTRAL GOVERNMENT UNDER SUB-SECTION (1) OF SECTION 148 OF THE COMPANIES ACT, 2013, IF ANY.:

As such, the provision for maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the company.

29. DEMATERIALIZATION:

As per the Rule 9A sub rule 11 of the Companies (Prospectus and Allotment of Securities) Rules,2014, the company shall Issue the securities only in dematerialised form and Facilitate dematerialisation of all its existing securities.

Therefore, the Equity shares of the Company must be held in dematerialized form. The Company has signed the tripartite agreement with Central Depository Services (India) Limited and Bigshare Services Private Limited, Registrar & Transfer Agent for dematerialization of existing holding of the shareholders.

The Equity Shares of the Company must be deal in compulsory dematerialized mode. Presently 99.99% of equity capital of the company is in dematerialized mode.

The International Securities Identification Number (ISIN), allotted to the Company is INE040U01010.

30. PREVENTION OF SEXUAL HARASSMENT (POSH) AT WORKPLACE:

The provisions relating to the Prevention of Sexual Harassment (POSH) as per Rule 8 of the Companies (Accounts) Rules, 2014 of the Companies Act, 2013 and constitution of Internal Complaints Committee (ICC) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013]" is not applicable to the company.

31. DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits that:

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures,
- b. The directors had 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 financial year and of the profit and loss of the company for that period,

- c. The directors had 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. The directors had prepared the annual accounts on a going concern basis,
- e. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

32. ACKNOWLEDGMENT:

We take this opportunity to express our deep sense of gratitude to Reserve Bank of India (RBI), Registrar of Companies (ROC), M/s. Jayesh Dadia&Associates, LLP (Statutory Auditors), our Clients, Bankers and other Government Agencies for their continued support.

**By order of the Board
For KEYNOTE FINCORP LIMITED**



**Rakesh Choudhari
Director
(DIN: 00009093)**



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

**Place: Mumbai
Date: 07/07/2020**

ANNEXURE - I TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on 31st March 2020

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

I. REGISTRATION AND OTHER DETAILS:

1.	Corporate Identity Number (CIN)	:	U67120MH1995PLC084814
2.	Registration Date	:	20-01-1995
3.	Name of the Company	:	KEYNOTE FINCORP LIMITED
4.	Category/Sub-Category of the Company	:	Indian Non-Government Company
5.	Address of the Registered Office and contact details	:	The Ruby, 9 th Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400 028
6.	Whether listed Company (Yes/No)	:	Unlisted
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Bigshare Services Private Limited 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai 400059 Contact: 022 - 62638200

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No.	Name and Description of main products/services	NIC Code of the product /service	% to the total turnover of the Company
1.	Non-Banking Financial Activities-NBFC (Investment and Lending Activities& Non-Accepting Public Deposit Company)	64990	90.21

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of Shares held	Applicable Section
1.	Keynote Financial Services Limited (Formerly Keynote Corporate Services Limited) The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028	L67120MH1993PLC072407	Holding	57.14	2(46)

2. Non-Institutions									
a).. Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i).. Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b).. Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i). Individual shareholders holding nominal share capital upto Rs.1 lakh.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii). Individual shareholders holding nominal share capital in excess of Rs.1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c).. Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	35,00,000	35,00,000	100	34,99,999	1	35,00,000	100	Nil

II). SHAREHOLDING OF PROMOTERS:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total Shares of the Company	% of Shares Pledged /encumbered to total shares	No. of shares	% of total Shares of the Company	% of Shares Pledge d/encumbered to total shares	
1.	Keynote Financial Services Limited (Formerly Keynote Corporate Services Limited)	20,00,000	57.14	Nil	20,00,000	57.14	Nil	Nil
2.	Keynote Capitals Limited	15,00,000	42.86	Nil	15,00,000	42.86	Nil	Nil
	Total	35,00,000	100	Nil	35,00,000	100	Nil	Nil

III) CHANGE IN PROMOTERS' SHAREHOLDING: THERE IS NO CHANGE DURING THE YEAR

Sr. No.	For Each Promoters	Shareholding at the beginning of the Year		Remarks			Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	Date	Increase/Decrease	Reason	No. of Shares	% of total shares of the company
1	Keynote Financial Services Limited	20,00,000	57.14		No change		20,00,000	57.14
2	Keynote Capitals Limited	15,00,000	42.86		No change		15,00,000	42.86

IV) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS): NOT APPLICABLE

V.) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sr. No.	For Each Directors & KMP	Shareholding at the beginning of the Year		Remarks			Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	Date	Increase/Decrease	Reason	No. of Shares	% of total shares of the company
1	Uday Patil	NIL	NIL		No change		NIL	NIL
2	Vineet Suchanti	NIL	NIL		No change		NIL	NIL
3	Rakesh Choudhari	NIL	NIL		No change		NIL	NIL
4	Harsh R Choksey	NIL	NIL		No change		NIL	NIL

VI). DETAILS OF INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment for payment (For the year 2019-20): (Amount in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01-04-2019				
i). Principal Amount	Nil	12,41,18,581	Nil	12,41,18,581
ii) Interest due but not paid	Nil	46,06,546	Nil	46,06,546
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	12,87,25,127	Nil	12,87,25,127
Change in Indebtedness during the financial year				
+ Addition	Nil	7,75,36,002	Nil	7,75,36,002
- Reduction	Nil	2,44,27,123	Nil	2,44,27,123
Net Change	Nil	5,31,08,879	Nil	5,31,08,879
Indebtedness at the end of the financial year 31-03-2020				
i). Principal Amount	Nil	17,48,25,127	Nil	17,48,25,127
ii) Interest due but not paid	Nil	70,08,879	Nil	70,08,879
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	18,18,34,006	Nil	18,18,34,006

VII). REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

(a) Remuneration to Managing Director, Whole-Time Directors and/or Manager:NA

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (Rs. In lakhs)
1.	Gross Salary		
	(a). Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	-	-
	(b). Value of perquisites u/s17(2) Income-tax Act, 1961	-	-
	(c). Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- As % of Profit	-	-
	- Others specify	-	-
5.	Others, please specify (Bonus)	-	-
	Ceiling as per the Act	-	-
	Total	-	-

B. Remuneration of other Directors:

I.Independent Directors: NA

Particulars of Remuneration	Name of Directors		Amount (Rs. In lakhs)
Fees for attending board committee meetings	Nil	Nil	Nil
Commission	Nil	Nil	Nil
Others	Nil	Nil	Nil
Total (1)	Nil	Nil	Nil

II. Other Non-Executive Directors:

Other Non-Executive Directors	Amount (Rs. In lakhs)
Fees for attending board committee meetings	Nil
Commission	Nil
Others	Nil
Total (2)	Nil
Total B = (1+2)	Nil
Ceiling as per the Act	

C. Remuneration to Key Managerial Personnel (KMP) other than MD/Manager/WTD:NA

Sr.No.	Particulars of Remuneration	KEY MANAGERIAL PERSONNEL			
					Total Amount
1.	Gross Salary				
	(a). Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(b). Value of perquisites u/s17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c). Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - As % of Profit - Others specify	Nil	Nil	Nil	Nil
5.	Others, please specify (Bonus)	Nil	Nil	Nil	Nil
	Total	Nil	Nil	Nil	Nil

IX). PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT /Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

By order of the Board
For KEYNOTE FINCORP LIMITED


Rakesh Choudhari
Director
(DIN: 00009093)


Uday Patil
Director
(DIN: 00003978)

Place: Mumbai
Date: 07/07/2020

ANNEXURE - II TO THE DIRECTORS' 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 transactions under third proviso thereto:


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


Name of the Related Party & Nature of Relationship	---	---
Nature of Relationship	---	---
Nature of contracts/arrangements/transactions	---	---
Duration of the contracts / arrangements/transactions	---	---
Salient terms of the contracts or arrangements or transactions including the value, if any	---	---
Justification for entering into such contracts or arrangements or transactions	---	---
Date(s) of approval by the Board	---	---
Amount paid as advances, if any	---	---
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 arrangement or transactions at arm's length basis:

Name of the Related Party	Keynote Capitals Limited
Nature of Relationship	Associate Concern
Nature of contracts/arrangements/transactions	(i) Availing of Services
Duration of the contracts / arrangements/transactions	As per the mutual agreed terms with the Board
Salient terms of the contracts or arrangements or transactions including the value, if any	Common sharing expenses & DP charges Rs. 6,63,522/-
Date(s) of approval by the Board, if any,	NA
Amount paid as advances, if any	NA

By order of the Board
For KEYNOTE FINCORP LIMITED


Rakesh Choudhari
Director
(DIN: 00009093)


Uday Patil
Director
(DIN: 00003978)

Place: Mumbai
Date: 07/07/2020

JAYESH DADIA & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

422, Arun Chambers, Tardeo, Mumbai - 400034. Tel.: +91-22-66602417 / 66601056 Fax : +91-22-66602418
E-mail: info@jdaca.com Website : www.jdaca.com

INDEPENDENT AUDITORS' REPORT

**To the Members of Keynote Fincorp Limited
Report on the Standalone Financial Statements**

Opinion

We have audited the standalone financial statements of **M/s. Keynote Fincorp Limited** ("the **Company**"), which comprise the balance sheet as at 31stMarch 2020, and the statement of Profit and Loss (Including Other Comprehensive Income), Statement of changes in Equity and Statement of Cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31stMarch, 2020, its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern



and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 Section 143(11) of the Act, we give in "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, we report, that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company in 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 Cash Flow Statement and 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 prescribed under section 133 of the Act read with relevant rules issued there under.
 - e. On the basis of the written representations received from the directors as on 31st March, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"
 - g. 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 does not have any pending litigation which will have impact on its financial position in its standalone Ind AS financial statements.

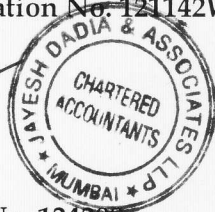


- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There has not been any occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. Thus the question of delay in transferring such sums does not arise.
3. With respect to the matter to be included in the Auditor's Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the company has not paid any remuneration to its directors during the current year.

For Jayesh Dadia & Associates LLP
Chartered Accountants
Firm's Registration No. 121142W / W100122


Samir Shah
Partner
Membership No. 124298



Place of Signature: Mumbai
Date: 27th June, 2020
UDIN: 20124298AAAABA2487

JAYESH DADIA & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

422, Arun Chambers, Tardeo, Mumbai - 400034. Tel.: +91-22-66602417 / 66601056 Fax : +91-22-66602418
E-mail: info@jdaca.com Website : www.jdaca.com

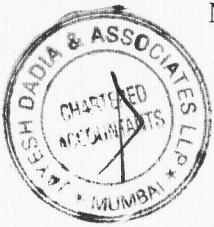
Annexure A to the Auditors' Report

The Annexure referred to in the Independent Auditors' Report to the members of the Company on the Standalone IND-AS financial statements for the year ended 31st March, 2020, we report that:

- (i) (a) & (b) In our opinion and according to the information & explanation given to us, the Company does not own any fixed assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no immovable property held in the name of the Company.
- (ii) (a) In our opinion and according to the information & explanation given to us, the Company does not have stock of shares in physical form at the year end. The management has verified/reconciled the stock of shares lying in demat form during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of verification of stock of shares, as explained to us which are followed by the management are reasonable and adequate in relation to the size of the company and the nature of business.
- (c) In our opinion and according to information and explanation given to us, the company has maintained proper records of stock of shares. The discrepancies noticed on verification between the physical verification of stocks and demat account reconciliation were not material.



- (iii) In our opinion and according to the information & explanation given to us, the Company has granted unsecured loan to one company covered in the register maintained under section 189 of the Companies Act, 2013.
- (a) In our opinion, the terms and conditions of the grant of such loan are not prejudicial to the company's interest;
- (b) & (c) According to information and explanation given to us, the schedule of repayment of principal and payment of interest has been stipulated. Therefore, we are unable to comment whether repayments of principal or interest are regular or not.
- (iv) In our opinion and according to the information & explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans given, investments made, guarantees and security given by the Company.
- (v) In our opinion and according to the information & explanation given to us, the Company has not accepted any deposits from public. Therefore paragraph 3(v) of the Order is not applicable.
- (vi) In our opinion and according to the information & explanation given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013.
- (vii) (a) According to the information & explanations provided to us & on the basis of our examination of the books of accounts & other relevant records, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to us, there were no undisputed statutory dues as mentioned above in arrears as at 31st March, 2020 for a period of more than 6 months from the date they became payable.




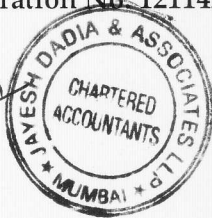
- (b) According to the information and explanations given to us, there are no disputed statutory dues which have not been deposited or partially deposited.
- (viii) In our opinion and according to the information & explanation given to us and based on our examination of the records of the Company, the company has not defaulted in repayment of loans or borrowings to banks or financial institutions.
- (ix) The Company has not raised any money by way of initial public offer or further public offer including debt instruments during the year.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information & explanation given to us, Company has not paid any remuneration to managerial personnel.
- (xii) In our opinion and according to the information & explanations given to us, the Company is not a Nidhi Company and therefore the compliance requirements relevant to a Nidhi Company are not applicable.
- (xiii) In our opinion and according to the information & explanations given to us and based on our examination of the records of the Company, all transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements etc. as required by the applicable accounting standards.



- (xiv) In our opinion and according to the information & explanation given to us and based on our examination of the records of the Company, no preferential allotment or private placement of shares or fully or partly convertible debentures has been made by the Company during the year under review.
- (xv) According to the information & explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him/her as specified under the provisions of section 192 of the Companies Act, 2013,.
- (xvi) In our opinion and according to the information & explanation given to us, the Company is registered Non banking Financial Company under section 45-1(A) of the Reserve Bank of India Act, 1934.

For Jayesh Dadia & Associates LLP
Chartered Accountants
Firm's Registration No. 121142W / W100122


Samir Shah
Partner
Membership No. 124298



Place of Signature: Mumbai
Date: 27th June, 2020
UDIN: 20124298AAAABA2487

JAYESH DADIA & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

422, Arun Chambers, Tardeo, Mumbai - 400034. Tel.: +91-22-66602417 / 66601056 Fax : +91-22-66602418
E-mail: info@jdaca.com Website : www.jdaca.com

Annexure - B to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") referred to in paragraph 2 (f) on Report on Other Legal and Regulatory Requirements of our report.

Opinion

We have audited the internal financial controls over financial reporting with reference to the standalone financial statements of **Keynote Fincorp Limited** ("the Company") as of 31st March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion the Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, 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.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and



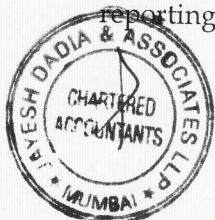
errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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




Meaning of Internal Financial Controls over Financial Reporting

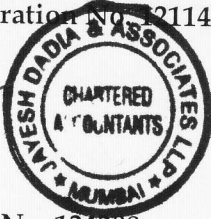
A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of 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.

For Jayesh Dadia & Associates LLP
Chartered Accountants
Firm's Registration No. 21142W/W100122


Samir Shah
Partner
Membership No. 124298



Place of Signature: Mumbai
Date: 27th June, 2020
UDIN: 20124298AAAABA2487

KEYNOTE FINCORP LIMITED

(CIN No: U67120MH1995PLC084814)

Balance Sheet

As at 31st March, 2020

(Amount in Rs.)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
ASSETS				
1. Financial Assets				
a) Cash and cash equivalents	1	6,264,415	11,654,053	506,970
b) Bank Balance other than (a) above	2	-	-	-
c) Loans	3	199,468,706	176,085,480	136,499,331
d) Investments	4	82,309,688	19,042,280	24,292,280
"A"		288,042,809	206,781,813	161,298,581
2. Non Financial Assets				
a) Inventories	5	935,755	2,108,380	3,112,147
b) Current tax Assets (Net)	6	9,422,087	30,775,138	18,788,192
c) Deferred tax Assets (Net)	7	77,771	138,060	-
d) Other Non Financial Assets	8	60,672	50,653	20,781
"B"		10,496,285	33,072,231	21,921,120
Total Assets - "A" + "B"		298,539,094	239,854,044	183,219,701
LIABILITIES AND EQUITY				
1. Financial Liabilities				
a) Trade Payables				
i) Total outstanding dues to Micro, Small and Medium Enterprises				
ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	9	693,856	702,805	1,057,617
b) Borrowings	10	181,834,006	128,725,127	74,134,508
c) Other Financial Liabilities	11	1,081,309	943,602	1,469,598
"A"		183,609,171	130,371,534	76,661,723
2. Non-Financial Liabilities				
a) Current Tax Liabilities (Net)	12	8,356,267	7,406,267	8,050,000
b) Provisions against standard Assets	13	498,672	440,214	341,248
c) Deferred Tax Liabilities (Net)		-	-	-
d) Other Non-financial Liabilities	14	74,535	73,885	67,310
"B"		8,929,474	7,920,366	8,458,558
3. Equity				
a) Equity Share Capital	15	35,000,000	35,000,000	35,000,000
b) Other Equity	16	71,000,449	66,562,143	63,099,420
"C"		106,000,449	101,562,143	98,099,420
Total Liabilities and Equity - "A" + "B" + "C"		298,539,094	239,854,044	183,219,701

Summary of Significant Accounting Policies

28

The accompanying Notes are an integral part of the Financial Statements
As per our report attached of even date

For and on behalf of Board of Directors

For JAYESH DADIA & ASSOCIATES LLP
Chartered Accountants
Firm Reg.No: 121142W/W100122

For Keynote Fincorp Limited

SAMIR SHAH
Partner
Membership No: 124298

Rakesh Choudhari
Director
DIN: 00009093

Uday Patil
Director
DIN: 00003978

Place : Mumbai
Date : 27th June, 2020

KEYNOTE FINCORP LIMITED
(CIN No: U67120MH1995PLC084814)
Statement of Profit & Loss
for the year ended 31st March, 2020

(Amount in Rs.)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
Revenue from operations			
Interest Income	17	15,069,372	22,340,560
Dividend Income	18	42,215	119,161
Net gain on fair value changes	19	3,381,431	-
Total Revenue from operations (I)		18,493,018	22,459,721
Other Income (II)	20	2,050	2,194,376
Total Income (I + II)		18,495,068	24,654,097
EXPENSES			
Finance Costs	21	7,815,829	9,356,546
Net loss on fair value changes	22	286,030	5,250,000
Changes in Inventories of Stock-in-trade	23	1,172,625	1,003,767
Employee Benefits Expenses	24	1,828,420	1,827,755
Other Expenses	25	1,885,112	1,816,467
Provision for contingencies on Standard Assets		58,458	98,966
Total Expenses (IV)		13,046,474	19,353,501
Profit Before Tax (V-VI)		5,448,594	5,300,596
Tax Expenses			
-Current Tax	26	(950,000)	(2,147,504)
-Deferred Tax		77,771	138,060
-Prior period Tax adjustment		-	171,571
Profit for the Period ended (VI-VII)		4,576,365	3,462,723
Other Comprehensive Incomes		-	-
Total Comprehensive Incomes for the period		4,576,365	3,462,723
Earnings per Equity Share	27		
Basic (in Rs.)		1.31	0.99
Diluted (in Rs.)		1.31	0.99

Summary of Significant Accounting Policies

28

The accompanying Notes are an integral part of the Financial Statements

As per our report attached of even date

For and on behalf of Board of Directors

For JAYESH DADIA & ASSOCIATES LLP

Chartered Accountants

Firm Reg.No: 121142W/W100122

For KEYNOTE FINCORP LIMITED

SAMIR SHAH

Partner

Membership No: 124298

RAKESH CHOUDHARI

DIRECTOR

DIN : 00009093

UDAY PATIL

DIRECTOR

DIN: 00003978

Place : Mumbai

Date : 27th June, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in Rs)

Particulars	31-Mar-20	31-Mar-20	31-Mar-19	31-Mar-19
CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax and Extraordinary items		5,448,594		5,300,596
Adjustment For :				
Dividend Income	(42,215)		(119,161)	
Profit on sale of mutual funds (Realised)	(3,041,523)		-	
Provision for Bonus	74,535		73,885	
Provision for Standard asset	58,458		98,966	
Changes on A/c. of Revaluation as per IND AS (Unrealised)	(339,908)		-	
Bonus paid	(73,885)		(67,310)	
Loss on sale of Shares	286,030		5,250,000	
		(3,078,507)		5,236,380
Operating profit before working capital changes		2,370,087		10,536,976
Adjustment For :				
Decrease /(Increase) in Inventory	1,172,625	-	1,003,767	
Decrease /(Increase) in Loans	(23,383,226)	-	(39,586,149)	
Decrease /(Increase) in other Current Tax Assets	21,353,051	-	(11,986,946)	
Increase / (Decrease) in Other Financial Liabilities	53,108,879	-	54,590,619	
Increase /(Decrease) in Other Non Financial Assets	(10,020)	-	(29,872)	
Increase /(Decrease) in Trade Payables	(8,949)	-	(354,812)	
Increase / (Decrease) in Other Current Liabilities	137,707	52,370,067	(525,996)	3,110,611
CASH FROM OPERATING ACTIVITIES		54,740,152		13,647,587
Less: Tax paid				
Less: Tax paid	-	-	-	(2,619,665)
NET CASH FROM OPERATING ACTIVITIES		54,740,152		11,027,922
CASH FLOW FROM INVESTING ACTIVITIES:				
Dividend income	42,215		119,161	
Purchase of Investment	(327,430,000)			
Sale of Investment	267,257,995			
NET CASH FROM INVESTING ACTIVITIES		(60,129,791)		119,161
CASH FLOW FROM FINANCING ACTIVITIES:				
NET CASH FROM FINANCING ACTIVITIES				
NET INCREASE IN CASH AND CASH EQUIVALENTS		(5,389,638)		11,147,083
Cash and cash equivalents as at 31st March,2019 (Opening Balance)		11,654,053		506,970
Cash and cash equivalents as at 31st March,2020 (Closing Balance)		6,264,415		11,654,053
NET INCREASE IN CASH AND CASH EQUIVALENTS		(5,389,638)		11,147,083



NOTES TO THE CASH FLOW STATEMENT

- The above Cash flow statement has been prepared under the "indirect method" as set out in Accounting Standard 3, 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India.
- Figures in bracket indicate cash outgo / income.
- Previous year's figures have been regrouped / rearranged wherever necessary to confirm to current year classification.
- Cash and Cash Equivalents represent:

Cash	15,844	20,954
With Banks		
-Current Accounts	6,248,571	11,633,099
Total cash and cash equivalents	6,264,415	11,654,053

As per Report of Even Date Attached
For Jayesh Dadia & Associates LLP
Chartered Accountants
Firm Reg.No.: 121142W/W100122

On behalf of the Board of Directors
For Keynote Fincorp Limited



RAKESH CHOUDHARI UDAY PATIL
DIRECTOR DIRECTOR
DIN:00009093 DIN: 00003978

SAMIR SHAH
PARTNER
Mem. No.: 124298
Mumbai
Date : 27th June, 2020

STATEMENT OF CHANGE IN EQUITY AS ON 31ST MARCH, 2020

(Amount in Rs)

A. Equity Share Capital

Particulars	31st March,2020		31st March,2019		1st April,2018	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	3,500,000	35,000,000	3,500,000	35,000,000	3,500,000	35,000,000
Changes in equity share capital during the year	-	-	-	-	-	-
At the end of the year	3,500,000	35,000,000	3,500,000	35,000,000	3,500,000	35,000,000

B. Other Equity

Particulars	Reserves and Surplus				Total
	Statutory Reserve	Other Comprehensive Income	Securities Premium	Retained Earnings	
Balance as at 1st April, 2018	3,963,141	-	30,000,000	15,750,797	49,713,938
Adjustments on account of transition to IND AS	2,677,097	-	-	10,708,386	13,385,483
Opening reinstated balance as on 1st April,2018	6,640,238	-	30,000,000	26,459,183	63,099,420
Other Comprehensive Income	-	-	-	-	-
Transferred to Statutory Reserve	-	-	-	(692,545)	-
Transfer from Retained Earnings	692,545	-	-	-	-
Profit/Loss for the period	-	-	-	3,462,723	3,462,723
Balance as at 31st March,2019	7,332,783	-	30,000,000	29,229,361	66,562,143
Other Comprehensive Income	-	-	-	-	-
Transferred to Statutory Reserve	-	-	-	(915,273)	-
Transfer from Retained Earnings	915,273	-	-	-	-
Appropriate -reversal of Deffered Tax Assets prov.	-	-	-	(138,060)	(138,060)
Profit/Loss for the period	-	-	-	4,576,365	4,576,365
Balance as at 31st March, 2020	8,248,056	-	30,000,000	32,752,393	71,000,449

Notes :

- 1 Retained earnings represent the accumulated earnings net of lossess if any made by the company over the years.
- 2 Statutory reserve represents amount appropriated from retained earnings.
- 3 Securities premium is created in issue of shares during previous financial years.
- 4 Other comprehensive income represents remeasurements of defined benefit plans measured at fair value through other comprehensive income.

The accompanying Notes are an integral part of the Financial Statements

As per our report attached of even date

For and on behalf of Board of Directors

For JAYESH DADIA & ASSOCIATES LLP

Chartered Accountants

Firm Reg.No: 121142W/W100122

For KEYNOTE FINCORP LIMITED

SAMIR SHAH

Partner

Membership No: 124298

RAKESH CHOUDHARI

DIRECTOR

DIN : 00009093

UDAY PATIL

DIRECTOR

DIN: 00003978

Place : Mumbai

Date : 27th June, 2020

Notes:

- 1 The above results were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its meeting held on 27th June 2020. The results for the year ended 31st March 2020 have been reviewed by the Statutory Auditors of the Company.
- 2 Figures for the previous year/quarters have been regrouped, reclassified and/or recast wherever necessary.
- 3 The statement has been prepared in accordance with the Companies (Indian Accounting Standard) Rules,2015 (Ind AS), prescribed under section 133 of the Companies Act 2013, and other recognized accounting practices and policies to the extent applicable. Beginning 01st April 2019, the company has for the first time adopted Ind AS with a transition date of 01st April 2018.
- 4 The reconciliation of net profit reported in accordance with the Indian GAAP to total comprehensive income in accordance with IND AS is given below:

Description	(Rs.in Lacs)	
	Qtr ended 31-Mar-19	Year ended 31-Mar-19
Profit / (Loss) as per Indian GAAP for March 2019	142.52	105.51
Add: Increase / (Decrease) in Value of Investments as per IND AS	(48.23)	(52.50)
Total Profit as per IND AS as on 31st March 2019	94.29	53.01

For and on behalf of Board of Directors

For Keynote Fincorp Limited


Rakesh Choudhari
Director
DIN : 00009093


Uday Patil
Director
DIN: 00003978

Place : Mumbai
Dated : 27th June, 2020

NOTE 1. CASH AND CASH EQUIVALENTS

(Amount in Rs.)

Particulars	31.03.2020	31.03.2019	01.04.2018
a) Cash on Hand	15,844	20,954	107,454
b) Balance with Banks : In Current Account	6,248,571	11,633,099	399,516
Total	6,264,415	11,654,053	506,970

NOTE 2. BANK BALANCE OTHER THAN NOTE NO.1 ABOVE

Particulars	31.03.2020	31.03.2019	01.04.2018
Bank balances other than Note no.1 above	-	-	-
Total	-	-	-

NOTE 3. LOANS

Particulars	31.03.2020	31.03.2019	01.04.2018
Short Term Loans & Advances			
<u>Secured</u>			
To others	55,711,618	93,156,335	77,715,949
<u>Unsecured</u>			
To others	100,066,162	74,797,926	58,783,382
To Related Parties	43,690,926	8,131,219	-
Total	199,468,706	176,085,480	136,499,331

NOTE 4. INVESTMENTS

Particulars	31.03.2020	31.03.2019	01.04.2018
A) NON CURRENT INVESTMENTS			
Investment in Equity Shares -Quoted, Fully paid, Measured at FVTPL			
- (50000) S.H. Kelkar & Company Ltd (FV Rs.10/-)	-	7,672,500	12,922,500
	-	7,672,500	12,922,500
Rights in Financial Assets - Measured at FMV	11,369,780	11,369,780	11,369,780
Total (A)	11,369,780	19,042,280	24,292,280
B) CURRENT INVESTMENTS			
Investment in Mutual Funds -Quoted, Fully paid, Measured at FVTPL			
<u>Debt Fund</u> Rs.1000/-)	70,939,908	-	-
Total (B)	70,939,908	-	-
Total (A+B)	82,309,688	19,042,280	24,292,280

NOTE 5. INVENTORIES

Particulars	31.03.2020	31.03.2019	01.04.2018
STOCK-IN-TRADE			
Quoted Equity shares Fully paid up 46905 (46905) Hudco Ltd (FV Rs.10/-) (measured at NRV or Cost whichever is less)	935,755	2,108,380	3,112,147
Total	935,755	2,108,380	3,112,147

NOTE 6. CURRENT TAX ASSETS

Particulars	31.03.2020	31.03.2019	01.04.2018
Balance with Government and other Statutory Authorities	8,563,324	29,916,375	18,788,192
MAT Credit	858,763	858,763	-
Total	9,422,087	30,775,138	18,788,192

NOTE 7. DEFERRED TAX ASSETS (NET)

Particulars	31.03.2020	31.03.2019	01.04.2018
Defferred Tax Assets (Ind As)	77,771	138,060	-
Total	77,771	138,060	-

NOTE 8. OTHR NON-FINANCIAL ASSETS

Particulars	31.03.2020	31.03.2019	01.04.2018
Prepaid Expenses	42,672	32,653	20,781
Security Deposit	18,000	18,000	-
Total	60,672	50,653	20,781

NOTE 9. TRADE PAYABLES

Particulars	31.03.2020	31.03.2019	01.04.2018
(a) Total outstanding dues of micro enterprise and small enterprises	-	-	-
(b) Total outstanding dues of creditors other than micro enterprise and small enterprises			
-Creditors for expenses	693,856	702,805	1,057,617
Total	693,856	702,805	1,057,617

NOTE 10. BORROWINGS

Particulars	31.03.2020	31.03.2019	01.04.2018
<u>Unsecured Short Term Borrowings</u>			
From others	181,834,006	128,725,127	57,958,581
From Related Parties	-	-	16,175,927
Total	181,834,006	128,725,127	74,134,508

NOTE 11. OTHER FINANCIAL LIABILITIES

Particulars	31.03.2020	31.03.2019	01.04.2018
OTHER CURRENT LIABILITIES			
Other Liabilities	932,136	793,314	1,333,531
Outstanding Expenses	149,173	150,288	136,067
Total	1,081,309	943,602	1,469,598

NOTE 12. CURRENT TAX LIABILITIES

Particulars	31.03.2020	31.03.2019	01.04.2018
Provisions for Tax Income Tax	8,356,267	7,406,267	8,050,000
Total	8,356,267	7,406,267	8,050,000

NOTE 13. PROVISION AGAINST STANDARD ASSETS

Particulars	31.03.2020	31.03.2019	01.04.2018
Provision against Standard Assets	498,672	440,214	341,248
Total	498,672	440,214	341,248

NOTE 14. OTHER NON-FINANCIAL LIABILITIES

Particulars	31.03.2020	31.03.2019	01.04.2018
Provisions for Employee Benefits Bonus	74,535	73,885	67,310
Total	74,535	73,885	67,310

NOTE 15. EQUITY SHARE CAPITAL

Particulars	31.03.2020	31.03.2019	01.04.2018
Authorised, issued, subscribed and paid up share capital and value per share: 1,70,00,000 Equity shares of Rs.10/- each (Previous year 1,70,00,000 Equity shares of Rs.10/- each)	170,00,000	170,00,000	170,00,000
Total	170,00,000	170,00,000	170,00,000
Issued, Subscribed & Fully paid up shares 35,00,000 Equity Share of Rs. 10/- each (Previous Year 35,00,000 Equity shares of Rs.10/- each)	35,00,000	35,00,000	35,00,000
Total	35,00,000	35,00,000	35,00,000

Particulars	31.03.2020 No. of shares	31.03.2019 No. of shares	01.04.2018 No. of shares
Reconciliation of Number of Equity Shares			
Number of shares outstanding as at the beginning of the year	3,500,000	3,500,000	3,500,000
Add:			
a) Number of shares allotted as fully paid up bonus shares during the year	-	-	-
b) Number of shares allotted during the year as fully paid up pursuant to a contract without payment being received in cash	-	-	-
c) Number of shares allotted to employees pursuant to ESOPs/ ESPs	-	-	-
d) Number of shares allotted for cash pursuant to public issue	-	-	-
	3,500,000	3,500,000	3,500,000
Less:			
Number of shares bought back during the year	-	-	-
Number of shares outstanding as at the end of the year	3,500,000	3,500,000	3,500,000

The Rights, Preferences, Restriction including restriction on the distribution of dividend and repayment of capital

1. The company is having only one class of share, that is equity carrying nominal value of Rs.10 per share.
2. Every holder of equity share of the company is entitled to one vote per share held.

The details of shareholders holding more than 5% shares

Particulars	No. of shares Fully Paid Rs.10/-	31.03.2020 % of holding	31.03.2019 % of holding	01.04.2018 % of holding
Name of Equity Shareholders				
M/s. Keynote Corporate Services Ltd.	2,000,000	57.14%	57.14%	57.14%
M/s. Keynote Capital Ltd.	1,500,000	42.86%	42.86%	42.86%
Total	3,500,000	100%	100%	100%

NOTE 16. OTHER EQUITY

Particulars	31.03.2020	31.03.2019	01.04.2018
Securities Premium	30,000,000	30,000,000	30,000,000
Statutory Reserve (u/s 45 IC of RBI Act)			
Opening Balance	7,332,783	6,640,238	3,963,141
Addition during the year	915,273	692,545	2,677,097
Closing Balance	8,248,056	7,332,783	6,640,238
6) Statement of Profit & Loss			
As per Last Balance sheet	29,091,301	26,459,183	15,750,797
Add : Profit transferred from Statement of Profit & Loss	4,576,365	3,462,723	13,385,483
Less: Transferred to Statutory Reserve	(915,273)	(692,545)	(2,677,097)
	32,752,393	29,229,361	26,459,183
Total	71,000,449	66,562,143	63,099,420

KEYNOTE FINCORP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH,2020

NOTE 17. INTEREST INCOME

(Amount in Rs.)

Particulars	31.03.2020	31.03.2019
Interest from loans	15,069,372	22,340,560
	15,069,372	22,340,560

NOTE 18. DIVIDEND INCOME

Particulars	31.03.2020	31.03.2019
Dividend Income	42,215	119,161
	42,215	119,161

NOTE 19. NET GAIN ON FAIR VALUE CHANGES

Particulars	31.03.2020	31.03.2019
(A) Net gain/(Loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
Investments in Shares	-	-
Investments in MF	3,041,523	-
(ii) On financial instruments designated at fair value through profit or loss		
Investments in Shares	-	-
Investments in MF	339,908	-
(B) Others- Stock in Trade of shares	-	-
(C) Total Net Gain/(Loss) on fair value changes	3,381,431	-
Fair Value Changes :		
Realised	3,041,523	-
Unrealised	339,908	-
(D) Total Net Gain on fair value changes	3,381,431	-

NOTE 20. OTHER INCOME

Particulars	31.03.2020	31.03.2019
Interest Income on Income Tax refund	-	2,194,376
Processing Fee Received	2,050	-
	2,050	2,194,376

NOTE 21. FINANCE COSTS

Particulars	31.03.2020	31.03.2019
Interest on borrowings	7,814,767	9,349,265
Bank & Other Charges	1,062	7,281
	7,815,829	9,356,546

NOTE 22. NET LOSS ON FAIR VALUE CHANGES

Particulars	31.03.2020	31.03.2019
(A) Net gain/(Loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
Investments in Shares	286,030	-
(ii) On financial instruments designated at fair value through profit or loss		
Investments in Shares	-	5,250,000
Investments in MF	-	-
(C) Total Net Gain/(Loss) on fair value changes	286,030	5,250,000
Fair Value Changes :		
Realised	286,030	-
Unrealised	-	5,250,000
(D) Total Net Loss on fair value changes	286,030	5,250,000

NOTE 23. CHANGES IN INVENTORIES OF STOCK-IN-TRADE

Particulars	31.03.2020	31.03.2019
Changes in stock in trade	1,172,625	1,003,767
	1,172,625	1,003,767

NOTE 24. EMPLOYEE BENEFITS EXPENSES

Particulars	31.03.2020	31.03.2019
Salary, Wages, Allowances & Bonus	1,553,745	1,625,105
Leave Encashment	10,112	26,290
Staff Welfare Expenses	264,563	176,360
Total	1,828,420	1,827,755

NOTE 25. OTHER EXPENSES

Particulars	31.03.2020	31.03.2019
Auditors' Remuneration (see below)	265,500	295,000
Conveyance Exp	92,510	61,830
Custodial/ R&T charges	16,520	4,622
Depository Charges	6,992	1,770
Donation	-	300,000
Electricity Charges	311,438	294,254
Insurance	22,909	17,656
Miscellaneous Expenses	1,595	50
Sharing of common expenses	627,251	682,360
Legal and Professional fees	495,483	63,130
Membership fees & subscription Exp	24,034	59,000
Profession Tax	2,085	2,000
Processing Charges (CDSL)	-	17,700
Registration & filing fees	4,260	2,424
Telephone Expenses	14,535	14,671
Total	1,885,112	1,816,467
Auditor's Remuneration		
For Statutory and Tax Audit	147,500	147,500
For Certification work	-	29,500
For Income Tax and other Matters	118,000	118,000
	265,500	295,000

NOTE 26. TAX EXPENSES

Particulars	31.03.2020	31.03.2019
Current Tax	950,000	3,006,267
Less: Mat Credit utilised	-	858,763
Total	950,000	2,147,504

NOTE 27. Earnings Per Equity Shares

Particulars	31.03.2020	31.03.2019
Basic Earing Per Shares		
Total Comprehensive Incomes for the period (a)	4,576,365	3,462,723
Weighted average number of equity shares outstanding during the period (b)	3,500,000	3,500,000
Basic Earning Per Share (a/b)	1.31	0.99
Diluted Earning Per Share		
Profit after tax as per Statement of Profit & Loss (a)	4,576,365	3,462,723
Weighted average number of equity shares outstanding during the year	3,500,000	3,500,000
Add : Weighted average number of potential equity shares on account of conversion of Optionally Convertible Preference Shares	-	-
Weighted average number of equity shares outstanding for diluted EPS (b)	3,500,000	3,500,000
Diluted Earning Per Share (a/b)	1.31	0.99
Nominal Value per Share	10	10

KEYNOTE FINCORP LTD.

Regd. Office : The Ruby,9th floor, Senapati Bapat Marg, Dadar (W) Mumbai 400 028.

AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST MARCH 2020

(Rs. In Lacs)

Sr. No.	Particulars	Quarter Ended			Year Ended	
		31-Mar-20 Audited	31-Dec-19 Unaudited	31-Mar-19 Audited	31-Mar-20 Audited	31-Mar-19 Audited
	Revenue from Operations					
i	Interest Income	147.38	-	221.43	150.69	223.41
	Dividend Income	0.35	0.07	0.32	0.42	1.19
	Net gain on fair value changes	7.08	2.12	-	33.81	-
ii	Other Income	-	7.19	21.94	0.02	21.94
iii	Total income	154.82	9.37	243.69	184.95	246.54
iv	Expenses					
	Finance costs	77.88	0.01	84.48	78.16	93.57
	Net loss on fair value changes	-	-	48.23	2.86	52.50
	Changes in inventories of stock in trade	7.55	-	(0.94)	11.73	10.04
	Employee benefits expenses	5.46	4.19	5.50	18.28	18.28
	Other Expenses	10.06	2.73	11.83	18.85	18.16
	Provision for contingencies on Standard Assets	0.20	0.48	0.31	0.58	0.99
	Total expenses	101.15	7.41	149.41	130.47	193.54
V	Profit/(Loss) before exceptional items & taxes (iii-iv)	53.67	1.96	94.29	54.49	53.01
VI	Exceptional Items		-		-	-
VII	Profit/(Loss) before extraordinary items and tax (V+VI)	53.67	1.96	94.29	54.49	53.01
VIII	Extraordinary Items		-		-	-
IX	Profit/(Loss) before tax (VII+VIII)	53.67	1.96	94.29	54.49	53.01
X	Tax Expenses-Current Tax	(9.50)	-	(21.48)	(9.50)	(21.48)
	Short/(Excess) provision for tax	-	-	1.72	-	1.72
	Deferred Tax	0.78	1.19	1.38	0.78	1.38
	Total Tax Expenses	(8.72)	1.19	(18.38)	(8.72)	(18.38)
XI	Profit/(Loss) for the period from continuing operations (IX-X)	44.95	3.15	75.91	45.76	34.63
XII	Profit/(Loss) from discontinuing operations before tax	-	-	-	-	-
XIII	Tax Expenses of discontinuing operations	-	-	-	-	-
XIV	Profit/(Loss) from discontinuing operations after tax (XII-XIII)	-	-	-	-	-
XV	Total Profit/(Loss) for the period (XI+XIV)	44.95	3.15	75.91	45.76	34.63
	Other Comprehensive Income					
	Total profit or loss, attributable to shareholders of the Company					
	Non-controlling interest					
	Total Comprehensive Income for the period attributable to shareholders of the Company					
	Non-controlling interest					
	Details of Equity Share Capital					
	Paid up equity share capital (Face Value per share: Rs.10/-)	35.00	35.00	35.00	35.00	35.00
XVI	Earnings Per Share (Before Extraordinary items) (35,00,000 Equity shares of Rs.10/- each) (Not annulized)					
	(a) Basic (Rs.)	1.28	0.09	2.17	1.31	0.99
	(b) Diluted (Rs.)	1.28	0.09	2.17	1.31	0.99
	Earnings Per Share (After Extraordinary items) (35,00,000 Equity shares of Rs.10/- each) (Not annulized)					
	(a) Basic (Rs.)	1.28	0.09	2.17	1.31	0.99
	(b) Diluted (Rs.)	1.28	0.09	2.17	1.31	0.99

KEYNOTE FINCORP LIMITED
(CIN NO: U67120MH1995PLC084814)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE NO. 28

I. GENERAL INFORMATION:

Keynote Fincorp Limited (the 'Company') is a Non-Banking Finance Company registered with the Reserve Bank of India.

II. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation and Presentation of Financial Statements & Use of Estimates:

1.1 The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Act to be read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, the relevant provisions of the Companies Act, 2013 ("The Act") and guidelines issued by the Securities & Exchange Board of India.

The Company's Financial Statements for the year ended 31st March, 2020 comprises of the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and the Notes to Financial Statements.

1.2 For all periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards specified under Section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2015. The financial statements for the year ended 31st March 2020 are the first Financial Statements of the Company prepared in accordance with Ind AS based on the permissible options and exemptions available to the Company in terms of Ind AS 101 "First time adoption of Indian Accounting Standards" in Note No. 45.

1.3 Reconciliations and descriptions of the effect of the transition have been summarized in Note No. 41. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.4 The preparation of financial statements, in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.5 The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

- (i) Financial Instruments measured at fair value.
- (ii) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

1.6 All assets and liabilities have been classified as finance and non-finance as per the Indian Accounting Standards (Amendment) Rules 2016 to which Indian Accounting Standards applied,

KEYNOTE FINCORP LIMITED
(CIN NO: U67120MH1995PLC084814)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH,2020

prepared financial statements in accordance with Schedule III or with such modifications as may be required under certain circumstances.

1.7 Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by The Reserve Bank of India (RBI) for Non-Banking Financial Companies. The Indian accounting standards are followed insofar as the Prudential Norms prescribed by Reserve Bank of India (RBI).

2.Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

i. Gains / Losses on Securities are accounted on the basis of purchases and sales contracted up to the last day of the financial year.

ii. In respect of other heads of income, the entity follows the practice of accounting of such income on accrual basis.

iii. Incomes including interest/discount or any other charges on Non-Performing Assets are recognised only when it is actually realised. Any such income recognised before the asset became non-performing and remaining unrealised are reversed.

iv. Income from dividend on shares of corporate bodies and units of mutual funds are taken into account on receipt basis. The income from dividend on shares of corporate bodies are taken into account on accrual basis when such dividend has been declared by the corporate body in its annual general meeting and the company's right to receive payment is established.

3.Investments

The Company being regulated as a Non-Banking Financial Company (NBFC) by the RBI, investments are classified under two categories i.e. Current and Long Term and are valued in accordance with the RBI guidelines and the Indian Accounting Standard (IND-AS) on 'Accounting for Investments' issued by the Institute of Chartered Accountants of India.

'Long Term Investments' are carried at acquisition/amortised cost. A provision is made for diminution other than temporary on an individual investment basis.

4.Stock in Trade

Stock in trade in securities are carried at lower of cost or market value on an individual investment category basis.

5. Classification of Assets and Liabilities into Current / Non - Current

The Company has ascertained its operating cycle as twelve months for the purpose of Current /Non Current classification of its Assets and Liabilities.

For the Purpose of Balance Sheet, an asset is classified as current if:

KEYNOTE FINCORP LIMITED
(CIN NO: U67120MH1995PLC084814)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

- (i) It is expected to be realized, or is intended to be sold or consumed, in the normal operating cycle; or
- (ii) It is held primarily for the purpose of trading; or
- (iii) It is expected to realize the asset within twelve months after the reporting period; or
- (iv) The asset is a cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Similarly, a liability is classified as current if:

- (i) It is expected to be settled in the normal operating cycle; or
- (ii) It is held primarily for the purpose of trading; or
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could result in its settlement by the issue of equity instruments at the option of the counterparty does not affect this classification.

All other liabilities are classified as non-current.

6. Financial Instrument:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments to the Financial Statements for the period ended 31st March, 2020

6 a. Financial asset:

All regular way purchases or sales of financial assets are recognized and de-recognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

6 b. Financial assets at amortised cost:

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and 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 principal amount outstanding.

6 c. Financial assets at Fair Value Through profit and Loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit and loss. The net gain or loss recognized in profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other Income / Other expenses' line item. Dividend on financial assets at FVTPL is

KEYNOTE FINCORP LIMITED
(CIN NO: U67120MH1995PLC084814)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

recognized when the Company's right to receive the dividends 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 measured reliably.

6 d. Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets

The Company has made an irrevocable election to present subsequent changes in the fair value of Debt instruments not held for trading in other comprehensive income.

6 e. Impairment of financial assets:

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

For trade receivables or any contractual rights to receive cash or another financial assets that results from transactions that are within the scope of Ind AS 18, the Company always measures their allowances at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivable, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

6 f. De-recognition of financial assets:

The Company de-recognizes a financial asset when contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognize sits retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received

6 g. Foreign exchange gains and losses:

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortized cost and FVTPL, exchange differences are recognized in profit and loss, except for those which are designated as hedging instruments in a hedging relationship.

6 h. Financial liabilities:

Financial liabilities are subsequently measured at amortized cost or at FVTPL.

6i. Financial liabilities at FVTPL:

Financial liabilities such as derivative that is not designated and effective as a hedging instrument are classified as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

arising on re-measurement recognized in profit and loss. The net gain or loss recognized in profit and loss is included in the 'Other Income/ Other expenses' line item.

6 j. Financial liabilities subsequently measured at amortized cost:

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at cost.

6 k. Foreign exchange gains and losses:

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains or losses are determined based on the amortized cost of the instruments and are recognized in 'Other Income / Other Expenses'

The fair value of financial liabilities denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit and loss.

6 l. Derecognition of financial liabilities:

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Derivative financial instruments:

The Company enters into foreign exchange forward contracts to manage its exposure of foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit and loss immediately.

6 m. Contingent liabilities and contingent assets

Contingent liability is disclosed in the case of:

- i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- ii) a present obligation when no reliable estimate is possible, and
- iii) a possible obligation, arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognized nor disclosed.

7. Provision:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

8. Income Taxes:

Income tax expenses comprise current tax and deferred tax charge or credit. Current Tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax, 1961 and other applicable tax laws.

Deferred tax is provided, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized directly in equity or OCI is recognized in equity or OCI and not in the statement of Profit and Loss. MAT Credits are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence it is grouped with deferred Tax asset.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable.

9. Earnings Per Share

The basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the Equity shareholders, by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit /(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

10. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

10.1 Critical judgments in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements

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10.2 Key assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

10.3 Fair value measurement of financial instruments:

Fair value of financial assets and liabilities is normally determined by references to the transaction price. If the fair value is not reliably determinable, the company determines the fair value using valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTE NO. 29

Employee Benefits

In the opinion of the management and in the absence of required number of staff strength, employee benefits viz. Provident Fund, Gratuity etc are not applicable to the company. Therefore, provision for employee benefits is not made.

NOTE NO. 30

Disclosure under Micro, small and medium enterprises development Act,2006

No dues payable to micro, small and Medium Enterprises. The Status about these enterprises is based on the available information with the Company.

NOTE NO. 31

AUDITORS REMUNERATION (Including GST):
(Rs.in Lakhs)

S.no.	Particulars	Year ended 31st March, 2020	Year ended31st March, 2019
(i)	Statutory Audit Fees	1.47	1.47
(ii)	Certification work	-	0.30
(iii)	Income Tax & other matters	1.18	1.18
	Total	2.65	2.95

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE NO. 32

Earnings Per Share

The disclosure requirements with respect to Indian Accounting Standard (AS) - 33 "Earnings per share is as follows:

(Amount in Rs.)

Particulars	31st March 2020	31st March 2019
Profit for the year ended	45,76,365	34,62,723
Weighted Average Number of equity shares issued (B) (face value of Rs. 10 each)	35,00,000	35,00,000
Basic Earnings per share (A/B)	1.31	0.99
Weighted Number of equity shares outstanding for Diluted EPS (C)	35,00,000	35,00,000
Diluted Earnings per share (A/C)	1.31	0.99

NOTE NO. 33

SEGMENT REPORTING

Primary Segment

The Company is engaged in only one segment i.e. Financing Activity as its primary segment.

The company has business operations only in India and does not hold any fixed / financial assets outside India.

NOTE NO. 34

RELATED PARTY TRANSACTIONS

Related party disclosures as per Accounting Standard-18 are as under:

a) Key Management Personnel: (i) Mr. Vineet Suchanti
(ii) Mr. Rakesh Choudhari

b) Ultimate Holding Company: (i) Keynote Financial Services Limited
(Formerly Keynote Corporate Services Ltd)

c) Entities having significant influence : (i) Concept Communications Limited
(ii) Keynote Capitals Limited
(iii) Keynote Commodities Limited

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Transactions carried out with related parties referred above			(Amount in Rs.)	
Sr no.	Nature of transactions	KMP & Relatives	Ultimate Holding Company	KMP or relative having significant influence
1	Interest paid	-	-	-
			7,56,822	10,28,032
2	Interest Received	-	-	(32,49,240)
		-	-	(4,12,019)
3	Paid for expenses	-	-	6,63,522
		-	-	9,92,901
4	Brokerage on Sale/Purchase of shares	-	-	-
		-	-	-
5	Purchase of Shares	-	-	-
		-	-	-
6	Loan given	-	-	14,17,50,000
		-	-	17,64,75,000
7	Repayment of Loan given	-	-	(10,87,00,000)
		-	-	(16,77,35,000)
8	Loan taken	-	-	-
		-	(6,00,00,000)	(3,54,00,000)
9	Repayment of Loan taken	-	-	-
		-	6,00,00,000	5,15,75,927
10	Closing Balance	-	-	4,30,27,404
		-	-	74,41,374
Previous year's figures are in "Italic"				

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE NO. 35

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.

NOTE NO. 36

Financial risk management

Company has operations in India. Whilst 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. The company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

(A) Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligation. The Company manages and control credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, and by monitoring exposures in relations to such limits. The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the standalone Ind AS financial statements. The company's major classes of financial assets are cash and Cash equivalents, loans, investment in mutual fund units, Inter corporate deposits, trade receivables and security deposits. Deposits with banks are considered to have negligible risk or nil risk, as they are maintained with high rated banks/financial institutions as approved by the Board of directors. The management has established accounts receivable policy under which customer accounts are regularly monitored. The company has a dedicated risk management team , which monitors the positions, exposures and margins on a continuous basis.

(B) Liquidity risk :

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation. Prudent liquidity risk management requires sufficient cash and marketable securities and availability of funds through adequate committed credit facilities to meet obligations when due and to close out market positions. The Company has a view of maintaining liquidity with minimal risks while making investments. The Company invests its surplus funds in short term liquid assets in bank deposits and liquid mutual funds. The Company monitors its cash and bank balances periodically in view of its short term obligations associated with its financial liabilities.

KEYNOTE FINCORP LIMITED
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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(C) Market risk :

(i) Interest rate risk

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.

The Company's interest risk arises from interest bearing deposits with bank and loans given to customers. Such instruments exposes the Company to fair value interest rate risk. Management believe that the interest rate risk attached to this financial assets are not significant due to the nature of this financial assets.

(ii) Market price risk

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.

NOTE NO. 37

Impact of Covid -19 Pandemic

The Covid -19 Pandemic has resulted in significant decrease in economic activities across the country, on account of lockdown that started on 24 March 2020. The lockdown also affected the Company's business operations in the last week of March, 2020.

Further in accordance with the RBI guidelines relating to 'Covid -19 Regulatory Package' dated 27 March 2020. The Company has not taken loan from any financial institution. Hence no need to opt for EMI Moratorium.

Estimates and associated assumptions applied in preparing these financial results, especially for determining the impairment allowance for the Company's financial assets (Loans), are based on historical experience and other emerging/forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances.

Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the company.

Due to Covid-19 Pandemic it was not possible to send physical letters for balance confirmations to borrowers. However, the Company has a procedure of sending the outstanding balance confirmations to the borrowers on yearly basis via email and the same has been relied upon by auditors.

KEYNOTE FINCORP LIMITED
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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE NO. 38

Capital Management

Objective

"The Company's objectives when managing capital are to: 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 - maintain an optimal capital structure to reduce the cost of capital."

Planning

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks— which include credit, liquidity and interest rate. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

The Company monitors its capital by using gearing ratio, which is net debt to total equity. Net debt includes non-current borrowings net of cash and bank balances and total equity comprises of Equity share capital, security premium, share options outstanding account and retained earnings. Further, the Company also manages its capital and return to shareholders by adequately investing in mutual funds.

NOTE NO. 39

Financial Instruments

(a) Financial Instruments by Category

Particulars	March 2020	March 2019	April 2018	Fair Value Hierarchy
Financials assets				
<u>Measured at Amortized Cost</u>				
Cash and cash equivalents	62,64,415	1,16,54,053	5,06,970	Level 3
Loans	19,94,68,706	17,60,85,480	13,64,99,331	Level 3
<u>Measured at Fair Value through Profit & Loss</u>				
Investments	8,23,09,688	1,90,42,280	2,42,92,280	Level 1
Total financial assets	28,80,42,809	20,67,81,813	16,12,98,581	
Financials liabilities				
<u>Measured at Amortized Cost</u>				
Trade Payables	6,93,856	7,02,805	10,57,617	Level 3
Borrowings	18,18,34,006	12,87,25,127	7,41,34,508	Level 3
Other financial liabilities	10,81,309	9,43,602	14,69,598	Level 3
Total financials liabilities	18,36,09,171	13,03,71,534	7,66,61,723	

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(b) Fair Value Hierarchy

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main items in this category are available-for-sale financial assets, measured at fair value.

Financial assets not measured at fair value include cash and cash equivalents, loans and other financial assets. These are financial assets whose carrying amounts approximate fair value, due to their short-term nature.

Additionally, financial liabilities such as trade payables and other financial liabilities are not measured at FVTPL, whose carrying amounts approximate fair value, because of their short-term nature.

KEYNOTE FINCORP LIMITED
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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE NO. 40

Income Tax

Tax Expenses	For the year ended 31.03.2020	For the year ended 31.03.2019
Recognized in the statement of profit & loss		
Current tax	950,000	2,147,504
Deferred tax	(77,771)	(138,060)
	872,229	2,009,444
Recognized in other comprehensive income		
Deferred tax	-	-
	-	-
Total Taxes		
Current tax	950,000	2,147,504
Deferred tax	(77,771)	(138,060)
	872,229	2,009,444
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Tax Expenses	For the year ended 31.03.2020	For the year ended 31.03.2019
Profit before tax	5,448,594	5,300,596
Statutory income tax rate	22.88%	26.00%
Tax expenses @ statutory income tax rate	1,246,638	1,378,155
Effect of :		
Expenses disallowed for tax expenses	13,524	71,203
Non-taxable income / loss	(9,659)	(31,959)
Income taxed at higher / (lower) rate	(303,732)	584,220
Others including (excess)/short provision	(74,543)	7,825
	(374,409)	631,289
Total Tax Expenses	872,229	2,009,444

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE NO. 41

FIRST TIME ADOPTION - MANDATORY EXCEPTIONS AND OPTIONAL EXEMPTIONS:

41.1 Overall principle

The Company has prepared the opening balance sheet as per Ind AS as at 1st April 2018 (the transition date) by recognizing all the assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from the previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to certain exception and certain optional exemptions availed by the Company detailed as below.

41.2 De-recognition of financial assets and liabilities:

The Company has applied the Derecognition requirements of financial asset and financial liability prospectively for transactions occurring on or after 1st April 2018 (the transition date).

41.3 Impairment of financial asset:

The Company has applied the impairment requirement of Ind AS 109 retrospectively; however as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instrument were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there has been significant increase in credit risk since initial recognition as permitted by Ind AS 101.

KEYNOTE FINCORP LIMITED
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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH,2020

NOTE NO. 42

42.1 Reconciliation of Balance Sheet as at 1st April, 2018 on Adoption Of Ind-As

(Amount in Rs.)

Particulars	Footnote	Previous GAAP	Adjustments	Ind AS
ASSETS				
1. Financial Assets				
a) Cash and cash equivalents		5,06,970	-	5,06,970
b) Bank Balance other than (a) above		-	-	-
c) Loans		13,64,99,331	-	13,64,99,331
d) Investments	1	2,03,69,780	39,22,500	2,42,92,280
"A"		15,73,76,081	39,22,500	16,12,98,581
2. Non Financial Assets				
a) Inventories		31,12,147	-	31,12,147
b) Current tax Assets (Net)		1,87,88,192	-	1,87,88,192
c) Deferred tax Assets (Net)		-	-	-
d) Other Non Financial Assets		20,781	-	20,781
"B"		2,19,21,120	-	2,19,21,120
Total Assets - "A" + "B"				
		17,92,97,201	39,22,500	18,32,19,701
LIABILITIES AND EQUITY				
1. Financial Liabilities				
a) Trade Payables				
i) Total outstanding dues to Micro, Small and Medium Enterprises				
ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		10,57,617	-	10,57,617
b) Borrowings		7,41,34,508	-	7,41,34,508
c) Other Financial Liabilities		14,69,598	-	14,69,598
"A"		7,66,61,723	-	7,66,61,723
2. Non-Financial Liabilities				
a) Current Tax Liabilities (Net)		80,50,000	-	80,50,000
b) Provisions against standard Assets		3,41,248	-	3,41,248
c) Deferred Tax Liabilities (Net)		-	-	-
d) Other Non-financial Liabilities		67,310	-	67,310
"B"		84,58,558	-	84,58,558
3. Equity				
a) Equity Share Capital		3,50,00,000	-	3,50,00,000
b) Other Equity	1	5,91,76,921	39,22,500	6,30,99,420
"C"		9,41,76,921	39,22,500	9,80,99,420
Total Liabilities and Equity - "A" + "B" + "C"				
		17,92,97,201	39,22,500	18,32,19,701

KEYNOTE FINCORP LIMITED
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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH,2020

42.2 Reconciliation of Balance Sheet as at 31ST March, 2019 on Adoption Of Ind-As

(Amount in Rs.)

Particulars	Footnote	Previous GAAP	Adjustments	Ind AS
ASSETS				
1. Financial Assets				
a) Cash and cash equivalents		1,16,54,053	-	1,16,54,053
b) Bank Balance other than (a) above		-	-	-
c) Loans		17,60,85,480	-	17,60,85,480
d) Investments	1	2,03,69,780	- 13,27,500	1,90,42,280
"A"		20,81,09,313	- 13,27,500	20,67,81,813
2. Non Financial Assets				
a) Inventories		21,08,380	-	21,08,380
b) Current tax Assets (Net)		3,07,75,138	-	3,07,75,138
c) Deferred tax Assets (Net)		-	1,38,060	1,38,060
d) Other Non Financial Assets		50,653	-	50,653
"B"		3,29,34,171	1,38,060	3,30,72,231
Total Assets - "A" + "B"				
		24,10,43,485	- 11,89,440	23,98,54,044
LIABILITIES AND EQUITY				
1. Financial Liabilities				
a) Trade Payables				-
i) Total outstanding dues to Micro, Small and Medium Enterprises				-
ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		7,02,805	-	7,02,805
b) Borrowings		12,87,25,127	-	12,87,25,127
c) Other Financial Liabilities		9,43,602	-	9,43,602
"A"		13,03,71,534	-	13,03,71,534
2. Non-Financial Liabilities				
a) Current Tax Liabilities (Net)		74,06,267	-	74,06,267
b) Provisions against standard Assets		4,40,214	-	4,40,214
c) Deferred Tax Liabilities (Net)		-	-	-
d) Other Non-financial Liabilities		73,885	-	73,885
"B"		79,20,366	-	79,20,366
3. Equity				
a) Equity Share Capital		3,50,00,000	-	3,50,00,000
b) Other Equity		6,77,51,585	- 11,89,440	6,65,62,143
"C"		10,27,51,585	- 11,89,440	10,15,62,143
Total Liabilities and Equity - "A" + "B" + "C"				
		24,10,43,485	- 11,89,440	23,98,54,044

KEYNOTE FINCORP LIMITED
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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

42.3 Reconciliation of Statement of Profit & Loss for the year ended 31st March, 2019 on Adoption Of Ind-As
(Amount in Rs.)

Particulars	Footnote	For the year ended 31.03.2019	Adjustments	For the year ended 31.03.2019 Ind AS
Revenue from operations				
Interest Income		2,23,40,560	-	2,23,40,560
Dividend Income		1,19,161	-	1,19,161
Net gain on fair value changes		-	-	-
Total Revenue from operations (I)		2,24,59,721	-	2,24,59,721
Other Income (II)		21,94,376	-	21,94,376
Total Income (I + II)		2,46,54,097	-	2,46,54,097
EXPENSES				
Finance Costs		93,56,546	-	93,56,546
Net loss on fair value changes	1	-	52,50,000	52,50,000
Changes in Inventories of Stock-in-trade		10,03,767	-	10,03,767
Employee Benefits Expenses		16,51,395	1,76,360	18,27,755
Other Expenses		19,92,827	(1,76,360)	18,16,467
Provision for contingencies on Standard Assets		98,966	-	98,966
Total Expenses (IV)		1,41,03,501	52,50,000	1,93,53,501
Profit Before Tax (V-VI)		1,05,50,596	(52,50,000)	53,00,596
Tax Expenses				
-Current Tax		(21,47,504)	-	(21,47,504)
-Deferred Tax		-	1,38,060	1,38,060
-Prior period Tax adjustment		1,71,571	-	1,71,571
Profit for the Period ended (VI-VII)		85,74,664	(51,11,940)	34,62,723
Other Comprehensive Incomes		-	-	-
Total Comprehensive Incomes for the period		85,74,664	(51,11,940)	34,62,723
Earnings per Equity Share				
Basic (in Rs.)		2.45		0.99
Diluted (in Rs.)		2.45		0.99

KEYNOTE FINCORP LIMITED
(CIN NO: U67120MH1995PLC084814)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

42.4 Reconciliation of total equity as at 31st March, 2019 and 1st April, 2018

(Amount in Rs.)

Particulars	31st March 2019	1st April 2018
Total Equity (Net worth) under previous GAAP	10,27,51,585	9,41,76,921
GAAP adjustments:		
Adjustment of deferred tax (Net) impact: Gain /(Loss)	1,38,060	-
Effect of Fair valuation of Investment measured through FVTPL	-52,50,000	39,22,500
Effect of Fair valuation of Investment measured through FVTOCI	39,22,500	-
Other comprehensive income	-	-
Total Equity under Ind AS	10,15,62,145	9,80,99,421

42.5 Reconciliation of profit as per Ind AS with profit reported under previous GAAP:

(Amount in Rs.)

Particulars	Year ended 31 March 2019
Net profit as per the Previous GAAP	1,05,50,596
GAAP adjustments:	
Gains / (Losses) on Fair Valuation of Financial Instruments	-5250000
Total GAAP adjustments	
Net profit after tax as (before OCI) per Ind AS	53,00,596
Other comprehensive income (net of tax)	-
Total Comprehensive Income under Ind AS	53,00,596

42.6 Adjustments to Statements of Cash Flows

There were no material differences between the Statement of Cash Flows presented under Ind AS and the previous GAAP.

KEYNOTE FINCORP LIMITED
(CIN NO: U67120MH1995PLC084814)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

42.7 Notes to first time adoption

1. Under the previous GAAP, investments in mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less permanent diminution, if any in the value of such investments. Current investments were carried at lower of cost and market value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the statement of profit or loss in case of equity instruments for the year ended 31st March 2019. This decreased the retained earnings by Rs. 52,50,000/- as at 31st March 2019 (1st April 2018 increased earnings by Rs. 39,22,500/-).

NOTE NO. 43

Others Notes



- i. In the opinion of the Board of Directors of the Company, the value of realization of Current Assets, Loans and Advances in the ordinary course of business have value on realization of an amount at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and provided in the accounts for the year end.
- ii. Previous year's figures have been re-grouped, re-arranged and re-cast wherever necessary.
- iii. During the year the company did not earn any income in foreign exchange.
- iv. During the year the company did not incur any expenditure in foreign exchange.

For Jayesh Dadia & Associates LLP
Chartered Accountants
Firm Registration No. 121142W / W100122

Samir Shah
Partner
Membership No. 124298

Place: Mumbai
Dated: 27th June, 2020

For & on behalf of the Board of Directors of
Keynote Fincorp Limited

 Rakesh Choudhari Director DIN: 00009093	 Uday Patil Director DIN: 00003978
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