

# KEYNOTE

## DIRECTORS' REPORT

The Members of Keynote Fincorp Limited.

Dear Shareholders,

Your Directors have pleasure in presenting the Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2015.

### 1. Financial Summary of the Company:

(₹ In lacs)

Particulars	Current Year (31-03-2015)	Previous Year (31-03-2014)
Total Receipts	354.72	207.18
Profit/(Loss) before Depreciation	46.94	53.93
Depreciation	Nil	Nil
Profit/(loss) before Tax	<b>46.94</b>	<b>53.93</b>
a. Provision for Income Tax	14.00	19.00
b. Earlier year's provision for income tax	3.72	Nil
Profit / (Loss) after tax	<b>29.23</b>	<b>34.93</b>
Profit/(Loss) brought forward from previous year (s)	38.93	10.99
Balance carried to the Balance Sheet	29.23	34.93

### 2. Review of Operations/Performance:

During the financial year, the Company has earned total income of ₹354.72 lacs as compared to ₹207.18 lacs for the previous year. Profit after Tax stood at ₹29.23 lacs as compared to ₹34.93 lacs for the previous year.

Your Directors have created an operating & governance organization keeping our aspirations and business model in mind. Ever since our existence, Keynote as a group has moved ahead and each of the individual business is at a different stage of value creation. Your Directors will continue to be well prepared for the forthcoming years keeping the strategic intent in mind.

### 3. Dividend:

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

### 4. Details of Holding/Subsidiary/Joint Ventures/Associate Companies:

Details of the Holding Company are as follows:

Sr. No.	Name of the Company	Holding/ Subsidiary	Joint Venture/ Associate	No. of shares held in%
1.	Keynote Corporate Services Limited (CIN: L67120MH1993PLC072407)	Holding	---	57.14

### Keynote Fincorp Limited

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

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CIN-U67120MH1995PLC084814

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## **5. Performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement:**

Your Company neither has any Subsidiary Company nor any Associate Company during the financial year under review.

## **6. Public Deposit:**

The Company being a Non-Deposit Accepting, Non-Banking Finance 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).

## **7. RBI Guidelines:**

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.

## **8. Statutory Auditors:**

M/s. Jayesh Dadia & Co. Chartered Accountants, (having Firm Registration Number: 121142W), Mumbai, the Statutory Auditors of the Company hold the office up to the conclusion of the ensuing Annual General Meeting and being eligible and offers themselves for re-appointment for the financial year 2015-2016. The Company has received a consent letter from them to the effect that their re-appointment, 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.

## **9. Auditors' Report:**

The Auditors have referred to certain routine matters in their report and the respective notes to the accounts are self-explanatory.

## **10. Extract of the Annual Return:**

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rule, 2014, the Extract of Annual Return (Form No. MGT-9) as on the financial year ended on 31<sup>st</sup> March, 2015 is enclosed as Annexure - I to the Directors' Report.

## **11. 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.

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## (C) Foreign exchange earnings and Outgo:

- a) The foreign exchange earnings - Nil (previous year Nil).
- b) The foreign exchange expenditure - Nil (previous year Nil).

## **12. Corporate Social Responsibility (CSR)**

The provisions for making contributions in Corporate Social Responsibility (CSR) are not applicable to the Company:

## **13. Directors:**

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

- (a) At the Board meeting held on 09<sup>th</sup> June 2014, your Company has appointed Mr. Uday S. Patil (DIN: 00003978) as the additional Director of the Company and approval for ratification of appointment has been accorded at the Annual General Meeting held on 05<sup>th</sup> September, 2014.
- (b) At the Board meeting held on 23<sup>rd</sup> March 2015, your Company has appointed Mr. Harsh Rashmikant Choksey (DIN: 07191272) as the additional Director of the Company, subject to approval of members to be accorded for ratification of appointment at the ensuing Annual General Meeting.
- (c) At the Board meeting held on 04<sup>th</sup> August, 2014, Mr. Janakiram Subra Mani has resigned as Director (DIN: 05172357), due to his other commitments, and other professional engagements. Board accepted his resignation and places their kind appreciation for the services rendered by him towards the Company.
- (d) In accordance with the provision of Section 152(6)(a) of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Rakesh Choudhari, Director (DIN: 00009093) of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers, himself for reappointment. Your Board recommends his re-appointment.

### **(ii) Appointment of Independent Director:**

The provisions for appointment of Independent Director 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.

## **14. Number of meetings of the Board of Directors:**

Your Board of Directors has duly met eight (08) times during the financial year. i.e. on 02<sup>nd</sup> April, 2014, 23<sup>rd</sup> May, 2014, 09<sup>th</sup> June, 2014, 04<sup>th</sup> August, 2014, 07<sup>th</sup> November, 2014, 05<sup>th</sup> February, 2015, 10<sup>th</sup> March, 2015 and 23<sup>rd</sup> March, 2015 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.

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## **15. Audit Committee and Nomination and Remuneration Committee:**

(a) Formation of Audit 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:**

(a) The Composition of Management Committee comprises the following:

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

The Management Committee is formed to authorize the committee to approve borrowing facilities as and when granted by the Banks, Financial Institution and other entities and execution of documents for these facilities. There were no committee meetings held during the year 2014-15.

## **16. Vigil Mechanism/Whistle Blower Policy:**

The purpose of the "Whistleblower Policy" is to allow employees to raise concerns about unacceptable, improper or unethical practices being followed in the organization. They will be protected against any adverse action and/or discrimination as a result of such a reporting, provided it is justified and made in good faith. The Chairman of the Audit Committee has been designated for the purpose of receiving and recording any complaints under this policy.

## **17. Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013:**

The details and particulars of the loans or investments made and/or guarantee or security provided by company under the provisions of Section 186 of the Companies Act, 2013 is enclosed as Annexure-II to the Director report:

## **18. Particulars of contracts or arrangements with related parties:**

During the financial Year 2014-2015, the Company has not entered into any related party transactions referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

## **19. Managerial Remuneration:**

During the year under review, the Company has not appointed any Managing Director, Whole Time Director or Manager. Hence, question for paying managerial remuneration does not arise.

## **20. Directors Responsibility Statement:**

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company hereby state and confirm that—

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- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2015, 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 the 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; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

## **21. 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 & Co. (Statutory Auditors), our Clients, Bankers and other Government Agencies for their continued support.

**By Order of the Board  
For Keynote Fincorp Limited**

  
**Vineet Suchanti**  
Director  
(DIN: 00004031)

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

**Place: Mumbai  
Date: 22.05.2015**

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## ANNEXURE - I TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on 31<sup>st</sup> March, 2015

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

### I. REGISTRAION AND OTHER DETAILS:

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 <sup>th</sup> 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	:	N.A.

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No.	Name and Description of main products/services	NIC Code of the product /service	% to the total turnover of the Company
1.	Non Banking Financial Activities-NBFC (investment and lending activities)	67	100

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a). Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b). Bank/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c). Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d). State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FILs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i).. Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-Total (B)(1):-</b>									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2.. Non-Institutions</b>									
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
<b>Sub-Total (B)(2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	<b>Nil</b>	<b>35,00,000</b>	<b>35,00,000</b>	<b>100</b>	<b>Nil</b>	<b>35,00,000</b>	<b>35,00,000</b>	<b>100</b>	<b>Nil</b>

**Note: There is no change in the number of shares held by the Promoter Company.**



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 Pledged/encumbered to total shares	
1.	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

iii). **Change in Promoters' Shareholding (Please specify, if there is no change)**

There is no change in the shareholding of the Promoter Group.

iv). **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the Company
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reason for increase / decrease (e.g. allotment/transfer/bonus/sweat equity etc.				
	At the end of the year (or on the date of separation, if separated during the year)				

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

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the Company
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reason for increase / decrease (e.g. allotment/transfer/bonus/sweat equity etc.				
	At the End of the year				

**V. INDEBTEDNESS:**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment (For the year 2014-15).**

**(Amount in Rs.)**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01-04-2014</b>				
i). Principal Amount	Nil	26,84,50,000	Nil	26,84,50,000
ii) Interest due but not paid	Nil	21,94,322	Nil	21,94,322
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	Nil	27,06,44,322	Nil	27,06,44,322
<b>Change in Indebtedness during the financial year</b>				
• Addition	Nil	70,49,59,345	Nil	70,49,59,345
• Reduction	Nil	78,92,41,811	Nil	78,92,41,811
<b>Net Change</b>	Nil	(-)8,42,82,466	Nil	(-)8,42,82,466
<b>Indebtedness at the end of the financial year 31-03-2015</b>				
i). Principal Amount	Nil	18,55,68,924	Nil	18,55,68,924
ii) Interest due but not paid	Nil	7,92,932	Nil	7,92,932
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	Nil	18,63,61,856	Nil	18,63,61,856

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount (₹. In lacs)
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		
	Total (A)		
	Ceiling as per the Act		

**B. Remuneration of other Directors:**

**I. Independent Directors:**

Particulars of Remuneration	Name of Directors	Total Amount (₹. In lacs)
Fees for attending board /committee meetings		
Commission		
Others, please specify		
<b>Total (1)</b>		

**II. Other Non-Executive Directors:**

<b>Other Non-Executive Directors</b>	
Fees for attending board committee/ meetings	
Commission	
Others, please specify	
<b>Total (2)</b>	
<b>Total B = (1+2)</b>	
<b>Total Managerial Remuneration</b>	
<b>Overall Ceiling as per the Act</b>	

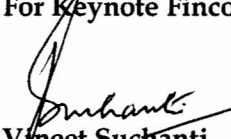
C. Remuneration to Key Managerial Personnel other than MD/Manager/ WTD: Not Applicable


Sr. No.	Particulars of Remuneration	KEY MANAGERIAL PERSONNEL			
		CEO	Company Secretary	CFO	Total
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				
	Total				

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

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

For Keynote Fincorp Limited

  
Vineet Suchanti  
Director  
(DIN: 00004031)

  
Rakesh Choudhari  
Director  
(DIN: 00009093)

Place: Mumbai  
Date: 22.05.2015

**ANNEXURE-II TO THE DIRECTOR REPORT:**

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 (FINANCIAL YEAR 2014-2015)**

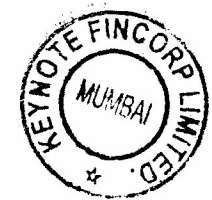
**KEYNOTE FINCORP LIMITED:**

**Form MBP - 2**

**Register of loans, guarantee, security and acquisition made by the Company  
[Pursuant to Section 186(9) & rule 12(1)]**

Nature of transaction (whether loan/guarantee/security/acquisition)	Date of making loan/acquisition/giving guarantee/providing security	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/Unlisted)	Amount of loan/security/acquisition/guarantee	Time period for which it is made/given	Purpose of loan/acquisition/guarantee/security	% of loan/acquisition/exposure on guarantee/security provided to the paid up capital, free reserves and securities premium account and % of free reserves and securities premium	Date of passing Board resolution	Date of passing special resolution, if required	For loan		Number and kind of securities	Nominal value and paid up value	Cost of acquisition (in case of securities how the purchased price was arrived at)	Date of selling of investment	Selling price (how the price was arrived at)	Signatures and Remarks
									Rate of Interest	Date of maturity						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
LOAN	24.03.2015	Bela Properties Pvt Ltd., 17, Balmukund Macker Road, Room no.14, Haveli, 3 <sup>rd</sup> Floor, Kolkata	3.80 Cr	On Demand	Business Purpose	54.37% of paid up capital & free reserves AND 108.91% of free reserves	NA	NA	12%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
LOAN	25.03.2015	CPL Securities Ltd., Sethia House, 1 <sup>st</sup> Floor, 23/24, Radha Bazar Street, Kolkata	2.90 Cr	On Demand	Business Purpose	41.49% of paid up capital & free reserves AND 83.11% of free reserves	NA	NA	12%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	

Continued to page 2/---



Nature of transaction (whether loan/ guarantee/ security/ acquisition)	Date of making loan/ acquisition/ giving guarantee/ providing security	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/ Unlisted)	Amount of loan/ security/ acquisition/ guarantee	Time period for which it is made/ given	Purpose of loan/ acquisition / guarantee/ security	% of loan/ acquisition/ exposure on guarantee/ security provided to the paid up capital, free reserves and securities premium account and % of free reserves and securities premium	Date of passing Board resolution	Date of passing special resolution, if required	For loan		Number and kind of securities	Nominal value and paid up value	Cost of acquisition (in case of securities how the purchased price was arrived at)	Date of selling of investment	Selling price (how the price was arrived at)	Signatures and Remarks
									Rate of Interest	Date of maturity						
LOAN	23.03.2015	Ramesh V Vaze, C/O. SH Kelkar & Co.Ltd, Balrajeshwar Road, Mulund (W), Mumbai	7 Cr	On Demand	Business Purpose	100.15% of paid up capital & free reserves AND 200.62% of free reserves	NA	NA	12%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
LOAN	24.03.2015	Sea Glimpse Investments Ltd	2.85 Cr	On Demand	Business Purpose	40.78% of paid up capital & free reserves AND 81.68% of free reserves	NA	NA	12%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	



*Vineet Suchanti*  
**Vineet Suchanti**  
**Director**  
**(DIN: 00004031)**

Place: Mumbai

Date: 22-05-2015

## Independent Auditor's Report

**To the Members of  
Keynote Fincorp Limited**

### Report on the Financial Statements

We have audited the accompanying Financial Statements of **Keynote Fincorp Limited** ("the Company"); which comprise the Balance Sheet as at 31<sup>st</sup> March 2015, the Statement of Profit and Loss and the Cash Flow statement for the year then ended, and a summary of Significant Accounting Policies and other explanatory information.

### Management's Responsibility for the 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 and presentation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

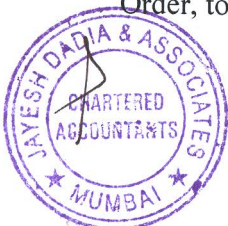
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31<sup>st</sup> March 2015 and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**


1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 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 so far as it appears from our examination of those books;
  - c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - f) 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, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 18(I)(3) to the financial statements;
    - ii. the Company did not have any long term contracts; as such the question of commenting any material foreseeable losses thereon does not arise
    - iii. There has not been an occasion in case of the company during the year to transfer any sums to the Investor Education and Protection Fund. Therefore question of delay in transferring such sums does not arise.

**For Jayesh Dadia & Associates,  
Chartered Accountants  
Firm Reg. No.: 121142 W**

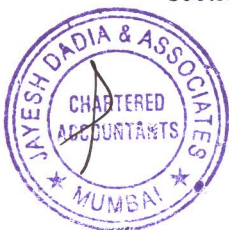
  
**Samir Shah  
Partner  
M.No.: 124298  
Mumbai, 22/05/2015**



## Annexure to the Independent Auditors' Report:

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March 2015, we report that:

- (i) The Company does not own any Fixed Assets. As such the provisions of clause (i) of the order are not applicable.
- (ii)
  - a) In our opinion and according to information and 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) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly provisions of clause (iii) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business. As explained to us there are no continuing failures to correct major weakness in internal control system.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.



- (vii) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of custom, duty of excise, value added tax, cess and any other statutory dues applicable to it.
- (b) According to the information and explanations given to us, there is disputed Income Tax demand unpaid for A.Y. 2012-13 amounting ₹ 5.38 crores as the same has been contested before first appellatant authority and the appeal is pending.
- (c) There has not been an occasion in case of the company during the year report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.
- (viii) In our opinion, the company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash loss for the current year and in the preceding financial year.
- (ix) The company has not defaulted in repayment of dues to financial institution.
- (x) In our opinion & as per explanation given to us, the Company has not given any guarantee for loans taken by others from Bank or financial institutions.
- (xi) The Company has not obtained any term loan from the financial institution; therefore comment under this clause is not given.
- (xii) In our opinion and according to information & explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

**For Jayesh Dadia & Associates,  
Chartered Accountants  
Firm Reg. No.: 121142 W**

  
**Samir Shah**

**Partner**

**M.No.: 124298**

**Mumbai, 22/05/2015**



## M/s. KEYNOTE FINCORP LIMITED

## Balance Sheet

As at 31st March, 2015

(Amount in Rs.)

Particulars	Note No.	31.03.2015	31.03.2014
<b><u>Equities &amp; Liabilities</u></b>			
<b><u>Shareholders' Funds</u></b>			
Share Capital	1	35,000,000	35,000,000
Reserves & Surplus	2	37,814,641	34,892,038
<b>"A"</b>		<b>72,814,641</b>	<b>69,892,038</b>
<b><u>Current Liabilities</u></b>			
Short Term Borrowings	3	186,361,856	270,644,322
Trade Payables	4	-	6,544,914
Other Current Liabilities	5	201,642	272,671
Short Term Provisions	6	3,958,745	4,012,562
<b>"B"</b>		<b>190,522,243</b>	<b>281,474,469</b>
<b>Total - "A" + "B"</b>		<b>263,336,884</b>	<b>351,366,507</b>
<b><u>Non- Current Assets</u></b>			
Long Term Loans & Advances	7	11,369,780	-
<b>"A"</b>		<b>11,369,780</b>	<b>-</b>
<b><u>Current Assets</u></b>			
Inventories	8	15,100	20,738,136
Cash & Cash Equivalants	9	3,017,304	1,337,593
Short Term Loans & Advances	10	248,918,747	329,283,648
Other Current Assets	11	15,953	7,130
<b>"B"</b>		<b>251,967,104</b>	<b>351,366,507</b>
<b>Total - "A" + "B"</b>		<b>263,336,884</b>	<b>351,366,507</b>

Summary of Significant Accounting Policies

18

The accompanying Notes are an integral part of the Financial Statements

As per Report of Even Date Attached

For Jayesh Dadia &amp; Associates

Chartered Accountants

Firm Reg.No.: 121142W

Samir Shah

Partner

Mem. No.: 124298

Mumbai

Date : 22/05/2015



For Keynote Fincorp Limited

  
 Vineet Suchanti  
 Director

  
 Rakesh Choudhari  
 Director

**M/s. KEYNOTE FINCORP LIMITED**  
**Statement of Profit & Loss**  
**for the year ended 31st March, 2015**

(Amount in Rs.)

Particulars	Note No.	31.03.2015	31.03.2014
<b><u>Income</u></b>			
Revenue From Operations	12	35,265,125	20,418,410
Other Income	13	207,780	299,893
<b>Total Income</b>		<b>35,472,905</b>	<b>20,718,303</b>
<b><u>Expenses</u></b>			
Employee Benefits Expense	14	1,066,033	1,071,125
Finance Cost	15	29,269,154	10,724,105
Other Expenses	16	617,160	3,628,904
Provision for contingencies on Standard Assets		(173,617)	(98,588)
<b>Total Expenses</b>		<b>30,778,730</b>	<b>15,325,546</b>
<b>Profit before Tax</b>		<b>4,694,175</b>	<b>5,392,757</b>
<b>Tax Expense</b>			
Current Tax		1,400,000	1,900,000
Earlier year's provision for income tax		371,572	-
<b>Profit After Tax</b>		<b>2,922,603</b>	<b>3,492,757</b>
<b>Earning Per Equity Share</b>			
- Basic/Diluted	17	0.84	1.00

Summary of Significant Accounting Policies 18

The accompanying Notes are an integral part of the Financial Statements

As per Report of Even Date Attached

For Jayesh Dadia & Associates

For Keynote Fincorp Limited

Chartered Accountants

Firm Reg.No.: 121142W

  
Samir Shah

Partner


Mem. No.: 124298

Mumbai

Date : 22/05/2015



  
Vineet Suchanti  
Director

  
Rakesh Choudhari  
Director

**M/s. KEYNOTE FINCORP LIMITED**  
**Notes to the Financial Statements for the year ended 31st March, 2015**

(Amount in Rs.)

Particulars	31.03.2015	31.03.2014
<b>- Shareholders' Funds</b>		
<i>Note No.: 1</i>		
<b>Share Capital</b>		
<b>A) Authorised , Issued, Subscribed and paid up share capital and Par value per share:</b>		
1,70,00,000 Equity Shares of Rs.10/-each (Previous year 1,70,00,000 Equity shares of Rs.10/- each)	170,000,000	170,000,000
	<b>170,000,000</b>	<b>170,000,000</b>
<b>- Issued, Subscribed &amp; Fully Paid Up Shares</b>		
35,00,000 Equity Shares of Rs.10/-each (Previous year 35,00,000 Equity Shares of Rs.10/-each)	35,000,000	35,000,000
<b>Total</b>	<b>35,000,000</b>	<b>35,000,000</b>
<b>B) Reconciliation of number of Equity shares outstanding at the beginning and at the end of the year</b>		
Number of shares outstanding as at the beginning of the year	3,500,000	500,000
<b>Add:</b>		
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	-	3,000,000
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
<b>Less:</b>		
Number of shares bought back during the year	-	-
<b>Number of shares outstanding as at the end of the year</b>	<b>3,500,000</b>	<b>3,500,000</b>
<b>C) The Rights, Preferences, Restriction including restriction on the distribution of dividend and repayment of capital</b>		
<b>1. The company is having only one class of share, that is equity carrying nominal value of Rs.10 per share.</b>		
<b>2. Every holder of equity share of the compnay is entitled to one vote per share held.</b>		
<b>D) shares held by holding / ultimate holding company</b>	-	-
M/s. Keynote Corporate Services Ltd. (Previous Year 20,00,000 equity shares of Rs 10 fully paid)	2,000,000 57.14%	2,000,000 57.14%
M/s. Keynote Capital Ltd. (Previous Year 15,00,000 equity shares of Rs 10 fully paid)	1,500,000 42.86%	1,500,000 42.86%
<b>E) Details of Shareholders holding more than 5% shares in the Company:</b>		
M/s. Keynote Corporate Services Ltd. (Previous Year 20,00,000 equity shares of Rs 10 fully paid)	2,000,000 57.14%	2,000,000 57.14%
M/s. Keynote Capital Ltd. (Previous Year 15,00,000 equity shares of Rs 10 fully paid)	1,500,000 42.86%	1,500,000 42.86%

(Amount in Rs.)

Particulars	31.03.2015	31.03.2014
<b>Note No.: 2</b>		
<b>Reserves &amp; Surplus</b>		
<b>Profit &amp; Loss A/c</b>		
Surplus in the Statement of Profit & Loss		
- Balance as per Last Financial Statement	3,893,277	1,099,071
Add:		
Profit/(Loss) for the Year	2,922,603	3,492,757
Less: Transferred to Statutory Reserve	(584,521)	(698,551)
	6,231,359	3,893,277
<b>Share Premium</b>	30,000,000	30,000,000
<b>Statutory Reserve (u/s 45 IC of RBI Act)</b>		
Opening Balance	998,761	300,210
Addition during the year	584,521	698,551
Closing Balance	1,583,282	998,761
<b>Total Reserves &amp; Surplus</b>	<b>37,814,641</b>	<b>34,892,038</b>
<b>Current Liabilities</b>		
<b>Note No.: 3</b>		
<b>Short Term Borrowings</b>		
Unsecured Short Term Borrowings		
From Others	139,292,932	14,194,322
From Associate concern	47,068,924	256,450,000
	<b>186,361,856</b>	<b>270,644,322</b>
<b>Note No.: 4</b>		
<b>Trade Payables</b>		
Trade Payables	-	6,544,914
	-	<b>6,544,914</b>
<b>Note No.: 5</b>		
<b>Other Current Liabilities</b>		
Other Liabilities	98,103	169,697
Outstanding Expenses	103,539	102,974
	<b>201,642</b>	<b>272,671</b>
<b>Note No.: 6</b>		
<b>Short Term Provisions</b>		
<b>Provision for Income Tax</b>		
A.Y.2012-13	-	15,900
A.Y.2013-14	-	1,270,000
A.Y.2014-15	1,900,000	1,900,000
A.Y.2015-16	1,400,000	-
Provision Against Standard Assets	608,045	781,662
Provision for Bonus	50,700	45,000
	<b>3,958,745</b>	<b>4,012,562</b>

(Amount in Rs.)

Particulars	31.03.2015	31.03.2014
<b><u>- Non Current Assets</u></b>		
<i>Note No.: 7</i>		
Long term Loans & advances		
Rights in Financial Assets ( Secured against hypothication of Immovable Property)	11,369,780	-
	<b>11,369,780</b>	<b>-</b>
<b><u>- Current Assets</u></b>		
<i>Note No.: 8</i>		
Stock-in-trade	15,100	20,738,136
	<b>15,100</b>	<b>20,738,136</b>
<i>Note No.: 9</i>		
<b><u>Cash &amp; Cash Equivalants</u></b>		
- Balance with Banks		
- In Current Accounts		
With AXIS Bank	2,919,850	1,240,139
- Cash On Hand	97,454	97,454
	<b>3,017,304</b>	<b>1,337,593</b>
<i>Note No.: 10</i>		
<b><u>- Short Term Loans &amp; Advances</u></b>	243,217,929	312,664,492
(Unsecured considered good unless otherwise stated)		
<b><u>Advance to Staff</u></b>	40,000	-
Rights in Financial Assets ( Secured against hypothication of Immovable Property)		11,350,080
<b>Balance with Govt. / Statutory Authorities</b>		
Income Tax Paid A.Y.2012-13	-	11,800
Tax Deducted at Source A.Y.2012-13	-	9,508
Tax Deducted at Source A.Y.2013-14	-	2,904,204
Tax Deducted at Source A.Y.2014-15	2,343,564	2,343,564
Tax Deducted at Source A.Y.2015-16	3,317,254	-
	<b>248,918,747</b>	<b>329,283,648</b>
<i>Note No.: 11</i>		
<b><u>Other Current Assets</u></b>		
Prepaid Insurance	7,953	7,130
Prepaid Profession Tax (Comp)	8,000	
	<b>15,953</b>	<b>7,130</b>



<b>M/s. KEYNOTE FINCORP LIMITED</b>		
<b>Notes to the Financial Statements for the year ended 31st March, 2015</b>		
<b>(Amount in Rs.)</b>		
<b>Particulars</b>	<b>31.03.2015</b>	<b>31.03.2014</b>
<b>Note No.: 12</b>		
<b><u>Income from Operations</u></b>		
(a) Interest from loans	33,379,644	24,623,794
(b) Income from share transactions	1,885,481	(4,205,384)
	<b>35,265,125</b>	<b>20,418,410</b>
<b>Note No.: 13</b>		
<b><u>Other Income</u></b>		
Interest on Income Tax refund	107,780	110
Dividend	100,000	279,766
Sundry Balance Written Back	-	20,017
	<b>207,780</b>	<b>299,893</b>
<b>Note No.: 14</b>		
<b><u>- Employee Benefit Expenses</u></b>		
Salaries & Bonus	1,037,700	1,071,125
Leave Encashment	28,333	-
	<b>1,066,033</b>	<b>1,071,125</b>
<b>Note No.: 15</b>		
<b><u>Finance Costs</u></b>		
Interest on Loan	29,259,345	10,712,183
Bank charges	9,809	11,922
	<b>29,269,154</b>	<b>10,724,105</b>
<b>Note No.: 16</b>		
<b><u>Other Expenses</u></b>		
Auditors' Remuneration	112,360	112,360
Depository Charges	158	291
Insurance	8,481	1,212
Forfeiture of Share Warrant	-	2,231,250
Miscellaneous Expenses	-	38,250
Printing and Stationery	3,150	1,626
Legal and Professional Expenses	474,609	1,095,283
Profession Tax - Company	2,000	20,000
ROC filing & Stamp Duty Charges	9,225	62,607
Bad debts	-	61,341
Telephone Expenses	7,178	4,684
	<b>617,160</b>	<b>3,628,904</b>
<b>Note No.: 17</b>		
<b><u>Earnings Per Share</u></b>		
Net Profit as per Profit & Loss Account (A)	2,922,603	3,492,757
No. of Equity Share (B)	3,500,000	3,500,000
Earning Per Share (Rs.) Basic(A/B)	0.84	1.00
Adjusted earning per share (A/C)	0.84	1.00

**STAND ALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015**  
(Pursuant to Listing Agreement With Stock Exchange)

(Amount in Rs.)

	Year Ended 31-Mar-15	Year Ended 31-Mar-15	Year Ended 31-Mar-14	Year Ended 31-Mar-14
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit Before Tax and Extraordinary items		4,694,175		5,392,757
<b>Adjustment For :</b>				
Forfeiture of Investment	-		2,231,250	
Dividend Income	(100,000)		(279,766)	
Provision for Standard asset	(173,617)		(98,588)	
		(273,617)		1,852,896
<b>Operating profit before working capital changes</b>		4,420,558		7,245,653
<b>Adjustment For :</b>				
Decrease /(Increase) in Non current assets	(11,369,780)			
Decrease /(Increase) in Trade and other receivables	-	-	578,485	-
Decrease /(Increase) in Inventory	20,723,036	-	22,157,829	-
Decrease /(Increase) in Loans & Advances	80,756,642	-	55,649,991	-
Decrease /(Increase) in other Current Assets	(8,823)	-	16,889,887	-
Increase / (Decrease) in short term borrowings	(84,282,466)	-	(9,576,978)	-
Increase /(Decrease) in Provisions	5,700	-	6,900	-
Increase /(Decrease) in Trade Payables	(6,544,914)	-	(149,242,631)	-
Increase / (Decrease) in Other Current Liabilities	(71,029)	(791,634)	(9,303,643)	(72,840,160)
<b>CASH FROM OPERATING ACTIVITIES</b>		3,628,925		(65,594,507)
<b>Less: Tax paid</b>		2,049,214		
<b>NET CASH FROM OPERATING ACTIVITIES</b>		1,579,711		
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Dividend	100,000		279,766	
<b>NET CASH FROM INVESTING ACTIVITIES</b>		100,000		279,766
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Increase in issued share capital	-		60,000,000	
<b>NET CASH FROM FINANCING ACTIVITIES</b>		-		60,000,000
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	-	1,679,711	-	(5,314,740)
Cash and cash equivalents as at 31st March,2014 (Opening Balance)		1,337,593		6,652,333
Cash and cash equivalents as at 31st March,2015 (Closing Balance)		3,017,304		1,337,593
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		1,679,711		(5,314,740)

**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	97,454	97,454
With Banks		
-Current Accounts	2,919,850	1,240,139
<b>Total cash and cash equivalents</b>	<u>3,017,304</u>	<u>1,337,593</u>

"AS PER OUR REPORT OF EVEN DATE ATTACHED"

For Jayesh Dadia & Associates.

*Samir Shah*  
Partner.

**SAMIR SHAH**  
Memb. No. 124298



On behalf of the Board of Directors

*Vineet Suchanti*  
Vineet Suchanti  
Director

*Rakesh Choudhari*  
Rakesh Choudhari  
Director

## **KEYNOTE FINCORP LIMITED**

### **Note No.18**

#### **Notes Forming Part of Accounts for the Year Ended 31<sup>st</sup> March, 2015**

##### **I. ORGANIZATION**

The company is registered Non Banking Financial Company.

##### **II. SIGNIFICANT ACCOUNTING POLICIES**

###### **a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Financial Statements have been prepared under the historical cost conventions on an accrual basis and are in accordance with the generally accepted accounting principles and the requirements of the Companies Act, 2013.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of Current and noncurrent classification of assets and liabilities.

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 accounting standards are followed insofar as they are not inconsistent with the Prudential Norms prescribed by Reserve Bank of India (RBI).

###### **b. FIXED ASSETS AND DEPRECIATION**

- Fixed assets are stated at cost of acquisition.
- Cost of Fixed Assets includes other direct and indirect expenditure incurred and which are attributable in bringing the assets to its working conditions for its intended use.

However, the company does not own fixed assets.

### **c. 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.

- a) Gains / Losses on Securities are accounted on the basis of purchases and sales contracted up to the last day of the financial year.
- b) In respect of other heads of income, the entity follows the practice of accounting of such income on accrual basis.
- c) 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.
- d) Income from dividend on shares of corporate bodies and units of mutual funds are taken into account on cash 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.

### **d. INVENTORIES**

Stock of shares & securities is valued at lower of cost & market value.

### **e. 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 Accounting Standard (AS) 13 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. 'Current Investments' are carried at lower of cost or market value on an individual investment category basis.

### **f. USE OF ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting year. Examples of such estimates and assumption include estimate of useful life of assets, gratuity provision etc. Actual results could differ from the estimates.

#### **g. PROVISION FOR CURRENT AND DEFERRED TAX**

Provision for current tax is made after taking into consideration benefits admissible under the relevant provisions of the Income Tax Act, 1961.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent there is reasonable certainty that the assets will be realized in future.

In the absence of any timing differences between book and taxable profit, provision for Deferred Tax is not made.

#### **h. 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.

#### **i. SEGMENT REPORTING**

Company's primary business segments are a) Share Trading and b) Finance Activities.

#### **Segment Accounting Policies:**

- i. Segment revenue includes sales and other income directly identifiable with/allocable to the segment.
- ii. Expenses that are directly identifiable with/ allocable to segments are considered for determining segment result. The expenses, which relate to the company as a whole and not allocable to segments are included under "Corporate unallocable"
- iii. Segment assets and liabilities include those directly identifiable with the respective segments.

iv. The company has no secondary reportable segment.

**Segment Results:** Information about primary business segments

Sr. No.	Description	As on 31.03.2015
1	<b>Segment-wise Revenue</b>	
	1.Finance Activity	3,33,79,644
	2.Profit on Trading in Securities	18,85,481
	3.Corporate- Unallocable	2,07,780
	<b>Total</b>	<b>3,54,72,905</b>
	Less: Inter Segment Revenue	---
	<b>Gross Sales / Income Form operation</b>	<b>3,54,72,905</b>
2	<b>Profit/ (Loss) before tax and interest</b>	
	1.Finance Activity	41,20,299
	2.Trading in Securities	18,85,481
	3.Corporate- Unallocable	---
	<b>Total</b>	<b>60,05,780</b>
	Less : Other Un-allocable Expenditure	13,11,605
	<b>Net Profit Before Tax</b>	<b>46,94,175</b>
	Less: Taxes	(14,00,000)
	Earlier year's provision for income tax	(3,71,572)
	<b>Net Profit After Tax</b>	<b>29,22,603</b>
3	<b>Segment Assets</b>	
	1.Finance Activity	24,32,17,929
	2.Trading in Securities	15,100
	3.Corporate- Unallocable	2,01,03,855
	<b>Total Assets</b>	<b>26,33,36,884</b>
4	<b>Segment Liabilities</b>	
	1.Finance Activity	18,63,61,856
	2.Trading in Securities	---
	3.Corporate- Unallocable	41,60,387
	<b>Total Liabilities</b>	<b>19,05,22,243</b>
5	<b>Capital Expenditure</b>	---
6	<b>Depreciation</b>	---
7	<b>Non Cash Expenses other than depreciation</b>	---
	1.Finance Activity	---
	2.Trading in Securities	---
	3.Corporate- Unallocable	---

## j. RELATED PARTY TRANSACTIONS

a) Holding Company	Keynote Corporate Services Ltd
b) Associate Company	Keynote Capital Ltd
c) Related Party	Keynote Commodities Ltd.
d) Key Management Personnel	Mr. Vineet Suchanti
	Mr. Rakesh Choudhari

### Transactions carried out with related parties referred above

Particulars	Advance Taken	Business Transactions	Margin Money given	Trade Payables
Fellow Subsidiary	--	--	--	--
Related Parties	4,70,68,924	--	--	--

k. Income from share trading transaction is arrived as under:

Sale of shares	Rs. 2,26,37,983	
Add: Closing Stock	Rs. 15,100	
		Rs. 2,26,53,083
Less: Purchase of shares	-	
Brokerage & other Charges	Rs. 29,466	
Opening Stock	Rs. 2,07,38,136	Rs. 2,07,67,602
Income from share trading activity		<u>Rs 18,85,481</u>

I. **Others**

1. The balances of Sundry Debtors and advances are subject to confirmation and reconciliation.
2. 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.
3. Previous year's figures have been re-grouped, re-arranged and re-cast wherever necessary.
4. Contingent liability not provided for in respect of disputed income tax demand of Rs. 5.38 Crores for Assessment year 2012-2013 as the company has contested the entire demand before first appellat authority.

Additional information pursuant to paragraph 3, 4a, 4c, and 4d of part ii of schedule - III to the companies act, 2013

A. <b>Payment to Auditors</b>	<b>Amount</b>	<b>Amount</b>
	<b>(2014-15)</b>	<b>(2013-14)</b>
Audit Fees (incl. Service Tax)	1,12,360	1,12,360

- B. During the year the company did not earn any income in foreign exchange.
- C. During the year the company did not incur any expenditure in foreign exchange.

For and on behalf of Board of Directors of  
**Keynote Fincorp Limited**

  
**Vineet Suchanti**  
Director

  
**Rakesh Choudhari**  
Director