

# KEYNOTE

## DIRECTORS' REPORT

To,  
The Members of KEYNOTE FINCORP LIMITED

### 1. INTRODUCTION:

Dear Shareholders,

Your Directors have pleasure in presenting the 24<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2019.

### 2. FINANCIAL SUMMARY OF THE COMPANY:

(Rs.In lakhs)		
Particulars	2018-19	2017-18
Total Receipts	236.50	313.63
Total Expenses	130.99	194.00
Profit/(Loss) before Depreciation	105.51	119.63
Depreciation	Nil	Nil
Profit/(loss) before Tax	105.51	119.63
a. Provision for Income Tax	(21.47)	(25.00)
b. Earlier year's provision for income tax	Nil	Nil
c. Income Tax for earlier years	1.71	Nil
Profit/(Loss) after tax	85.75	94.63
Profit/(Loss) brought forward from previous year(s)	223.21	157.50
Balance carried to the Balance Sheet	85.75	94.63

### 3. REVIEW OF OPERATIONS/PERFORMANCE:

During the financial year, the Company has earned total income of Rs.236.50/-lakhs as compared to Rs.313.63/-lakhs for the previous year. Profit after Tax stood at Rs.85.75/-lakhs as compared to Rs.94.63/-lakhs for the previous year.

### 4. DIVIDEND:

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

### 5. CHANGE IN NATURE OF BUSINESS, IF ANY:

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

### 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.

### 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

**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. 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.

**9. 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 record such RBI directions under the RBI guidelines of Non-Banking Financial Companies from time to time.

**10. 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 thereunder 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).

**11. 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 reappointment for the financial year 2019-20, 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 reappointment within the meaning of Section 139 of the said Act. The Board recommends their reappointment for the financial year 2019-20 and to hold office till the conclusion of next Annual General Meeting.

**12. QUALIFICATIONS/ RESERVATIONS/ ADVERSE REMARKS/COMMENT ON AUDITORS REPORT:**

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.

**13. 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.

**14. 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**.

**15. 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).

**16. 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.

**17. 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.

**18. 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 Rakesh Choudhari (DIN: 00009093) 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 reappointment.

**19. AUDIT COMMITTEE, NOMINATION AND REMUNERATION COMMITTEE AND MANAGEMENT COMMITTEE:**

**(a) Audit and Nomination and Remuneration Committee:**

As such, the provisions for constituting 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:**

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.

There were five (05) Management Committee meetings held during the financial year under review, i.e. on 4<sup>th</sup> April 2018, 23<sup>rd</sup> May 2018, 27<sup>th</sup> July 2018, 20<sup>th</sup> March 2019 and 29<sup>th</sup> March 2019 respectively.

The Composition of Management Committee comprises as per the following:

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

**20. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE FINANCIAL YEAR:**

Your Board of Directors has duly met seven (07) times during the financial year under review, i.e. on 4<sup>th</sup> April 2018, 23<sup>rd</sup> May 2018, 27<sup>th</sup> June 2018, 13<sup>th</sup> August 2018, 12<sup>th</sup> November 2018, 7<sup>th</sup> January 2019 and 28<sup>th</sup> March 2019 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.

**21. ADMISSION OF THE COMPANY'S SECURITIES (EQUITY SHARES) IN THE DEPOSITORY SYSTEM OF CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED:**

Pursuant to the notification published by Ministry of Corporate Affairs (MCA) on September 10, 2018 regarding (Prospectus and Allotment of Securities) Third Amendment Rules, 2018 came into force with effect from 2<sup>nd</sup> October, 2018 regarding dematerialization of securities by Unlisted Public Companies.

Your Directors at their meeting held on 12<sup>th</sup> November 2018 has appointed M/s. Bigshare Services Pvt. Ltd as Registrar & Transfer Agent (RTA) for admitting the Securities of the Company in the Depository system of Central Depository Services (India) Limited to dematerialize the physical securities (Equity shares) of the Company.

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

The Company is being NBFC registered with RBI; hence, provisions of Section 186 under the Companies Act, 2013 are not applicable to the Company.

**23. 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**.

**24. VIGIL MECHANISM/WHISTLE BLOWER POLICY:**

As such, the provision for establishing "Vigil Mechanism/Whistle blower Policy" is not applicable to the Company.

**25. MAINTANANCE OF COST RECORDS AS 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.

**26. 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.

**27. 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.

**28. 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: 08.05.2019



# 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 2019

[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 <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& 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, 9 <sup>th</sup> Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028	(CIN: L67120MH1993PLC072407)	Holding	57.14	2(46)



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

### I. CATEGORY-WISE SHARE HOLDING

[illegible]

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>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<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>	Nil	35,00,000	35,00,000	100	Nil	35,00,000	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 Pledged /encumbered to total shares	
1.	Keynote Financial Services Ltd (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
	<b>Total</b>	<b>35,00,000</b>	<b>100</b>	<b>Nil</b>	<b>35,00,000</b>	<b>100</b>	<b>Nil</b>	<b>Nil</b>

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

Sr. No.		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). SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):  
(NOT APPLICABLE)**

Sr. No.		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
	For Each of the Top 10 Shareholders				
	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)	-	-	-	-

VI.) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: NIL

Sr. No.		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
	For Each of the Directors and KMP				
	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	-	-	-	-

VII). DETAILS OF INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for paymentfor payment (For the year 2018-19): (Amount in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01-04-2018</b>				
i). Principal Amount	Nil	6,54,76,560	Nil	6,54,76,560
ii) Interest due but not paid	Nil	86,57,948	Nil	86,57,948
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>7,41,34,508</b>	<b>Nil</b>	<b>7,41,34,508</b>
<b>Change in Indebtedness during the financial year</b>				
+ Addition	Nil	51,86,63,357	Nil	51,86,63,357
- Reduction	Nil	46,40,72,738	Nil	46,40,72,738
<b>Net Change</b>	<b>Nil</b>	<b>5,45,90,619</b>	<b>Nil</b>	<b>5,45,90,619</b>
<b>Indebtedness at the end of the financial year 31-03-2019</b>				
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
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>12,87,25,127</b>	<b>Nil</b>	<b>12,87,25,127</b>

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

- (a) Remuneration to Managing Director, Whole-Time Directors and/or Manager:  
Not Applicable

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
<b>Total (1)</b>	Nil	Nil	Nil

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

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

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

Sr. No.	Particulars of Remuneration	KEY MANAGERIAL PERSONNEL			
		CEO	Company Secretary	CFO	Total Amount (Rs. In lakhs)
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

PENALTY/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: 08.05.2019

## 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 arms 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 (Keynote Capitals Ltd) Rs.992,901/-
Date(s) of approval by the Board, if any,	N.A.
Amount paid as advances, if any	N.A

By order of the Board  
For KEYNOTE FINCORP LIMITED



Rakesh Choudhari  
Director  
(DIN: 00009093)



Uday Patil  
Director  
(DIN: 00003978)

Place: Mumbai  
Date: 08.05.2019

# 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 AUDITOR'S REPORT

To the members of  
**KEYNOTE FINCORP LIMITED**

### Report on the Standalone Financial Statements

#### Opinion

We have audited the accompanying financial statements of **KEYNOTE FINCORP LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 31st March, 2019 and its profit 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.

#### Responsibility of Management for the standalone Financial Statements

The Company's Board of Directors are 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting 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 statement 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.

Those Board of Directors are 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.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, 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 Standalone 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 written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- 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, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements at Note - 19.
  - The Company did not have any long-term contracts; as such the question of commenting on any material foreseeable losses does not arise.
  - 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.

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

  
SAMIR SHAH

Partner

Membership No. 124298



Place of Signature: Mumbai

Date: 8<sup>th</sup> May, 2019

# 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 Independent Auditor's Report

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March, 2019, 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.
- (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) 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.

(b) According to the information and explanations given to us, Dues of income tax that have not been deposited on account of any dispute are as under:


Sr. No.	Name of the Statute	Nature of the Dues	Amount	Period to which the amount relates	Forum where dispute is pending
1.	Income Tax Act, 1961	Tax demand	2.88 Lacs	A.Y. 2014-15	CIT (Appeals)

- (viii) In our opinion and according to the information & explanation given to us, the Company have no borrowing from financial institution, bank, government or dues to debenture holders.
- (ix) In our opinion and according to the information & explanation given to us, the Company has not raised any money by way of initial public offer or further public offer(including debt instruments) and term loans during the year.
- (x) Any fraud by the Company or any fraud on the Company by its officers or employees has not been noticed or reported during the year.
- (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 & explanation 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 & explanation given to us, 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, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, therefore the compliance of the requirement of section 42 of the Companies Act, 2013 are not applicable.
- (xv) In our opinion and according to the information & explanation given to us, pursuant to the provisions of section 192 of the Companies Act, 2013, the Company has not entered into any non-cash transactions with directors or persons connected with him/her.
- (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 Reg.No.: 121142W/W100122**

  
**SAMIR SHAH**

**Partner**

**Membership No. 124298**

**Place of Signature: Mumbai**

**Date: 8<sup>th</sup> May, 2019**





# JAYESH DADIA & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

422, Arun Chambers, Tardeo, Mumbai - 400034. Tel.: +91-22-66602417 / 66601056 Fax : +91-22-66602418  
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## 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")

We have audited the internal financial controls over financial reporting of KEYNOTE FINCORP LIMITED ("the Company") as of 31<sup>st</sup> March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### 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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



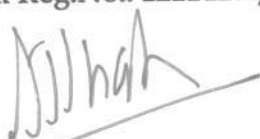
## Opinion

In our opinion the Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For JAYESH DADIA & ASSOCIATES LLP**

**Chartered Accountants**

**Firm Reg.No.: 121142W/W100122**



**SAMIR SHAH**

**Partner**

**Membership No. 124298**

**Place of Signature: Mumbai**

**Date: 8<sup>th</sup> May, 2019**



## M/s. KEYNOTE FINCORP LIMITED

## Balance Sheet

As at 31st March, 2019

(Amount in Rs.)

Particulars	Note No.	31.03.2019	31.03.2018
<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	67,751,585	59,176,921
<b>"A"</b>		<b>102,751,585</b>	<b>94,176,921</b>
<b><u>Current Liabilities</u></b>			
Short Term Borrowings	3	128,725,127	74,134,508
Trade Payables	4	702,805	1,057,617
Other Current Liabilities	5	943,602	1,469,598
Short Term Provisions	6	7,920,366	8,458,558
<b>"B"</b>		<b>138,291,900</b>	<b>85,120,281</b>
<b>Total - "A" + "B"</b>		<b>241,043,485</b>	<b>179,297,202</b>
<b><u>Non- Current Assets</u></b>			
Non Current Investment	7	20,369,780	20,369,780
<b>"A"</b>		<b>20,369,780</b>	<b>20,369,780</b>
<b><u>Current Assets</u></b>			
Inventories	8	2,108,380	3,112,147
Cash & Cash Equivalants	9	11,654,053	506,970
Short Term Loans & Advances	10	206,860,619	155,287,523
Other Current Assets	11	50,653	20,781
<b>"B"</b>		<b>220,673,705</b>	<b>158,927,422</b>
<b>Total - "A" + "B"</b>		<b>241,043,485</b>	<b>179,297,202</b>

## Summary of Significant Accounting Policies

19

The accompanying Notes are an integral part of the Financial Statements

As per Report of Even Date Attached

For Jayesh Dadia &amp; Associates LLP

Chartered Accountants

Firm Reg.No.: 121142W/W100122

Samir Shah

Partner

Mem. No.: 124298

Mumbai

Date : 8/5/2019



For Keynote Fincorp Limited

Rakesh Choudhari  
Director  
DIN:00009093

Uday Patil  
Director  
DIN:00003978

**M/s. KEYNOTE FINCORP LIMITED**  
**Statement of Profit & Loss**  
**for the year ended 31st March, 2019**

(Amount in Rs.)

Particulars	Note No.	31.03.2019	31.03.2018
<b><u>Income</u></b>			
Revenue From Operations	12	21,336,793	24,030,466
Other Income	13	2,313,537	7,332,927
<b>Total Income</b>		<b>23,650,330</b>	<b>31,363,393</b>
<b><u>Expenses</u></b>			
Employee Benefits Expense	14	1,651,395	1,497,747
Finance Cost	15	9,356,546	15,711,284
Other Expenses	16	1,992,827	2,261,576
Provision for contingencies on Standard Assets		98,966	(70,197)
<b>Total Expenses</b>		<b>13,099,734</b>	<b>19,400,410</b>
<b>Profit before Tax</b>		<b>10,550,596</b>	<b>11,962,983</b>
<b>Tax Expense</b>			
Current Tax	17	(2,147,504)	(2,500,000)
Income Tax of Earlier Years		171,571	-
<b>Profit After Tax</b>		<b>8,574,664</b>	<b>9,462,983</b>
<b>Earning Per Equity Share</b>			
- Basic/Diluted	18	2.45	2.70

Summary of Significant Accounting Policies 19

The accompanying Notes are an integral part of the Financial Statements

As per Report of Even Date Attached

For Jayesh Dadia & Associates LLP

Chartered Accountants

Firm Reg.No.: 121142W/W100122

  
Samir Shah

Partner

Mem. No.: 124298

Mumbai

Date : 8/5/2019



For Keynote Fincorp Limited

  
Rakesh Choudhari

Director

DIN:00009093

  
Uday Patil

Director

DIN:00003978

**M/s. KEYNOTE FINCORP LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019**

(Amount in Rs.)

	Year Ended 31-Mar-19	Year Ended 31-Mar-19	Year Ended 31-Mar-18	Year Ended 31-Mar-18
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit Before Tax and Extraordinary items		10,550,596		11,962,983
Adjustment For :				
Dividend Income	(119,161)		(115,643)	
Provision for Standard asset	98,966		(70,197)	
Profit on Sales of shares	-		(7,217,284)	
		(20,195)		(7,403,124)
Operating profit before working capital changes		10,530,402		4,559,859
Adjustment For :				
Decrease /(Increase) in Inventory	1,003,767	-	(3,112,147)	-
Decrease /(Increase) in Loans & Advances	(50,714,332)	-	25,774,201	-
Decrease /(Increase) in other Current Assets	(29,872)	-	(4,708)	-
Increase / (Decrease) in short term borrowings	54,590,619	-	(45,160,493)	-
Increase /(Decrease) in Provisions	(3,643,425)	-	9,630	-
Increase /(Decrease) in Trade Payables	(354,812)	-	83,230	-
Increase / (Decrease) in Other Current Liabilities	(525,996)	325,949	90,642	(22,319,645)
<b>CASH FROM OPERATING ACTIVITIES</b>		<b>10,856,351</b>		<b>(17,759,787)</b>
Less: Tax paid		171,571		-
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>11,027,922</b>		<b>(17,759,787)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Dividend	119,161		115,643	
Investment in Shares	-		-	
Purchase/ Allotment of Shares	-		-	
Proceeds from sale of Investment in Shares			16,282,525	
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>119,161</b>		<b>16,398,168</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Increase in issued share capital	-		-	
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>-</b>		<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>11,147,083</b>	<b>-</b>	<b>(1,361,619)</b>
Cash and cash equivalents as at 31st March,2017 (Opening Balance)		506,970		1,868,589
Cash and cash equivalents as at 31st March,2018 (Closing Balance)		11,654,053		506,970
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>11,147,083</b>		<b>(1,361,619)</b>

**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	20,954	107,454
With Banks		
-Current Accounts	11,633,099	399,516
<b>Total cash and cash equivalents</b>	<b>11,654,053</b>	<b>506,970</b>

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

Samir Shah  
Partner

Mem. No.: 124298

Mumbai

Date : 8/5/2019



On behalf of the Board of Directors

Rakesh Choudhari  
Director  
DIN:00009093

Uday Patil  
Director  
DIN: 00003978

**M/s. KEYNOTE FINCORP LIMITED**  
**Notes to the Financial Statements for the year ended 31st March, 2019**

(Amount in Rs.)

Particulars	31.03.2019	31.03.2018
<b>- Shareholders' Funds</b>		
<b>Note No.: 1</b>		
<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	170,000,000	170,000,000
(Previous year 1,70,00,000 Equity shares of Rs.10/- each)		
	<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	3,500,000
<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	-	-
c) Number of shares allotted to employees pursuant to ESOPs/ ESPs	-	-
d) Number of shares allotted for cash pursuant to public issue	-	-
	<b>3,500,000</b>	<b>3,500,000</b>
<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>		
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 compnay is entitled to one vote per share held.		
<b>D) shares held by holding / ultimate holding company</b>	-	-
M/s. Keynote Financial Services Ltd. (Formerly Keynote Corporate Services Ltd)	2,000,000	2,000,000
(Previous Year 20,00,000 equity shares of Rs 10 fully paid)	57.14%	57.14%
M/s. Keynote Capital Ltd.	1,500,000	1,500,000
(Previous Year 15,00,000 equity shares of Rs 10 fully paid)	42.86%	42.86%
<b>E) Details of Shareholders holding more than 5% shares in the Company:</b>		
M/s. Keynote Financial Services Ltd. (Formerly Keynote Corporate Services Ltd)	2,000,000	2,000,000
(Previous Year 20,00,000 equity shares of Rs 10 fully paid)	57.14%	57.14%
M/s. Keynote Capital Ltd.	1,500,000	1,500,000
(Previous Year 15,00,000 equity shares of Rs 10 fully paid)	42.86%	42.86%





(Amount in Rs.)

Particulars	31.03.2019	31.03.2018
<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	23,321,183	15,750,797
Add:		
Profit/(Loss) for the Year	8,574,664	9,462,983
Less: Transferred to Statutory Reserve	(1,714,933)	(1,892,597)
	30,180,914	23,321,183
<b>Share Premium</b>	30,000,000	30,000,000
<b>Statutory Reserve (u/s 45 IC of RBI Act)</b>		
Opening Balance	5,855,738	3,963,141
Addition during the year	1,714,933	1,892,597
Closing Balance	7,570,670	5,855,738
<b>Total Reserves &amp; Surplus</b>	<b>67,751,585</b>	<b>59,176,921</b>
<b>Current Liabilities</b>		
<b>Note No.: 3</b>		
<b>Short Term Borrowings</b>		
Unsecured Short Term Borrowings		
From Others	128,725,127	57,958,581
From Related Party	-	16,175,927
	<b>128,725,127</b>	<b>74,134,508</b>
<b>Note No.: 4</b>		
<b>Trade Payables</b>		
Creditors for Expenses	702,805	1,057,617
	<b>702,805</b>	<b>1,057,617</b>
<b>Note No.: 5</b>		
<b>Other Current Liabilities</b>		
Other Liabilities	793,314	1,333,531
Outstanding Expenses	150,288	136,067
	<b>943,602</b>	<b>1,469,598</b>
<b>Note No.: 6</b>		
<b>Short Term Provisions</b>		
Provision for Income Tax	7,406,267	8,050,000
Provision Against Standard Assets	440,214	341,248
Provision for Bonus	73,885	67,310
	<b>7,920,366</b>	<b>8,458,558</b>



Particulars	(Amount in Rs.)	
	31.03.2019	31.03.2018
<b>- Non Current Assets</b>		
<b>Note No.: 7</b>		
<b>Non Current Investments</b>		
<b>Investment in Equity Shares (Quoted)</b>		
50000 ( 50000 ) S H Kelkar & Company Ltd (FV Rs.10/-) - Fully paid up	9,000,000	9,000,000
<b>Aggregate amount of quoted investments</b>	<b>9,000,000</b>	<b>9,000,000</b>
Market Value of quoted investments Rs.76,72,500/- ( Rs.1,29,22,500)		
Aggregate provision for diminution in value of investments		
<b>Rights in financial assets</b>	<b>11,369,780</b>	<b>11,369,780</b>
(Secured against hypothecation of Immovable Property)		
	<b>20,369,780</b>	<b>20,369,780</b>
<b>- Current Assets</b>		
<b>Note No.: 8</b>		
<b>Stock-in-trade</b>	<b>2,108,380</b>	<b>3,112,147</b>
	<b>2,108,380</b>	<b>3,112,147</b>
<b>Note No.: 9</b>		
<b>Cash &amp; Cash Equivalants</b>		
<b>- Balance with Banks</b>		
- In Current Accounts		
With AXIS Bank	11,633,099	31,238
With Kotak Mahindra Bank	-	368,278
- Cash On Hand	20,954	107,454
	<b>11,654,053</b>	<b>506,970</b>
<b>Note No.: 10</b>		
<b>Short Term Loans &amp; Advances</b>		
<b>Secured</b>		
To Others	93,156,335	77,715,949
( Secured against Shares of listed company)		
<b>(Unsecured considered good unless otherwise stated)</b>		
To Others	74,797,926	58,783,382
Related Parties	8,131,219	-
<b>Balance with Govt. / Statutory Authorities</b>	<b>30,775,138</b>	<b>18,788,192</b>
	<b>206,860,619</b>	<b>155,287,523</b>
<b>Note No.: 11</b>		
<b>Other Current Assets</b>		
Prepaid Insurance	20,604	15,783
Prepaid Profession Tax (Comp)	-	2,000
Prepaid Subscription (Domain)	2,216	2,998
Prepaid Custodial/R&T Charges	9,833	-
<b>Security Deposit with CDSL</b>	<b>18,000</b>	<b>-</b>
	<b>50,653</b>	<b>20,781</b>



M/s. KEYNOTE FINCORP LIMITED		
Notes to the Financial Statements for the year ended 31st March, 2019		
	(Amount in Rs.)	
Particulars	31.03.2019	31.03.2018
<b>Note No.: 12</b>		
<b><u>Income from Operations</u></b>		
(a) Interest from loans	22,340,560	23,539,044
(b) Changes in Stock-in-trade	(1,003,767)	491,422
	<b>21,336,793</b>	<b>24,030,466</b>
<b>Note No.: 13</b>		
<b><u>Other Income</u></b>		
Dividend	119,161	115,643
Interest on Income Tax refund	2,194,376	-
Profit on sale of investments in shares	-	7,217,284
	<b>2,313,537</b>	<b>7,332,927</b>
<b>Note No.: 14</b>		
<b><u>- Employee Benefit Expenses</u></b>		
Salaries & Bonus	1,625,105	1,472,337
Leave Encashment	26,290	25,410
	<b>1,651,395</b>	<b>1,497,747</b>
<b>Note No.: 15</b>		
<b><u>Finance Costs</u></b>		
Interest on Loan	9,349,265	15,702,789
Bank charges	7,281	3,321
Interest on Delayed Payment (TDS)	-	5,174
	<b>9,356,546</b>	<b>15,711,284</b>
<b>Note No.: 16</b>		
<b><u>Other Expenses</u></b>		
Auditors' Remuneration (See below)	295,000	441,000
Conveyance Exp	61,830	-
Custodial/ R&T charges	4,622	-
Depository Charges	1,770	13,102
Donation	300,000	-
Electricity Charges	294,254	-
Insurance	17,656	10,073
Miscellaneous Expenses	50	20,000
Bad Debts Written off	-	627,032
Sharing of common expenses	682,360	1,057,617
Printing and Stationery	-	8,500
Legal and Professional fees	63,130	66,900
Membership fees & subscription Exp	59,000	-
Profession Tax	2,000	2,000
Processing Charges (CDSL)	17,700	-
Registration & filing fees	2,424	4,458
Staff Welfare Exp	176,360	-
Telephone Expenses	14,671	10,894
	<b>1,992,827</b>	<b>2,261,576</b>



Particulars	31.03.2019	31.03.2018
<b>Note No.: 17</b>		
<b><u>Current Tax</u></b>		
Current Tax	3,006,267	2,500,000
<u>Less: MAT Credit Utilized</u>	858,763	-
Net Current Tax	<b>2,147,504</b>	<b>2,500,000</b>
<b>Note No.: 18</b>		
<b><u>Earnings Per Share</u></b>		
Net Profit as per Profit & Loss Account (A)	8,574,664	9,462,983
No. of Equity Share (B)	3,500,000	3,500,000
Earning Per Share (Rs.) Basic(A/B)	2.45	2.70
Adjusted earning per share (A/C)	2.45	2.70
Auditors' Remuneration		
- For Statutory and Tax Audit	147,500	147,500
- For Certification work	29,500	28,750
- For Income Tax and Other Matters	118,000	264,750
	<b>295,000</b>	<b>441,000</b>



## KEYNOTE FINCORP LIMITED

### Note No.19

#### Notes Forming Part of Accounts for the Year Ended 31<sup>st</sup> March, 2019

#### 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.

- 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.

### **d. 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.

### **e. STOCK IN TRADE**

Stock in trade in securities 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 is operating in one segment i.e. Financing Activity. Therefore, segment results as prescribed by Accounting Standard – 17 'Segment Reporting' issued by Institute of Chartered Accountants of India are not given.





**j. RELATED PARTY TRANSACTIONS**

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

a) **Key Management Personnel** : Mr. Vineet Suchanti

Mr. Rakesh Choudhari

b) **Ultimate Holding Company** : Keynote Financial Services Limited

(Formerly Keynote Corporate Services Limited)

c) **KMP or relative having significant influence** :

(i) Concept Communications Limited

(ii) Keynote Capitals Limited

(iii) Keynote Commodities Limited

**Transactions carried out with related parties referred above**

Sr no.	Nature of transactions	KMP & Relatives (Rs)	Ultimate Holding Company(Rs)	KMP or relative having significant influence (Rs)
1	Interest paid	-	756,822 3,754,521	1,028,032 7,179,121
2	Interest Received	-	-	(412,019) (37,619)
3	Paid for expenses	- -	- -	992,901 1,070,431
4	Brokerage on Sale/Purchase of shares	- -	- -	- 1,719
5	Purchase of Shares	- -	- -	- -
6	Loan given	- -	- -	176,475,000 -
7	Repayment of Loan given	- -	- -	(167,735,000) -
8	Loan taken	-	(60,000,000) (19,000,000)	(35,400,000) (310,600,000)
9	Repayment of Loan taken	-	60,000,000 19,000,000	51,575,927 338,725,769
10	Closing Balance	-	-	7,441,374 (17,233,544)
Previous year's figures are in "Italic"				



**k. Others**

- 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. Contingent liability not provided for in respect of disputed income tax demand of Rs. 2.88 Lacs for Assessment Year 2014-15 as the company has contested the entire demands before Income Tax Appellate Tribunal.
- iv. During the year the company did not earn any income in foreign exchange.
- v. During the year the company did not incur any expenditure in foreign exchange.

**For Jayesh Dadia & Associates LLP**

**Chartered Accountants**

**Firm Regn.No.: 121142W/W100122**



**Samir Shah**

**Partner**

**Memb.No.: 124298**

**Mumbai**

**Date : 8/5/2019**



**For Keynote Fincorp Limited**



**Rakesh Choudhari**

**Director**

**DIN: 00009093**



**Uday Patil**

**Director**

**DIN: 00003978**