

# KEYNOTE

## DIRECTORS' REPORT

To,  
The Members of KEYNOTE FINCORP LIMITED

**1. INTRODUCTION:**

Dear Shareholders,

Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2018.

**2. FINANCIAL SUMMARY OF THE COMPANY:**

(Rs. In lakhs)

Particulars	2017-18	2016-17
Total Receipts	313.63	300.89
Total Expenses	194.00	195.62
Profit/(Loss) before Depreciation	119.63	105.27
Depreciation	Nil	Nil
Profit/(loss) before Tax	119.63	105.27
a. Provision for Income Tax	25.00	21.50
b. Earlier year's provision for income tax	Nil	Nil
c. Income Tax for earlier years	Nil	(0.00024)
Profit/(Loss) after tax	94.63	84.02
Profit/(Loss) brought forward from previous year (s)	157.50	90.29
Balance carried to the Balance Sheet	94.63	84.02

**3. REVIEW OF OPERATIONS/PERFORMANCE:**

During the financial year, the Company has earned total income of Rs.313.63/-lakhs as compared to Rs.300.89/-lakhs for the previous year. Profit after Tax stood at Rs.94.63/- lakhs as compared to Rs.84.02/-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.

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# KEYNOTE

## 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 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.

Pursuant to the circular issued by RBI regarding Master Direction on Information Technology Framework for the NBFC Sector, Vide Circular No. RBI/DNBS/2016-17/53 Master Direction DNBS.PPD.NO.04/66.15.001/2016-17, dated 8<sup>th</sup> June, 2017, your company has duly taken on record and adopted the same.

## 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 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).

## 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 re-appointment for the financial year 2018-19, 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

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of the said Act. The Board recommends their re-appointment for the financial year 2018-19 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**.

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# KEYNOTE

## **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.

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## (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. Vineet Suchanti (DIN: 00004031) Director of the Company liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers, himself for reappointment. Your Board recommends his re-appointment.

## 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 eight (8) Management Committee meetings held during the financial year under review, i.e. on 13<sup>th</sup> April, 2017, 5<sup>th</sup> May, 2017, 8<sup>th</sup> May, 2017, 23<sup>rd</sup> May, 2017, 5<sup>th</sup> September, 2017, 3<sup>rd</sup> October, 2017, 30<sup>th</sup> November, 2017 and 3<sup>rd</sup> January, 2018 respectively.

The Composition of Management Committee comprises the following:

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

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

Your Board of Directors has duly met six(06) times during the financial year under review, i.e. on 5<sup>th</sup> April, 2017, 23<sup>rd</sup> May, 2017, 20<sup>th</sup> July, 2017, 6<sup>th</sup> October, 2017, 1<sup>st</sup> December, 2017 and 15<sup>th</sup> March, 2018 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. 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.

## **22. 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**.

## **23. VIGIL MECHANISM/WHISTLE BLOWER POLICY:**

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

## **24. 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,

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- 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.

## 25. SAFETY OF WOMEN AT WORK PLACE:

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace. During the year under review, no complaints were reported to the Board. This Policy was considered, approved and adopted by the Board under investors/policies/prevention of Sexual Harassment at workplace.

## 26. 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: 23.05.2018

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# KEYNOTE

## 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, 2018

[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	76.62

### 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 Corporate Services Limited The Ruby, 9 <sup>th</sup> Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028	(CIN: L67120MH1993PLC072407)	Holding	57.14	2(46)

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# KEYNOTE

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

### I. CATEGORY-WISE SHARE HOLDING

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Dem at	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1). Indian									
a). Individual/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b). Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c). State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d). Bodies Corporate	Nil	35,00,000	35,00,000	100	Nil	35,00,000	35,00,000	100	Nil
e) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other..	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-Total (A) (1):-</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2) Foreign									
a). NRIs-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other..	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A)(2) :-</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total Shareholding of Promote (A) = (A) (1)+(A)(2)</b>	Nil	35,00,000	35,00,000	100	Nil	35,00,000	35,00,000	100	Nil
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
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) FIs	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>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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CIN-U67120MH1995PLC084814

# KEYNOTE

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

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# KEYNOTE

## 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)	-	-	-	-

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# KEYNOTE

## 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
	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 2017-18): (Amount in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01-04-2017				
i). Principal Amount	Nil	11,33,76,665	Nil	11,33,76,665
ii) Interest due but not paid	Nil	59,18,336	Nil	59,18,336
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	11,92,95,001	Nil	11,92,95,001
Change in Indebtedness during the financial year	Nil		Nil	
+ Addition	Nil	2,71,23,80,438	Nil	2,71,23,80,438
- Reduction	Nil	2,75,75,40,931	Nil	2,75,75,40,931
Net Change	Nil	4,51,60,493	Nil	4,51,60,493
Indebtedness at the end of the financial year 31-03-2018				
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
Total (i+ii+iii)	Nil	7,41,34,508	Nil	7,41,34,508

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## 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	Nil

## Keynote Fincorp Limited

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

Tel.: 91 22 3026 6000 • Fax: 91 22 3026 6088 • Email: kcl@keynoteindia.net • Website: www.keynoteindia.net

CIN-U67120MH1995PLC084814

# KEYNOTE

## 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

ENFORCEMENT/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: 23.05.2013

## Keynote Fincorp Limited

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# KEYNOTE

## 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	---	---	---	---	---	---
	---	---	---	---	---	---
	---	---	---	---	---	---

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# KEYNOTE

## 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.10,70,431/-  Brokerage on sale/purchase of shares Rs.1719/-
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)

  
Director  
(DIN: 00003978)

Place: Mumbai  
Date: 23.05.2013

### Keynote Fincorp Limited

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CIN-U67120MH1995PLC084814

# 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 Financial Statements

We have audited the accompanying financial statements of **KEYNOTE FINCORP LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, 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.

#### 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 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 standalone 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. 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, 2018 and its profit and its cash flows for the year ended on that date.

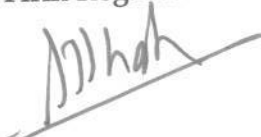
### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
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<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 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:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements at Note - 18.
  - ii. The Company did not have any long-term contracts; as such the question of commenting on any material foreseeable losses does not arise.
  - iii. There has not been any occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. Thus the question of delay in transferring such sums does not arise.

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



**SAMIR SHAH**

**Partner**

**Membership No. 124298**



**Place of Signature: Mumbai**

**Date: 23/05/2018**

# JAYESH DADIA & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

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E-mail: info@jdaca.com Website : www.jdaca.com

## ANNEXURE A to the Independent Auditor's Report

Referred to in paragraph 1 on Report on Other Legal and Regulatory Requirements of our report.

- (i) (a) & (b) In our opinion and according to the information & explanation given to us, the Company does not own any fixed assets.  
  
(c) In our opinion and according to the information & explanation given to us, the Company does not own any immovable property.
- (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 not granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of clause (iii) of the Order are not applicable.
- (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	5.38 crores	A.Y. 2012-13	Income Tax Appellate Tribunal
2.	Income Tax Act, 1961	Tax demand	5.65 crores	A.Y. 2013-14	Income Tax Appellate Tribunal
3.	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: 23/05/2018**

# JAYESH DADIA & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

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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") referred to in paragraph 2 (f) on Report on Other Legal and Regulatory Requirements of our report.**

We have audited the internal financial controls over financial reporting of KEYNOTE FINCORP LIMITED ("the Company") as of 31<sup>st</sup> March, 2018 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: 23/05/2018**

**M/s. KEYNOTE FINCORP LIMITED**

**Balance Sheet  
As at 31st March, 2018**

(Amount in Rs.)

Particulars	Note No.	31.03.2018	31.03.2017
<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	59,176,921	49,713,938
<b>"A"</b>		<b>94,176,921</b>	<b>84,713,938</b>
<b><u>Current Liabilities</u></b>			
Short Term Borrowings	3	74,134,508	119,295,001
Trade Payables	4	1,057,617	974,387
Other Current Liabilities	5	1,469,598	1,378,956
Short Term Provisions	6	8,458,558	6,019,125
<b>"B"</b>		<b>85,120,281</b>	<b>127,667,469</b>
<b>Total - "A" + "B"</b>		<b>179,297,202</b>	<b>212,381,407</b>
<b><u>Non- Current Assets</u></b>			
Non Current Investment	7	20,369,780	29,435,021
<b>"A"</b>		<b>20,369,780</b>	<b>29,435,021</b>
<b><u>Current Assets</u></b>			
Inventories	8	3,112,147	-
Cash & Cash Equivalants	9	506,970	1,868,589
Short Term Loans & Advances	10	155,287,523	181,061,724
Other Current Assets	11	20,781	16,073
<b>"B"</b>		<b>158,927,422</b>	<b>182,946,386</b>
<b>Total - "A" + "B"</b>		<b>179,297,202</b>	<b>212,381,407</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 & Associates LLP

Chartered Accountants

Firm Reg.No.: 121142W/W100122

  
Samir Shah

Partner

Mem. No.: 124298

Mumbai

Date : 23/05/2018



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, 2018**

(Amount in Rs.)

Particulars	Note No.	31.03.2018	31.03.2017
<b>Income</b>			
Revenue From Operations	12	24,030,466	22,445,555
Other Income	13	7,332,927	7,643,772
<b>Total Income</b>		<b>31,363,393</b>	<b>30,089,327</b>
<b>Expenses</b>			
Employee Benefits Expense	14	1,497,747	1,329,850
Finance Cost	15	15,711,284	16,333,182
Other Expenses	16	2,261,576	1,756,899
Provision for contingencies on Standard Assets		(70,197)	141,760
<b>Total Expenses</b>		<b>19,400,410</b>	<b>19,561,691</b>
<b>Profit before Tax</b>		<b>11,962,983</b>	<b>10,527,636</b>
<b>Tax Expense</b>			
Current Tax		2,500,000	2,150,000
Income Tax earlier years		-	(24,266)
<b>Profit After Tax</b>		<b>9,462,983</b>	<b>8,401,902</b>
<b>Earning Per Equity Share</b>			
- Basic/Diluted	17	2.70	2.40

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 LLP

Chartered Accountants

Firm Reg.No.: 121142W/W100122

  
Samir Shah

Partner

Mem. No.: 124298

Mumbai

Date : 23/05/2018



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, 2018**

	Year Ended 31-Mar-18	Year Ended 31-Mar-18	Year Ended 31-Mar-17	(Amount in Rs.) Year Ended 31-Mar-17
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit Before Tax and Extraordinary items		11,962,983		10,527,636
Adjustment For :				
Dividend Income	(115,643)		(62,668)	
Provision for Standard asset	(70,197)		141,760	
Profit on Sales of shares	(7,217,284)		(7,581,104)	
		(7,403,124)		(7,502,012)
<b>Operating profit before working capital changes</b>		<b>4,559,859</b>		<b>3,025,624</b>
Adjustment For :				
Decrease /(Increase) in Inventory	(3,112,147)	-	-	-
Decrease /(Increase) in Loans & Advances	25,774,201	-	(65,572,252)	-
Decrease /(Increase) in other Current Assets	(4,708)	-	7,120	-
Increase / (Decrease) in short term borrowings	(45,160,493)	-	57,475,000	-
Increase /(Decrease) in Provisions	9,630	-	(2,320)	-
Increase /(Decrease) in Trade Payables	83,230	-	203,270	-
Increase / (Decrease) in Other Current Liabilities	90,642	(22,319,645)	58,521	(7,830,661)
<b>CASH FROM OPERATING ACTIVITIES</b>		<b>(17,759,787)</b>		<b>(4,805,037)</b>
Less: Tax paid		-		(1,375,734)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>(17,759,787)</b>		<b>(6,180,771)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Dividend	115,643		62,668	
Investment in Shares	-		(45,621)	
Purchase/ Allotment of Shares	-		(29,137,051)	
Proceeds from sale of Investment in Shares	16,282,525		36,718,155	
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>16,398,168</b>		<b>7,598,151</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>(1,361,619)</b>	<b>-</b>	<b>1,417,380</b>
Cash and cash equivalents as at 31st March, 2017 (Opening Balance)		1,868,589		451,209
Cash and cash equivalents as at 31st March, 2018 (Closing Balance)		506,970		1,868,589
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,361,619)</b>		<b>1,417,380</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 outflow / income.
- Previous year's figures have been regrouped / rearranged wherever necessary to confirm to current year classification.
- Cash and Cash Equivalents represent:

Cash	107,454	97,454
With Banks		
-Current Accounts	399,516	353,755
<b>Total cash and cash equivalents</b>	<b>506,970</b>	<b>451,209</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 : 23/05/2018



On behalf of the Board of Directors

*(Signature)*  
Rakesh Choudhari  
Director  
DIN:00009093

*(Signature)*  
Uday Patil  
Director  
DIN:00003978

M/s. KEYNOTE FINCORP LIMITED		
Notes to the Financial Statements for the year ended 31st March, 2018		
	(Amount in Rs.)	
Particulars	31.03.2018	31.03.2017
<b>- Shareholders' Funds</b>		
<b>Note No.: 1</b>		
<b>Share Capital</b>		
<b>A) Authorised , Issued, Subscribed and paid up share capital and</b>		
<b>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	-	-
	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>		
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 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 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	31.03.2018	31.03.2017
<b>Note No.: 2</b>		
<b><u>Reserves &amp; Surplus</u></b>		
<b>Profit &amp; Loss A/c</b>		
Surplus in the Statement of Profit & Loss		
- Balance as per Last Financial Statement	15,750,797	9,029,275
Add:		
Profit/(Loss) for the Year	9,462,983	8,401,902
Less: Transferred to Statutory Reserve	(1,892,597)	(1,680,380)
	23,321,183	15,750,797
<b>Share Premium</b>	30,000,000	30,000,000
<b>Statutory Reserve (u/s 45 IC of RBI Act)</b>		
Opening Balance	3,963,141	2,282,761
Addition during the year	1,892,597	1,680,380
Closing Balance	5,855,738	3,963,141
<b>Total Reserves &amp; Surplus</b>	<b>59,176,921</b>	<b>49,713,938</b>
<b><u>Current Liabilities</u></b>		
<b>Note No.: 3</b>		
<b>Short Term Borrowings</b>		
Unsecured Short Term Borrowings		
From Others	57,958,581	74,404,572
From Related Party	16,175,927	44,890,429
	<b>74,134,508</b>	<b>119,295,001</b>
<b>Note No.: 4</b>		
<b>Trade Payables</b>		
Creditors for Expenses	1,057,617	974,387
	<b>1,057,617</b>	<b>974,387</b>
<b>Note No.: 5</b>		
<b>Other Current Liabilities</b>		
Other Liabilities	1,333,531	1,269,589
Outstanding Expenses	136,067	109,367
	<b>1,469,598</b>	<b>1,378,956</b>
<b>Note No.: 6</b>		
<b>Short Term Provisions</b>		
Provision for Income Tax	8,050,000	5,550,000
Provision Against Standard Assets	341,248	411,445
Provision for Bonus	67,310	57,680
	<b>8,458,558</b>	<b>6,019,125</b>

(Amount in Rs.)		
Particulars	31.03.2018	31.03.2017
<b>- Non Current Assets</b>		
<b>Note No.: 7</b>		
<b>Non Current Investments</b>		
<b>Investment in Equity Shares (Quoted)</b>		
50000 (100109) S H Kelkar & Company Ltd (FV Rs.10/-) - Fully paid up	9,000,000	18,019,620
NIL (137) Music Broadcast Ltd (FV Rs.10/-) - Fully paid up	-	45,621
<b>Aggregate amount of quoted investments</b>	<b>9,000,000</b>	<b>18,065,241</b>
Market Value of quoted investments Rs.1,29,22,500/- (Rs.2,98,66,546)		
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>29,435,021</b>
<b>- Current Assets</b>		
<b>Note No.: 8</b>		
<b>Stock-in-trade</b>	<b>3,112,147</b>	<b>-</b>
	<b>3,112,147</b>	<b>-</b>
<b>Note No.: 9</b>		
<b>Cash &amp; Cash Equivalants</b>		
<b>- Balance with Banks</b>		
- In Current Accounts		
With AXIS Bank	31,238	37,663
With HDFC Bank	-	-
With Kotak Mahindra Bank	368,278	1,723,472
- Cash On Hand	107,454	107,454
	<b>506,970</b>	<b>1,868,589</b>
<b>Note No.: 10</b>		
<b>Short Term Loans &amp; Advances</b>		
<b>Secured</b>		
To Others	77,715,949	37,588,179
(Secured against Shares of listed company)		
<b>(Unsecured considered good unless otherwise stated)</b>		
To Others	58,783,382	114,459,788
Related Parties	-	12,529,880
<b>Balance with Govt. / Statutory Authorities</b>	<b>18,788,192</b>	<b>16,483,877</b>
	<b>155,287,523</b>	<b>181,061,724</b>
<b>Note No.: 11</b>		
<b>Other Current Assets</b>		
Prepaid Insurance	15,783	8,293
Prepaid Profession Tax (Comp)	2,000	4,000
Prepaid Subscription (Domain)	2,998	3,780
	<b>20,781</b>	<b>16,073</b>

**M/s. KEYNOTE FINCORP LIMITED**

**Notes to the Financial Statements for the year ended 31st March, 2018**

(Amount in Rs.)

Particulars	31.03.2018	31.03.2017
<b>Note No.: 12</b>		
<b><u>Income from Operations</u></b>		
(a) Interest from loans	23,539,044	22,445,555
(b) Income from share transactions	491,422	-
	<b>24,030,466</b>	<b>22,445,555</b>
<b>Note No.: 13</b>		
<b><u>Other Income</u></b>		
Dividend	115,643	62,668
Profit on sale of investments in shares	7,217,284	7,581,104
	<b>7,332,927</b>	<b>7,643,772</b>
<b>Note No.: 14</b>		
<b><u>- Employee Benefit Expenses</u></b>		
Salaries & Bonus	1,472,337	1,314,730
Leave Encashment	25,410	15,120
	<b>1,497,747</b>	<b>1,329,850</b>
<b>Note No.: 15</b>		
<b><u>Finance Costs</u></b>		
Interest on Loan	15,702,789	15,890,471
Bank charges	3,321	2,277
Interest on Delayed Payment (TDS)	5,174	-
Processing Fee	-	440,434
	<b>15,711,284</b>	<b>16,333,182</b>
<b>Note No.: 16</b>		
<b><u>Other Expenses</u></b>		
Auditors' Remuneration (See below)	441,000	373,250
Depository Charges	13,102	11,331
Donation	-	300,000
Insurance	10,073	13,538
Miscellaneous Expenses	20,000	2,900
Bad Debts Written off	627,032	-
Sharing of common expenses	1,057,617	974,387
Printing and Stationery	8,500	3,050
Legal and Professional fees	66,900	65,525
Profession Tax	2,000	2,000
Registration & filing fees	4,458	2,452
Telephone Expenses	10,894	8,466
	<b>2,261,576</b>	<b>1,756,899</b>
<b>Note No.: 17</b>		
<b><u>Earnings Per Share</u></b>		
Net Profit as per Profit & Loss Account (A)	9,462,983	8,401,902
No. of Equity Share (B)	3,500,000	3,500,000
<b>Earning Per Share (Rs.) Basic(A/B)</b>	2.70	2.40
<b>Adjusted earning per share (A/C)</b>	2.70	2.40
Auditors' Remuneration		
- For Statutory and Tax Audit	147,500	115,000
- For Certification work	28,750	28,750
- For Income Tax and Other Matters	264,750	229,500
	<b>441,000</b>	<b>373,250</b>



## **KEYNOTE FINCORP LIMITED**

### **Note No.18**

#### **Notes Forming Part of Accounts for the Year Ended 31<sup>st</sup> March, 2018**

##### **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. 'Current Investments' are carried at lower of cost or market value on an individual investment category basis.

**e. 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.

**f. 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.

**g. 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.

**h. 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.

**i. RELATED PARTY TRANSACTIONS**

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

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

Mr. Rakesh Choudhari

Mr. Uday Patil

Mr. Harsh Choksey

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

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

(i) Keynote Commodities Limited

(ii) Keynote Capitals Limited

(iii) Liqvd Digital India Private Limited

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

(Rs)

Sr no.	Nature of transactions	KMP & Relatives	Ultimate Holding Company	KMP or relative having significant influence
1	Interest paid	-	3,754,521 345,863	7,179,121 5,711,588
2	Interest Received	-	-	(37,619) (1,013,229)
3	Paid for reimbursement of exp.	-	-	1,070,431 994,258
4	Brokerage on Sale/Purchase of shares	-	-	1,719 1,155
5	Purchase of Shares	-	-	- -
6	Loan given	-	-	- 5,000,000
7	Repayment of Loan given	-	-	- (9,700,000)
8	Loan taken	-	(60,000,000) (19,000,000)	(310,600,000) (263,125,000)
9	Repayment of Loan taken	-	60,000,000 19,000,000	338,725,769 246,875,000
10	Closing Balance	-	-	17,233,544 (33,334,936)
Previous year's figures are in <i>"Italic"</i>				

**j. 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. 5.38 Crores for Assessment year 2012-2013, Rs. 5.65 crores for Assessment year 2013-14 as the company has contested the entire demands before Income Tax Appellate Tribunal and for Rs. 2.88 Lacs for Assessment Year 2014-15 is before CIT(A).
- 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 : 23/05/2018**



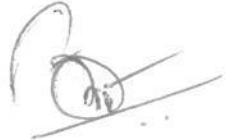
**For Keynote Fincorp Limited**



**Rakesh Choudhari**

**Director**

**DIN: 00009093**



**Uday Patil**

**Director**

**DIN: 00003978**