

Auditor's Report pursuant to the requirement of Regulation 37 of the SEBI (Listing Obligation and Disclosure Requirements, 2015 for the Scheme of selective capital reduction between Keynote Financial Services Limited ("the Company") and its shareholders & creditors ("the Scheme").

To,
The Board of Directors
Keynote Financial Services Limited
The Ruby, 9th Floor,
Senapati Bapat Marg Road,
Dadar (West),
Mumbai – 400 028

Dear Sirs,

1. This report is issued in accordance with the terms of engagement letter dated December 04, 2023 with Keynote Financial Services Limited (hereinafter the "Company").
2. In connection with the proposed application before the National Company Law Tribunal (NCLT) confirming reduction of share capital (the "Application") of Keynote Financial Services Limited ("the Company") We, SMSR & Co. LLP, Chartered Accountants (Firm Registration Number 110592W/W100094), the Statutory Auditors of the Company have been requested by the Company to examine the reasons for non-applicability of valuation report and fairness opinion pursuant to the requirement of Regulation 37 of the SEBI (Listing Obligation and Disclosure Requirements, 2015 for the Scheme of Selective Capital Reduction of the Issued, Subscribed and Paid up Share Capital between Keynote Financial Services Limited ("the Company"), its shareholders and Creditors ("Draft Scheme").

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme, and its compliance with the relevant laws and regulations, including the applicable accounting standards and other generally accepted accounting principles in India, is that of the Company's Board of Directors. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Draft Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Company's Board of Directors is also responsible for ensuring that the Company complies with the requirement of the Act and the Rules framed thereunder with respect to the proposed reduction of share capital of the Company, the SEBI Circular and furnishing the requisite information to the National Company Law Tribunal ("NCLT") and BSE Limited and NSE ("Stock Exchanges").



Auditor's responsibility

4. Pursuant to the requirement of Paragraph Part I (A)(4)(a) of Annexure I of the SEBI Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 it is our responsibility to confirm the following reasons for non-applicability of valuation report and fairness opinion based on Change in shareholding pattern as has been defined in Part I(A)(4)(c) of the SEBI Master Circular as follows –
 - i) change in the proportion of shareholding of any of the existing shareholders of the listed entity in the resultant company
 - ii) new shareholder being allotted equity shares of the resultant company; –
 - iii) existing shareholder exiting the company pursuant to the Scheme of Arrangement.
5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special purpose, Issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC) 1, Quality Control for the firms that perform Audit and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements. Further our examination did not extend to any other parts and aspects of legal or proprietary nature of the proposed Accounting treatment.
7. Our scope of work did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial results of the Company taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial results, specified elements, accounts or items thereof, for the purpose of this report. Accordingly, we do not express such opinion

Basis for Conclusion

8. The draft scheme outlines the cancellation of the equity shares held by Keynote Trust ("Exiting Shareholder"). The trust does not possess any voting rights on the equity shares of the Company held by it in accordance with the terms of the Hon'ble High Court order dated and provisions of its Trust Deed dated .
Further, pursuant to the draft Scheme, neither any consideration shall be paid nor any equity shares shall be issued by the Company on account of reduction of capital. Further, pursuant to the Scheme no assets/ liabilities of the Company are conveyed/ transferred to any party.
Accordingly, the share of voting rights along with number of shares held by continuing shareholders shall remain unchanged post implementation of the Scheme.

Conclusion

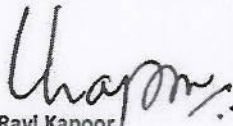
9. In view of above, the Draft Scheme does not fall within the ambit of any of the conditions mentioned in Part I(A)(4)(c) of the SEBI Master Circular and resultantly there is no requirement for obtaining a valuation report from Registered Valuer.
10. Further, Part I(A)(2)(d) of the SEBI Master Circular specifies that a listed entity shall obtain a fairness opinion from a SEBI Registered merchant banker in case there is a valuation of assets / shares done by the valuer for the listed entity and unlisted entity. There is no consideration for the proposed Scheme and therefore there is no requirement of valuation of assets / shares of the Company & fairness opinion from merchant banker.



Restriction on use

1. This report is issued at the request of the company pursuant to the requirements of the Regulation 37 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for the Scheme of selective capital reduction between Keynote Financial Services Limited ("the Company") and its shareholders & creditors ("the Scheme") and in connection with the application before the NCLT, for the onward submission by the company to the NCLT. This report should not be used for any other purpose without written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any person to whom this report is shown or into whose hands it may come without prior consent in writing.

For SMSR & CO LLP
Chartered Accountants
FRN No. 110592W/W100094



Ravi Kapoor
Partner
Membership Number: 040404
UDIN: 23040404BGXCVV5268
Date: December 08, 2023



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For Keynote Financial Services Limited




Company Secretary