

Auditor's Certificate on the Proposed Accounting treatment specified in the Draft Scheme of Selective Capital reduction ("Scheme) pursuant to Section 66 read with section 52 of Companies Act 2013 read with Rule 2 of the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules 2016 and Securities and Exchange Board of India ('SEBI') Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2013 as amended from time to time.

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

Statutory Auditor's Report – Accounting Treatment

Dear Sirs,

1. This report is issued in accordance with the terms of engagement letter dated December 4, 2023 with Keynote Financial Services Limited (hereinafter the "Company").
2. In connection with the proposed application before the National Company Law Tribunal (NCLT) confirming the Scheme of Selective Capital Reduction of The Issued, Subscribed and Paid-Up Share Capital (hereinafter referred as "Draft Scheme") between the Company, its Shareholders and Creditors. 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 proposed Accounting treatment as specified in PART-II (C) of the Draft Scheme for assessing their compliance with the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013, and other Generally Accepted Accounting Principles in India pursuant to the requirement of Section 66 read with Section 52 of the Companies Act, 2013 ('Act') read with Rule 2 of the NCLT (Procedure for reduction of share capital of Company) Rules, 2016 ("Rules") and Para 5 of Part 1A of Securities and Exchange Board of India ('SEBI') Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2013 as amended from time to time.

For ease of reference, clause PART-II (C) of the draft Scheme, duly authenticated by the Chief Financial Officer on behalf of the Company, is attached as an Annexure to this certificate, and is initialled by us only for the purposes of identification.

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 Limited ('Stock Exchanges').



Auditor's responsibility

4. Pursuant to the requirement of Para 2 mentioned above it is our responsibility to examine and report/provide reasonable assurance in the form of an opinion as to whether the proposed accounting treatment specified in the Draft Scheme is in compliance with the applicable accounting standards and other generally accepted accounting principles in India and the SEBI Listing Regulations and the SEBI Circular.
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.
8. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in para 4 above. The procedures selected depend on the Auditor's judgement, including the assessment of risks associated with the applicable criteria. Accordingly, our procedures included the following:
 - a. Obtained and read the Scheme and the proposed accounting treatment specified therein.
 - b. Obtained the board resolution passed for the proposed Capital Reduction under section 66 read with Section 52 of the Companies Act, 2013;
 - c. Verified the reasonableness and correctness of accounting treatment prescribed in Clause PART-II (C) of the draft Scheme in accordance with Section 133 of the Companies Act, 2013 read with the rules and generally accepted accounting principles in India;
 - d. Performed necessary inquiries with the management and obtained necessary representations from the management of the Company

Conclusion

9. Based on our examination as above, evidences obtained, and the information and explanations along with the representations provided by the management of the Company, in our opinion, the proposed accounting treatment in the books of the Company relating to reduction of share capital of the Company as set out in the attached annexure is not explicitly prescribed under Section 133 of the Act read with relevant rules issued thereunder. In the absence of specific guidance for accounting of transactions relating to reduction of share capital, the accounting treatment under Clause PART-II (C) of the Draft Scheme is construed to be in conformity with other generally accepted accounting principles in India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circular issued thereunder.



Restriction on use

10. This report is issued at the request of the company pursuant to the requirements of the Section 66 read with Section 52 of Companies Act, 2013 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

Ravi Kapoor
Partner

Membership Number: 040404

UDIN: 23040404BGXCVU7352

Date: December 08, 2023



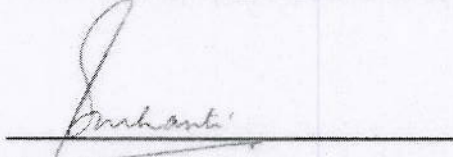
KEYNOTE

Accounting treatment specified of Selective Capital reduction ("Scheme) pursuant to Section 66 read with section 52 of Companies Act 2013 read with Rule 2 of the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules 2016 and Securities and Exchange Board of India ("SEBI") Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2013 as amended from time to time.

Upon the Scheme becoming effective, the difference between the value of the Company's investment in "equity instruments of Keynote Financial Services Limited (held by Keynote trust)" and the share capital being extinguished will be credited to Capital Reserve Account. Capital Reserve Account created shall not be utilised for any distribution of dividend to the shareholders of the Company.

The Company will comply with all the Accounting Policies and Accounting Standards as applicable in relation to the accounting for the said reduction of capital.

For KEYNOTE FINANCIAL SERVICES LIMITED



Vineet Suchanti
Managing Director
DIN: 00004031

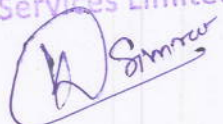
Date: December 8, 2023
Place: Mumbai



CERTIFIED TRUE COPY

For Keynote Financial Services Limited




Company Secretary

Keynote Financial Services Limited

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