

National Stock Exchange Of India Limited

Ref: NSE/LIST/D/2024/39982

April 22, 2024

The Company Secretary
Keynote Financial Services Limited
The Ruby, 9th floor, Senapati Bapat Marg,
Dadar (West), Mumbai - 400028

Kind Attn.: Ms. Simran Kashela

Dear Madam,

Sub: Observation Letter for draft scheme of Selective Capital Reduction between Keynote Financial Services Limited (the Company) and its shareholders and creditors.

We are in receipt for draft Scheme of Selective Capital Reduction between Keynote Financial Services Limited (The Company) and its shareholders and creditors vide application dated February 9, 2024.

Based on our letter reference no. NSE/LIST/39982 dated March 14, 2024, submitted to SEBI pursuant to SEBI Master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 read with Regulation 37 and Regulation 94(2) of SEBI (LODR) Regulations, 2015, SEBI vide its letter dated April 12, 2024, has inter alia given the following comment(s) on the draft scheme of amalgamation:

- a. *The Company shall ensure that the proposed scheme shall be in compliance with the provisions of Regulation 11 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.*
- b. *The Company shall ensure to disclose all details of ongoing adjudication & recovery proceedings, prosecution initiated, and all other enforcement action taken, if any, against the Company, its promoters, and directors, before Hon'ble NCLT and shareholders, while seeking approval of the Scheme.*
- c. *The Company shall ensure that additional information, if any, submitted by the Company after filing the Scheme with the stock exchange, from the date of receipt of this letter, is displayed on the websites of the listed Company and the stock Exchanges.*
- d. *The entities involved in the scheme shall not make any changes in the draft scheme subsequent to filing the draft scheme with SEBI by the Stock Exchange(s), except those mandated by the regulators/authorities/tribunal.*
- e. *The Company shall ensure compliance with the SEBI Circular issued from time to time and duly comply with various provisions of the SEBI Master Circular date June 20, 2023.*
- f. *The Company shall ensure that information pertaining to all the unlisted Companies involved in the scheme, shall be included in the format specified for abridged prospectus as provided in Part E of Schedule VI of the ICDR Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval.*
- g. *The Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old.*

- h. The Companies shall ensure to disclose the following as a part of explanatory statement or notice or proposal accompanying resolution to be passed to be forwarded by the company to the shareholders while seeking approval u/s 66 of the Companies Act 2013, so that public shareholders can make informed decision in the matter:*
- Details of previous scheme of arrangement and reason for issue of shares to Keynote Trust.*
 - Brief of Terms of Trust deed of Keynote Trust.*
 - The need and rationale for the reduction of shares held by Keynote Trust.*
 - Impact of reduction of shares held by Keynote Trust on public shareholders and their rights.*
 - Details of rights other than voting rights assigned to shares held with Keynote Trust.*
 - Details of cash and non-cash benefits accrued to shares held by Keynote Trust and accounting of same in the book of accounts in compliance with accounting policies and companies act, 2013.*
 - Details of increase or decrease in the shareholding of Keynote Trust from the date of order of High Court.*
- i. The Company shall ensure that the details of the proposed Scheme under consideration as provided by the Company to the Stock Exchange shall be prominently disclosed in the notice sent to the Shareholders.*
- j. The Company shall ensure that the proposed equity shares to be issued in terms of the “scheme” shall mandatorily be in demat form only.*
- k. Company shall ensure that the “Scheme” shall be acted upon subject to the applicant complying with the relevant clauses mentioned in the scheme document.*
- l. Company shall ensure that no changes to the draft scheme except those mandated by the regulators/authorities/ tribunals shall be made without specific written consent of SEBI.*
- m. Company shall ensure that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before NCLT and the Company is obliged to bring the observations to the notice of NCLT.*
- n. Company shall ensure that all the applicable provisions of the Companies Act,2013, rules and regulations issued thereunder including obtaining the consent from the creditors for the proposed scheme.*
- o. It is to be noted that the petitions are filed by the Company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ Stock Exchange. Hence, the Company is not required to send notice for representation as mandated in the Companies Act, 2013 to SEBI again for its comments/ observations/ representations.*

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated in the Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/representations.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No objection” in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines/ Regulations issued by statutory authorities.

Please note that the submission of documents/information, in accordance with the Circular to SEBI and National Stock Exchange of India (NSE), should not in any way be deemed or construed that the same has been cleared or approved by SEBI and NSE. SEBI and NSE does not take any responsibility either for the financial soundness of any scheme or for the correctness of the statements made or opinions expressed in the documents submitted.

The validity of this “Observation Letter” shall be six months from April 15, 2024, within which the Scheme shall be submitted to NCLT.

Kindly note, this Exchange letter should not be construed as approval under any other Act /Regulation/rule/bye laws (except as referred above) for which the Company may be required to obtain approval from other department(s) of the Exchange. The Company is requested to separately take up matter with the concerned departments for approval, if any.

The Company shall ensure filing of compliance status report stating the compliance with each point of Observation Letter on draft scheme of arrangement on the following path: NEAPS > Issue > Scheme of arrangement > Reg 37(1) of SEBI LODR, 2015> Seeking Observation letter to Compliance Status.

Yours faithfully,
For National Stock Exchange of India Limited

Charmi Dharod
Senior Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL: <https://www.nseindia.com/companies-listing/raising-capital-further-issues-main-sme-checklist>