

# KEYNOTE



Ref # Key20/Stock Exchange Let/Sm (33)

4<sup>th</sup> September, 2020

The Manager  
**BSE Limited,**  
Listing Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
**Mumbai – 400 001**

The Manager  
**National Stock Exchange of India Ltd.**  
Listing Department,  
Exchange Plaza, C-1, Block – G,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400 051

**Scrip Code / Name of Scrip: 512597/KEYFINSER**

**Name of Scrip: KEYFINSERV**

Dear Sir,

**Sub: Submission of 27<sup>th</sup> Annual Report of the Company under Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

This is to inform you that the 27<sup>th</sup> Annual General Meeting (“the AGM”) of the Company to be held on Wednesday 30<sup>th</sup> September, 2020 at 11.00 through Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”) in compliance with the applicable provisions of the Companies Act, 2013 (“the Act”) read with rules framed there under read with MCA General Circular dated April 8, 2020, April 13, 2020 and May 5, 2020 (“MCA Circulars”), to transact the businesses as set out in the Notice of the AGM.

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements] Regulations, 2015, please find enclosed herewith the copy of the 27<sup>th</sup> Annual Report of the Company for the Financial Year 2019-20. Further, the 27<sup>th</sup> Annual Report of the Company is also available on the website of the Company at <http://www.keynoteindia.net/investor-relations/>.

Kindly acknowledge the receipt.

Thanking you and assuring you of our best co-operation at all times.

Yours sincerely,

For **KEYNOTE FINANCIAL SERVICES LIMITED**

**Sd/-**

**Uday S. Patil**

**Director**

**(DIN: 00003978)**

**Contact No. 022 6826 6071**

Encl: as above

**Keynote Financial Services Limited**

(Formerly known as Keynote Corporate Services Limited)

The Ruby, 9<sup>th</sup> Floor, Senapati Bapat Marg, Dadar (West), Mumbai 400028

Tel : 91 22 6826 6000 Fax : 91 22 6826 6088 Email : [info@keynoteindia.net](mailto:info@keynoteindia.net) Website : [www.keynoteindia.net](http://www.keynoteindia.net)

CIN – L67120MH1993PLC072407

KEYNOTE

**27<sup>th</sup>**  
**Annual Report**  
**2019-2020**

KEYNOTE FINANCIAL SERVICES LIMITED

**KEYNOTE FINANCIAL SERVICES LIMITED**  
**(FORMERLY KNOWN AS KEYNOTE CORPORATE SERVICES LIMITED)**  
**ANNUAL REPORT 2019 – 2020**

<b>CONTENTS</b>	<b>PAGE NO.</b>
• Board of Directors .....	3
• Notice .....	4
• Explanatory Statement .....	13
• Directors Report.....	19
• Management Discussion and Analysis .....	44
• Report on Corporate Governance .....	46
• Auditors' Report to the Shareholders.....	65
• Balance Sheet .....	74
• Profit and Loss Account.....	76
• Cash Flow Statement .....	78
• Notes to the Accounts.....	81
 <b>CONSOLIDATED ACCOUNTS</b>	
• Auditor's Report .....	118
• Balance Sheet .....	126
• Profit and Loss Account.....	127
• Cash Flow Statement .....	128
• Notes to the Accounts.....	131
• Statement pursuant to first proviso to sub-section 219 of The Companies Act, 2013, read with Rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 Relating to Subsidiary Companies.....	174

## BOARD OF DIRECTORS

**Shri Vineet Suchanti**  
Director

**Shri Uday S. Patil**  
Director

**Smt. Rinku Suchanti**  
Director

**Shri Shishir Dalal**  
Director

**Shri Manish Desai**  
Director

**Shri Anish Malhotra**  
Director

## BOARD COMMITTEES

<b>Audit Committee</b>	<b>Nomination and Remuneration Committee</b>
Shri Shishir Dalal – Chairman	Shri Manish Desai – Chairman
Shri Uday S. Patil – Member	Shri Anish Malhotra – Member
Shri Manish Desai – Member	Shri Vineet Suchanti – Member
<b>Management Committee</b>	<b>Stakeholders Relationship Committee</b>
Shri Vineet Suchanti – Chairman	Shri Vineet Suchanti – Chairman
Shri Uday S. Patil – Member	Shri Uday S. Patil – Member
	Shri Manish Desai – Member

### COMPANY SECRETARY

Shri Sujeet Krishna More

### REGISTERED OFFICE

Keynote Financial Services Limited  
The Ruby, 9<sup>th</sup> floor, Senapati Bapat Marg,  
Dadar (West), Mumbai – 400 028  
CIN - L67120MH1993PLC072407  
Email: [investors@keynoteindia.net](mailto:investors@keynoteindia.net)  
Website: [www.keynoteindia.net](http://www.keynoteindia.net)

### SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.,  
C 101, 247 Park, LBS Marg,  
Vikhroli (West), Mumbai – 400 063  
Tel : (022) 49186000, Fax No. (022) 49186060  
Website : [www.linkintime.co.in](http://www.linkintime.co.in)

### BANKERS

Indian Bank  
State Bank of India  
ICICI Bank Limited  
Punjab National Bank  
Kotak Mahindra Bank Limited

### AUDITORS

S M S R & CO LLP  
Chartered Accountants,  
A-005, Gr. Floor, Western Edge-II,  
Off Western Express Highway,  
Borivali (East), Mumbai – 400 066

**Twenty-Seventh Annual General Meeting**  
**On Wednesday, 30<sup>th</sup> September, 2020 at 11.00 a.m.**  
**Through Video Conference or other Audio-Visuals Means**

**NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE TWENTY-SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF KEYNOTE FINANCIAL SERVICES LIMITED WILL BE HELD ON WEDNESDAY 30<sup>TH</sup> SEPTEMBER, 2020 AT 11.00 A.M. INDIAN STANDARD TIME (“IST”). THE ANNUAL GENERAL MEETING SHALL BE HELD BY MEANS OF VIDEO CONFERENCING (“VC”) / OTHER AUDIO VISUAL MEANS (“OAVM”) ON ACCOUNT OF OUTBREAK OF COVID-19 (CORONAVIRUS) PANDEMIC AND IN ACCORDANCE WITH THE RELEVANT CIRCULARS ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS, TO TRANSACT THE FOLLOWING BUSINESS:**

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) for the financial year ended 31<sup>st</sup> March, 2020 and the Reports of the Board of Directors and Auditor's thereon.
2. To declare dividend for the financial year ended 31<sup>st</sup> March, 2020.
3. To appoint a Director in place of Shri. Uday S. Patil, (DIN – 00003978), who retires by rotation and being eligible offers himself for reappointment.

**“RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Shri. Uday S. Patil, (DIN – 00003978), who retires by rotation, be and is hereby re-appointed as a Director liable to retire by rotation.”

**SPECIAL BUSINESS:**

4. **To Re-appoint Smt. Rinku Suchanti (DIN: 00012903), as a Whole-time Director of the Company.**

To consider and if thought fit, to pass the following Resolution as Ordinary Resolution:

**“RESOLVED THAT** pursuant to Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 (**“the Act”**) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the Company hereby accords its approval for re-appointment of Smt. Rinku Suchanti (DIN: 00012903) as Whole-Time Director of the Company for a period of 3 (three) years with effect from 25<sup>th</sup> May, 2020 on the terms and conditions of appointment and remuneration which are set out in the explanatory statement annexed to the Notice convening this meeting and the Board of Directors be and is hereby authorized to alter and vary such terms of appointment and remuneration so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 as may be agreed to by the Board of Directors and Smt. Rinku Suchanti.

**RESOLVED FURTHER THAT** the Director(s)/Officer(s) of the Company be and are hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, to file requisite forms or applications with statutory/regulatory authorities, with power to settle all questions, difficulties or doubts that may arise in this regard, as he/she may in his/her sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any other Director(s)/ Officer(s) of the Company, to give effect to this Resolution.”

5. **To Re-appoint Shri. Shirshir Dalal (DIN: 00007008), as an Independent Director of the Company for a second term.**

To consider and if thought fit, to pass the following Resolution as Special Resolution:

**“RESOLVED THAT** pursuant to provisions of Sections 149, 152 read with Schedule IV and other applicable provisions (**“the Act”**), if any, of the Companies Act, 2013 (Including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being force) and applicable provisions of regulations 17 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (**the “SEBI Listing Regulations”**) and pursuant to the provisions of the Articles of Association of the Company and subject to such other approvals as may be required, if any,

Shri. Shshir Dalal (DIN: 00007008), who is eligible for re-appointment as an Independent Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16 (1) (b) of the SEBI Listing Regulations be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for the second term of 5 (Five) years with effect from 29<sup>th</sup> September, 2020 up to 28<sup>th</sup> September, 2025 (both days inclusive), as per recommendation of Nomination and Remuneration Committee.

**RESOLVED FURTHER THAT** the Director(s)/Officer(s) of the Company be and are hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, to file requisite forms or applications with statutory/regulatory authorities, with power to settle all questions, difficulties or doubts that may arise in this regard, as he/she may in his/her sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any other Director(s)/ Officer(s) of the Company, to give effect to this Resolution.”

6. **To ratify and approve the related party transactions with Concept Communication Limited**

To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the applicable provisions of the Companies Act, 2013 and any other applicable provisions of law, including any amendments, modifications, variations or re-enactments thereof, the members of the Company do hereby ratify and also accord its approval to the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include any committee constituted/ empowered by the Board from time to time to exercise its powers conferred by this resolution)for the transactions (whether individual transactions or transactions taken together or series of transactions or otherwise) with Concept Communication Limited (“CCL”), being a related party, including transactions of Inter Corporate Loans given during the Financial Year 2019-20, against such consideration as agreed upon or as may be mutually agreed upon from time to time between the Company and CCL, notwithstanding the fact that all these transactions within the financial year 2019-20 in aggregate has exceeded its limit of 10% of the annual consolidated turnover of the Company as per the Companies last audited financial statements or any materiality threshold as may be applicable from time to time.

**RESOLVED FURTHER THAT** the Director(s)/Officer(s) of the Company be and are hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, to file requisite forms or applications with statutory/regulatory authorities, with power to settle all questions, difficulties or doubts that may arise in this regard, as he/she may in his/her sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any other Director(s)/ Officer(s) of the Company, to give effect to this Resolution.”

7. **To approve the related party transactions which may exceed 10% of the annual consolidated turnover of the Company as per the Companies last audited financial statements within the financial year 2020-2021.**

To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the applicable provisions of the Companies Act, 2013 and any other applicable provisions of law, including any amendments, modifications, variations or re-enactments thereof, the members of the Company do hereby accord its approval to the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include any committee constituted/ empowered by the Board from time to time to exercise its powers conferred by this resolution)for entering into transaction(s) and /or continuing with arrangements (whether individual transactions or transactions taken together or series of transactions or otherwise) with the related parties as defined under the provisions of the SEBI (LODR) Regulations, 2015 and which are identified by the

Company as related parties, including transactions of giving Inter Corporate Loans for an amount not exceeding ₹15.00 crores (Rupees Fifteen Crores only) during the Financial Year 2020-21 on such terms and conditions, against such consideration as agreed upon or as may be mutually agreed upon from time to time between the Company and Related Parties, notwithstanding the fact that all these transactions within the financial year 2020-21 in aggregate may exceed 10% of the annual consolidated turnover of the Company as per the Companies last audited financial statements, and the Company may take approval of the Audit Committee as and when required.”

**RESOLVED FURTHER THAT** the Director(s)/Officer(s) of the Company be and are hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, to file requisite forms or applications with statutory/regulatory authorities, with power to settle all questions, difficulties or doubts that may arise in this regard, as he/she may in his/her sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any other Director(s)/ Officer(s) of the Company, to give effect to this Resolution.”

**For and on behalf of the Board  
Keynote Financial Services Limited**

**Sd/-**

**Uday S. Patil**

**Director**

**(DIN - 00003978)**

**Date: 14<sup>th</sup> August, 2020**

**Place: Mumbai**

### **NOTES:**

- 1) In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) vide its circular dated May 05, 2020 read with circulars dated April 08, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) and Securities and Exchange Board of India (“SEBI”) vide circular dated May 12, 2020 (“SEBI Circular”) permitted the holding of the Annual General Meeting (“the AGM”) through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members (also referred as “Shareholders”) at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), MCA Circulars and SEBI Circular (amended from time to time), the AGM of the Company is being held through VC / OAVM and Members can attend and participate in the ensuing AGM through VC / OAVM.

For this purpose, necessary arrangements have been made by the Company with **Central Depository Services (India) Limited (“CDSL”)** and instructions for the process to be followed for attending and participating in the ensuing AGM through VC / OAVM is forming part of this Notice.

- 2) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto. Additional information, pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), in respect of the directors seeking appointment/re-appointment at the AGM, is furnished as annexure to the Notice. The directors have furnished consent/declaration for their appointment/re-appointment as required under the Companies Act, 2013 and the Rules there under.
- 3) Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution to the Company by email to [investors@keynoteindia.net](mailto:investors@keynoteindia.net), authorising their representative to attend and vote on their behalf at the meeting.
- 4) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote, provided the votes are not already cast by remote e-voting by the first holder.
- 5) The Register of Members and share transfer books of the Company will remain closed from Saturday 26<sup>th</sup> September, 2020 to Wednesday 30<sup>th</sup> September, 2020 (both days inclusive).

- 6) The dividend for the financial year 31<sup>st</sup> March, 2020, as recommended by the Board of Directors, if approved by the Members, will be paid after Annual General Meeting to those Members holding shares in physical form whose names shall appear on the Company's Register of Members on closure of business hours i.e. Friday, 25<sup>th</sup> September, 2020; in respect of the shares held in dematerialized form the dividend will be paid to the Members whose names are furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited as the beneficial owners as at the close of business hours on Friday, 25<sup>th</sup> September, 2020.
- 7) The Dividend is proposed to be disbursed by way of National Electronic Clearing Service (NECS). For this purpose, the details such as, name of the Bank, name of the branch, 9-digit code number appearing on the MICR band of the cheque supplied by the Bank, account type, account number etc. are to be furnished to your DP if the shares are in electronic form or to the Registrars & Transfer Agents if they are held in physical mode.
- 8) Members wishing to claim dividends, which have remained unclaimed, are requested to correspond with Registrar & Share Transfer Agent and Company Secretary, at the Company's Registered Office. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection fund constituted by the Central Government.

The details of Dividends paid by the Company and the proposed dates of transfer of unclaimed/un-encashed dividends to the designated fund of the Central Government are as under:

<b>Date of Declaration of Dividend</b>	<b>Dividend for the year</b>	<b>Proposed date for transfer to Investor Education and Protection Fund (IEPF)</b>
27 <sup>th</sup> September, 2012	2011 - 2012	4 <sup>th</sup> November, 2019
25 <sup>th</sup> September, 2013	2012 - 2013	2 <sup>nd</sup> November, 2020
9 <sup>th</sup> September, 2014	2013 - 2014	17 <sup>th</sup> October, 2021
29 <sup>th</sup> September, 2015	2014 - 2015	6 <sup>th</sup> November, 2022
29 <sup>th</sup> July, 2016	2015 - 2016	5 <sup>th</sup> September, 2023
23 <sup>rd</sup> August, 2017	2016 - 2017	30 <sup>th</sup> September, 2024
9 <sup>th</sup> August, 2018	2017 - 2018	16 <sup>th</sup> September, 2025
13 <sup>th</sup> August, 2019	2018 - 2019	19 <sup>th</sup> September, 2026

All the members are requested to note that as per the notification of Ministry of Corporate Affairs (MCA) dated 10<sup>th</sup> May, 2012 full details of shareholders and dividend amount pending encashment have been uploaded on website of MCA (i.e. [www.mca.gov.in](http://www.mca.gov.in)) and Company (i.e. [www.keynoteindia.net](http://www.keynoteindia.net)). Said information for the period up to 31<sup>st</sup> March, 2019 has been made available and will be updated as per the requirements. The members may check the details for unclaimed dividend if any and approach the Company and Registrar for getting the same paid. During Financial Year 2019-2020 Company has transferred a sum of ₹ 1, 88,159/- (Rupees One Lakh Eighty Eight Thousand One Hundred and Fifty Nine only) Unclaimed Dividend of Financial Year 2011-2012 to Investor Education and Protection Fund (IEPF) on 7<sup>th</sup> November, 2019.

9) **Equity Share due for transfer to IEPF:**

Equity shares in respect to which dividend has not been encashed for seven consecutive years or more will be required to be transferred to Investors Education and Protection Fund (IEPF) pursuant to Section 124(6) of the Companies Act, 2013. Relevant details in this respect are posted on the Company's website [www.keynoteindia.net](http://www.keynoteindia.net) in Compliance – Investor Relation section.

The Company sends communication in this respect to concerned shareholders from time to time as may be necessary. Shareholders are requested to Contact Company or RTA to encash the unclaimed dividend



and in case any pending legal disputes, provide certified copy of order from Court/Authority restraining transfer, payment of dividend etc. During the financial year 2019-2020 Company has transferred 2645 Equity Shares to the Investor Education and Protection Fund (IFPF) authority.

- 10) All relevant documents referred to in this Notice requiring the approval of the Members at the meeting shall be available for inspection by the Members. Members who wish to inspect the documents are requested to send an email to [investors@keynoteindia.net](mailto:investors@keynoteindia.net) / [info@keynoteindia.net](mailto:info@keynoteindia.net) mentioning their name, folio no. / client ID and DP ID, and the documents they wish to inspect, with a self-attested copy of their PAN card attached to the email. The Notice and the Annual Report are also available on the Company's website at the link - <http://www.keynoteindia.net> and on the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com).
- 11) Members are requested to:
  - i. Intimate changes, if any, in their registered address at the earliest.
  - ii. Furnish PAN with Income Tax Ward/Range/District to the Company.
  - iii. Quote ledger folio nos. in all the correspondence with the Company and the Transfer Agent. In case shares are held in dematerialized mode, please quote the DP ID No. and client ID in all the correspondence.
  - iv. Send the queries, if any, **at least 7 (Seven) days in advance** of the meeting so that the information can be made available at the meeting.
- 12) Ministry of Corporate Affairs, Government of India, vide Circular No. 17/2011 dated 21<sup>st</sup> April, 2011 and Circular No.18/2011 dated 29th April, 2011 allowed service of documents by e-mode as a Green initiative in the Corporate Governance. Members are requested to register their e-mail addresses with the Company's Registrar and Share Transfer Agents M/s. Link Intime India Pvt. Limited Unit: Keynote Financial Services Limited, C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083, for the purpose of service of documents under Section 20 of the Companies Act, 2013. The members are also requested to update their e-mail address in the Depository Account holding shares of the Company in dematerialized mode enabling the Registrar to consider the same. The form for sending the response is annexed at the end of the Annual Report.
- 13) In accordance with the General Circular No. 20/2020 dated May 5, 2020, read with the circulars dated April 8, 2020 and April 13, 2020 issued by the Ministry of Corporate Affairs(MCA) and in accordance with circular dated May 12, 2020 issued by the Securities and Exchange Board of India providing relaxations to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively "Applicable Circulars"), electronic copies of the Annual Report and this Notice inter alia indicating the process and manner of e-voting along with instructions to attend the AGM through video-conferencing / other audio-visual means are being sent by email to those Members whose email addresses have been made available to the Company/ Depository Participants. For Members who have not registered their email addresses, kindly register the same with our RTA M/s Link Intime India Private Limited as copies of this Notice as well as the other documents will not be sent to them in physical mode and will be sent only by email, in view of the COVID-19 (Coronavirus) pandemic and the Applicable Circulars.
- 14) Members who have not updated their latest email addresses in the records of the Company/RTA/ their Depository Participants are requested to update the same at the earliest by September 23, 2020. The notice and documents will be sent by email only to those Members who register their email addresses prior to this date.

Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- 15) Voting through Electronic means

In compliance with provisions of Section 108 of Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by Companies (Management and

Administration) Amendment Rules, 2015, and Regulation 44 of the Listing Regulations, the Company is pleased to provide members the facility to exercise their right to vote at the 27<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services provided by Central Depository Services (India) Limited (CDSL). The Company has entered into an arrangement with Central Depository Services (India) Limited for facilitating e-voting for AGM.

The E-voting period for all items of business contained in this Notice shall commence from Sunday, 27<sup>th</sup> September, 2020 (10.00 a.m. IST.) and will end on Tuesday, 29<sup>th</sup> September, 2020 (5.00 p.m. IST.). During this period Equity Shareholders of the Company holding shares either in physical form or in dematerialized form, as on Wednesday, 23<sup>rd</sup> September, 2020 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by any Member, he/she shall not be allowed to change it subsequently or cast vote again.

The voting rights of Members shall be in proportion to their equity shareholding in the paid up equity share capital of the Company as on cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of e-voting as well as voting at the meeting through ballot.

Any person, who acquires shares of the Company, becomes a member of the company after dispatch of the Notice and holding shares as of the cut-off date may follow the same procedure as mentioned for e-Voting.

The Company has appointed an Independent Professional (Practicing Company Secretary – M/s. Uma Lodha & Co.) as Scrutinizer to conduct the E-voting in a fair and transparent manner. The Scrutinizer shall, immediately after the conclusion of e-voting at the Virtual General Meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or person authorized by him in writing who shall countersign the same.

The results along with Scrutinizer's report shall be placed on the website (i.e. [www.keynoteindia.net](http://www.keynoteindia.net)) of the Company and shall also be communicated to the Stock Exchanges. The Resolutions shall be deemed to be passed, if approved, on the date of AGM.

#### **E-VOTING SYSTEM – FOR REMOTE E-VOTING AND E-VOTING DURING AGM THROUGH VIDEO CONFERENCING (VC) OR OTHER AUDIO VISUAL MEANS (OAVM)**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come

first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.keynoteindia.net](http://www.keynoteindia.net). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

### THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

- i. The voting period begins on Sunday 27<sup>th</sup> September, 2020 (10.00 IST.) and ends on Tuesday, 29<sup>th</sup> September, 2020 (5.00 p.m. IST.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on Wednesday, 23<sup>rd</sup> September, 2020 i.e. the cut-off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the e-voting facility provided at the AGM through VC.
- iii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iv. Click on "Shareholders" module.
- v. Now enter your User ID
  - a) For CDSL: 16 digits beneficiary ID,
  - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c) Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.OR  
Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.

viii. If you are a first time user follow the steps given below:

<b>For Shareholders holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- ix. After entering these details appropriately, click on “SUBMIT” tab.
- x. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the Keynote Financial Services Limited on which you choose to vote.
- xiii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xvi. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xviii. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Shareholders can also cast their vote using CDSL’s mobile app “**m-Voting**”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

- For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
- For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.

### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com/under shareholders/members login by using the remote e-voting credentials>. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. The Members who would like to express their views / ask questions during the AGM may register themselves as a speaker by sending their request from their registered e-mail Id mentioning their name, demat account number / folio number, email id, mobile number at [investors@keynoteindia.net](mailto:investors@keynoteindia.net) up to September 23, 2020 (IST 5.00 p.m.). Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM.
6. The Members who do not wish to speak during the AGM but have queries may send their queries from their registered e-mail Id mentioning their name, demat account number / folio number, email id, mobile number at [investors@keynoteindia.net](mailto:investors@keynoteindia.net) up to September 23, 2020 (IST 5.00 p.m.). These queries will be replied by the Company suitably by mail.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

### **INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

#### **xx. Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [investors@keynoteindia.net](mailto:investors@keynoteindia.net), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

- If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022-23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr.Rakesh Dalvi (022-23058542).
- All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**In respect of Item No. 4 – Re-appointment of Smt. Rinku Suchanti (DIN: 00012903) as Whole-time Director.**

The Board of Directors, on the recommendation of Nomination and remuneration Committee at their Meeting held on 11<sup>th</sup> February, 2020, re-appointed Smt. Rinku Suchanti as a Whole-time Director of the Company for a term of three years with effect from 25<sup>th</sup> May, 2020, subject to approval of the Shareholders at the ensuing Annual General Meeting.

Smt. Rinku Suchanti had been the Whole-Time Director of the Company from 25<sup>th</sup> May, 2017 and has been with the Company since March, 2015. Her terms were approved by the Members in the 24<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> August, 2017.

The remuneration drawn by Smt. Rinku Suchanti is approved by Nomination and remuneration Committee of the Company and is within the limits prescribed by Section 197 and Schedule V of the Companies Act, 2013, the details of the same are as follows:

Salary: ₹ 2, 91,575/- (Rupees Two Lac Ninety One Thousand Five Hundred and Seventy Five only) per month with increments as per the Company’s Policy and as may be determined by the Board of Directors, from time to time, within the limits prescribed by Section 197 and Schedule V of the Companies Act, 2013 and subject to approval of the Central Government, if any, she will be entitled to perquisites as per Company’s rules.

Performance / Bonus Benefit: The Whole-time Director shall be paid yearly performance benefit as decided by the Board.

Benefits and Amenities:

- Gratuity: Half a month’s salary for each completed year of service.
- Earned Leave and encashment of leave: 21 days leave for every year of service out of which 15 days is encashable

She shall not be paid any sitting fees for attending the meetings of the Board of Directors/Committees thereof. The appointment can be terminated by either side by giving six month’s notice in writing.

**Disclosure Pursuant to Section II of Part II of Schedule V of the Companies Act, 2013**

**I. General Information:**

- Nature of Industry**  
Merchant Baking/Corporate Advisory Services
- Date or expected date of commencement of commercial production**  
Not Applicable
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**  
Not Applicable
- Financial performance based on given indicators during financial year ended 31<sup>st</sup> March, 2020**

(₹ In lacs)

Total Income	:	554.90
Expenses	:	601.14
Profit	:	-9.37
EPS (₹)	:	-0.13
Total Assets	:	5,664.52

### 5. Foreign investment or collaborators, if any

As on 31<sup>st</sup> March, 2020, the foreign shareholding in the company is 5,61,364 Equity Shares representing 8% of the total capital.

## II. Information about Smt. Rinku Suchanti, Whole-Time Director

### 1. Background Details:

Smt. Rinku Suchanti has completed her graduation (Bachelor of Commerce) in the year 1993-94 from South City College from Kolkata University and also holds the Diploma in Interior Design from Jenson & Nicholson from Kolkata.

She has wide experience in interior designing and administration. She gives her inputs in the areas of administration, electronic & digital communication as a Director on the Board of Keynote Financial Services Limited.

### 2. Past remuneration:

₹ 2, 91,575/- p.m.

### 3. Recognition or awards:

NIL

### 4. Job profile and her suitability:

Smt. Rinku Suchanti, would be one of the Whole-Time Director of the Company. She is providing an administrative support to the management and has been one of the authorized signatories on behalf of the Company. She is found to be suitable for the job being of the Executive Director and Woman Director.

### 5. Remuneration proposed:

The remuneration of Smt. Rinku Suchanti is set out above.

### 6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

Keeping in view the type of the industry, size of the Company, the responsibilities and capabilities of Smt. Rinku Suchanti, the proposed remuneration is competitive with the remuneration paid by other companies to such similar positions.

### 7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:

Smt. Rinku Suchanti is one of the person forming part of Promoter Group of the Company and apart from the remuneration stated above, Smt. Rinku Suchanti, has no other pecuniary relationship directly or indirectly with Company.

## III. Other Information

### 1. Reason of loss or inadequate profits

During the year margins were under stress due to competitive conditions & lesser number of mandates. Though efforts to keep the expenses under control were initiated basic cost of human resources were more or less maintained. Capital Markets tanked substantially towards end of the financial year due to outbreak of COVID-19. This resulted in providing for notional loss due to fair value adjustments as per requirements of IND-AS. This coupled with the strain on margins resulted in reporting of a small loss at gross operating level.

### 2. Steps taken or proposed to be taken for improvement

The Company has well defined business strategy wherein focus on completion of various assignments is laid. The efforts to complete the transactions within the said timelines are on. The execution team has been assigned structured timelines to adhere.

**3. Expected increase in productivity and profits in measurable terms.**

The Company expects to increase the productivity and profit by increasing new mandates. Various mandates at various stages of execution are reviewed from time to complete. As a result company expects to improve both the top line and the bottom line growth.

**IV. Disclosures**

Except Smt. Rinku Suchanti and Shri Vineet Suchanti, none of the Directors and Key Managerial personnel of the company and their relative are concerned or interested, financial or otherwise, in the resolution set out at item no. 4.

The Directors recommend the aforesaid resolution for the approval by the members as Ordinary Resolution.

**In respect of Item No.5 – To Re-appoint Shri. Shirshir Dalal (DIN: 00007008), as an Independent Director of the Company for a second term.**

Shri. Shirshir Dalal (DIN: 00007008) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of the Section 149 of the Companies Act, 2013 (the “Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014. He holds office as an Independent Director of the Company up to 28<sup>th</sup> September, 2020 (“First Term”) in line with the explanation to sections 149 (10) and 149 (11) of the Act. Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) inter alia prescribe that an Independent Director of a Company shall meet the criteria of Independence as provided in Section 149(6) of the Act and clause (b) of sub-regulation (1) of Regulation 16 of the Listing Regulations respectively and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence. Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five (5) consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the Company and disclosure of such appointment in its Board’s Report. Section 149(11) of the Act provides that an Independent Director may hold office for up to two (2) consecutive terms. Shri. Shirshir Dalal is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director. The Company has also received declaration from Shri. Shirshir Dalal that he meets with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations. In the opinion of the Board, Shri. Shirshir Dalal fulfil the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations. Your Directors, therefore, recommend the re-appointment of Shri. Shirshir Dalal (DIN: 00007008) as an Independent Director of the Company, not liable to retire by rotation for consecutive second term of five (5) years (i.e. up to September 28, 2025, subject to approval of members at this AGM.

In terms of the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 read with the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, Shri Shishir Dalal has enrolled his name in the online databank of Independent Directors maintained by the Government. However, he is exempt from the online proficiency self-assessment test, in terms of the said Rules.

Except for Shri Shirshir Dalal and his relatives, none of the other Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the above Resolution.

Based on the above and after taking into account the outcome of his performance evaluation, the Committee and the Directors Board are of the opinion that that the Continuation of Shri. Shishir Dalal as an Independent Director of the Company would be in the interest of the Company and accordingly recommend the aforesaid resolution for the approval by the members as Special Resolution.

**In respect of Item No. 6 – To ratify and approve the related party transactions with Concept Communication Limited**

The provisions of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “Listing Regulations”) requires shareholders’ approval



by means of an ordinary resolution for all material related party transactions, even if such transactions are in the ordinary course of the business of the concerned company and at an arm's length basis.

A transaction with a related party shall be considered material if the transaction(s) in a contract to be entered into individually or taken together with previous transactions during a financial year, exceed(s) 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

The Audit Committee of the Company has granted omnibus approval for the related party transactions proposed to be entered into by the Company with Concept Communication Limited in the financial year 2019-2020. The Audit Committee has also noted that the said transactions with Concept Communication Limited are on arm's length basis.

In the financial year 2019-20, the aforementioned transactions in aggregate exceeded the applicable materiality thresholds for a small period of time. Said loan is repaid and is not outstanding as on 31st March, 2020. Accordingly, as per the Listing Regulations, approval of the Members is sought for ratification of all these arrangements / transactions undertaken whether individual transactions or transactions taken together or series of transactions or otherwise, with Concept Communication Limited being a related party, whether by way of continuation / extension / renewal / modification of earlier arrangements / transactions or otherwise, so far in the financial year 2019-20. The Company proposes to the Members for ratification and approval of these transactions.

Accordingly, your Board of Directors recommends the passing of ordinary resolution contained in Item No. 6 of the accompanying Notice.

Shri. Vineet Suchanti, Smt. Rinku Suchanti and his relatives are interested in the above resolution.

None of the other Directors, Key Managerial Personnel or their relatives, other than to the extent of their shareholding in Concept Communication, are concerned / interested in the above resolution.

The Members may please note that in terms of the provisions of the Listing Regulations, the related parties as defined there under (whether the member is a related party / party to the aforesaid transactions or not), shall not vote to approve resolutions under this Item No. 6.

**In respect of Item No.7 - To approve the related party transactions which may exceed 10% of the annual consolidated turnover of the Company as per the Companies last audited financial statements within the financial year 2020-21.**

The provisions of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") requires shareholders' approval by means of an ordinary resolution for all material related party transactions, even if such transactions are in the ordinary course of the business of the concerned company and at an arm's length basis.

A transaction with a related party shall be considered material if the transaction(s) in a contract to be entered into individually or taken together with previous transactions during a financial Year 2020-21, may exceed(s) 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

The Audit Committee of the Company has granted omnibus approval for the related party transactions proposed to be entered into by the Company with Related Parties. Accordingly, as per the Listing Regulations, approval of the Members is sought for for entering into transaction(s) and /or continuing with arrangements (whether individual transactions or transactions taken together or series of transactions or otherwise) with the related parties as defined under the provisions of the SEBI (LODR) Regulations, 2015 and which are identified by the Company as related parties, including transactions of giving Inter Corporate Loans for an amount not exceeding ₹15 crores (Rupees Fifteen Crores only) during the Financial Year 2020-21 on such terms and conditions, against such consideration as agreed upon or as may be mutually agreed upon from time to time between the Company and Related Parties, notwithstanding the fact that all these transactions within the financial year 2020-21 in aggregate may exceed 10% of the annual consolidated turnover of the Company as per the Companies last audited financial statements, and the Company may take approval of the Audit Committee as and when required.

Accordingly, your Board of Directors recommends the passing of ordinary resolution contained in Item No. 7 of the accompanying Notice.

Shri. Vineet Suchanti, Smt. Rinku Suchanti and his relatives are interested in the above resolution.

None of the other Directors, Key Managerial Personnel or their relatives, are concerned / interested in the above resolution.

The Members may please note that in terms of the provisions of the Listing Regulations, the related parties as defined there under (whether the member is a related party / party to the aforesaid transactions or not), shall not vote to approve resolutions under this Item No. 7.

### **ANNEXURE TO THE NOTICE**

**Details of the Directors seeking re-appointment in the forthcoming Annual General Meeting pursuant to Regulation 36 (3) of the Listing Regulations and applicable secretarial standards:**

**1. Shri Uday S. Patil - Whole-Time Director [Due to retire by rotation seeking re-appointment.]**

**A. A brief resume of the director and Nature of his expertise in specific function areas:**

Shri Uday S. Patil has been with the Company since 1994. He has been the member of Board of Directors since September, 1997. He is having about 3 decades of experience in various fields of Commercial Banking & Investment Banking. He is instrumental in forming various processes/ procedures for the company as a whole & for Merchant Banking activities of the company which is a core business of the company. His immense contribution as Director (Investment Banking) has helped the company to execute & complete many transactions such as IPOs, Rights Issues, Buy Back, Takeovers etc. The execution capabilities & developing the team with capabilities to handle transactions of various natures has been one of the strengths of Shri Uday S. Patil. He has been Guest faculty at Alkesh Dinesh Mody Institute of Financial and Management Studies [ADMI], Jamanalal Bajaj Institute of Management Studies [JBIMS] of University of Mumbai, The Institute of Chartered Accountants of India [ICAI], National Institute of Securities Market [NISM] etc. His quote's on primary market related topics find place in leading newspapers & magazines such as Economic Times, Business Standard etc.

**B. Disclosure of relationships between directors inter-se:**

None of the Directors of the Company are related to Shri. Uday S. Patil.

**C. Name of listed entities in which Shri. Uday S. Patil, holds the Directorship and Membership of the Committees of Board.**

<b>Name of the Company</b>	<b>Directorship</b>	<b>Membership of Committees</b>
NIL		

**D. Shareholding in the Company:**

2500 Equity shares as on 31<sup>st</sup> March, 2020.

**2. Smt. Rinku Suchanti - Whole-Time Director [Re-appointment as Whole-Time Director of the Company ]**

**A. A brief resume of the director and Nature of her expertise in specific function areas:**

Smt. Rinku Suchanti, would be one of the Whole-Time Director of the Company. She is providing an administrative support to the management and has been one of the authorized signatories on behalf of the Company. She is found to be suitable for the job being of the Executive Director and Woman Director.

**B. Disclosure of relationships between directors inter-se:**

Smt. Rinku Vineet Suchanti, is the spouse of Shri. Vineet Suchanti. None of the other directors are related to Smt. Rinku Suchanti.

**C. Name of the listed entities in which the person also holds the directorship and the membership of Committees of the board:**

Name of the Company	Directorship	Membership of Committees
NIL		

**D. Shareholding in the Company:**

3802 Equity shares as on 31<sup>st</sup> March, 2020.

**3. Shri Shishir Dalal (Re-appointment as Independent Director of the Company)**

**A. A brief resume of the director and Nature of his expertise in specific function areas**

Shri Shishir Dalal joined the Board of Directors on 4<sup>th</sup> May, 2015. He is a Bachelor of Commerce and a qualified Chartered Accountant (FCA). He has wide experience in the field of Corporate Law, Taxation and Finance etc.

**B. Disclosure of relationships between directors inter-se:**

None of the other Directors of the company are related to Shri Shishir Dalal

**C. Name of the listed entities in which the person also holds the directorship and the membership of Committees of the board:**

Name of the Company	Directorship	Membership of Committees
Windsor Machines Ltd	Independent Director	• Chairman – Audit Committee
		• Chairman – Nomination & Remuneration Committee

**D. Shareholding in the Company:**

Shri Shirshir Dalal does not hold any shares in the Company as on 31<sup>st</sup> March, 2020.

## DIRECTORS' REPORT

Dear Shareholder(s),

Your Directors have pleasure in presenting their 27<sup>th</sup> Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2020.

### FINANCIAL RESULTS

(₹ In Lakhs)

Particulars	Year Ended 31-03-2020	Year Ended 31-03-2019
<b>Total Income</b>	<b>554.90</b>	854.69
Gross Operating Profit	<u>-11.43</u>	<u>269.57</u>
Depreciation	<b>34.81</b>	38.87
Exceptional Items	-	-
<b>Profit Before Tax</b>	<b>-46.24</b>	230.70
Provision for :		
Current Tax	<b>6.99</b>	32.12
Deferred Tax Liability/(Assets)	<u>-43.85</u>	<u>-44.46</u>
<b>Profit After Tax</b>	<b>-9.38</b>	243.04
Other Comprehensive Income	<b>2.50</b>	3.38
Profit/(loss) brought forward from Previous year	<u><b>2,565.73</b></u>	<u>2,404.27</u>
Surplus available for appropriations	<b>2,558.52</b>	2,650.69
Proposed Dividend	<b>70.18</b>	70.18
Tax on Dividend	-	14.43
Transferred to General Reserve	-	-
<b>Balance carried forward</b>	<u><b>2,488.67</b></u>	<u>2,565.73</u>

### DIVIDEND

Your directors are pleased to recommend dividend of ₹ 1/- per Equity Share having a face value of ₹ 10/- each, (i.e. 10%) for the year ended 31<sup>st</sup> March, 2020 and the same will be paid subject to the approval of the shareholders at the 27<sup>th</sup> Annual General Meeting (AGM) of the Company.

### COVID – 19 – Measures by the management

The COVID-19 pandemic continues to spread rapidly across the globe including India. The COVID-19 outbreak was declared a global pandemic by the World Health Organization and has caused social and economic disruption. As the human toll mounts, so does the capital markets damage.

The Indian government had announced nationwide lockdown in India. In this nation-wide lock-down period, though all the services across the nation were suspended (except the specified essential services), some establishments including securities market intermediaries could operate and were exempted from the lock-down. Accordingly, your Company continued its operations through minimal staff working at office premises and rest all working from home.

Your Company adopted several measures to fight against COVID-19 and to ensure business continuity.

Some of the measures taken by the Company are as follows:

- 'Work from Home' facility for employees was provided 1 week in advance before announcement of lockdown without compromising any commitments.
- IT infrastructure support was rolled out overnight to help our employees shift to this new work paradigm.
- Motivational mails sent by Whole-time Director and awareness mails circulated.
- Conducting Virtual Meetings.
- Provision of hand sanitizers, compulsory hand sanitization for all individuals at frequent intervals and daily periodic sanitization of offices, work-area etc.
- Provision for conducting Board & other meetings in an online system.

### OPERATIONS

The financial year 2019-20 witnessed substantial increase in fund raising activity in public equity markets which was mainly dominated by Qualified Institutional Placements (QIPs). During the year only 13 Main Board IPOs came to the market, the largest being that of SBI Cards & Payment Services Ltd. Overall response from public to the Main Board IPOs was good and the Main Board IPOs were oversubscribed substantially. The listing performance of the IPOs was also excellent. The number of SME IPOs during the period reduced due to sluggish activity in the segment. Mobilization of resources through Rights Issues was also large, mainly dominated by mega issues of Vodafone Idea and Bharti Airtel. The year witnessed 13 companies using Rights Issue route to raise equity resources.

During the year your company did reasonably well by handling 3 Buy Back offers, 2 Open Offers, 2 Delisting Offers and 3 Rights Issues. The Company maintained its leadership position in handling the number of Rights Issues in the financial year. Besides this, the company advised few large corporates on Scheme of Arrangement, Inter-se transfer of shares and Preferential allotments. The company remained active on valuation services, issue of fairness opinion and other corporate advisory in the field of Private Equity and Merger & Acquisition. The ESOP advisory services continued its activity with few new clients added during the financial year.

During the year margins were under stress due to competitive conditions & lesser number of mandates. Though efforts to keep the expenses under control were initiated basic cost of human resources were more or less maintained. Capital Markets tanked substantially towards end of the financial year due to outbreak of COVID-19. This resulted in providing for notional loss due to fair value adjustments as per requirements of IND-AS. This coupled with the strain on margins resulted in reporting of a small loss at gross operating level. Management adhered to the dividend paying policy & maintained dividend payout of ₹ 1/- per share (i.e. 10%) for the shareholders.

During the last quarter of the financial year virus outbreak was witnessed and the global corona virus pandemic was declared in the month of March 2020. A complete lock down by Indian Government hit the capital markets in general and business environment in particular. The global equity markets fell sharply leading to total uncertainty in the capital market environment. Indian bourses also fell sharply on declaration of pandemic. As a result, though capital markets were on the verge of improvement, the uncertainty regarding the future economic and business outlook has hit the sentiment creating uncertainty about equity resource raising activity particularly from public markets.

Management has taken steps to shift to Work from Home scenario & have stabilized the operations to a large extent in the first quarter. The adverse effects of lockdown are bound to affect business. However all the efforts are being made by the Management to sustain the adverse environment & continue to provide efficient & competitive services to quality clients & look forward to better business opportunities.

### OPERATIONS OF SUBSIDIARIES

Presently your company has two subsidiaries namely Keynote Capitals Limited (KCL), an integrated broking house and Keynote Fincorp Ltd. (KFIN), a NBFC. KCL is a member of BSE & NSE as well as Depository Participant of Central Depository Services (India) Limited. KCL has a subsidiary namely Keynote Commodities Ltd. Which is member of Multi Commodity Exchange of India (MCX).

Presently the Company is debt free. On a consolidated basis Company has reported total revenue of ₹ 1,137.21 lakhs and loss of ₹ 422.35 lakhs. The networth of the Company on consolidated basis is ₹ 7,327.07 lakhs.

#### **SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS**

Keynote Capitals Limited (KCL) and Keynote Fincorp Limited (KFIN) are subsidiary companies of KFSL. Presently Keynote Capitals Limited has one wholly owned subsidiary namely Keynote Commodities Limited.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in **Form AOC-1** is attached to the financial statements of the Company.

Pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of the Company.

The financial statement of the subsidiary Companies are kept for inspection by the shareholders at the Registered Office of the Company. The Company shall provide free of cost, the copy of the financial statement of its subsidiary companies to the shareholders upon their request. The statements are also available on the website of the Company i.e. [www.keynoteindia.net](http://www.keynoteindia.net)

As stipulated by Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"] the consolidated financial statement have been prepared by the Company in accordance with the applicable Accounting standards. The audited consolidated financial statements together with Auditors Report form part of the Annual Report.

The company has formulated a policy for determining 'material' subsidiaries and such policy is disclosed on the company's Website [http://www.keynoteindia.net/document-hosting/financial\\_results/MaterialSubsidiary\\_Policy.pdf](http://www.keynoteindia.net/document-hosting/financial_results/MaterialSubsidiary_Policy.pdf)

#### **TRANSFER TO RESERVES**

During the year your Company has not transferred any amount to general reserve.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

As required under Regulation 34 of the Listing Regulations with Stock Exchanges, the Management Discussion and Analysis Report is enclosed as a part of this report.

#### **CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION**

The Companies Act, 2013 and Listing Regulations require compliances with specified Corporate Governance practices. These practices have been fully implemented and a certificate from the Practicing Company Secretary as well as a detailed report on Corporate Governance approved by the Board of Directors of the Company is setout in this Annual Report. Your Company has also been enlisted in the new SEBI Complaint Redressal System (SCORES) enabling the investors to register their complaints if any for speedy redressal.

#### **LISTING WITH STOCK EXCHANGES**

The Equity Shares of the Company continued to be listed and traded on the BSE and NSE. The scrip code number of the Equity Shares of the Company on BSE is 512597/KEYFINSER and on NSE is KEYFINSERV.

The Company has paid up to date listing fees to both the stock exchanges.

#### **DEMATERIALIZATION**

The Equity Shares of the Company can be held in dematerialized form. The Company has signed the tripartite agreement with National Securities Depository Ltd. (NSDL), Central Depository Services (India) Ltd. (CDSL) and existing Registrar & Transfer Agent for dematerialization of existing holding of the shareholders. The International Securities Identification Number (ISIN), allotted to the Company is INE681C01015. The Equity Shares of the Company are listed and traded on BSE and NSE. On BSE the equity shares of the Company are traded in "B" segment. The Equity Shares of the Company are being traded in compulsory dematerialized mode. Presently 98.23% of equity capital of the company is in dematerialized mode.

### **PUBLIC DEPOSIT**

Your Company has neither accepted nor renewed any deposit 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 ended 31<sup>st</sup> March, 2020.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The particulars of loans, guarantees and investment have been disclosed in the notes to the financial statements.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is well defined. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the other Directors. The Accounts Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and based on the report of internal audit the management undertakes corrective action in the respective areas and thereby strengthens the controls. Significant audit observations and recommendations if any, along with corrective actions thereon are required to be presented to the Audit Committee of the Board. During this financial year no such observations have been made.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company understands and values Corporate Social Responsibility (CSR) initiatives of the Government and has also noted the requirements of CSR activities in terms of Companies Act, 2013. The requirement of mandatory implementation of CSR activity is presently not applicable to your company.

### **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 ₹ 19.79 lakhs (previous year ₹ 34.35 lakhs).
- b) The foreign exchange expenditure ₹ 6.81 lakhs (previous year ₹ 10.18 lakhs).

### **STATE OF AFFAIRS**

The information on the state of affairs of the Company has been given as part of Management Discussion and Analysis Report forming part of Annual Report of the Company.

### **DISCLOSURES UNDER SECTION 134(3) (I) OF THE COMPANIES ACT, 2013**

There are no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

### **DIRECTOR AND KEY MANAGERIAL PERSONNEL (KMP)**

#### **(i) Changes in Director and Key Managerial Personnel (KMP):**

During the year the following changes took place in the Composition of the Board of Directors.

Re-appointed Shri Manish Desai (DIN: 02925757) as an Independent Director of the Company for the second term of 5 (Five) years with effect from 9<sup>th</sup> September, 2019 up to 8<sup>th</sup> September, 2024.

Re-appointed Shri Anish Malhotra (DIN: 02034366) as an Independent Director of the Company for the second term of 5 (Five) years with effect from 9<sup>th</sup> September, 2019 up to 8<sup>th</sup> September, 2024.

After the end of the year and up to the date of the Report there were two changes in Composition of the Board.

Re-appointed Smt. Rinku Suchanti (DIN: 00012903) as a Whole Time Director of the Company for further period of 3 (three) years with effect from 25<sup>th</sup> May, 2020 to 24<sup>th</sup> May 2023 subject to approval from shareholders in ensuing Annual General Meeting.

Re-appointed Shri Shishir Dalal (DIN: 00007008) as an Independent Director of the Company for the second term of 5 (Five) years with effect from 29<sup>th</sup> September, 2020 up to 28<sup>th</sup> September, 2025 subject to approval from shareholders in ensuing Annual General Meeting.

**(ii) Retirement by rotation:**

Based on the terms of appointment, Executive Directors and the Non-Executive and Non-Independent Directors are subject to retirement by rotation. Shri. Uday S. Patil (DIN: 00003978), being the longest serving member and who is liable to retire, being eligible, seeks reappointment. The Board recommends his re-appointment.

**(iii) Declaration of Independence**

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Companies Act, 2013 read with the Schedules and Rules issued there under as well as Regulation 16 (1) (b) of the Listing Regulations. The Independent Directors have also complied with the Code for Independent Directors prescribed in Schedule IV to the Act and Code of Conduct for directors and senior management personnel.

**(iv) Board Evaluation**

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed under Listing Regulations. Listing Regulations mandates that the Board shall monitor and review the Board evaluation framework.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole was evaluated, taking into account the views of executive directors and non-executive directors.

The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

**(v) DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL**

In accordance with Section 178 and other applicable provisions if any, of the Companies Act, 2013 read with the Rules issued there under and Regulation 19 of the Listing Regulations the Board of Directors had formulated the Nomination and Remuneration Policy of your Company on the recommendations of the Nomination and Remuneration Committee. The salient aspects covered in the Nomination and Remuneration



Policy, covering the policy on appointment and remuneration of Directors and other matters have been outlined in the Corporate Governance Report which forms part of this Report.

### **(vi) NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND AUDIT COMMITTEES**

Your Board of Directors duly met four (4) times during the financial year i.e. on 15<sup>th</sup> May, 2019, 13<sup>th</sup> August, 2019, 13<sup>th</sup> November, 2019 and 11<sup>th</sup> February, 2020 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.

The Audit Committee duly met four (4) times during the financial year i.e. on 15<sup>th</sup> May, 2019, 13<sup>th</sup> August, 2019, 13<sup>th</sup> November, 2019 and 11<sup>th</sup> February, 2020 in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minute Book maintained for the purpose.

### **(vii) DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134 (3) (c) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

- (a) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) They have 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 the financial year and of the loss of the company for that period;
- (c) They have 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) They have prepared the annual accounts on a going concern basis;
- (e) They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **(viii) CERTIFICATE FROM A COMPANY SECRETARY IN PRACTICE**

In terms of regulation 34(3) read with schedule V of the Listing Regulations, the Company has obtained a Certificate from Uma Lodha & Co., Practicing Company Secretaries confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company either by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities. The said Certificate is annexed as part of this Report.

### **PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER**

In accordance with the provisions of section 197(12) of the Companies Act, 2013, the ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub section 12 of Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are forming part of this report as "Annexure [A]".

In accordance with provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the annexure pertaining to the names and other particulars of employees is available for inspection in electronic mode. Any Shareholder interested in obtaining a copy of the said Annexure may write to the Company Secretary & Compliance Officer at the Registered Office of the Company.

## **EXTRACT OF THE ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rule, 2014, the Extract of Annual Return (**Form No. MGT-9**) as on the financial year ended on 31st March, 2020 is enclosed as “**Annexure – [B]**” to the Directors’ Report and also available on the Company’s Website viz <http://keynoteindia.net/investor-relations/>.

## **AUDIT REPORTS AND AUDITORS**

### **AUDIT REPORTS**

The observations made by the Statutory Auditors in their Report for the Financial Year Ended 31<sup>st</sup> March, 2020, read with the explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under section 134(3) of the Companies Act, 2013. Further, pursuant to Section 143(12) of the Act, the Statutory Auditors of the Company have not reported any instances of frauds committed in the Company by its officers or employees.

The Secretarial Auditor has submitted their Report and has observations as follows:

- i. As per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, a copy of annual report along with the notice of annual general meeting should be submitted to the Stock Exchange not later than the day of commencement of dispatch to its shareholders, whereas Company has complied with the provision of submission of Annual Report to the Stock exchanges on the following day after the completion of dispatch.

The Board of Directors have observed that this is merely a technical observation by the Practicing Company Secretary as Company had commence the dispatch and it got completed on next day.

- ii. As per Regulation 23(4) of SEBI (LODR), 2015, all material related party transactions shall require approval of the shareholders through resolution. Company has given loan to its Related party, M/s Concept Communication Limited, the amount of which exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements.

The Company has recovered this loan during the financial year. Being a Material Related Party Transaction, shareholders’ approval is required, and to ratify the said transaction the Company is in process of obtaining the shareholders approval in the forthcoming Annual General Meeting.

- iii. As per Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, The company shall inform, at the latest available address, the shareholder concerned regarding transfer of shares 3 months before the due date of transfer of shares and also simultaneously publish a notice in the leading newspaper in English and regional language having wide circulation informing the concerned that the names of such shareholders and their folio number or DP ID - Client ID are available on their website duly mentioning the website address.

Whereas, Company has informed the Shareholders and published notice in Newspapers well in advance before the due date of transfer of shares.

The Secretarial Audit Report is annexed herewith as “**Annexure - [C]**”

Further, the Secretarial Compliance Report for the financial year ended March 31, 2020 was obtained from M/s. Uma Lodha & Co., Practicing Company Secretaries, in relation to compliance of all applicable SEBI Regulations / circulars / guidelines issued thereunder, pursuant to requirement of Regulation 24A of Listing Regulations.

Except for the above mentioned observations the Secretarial Audit Report and Secretarial Compliance Report does not contain any other qualification, reservation nor adverse remark.

Further, pursuant to the provisions of Regulation 24A of Listing Regulations, the Secretarial Audit Report of KCL and KFL is available at website of the Company at [www.keynoteindia.net](http://www.keynoteindia.net) The said Reports are annexed as part of this Annual Report.

## **AUDITORS**

### **Statutory Auditors**

M/s. S M S R & CO LLP Chartered Accountants, Mumbai (Firm Registration No. 110592W/W100094) was reappointed as Statutory Auditors of the Company at 23<sup>rd</sup> Annual General Meeting which was held on

## ANNUAL REPORT 2019-20

29<sup>th</sup> July, 2016 to hold the office as Statutory Auditor from the conclusion of 23<sup>rd</sup> Annual General Meeting till conclusion of 28<sup>th</sup> Annual General Meeting (AGM) of the Company subject to ratification by the Members of the Company at every Annual General Meeting (AGM). As per the Companies (Amendment) Act, 2017 the provision of ratification by the members at every Annual General Meeting has been deleted w.e.f. 7<sup>th</sup> May, 2018. Hence, the resolution relating to ratification of Auditor's Appointment is not included in the Notice of the ensuing Annual General Meeting of the Company.

The Company has received a certificate from M/s. S M S R & CO LLP, confirming that they are not disqualified from continuing as Statutory Auditors of the Company.

### **Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. Uma Lodha & Co., Practising Company Secretaries to conduct the Secretarial Audit of your Company.

### **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

In pursuance to the provisions of Section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for Directors and Employees to report genuine concerns has been established.

The purpose of the "Whistle blower Policy" is to allow employees to raise concerns about unacceptable, improper or unethical practices being followed in the organization. They will be protected against any adverse action and/or discrimination as a result of such a reporting, provided it is justified and made in good faith. The Chairman of the Audit Committee has been designated for the purpose of receiving and recording any complaints under this policy. The Vigil Mechanism Policy has been uploaded on the website of the Company at [http://www.keynoteindia.net/document-hosting/financial\\_results/WHISTLE%20BLOWER%20POLICY.pdf](http://www.keynoteindia.net/document-hosting/financial_results/WHISTLE%20BLOWER%20POLICY.pdf)

### **RELATED PARTY TRANSACTIONS**

All related party transactions entered into during the FY 2019-2020 were on an arm's length basis. There are no other 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.

Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its omnibus approval and the particulars of contracts entered during the year as per **Form AOC-2** is enclosed as "**Annexure-D**". The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules there under and the Listing Regulations. This Policy was considered and approved by the Board has been uploaded on the website of the Company at [http://www.keynoteindia.net/document-hosting/financial\\_results/Keynote\\_Policy%20on%20Related%20Party%20Transactions.pdf](http://www.keynoteindia.net/document-hosting/financial_results/Keynote_Policy%20on%20Related%20Party%20Transactions.pdf)

### **CODE OF CONDUCT**

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Code has been placed on the Company's website [www.keynoteindia.net](http://www.keynoteindia.net)

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. All the Board Members and the Senior Management personnel have complied compliance with the Code.

### **RISK MANAGEMENT**

Pursuant to Section 134 (3) (n) of the Companies Act, 2013 & Regulation 17 of Listing Regulations the Company has formulated risk management policy and the same has been placed on the company website. <http://www.keynoteindia.net/investor-relations>

At present the company has not identified any element of risk which may adversely affect functioning of the company.

**PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. Said code of conduct is in line with SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All the Directors and the designated employees have complied with the Code.

**SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS**

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company's operations in future.

**DISCLOSURE ON COMPLIANCE WITH SECRETARIAL STANDARDS**

Your Directors confirm that the Secretarial Standards issued by the Institute of Company Secretaries of India, have been complied with.

**TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

a) **Transfer of Unclaimed Dividend to IEPF:**

As required under section 124 of the Act, the unclaimed dividend amount of ₹ 1, 88, 159 (Rupees One Lac Eighty Eight Thousand One Hundred and Fifty nine only) pertaining to the Financial Year 2011-2012 lying with the Company for a period of seven years was transferred during the financial year 2019-20, to the Investor Education and Protection Fund (IEPF) established by the Central Government on 7<sup>th</sup> November, 2020.

b) **Transfer of Equity Shares to IEPF:**

In terms of the provisions of the Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended) and other applicable rules, notifications and circulars, if any, every Company is required to transfer the shares, in respect of which dividend remains unpaid/ unclaimed for a period of seven (7) consecutive years, to the Investor Education and Protection Fund (IEPF) Authority.

The Company sends communication in this respect to concerned shareholders from time to time as maybe necessary. Shareholders are requested to Contact Company or RTA to encash the unclaimed dividend and in case any pending legal disputes, provide certified copy of order from Court/Authority restraining transfer, payment of dividend etc. During the financial year 2019-2020 Company has transferred 2645 Equity Shares to the Investor Education and Protection Fund (IFPF) Authority on 9<sup>th</sup> December, 2019.

c) The details of Dividends paid by the Company and the proposed dates of transfer of unclaimed / un-encashed dividends to the IEPF Authority are as under:

<b>Date of Declaration of Dividend</b>	<b>Dividend for the year</b>	<b>Proposed date for transfer to Investor Education and Protection Fund (IEPF)</b>	<b>Amount of Unpaid/ Unclaimed Dividend As on 31<sup>st</sup> March, 2020</b>
25 <sup>th</sup> September, 2013	2012 - 2013	2 <sup>nd</sup> November, 2020	1,91,914.50
9 <sup>th</sup> September, 2014	2013 - 2014	17 <sup>th</sup> October, 2021	1,38,701.00
29 <sup>th</sup> September, 2015	2014 - 2015	6 <sup>th</sup> November, 2022	1,56,912.00
29 <sup>th</sup> July, 2016	2015 - 2016	5 <sup>th</sup> September, 2023	1,53,599.00
23 <sup>rd</sup> August, 2017	2016 - 2017	30 <sup>th</sup> September, 2024	1,55,661.00
9 <sup>th</sup> August, 2018	2017 - 2018	16 <sup>th</sup> September, 2025	1,84,218.00
13 <sup>th</sup> August, 2019	2018 – 2019	20 <sup>th</sup> August, 2026	74,263.00

### **POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORK PLACE:**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made there under. The Policy aims to provide protection to employees at workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

During the financial year 2019-20, the Company has not received any complaint on sexual harassment.

### **GENERAL DISCLOSURES**

- **DISCLOSURE UNDER SECTION 43(a) (ii) OF THE COMPANIES ACT, 2013**

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a) (ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

- **DISCLOSURE UNDER SECTION 54(1) (d) OF THE COMPANIES ACT, 2013**

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1) (d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

- **DISCLOSURE UNDER SECTION 62(1) (b) OF THE COMPANIES ACT, 2013**

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1) (b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

- **DISCLOSURE UNDER SECTION 67(3) OF THE COMPANIES ACT, 2013**

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is furnished.

### **ACKNOWLEDGMENT**

We take this opportunity to express deep sense of gratitude to Members of Board of Directors, Shareholders of the Company, Securities and Exchange Board of India (SEBI), BSE Limited (BSE), National Stock Exchange of India Limited (NSE), Registrar of Companies (ROC), National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL), Association of Investment Bankers of India (AIBI), Link Intime India Private. Limited, M/s. S M S R & CO. LLP Statutory Auditors, M/s. R. B. Pandya & Co. Internal Auditors, Praxis database, our Clients, Bankers, Employees and other Stakeholders and Government Agencies for their continued support.

**For and on behalf of the Board  
Keynote Financial Services Limited**

**Date: 14<sup>th</sup> August, 2020  
Place: Mumbai**

**Sd/-  
Vineet Suchanti  
Director  
(DIN: 00004031)**

**Sd/-  
Uday S. Patil  
Director and CFO  
(DIN: 00003978)**

**Annexure [A] to Director's Report**

**Information required under Section 197 of the Companies Act, 2013 read with Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

**The ratio of the remuneration of each director to the median remuneration of the employees of the  
Company for the financial year:**

**Particulars of employees**

The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

**a. The ratio of the remuneration of each Director to the median remuneration of the employees of the  
Company for the financial year:**

Directors	Ratio to median remuneration
Shri Manish Desai	0.09
Shri Shishir Dalal	0.12
Shri Anish Malhotra	Nil
Smt. Rinku Suchanti	7.22
Shri. Vineet Suchanti	Nil
Shri. Uday S. Patil	8.25

**b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial  
Officer, Company Secretary in the financial year:**

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% Increase in remuneration in the financial year
Shri. Vineet Suchanti	NIL
Shri. Uday S. Patil	NIL
Shri. Manish Desai	-25%
Shri. Shishir Dalal	NIL
Shri. Anish Malhotra	NIL
Smt. Rinku Suchanti	-2.96
Shri. Sujeet More	13.75

**c. The percentage increase in the median remuneration of employees in the financial year: (6.18%)**

**d. The number of permanent employees on the rolls of Company: 23.**

- e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average annual increase during the last financial year was around 1.71% after accounting for promotions and other event based compensation revisions.

The management wish to retain the well settled manpower by making annual increment irrespective of Company's financial performance. Increase in the managerial remuneration for the year was -0.55%.

- f. Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms remuneration is as per the remuneration policy of the Company.

**For and on behalf of the Board  
Keynote Financial Services Limited**

**Date: 14<sup>th</sup> August, 2020  
Place: Mumbai**

**Sd/-  
Vineet Suchanti  
Director  
(DIN: 00004031)**

**Sd/-  
Uday S. Patil  
Director and CFO  
(DIN: 00003978)**

**Annexure [B] to Director's Report**  
**Extract of Annual Return as on 31<sup>st</sup> March, 2020**

**Form No. MGT-9**

**[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rule, 2014]**

**I. REGISTRAION AND OTHER DETAILS:**

i.	Corporate Identity Number (CIN)	:	L67120MH1993PLC072407
ii.	Registration Date	:	16 <sup>th</sup> June, 1993
iii.	Name of the Company	:	Keynote Financial Services Limited
iv.	Category/Sub-Category of the Company	:	Public Company limited by shares
v.	Address of the Registered office and contact details	:	The Ruby, 9 <sup>th</sup> floor, Senapati Bapat Marg, Dadar (West) Mumbai – 400 028 Tel : (022) 68266000 Fax : 022) 68266088 Email: <a href="mailto:investors@keynoteindia.net">investors@keynoteindia.net</a> Website: <a href="http://www.keynoteindia.net">www.keynoteindia.net</a>
vi.	Whether listed Company (Yes/No)	:	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	M/s. Link Intime India Pvt. Limited C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai – 400 083 Telephone No.: (022) 49186000 Fax Number : (022) 49186060 Email ID: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</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 total turnover of the Company
1.	Investment Banking and Advisory Services	649	100

**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 Capitals Limited	U67120MH1995PLC088172	Subsidiary	100	2(87)(ii)
2.	Keynote Fincorp Limited	U67120MH1995PLC084814	Subsidiary	57.14	2(87)(ii)
3.	Keynote Commodities Limited (Step-down subsidiary)	U72900MH2000PLC127047	Subsidiary of Keynote Capitals Limited	100 by Keynote Capital Limited	2(87)(ii)



## ANNUAL REPORT 2019-20

### 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 (i.e. 1 <sup>st</sup> April, 2019)				No. of Shares held at the end of the year (i.e. 31 <sup>st</sup> March, 2020)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	651052	—	651052	9.28	651052	—	651052	9.28	—
b) Central Govt.	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corporate	3411166	—	3411166	48.60	3411166	—	3411166	48.60	—
e) Banks/FI	—	—	—	—	—	—	—	—	—
f) Any Other.....	—	—	—	—	—	—	—	—	—
<b>Sub-Total (A) (1):-</b>	<b>4062218</b>	<b>—</b>	<b>4062218</b>	<b>57.88</b>	<b>4062218</b>	<b>—</b>	<b>4062218</b>	<b>57.88</b>	<b>—</b>
(2) Foreign									
a). NRIs- Individuals	—	—	—	—	—	—	—	—	—
b) Other-Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp.	—	—	—	—	—	—	—	—	—
d) Banks/FI	—	—	—	—	—	—	—	—	—
e) Any Other....	—	—	—	—	—	—	—	—	—
<b>Sub-total (A)(2) :-</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Shareholding of Promoter (A) = (A) (1)+(A)(2)</b>	<b>4062218</b>	<b>—</b>	<b>4062218</b>	<b>57.88</b>	<b>4062218</b>	<b>—</b>	<b>4062218</b>	<b>57.88</b>	<b>—</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	12478	—	12478	0.20	—	—	—	—	(0.20)
b) Bank/FI	300	—	300	0.00	300	—	300	0.00	—
c) Central Govt.	—	—	—	—	—	—	—	—	—
d). State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	561348	—	561348	8.00	561348	—	561348	8.00	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
<b>Sub-Total (B)(1):-</b>	<b>574126</b>	<b>—</b>	<b>574126</b>	<b>8.20</b>	<b>561648</b>	<b>—</b>	<b>561648</b>	<b>8.00</b>	<b>(0.20)</b>

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

Category of Shareholders	No. of Shares held at the beginning of the year (i.e. 1 <sup>st</sup> April, 2019)				No. of Shares held at the end of the year (i.e. 31 <sup>st</sup> March, 2020)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	104345	6700	111045	1.58	102871	6700	109571	1.56	(0.22)
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.	285452	123359	408811	5.82	312276	115509	427785	6.09	0.27
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	297466	—	297466	4.24	292972	—	292972	4.17	(1.65)
c) Others									
i) Non-resident Indians (Repat)	2777	1300	4077	0.06	2566	1300	3866	0.05	0.01
ii) Non Resident (Non Repatriable)	33	—	33	0.00	34	—	34	0.00	0.00
iii) Trust	1451702	200	1451902	20.69	1451702	200	1451902	20.69	—
iv) Hindu Undivided Family	17683	500	18183	0.26	20639	500	21139	0.30	0.04
v).Clearing Member	5830	—	5830	0.08	11	—	11	0.00	(.0.08)
vi) Investors Education and Protection Fund Authority (Ministry of Corporate Affairs)	84648	—	84648	1.20	87193	—	87193	1.24	0.04
<b>Sub-Total (B)(2)</b>	<b>2249936</b>	<b>132059</b>	<b>2381495</b>	<b>33.93</b>	<b>2270264</b>	<b>124209</b>	<b>2394473</b>	<b>34.11</b>	<b>0.18</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2824062</b>	<b>132059</b>	<b>2956121</b>	<b>42.12</b>	<b>2831912</b>	<b>124209</b>	<b>2956121</b>	<b>42.12</b>	<b>—</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Promoter and Promoter Group</b>	—	—	—	—	—	—	—	—	—
<b>Public</b>	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	<b>6886280</b>	<b>132059</b>	<b>7018339</b>	<b>100.00</b>	<b>6894130</b>	<b>124209</b>	<b>7018339</b>	<b>100.00</b>	<b>—</b>

## ANNUAL REPORT 2019-20

### ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 1 <sup>st</sup> April, 2019			Share holding at the end of the year i.e. 31 <sup>st</sup> March, 2020			% 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.	NSS Digital Media Limited	3112256	44.34	—	3112256	44.34	—	—
2.	Nirmal Suchanti – HUF	282499	4.03	—	282499	4.03	—	—
3.	Concept Production Limited	241600	3.44	—	241600	3.44	—	—
4.	Pushpa Nirmal Suchanti	132308	1.89	—	132308	1.89	—	—
5.	Nirmal Suchanti	117647	1.68	—	117647	1.68	—	—
6.	Naga Accounts Management Pvt. Ltd.	53300	0.76	—	53300	0.76	—	—
7.	Vivek Suchanti	49440	0.70	—	49440	0.70	—	—
8.	B. Madhuprasad	48550	0.69	—	48550	0.69	—	—
9.	Vineet Suchanti	11977	0.17	—	11977	0.17	—	—
10.	Rita Suchanti	4829	0.07	—	4829	0.07	—	—
11.	Dhanvirdhi Tie up Pvt. Limited	4010	0.06	—	4010	0.06	—	—
12.	Rinku Suchanti	3802	0.05	—	3802	0.05	—	—
	<b>Total</b>	<b>4062218</b>	<b>57.88</b>	<b>—</b>	<b>4062218</b>	<b>57.88</b>	<b>—</b>	<b>—</b>

### iii) Change in Promoters' Shareholding as on 31<sup>st</sup> March, 2020 (Please specify, if there is no change)

Sr. No.	Shareholder's Name	No. of Shares at the beginning of the year i.e. 1 <sup>st</sup> April, 2019	% of total shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative Shares during the year	% of total shares of the company during the year
1.	NSS Digital Media Limited	3112256	44.34		No Change		3112256	44.34
2.	Nirmal Suchanti – HUF	282499	4.03		No Change		282499	4.03
3.	Concept Production Limited	241600	3.44		No Change		241600	3.44
4.	Pushpa Nirmal Suchanti	132308	1.89		No Change		132308	1.89
5.	Nirmal Suchanti	117647	1.68		No Change		117647	1.68
6.	Naga Accounts Management Pvt. Ltd.	53300	0.76		No Change		53300	0.76
7.	Vivek Suchanti	49440	0.70		No Change		49440	0.70
8.	B. Madhuprasad	48550	0.69		No Change		48550	0.69
9.	Vineet Suchanti	11977	0.17		No Change		11977	0.17
10.	Rita Suchanti	4829	0.07		No Change		4829	0.07
11.	Dhanvirdhi Tie up Pvt. Limited	4010	0.06		No Change		4010	0.06
12.	Rinku Suchanti	3802	0.05		No Change		3802	0.05

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No.	Shareholder's Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2018)/ end of the year (31-03-2019)	% of total Shares of the company				No. of Shares	% of total Shares of the Company
1	Keynote Trust	1451702	20.68	01-04-2019	0	NIL Movement during the year	1451702	20.68
		1451702	20.68	31-03-2020				
2	India Max Investment Fund Ltd.,	561348	8.00	01-04-2019	0	NIL Movement during the year	561348	8.00
		561348	8.00	31-03-2020				
3	Gaurav Himatsingka	121000	1.72	01-04-2019	0	NIL Movement during the year	121000	1.72
		121000	1.72	31-03-2020				
4	Investor Education and Protection Fund Authority Ministry of Corporate Affairs	84648	1.21	01-04-2019 13-12-2019	2645	Transferred pursuant to the circular issued by Ministry of Corporate Affairs	87193	1.24
		87193	87193	31-03-2020				
5	Narsingh Pal Singh	36260	0.51	01-04-2019				
				12-04-2019	918	Purchase	37198	0.53
				19-04-2019	6000	Purchase	43198	0.61
				26-04-2019	753	Purchase	43951	0.62
				14-06-2019	-1	Sale	43950	0.62
				04-10-2019	14	Purchase	43964	0.62
				01-11-2019	16	Purchase	43980	0.62
				17-01-2020	10	Purchase	43990	0.62
				24-01-2020	20	Purchase	44010	0.62
				31-01-2020	1155	Purchase	45165	0.64
				07-02-2020	10	Purchase	45175	0.64
		45175	0.64	31-03-2020			45175	
6	Skunk Agents Private Limited	41914	0.59	31-03-2019	0	NIL Movement during the year	41914	0.59
		41914	41914	31.03.2020				
7	Gulu Khuba Watumull	41523	0.59	01-04-2019	0	NIL Movement during the year	41523	0.59
		41523	0.59	31-03-2020				
8	Bela Properties Private Limited	40776	0.58	01-04-2019	0	NIL Movement during the year	40776	0.58
		40776	0.58	31-03-2020				
9	Manoj J. Bagadia	21500	0.30	31-03-2019	85	Purchase	21585	0.31
				26-07-2019	76	Purchase	21661	0.31
				02-08-2019	150	Purchase	21811	0.31
				09-08-2019	250	Purchase	22061	0.31
				20-09-2019	10	Purchase	22071	0.31
				08-11-2019				
		22071	0.31	31-03-2020				
10	Varsha Berlia	16000	0.22	01-04-2019	0	NIL Movement during the year	16000	0.22
		16000	0.22	31-03.2020				

## ANNUAL REPORT 2019-20

### v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholder's Name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total Shares of the company				No. of Shares	% of total Shares of the Company
<b>Directors:</b>								
1.	Shri Vineet Suchanti	11977	0.17	01-04-2018	0	NIL Movement during the year		
		11977	0.17	31-03-2019			11977	0.17
2.	Shri Uday S. Patil	2500	0.03	01-04-2018	0	NIL Movement during the year		
		2500	0.03	31-03-2019			2500	0.03
3.	Shri Shishir Vasant Dalal	0	0	01-04-2018	0	NIL holding/ Movement during the year		
		0	0	31-03-2019			0	0
4.	Shri Anish Malhotra	0	0	01-04-2018	0	NIL holding/ Movement during the year		
		0	0	31-03-2019			0	0
5.	Shri Manish Desai	0	0	01-04-2018	0	NIL holding/ Movement during the year		
		0	0	31-03-2019			0	0
6.	Smt. Rinku Suchanti	3802	0.05	01-04-2018	0	NIL Movement during the year	3802	0.03
		3802	0.03	31-03-2019				
<b>Key Managerial Personnel</b>								
1.	Shri Uday S. Patil	2500	0.03	01-04-2019	0	NIL Movement during the year	2500	0.03
		2500		31-03-2020				
2.	Shri Sujeet More	00	00	01-04-2019 31-03-2020	0	NIL holding/ Movement during the year	00	00

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Amount (₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01-04-2019</b>				
i) Principal Amount				
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)				
<b>Change in Indebtedness during the financial year</b>				
+ Addition	—	—	—	—
- Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year – 31-03-2020</b>				
i) Principal Amount	—	—	—	—
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	—	—	—	—

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

Sl. No.		Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		* Smt. Rinku Suchanti – Whole-Time Director	ShriUday S. Patil – Whole-Time Director	
1.	Gross Salary	(₹)	(₹)	(₹)
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	37,93,150/-	43,48,291/-	81,41,441/-
	(b) Value of perquisites u/s 17(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			
	<b>Total (A)</b>	37,93,150/-	43,48,291/-	81,41,441/-
	Ceiling as per the Act			*1,68,00,000/-

\* The Managerial remuneration paid is in the line with Clause A of Section II of Part II of Schedule V of the Companies Act, 2013.

## ANNUAL REPORT 2019-20

### B. Remuneration of other Directors:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹)
		Shri Manish Desai	Shri Shishir Dalal	
<b>1.</b>	<b>Independent Directors</b>			
	• Fees for attending board committee meetings	45,000/-	60,000/-	1,05,000/-
	• Commission			
	• Others			
	<b>Total (1)</b>	45,000/-	60,000/-	1,05,000/-
	Particulars of Remuneration	Name of the Director		Total Amount (₹)
<b>2.</b>	<b>Other Non-Executive Directors</b>			
	• Fees for attending board committee meetings	Nil		Nil
	• Commission	Nil		Nil
	• Others (Professional fees)	Nil		Nil
	<b>Total (2)</b>	Nil		Nil
	<b>Total B = (1+2)</b>	Nil		Nil
	Total Managerial Remuneration			
	Ceiling as per the Act	* As per Resolution passed by the Nomination & Remuneration Committee of the company.		

### C. Remuneration to Key Managerial Personnel other than MD/Manager/ WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
			Shri Sujeet More	Shri Uday S. Patil	
1.	Gross Salary	(₹)	(₹)	(₹)	(₹)
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	—	5,51,231/-	As mention point No. VI (A)	5,51,231/-
	(b) Value of perquisites u/s 17(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	—	—	—	—
	<b>Total</b>	—	5,51,231/-	—	5,51,231/-

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

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)
<b>A. COMPANY</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of the Board  
Keynote Financial Services Limited

Date: 14<sup>th</sup> August, 2020  
Place: Mumbai

Sd/-  
Vineet Suchanti  
Director  
(DIN: 00004031)

Sd/-  
Uday S. Patil  
Director and CFO  
(DIN: 00003978)



**Annexure - C to Directors Report**

**Form MR-3**

**SECRETARIAL AUDIT REPORT**

**[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup>MARCH 2020**

**To**

**The Members of  
Keynote Financial Services Limited  
(Formerly known as Keynote Corporate Services Limited)**

We have conducted the Secretarial Audit of the compliance of applicable statutory provision and the adherence to good corporate practices by M/s. Keynote Financial Services Limited (CIN: L67120MH1993PLC072407) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes' books, forms and returns filed and other records maintained by M/s. Keynote Financial Services Limited for the financial year ended 31<sup>st</sup>March 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (regulation) Act, 1956 (SCRA) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations any Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Registrars to issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- vi) Other laws specifically applicable to the Company:  
Securities Exchange Board of India (Merchant Bankers) Regulation,1992.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc;

I further report that there were no events/actions in pursuance of:

- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- The Securities and Exchange Board of India (Delisting of Equity Shares), Regulations, 2009;
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999;

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all Directors to schedule the Board Meetings, along with a brief agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following;

1. As per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, a copy of annual report along with the notice of annual general meeting should be submitted to the Stock Exchange not later than the day of commencement of dispatch to its shareholders, whereas Company has complied with the provision of submission of Annual Report to the Stock exchanges on the date of completion of dispatch made to shareholders as against the date of commencement of dispatch.
2. As per Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, The company shall inform, at the latest available address, the shareholder concerned regarding transfer of shares 3 months before the due date of transfer of shares and also simultaneously publish a notice in the leading newspaper in English and regional language having wide circulation informing the concerned that the names of such shareholders and their folio number or DP ID - Client ID are available on their website duly mentioning the website address. Whereas, Company has informed the Shareholders and published notice in Newspapers 2 months before the due date of transfer of shares as against 3 months.
3. As per Regulation 23(4) of SEBI (LODR), 2015, All material related party transactions shall require approval of the shareholders through resolution. Company has given loan to its Related party, M/s Concept Communication Limited, the amount of which exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements. Being a Material Related Party Transaction, shareholders' approval is required, as per the discussion with the Management, Company is in process of obtaining the same in the forthcoming Annual General Meeting.

**We further report that** during the audit period there were no major events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

**For Uma Lodha & Co.**

**Sd/-**

**Uma Lodha**

Proprietor

FCS No. : 5363

C.P. No.2593

UDIN:F005363B000579134

Place: Mumbai

Date: 14/08/2020

**Note:** This report is to be read with our letter of even date which is annexed as 'ANNEXURE A(i)' and forms an integral part of this report.

**ANNEXURE A(i)**

**To,  
The Members,  
Keynote Financial Services Limited  
(Formerly known as Keynote Corporate Services Limited)**

Our report of even date is to be read along with this letter.

- Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- Due to restricted movement amid COVID-19 pandemic, my basis of examination for issuing Secretarial Audit Report for the financial year 2019-20 was only restricted to the information/documents/Confirmations/Records provided by the Company in the electronic mode and could not be verified from the original records. The management has confirmed that the records submitted to me are the true and correct.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Uma Lodha & Co.**

**Sd/-**

**Uma Lodha**

Proprietor

FCS No.: 5363

C.P. No.2593

UDIN:F005363B000579134

Place: Mumbai  
Date:14/08/2020

**ANNEXURE [D] TO DIRECTOR'S 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 arm's length transaction under third proviso is given below:

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name(s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transactions	
c)	Duration of the contracts/arrangements/transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any:	
h)	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 arrangements or transactions at arm's length basis:**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name (s) of the related party and nature of relationship	NIL
b)	Nature of contracts/arrangements/transactions	
c)	Duration of the contracts/arrangements/transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
e)	Date(s) of approval by the Board, if any:	
f)	Amount paid as advance, if any:	

**For and on behalf of the Board**  
**Keynote Financial Services Limited**

**Place: Mumbai**  
**Date: 14/08/2020**

**Sd/-**  
**Vineet Suchanti**  
**Director**  
**(DIN: 00004031)**

**Sd/-**  
**Uday S. Patil**  
**Director and CFO**  
**(DIN: 00003978)**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Industry structure and developments**

The financial year 2019-20 witnessed substantial increase in fund raising activity in public equity markets which was mainly dominated by Qualified Institutional Placements (QIPs). During the year only 13 Main Board IPOs came to the market, the largest being that of SBI Cards & Payment Services Ltd. Overall response from public to the Main Board IPOs was good and the Main Board IPOs were oversubscribed substantially. The listing performance of the IPOs was also excellent. The number of SME IPOs during the period reduced due to sluggish activity in the segment. Mobilization of resources through Rights Issues was also large, mainly dominated by mega issues of Vodafone Idea and Bharti Airtel. The year witnessed 13 companies using Rights Issue route to raise equity resources.

During the year your company did reasonably well by handling 3 Buy Back offers, 2 Open Offers, 2 Delisting Offers and 3 Rights Issues. The Company maintained its leadership position in handling the number of Rights Issues in the financial year. Besides this, the company advised few large corporates on Scheme of Arrangement, Inter-se transfer of shares and Preferential allotments. The company remained active on valuation services, issue of fairness opinion and other corporate advisory in the field of Private Equity and Merger & Acquisition. The ESOP advisory services continued its activity with few new clients added during the financial year.

During the year margins were under stress due to competitive conditions & lesser number of mandates. Though efforts to keep the expenses under control were initiated basic cost of human resources were more or less maintained. Capital Markets tanked substantially towards end of the financial year due to outbreak of COVID-19. This resulted in providing for notional loss due to fair value adjustments as per requirements of IND-AS. This coupled with the strain on margins resulted in reporting of a small loss at gross operating level. Management adhered to the dividend paying policy & maintained dividend payout of Re.1/- per share (i.e. 10%) for the shareholders.

**Opportunities & Threats**

During the last quarter of the financial year virus outbreak was witnessed and the global corona virus pandemic was declared in the month of March 2020. A complete lock down by Indian Government hit the capital markets in general and business environment in particular. The global equity markets fell sharply leading to total uncertainty in the capital market environment. Indian bourses also fell sharply on declaration of pandemic. As a result, though capital markets were on the verge of improvement, the uncertainty regarding the future economic and business outlook has hit the sentiment creating uncertainty about equity resource raising activity particularly from public markets.

Management has taken steps to shift to Work from Home scenario & have stabilized the operations to a large extent in the first quarter. The adverse effects of lockdown are bound to affect business. However, all the efforts are being made by the Management to sustain the adverse environment & continue to provide efficient & competitive services to quality clients & look forward to better business opportunities. The uncertainties in international & domestic business environment are likely to pose threat to small & medium business entities.

**Segment-wise performance**

The income of the Company comprises of fees received on advisory services in the Merchant Banking, Corporate Finance & ESOP Advisory. On a consolidated basis income further comprises of brokerage, depository services, profit on trading besides interest on loan & advances.

During the current year, besides the fall in revenue by your Company, there was also a fall in revenue by subsidiaries of the Company which effected the overall performance of the Company.

**Outlook**

The outlook for the current year is extremely uncertain due to ongoing COVID pandemic. It remains to be seen what developments take place on international scenario in times to come. The Governments all over the globe are taking steps to boost their economies by providing financial & other packages to boost the sentiments. The Indian Government has also announced various packages & schemes to support the economy & businesses. Overall situation on economic front is likely to remain fluid. The outlook for the current financial year for the company thus depends on various external factors.

**Risks & Concerns**

The size of your Company is a concern given the segment in which it operates. However, your Company also enjoys a niche in the segment in which it operates for providing value added and efficient services to its clients. It may be increasingly difficult to compete for your Company for securing large size mandates.

### **Internal Control systems and their adequacy**

The company being in existence as Merchant Banker since past several years has developed well-structured internal control systems to conduct the business within the framework of Regulations. The present structure & systems are adequate and commensurate to the size of operations of your company.

### **Discussion on financial performance with respect to operational performance**

Your Company continued to adopt policy of being selective while accepting the assignments and strive for working on assignments of good corporate houses and Companies. The focus on Rights Issues, Buy Backs, Open Offers, Valuations and other corporate advisory services yield good results for the company. The current financial year saw a decline in performance on account of reasons mentioned. The management also has consciously capped the expenses to a certain extent to be able to sustain. Overall financial performance is likely to be stable in the years to come.

### **Material developments in Human Resources/Industrial Relations front, including number of people employed**

There are no material developments in human resources /industrial relations front. The Company continues to operate with a sleek employee structure. However, company has adopted the cautious policy by reducing the compensation structure for the mid & senior level management beginning current financial year to keep cost structure under control.

**Significant changes in Key Financial Ratios** (i.e. change of 25% or more as compared to the immediately previous financial year) along with detailed explanations therefor

(i) Debtors Turnover

Debtors to turnover ratio was at around 8 times as against around 20 times as at the end of previous financial year. Your company is a service provider & have adopted the policy of raising the invoices on the clients on completion of the milestone as per respective engagement letters. As a result, the outstanding debtors are not significant. However, some of the debtors remain outstanding at the end of financial year & are received in the next financial year.

(ii) Inventory Turnover

Being into services business not applicable.

(iii) Interest Coverage Ratio

Your company is debt free.

(iv) Current Ratio

Current Ratio for this financial year is about 31% as against 40% for the previous financial year. This is particularly on account of provision for fair value adjustments in current investment as per requirements of IND-AS.

(v) Debt Equity Ratio

Your company is debt free.

(vi) Operating Profit Margin (%)

As the company has reported the notional loss on account of provision for fair value adjustments as per accounting standards operating profit margin is negative as against 0.27% for the previous financial year.

(vii) Net Profit Margin (%)

As the company has reported the notional loss on account of provision for fair value adjustments as per accounting standards operating profit margin is negative as against 0.28% for the previous financial year.

(viii) sector-specific equivalent ratios:

Not applicable

### **Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.**

For the current financial company has reported a small loss & hence Return on Networth is negative as against 0.04% for the previous financial year. Capital Markets tanked substantially towards end of the financial year due to outbreak of COVID-19. The market values of investments eroded substantially as at the end of financial year 2019-2020. This resulted in providing for notional loss due to fair value adjustments as per requirements of IND-AS. This coupled with the strain on margins resulted in reporting of a small loss at gross operating level.

### **DISCLOSURE OF ACCOUNTING TREATMENT**

Your Company follows Accounting Standards as prescribed by Institute of Chartered Accountants of India (ICAI) for preparation of financial statements; there is no other such different treatment followed for the same.

**REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE**

**COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE**

The philosophy of governance has been deeply rooted in the culture of the Company over a long period of time. The Company continues to deliver value to its various stakeholders. The practice of responsible governance has enabled the Company to maintain sustainability, while meeting the expectations of all stakeholders and the society at large. Besides complying with Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) the Company has adopted various practices and set reasonable standards for conducting business. The Company endeavors to improve upon aspects like transparency, professionalism, accountability and fair disclosures, on an ongoing basis and takes necessary steps towards growth and enhancing value for its shareholders.

The Company has complied with all the regulations stipulated by the Securities Exchange Board of India (SEBI) in the Listing Regulations.

**GOVERNANCE FRAMEWORK**

The Company’s Governance structure consists of Board of Directors, its Committees and the Management.

**BOARD STRUCTURE:**

**Board Leadership:**

The Company has a well-balanced Board of Directors with members from diverse backgrounds who have experience and expertise in various fields. Out of 8 members on the Board, 4 are Independent Directors who are well known for their wealth of experience, high standards of governance and independence. The Board over the period of years has created a culture of leadership to provide long-term vision and policy approach to improve performance and quality of governance in the Company. It has played a primary role in providing strategic direction to the management coupled with giving responsibility and accountability to deliver value with highest level of transparency and integrity.

**Board Committees:**

Committees have been constituted by the Board with specific terms of reference and have an optimum representation of Board members. These Committee members meet at such frequency as is necessary to address the responsibilities and tasks assigned to them. Presently there are four (4) Committees of the Board viz., Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Management Committee (Non-mandatory).

**BOARD OF DIRECTORS**

**Composition:**

The composition of the Board is in conformity with Regulation 17(1) of Listing Regulation as well as the Companies Act, 2013. The Company has an optimum representation of Independent Directors on the Board of Directors of the Company.

The composition of the Board of Directors of the Company as on 31<sup>st</sup> March, 2020 is as follows:

<b>Category</b>	<b>:</b>	<b>Name of Directors</b>
Non-Independent Directors	:	* Shri. Vineet Suchanti – Non-Executive Director * Smt. Rinku Suchanti – Executive Director Shri. Uday S. Patil – Executive Director
Independent Directors	:	Shri. Anish Malhotra Shri. Manish Desai Shri. Shishir Dalal

\* Promoter Director

Smt. Rinku Vineet Suchanti is the spouse of Shri Vineet Suchanti. None of the other directors are related to any other director on the Board.

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

Board Meetings held during the financial year 2019-2020.

The Board of Directors had met 4 times during the financial year 2019-2020. These meetings were held on 15<sup>th</sup> May, 2019, 13<sup>th</sup> August, 2019, 13<sup>th</sup> November, 2019 and 11<sup>th</sup> February, 2020. Composition of Board of Directors, attendance at the Board Meetings and the last Annual General Meeting as on 31<sup>st</sup> March, 2020, as applicable, is tabulated hereunder:

Name of the Director	No. of Board Meeting attended	Attendance at previous AGM on 13/08/2019	No. of outside Directorships held (Excluding Keynote Financial Services Limited)	No. of Membership/ Chairmanship in other Board Committees (Excluding Keynote Financial Services Limited)		Nature of Directorship in the Company
				Member	Chairman	
Shri Vineet Suchanti [DIN-00004031]	4	Yes	4	6 #	2 ##	Non-Executive
Shri Uday S. Patil [DIN-00003978]	4	Yes	4	Nil	Nil	Executive
Shri Anish Malhotra [DIN-02034366]	1	No	4	Nil	Nil	Independent
Shri Manish Desai [DIN-02925757]	4	Yes	2	Nil	Nil	Independent
Smt. Rinku Suchanti [DIN-00012903]	4	Yes	3	—	—	Executive
Shri Shishir Dalal (DIN-00007008)	4	Yes	7	1 @	3 @@	Independent

# Member of “Stakeholder Relationship Committee” and “Corporate Social Responsibility (CSR) Committee” and Share Transfer Committee of LKP Finance Limited. Member of “Audit Committee” and “Nomination and Remuneration Committee” of Keynote Capitals Limited.

## Chairman of “Audit Committee” and “Nomination and Remuneration Committee” of LKP Finance Limited.

\* Member of Audit Committee of Keynote Capitals Limited.

@ Member of “Nomination and Remuneration Committee” of Sustainable Agro-Commercial Finance Limited.

@ @ Chairman of “Audit Committee” of Sustainable Agro-Commercial Finance Limited, Windsor Machines Limited and Chairman of “Nomination and Remuneration Committee” of Windsor Machines Limited.

Name of other listed entities where Directors of the Company are Directors and Category of Directorship:

Sr. No.	Name of Director	Name of Listed entities in which the concerned Director is a Director	Category of Directorship
1.	Shri Vineet Suchanti	LKP Finance Limited	Independent Director
2.	Shri Uday S. Patil	————	————
3.	Smt. Rinku Suchanti	————	————
4.	Shri Shishir Dalal	Windsor Machines Limited	Independent Director
5.	Shri Manish Desai	————	————
6.	Shri Anish Malhotra	————	————



## ANNUAL REPORT 2019-20

### Skills / Expertise / Competencies of the Board of Directors:

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

Sr. No.	Skills / expertise / competencies	Name of the Directors
1	Business Strategy, Marketing, Administration, Decision Making	Shri. Vineet Suchanti and Shri. Uday S. Patil
2	Financial and Management skills	Shri. Vineet Suchanti, Shri. Uday S. Patil and Mrs. Rinku Suchanti
3	Professional skills and specialized knowledge in relation to Company's business.	Shri. Vineet Suchanti, Shri. Uday S. Patil, Shri. Shishir Dalal, Shri. Manish Desai and Shri. Anish Mohotra
4	Legal, Compliance & Governance, Information Technology	Shri. Uday S. Patil

### INDEPENDENT DIRECTORS:

The Independent Directors have submitted declarations that they meet the criteria of independence as per the provisions of the Companies Act, 2013 and the Listing Regulations; a statement in this regard forms part of the Board's Report. The Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013 and Listing Regulations. A sample of the letter of appointment is available on the website of the Company and can be accessed through the link:<http://www.keynoteindia.net/investor-relations>.

**The shareholding of the Non-Executive Directors of the company as on 31<sup>st</sup> March, 2020 is as follows:**

Name of the Director	Nature of Directorship	No. of Shares held	% to the paid up Share Capital
Shri Vineet Suchanti	Director/Promoter	11977	0.17
Shri Anish Malhotra	Independent Director	Nil	Nil
Shri Manish Desai	Independent Director	Nil	Nil
Shri Shishir Dalal	Independent Director	Nil	Nil

Smt. Rinku Suchanti, Whole-Time Director holds 3802 (0.05%) Equity Shares of the Company as on 31<sup>st</sup> March, 2020 and Shri Uday S. Patil, Whole-Time Director and CFO holds 2500 (0.03%) Equity Shares of the Company as on 31<sup>st</sup> March, 2020.

### Board Procedures

The Board meets at least once in a quarter to review financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues concerning the businesses of the Company. The tentative annual calendar of Board Meetings for the ensuing year is decided in advance by the Board.

The Board Meetings are governed by a structured Agenda. The Agenda along with detailed explanatory notes and supporting material are circulated in advance before each meeting to all the Directors for facilitating effective discussion and decision making. The Board members are, on a quarterly basis, appraised on the overall performance of the Company through presentations and detailed notes.

Presentations are also made by the Executive Directors on the Company's plans, performance, operations and other matters on a periodic basis. The Board has complete access to any information within the Company which includes the information as specified in Part A of Schedule II Listing Regulations and they are updated about their roles and responsibilities in the Company.

The Board, inter alia, reviews annual operating and capital expenditure plans and budgets, financial statements of business segments, compliance report(s) of all laws applicable to the Company, major legal and tax issues, policies/charters of committees of the Company, appointment and remuneration to Directors, minutes of the Board Meetings of the Company's subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, risk management, transactions involving sale of material investments, subsidiaries, assets, which are not in normal course of business, foreign currency exposure, status of all investments made by the Company, minutes of meetings of the Committees of the Board, declaration of dividend, issue of securities, short-term borrowings, any other proposal from the management regarding mergers, acquisitions and restructuring of investments, etc.

The proceedings of each meeting of the Board and its Committees are captured in accordance with the provisions of the Companies Act, 2013 and Companies (Meetings of Board and its Powers) Rules, 2014.

#### **Directors' Induction and Familiarization**

The provision of an appropriate induction for new Directors and ongoing familiarization for existing Directors is a major contributor to the maintenance of high Corporate Governance standards of the Company.

The Whole-Time Director is responsible for ensuring that such familiarization programme is provided to Directors.

The Independent Directors, from time to time request management to provide detailed understanding of any specific project, activity or process of the Company. The management provides such information and training either at the meeting of Board of Directors or otherwise. The induction process is designed to:

- a. build an understanding of the Company, its businesses and the markets and regulatory environment in which it operates;
- b. provide an appreciation of the role and responsibilities of the Director;
- c. fully equip Directors to perform their role on the Board effectively; and
- d. develop understanding of Company's people and its key stakeholder relationships.

Upon appointment, Directors receive a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. In addition to the extensive induction and training provided as part of the familiarization programme, the Independent Directors are also taken through various business and functional sessions in the Board meetings including the Board meetings to discuss strategy.

The details of Director's induction and familiarization are available on the Company's website at [http://www.keynoteindia.net/documenthosting/financial\\_results/Familiarization\\_Program\\_for\\_IndependentDirectors\\_of\\_Keynote.pdf](http://www.keynoteindia.net/documenthosting/financial_results/Familiarization_Program_for_IndependentDirectors_of_Keynote.pdf)

#### **Separate Independent Directors' Meeting:**

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and Regulation 25(3) of Listing Regulations, a meeting of the Independent Directors of the Company was held on 11<sup>th</sup> February, 2020, without the attendance of Non-Independent Directors and members of the management.

#### **Evaluation of Board Effectiveness**

In terms of provisions of the Companies Act, 2013 read with Rules issued there under and Part D of Schedule II of Listing Regulations, the Board of Directors, on recommendation of the Nomination and Remuneration Committee, have evaluated the effectiveness of the Board. Accordingly, the performance evaluation of the Board, each Director and the Committees was carried out for the financial year ended 31<sup>st</sup> March, 2020. The evaluation of the Directors was based on various aspects which, inter alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the environment and effectiveness of their contribution.

#### **COMMITTEES OF THE BOARD**

The Committees constituted by the Board play a very important role in the governance structure of the Company. The terms of reference of these Committees are approved by the Board and are in line with the requirements of Companies Act, 2013 and Listing Regulations. The minutes of Committee meetings are tabled at the Board meetings and the Chairman of each Committee briefs the members of the Board on the important deliberations and decisions of the respective Committees. The minutes of the proceedings of the Committee Meetings are

captured in the same manner as the Board Meetings and in accordance with the provisions of the Companies Act, 2013.

The Board has currently established the following statutory and non-statutory Committees.

### **AUDIT COMMITTEE**

The Audit Committee has played an important role in ensuring the financial integrity of the Company. The Audit Committee's role includes oversight of the financial reporting process, the audit process, the adequacy of internal controls and compliance with applicable laws and regulations. The composition of the Audit Committee is in line with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. The members of the Audit Committee are financially literate and have requisite experience in financial management. The Committee invites the Non Executive Director, Chief Financial Officer (CFO) and Statutory Auditor to attend its meetings.

The previous annual general meeting (AGM) of the Company was held on 13<sup>th</sup> August, 2019 and was attended by Shri Shishir Dalal, Chairman of Audit Committee.

The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year ended 31<sup>st</sup> March, 2020 are detailed below:

The Audit Committee comprises of 3 members namely Shri Shishir Dalal, Shri Uday Patil and Shri Manish Desai.

The Committee met 4 (four) times during the year under review. The audit committee met prior to the finalization of the accounts for the year ended 31<sup>st</sup> March, 2020.

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Designation in Committee</b>	<b>Nature of Directorship in the Company</b>	<b>No. of Meetings attended upto 31<sup>st</sup> March, 2020</b>
1.	Shri Shishir Dalal	Chairman	Independent	4
3.	Shri Manish Desai	Member	Independent	4
4.	Shri. Uday S. Patil	Member	Executive	4

The necessary quorum was present for all the meetings.

Company Secretary of the Company acts as Secretary to the Audit Committee.

The scope of activities and terms of reference of the Audit Committee is governed by a Charter which is in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

#### **A. The role of the Audit Committee, inter alia, includes the following:**

- (1) Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (b) Changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;

- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

**B. The audit committee shall mandatorily review the following information:**

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) management letters/letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

**NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee broadly plays a dual role of determining the composition of the Board based on need and requirements of the Company from time to time and determines the overall

compensation framework and policy for Directors, senior management and employees. The Committee further reviews that the human resource practices of the Company are effective in maintaining and retaining a competent workforce.

The composition of the “Nomination and Remuneration Committee” is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations.

The Committee met one (1) time during the financial year ended 31<sup>st</sup> March, 2020 on 15<sup>th</sup> May, 2019. The composition of the Nomination and Remuneration Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year ended 31<sup>st</sup> March, 2020 is detailed below:

**The details of Nomination and Remuneration Committee are as follows:**

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship in the Company	No. of Meetings attended upto 31 <sup>st</sup> March, 2020
1.	Shri Manish Desai	Chairman	Independent	1
2.	Shri Anish Malhotra	Member	Independent	1
3.	Shri Vineet Suchanti	Member	Non Independent	1

Company Secretary of the Company acts as Secretary to the “Nomination and Remuneration Committee”

The Nomination and Remuneration Committee is empowered, pursuant to its terms of reference, *inter alia*, to:

1. Identify persons who are qualified to become Directors and persons who may be appointed in Senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
2. Carry on the evaluation of every Director’s performance;
3. Formulate criteria for determining qualifications, positive attributes and independence of a Director;
4. Recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
5. Formulate criteria for evaluation of Independent Directors and the Board;
6. Devise a policy on Board Diversity; and
7. Undertake any other matters as the Board may decide from time to time.

In accordance with Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors at their meeting held on 11th November, 2014 formulated the Nomination and Remuneration Policy of the Company on the recommendations of the Nomination and Remuneration Committee.

### **Nomination and Remuneration Policy of the Company:**

In accordance with the Nomination and Remuneration Policy, the Nomination and Remuneration Committee has, *inter alia*, the following responsibilities:

1. Formulate the criteria for appointment as a Director: The Committee shall formulate criteria, and review them on an ongoing basis, for determining qualifications, skills, expertise, qualities, positive attributes required to be a Director of the Company.
2. Identify persons who are qualified to be Directors: The Committee shall identify persons who are qualified to become Directors and who satisfy the criteria laid down. The process of identification shall include ascertaining, meeting, screening and reviewing candidates for appointment as Directors, whether Independent, Non-Executive or Executive.
3. Nominate candidates for Directorships subject to the approval of Board: The Committee recommends to the Board the appointment of potential candidates as Non-Executive Director or Independent Director or Executive Director, as the case may be.

4. Approve the candidates required for Senior Management positions: The Committee shall lay down criteria including qualifications, skills, expertise and qualities required for senior management positions like Managing Director, CFO, Company Secretary and Executive Directors of the Company.
5. Evaluate the performance of the Board: The Committee shall determine a process for evaluating the performance of every Director, Committees of the Board and the Board. The Committee may seek the support and guidance of external experts and agencies for this purpose.
6. Evaluate the performance of the Managing Director or Whole-time Director and determine the Executive compensation: The Committee shall evaluate the performance of the Managing Director by setting his Key Performance Objectives at the beginning of each financial year. The Committee shall also approve his/her/their compensation package(s) in accordance with applicable laws, in line with the Company's objectives, shareholders' interests, comparable with industry standards and which shall have an adequate balance between fixed and variable component.
7. Review performance and compensation of Senior Management: The Committee shall review the performance of the senior management of the Company. The Committee shall ensure that the remuneration to the Key Managerial Persons and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
8. Recommend to the Board, commission (if any) to the Non-Executive Directors: The Committee shall recommend the commission payable to the Non-Executive Directors, including Independent Directors, to the Board of Directors of the Company after considering their contribution to the decision making at meetings of the Board/Committees, participation and time spent as well as providing strategic inputs and supporting the highest level of corporate governance and Board effectiveness. It shall be within the overall limits fixed by the shareholders of the Company.

**Details of remuneration paid to Non-Executive Directors during the year 2019-20:**

During the financial year ended 31<sup>st</sup> March, 2020, the Company paid ₹ 1,05,000/- (Rupees One Lakh Five Thousand only) as sittings fees for attending the Board meetings to the Independent Directors.

**Details of the remuneration paid to the Executive Directors of the Company for the financial year ended 31<sup>st</sup> March, 2020 is as follows:**

During the financial year ended 31<sup>st</sup> March, 2020, the Company paid to total amount ₹ 81,41,441/- (Rupees Eighty one Lakh Forty One Thousand Four Hundred and Forty One only) to Whole-Time Directors of the Company. Company has not granted any stock options to any of its Directors.

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

In the Financial Year 2014-2015, the nomenclature of the "Shareholders/Investors Grievance Committee" was changed to "Stakeholders Relationship Committee" pursuant to the provisions of Section 178 of the Companies Act, 2013. The composition of the Stakeholder Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

Stakeholders Relationship Committee of Directors look into the redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The Company has also been enlisted in the new SEBI compliant redressal system (SCORES) enabling the investors to register their complaint if any for speedy redressal.

"Stakeholders Relationship Committee" are as follows:

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship in the Company
1.	Shri Vineet Suchanti	Chairman	Non Executive
2.	Shri Uday S. Patil	Member	Executive
3.	Shri. Manish Desai	Member	Independent

Company Secretary of the Company acts as Secretary to the "Stakeholders Relationship Committee"

## ANNUAL REPORT 2019-20

During the financial year 2019-2020 few communications were received from shareholders and Investors. These communications were of routine nature regarding corrections/change in address, and issuance of demand draft against dividend warrant due to expiry of the date etc and were addressed promptly.

All valid requests for share transfer received during 2019-2020 have been acted upon by the Company and no transfer/grievances/complaints are pending.

The details of the complaints resolved during the financial year ended on 31<sup>st</sup> March, 2020 are as follows:

Number of Complaints	Received	Resolved	Closing
Nil	Nil	Nil	Nil

### MANAGEMENT COMMITTEE

The Company has constituted a "Management Committee" (Non-mandatory) of Directors consisting of:

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship in the Company
1.	Shri Vineet Suchanti	Chairman	Non-Executive
2.	Shri Uday S. Patil	Member	Executive

The said committee of Board of Director is constituted for the purposes of operational convenience in respect of Merchant Banking assignment handled by the company under the authority of Board of Directors in January, 2006. The committee has powers to open and operate Escrow/Special Accounts and/or any such accounts with Banks for take-over, Buy Back offers and other assignments accepted by the company in the course of Merchant Banking activities.

Further the Board Meeting held on 6<sup>th</sup> September, 2011 had delegated powers to Management Committee to place the Inter Corporate Deposits (ICDs) with known corporate entities.

The Board of Directors of the Company at their meeting held on 7<sup>th</sup> February, 2013 delegated the powers to Management Committee comprising of Directors of the Company to give loan to the various body corporate.

### THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND REGULATION 46(2)

During the financial year the company has complied with all the requirements of Corporate Governance as specified in regulation 17 to 27 and Regulation 46(2) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

### GENERAL BODY MEETINGS

Location and time of last three Annual General Meetings are as under:			
Year	Venue	Date	Time
2016-2017	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall compound), Fort,Mumbai – 400 001	23 <sup>rd</sup> August, 2017	10.00 a.m.
2017-2018	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall compound), Fort,Mumbai – 400 001	9 <sup>th</sup> August, 2018	10.00 a.m.
2018-2019	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall compound), Fort,Mumbai – 400 001	13 <sup>th</sup> August, 2019	10.00 a.m.

**Details of Special Resolutions passed in previous three Annual General Meetings.**

<b>Date of Annual General Meeting</b>	<b>Number of Special Resolutions passed</b>	<b>Details of Special Resolutions Passed</b>
23 <sup>rd</sup> August, 2017	—	—
9 <sup>th</sup> August, 2018	—	—
13 <sup>th</sup> August, 2019	2	<ul style="list-style-type: none"> <li>To Re-appoint Shri. Manish Desai (DIN: 02925757), as an Independent Director of the Company for a second term. (w.e.f. 9<sup>th</sup> September, 2019 up to 8<sup>th</sup> September, 2024)</li> <li>To Re-appoint Shri. Anish Malhotra (DIN: 02034366), as an Independent Director of the Company for a second term. (w.e.f. 9<sup>th</sup> September, 2019 up to 8<sup>th</sup> September, 2024.</li> </ul>

All special resolutions set out in the notices for the Annual General Meetings were passed by the shareholders at the respective meetings with requisite majority.

**Extraordinary General Meeting**

During the year, no extraordinary General Meeting of the members was held.

**MEANS OF COMMUNICATION**

**1. Publication of quarterly financial results:**

Quarterly, half-yearly, nine-monthly and annual financial results of the Company were published in English and vernacular language newspapers, viz., Free Press Journal and Navshakti, Mumbai newspapers. “Limited Review” by the Statutory Auditors of the Company for the quarterly results was sent to BSE Limited and National Stock Exchange of India Limited where the shares of the company are listed. Shareholders can also access the quarterly results on the website of these exchanges where the equity shares of the company are listed (i.e. [www.bseindia.com](http://www.bseindia.com) [www.nseindia.com](http://www.nseindia.com))

**2. Website and News Releases:**

A separate dedicated section under ‘Investors Relations’ on the Company’s website gives information of unclaimed dividend, Annual Report, Quarterly/Half yearly/ Nine-monthly and Annual financial results along with the applicable policies of the Company.

**3. Stock Exchange:**

Your Company makes timely disclosures of necessary information to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) in terms of the SEBI (LODR) Regulations, 2015 and other rules and regulations issued by SEBI.

**4. NEAPS (NSE Electronic Application Processing System):**

NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are also filed electronically through NEAPS.

**5. BSE Corporate Compliance & Listing Centre:**

<http://listing.bseindia.com> is a web-based application designed by BSE for corporates. All periodical compliance filings, inter alia, Shareholding pattern, Corporate Governance Report, Corporate announcements, amongst others are also filed electronically on the Listing Centre.



## ANNUAL REPORT 2019-20

### GENERAL SHAREHOLDER'S INFORMATION

#### Annual General Meeting

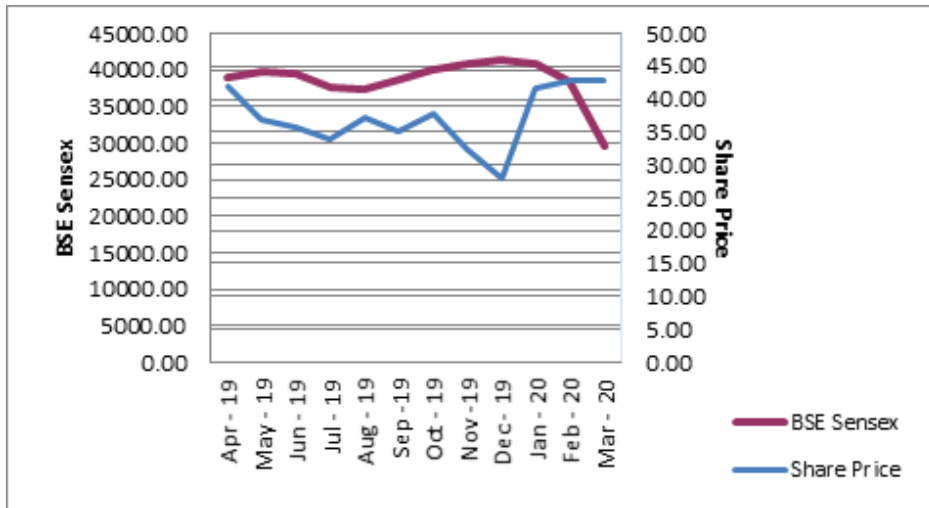
Date and time	:	30 <sup>th</sup> September, 2020, 11.00 a.m.
Venue / Mode	:	Through Video Conference or other audio-visuals means at Registered Office of the Company
Financial Year Ending	:	31 <sup>st</sup> March, 2020
Tentative Schedule for declaration of results during the financial year 2020-2021		
• 1 <sup>st</sup> Quarter (June, 2020)	:	Second week of August, 2020.
• 2 <sup>nd</sup> Quarter (September, 2020)	:	First week of November, 2020
• 3 <sup>rd</sup> Quarter (December, 2020)	:	Second week of February, 2021
• 4 <sup>th</sup> Quarter (March, 2021) and Audited Financial Results for the year ended 31 <sup>st</sup> March, 2021	:	Last week of May, 2021
Date of Book Closure	:	From 26 <sup>th</sup> September, 2020 to 30 <sup>th</sup> September, 2020 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend which will be subject to approval of shareholders.
Dividend Payment date	:	After 30 <sup>th</sup> September, 2020 (Subject to approval of the shareholders)
• Final Dividend 2019-2020 recommended by the Board of Directors at its Meeting held on 29 <sup>th</sup> June, 2020.		
Listing on Stock Exchange and Stock Code	:	Equity Shares of the Company are listed at BSE Limited, (Scrip Code : 512597) and National Stock Exchange of India Limited, (Symbol: KEYFINSERV).
Face Value of Equity Shares	:	₹ 10/- each.

#### Monthly High/Low price of Equity Shares of the Company during the financial year 2019-2020 on BSE Limited and National Stock Exchange of India Limited.

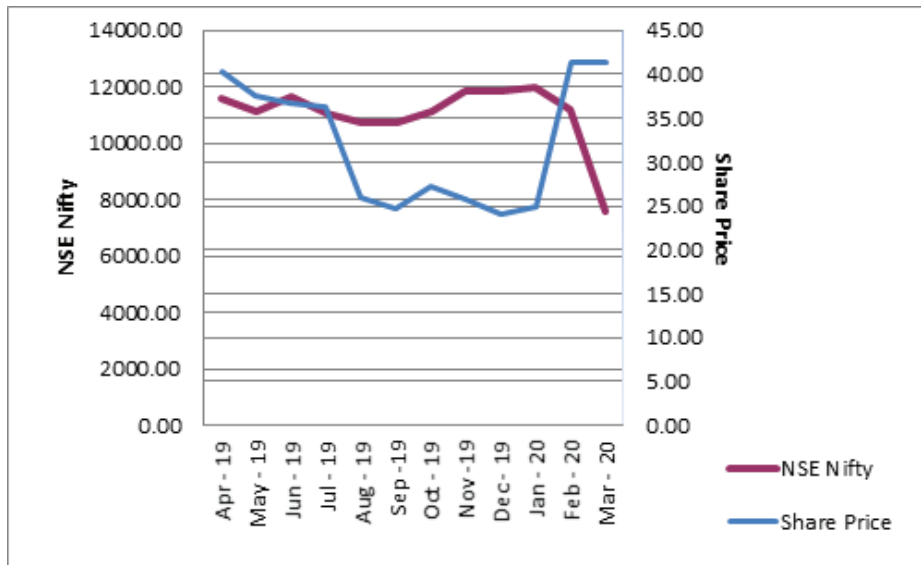
Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	Month's High Price (₹ )	Month's Low Price (₹ )	Month's High Price (₹ )	Month's Low Price (₹ )
April, 2019	46.75	37.55	48.50	38.60
May, 2019	41.75	32.00	42.20	35.65
June, 2019	40.60	35.75	43.00	36.80
July, 2019	35.70	33.95	42.90	36.20
August, 2019	37.40	33.25	34.40	26.00
September, 2019	35.45	30.50	28.05	25.00
October, 2019	37.65	33.25	28.60	27.25
November, 2019	35.80	32.35	28.60	25.65
December, 2019	32.90	28.00	25.20	24.00
January, 2020	41.70	26.60	40.20	25.00
February, 2020	44.25	39.85	43.30	39.65
March, 2020	44.25	39.85	43.30	39.65

Source : BSE and NSE website

**Graphical Representation of Performance of Keynote's share price in comparison with BSE Sensex**



**Graphical Representation of Performance of Keynote's share price in comparison with NSE Nifty.**



**REGISTRAR AND TRANSFER AGENT**

For any queries relating to the shares of the Company, correspondence may please be addressed to:  
Link Intime India Pvt. Ltd.,  
C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083  
Tel : (022) 4918 6000, Fax : (022) 4918 6060  
[www.linkintime.co.in](http://www.linkintime.co.in)

## ANNUAL REPORT 2019-20

### SHARE TRANSFER SYSTEM

The Company's shares being in compulsory Demat list are transferable through the depository system. However, shares in the physical form are processed by the Registrar & Share Transfer Agent and approved by the "Stakeholders Relationship Committee." The share transfer process is reviewed by the said committee.

The Company obtains half-yearly certificate of compliance related to the share transfer formalities from a Company Secretary in practice and Registrar and Share Transfer Agent as required under Regulation 40 (9) and 7(3) of the Listing Regulations respectively and files a copy of the certificate with the Stock Exchanges on or before the due date.

### DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2020

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Upto 500	1828	90.18	231092	3.29
501 to 1000	98	4.84	77663	1.11
1001 to 2000	42	2.07	63995	0.91
2001 to 3000	21	1.03	52454	0.75
3001 to 4000	9	0.45	31614	0.45
4001 to 5000	3	0.15	13839	0.20
5001 to 10000	2	0.09	13652	0.20
10001 and above	24	1.19	6534030	93.09
<b>TOTAL</b>	<b>2027</b>	<b>100.00</b>	<b>70,18,339</b>	<b>100.00</b>

### SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2020

Sr. No.	Category of Shares	No. of Shares	% of total shares
(A)	<b>Promoter &amp; Promoter Group :</b>		
	(a) Individuals/Hindu Undivided Family	6,51,052	9.28
	(b) Bodies Corporate	34,11,166	48.60
	Sub Total :	40,62,218	57.88
(B)	<b>Public Shareholding :</b>		
	1. Institutions		
	(a) Financial Institutions/Banks	300	0.00
	(b) Foreign Institutional Investors	5,61,348	8.00
	2. Non-Institutions		
	(a) Individuals	7,20,757	10.27
	(b) Trust	14,51,902	20.68
	(c) Hindu Undivided Family	21,139	0.30
	(d) Non-Resident (Non-Repatriable)	34	0.00
	(e) Non-Resident Indians (Repat)	3,866	0.05
	(f) Clearing Members	11	0.00
	(g) Investor Education and Protection Fund Authority Ministry of Corporate Affairs	87,193	1.25
	(h) Bodies Corporate	1,09,571	1.57
	Sub Total :	29,56,121	42.12
	<b>GRAND TOTAL</b>	<b>70,18,339</b>	<b>100.00</b>

**Dematerialization of Shares:** 6894130 Equity Shares of ₹ 10/- each (i.e. 98.23%) of the total capital of the Company have been dematerialized as on 31<sup>st</sup> March, 2020. Shareholders who continue to hold shares in physical form are requested to dematerialize their shares at the earliest and avail various benefits of dealing in securities in electronic/ dematerialized form. For any clarification, assistance or information, please contact the Registrar and Transfer Agent of the Company.

**Outstanding GDRs/ADRs/Warrants/Convertible Instruments and their impact on equity:**

The Company does not have any outstanding GDRs/ADRs/Warrants/Convertible Instruments as on 31<sup>st</sup> March, 2020.

**ADDRESS FOR CORRESPONDENCE:**

Keynote Financial Services Limited

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

E-mail: [investors@keynoteindia.net](mailto:investors@keynoteindia.net)

Shareholders are requested to quote their folio no./DP ID & Client ID, e-mail address, telephone number and full address while corresponding with the Company and its Registrar & Transfer Agent.

**National Electronic Clearing System (NECS) for dividend:**

The remittance of dividend through Electronic Clearing System has been moved to National Electronic Clearing System (NECS) platform through core banking system effective 1<sup>st</sup> October, 2009. Accordingly, dividend will be credited to the shareholders' bank account through NECS where complete core banking details are available with the Company. In the event any branch of a bank has not migrated to core banking system, or where core banking account is not furnished by the shareholder to the Depository/Company as the case may be, the Company will print details available in its records on the dividend warrants to be issued to the shareholders.

**For shares held in physical form:**

Investors who would like to avail NECS facility and are holding shares in physical form may send in their NECS Mandate Form, duly filled in to the Company's Registrar and Transfer Agent, Link Intime India Pvt. Ltd. The NECS Mandate instruction should be under the signature of the shareholder(s) as per the specimen signature lodged with the Company.

**For shares in electronic/dematerialized form:**

Investors holding shares in dematerialized or electronic form may check the details on record with the concerned Depository Participant (DP). Pursuant to the Depository Regulations, the Company is obliged to pay dividend on dematerialized shares as per the details furnished by the concerned DP. The Company or the Registrar and Transfer Agent cannot make any change in such records received from the Depository.

**Transfer of unclaimed dividend to Investor Education and Protection Fund:**

In terms of Sections 124 of the Companies Act, 2013, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer of the said amounts to the IEPF.

**OTHER DISCLOSURES**

a. Related Party Transactions

During the financial year 2019-2020, the Company had material Related Party Transaction (RPT) and the details are mentioned in the Directors Report. The Audit Committee and the Board of Directors of the Company have formulated the Policy on dealing with RPTs and a Policy on materiality of RPTs which is

uploaded on the website of the Company and can be accessed through the following link: [http://www.keynoteindia.net/document-hosting/financial\\_results/Keynote\\_Policy%20on%20Related%20Party%20Transactions.pdf](http://www.keynoteindia.net/document-hosting/financial_results/Keynote_Policy%20on%20Related%20Party%20Transactions.pdf)

- b. Details of non-compliance by the Company, penalties and strictures imposed on the Company by the stock exchanges or the Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets, during the last three years i.e. 2016-17, 2017-2018 and 2018-2019 respectively:

There are no significant material orders passed by the Regulators/ Courts or Tribunals impacting the going concern status of the Company's operations in future.

- c. The Company has adopted a whistle blower policy and has established the necessary vigil mechanism for employees and directors to report concerns about unethical behavior. No person has been denied access to the chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link: [http://www.keynoteindia.net/document-hosting/financial\\_results/WHISTLE%20BLOWER%20POLICY.pdf](http://www.keynoteindia.net/document-hosting/financial_results/WHISTLE%20BLOWER%20POLICY.pdf)

- d. Reconciliation of Share Capital Audit:

A qualified Practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

- e. Code of Conduct

The Company has in place a Code of Conduct applicable to the Board as well as the designated employees and the same has been posted on the website of the company (i.e. [www.keynoteindia.net](http://www.keynoteindia.net)). The members of the Board and senior management personnel have affirmed the compliance with the Code applicable to them during the year ended 31<sup>st</sup> March, 2020. The Annual Report of the Company contains a Certificate by the Director in terms of Regulation 34(3) and Part D of Schedule V of the Listing Regulations based on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management.

- f. Risk Management:

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

- g. Non-mandatory requirements:

Adoption of non-mandatory requirements of Listing Regulation is being reviewed by the Board from time-to time.

- h. Compliances with Governance Framework

The Company is in compliance with all mandatory requirements under Listing Regulation.

- i. A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority The Certificate of Company Secretary in practice is annexed herewith as a part of the report.

- j. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:

It is not applicable to the Company. As all recommendation of committees of the Board, which are usually accepted by the Board during the Financial year 2019-2020.

- k Total fees paid to M/s. S M S R & Co. LLP, Chartered Accountants, Statutory Auditors on consolidated basis is ₹ 5,92,500/- for the FY2019-20.
- l Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
- a. number of complaints filed during the financial year - NIL
  - b. number of complaints disposed of during the financial year - NIL
  - c. number of complaints pending as on end of the financial year - NIL

#### **SUBSIDIARY COMPANIES**

Keynote Capitals Limited (KCL) and Keynote Fincorp Limited (KFIN) are our subsidiaries. Presently Keynote Capitals Limited has one wholly owned subsidiary namely Keynote Commodities Limited.

The audit committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the board of directors of the Company.

The Company has a policy for determining 'material subsidiaries' which is disclosed on its website at [http://www.keynoteindia.net/document-hosting/financial\\_results/Material Subsidiary Policy.pdf](http://www.keynoteindia.net/document-hosting/financial_results/Material_Subsiary_Policy.pdf)

**For and on behalf of the Board  
Keynote Financial Services Limited**

**Date: 14<sup>th</sup> August, 2020**

**Place: Mumbai**

**Sd/-  
Vineet Suchanti  
Director  
(DIN: 00004031)**

**Sd/-  
Uday S. Patil  
Director and CFO  
(DIN: 00003978)**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Keynote Financial Services Limited,**  
(Formerly known as Keynote Corporate Services Limited)  
The Ruby, 9th Floor  
Senapati, Bapat Marg,  
Dadar (W), Mumbai - 400 028

We have examined the relevant registers, records, forms, returns and disclosures received from Directors of **Keynote Financial Services Limited** having CIN No. L67120MH1993PLC072407 and having registered office at The Ruby, 9th Floor, Senapati, Bapat Marg, Dadar (W), Mumbai - 400028 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN
1	Mr. Uday Shankarrao Patil	00003978
2	Mr. Anish Subhash Malhotra	02034366
3	Mr. Manish Chandrakant Desai	02925757
4	Mr. Shishir Vasant Dalal	00007008
5	Mr. Vineet Nirmalchand Suchanti	00004031
6	Mrs. Rinku Vineet Suchanti	00012903

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Uma Lodha & Co.**  
**Practicing Company Secretaries**

Place: Mumbai  
Date: 29<sup>th</sup> June, 2020

**Sd/-**  
**Uma Lodha**  
Proprietor  
FCS No.: 5363  
C.P. No.2593  
UDIN: F005363B000394697

### **Declaration by Director**

I, Uday S. Patil, (DIN: 00003978) Director of Keynote Financial Services Limited, hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them as laid down by the Board of Directors in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended 31<sup>st</sup> March, 2020.

**For and on behalf of the Board**  
**Keynote Financial Services Limited**

Date: 14<sup>th</sup> August, 2020  
Place: Mumbai

**Sd/-**  
**Uday S. Patil**  
Director  
(DIN - 00003978)

### **Certification**

We, Rinku Suchanti (Director) and Uday S. Patil (Director & CFO) of Keynote Financial Services Limited hereby certify that:

- (a) We have reviewed financial statement and the cash flow statement for the year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we have aware and the steps taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that -
  - (i) there has not been any significant changes in internal control over financial reporting during the year under reference;
  - (ii) there has not been any significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) there has not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For and on behalf of the Board**  
**Keynote Financial Services Limited**

Date: 14<sup>th</sup> August, 2020  
Place: Mumbai

**Sd/-**  
**Rinku Suchanti**  
Director  
(DIN: 00012903)

**Sd/-**  
**Uday S. Patil**  
Director and CFO  
(DIN: 00003978)



**CERTIFICATE ON CORPORATE GOVERNANCE**

**To  
The Members of  
Keynote Financial Services Limited  
(Formerly known as Keynote Corporate Services Limited)**

We have examined the compliance of conditions of Corporate Governance by **M/s. Keynote Financial Services Limited (CIN: L67120MH1993PLC072407)** (the Company) for the year ended March 31, 2020 as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015") as referred in Regulation 15(2) of the listing regulations for the period from 1st April, 2019 to 31st March, 2020.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Uma Lodha & Co.  
Practicing Company Secretaries**

Place: Mumbai  
Date: 29th June, 2020

**Sd/-  
Uma Lodha  
Proprietor  
FCS No.: 5363  
C.P. No.2593  
UDIN: F005363B000395511**

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of Keynote Financial Services Limited**  
(formerly known as 'Keynote Corporate Services Limited')

**Report on the Audit of the Standalone Ind AS Financial Statements**

**Opinion**

We have audited the accompanying standalone Ind AS financial statements of **Keynote Financial Services Limited** (formerly known as 'Keynote Corporate Services Limited') ("the Company"), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its loss and other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone Ind AS financial statements in accordance with the requirements of applicable Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the 'Auditor's Responsibilities for the Audit of the standalone Ind AS 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

**Emphasis of Matter**

We draw attention to Note 62 to the standalone Ind AS financial statements, which describes the uncertainty caused by Covid-19 pandemic with respect to the Company's estimates on preparation of the standalone Ind AS financial statements and that such estimates may be affected by the severity and duration of the pandemic. Our opinion is not modified in this respect.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended 31 March 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>Transition to Ind AS accounting Framework (as described in Note 58 of the Standalone Ind AS Financial Statements)</b></p>	
<p>The Company has adopted Ind AS from 1 April 2019 with an effective date of 1 April 2018 for such transition. For periods up to and including the year ended 31 March 2019, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended 31 March 2020, together with the comparative financial information for the previous year ended 31 March 2019 and the transition date Balance Sheet as at 1 April 2018 have been prepared under Ind AS.</p> <p>In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.</p>	<ul style="list-style-type: none"> <li>• Read the Ind AS impact assessment performed by the Management and the resultant changes made to the accounting policies considering the requirements of the new framework.</li> <li>• Evaluated the exemptions and exceptions allowed by Ind AS and applied by the Management in applying the first-time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as at transition date.</li> <li>• Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS.</li> <li>• Tested the disclosures prescribed under Ind AS.</li> </ul>
<p><b>Accuracy of recognition, measurement, presentation and disclosure of revenues and other related balances in respect of contracts involving critical estimates, as per Ind AS 115 “Revenue from Contract with Customers”.</b></p>	
<p>The Company recognises revenue with respect to income from sale of services (including other operating revenue) in accordance to achievement of milestones defined in the corresponding engagement letters or mandate letters entered with counter party which reflects the stage of completion for each performance obligation.</p>	<ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to recording of revenue with respect to income from sale of services (including other operating revenue) based upon time spent and efforts taken.</li> <li>• Selected a sample of continuing and new contracts and through inspection of evidence of performance of these controls, tested the operating effectiveness of the internal controls relating to time spent and efforts taken.</li> <li>• Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones</li> <li>• Performed analytical procedures and test of details for reasonableness of time spent and efforts taken</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<b>Impairment on financial assets (expected credit losses)</b>	
<p>Ind AS 109 requires the Company to recognise impairment loss allowance towards its financial assets (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles of Ind AS 109 including: unbiased, probability weighted outcome under various scenarios; time value of money; impact arising from forward looking macro-economic factors and; availability of reasonable and supportable information without undue costs. Applying these principles involves significant estimation in various aspects, such as: staging of loans / receivables and estimation of behavioral life; determining macro-economic factors impacting credit quality of receivables, credit worthiness the borrowers / customers, etc. Considering the significance of such allowance to the overall financial statements and the degree of estimation involved in computation of expected credit losses, this area is considered as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• We read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109.</li> <li>• We tested samples of loans / receivables to assess whether any loss indicators were present, requiring them to be re-classified, wherever required.</li> <li>• We evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation. Tested the ECL model, including assumptions and underlying computation.</li> <li>• Audited disclosures included in the standalone Ind AS financial statements in respect of expected credit losses.</li> </ul>
<p><b>Information Other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon</b></p> <p>The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to the Board's Report, Corporate Governance and Shareholders' Information, but does not include the standalone Ind AS Financial statements and our auditor's report thereon.</p> <p>Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.</p>	<p><b>Responsibilities of Management and Those Charged with Governance for the standalone Ind AS financial statements</b></p> <p>The Company's Management and the Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 standalone Ind AS financial</p>

statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS 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.

The Company's Management and the Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Ind AS financial statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the standalone Ind AS financial statements.

Materiality is the magnitude of misstatements in the standalone Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of work; and (ii) to evaluate the effect of any identified misstatements in the standalone Ind AS financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide with those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **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, to the extent applicable.
  2. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable 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 including Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;
    - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued thereunder.
    - e) On the basis of the written representations received from the directors as on 31 March 2020, taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2020, 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 with reference to these standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.
  - h) 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, as amended 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 positions in its standalone Ind AS financial statements. Refer Note 37 of the standalone Ind AS financial statements;
    - ii) The Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer Note 41 of the standalone Ind AS financial statements;
    - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S M S R & Co LLP**  
*Chartered Accountants*

Firm Registration No. 110592W/W100094

**Sd/-**

**U Balakrishna Bhat**  
*Partner*

Date: 29 June 2020

Place: Mumbai

UDIN:- 20019216AAAABI4190

Membership No: 019216

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Keynote Financials Services Limited of even date)

i. In respect of the Company's fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company as at the Balance Sheet date.

ii. The Company is a service company, primarily rendering services of investment banking, corporate advisory and ESOP advisory services. Accordingly, it does not hold any physical inventories. Thus, clause 3(ii) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us, the Company had granted an unsecured loan to one body corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

- (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the bodies corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company
- (b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the

payment of the principal and interest as stipulated

(c) There are no overdue amounts in respect of the loan granted to a body corporate listed in the register maintained under section 189 of the Act

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at 31 March 2020 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, the provisions of the clause 3(vi) of the Order are not applicable to the Company.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) There are no dues of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax which have not been deposited with the appropriate authorities on account of any dispute, other than those mentioned below:

Name of the Statute	Nature of dues	Amount (INR)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	8,670	A.Y. 2016-17	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income tax	18,54,820	A.Y. 2018-19	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income tax	43,63,910	A.Y. 2019-20	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Tax deducted at source and interest	2,961	F.Y 2017-18	Assessing Officer
Income Tax Act, 1961	Tax deducted at source and interest	6,542	F.Y 2019-20	Assessing Officer

The Company has not deposited any of the above aforesaid disputed statutory dues with the relevant statutory/government authorities.

- viii. According to the information and explanations given to us, the Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3(viii) of the Order is not applicable to the Company.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans. Accordingly, clause 3(ix) of the Order is not applicable to the Company.
- x. In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration

in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- xii. In our opinion and according to the information and explanations given to us, The Company is not a Nidhi Company Accordingly, clause 3(xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with sections 177 and 188 of the Act where applicable, for all transactions with related parties and the details of related party transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors. Accordingly, clause 3(xv) of the Order is not applicable to the Company. Hence, provisions of Section 192 of the Act are not applicable of the Company.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi) of the Order is not applicable to the Company.

For **S M S R & Co LLP**  
*Chartered Accountants*

Firm Registration No. 110592W/W100094

**Sd/-**

**U Balakrishna Bhat**

*Partner*

Date: 29 June 2020

Place: Mumbai

UDIN:- 20019216AAAABI4190

Membership No: 019216



**ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Keynote Financial Services Limited of even date)

**Report on the Internal Financial Controls Over Financial Reporting 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 Financial Services Limited** ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Board of Directors and 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 respective 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 Act.

**Auditors' Responsibility for the Audit of Internal Financial Controls**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements 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") issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 with reference to these standalone Ind AS financial statements.

**Meaning of Internal Financial Controls over Financial Reporting with reference to these Standalone Ind AS financial statements**

A Company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS 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

- (iii) 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 standalone Ind AS financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Standalone Ind AS financial statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements, 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these Standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements were operating effectively as at 31 March 2020, 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').

For **S M S R & Co LLP**  
*Chartered Accountants*  
Firm Registration No. 110592W/W100094

Date: 29 June 2020  
Place: Mumbai  
UDIN:- 20019216AAAABI4190

**Sd/-**  
**U Balakrishna Bhat**  
*Partner*  
Membership No: 019216

## ANNUAL REPORT 2019-20

### STANDALONE BALANCE SHEET AS ON 31 MARCH 2020

(Currency: Indian Rupees)

	Note	31 March 2020	31 March 2019	1 April 2018
<b>ASSETS</b>				
<b>A. Financial assets</b>				
Cash and cash equivalents	3	11,74,68,576	3,95,17,624	82,27,327
Bank balances other than cash and cash equivalents	4	19,25,311	19,40,030	19,26,646
Receivables	5			
- Trade receivables		70,46,203	57,98,322	26,38,925
- Other receivables		8,04,735	2,56,755	2,13,600
Loans	6	1,52,83,438	1,53,31,628	1,53,61,647
Investments	7	33,08,98,807	42,59,95,922	46,53,55,940
Other financial assets	8	44,72,068	41,94,520	16,57,349
<b>Sub-total - financial assets (A)</b>		<b>47,78,99,138</b>	<b>49,30,34,801</b>	<b>49,53,81,434</b>
<b>B. Non-financial assets</b>				
Current tax assets (net)	9	24,89,827	-	-
Investment property	10	3,71,366	3,85,416	3,93,775
Property, plant & equipment	11	8,19,58,850	8,52,42,279	8,90,28,739
Right of use assets	12	1,64,980	2,59,254	-
Other non-financial assets	13	35,68,076	23,34,345	19,26,187
<b>Sub-total - non-financial assets (B)</b>		<b>8,85,53,099</b>	<b>8,82,21,294</b>	<b>9,13,48,701</b>
<b>Total - Assets (A+B)</b>		<b>56,64,52,237</b>	<b>58,12,56,095</b>	<b>58,67,30,135</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>A. Financial liabilities</b>				
Payables	14			
Trade payables				
- total outstanding dues of micro enterprises and small enterprises		-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		72,225	-	-
Other payables				
- total outstanding dues of micro enterprises and small enterprises		10,924	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		11,37,598	8,15,782	6,86,442

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**STANDALONE BALANCE SHEET AS ON 31 MARCH 2020 (CONTD.)**

(Currency: Indian Rupees)

	<b>Note</b>	<b>31 March 2020</b>	<b>31 March 2019</b>	<b>1 April 2018</b>
Deposits	15	2,07,205	1,85,005	1,65,183
Lease liabilities	16	1,86,962	2,65,207	-
Other financial liabilities	17	<u>37,07,230</u>	<u>19,76,839</u>	<u>25,82,129</u>
<b>Sub-total - financial liabilities (A)</b>		<b>53,22,144</b>	<b>32,42,833</b>	<b>34,33,754</b>
<b>B. Non- Financial liabilities</b>				
Current tax liabilities (net)	18	-	17,29,102	25,41,934
Provisions	19	53,03,075	58,83,233	58,39,634
Deferred tax liabilities (net)	20	40,26,071	85,50,961	1,28,66,379
Other non-financial liabilities	21	<u>28,09,908</u>	<u>36,75,854</u>	<u>73,97,673</u>
<b>Sub-total - non-financial liabilities (B)</b>		<b>1,21,39,054</b>	<b>1,98,39,150</b>	<b>2,86,45,620</b>
<b>C. Equity</b>				
Equity share capital	22	7,01,83,390	7,01,83,390	7,01,83,390
Other equity	23	<u>47,88,07,649</u>	<u>48,79,90,722</u>	<u>48,44,67,371</u>
<b>Sub-total - equity (C)</b>		<b>54,89,91,039</b>	<b>55,81,74,112</b>	<b>55,46,50,761</b>
<b>Total - Liabilities and Equity (A+B+C)</b>		<b><u>56,64,52,237</u></b>	<b><u>58,12,56,095</u></b>	<b><u>58,67,30,135</u></b>
Significant accounting policies	2			

The accompanying notes referred above form an integral part of the standalone Ind AS financial statements

As per our report of even date attached

**For S M S R & Co LLP**

*Chartered Accountants*

Firm Registration No: 110592W/W100094

**Sd/-**

**U Balakrishna Bhat**

*Partner*

Membership No: 019216

Date : 29 June 2020

Place: Mumbai

**For and on behalf of the Board of Directors of**

**Keynote Financial Services Limited**

CIN: L67120MH1993PLC072407

**Sd/-**

**Rinku Suchanti**

*Director*

DIN: 00012903

Date : 29 June 2020

Place: Mumbai

**Sd/-**

**Uday Patil**

*Director & CFO*

DIN: 00003978

**Sd/-**

**Sujeet More**

*Company Secretary*

## ANNUAL REPORT 2019-20

### STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(Currency: Indian Rupees)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A. Revenue from operations</b>			
Interest income	24	65,08,661	72,64,154
Dividend income	25	45,03,117	54,43,269
Net gain on fair value changes	26	-	68,40,120
Sale of services	27	4,05,01,755	5,80,34,557
Other operating income	28	7,49,217	7,60,957
<b>Total revenue from operations</b>		<b>5,22,62,750</b>	<b>7,83,43,057</b>
<b>B. Other income</b>	29	<b>32,27,655</b>	<b>71,25,451</b>
<b>Total income (A+B)</b>		<b>5,54,90,405</b>	<b>8,54,68,508</b>
<b>C. Expenses</b>			
Finance costs	30	48,505	29,700
Fees and commission expense	31	8,23,839	4,03,545
Net loss on fair value changes	32	96,25,475	-
Impairment on financial instruments	33	13,02,793	1,43,018
Employee benefits expense	34	2,42,55,251	2,49,27,423
Depreciation and amortisation expense	35	34,80,988	38,87,388
Other expenses	36	2,05,76,753	3,30,07,613
<b>Total Expenses (C)</b>		<b>6,01,13,604</b>	<b>6,23,98,687</b>
<b>Profit / (loss) before tax (A+B-C)</b>		<b>(46,23,199)</b>	<b>2,30,69,821</b>
<b>D. Tax expense / (credit)</b>	50		
- Current tax		6,98,857	32,12,235
- Deferred tax		(43,84,713)	(44,45,647)
<b>Total tax expenses / (credit) (D)</b>		<b>(36,85,856)</b>	<b>(12,33,412)</b>
<b>Profit / (loss) for the year (A+B-C-D)</b>		<b>(9,37,343)</b>	<b>2,43,03,233</b>
<b>E. Other comprehensive income</b>			
(a) Items that will not be reclassified to profit or loss			
- Re-measurement gains / (losses) on the defined benefit plans		3,37,740	4,68,118
- Income tax relating to items that will not be reclassified to profit or loss		(87,812)	(1,30,230)

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)**

(Currency: Indian Rupees)

	<b>Note</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
(b) Items that will be reclassified to profit & loss		-	-
- Income tax relating to items that will be reclassified to profit & loss		-	-
<b>Other comprehensive income (E)</b>		<b>2,49,928</b>	<b>3,37,888</b>
<b>Total Comprehensive Income for the year (net of tax) (A+B-C-D+E)</b>		<b>(6,87,415)</b>	<b>2,46,41,121</b>
<b>Earnings per equity share (face value of INR 10 each)</b>			
Basic & diluted (INR)	40	(0.13)	3.46
Significant accounting policies	2		

The accompanying notes referred above form an integral part of the standalone Ind AS financial statements

As per our report of even date attached

**For S M S R & Co LLP**

*Chartered Accountants*

Firm Registration No: 110592W/W100094

**Sd/-**

**U Balakrishna Bhat**

*Partner*

Membership No: 019216

Date : 29 June 2020

Place: Mumbai

**For and on behalf of the Board of Directors of  
Keynote Financial Services Limited**

CIN: L67120MH1993PLC072407

**Sd/-**

**Rinku Suchanti**

*Director*

DIN: 00012903

Date : 29 June 2020

Place: Mumbai

**Sd/-**

**Uday Patil**

*Director & CFO*

DIN: 00003978

**Sd/-**

**Sujeet More**

*Company Secretary*

## ANNUAL REPORT 2019-20

### STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

(Currency: Indian Rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>(A) Cash flows from operating activities:</b>		
<b>Net Profit / (loss) before tax</b>	<b>(46,23,199)</b>	<b>2,30,69,821</b>
<b>Adjustments for</b>		
Depreciation and amortisation	34,80,988	38,87,388
Provision for gratuity	7,64,850	8,91,875
Provision for compensated absences	6,69,522	4,65,676
Impairment on financial instruments	13,02,793	1,43,018
Net (gain) / loss on fair value changes	96,25,475	(68,40,120)
Interest expenses	48,505	29,700
Dividend income	(45,03,117)	(54,43,269)
Interest Income	(65,08,661)	(72,64,154)
Rental income	(8,61,977)	(8,61,977)
<b>Operating profit/(loss) before working capital changes</b>	<b>(6,04,821)</b>	<b>80,77,958</b>
<b>Adjustment for working capital changes</b>		
- (Increase) / decrease in trade and other receivables	(30,98,654)	(33,45,571)
- (Increase) / decrease in loans	48,190	30,019
- (Increase) / decrease in other financial assets	(2,77,548)	(25,37,171)
- (Increase) / decrease in other non-financial assets	(12,33,731)	(4,08,158)
- (Decrease) / Increase in trade and other payable	4,04,965	1,29,340
- (Decrease) / Increase in other financial liabilities	17,30,391	(6,05,289)
- (Decrease) / Increase in other non-financial liabilities	(8,65,946)	(37,21,819)
- (Decrease) / Increase in deposits	22,200	19,822
- (Decrease) / Increase in lease liabilities	(78,245)	2,65,207
- (Decrease) / Increase in provisions	(17,64,602)	(9,76,064)
<b>Cash generated from / (used) in operations</b>	<b>(57,17,801)</b>	<b>(30,71,726)</b>
Taxes paid (net of refunds)	(50,57,963)	(38,94,838)
<b>Net cash generated from / (used) in operating activities (A)</b>	<b>(1,07,75,764)</b>	<b>(69,66,564)</b>

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)**

(Currency: Indian Rupees)

**(B) Cash flows from investing activities:**

Purchase of property, plant and equipment and intangible assets	(89,289)	(3,51,823)
Sale of investments (net)	8,54,71,694	4,62,00,138
Deposits placed in banks and unpaid dividend accounts (net)	14,719	(13,384)
Rent received	8,61,977	8,61,977
Interest received	65,08,661	72,64,154
Dividend received	45,03,117	54,43,269
<b>Net cash generated from / (used) in investing activities (B)</b>	<b>9,72,70,879</b>	<b>5,94,04,331</b>

**(C) Cash flow from financing activities:**

Dividend paid	(70,18,339)	(1,75,45,848)
Dividend distribution tax paid	(14,77,319)	(35,71,922)
Interest paid	(48,505)	(29,700)
<b>Net cash generated from / (used) in financing activities (C)</b>	<b>(85,44,163)</b>	<b>(2,11,47,470)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>7,79,50,952</b>	<b>3,12,90,297</b>
Cash and cash equivalents as at beginning of year	3,95,17,624	82,27,327
<b>Cash and cash equivalents as at the end of the year</b>	<b>11,74,68,576</b>	<b>3,95,17,624</b>

**Notes to cash flow statement :**

- 1 Cash and cash equivalents as at the end of the year comprise of:**
- |   | <b>31 March 2020</b> | <b>31 March 2019</b> |
|---|----------------------|----------------------|
| Cash on hand  | 3,80,387             | 2,42,899             |
| Balances with banks   |                      |                      |
| - In current accounts   | 54,05,773            | 1,29,43,653          |
| - In fixed deposits accounts (with original maturity of 3 months or less from the reporting date) | 11,16,82,416         | 2,63,31,072          |
|   | <b>11,74,68,576</b>  | <b>3,95,17,624</b>   |
- 2** The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (Ind AS) 7 - "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standard) Rules, 2015.
- 3** Cash and cash equivalents comprises cash on hand, current accounts and deposits with banks (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

As per our report of even date attached

**For S M S R & Co LLP**

*Chartered Accountants*

Firm Registration No: 110592W/W100094

Sd/-

**U Balakrishna Bhat**

*Partner*

Membership No: 019216

Date : 29 June 2020

Place: Mumbai

**For and on behalf of the Board of Directors of  
Keynote Financial Services Limited**

CIN: L67120MH1993PLC072407

Sd/-

**Rinku Suchanti**

*Director*

DIN: 00012903

Date : 29 June 2020

Place: Mumbai

Sd/-

**Uday Patil**

*Director & CFO*

DIN: 00003978

Sd/-

**Sujeet More**

*Company Secretary*



# ANNUAL REPORT 2019-20

## STANDALONE STATEMENT OF CHANGES IN EQUITY AS ON 31 MARCH 2020

(Currency: Indian Rupees)

### A. Equity share capital

Particulars	Equity share capital	
	No. of Shares	Amount
<b>Balance as at 1 April 2018</b>	<b>70,18,339</b>	<b>7,01,83,390</b>
Changes in equity share capital during the year	-	-
<b>Balance as at 31 March 2019</b>	<b>70,18,339</b>	<b>7,01,83,390</b>
Changes in equity share capital during the year	-	-
<b>Balance as at 31 March 2020</b>	<b>70,18,339</b>	<b>7,01,83,390</b>

### B. Other equity

Particulars	Reserves and surplus			Other items of other comprehensive income	Total
	Securities premium	General reserve	Retained earnings		
<b>Balance as at 1 April 2018</b>	<b>23,06,48,293</b>	<b>1,33,91,679</b>	<b>24,04,27,399</b>	-	<b>48,44,67,371</b>
Profit / (loss) after tax for the year	-	-	2,43,03,233	-	2,43,03,233
Other comprehensive income (net of tax)	-	-	3,37,888	-	3,37,888
Appropriations towards dividend paid (including corporate tax dividend)	-	-	(2,11,17,770)	-	(2,11,17,770)
<b>Balance as at 31 March 2019</b>	<b>23,06,48,293</b>	<b>1,33,91,679</b>	<b>24,39,50,750</b>	-	<b>48,79,90,722</b>
Profit / (loss) after tax for the year	-	-	(9,37,343)	-	(9,37,343)
Other comprehensive income (net of tax)	-	-	2,49,928	-	2,49,928
Appropriations towards dividend paid (including corporate tax dividend)	-	-	(84,95,658)	-	(84,95,658)
<b>Balance as at 31 March 2020</b>	<b>23,06,48,293</b>	<b>1,33,91,679</b>	<b>23,47,67,677</b>	-	<b>47,88,07,649</b>

The accompanying notes referred above form an integral part of the standalone Ind AS financial statements

As per our report of even date attached

#### For S M S R & Co LLP

Chartered Accountants

Firm Registration No: 110592W/W100094

Sd/-

**U Balakrishna Bhat**

Partner

Membership No: 019216

Date : 29 June 2020

Place: Mumbai

#### For and on behalf of the Board of Directors of Keynote Financial Services Limited

CIN: L67120MH1993PLC072407

Sd/-

**Rinku Suchanti**

Director

DIN: 00012903

Date : 29 June 2020

Place: Mumbai

Sd/-

**Uday Patil**

Director & CFO

DIN: 00003978

Sd/-

**Sujeet More**

Company Secretary

**Notes forming part of the Standalone Ind AS Financial Statements**

**1. Corporate Information**

Keynote Financial Services Limited (*formerly known as "Keynote Corporate Services Limited"*) ("the Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its registered office is located at Mumbai. Its shares are listed on two stock exchanges in India. i.e., BSE Limited (BSE) & National Stock Exchange of India Limited (NSE).

The Company is engaged in providing services of Investment banking, Corporate advisory and ESOP advisory services etc.

**2. Significant Accounting Policies**

**(a) Basis of preparation**

These standalone Ind AS financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act, under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value. These accounting policies have been applied consistently over all the periods presented in these standalone Ind AS financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

The financial statements up to and including the year ended 31 March 2019 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) under the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), the relevant provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI) and other generally accepted accounting principles in India (collectively referred to as "Indian GAAP" or "Previous GAAP")

These financial statements for the year ended 31 March 2020 are the first financial statements of the Company under Ind AS. Refer Note 58 of the standalone Ind AS financial statements for an explanation of how the transition from previous

GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

The transition to Ind AS has been carried out in accordance with Ind AS 101 "First Time Adoption of Indian Accounting Standards". Accordingly, the impact of transition has been recorded in the opening reserves as at 1 April 2018.

**(b) Presentation of the financial statements**

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the format prescribed under Division III of Schedule III to the Companies Act, 2013 on 11 October 2013, the Company presents the Standalone Balance Sheet, the Standalone Statement of Profit and Loss and the Standalone Statement of Changes in Equity in the order of liquidity. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 55 of the standalone Ind AS financial statements.

Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- (i) The normal course of business
- (ii) The event of default
- (ii) The event of insolvency or bankruptcy of the Company and/or its counterparties

**(c) Use of estimates and judgements**

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of financial statements and the reported amounts of revenue and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates

are recognized in the period in which the Company becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised and future periods. The estimates and judgments that have significant impact on carrying amount of assets and liabilities at each balance sheet date are discussed at note 2(v) of the standalone Ind AS financial statements.

**(d) Property, Plant and Equipment**

Property, plant and equipment (PPE) are stated at cost of acquisition less accumulated depreciation and accumulated impairment, (if any). Such cost includes purchase price including import duties and other non-refundable purchase taxes or levies, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use and adjustments arising from exchange rate variations attributable to the assets. Any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditure are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

Assets costing INR 5,000 or less are fully depreciated in the year of purchase.

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-financial assets.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected

from its use or disposal. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the statement of profit and loss when the asset is derecognised.

On transition to Ind AS, the Company has elected to continue with the carrying value for all Property, Plant and Equipment as recognised in its IGAAP financials as deemed cost at the transition date of 1 April, 2018.

**Depreciation methods, estimated useful lives and residual value**

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013.

<b>Tangible assets</b>	<b>Useful life</b>
Premises	60 years
Furniture and fixtures	10 years
Electrical fittings	10 years
Air conditioners	10 years
Office equipments	5 years
Computers and peripherals	3 years
Vehicles	8 years

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

**(e) Investment Property**

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

On transition to Ind AS, the Company has elected to continue with the carrying value for its investment property as recognised in its previous financials as deemed cost at the transition date of 1 April, 2018.

Depreciation on property (Flat) classified as investment property has been provided on the straight-line method over a period of 60 years based on the Company's estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Schedule II to the Companies Act 2013.

Though the Company initially measures investment property using cost based measurement. The said is measured subsequently at the fair value which are determined based on an annual evaluation as per Management's best estimates. Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition. The date of disposal of an item of investment property is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

**(f) Intangible assets and amortization**

Intangible assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation and impairment losses, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

On transition to Ind AS, the Company has elected to continue with the carrying value for all intangible assets as recognised in its IGAAP financials as deemed cost at the transition date of 1 April, 2018.

Intangible assets are amortised on a straight-line basis over the estimated useful economic life, which is the Management's estimate of its useful life.

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the statement of profit and loss when the asset is derecognized. The date of disposal of an item of intangible assets is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

**(g) Investments in subsidiaries and trust**

Investments in subsidiaries and trust are carried at cost less accumulated impairment losses, if any in the Separate Financial Statements as permitted under Ind AS 27 - "Separate financial statements".

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and trust, the difference between net disposal proceeds and the carrying amounts are recognised in the Standalone Statement of Profit and Loss.

**(h) Impairment of non-financial assets**

At each reporting date, the Company assesses whether there is any indication based on internal / external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount of asset is the higher of its fair value or value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects the current market assessment of time value of money and the risks specific to it. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. All assets are

subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An Impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the assets carrying amount would have been determined, net of depreciation or amortization, had no impairment loss been recognised.

### (i) Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the each reporting date.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for in the standalone Ind AS financial statements.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

### (j) Foreign currency translation

#### Functional and presentation currency

Items included in financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency.

### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

### (k) Employee benefits

#### (i) Short-term obligations

Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered. The Company recognises the costs of bonus payments when it has a present obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

#### (ii) Post-employment obligations

#### (l) Defined contribution plans

**(a) Provident Fund:** The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**(b) Employees' State Insurance:** The Company contributes to Employees State Insurance Scheme and recognises such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

**(II) Defined benefit plans**

**(a) Gratuity:** The Company makes contribution to a Gratuity Fund administered by trustees and managed by LIC. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year by an independent actuary using the Projected Unit Credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- (i) The date of the plan amendment or curtailment, and
- (ii) The date that the company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in the standalone statement of profit and loss:

- (i) Service costs comprising current and past service costs, gains and losses on curtailments and non-routine settlements; and
- (ii) Net interest expense or income

**(III) Other Long-term employee benefits**

**(a) Compensated absences** - Privilege leave entitlements are recognised as a liability as per the rules of the Company. The liability for accumulated leaves which can be availed and/

or encashed at any time during the tenure of employment is recognised using the projected unit credit method at the actuarially determined value by an appointed independent actuary. The liability for accumulated leaves which is eligible for encashment within the same calendar year is provided for at prevailing salary rate for the entire unavailed leave balance as at the Balance Sheet date.

**(I) Leases**

**(I) Operating lease as lessee** - The Company has adopted Ind AS 116 - "Leases" effective 1 April, 2019, using the "full retrospective method". Further, the Company has applied the standard to its leases with the full impact recognised on the date of initial application.

The Company's lease asset classes primarily consist of leases for office premises. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) The contract involves the use of an identified asset;
- (ii) The Company has substantially all of the economic benefits from use of the asset through the period of the lease; and
- (iii) The Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less

any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**(II) Operating lease as lessor:** In respect of assets given on operating lease, lease rentals are recognised on a straight-line basis over the term of lease unless;

- (i) Another systematic basis is more representative of the time pattern in which the benefit is derived from leased asset; or
- (ii) The payments to the lessor are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases, in which case the rental are recognised based on contractual term.

**(m) Income tax**

**Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Minimum Alternate Tax**

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit". The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**Deferred Tax**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of

unused tax credits and unused tax losses can be utilised, except in respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(n) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(o) Financial instruments**

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradable securities, the Company recognises the financial instruments on settlement date.

**Initial recognition and measurement:**

Financial assets and financial liabilities are recognized when the entity becomes a party

to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortised cost.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- (b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

**Classification and subsequent measurement**

The Company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.



A financial asset is measured at amortised cost only if both of the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold them to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

The Company has applied Ind AS 109 and classifies its financial assets in the following measurement categories:

- Amortised cost
- Fair value through profit or loss (FVTPL); or
- Fair value through other comprehensive income (FVOCI)

Such financial assets are subsequently measured at amortised cost using the Effective Interest rate method. Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal and the interest on the principal outstanding. Any financial instrument, which does not meet the criteria for categorisation as amortized cost or as Fair Value Through Other Comprehensive Income (FVTOCI), is classified as at Fair Value Through P&L (FVTPL). In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit and loss.

Financial liabilities are classified at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised

in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in Statement of Profit or loss.

### **Equity Investments**

The Company accounts for equity investments in subsidiaries at cost less impairment.

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'. However, dividend on such equity investments are recognised in Statement of Profit and loss when the Company's right to receive payment is established.

### **Fair Value Hierarchy**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purpose. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 52 of the standalone Ind AS financial statements.

### **Impairment of Financial Assets**

The Company applies expected credit loss (ECL) model for measurement and recognition of loss allowance on the following:

- (i) Trade receivables
- (ii) Financial assets measured at amortised cost (other than trade receivables)
- (iii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a

significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables.

The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

#### **Reclassification of financial assets and liabilities**

The Company does not reclassify its financial assets subsequent to their initial recognition. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in FY 2018-19 and until the year ended 31 March 2020.

#### **Write-offs**

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries are credited to the statement of profit and loss.

#### **De-recognition of financial instruments**

- (a) **Financial asset** - A financial asset or a part thereof is primarily de-recognised when:
- (i) The right to receive contractual cash flows from the asset has expired, or
  - (ii) The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
    - (a) The Company has transferred substantially all the risks and rewards of the asset, or
    - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains all or substantially all the risks and rewards of the transferred assets, the transferred assets are not de-recognised. On de-recognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in profit or loss.

- (b) **Financial liabilities:** The Company de-recognises a financial liability when its contractual obligations are discharged, cancelled or expired.

#### **Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the

normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**(p) Revenue Recognition**

The Company recognises revenue from contracts with customers based on a five-step model asset out in Ind AS 115, Revenue from Contracts with Customers, to determine when to recognize revenue and at what amount. Revenue is measured based on the consideration specified in the contract with a customer. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

**(i) Interest income** - Interest income is recognised using the effective interest rate (EIR) method by considering all contractual terms of the financial instrument in estimating the cash flows.

**(ii) Dividend income** - Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

**(iii) Net gain on fair value changes** - Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Company recognises gains/ losses on fair value change of financial assets measured as FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL and FVOCI.

**(iv) Sale of services** - Income from services (including other operating revenues) are recognized with reference to achievement of milestones defined in the corresponding engagement or mandate letters entered with counter party which reflects the stage of each performance obligation.

**(v) Contract Balances**

**Trade Receivables** - A receivable represents the Company's right to an amount of consideration that is unconditional.

**Unbilled Revenue** - Unbilled revenue represents value of services performed in accordance with reference to achievement of milestones defined in the corresponding engagement or mandate letters entered with counter party with the contract terms but not billed.

**Contract Liabilities** - A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**(q) Cash flow statement**

Cash flows are reported using the indirect method, where by profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

For the purpose of the Statement of Cash Flows, cash and cash equivalents as defined above, as they are considered an integral part of cash management of the company.

**(r) Earnings per share**

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(s) Dividends**

The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors and consequently approved by the shareholders of the company.

**(t) Segment information**

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments

The accounting policies adopted for Segment reporting are in line with the accounting policies of the company with the following additional policies:

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue

and expenses, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

Assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the Segment. Assets and liabilities, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

**(u) Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

**(v) Critical estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgement are:

- (i) Estimated useful life of PPE - refer Note 2(d) and 11
- (ii) Estimation of tax expenses and tax payable - refer Note 2(m) and 50
- (iii) Fair value of financial instruments - refer Note 2(o) and 52
- (iv) Estimation of Defined benefit obligations - refer Note 2(k) and 48
- (v) Probable outcome of matters included under Contingent Liabilities - refer note 2(i) and 37

# ANNUAL REPORT 2019-20

## Notes to the Standalone Ind AS financial statements

(Currency: Indian Rupees)

	31 March 2020	31 March 2019	1 April 2018
<b>3 Cash and cash equivalents</b>			
Cash on hand	3,80,387	2,42,899	3,53,647
<b>Balances with banks</b>			
- In current accounts	54,05,773	1,29,43,653	73,47,141
- In fixed deposits accounts (with maturity of 3 months or less)	11,16,82,416	2,63,31,072	5,26,539
	<u>11,74,68,576</u>	<u>3,95,17,624</u>	<u>82,27,327</u>

### Notes:

- The deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.
- There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting periods disclosed in the financial statements.

	31 March 2020	31 March 2019	1 April 2018
<b>4 Bank balances other than cash and cash equivalents</b>			
Fixed deposits with banks (with maturity of more than 3 months)	8,22,016	7,75,265	7,28,016
Earmarked balances with banks towards unpaid dividend accounts	11,03,295	11,64,765	11,98,630
	<u>19,25,311</u>	<u>19,40,030</u>	<u>19,26,646</u>

### Notes:

- There are no repatriation restrictions with regard to bank balances other than cash and cash equivalents as at the end of the reporting periods disclosed in the financial statements.
- There are no bank deposits and balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments as at the end of the reporting periods disclosed in the financial statements.
- Bank balances include restricted bank balances of INR 11,03,295 (31 March 2019: INR 11,64,765; 1 April 2018: INR 11,98,630) on account of bank balances held as unpaid dividends.

	31 March 2020	31 March 2019	1 April 2018
<b>5 Receivables</b>			
<b>Trade receivables</b>			
Receivables considered good - unsecured	70,46,203	57,98,322	26,38,925
Receivables - credit impaired	16,11,428	3,08,635	2,86,271
Less : Impairment loss allowance	(16,11,428)	(3,08,635)	(2,86,271)
	<u>70,46,203</u>	<u>57,98,322</u>	<u>26,38,925</u>
<b>Other receivables</b>			
Receivables considered good - unsecured	8,04,735	2,56,755	2,13,600
Less : Impairment loss allowance	-	-	-
	<u>8,04,735</u>	<u>2,56,755</u>	<u>2,13,600</u>
	<u>78,50,938</u>	<u>60,55,077</u>	<u>28,52,525</u>

### Notes:

- The Company applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for receivables at an amount equal to lifetime ECLs. The ECLs on receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired receivables. The Company considers a receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. When a receivable is credit impaired, it is written off against receivables and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited to the income statement. Further, the Company has recognised ECL on credit impaired assets only.

- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade and other receivables are non-interest bearing and the same is relied upon by the Auditor.
- Other receivables includes receivables from related parties INR 8,04,735 (P.Y INR 2,56,755) (refer note 49(iii)).

	31 March 2020	31 March 2019	1 April 2018
<b>6 Loans</b>			
<b>(A) Measured at amortised cost / fair value through profit or loss</b>			
<b>At amortised cost</b>			
Loans repayable on demand (Refer notes below)	1,50,00,000	1,50,00,000	1,50,00,000
<b>At fair value through profit or loss</b>			
Loan to employees - considered good	2,83,438	3,31,628	3,61,647
	<u>1,52,83,438</u>	<u>1,53,31,628</u>	<u>1,53,61,647</u>
Less : Impairment loss allowance	-	-	-
	<u>1,52,83,438</u>	<u>1,53,31,628</u>	<u>1,53,61,647</u>
<b>(B) Secured / Unsecured</b>			
(i) Secured by shares	50,00,000	50,00,000	50,00,000
(ii) Unsecured	1,02,83,438	1,03,31,628	1,03,61,647
	<u>1,52,83,438</u>	<u>1,53,31,628</u>	<u>1,53,61,647</u>
Less : Impairment loss allowance	-	-	-
	<u>1,52,83,438</u>	<u>1,53,31,628</u>	<u>1,53,61,647</u>
<b>(C) Of the above</b>			
(i) Loans in India			
- Public sector	-	-	-
- Others	1,52,83,438	1,53,31,628	1,53,61,647
	<u>1,52,83,438</u>	<u>1,53,31,628</u>	<u>1,53,61,647</u>
Less : Impairment loss allowance	-	-	-
	<u>1,52,83,438</u>	<u>1,53,31,628</u>	<u>1,53,61,647</u>
(ii) Loans outside India	-	-	-
	<u>1,52,83,438</u>	<u>1,53,31,628</u>	<u>1,53,61,647</u>
<b>(D) Stage wise breakup of loans</b>			
(i) Low credit risk (Stage 1)	1,52,83,438	1,53,31,628	1,53,61,647
(ii) Significant increase in credit risk (Stage 2)	-	-	-
(iii) Credit impaired (Stage 3)	-	-	-
	<u>1,52,83,438</u>	<u>1,53,31,628</u>	<u>1,53,61,647</u>
Less : Impairment loss allowance	-	-	-
	<u>1,52,83,438</u>	<u>1,53,31,628</u>	<u>1,53,61,647</u>

### Notes:

- The Company had given a secured loan to Bela Properties Private Limited amounting to INR 50,00,000 at the rate of 12% p.a, repayable on demand. Further, the said loan is secured against 2,51,022 equity shares of Credo Brands Marketing Private Limited and a demand promissory note.
- The company had given an unsecured loan to Siddha Real Estate Development Private Limited amounting to INR 1,00,00,000 at the rate of 18% p.a, repayable on demand.
- The Company considers the secured / unsecured loans given to other parties as fully recoverable i.e. at Stage 1 category (low credit risk) at the various reporting periods. Accordingly, in line with the Company's accounting policy no impairment provision was created at the end of the aforesaid mentioned reporting periods.

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes to the Standalone Ind AS financial statements**

(Currency: Indian Rupees)

**7 Investments**

Sr No.	Particulars	No. of Shares / units			Quoted / Unquoted	Face Value	Amount as at		
		31 March 2020	31 March 2019	1 April 2018			31 March 2020	31 March 2019	1 April 2018
<b>(A) Investments measured at amortised cost</b>									
<b>(i) Investments in debt securities</b>									
1	Series II 8% Partly convertible debentures - Netambit Valuefirst Services Private Limited	7,500	-	-	Unquoted	1,000	75,00,000	-	-
<b>Total (A- i)</b>							<b>75,00,000</b>	<b>-</b>	<b>-</b>
<b>(ii) Investments in equity instruments</b>									
1	Keynote Financial Services Ltd (held by Keynote Trust)	14,51,702	14,51,702	14,51,702	Quoted	10	1,29,70,873	1,29,70,873	1,29,70,873
<b>Total (A- ii)</b>							<b>1,29,70,873</b>	<b>1,29,70,873</b>	<b>1,29,70,873</b>
<b>(iii) Investments in subsidiaries</b>									
1	Keynote Capitals Limited	1,12,66,667	1,12,66,667	1,12,66,667	Unquoted	10	17,55,00,010	17,55,00,010	17,55,00,010
2	Keynote Fincorp Limited	20,00,000	20,00,000	20,00,000	Unquoted	10	3,75,00,000	3,75,00,000	3,75,00,000
3	Keynote Trust (initial corpus fund)	-	-	-	Unquoted	-	20,000	20,000	20,000
<b>Total (A- iii)</b>							<b>21,30,20,010</b>	<b>21,30,20,010</b>	<b>21,30,20,010</b>
<b>Total (A = i+ii+iii)</b>							<b>23,34,90,883</b>	<b>22,59,90,883</b>	<b>22,59,90,883</b>
<b>(B) Investments measured at fair value through profit or loss</b>									
<b>(i) Investments in mutual funds</b>									
1	HDFC Liquid Fund Daily Dividend	-	-	559	Unquoted	1,000	-	-	5,69,585
2	HDFC Liquid Fund - Regular Plan - Growth	-	8,634	-	Unquoted	1,000	-	3,16,03,095	-
3	HDFC Ultra Short Term Fund-Direct Plan- Weekly Dividend	149	-	-	Unquoted	10	1,504	-	-
4	Aditya Birla Sun Life Mutual Fund-Cash Plus	-	-	1,33,372	Unquoted	100	-	-	3,71,08,612
5	Aditya Birla Sun Life Overnight Fund	-	1,503	-	Unquoted	100	-	15,41,359	-
6	Aditya Birla Sun Life Mutual Fund-Floating Rate Fund - Short Term Fund	-	-	44,440	Unquoted	100	-	-	1,02,61,432
7	ICICI Prudential Equity Arbitrage Fund	-	29,88,332	-	Unquoted	100	-	4,07,01,078	-
8	Kotak Equity Arbitrage Fund	-	17,66,270	-	Unquoted	10	-	4,07,41,837	-
9	Mahindra Manulife Low Duration Fund - Regular - Growth	-	-	1,07,258	Unquoted	1,000	-	-	11,47,13,769
10	Mahindra Manulife Liquid Fund - Regular - Growth	-	2,844	-	Unquoted	1,000	-	34,32,339	-
11	Nippon India Liquid Fund-Growth Plan-Growth Option (LFIGG)	-	-	2,808	Unquoted	1,000	-	-	1,18,55,370
12	Parag Parikh LTEF-Reg Plan	3,94,631	3,94,631	-	Unquoted	10	82,89,233	98,36,346	-
<b>Total (B- i)</b>							<b>82,90,737</b>	<b>12,78,56,054</b>	<b>17,45,08,768</b>
<b>(ii) Investments in debt securities</b>									
1	Non convertible debentures - JM Financial Products Limited Tranche III	20,000	-	-	Quoted	1,000	1,96,94,000	-	-
2	12% Non convertible debentures - ECL Finance Limited	10,000	10,000	10,000	Quoted	1,000	1,06,88,324	1,07,32,469	1,10,56,921
<b>Total (B- ii)</b>							<b>3,03,82,324</b>	<b>1,07,32,469</b>	<b>1,10,56,921</b>
<b>(iii) Investments in equity instruments</b>									
1	Godrej Properties Limited	2,500	2,950	2,950	Quoted	5	15,06,875	24,02,333	21,41,405
2	HDFC Bank Limited	1,871	142	725	Quoted	1	16,12,802	3,28,943	13,71,301
3	Kotak Mahindra Bank Limited	316	311	301	Quoted	5	4,09,646	4,15,418	3,15,629
4	Info Edge (India) Limited	350	623	500	Quoted	10	7,12,705	11,48,096	5,83,375
5	GRP Limited	-	-	500	Quoted	10	-	-	5,90,000
6	Shree Cement Limited	17	9	9	Quoted	10	2,98,774	1,67,712	1,45,634
7	Page Industries Limited	19	19	18	Quoted	10	3,21,628	4,73,050	4,08,324
8	Pidlilite Industries Limited	334	334	243	Quoted	1	4,53,121	4,14,945	2,23,196
9	P I Industries Limited	486	429	429	Quoted	1	5,68,401	4,42,428	3,80,909

## ANNUAL REPORT 2019-20

### Notes to the Standalone Ind AS financial statements (Currency: Indian Rupees)

Sr No.	Particulars	No. of Shares / units			Quoted / Unquoted	Face Value	Amount as at		
		31 March 2020	31 March 2019	1 April 2018			31 March 2020	31 March 2019	1 April 2018
10	Motherson Sumi Systems Limited	-	1119	1139	Quoted	1	-	1,67,011	3,55,083
11	Indusind Bank Limited	-	288	272	Quoted	10	-	5,13,245	4,88,403
12	Havells India Limited	711	622	741	Quoted	1	3,41,173	4,79,530	3,61,423
13	Eicher Motors Limited	-	15	12	Quoted	10	-	3,08,071	3,40,043
14	Britannia Industries Limited	162	148	85	Quoted	2	4,35,724	4,56,129	4,22,573
15	Bajaj Finance Limited	209	124	271	Quoted	2	4,63,155	3,75,082	4,79,602
16	Bajaj Finserv Limited	68	81	90	Quoted	5	3,12,103	5,69,871	4,66,070
17	City Union Bank Limited	10,043	10,043	9,130	Quoted	1	13,02,074	20,50,781	15,75,838
18	Steelcast Limited	4,500	4,500	4,500	Quoted	5	3,50,775	6,65,775	7,76,250
19	Piramal Enterprises Limited	-	-	147	Quoted	2	-	-	3,58,754
20	Garware Wall Ropes Limited	-	-	373	Quoted	10	-	-	3,43,011
21	Asian Paints Limited	274	257	257	Quoted	1	4,56,676	3,83,418	2,88,020
22	Astral Poly Technik Limited	2,771	2,607	2,727	Quoted	1	25,61,651	30,19,688	24,42,574
23	Sudarshan Chemicals Industries Limited	-	-	760	Quoted	1	-	-	3,33,488
24	Vardhman Textiles Limited	-	-	268	Quoted	10	-	-	3,27,161
25	Cholamandalam Inv & Fin Co Limited	1,497	306	325	Quoted	1	2,28,966	4,42,935	4,71,153
26	Rajratan Global Wire Limited	-	-	1,388	Quoted	10	-	-	7,23,426
27	RBL Bank Limited	-	443	769	Quoted	10	-	3,01,838	3,66,736
28	Vijaya Bank	-	-	24,300	Quoted	10	-	-	12,61,170
29	Ashok Leyland Limited	-	6,600	5,000	Quoted	1	-	6,02,580	7,26,500
30	Bella Casa Fashion & Retail Limited	4,757	4,757	5,000	Quoted	10	4,89,971	6,43,146	9,11,250
31	Bharti Infratel Limited	-	-	1,279	Quoted	10	-	-	4,30,064
32	Faze Three Limited	-	6,618	6,667	Quoted	10	-	3,17,665	4,55,689
33	Insecticides (India) Limited	-	-	444	Quoted	10	-	-	3,05,583
34	M R F Limited	6	6	5	Quoted	10	3,49,450	3,48,338	3,61,504
35	Welspun India Limited	-	-	3,159	Quoted	1	-	-	1,83,064
36	Wim Plast Limited	-	222	222	Quoted	10	-	1,24,686	2,57,231
37	Visaka Industries Limited	-	-	1,100	Quoted	10	-	-	7,14,395
38	Surya Roshni Limited	-	-	2,349	Quoted	10	-	-	8,96,731
39	Sharda Motor Industries Limited	-	-	108	Quoted	10	-	-	2,08,672
40	Max Financial Services Limited	429	-	377	Quoted	10	1,65,336	-	1,71,026
41	Apex Frozen Food Limited	-	-	1,068	Quoted	10	-	-	6,52,495
42	Avanti Feeds Limited	-	-	155	Quoted	10	-	-	3,45,976
43	CESC Ventures Ltd	411	411	-	Quoted	10	48,087	2,56,116	-
44	CESC Ltd	182	-	452	Quoted	10	74,402	-	4,37,378
45	Odisha Cement Ltd (Dalmia Bharat Limited)	108	274	104	Quoted	2	52,812	2,71,219	3,00,076
46	Jindal Stainless Limited	-	-	5,512	Quoted	10	-	-	4,31,865
47	J K Paper Limited	-	1,081	4,353	Quoted	10	-	1,54,474	5,88,743
48	Maharashtra Seamless Limited	-	-	730	Quoted	10	-	-	3,10,506
49	Tejas Networks Limited	-	-	1,616	Quoted	10	-	-	5,90,486
50	Thirumalai Chemicals Limited	-	-	176	Quoted	10	-	-	3,00,555
51	V2 Retail Limited	-	-	808	Quoted	10	-	-	3,37,300
52	Astec Lifesciences Limited	-	531	551	Quoted	10	-	2,85,996	3,20,517
53	Minda Industries Limited	515	651	122	Quoted	2	1,23,110	2,12,649	1,31,315
54	The New India Assurance Company Limited	-	-	510	Quoted	5	-	-	3,60,315
55	Technocraft Industries (India) Limited	-	568	936	Quoted	10	-	3,19,613	4,60,044
56	Sunflag Iron & Steel Co Limited	-	-	4,200	Quoted	10	-	-	3,16,050
57	Reliance Industries Limited	-	222	621	Quoted	10	-	3,02,597	5,48,219
58	NMDC Limited	-	-	6,000	Quoted	1	-	-	7,11,900
59	Hi-Tech Pipes Limited	-	-	2,500	Quoted	10	-	-	8,99,875

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes to the Standalone Ind AS financial statements**  
(Currency: Indian Rupees)

Sr No.	Particulars	No. of Shares / units			Quoted / Unquoted	Face Value	Amount as at		
		31 March 2020	31 March 2019	1 April 2018			31 March 2020	31 March 2019	1 April 2018
60	IDEA Cellular Limited	-	-	7,550	Quoted	10	-	-	5,71,913
61	Divi's Laboratories Limited	232	187	132	Quoted	2	4,61,112	3,18,499	1,43,814
62	Saregama India Limited	-	491	716	Quoted	10	-	2,90,794	4,70,985
63	Titan Company Limited	-	269	457	Quoted	1	-	3,05,988	4,30,128
64	Weizmann Forex Limited	-	-	329	Quoted	10	-	-	3,48,230
65	Welspun Enterprises Limited	-	-	2,909	Quoted	10	-	-	4,11,042
66	Action Construction Equipment Limited	-	-	1,976	Quoted	10	-	-	3,30,881
67	Hikal Ltd	-	2,049	-	Quoted	2	-	3,58,472	-
68	HIL Ltd	-	131	-	Quoted	10	-	2,42,199	-
69	Larsen & Toubro Ltd	303	500	-	Quoted	2	2,44,475	6,92,025	-
70	Mahindra & Mahindra Financial Services Ltd	-	779	-	Quoted	10	-	3,27,920	-
71	Multi Commodity Exchange of India Ltd	-	569	-	Quoted	10	-	4,59,041	-
72	Orbit Exports Ltd	2,116	3,452	-	Quoted	10	1,29,182	3,53,830	-
73	TCI Express Ltd	-	626	-	Quoted	2	-	4,59,641	-
74	Bajaj Electricals Ltd	-	1,250	-	Quoted	2	-	6,98,563	-
75	Garware Technical Fibres Ltd	-	125	-	Quoted	10	-	1,41,487	-
76	ICICI Lombard General Insurance Company Ltd	821	401	-	Quoted	10	8,83,971	4,14,173	-
77	Interglobe Aviation Ltd	-	176	-	Quoted	10	-	2,51,170	-
78	Mahindra Holidays & Resorts (I) Ltd	-	1,513	-	Quoted	10	-	3,63,196	-
79	Matrimony.Com Ltd	-	242	-	Quoted	5	-	1,57,893	-
80	Precision Wires India Ltd	1,056	676	-	Quoted	10	70,435	1,35,436	-
81	Relaxo Footwears Ltd	-	392	-	Quoted	1	-	3,03,781	-
82	Thermax Ltd	800	650	-	Quoted	2	5,91,600	6,31,963	-
83	Vinati Organics Ltd	-	241	-	Quoted	2	-	3,96,180	-
84	Bajaj Finance Ltd	-	183	-	Quoted	2	-	5,53,547	-
85	Bank of Baroda	-	9,425	-	Quoted	2	-	12,13,940	-
86	ICICI Bank Ltd	2,629	1,604	-	Quoted	2	8,53,110	6,39,756	-
87	ICICI Securities Limited	-	1,128	-	Quoted	5	-	2,73,540	-
88	PSP Projects Ltd	1,450	1,150	-	Quoted	10	4,66,465	5,28,943	-
89	Punjab National Bank	-	5,045	-	Quoted	2	-	4,81,293	-
90	Sanghvi Brands Ltd	3,000	3,000	-	Quoted	10	15,720	1,05,000	-
91	State Bank of India	6,389	1,175	-	Quoted	1	12,58,313	3,76,940	-
92	Thyrocare Technologies Ltd	-	642	-	Quoted	10	-	3,40,581	-
93	Yes Bank Ltd	-	776	-	Quoted	2	-	2,13,439	-
94	Westlife Development Ltd	2,057	672	-	Quoted	2	6,58,651	2,88,086	-
95	Radico Khaitan Ltd	-	663	-	Quoted	2	-	2,62,051	-
96	Power Finance Corporation Ltd	-	3,585	-	Quoted	10	-	4,40,955	-
97	Jubilant Foodworks Ltd	324	298	-	Quoted	10	4,76,361	4,29,984	-
98	Development Credit Bank Ltd	-	1,435	-	Quoted	10	-	2,93,242	-
99	Dabur India Ltd	1,038	506	-	Quoted	10	4,67,359	2,06,979	-
100	NTPC Ltd	-	2,500	-	Quoted	10	-	3,38,375	-
101	Axis Bank Ltd	152	-	-	Quoted	2	57,654	-	-
102	Bajaj Consumer Care Ltd	792	-	-	Quoted	1	1,05,217	-	-
103	Coffee Day Enterprises Ltd	3,498	-	-	Quoted	10	80,804	-	-
104	Care Ratings Ltd	186	-	-	Quoted	10	61,296	-	-
105	Equitas Holdings Ltd	919	-	-	Quoted	10	39,149	-	-
106	Fortis Healthcare Ltd	3,425	-	-	Quoted	10	4,31,721	-	-
107	Goldiam International Ltd	1,132	-	-	Quoted	10	1,00,069	-	-
108	Great Eastern Shipping Co. Ltd	681	-	-	Quoted	10	1,41,070	-	-
109	IIFL Holdings Ltd	2,898	-	-	Quoted	2	2,15,611	-	-



## ANNUAL REPORT 2019-20

### Notes to the Standalone Ind AS financial statements (Currency: Indian Rupees)

Sr No.	Particulars	No. of Shares / units			Quoted / Unquoted	Face Value	Amount as at		
		31 March 2020	31 March 2019	1 April 2018			31 March 2020	31 March 2019	1 April 2018
110	Kalpataru Power Transmission Ltd	290	-	-	Quoted	2	52,635	-	-
111	Maruti Suzuki India Ltd	9	-	-	Quoted	5	38,590	-	-
112	Navneet Education Ltd	917	-	-	Quoted	2	56,808	-	-
113	Nucleus Software Exports Ltd	1,542	-	-	Quoted	10	2,73,011	-	-
114	Polycab India Ltd	93	-	-	Quoted	10	68,997	-	-
115	Sundaram Fasteners Ltd	70	-	-	Quoted	1	20,394	-	-
116	Tata Motors Ltd	1,900	-	-	Quoted	2	1,34,995	-	-
117	Thomas Cook India Ltd	3,945	-	-	Quoted	1	95,271	-	-
118	Titan Company Ltd	274	-	-	Quoted	1	2,55,779	-	-
119	Varun Beverages Ltd	169	-	-	Quoted	10	89,663	-	-
120	Zee Entertainment Enterprises Ltd	81	-	-	Quoted	1	10,044	-	-
121	Worth Peripherals Ltd	3,000	-	-	Quoted	10	1,23,000	-	-
122	Quess Corp Ltd	330	-	-	Quoted	10	69,811	-	-
123	Metropolis Healthcare Ltd	220	-	-	Quoted	2	2,82,975	-	-
124	India Bulls Real Estates Ltd	2,410	-	-	Quoted	2	98,328	-	-
125	Indiamart Intermesh Ltd	155	-	-	Quoted	10	3,00,065	-	-
126	Housing Development Finance Corporation Ltd	50	-	-	Quoted	2	81,522	-	-
127	Grasim Industries Limited	125	-	-	Quoted	2	59,425	-	-
128	Grauer &Well (India) Ltd	17,500	-	-	Quoted	1	5,92,375	-	-
129	Gateway Striparks Ltd	2,444	-	-	Quoted	10	2,31,447	-	-
130	Avenue Supermarts Ltd	212	-	-	Quoted	10	4,66,548	-	-
131	Abbott India Ltd	65	-	-	Quoted	10	10,04,607	-	-
132	Hemisphere Properties India Ltd	200	-	-	Quoted	10	46,640	-	-
133	IIFL Securities Ltd	707	-	-	Quoted	2	21,952	-	-
134	United Spirits Ltd	423	-	-	Quoted	2	2,05,176	-	-
135	Poly Medicure Ltd	974	-	-	Quoted	5	2,29,475	-	-
136	ISGEC Heavy Engineering Ltd	129	-	-	Quoted	1	32,940	-	-
137	J B Chemicals & Pharmaceuticals Ltd	815	-	-	Quoted	2	4,14,305	-	-
138	Infosys Limited	271	-	-	Quoted	5	1,73,522	-	-
139	Honeywell Automation India Ltd	20	-	-	Quoted	10	5,19,016	-	-
140	Heritage Foods (India) Ltd	584	-	-	Quoted	5	1,24,480	-	-
141	Hexaware Technologies Ltd	368	-	-	Quoted	2	83,224	-	-
142	DFM Foods Ltd	1,235	-	-	Quoted	2	2,17,113	-	-
143	Bharti Airtel Ltd	189	-	-	Quoted	5	83,274	-	-
144	Zensar Technologies Ltd	3,344	-	-	Quoted	2	2,89,256	-	-
145	Tech Mahindra Ltd	107	-	-	Quoted	5	60,449	-	-
146	Raymond Ltd	1,148	-	-	Quoted	10	2,56,004	-	-
147	Prince Pipes & Fittings Ltd	1,190	-	-	Quoted	10	1,21,677	-	-
148	Piramal Enterprises Ltd	400	-	-	Quoted	2	3,75,520	-	-
149	Nippon India ETF Nifty Bees	6,878	-	-	Quoted	1	6,30,918	-	-
150	Mahanagar Gas Limited	100	-	-	Quoted	10	81,795	-	-
151	ITC Ltd	726	-	-	Quoted	1	1,24,872	-	-
152	Hindustan Unilever Ltd	73	-	-	Quoted	1	1,67,765	-	-
153	Forbes and Company Ltd	400	-	-	Quoted	10	3,07,640	-	-
154	Engineers India Ltd	3,156	-	-	Quoted	5	1,89,518	-	-
155	Delta Corp Ltd	668	-	-	Quoted	1	43,754	-	-
156	Bandhan Bank Limited	318	-	-	Quoted	10	64,760	-	-
157	A U Small Finance Bank Ltd	330	-	-	Quoted	10	1,67,920	-	-
158	Aditya Birla Capital Ltd	2,429	-	-	Quoted	10	1,02,504	-	-
159	Alkem Laboratories Ltd	228	-	-	Quoted	2	5,30,978	-	-

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes to the Standalone Ind AS financial statements**  
(Currency: Indian Rupees)

Sr No.	Particulars	No. of Shares / units			Quoted / Unquoted	Face Value	Amount as at		
		31 March 2020	31 March 2019	1 April 2018			31 March 2020	31 March 2019	1 April 2018
160	Voltas Ltd	231	-	-	Quoted	1	1,10,614	-	-
161	Control Print Limited	874	1,627	1,627	Quoted	10	1,69,337	4,33,189	6,96,356
162	Scana point Geomatics Limited	400	400	400	Quoted	2	7,220	12,260	7,180
163	Mitcon Consultancy & Engineering Services Limited	40,000	40,000	40,000	Quoted	10	15,94,000	20,00,000	20,58,000
164	Dugar Finance Limited	700	700	700	Unquoted	10	2,870	2,870	2,870
165	Dugar Housing Limited	800	800	800	Unquoted	10	9,520	9,520	9,520
166	Stella Exports Limited	10,000	10,000	10,000	Unquoted	3	30,000	30,000	30,000
							<b>3,34,45,060</b>	<b>3,61,42,119</b>	<b>3,75,16,794</b>
	Less: Impairment loss allowance						(42,390)	-	-
	<b>Total (B - iii)</b>						<b>3,34,02,670</b>	<b>3,61,42,119</b>	<b>3,75,16,794</b>
<b>(iv) Investments in alternate investment funds</b>									
1	IIFL Special Opportunities Fund - Series 5	10,29,531	10,29,531	5,14,946	Unquoted	10	84,22,489	99,48,872	50,53,324
2	Carpediem Capital Partners Fund - I	950	830	650	Unquoted	10,000	1,69,09,704	1,53,25,525	1,12,29,250
	<b>Total (B - iv)</b>						<b>2,53,32,193</b>	<b>2,52,74,397</b>	<b>1,62,82,574</b>
	<b>Total (B = i+ii+iii+iv)</b>						<b>9,74,07,924</b>	<b>20,00,05,039</b>	<b>23,93,65,057</b>
	<b>Grand total (A+B)</b>						<b>33,08,98,807</b>	<b>42,59,95,922</b>	<b>46,53,55,940</b>

**Notes:**

**1 Of the above**

Investment in India	33,09,41,197	42,59,95,922	46,53,55,940
Investment outside India	-	-	-
	<b>33,09,41,197</b>	<b>42,59,95,922</b>	<b>46,53,55,940</b>
Less: Impairment loss allowance	(42,390)	-	-
	<b>33,08,98,807</b>	<b>42,59,95,922</b>	<b>46,53,55,940</b>

**2 Aggregate value of quoted/unquoted investments**

Aggregate fair value of quoted investments	7,67,55,869	5,98,03,070	6,15,02,197
Aggregate value of unquoted investments	25,41,85,328	36,61,92,852	40,38,53,743
	<b>33,09,41,197</b>	<b>42,59,95,922</b>	<b>46,53,55,940</b>
Less: Impairment loss allowance	(42,390)	-	-
	<b>33,08,98,807</b>	<b>42,59,95,922</b>	<b>46,53,55,940</b>

3 The Company measures its equity investments at amortised cost / FVTPL, considering the investments are held for trading purposes only.

8 Other financial assets (Unsecured, considered good)	31 March 2020	31 March 2019	1 April 2018	9 Current tax assets (net)	31 March 2020	31 March 2019	1 April 2018
<b>At amortised cost</b>				Advance tax and tax deducted at source	24,89,827	-	-
Interest accrued on				(Net of provision for tax: INR 2,89,56,995 ; 31 March 2019: NIL; 1 April 2018 : NIL)			
- Loans	19,08,498	30,28,111	64,112				
- Investment in debt securities	9,20,822	7,82,467	7,82,467		<b>24,89,827</b>	-	-
Security deposits	10,770	10,770	3,10,770				
Unbilled revenue	15,50,000	3,00,000	5,00,000				
<b>At fair value through profit or loss</b>				<b>10 Investment property</b>	<b>31 March 2020</b>	<b>31 March 2019</b>	<b>1 April 2018</b>
Security deposits for rental premises	81,978	73,172	-	<b>Property (flat)</b>			
	<b>44,72,068</b>	<b>41,94,520</b>	<b>16,57,349</b>	<b>Gross carrying amount</b>			

**Notes:**

1. Impairment loss allowance recognised on other financial assets - NIL (31 March 2019 : NIL; 1 April 2018 : NIL).
2. Other financial assets includes receivable from related parties - NIL (P.Y INR 5,63,998) (refer note 49(iii)).

Balance at the beginning of the year	3,93,775	3,93,775	3,93,775
Additions during the year	-	-	-
Disposals during the year	-	-	-
<b>Balance at the end of the year</b>	<b>3,93,775</b>	<b>3,93,775</b>	<b>3,93,775</b>
<b>Accumulated depreciation</b>			
Balance at the beginning of the year	8,359	-	-
Depreciation during the year	11,208	8,359	-
Disposals / adjustments during the year	2,842	-	-
<b>Balance at the end of the year</b>	<b>22,409</b>	<b>8,359</b>	<b>-</b>
<b>Net carrying amount</b>	<b>3,71,366</b>	<b>3,85,416</b>	<b>3,93,775</b>

# ANNUAL REPORT 2019-20

## Notes to the Standalone Ind AS financial statements

(Currency: Indian Rupees)

### Notes:

1. The Company has elected to continue with the carrying value for all of its investment property as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April 2018, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The carrying value as at 1 April 2018 amounting to INR 3,93,775 of Investment Property represents gross cost of INR 7,00,000 net of accumulated depreciation of INR 3,06,225 as at 31 March 2018.

### 2. Income earned and expense incurred in connection with investment property

Particulars	For the year ended	
	31 March 2020	31 March 2019
Rental income derived from investment property	8,61,977	8,61,977
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income	(27,948)	(27,948)
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generated rental income	-	-
Income arising from investment property before depreciation	<u>8,34,029</u>	<u>8,34,029</u>
Depreciation	(11,208)	(8,359)
Income arising from investment property (net)	<u>8,22,821</u>	<u>8,25,670</u>

### 3. Contractual obligations

There are no contractual obligations (31 March 2019 : NIL; 1 April 2018 : NIL) to purchase, construct or develop investment property.

### 4. Leasing arrangements

The Company has given a commercial property on non-cancellable operating lease. The corresponding lease agreement provides for an option to renew the lease period at the end of non-cancellable period to lessor. The initial tenure of the lease is 60 months. There are no exceptional / restrictive covenants in the lease agreement.

	31 March 2020	31 March 2019	1 April 2018
Investment property	1,41,97,004	1,41,97,004	1,41,97,004

### Estimation of fair value

The fair valuation of the investment property was based upon management's best estimates instead of independent valuation. The best evidence of fair value is current prices in an active market for similar properties taking into consideration various factors such as location, facilities & amenities, quality of construction, residual life of building, business potential, supply & demand, local nearby enquiry, market feedback of investigation, ready reckoner published by government, etc. The fair value measurement is categorised in level 2 fair value hierarchy. Further, the fair valuation of the investment property was not determined by an independent valuer as required under Ind AS 40 and were completely based upon management's best estimates.

### 6. Reconciliation of fair value

Particulars	Property (flat)
Balance as at 1 April 2018	1,41,97,004
Fair value differences	-
Balance as at 31 March 2019	1,41,97,004
Fair value differences	-
Balance as at 31 March 2020	1,41,97,004

### 11 Property, plant & equipment

Tangible assets	Premises	Vehicles	Furniture and Fittings	Air Conditioners	Office Equipments	Computers and Peripherals	Electrical fittings	Total
<b>Gross block</b>								
Balance as at 1 April 2018	8,06,41,100	28,83,340	37,29,978	5,75,697	51,939	5,04,265	6,42,420	8,90,28,739
Additions during the year	-	-	-	-	-	69,000	-	69,000
Disposals / adjustments during the year	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>8,06,41,100</b>	<b>28,83,340</b>	<b>37,29,978</b>	<b>5,75,697</b>	<b>51,939</b>	<b>5,73,265</b>	<b>6,42,420</b>	<b>8,90,97,739</b>
Balance as at 1 April 2019	8,06,41,100	28,83,340	37,29,978	5,75,697	51,939	5,73,265	6,42,420	8,90,97,739
Additions during the year	-	-	-	-	1,255	88,034	-	89,289
Disposals / adjustments during the year	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>8,06,41,100</b>	<b>28,83,340</b>	<b>37,29,978</b>	<b>5,75,697</b>	<b>53,194</b>	<b>6,61,299</b>	<b>6,42,420</b>	<b>8,91,87,028</b>
<b>Depreciation / Amortisation</b>								
Balance as at 1 April 2018	-	-	-	-	-	-	-	-
Depreciation for the year	14,08,892	11,70,188	8,13,965	1,17,294	3,213	1,99,391	1,42,517	38,55,460
Disposals / adjustments for the year	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>14,08,892</b>	<b>11,70,188</b>	<b>8,13,965</b>	<b>1,17,294</b>	<b>3,213</b>	<b>1,99,391</b>	<b>1,42,517</b>	<b>38,55,460</b>
Balance as at 1 April 2019	14,08,892	11,70,188	8,13,965	1,17,294	3,213	1,99,391	1,42,517	38,55,460
Depreciation for the year	14,12,751	7,70,102	8,15,918	1,17,616	3,388	1,12,824	1,42,907	33,75,506
Disposals / adjustments during the year	793	1,275	535	671	(2,034)	(4,123)	95	(2,788)
<b>Balance as at 31 March 2020</b>	<b>28,22,436</b>	<b>19,41,565</b>	<b>16,30,418</b>	<b>2,35,581</b>	<b>4,567</b>	<b>3,08,092</b>	<b>2,85,519</b>	<b>72,28,178</b>
<b>Net block</b>								
As at 31 March 2019	7,92,32,208	17,13,152	29,16,013	4,58,403	48,726	3,73,874	4,99,903	8,52,42,279
As at 31 March 2020	7,78,18,664	9,41,775	20,99,560	3,40,116	48,627	3,53,207	3,56,901	8,19,58,850

**Note:** The company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April 2018, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The carrying value as at 1 April 2018 amounting to INR 8,90,28,739 of Property, plant and equipment represents gross cost of INR 11,64,87,938 net of accumulated depreciation of INR 2,74,59,199 as at 31 March 2018.

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes to the Standalone Ind AS financial statements**

(Currency: Indian Rupees)

12	Right of use assets	31 March 2020	31 March 2019	1 April 2018
	Right of use assets on premises (Refer note below) (Refer note 51)	1,64,980	2,59,254	-
		<u>1,64,980</u>	<u>2,59,254</u>	-

**Note:** Amortisation charged during the year INR 94,274 (31 March 2019 : INR 23,569; 1 April 2018 : NIL).

13	Other non-financial assets	31 March 2020	31 March 2019	1 April 2018
	(Unsecured, considered good)			
	Balances with government / statutory authorities	27,112	77,869	1,33,509
	Prepaid expenses	6,30,102	10,06,602	14,79,937
	Deferred lease rentals receivable	1,26,984	1,24,954	81,977
	Advances to service providers	27,83,878	11,24,920	2,30,764
		<u>35,68,076</u>	<u>23,34,345</u>	<u>19,26,187</u>

**Note:** Impairment loss allowance recognised on other non-financial assets - NIL (31 March 2019 : NIL; 1 April 2018 : NIL)

14	Payables	31 March 2020	31 March 2019	1 April 2018
	<b>Trade payables</b>			
	- total outstanding dues of micro enterprises and small enterprises (Refer note 42)	-	-	-
	- total outstanding dues of creditors other than micro enterprises and small enterprises	72,225	-	-
	<b>Other payables</b>			
	- total outstanding dues of micro enterprises and small enterprises (Refer note 42)	10,924	-	-
	- total outstanding dues of creditors other than micro enterprises and small enterprises	11,37,598	8,15,782	6,86,442
		<u>12,20,747</u>	<u>8,15,782</u>	<u>6,86,442</u>

**Notes:**

- Trade payables and other payables are non-interest bearing and are normally settled as per payment terms mentioned in the respective contracts.
- Trade or other payables due to the directors or other officers of the Company either severally or jointly with any other person is NIL (P.Y: NIL). Further, trade or other payable which are due to firms or private companies respectively in which any director is a partner, a director or a member is NIL (P.Y: NIL).
- Trade and other payables includes payables to related parties INR 13,910 (P.Y: INR 991) (refer note 49(iii)) other than those covered under point 2 above.
- In the opinion of the management, the balances of payables are stated at book value and are payable.

15	Deposits	31 March 2020	31 March 2019	1 April 2018
	<b>At fair value through profit or loss</b>			
	Security deposit against premise given on lease	2,07,205	1,85,005	1,65,183
		<u>2,07,205</u>	<u>1,85,005</u>	<u>1,65,183</u>

**Note:** Public deposits and deposits from banks is NIL (31 March 2019 : NIL; 1 April 2018 : NIL).

16	Lease liabilities	31 March 2020	31 March 2019	1 April 2018
	Lease Liabilities (Refer note 51)	1,86,962	2,65,207	-
		<u>1,86,962</u>	<u>2,65,207</u>	-

17	Other financial liabilities	31 March 2020	31 March 2019	1 April 2018
	Unpaid dividends (refer note below)	11,03,295	11,64,765	11,98,630
	Payable to employees	14,46,716	-	6,78,616
	Provision for expenses	11,04,424	7,37,079	6,10,066
	Deferred rent income	52,795	74,995	94,817
		<u>37,07,230</u>	<u>19,76,839</u>	<u>25,82,129</u>

**Note:** During the current year, the Company had transferred INR 1,88,160 (31 March 2019: INR 2,18,149; 1 April 2018: INR 1,93,830) to Investor Education and Protection Fund under section 125 of the Companies Act, 2013.

18	Current tax liabilities (net)	31 March 2020	31 March 2019	1 April 2018
	Provision for taxation (Net of advance tax and tax deducted at source of NIL; 31 March 2019: INR 3,18,57,086, 1 April 2018: INR 8,10,15,698)	-	17,29,102	25,41,934
		-	<u>17,29,102</u>	<u>25,41,934</u>

19	Provisions	31 March 2020	31 March 2019	1 April 2018
	<b>Provision for employee benefits</b>			
	- Gratuity (refer note 48(ii))	42,82,543	43,89,638	45,73,689
	- Compensated absences (refer note 48(iii))	3,10,832	1,77,681	1,77,365
	- Bonus and incentives	7,09,700	13,15,914	10,88,580
		<u>53,03,075</u>	<u>58,83,233</u>	<u>58,39,634</u>

20	Deferred tax liabilities (net)	31 March 2020	31 March 2019	1 April 2018
	Deferred tax liabilities (net) (refer note 50)	40,26,071	85,50,961	1,28,66,379
		<u>40,26,071</u>	<u>85,50,961</u>	<u>1,28,66,379</u>

21	Other non-financial liabilities	31 March 2020	31 March 2019	1 April 2018
	Statutory dues payable	13,09,908	8,38,354	43,47,673
	Income received in advance	15,00,000	28,37,500	30,50,000
		<u>28,09,908</u>	<u>36,75,854</u>	<u>73,97,673</u>

22	Equity share capital	31 March 2020	31 March 2019	1 April 2018
	<b>Authorised:</b>			
	1,50,00,000 (31 March 2019: 1,50,00,000; 1 April 2018: 1,50,00,000) equity shares of INR 10 each	15,00,00,000	15,00,00,000	15,00,00,000
		<u>15,00,00,000</u>	<u>15,00,00,000</u>	<u>15,00,00,000</u>

	<b>Issued:</b>			
	1,12,74,417 (31 March 2019: 1,12,74,417; 1 April 2018: 1,12,74,417) equity shares of INR 10 each	11,27,44,170	11,27,44,170	11,27,44,170
		<u>11,27,44,170</u>	<u>11,27,44,170</u>	<u>11,27,44,170</u>

	<b>Subscribed and fully paid-up shares:</b>			
	70,18,339 (31 March 2019: 70,18,339; 1 April 2018: 70,18,339) equity shares of INR 10 each	7,01,83,390	7,01,83,390	7,01,83,390
		<u>7,01,83,390</u>	<u>7,01,83,390</u>	<u>7,01,83,390</u>

# ANNUAL REPORT 2019-20

## Notes to the Standalone Ind AS financial statements

(Currency: Indian Rupees)

### (a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year :

Particulars	31 March 2020		31 March 2019		1 April 2018	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	70,18,339	7,01,83,390	70,18,339	7,01,83,390	70,18,339	7,01,83,390
Changes in equity share capital during the year	-	-	-	-	-	-
<b>At the end of the year</b>	<b>70,18,339</b>	<b>7,01,83,390</b>	<b>70,18,339</b>	<b>7,01,83,390</b>	<b>70,18,339</b>	<b>7,01,83,390</b>

### (b) Terms / rights attached to equity shares

The Company has issued only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. All shares rank pari passu with regard to dividend & repayment of capital. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. During the year ended 31 March 2020, the Company has proposed final dividend of INR 1 per share (31 March 2019: INR 1 per share; 1 April 2018: INR 2.50 per share) to equity shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining net assets of the Company, after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

### (c) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholder	31 March 2020		31 March 2019		1 April 2018	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
NSS Digital Media Limited	31,12,256	44.34	31,12,256	44.34	31,12,256	44.34
Keynote Trust	14,51,702	20.68	14,51,702	20.68	14,51,702	20.68
India Max Investment Fund Limited	5,61,348	8.00	5,61,348	8.00	5,61,348	8.00

**Note:** As per records of the company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

### (d) For the period of five years immediately preceding the date at which the balance sheet is prepared:

- there are no shares allotted as fully paid pursuant to contract(s) without payment being received in cash.
- there are no shares allotted as fully paid up by way of bonus shares, and
- there are no shares bought back.

### 23 Other equity

	31 March 2020	31 March 2019	1 April 2018
<b>Securities premium</b>			
Balance at the beginning of the year	23,06,48,293	23,06,48,293	23,06,48,293
Add/(Less): Additions/(Deductions) during the year	-	-	-
Balance at the end of the year	<b>23,06,48,293</b>	<b>23,06,48,293</b>	<b>23,06,48,293</b>
<b>General reserve</b>			
Balance at the beginning of the year	1,33,91,679	1,33,91,679	1,33,91,679
Add/(Less): Additions/(Deductions) during the year	-	-	-
Balance at the end of the year	<b>1,33,91,679</b>	<b>1,33,91,679</b>	<b>1,33,91,679</b>
<b>Retained earnings</b>			
Balance at the beginning of the year	24,39,50,750	24,04,27,399	24,04,27,399
Add/(Less): Profit/(Loss) for the year	(9,37,343)	2,43,03,233	-
Add: Other comprehensive income for the year	2,49,928	3,37,888	-
	<b>24,32,63,335</b>	<b>26,50,68,520</b>	<b>24,04,27,399</b>

Less : Appropriations

- Equity dividend	(70,18,339)	(1,75,45,848)	-
- Corporate tax on equity dividend	(14,77,319)	(35,71,922)	-
	<b>(84,95,658)</b>	<b>(2,11,17,770)</b>	<b>-</b>
	<b>23,47,67,677</b>	<b>24,39,50,750</b>	<b>24,04,27,399</b>
	<b>47,88,07,649</b>	<b>48,79,90,722</b>	<b>48,44,67,371</b>

### Notes:

- 1 Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.
- 2 The general reserve is a free reserve, retained from Company's profits and can be utilized upon fulfilling certain conditions in accordance with statute of the relevant Act / Law.
- 3 Retained earnings represent the accumulated earnings net of losses if any made by the company over the financial years and after payment of dividend (including tax on dividend) and transfer to reserves.

24 Interest income	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>On financial assets measured at amortised cost</b>		
- Loans	24,00,000	24,00,000
- Investments	1,70,960	-
- Fixed deposits	16,33,768	17,36,373
- Inter corporate deposits	9,24,493	18,89,169
<b>On financial assets measured at fair value through profit or loss</b>		
- Loans	38,893	38,612
- Investments	13,40,547	12,00,000
	<b>65,08,661</b>	<b>72,64,154</b>

25 Dividend income	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>On financial assets measured at fair value through profit or loss</b>		
- Investments	30,51,415	18,14,014
<b>On financial assets measured at amortised cost</b>		
- Investments (Refer note below)	14,51,702	36,29,255
	<b>45,03,117</b>	<b>54,43,269</b>

26 Net gain on fair value changes	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Net gain / (loss) on financial instruments measured at fair value through profit or loss</b>		
<b>On trading portfolio</b>		
- Realised gain / (loss)	-	9,60,112
- Unrealised gain / (loss)	-	58,80,008
	<b>-</b>	<b>68,40,120</b>

27 Sale of services	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Income from</b>		
- Corporate finance services	1,42,66,516	3,13,00,265
- ESOP advisory services	81,85,755	63,59,292
- Merchant banking services	1,80,49,484	2,03,75,000
	<b>4,05,01,755</b>	<b>5,80,34,557</b>

**Note:** Includes dividend income earned from related parties INR 14,51,702 (P.Y: INR 36,29,255) (refer note 49(ii)) & Note 66)

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes to the Standalone Ind AS financial statements**  
(Currency: Indian Rupees)

<b>28</b>	<b>Other operating income</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>	<b>34</b>	<b>Employee benefits expense</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
	<b>Reimbursement of expenses</b>				Salaries and wages	1,99,97,803	2,08,46,381
	- Corporate finance services	3,34,743	2,95,000		Contribution to provident and other funds (refer note 48(i))	17,22,000	16,70,433
	- ESOP advisory services	2,54,474	1,98,957		Gratuity (refer note 48(ii))	5,14,922	5,53,987
	- Merchant banking services	1,60,000	2,67,000		Compensated absences (refer note 48(iii))	6,69,522	4,65,676
		<u>7,49,217</u>	<u>7,60,957</u>		Staff welfare expenses	13,51,004	13,90,946
						<u>2,42,55,251</u>	<u>2,49,27,423</u>
<b>29</b>	<b>Other income</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>	<b>35</b>	<b>Depreciation and amortisation expense</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
	Net gain on foreign currency transaction and translation	35,101	68,197		Depreciation on property, plant and equipment (refer note 11)	33,75,506	38,55,460
	Rental income from operating leases	8,61,977	8,61,977		Depreciation on investment property (refer note 10)	11,208	8,359
	Interest on income tax refund	-	5,69,990		Amortisation on right of use assets (refer note 51)	94,274	23,569
	Recovery of common expenses from related parties (refer note 49(ii) and 63)	16,01,462	16,19,561			<u>34,80,988</u>	<u>38,87,388</u>
	Recoveries of financial assets written off (refer note 60)	-	33,00,000	<b>36</b>	<b>Other expenses</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
	Excess provisions written back	5,95,363	5,64,528		Advertisement and publicity	3,26,328	3,65,521
	Miscellaneous income	1,33,752	1,41,198		Rent, taxes and energy costs	9,47,465	7,99,403
		<u>32,27,655</u>	<u>71,25,451</u>		Insurance	3,17,392	4,41,296
<b>30</b>	<b>Finance costs</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>		Repairs and maintenance	45,07,034	45,49,277
	<b>On financial liabilities measured at amortised cost</b>				Travelling and conveyance	23,26,713	28,39,065
	- Other interest expense	48,505	29,700		Office and administration expenses	5,70,863	12,97,147
		<u>48,505</u>	<u>29,700</u>		Communication costs	5,69,742	6,71,204
<b>31</b>	<b>Fees and commission expense</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>		Printing and stationery	5,38,897	6,48,635
	Portfolio management charges	8,23,839	4,03,545		Legal and professional charges	81,03,296	1,09,26,878
		<u>8,23,839</u>	<u>4,03,545</u>		Marketing expenses	-	67,50,000
<b>32</b>	<b>Net loss on fair value changes</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>		Reference fees	-	15,10,000
	<b>Net (gain) / loss on financial instruments measured at fair value through profit or loss</b>				Directors' fees and expenses	1,11,500	1,27,500
	<b>On trading portfolio</b>				Auditors' fees and expenses (refer note 39)	5,92,500	5,02,500
	- Realised (gain) / loss	4,43,913	-		Membership and subscription expenses	13,13,892	12,19,599
	- Unrealised (gain) / loss	91,81,562	-		Other expenditure	3,51,131	3,59,588
		<u>96,25,475</u>	<u>-</u>			<u>2,05,76,753</u>	<u>3,30,07,613</u>
<b>33</b>	<b>Impairment on financial instruments</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>	<b>37</b>	<b>Contingent liabilities and commitments</b>		
	<b>At amortised cost</b>			<b>(i)</b>	<b>Contingent liabilities</b>		
	Trade receivables	13,02,793	1,43,018		(to the extent not provided for)		
		<u>13,02,793</u>	<u>1,43,018</u>				

Sr No	Particulars	As at		
		31 March 2020	31 March 2019	1 April 2018
(i)	Demand in respect of income tax matters that may arise in respect of which the Company is in appeal (refer note (a) below)	62,36,903	2,82,560	-
(ii)	Corporate guarantees given by the Company on behalf of its subsidiary (refer note (b) below)	16,00,00,000	16,00,00,000	16,00,00,000

(a) The Company is contesting the demands and the management, including its tax / legal advisors believe that its position will likely to be upheld in the

# ANNUAL REPORT 2019-20

## Notes to the Standalone Ind AS financial statements (Currency: Indian Rupees)

appellate process. No provision has been recognised in the standalone Ind AS financial statements for the tax demands raised. The Company's Management based on its internal assessment and advice by its legal counsel believes that these income tax demands are not sustainable and expects to succeed in its appeal. Further, it is thereby determined by the management, that such demands will not have any material and adverse effect on the Company's financial position and results of operations.

In addition to the above, it is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings. The same would be determinable only on receipt of judgements/decisions pending with various forums / authorities.

- (b) The Company has provided corporate guarantees aggregating to INR 16,00,00,000 (31 March 2019: INR 16,00,00,000; 1 April 2018: INR 16,00,00,000) to the bankers of its subsidiary, Keynote Capitals Limited towards BSE & NSE operations.
- (c) The Company does not expect any reimbursements in respect of the above contingent liabilities

### (II) Capital commitments

Sr No	Particulars	As at		
		31 March 2020	31 March 2019	1 April 2018
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-	-

There are no additional contingent liabilities & capital commitments, other than those disclosed above and the same is relied upon by the Auditor.

### 38 Segment Reporting

As per Ind AS 108 para 4, Segment has been disclosed in Consolidated Ind AS financial statements, hence no separate disclosure has been given in standalone Ind AS financial statements of the Company.

### 39 Payments to the auditor (excluding applicable taxes)

Particulars	For the year ended	
	31 March 2020	31 March 2019
<b>(a) As Auditor :</b>		
- Statutory audit	2,00,000	2,00,000
- Tax audit	50,000	50,000
- Limited review fees	2,25,000	2,25,000
<b>(b) In other Capacity :</b>		
- Other services	70,000	-
- Reimbursement of expenses	47,500	27,500
	<b>5,92,500</b>	<b>5,02,500</b>

### 40 Earnings per share (EPS)

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per Share":

Sr No	Particulars	For the year ended	
		31 March 2020	31 March 2019
(I)	Profit / (loss) after tax as per statement of profit and loss	(9,37,343)	2,43,03,233
(II)	Weighted average number of equity shares	70,18,339	70,18,339
(III)	Earnings per share - Basic and Diluted (I / II)	(0.13)	3.46
(IV)	Face value per equity share	10	10

### 41 The provisions made during the year ended 31 March 2020 comprises of the following :

The Company has a process whereby periodically all long-term contracts (including derivative contracts, if any) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts, if any) has been made in the books of account and the same has been disclosed as follows:

Particulars	As at	Opening Balance	Provisions made during the year	Payments /reversals during the year	Closing Balance
Bonus and incentives	31 March 2020	13,15,914	7,09,700	13,15,914	7,09,700
	31 March 2019	10,88,580	25,00,455	22,73,121	13,15,914
Gratuity	31 March 2020	43,89,638	1,77,182	2,84,277	42,82,543
	31 March 2019	45,73,689	85,869	2,69,920	43,89,638
Compensated absences	31 March 2020	1,77,681	6,69,522	5,36,371	3,10,832
	31 March 2019	1,77,365	4,65,676	4,65,360	1,77,681
Expected credit losses / Impairment loss allowance	31 March 2020	3,08,635	13,45,183	-	16,53,818
	31 March 2019	2,86,271	1,09,047	86,683	3,08,635

### 42 Details of dues to micro, small and medium enterprises as defined under MSMED Act, 2006 :

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act, 2006) as at 31 March 2020. The disclosure pursuant to the said Act is as under:

Sr No	Particulars	As at		
		31 March 2020	31 March 2019	1 April 2018
(i)	Principal amount due to suppliers under MSMED Act, as at the year end	10,924	-	-
(ii)	Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end; and unpaid	-	-	-
(iii)	Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-	-
(iv)	Interest paid to suppliers under MSMED Act (Section 16)	-	-	-
(v)	Interest paid to suppliers under MSMED Act (other than Section 16)	-	-	-
(vi)	Interest due and payable towards suppliers under MSMED Act for payments already made	-	-	-
(vii)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-	-
(viii)	Amount of further interest remaining due and payable even in the succeeding years	-	-	-

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company. There are no overdue principal amounts/ interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the year or on balance brought forward from previous year.

### 43 Assets pledged as security

Particulars	As at		
	31 March 2020	31 March 2019	1 April 2018
Carrying amounts of assets pledged as security for borrowings	-	-	-

There are no assets pledged as security for borrowings other than those disclosed above and the same is relied upon by the Auditor.

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes to the Standalone Ind AS financial statements**

(Currency: Indian Rupees)

**44 Expenditure in foreign currency**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Travelling and conveyance	6,81,465	10,18,880
<b>Total</b>	<b>6,81,465</b>	<b>10,18,880</b>

**45 Income in foreign currency**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Income from sale of services	10,59,628	33,90,557
Reimbursement of expenses	-	44,900
<b>Total</b>	<b>10,59,628</b>	<b>34,35,457</b>

**46 Unhedged foreign currency exposure**

Particulars	Foreign currency	Amount in Foreign currency			Amount in INR		
		As at			As at		
		31 March 2020	31 March 2019	1 April 2018	31 March 2020	31 March 2019	1 April 2018
Trade receivables	USD	4,122	10,000	14,720	3,10,741	6,94,357	9,58,924
	SGD	5,175	5,175	-	2,74,059	2,63,192	-

**47 Revenue from Contracts with Customers**

**(a) Disaggregation of revenue into operating segments :**

The table below presents disaggregate revenues from contracts with customers for the year ended 31 March 2020 and 31 March 2019. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by market and other economic factors

Operating Segment	For the year ended	
	31 March 2020	31 March 2019
Corporate Finance	1,46,01,259	3,15,95,265
ESOP Advisory	84,40,229	65,58,249
Merchant Banking	1,82,09,484	2,06,42,000
<b>Total</b>	<b>4,12,50,972</b>	<b>5,87,95,514</b>

**(b) Geographical markets**

Particulars	For the year ended	
	31 March 2020	31 March 2019
India	4,01,91,344	5,53,60,057
Outside India	10,59,628	34,35,457
<b>Total</b>	<b>4,12,50,972</b>	<b>5,87,95,514</b>

**(c) Relation with customers**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Related party	-	-
Non-related party	4,12,50,972	5,87,95,514
<b>Total</b>	<b>4,12,50,972</b>	<b>5,87,95,514</b>

**(d) Timing of revenue recognition**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Services transferred at a point in time	3,97,00,972	5,84,95,514
Services transferred over time	15,50,000	3,00,000
<b>Total</b>	<b>4,12,50,972</b>	<b>5,87,95,514</b>

**(e) Reconciliation of revenue from operations**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Revenue as per Contracted price	4,12,50,972	5,87,95,514
Less: Adjustments during the year (refer note below)	-	-
<b>Revenue from operations</b>	<b>4,12,50,972</b>	<b>5,87,95,514</b>

**Note:** Due to Company's nature of business and the type of contracts entered with the customers, the Company does not have any difference between the amount of revenue recognised in the standalone statement of profit and loss and the contracted price.

**(f) Contract balances**

Particulars	As at	
	31 March 2020	31 March 2019
Contract liabilities	15,00,000	28,37,500
<b>Total</b>	<b>15,00,000</b>	<b>28,37,500</b>

**Note:** Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) we perform under the contract

**(g) Movement in contract liability during the year**

Particulars	As at	
	31 March 2020	31 March 2019
Contract liability at the beginning of the year	28,37,500	30,50,000
Contract liability at the end of the year	15,00,000	28,37,500
<b>Net increase / (decrease)</b>	<b>(13,37,500)</b>	<b>(2,12,500)</b>

**(h) Movement in Expected Credit Loss (impairment loss allowance) during the year for contract assets**

Particulars	As at	
	31 March 2020	31 March 2019
Opening balance	3,08,635	2,86,271
Provision / (reversals) (net) towards credit impaired receivables	13,02,793	22,364
<b>Closing balance</b>	<b>16,11,428</b>	<b>3,08,635</b>

**(i) Remaining performance obligation**

The aggregate value of performance obligations pertaining to completely or partially unsatisfied contracts as at 31 March 2020 was INR 78,42,888 (P.Y: INR 75,50,000). The Company's expects that these unsatisfied performance obligation will be recognised as revenue in the subsequent financial years.

**48 Employee benefits plans**

Disclosure pursuant to Ind AS -19 "Employee Benefits" is given as below:

**(i) Defined Contribution Plans:**

Contribution to defined contribution plans, recognised as expense under Note 34 - "Employee benefits expense" in the standalone Ind AS financial statements, for the year is as under:

Particulars	For the year ended	
	31 March 2020	31 March 2019
Employers' Contribution to Provident Fund	17,02,370	16,45,269
Employers' Contribution to Employees State Insurance Scheme	19,630	25,164

**(ii) Defined Benefit Plans:**

**Gratuity**

The Company's defined benefit gratuity plan requires contributions to be made to a separately administered fund. The gratuity plan is funded with Life Insurance Corporation of India (LIC). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled



# ANNUAL REPORT 2019-20

## Notes to the Standalone Ind AS financial statements

(Currency: Indian Rupees)

to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss / other comprehensive income and the funded status and amounts recognised in the balance sheet for the gratuity benefit plan :

### (I) Table Showing Change in the Present Value of Projected Benefit Obligation

Particulars	As at	
	31 March 2020	31 March 2019
Present Value of Benefit Obligation at the Beginning of the Period	60,78,933	58,77,632
Interest Cost	4,23,094	4,49,639
Current Service Cost	2,09,403	2,04,100
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	-	-
(Liability Transferred Out/ Divestments)	-	-
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	-	-
(Benefit Paid From the Fund)	-	-
The Effect of changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	2,17,823	(37,145)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(5,43,950)	(4,15,293)
<b>Present Value of Benefit Obligation at the End of the Period</b>	<b>63,85,303</b>	<b>60,78,933</b>

### (II) Table Showing Change in the Fair Value of Plan Assets

Particulars	As at	
	31 March 2020	31 March 2019
Fair Value of plan assets at the Beginning of the period	16,89,295	13,03,943
Interest Income	1,17,575	99,752
Contributions by the Employer	2,84,277	2,69,920
Expected Contributions by the employees	-	-
Assets Transferred In/Acquisitions	-	-
(Assets Transferred Out/Divestments)	-	-
(Benefit Paid From the Fund)	-	-
(Assets distributed on settlement)	-	-
(Expenses and tax for managing the Benefit Obligation - paid from the fund)	-	-
Effects of Asset Ceiling	-	-
The Effect of changes in Foreign Exchange Rates	-	-
Return on Plan Assets, excluding interest income	11,613	15,680
<b>Fair Value of plan assets at the End of the Period</b>	<b>21,02,760</b>	<b>16,89,295</b>

### (III) Amount Recognised in the Balance Sheet

Particulars	As at	
	31 March 2020	31 March 2019
(Present Value of Benefit Obligation at the end of the Period)	(63,85,303)	(60,78,933)
Fair Value of Plan Assets at the end of the Period	21,02,760	16,89,295
Funded Status (Surplus / (Deficit))	(42,82,543)	(43,89,638)
<b>Net (Liability)/Asset Recognised in the Balance Sheet</b>	<b>(42,82,543)</b>	<b>(43,89,638)</b>

### (IV) Net Interest Cost for Current Period

Particulars	For the year ended	
	31 March 2020	31 March 2019
Present Value of Benefit Obligation at the Beginning of the Period	60,78,933	58,77,632
(Fair Value of Plan Assets at the Beginning of the Period)	(16,89,295)	(13,03,943)
Net Liability/(Asset) at the Beginning	43,89,638	45,73,689
Interest Cost	4,23,094	4,49,639
(Interest Income)	(1,17,575)	(99,752)
<b>Net Interest Cost for Current Period</b>	<b>3,05,519</b>	<b>3,49,887</b>

### (V) Expenses Recognised in the Statement of Profit or Loss for Current Period

Particulars	For the year ended	
	31 March 2020	31 March 2019
Current Service Cost	2,09,403	2,04,100
Net Interest Cost	3,05,519	3,49,887
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
<b>Expense recognised in the Statement of Profit or Loss</b>	<b>5,14,922</b>	<b>5,53,987</b>

### (VI) Expenses Recognised in the Other Comprehensive Income (OCI) for Current Period

Particulars	For the year ended	
	31 March 2020	31 March 2019
Actuarial (Gains)/ Losses on Obligations for the Period	(3,26,127)	(4,52,438)
Return on Plain assets, excluding interest income	(11,613)	(15,680)
Changes in Asset Ceiling	-	-
<b>Net (Income)/Expense for the period recognised in OCI</b>	<b>(3,37,740)</b>	<b>(4,68,118)</b>

### (VII) Balance Sheet Reconciliation

Particulars	As at	
	31 March 2020	31 March 2019
Opening Net Liability	43,89,638	45,73,689
Expenses Recognised in Statement of Profit or Loss	5,14,922	5,53,987
Expenses Recognised in OCI	(3,37,740)	(4,68,118)
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(2,84,277)	(2,69,920)
<b>Net Liability/(Asset) Recognised in the Balance Sheet</b>	<b>42,82,543</b>	<b>43,89,638</b>

**Notes to the Standalone Ind AS financial statements**  
(Currency: Indian Rupees)

**(VIII) Category of Assets**

Particulars	As at	
	31 March 2020	31 March 2019
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash and Cash Equivalents	-	-
Insurance fund	21,02,760	16,89,295
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
<b>Total</b>	<b>21,02,760</b>	<b>16,89,295</b>

**(IX) Other Details**

Particulars	For the year ended	
	31 March 2020	31 March 2019
No of Active Members	23	22
Per Month Salary For Active Members	12,55,986	11,03,978
Method of valuation	Projected Unit Credit Method	Projected Unit Credit Method
Average age	39.30 years	38.95 years
Average past service	11.48 years	11.14 years
Weighted Average Duration of the Projected Benefit Obligation	4	3
Average Expected Future Service	4	4
Projected Benefit Obligation	63,85,303	60,78,933
Prescribed Contribution For Next Year (12 Months)	12,55,986	11,03,978

**(X) Maturity Analysis of the Benefit Payments: From the Fund**

Particulars	As at	
	31 March 2020	31 March 2019
Projected Benefits Payable in Future Years From the Date of Reporting:		
1st Following Year	13,66,458	29,02,177
2nd Following Year	11,26,044	7,41,347
3rd Following Year	9,77,983	6,18,978
4th Following Year	8,03,823	5,41,555
5th Following Year	12,56,433	4,49,940
Sum of Years 6 To 10	14,73,796	12,97,672
Sum of Years 11 and above	7,36,796	7,15,295

**(XI) Maturity Analysis of the Benefit Payments: From the Employer**

Particulars	As at	
	31 March 2020	31 March 2019
Projected Benefits Payable in Future Years From the Date of Reporting:		
1st Following Year	-	-
2nd Following Year	-	-
3rd Following Year	-	-
4th Following Year	-	-
5th Following Year	-	-
Sum of Years 6 To 10	-	-
Sum of Years 11 and above	-	-

**(XII) Sensitivity Analysis**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Projected Benefit Obligation on Current Assumptions	63,85,303	60,78,933
Delta Effect of +1% Change in Rate of Discounting	(1,82,740)	(1,23,279)
Delta Effect of -1% Change in Rate of Discounting	1,95,846	1,32,757
Delta Effect of +1% Change in Rate of Salary Increase	1,10,885	88,624
Delta Effect of -1% Change in Rate of Salary Increase	(1,04,356)	(83,628)
Delta Effect of +1% Change in Rate of Employee Turnover	14,348	18,217
Delta Effect of -1% Change in Rate of Employee Turnover	(15,441)	(19,651)

**(XIII) Weighted Average assumptions used**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Discount Rate	5.76%	6.96%
Salary Escalation Rate	5.00%	5.00%
Attrition Rate (for all service groups)	20.00%	20.00%
Expected Rate of Return on Plan Assets	5.76%	6.96%
Retirement age	60 & 65 years	60 years
Vesting period	5 years	5 years
Mortality Rate during employment	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Mortality Rate after employment	N.A.	N.A.

**Notes:**

- The Company has a defined benefit gratuity plan in India (funded). The company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy. A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.
- Risks associated with defined benefit plan**  
Gratuity is a defined benefit plan and company is exposed to the following risks:
  - Investment risk** : The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments
  - Interest rate risk** : A fall in the discount rate which is linked to the G. Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.
  - Asset Liability Matching (ALM) Risk** : The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk
  - Salary risk** : The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
  - Mortality risk**: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
  - Concentration Risk**: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

# ANNUAL REPORT 2019-20

## Notes to the Standalone Ind AS financial statements

(Currency: Indian Rupees)

- During the year, there were no plan amendments, curtailments and settlements.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation

### (iii) Other Long-term employee benefits:

#### Compensated absences

Particulars	As at	
	31 March 2020	31 March 2019
Present Value of Unfunded Obligation	3,10,832	1,77,681
Expense recognised in statement of profit and loss	6,69,522	4,65,676
Discount Rate (p.a.)	5.76%	6.96%
Salary Escalation Rate (p.a.)	5.00%	5.00%
Attrition Rate (for all service groups)	20.00%	20.00%
Maximum accumulation	15 days	6 days
No of Active Members	23	22
Per Month Salary For Active Members	18,31,625	15,69,900
Method of valuation	Projected Unit Credit Method	Projected Unit Credit Method
Average age	39.30 years	38.95 years
Average past service	11.48 years	11.14 years
Average future service	4 years	4 years
Average Leave days	3.88 days	2.90 days
Retirement age	60 & 65 years	60 years
Funding status	Unfunded	Unfunded
Funding balance	N.A	N.A
Mortality Rate during employment	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult

### (ii) Transactions with related parties:

Particulars	Name of the related party	Enterprise where control exist		Key Managerial Personnel / Relatives of key managerial personnel		Enterprise over which Key Managerial Personnel / Relatives of Key Managerial Personnel exercise significant influence		Total	
		For the year ended							
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Receiving of services	Keynote Capitals Limited	-	840	-	-	-	-	-	840
Receiving of services	Concept Communication Limited	-	-	-	-	1,14,016	51,653	1,14,016	51,653
		-	840	-	-	1,14,016	51,653	1,14,016	52,493
Managerial Remuneration	Mrs. Rinku Suchanti	-	-	37,93,150	39,00,150	-	-	37,93,150	39,00,150
Managerial Remuneration	Mr. Uday S. Patil	-	-	43,48,291	43,48,291	-	-	43,48,291	43,48,291
Remuneration	Mr. Sujeet More	-	-	5,51,231	4,96,577	-	-	5,51,231	4,96,577
		-	-	86,92,672	87,45,018	-	-	86,92,672	87,45,018
Professional Fees	Mr. B. Madhuprasad	-	-	-	4,01,250	-	-	-	4,01,250
		-	-	-	4,01,250	-	-	-	4,01,250
Dividend paid	Keynote Trust	14,51,702	36,29,255	-	-	-	-	14,51,702	36,29,255
Dividend paid	Mrs. Pushpa Suchanti	-	-	1,32,308	3,30,770	-	-	1,32,308	3,30,770
Dividend paid	Mrs. Rinku Suchanti	-	-	3,802	9,505	-	-	3,802	9,505
Dividend paid	Mr. B. Madhuprasad	-	-	-	1,21,375	-	-	-	1,21,375
Dividend paid	Mr. Vineet Suchanti	-	-	11,977	29,943	-	-	11,977	29,943
Dividend paid	Mr. Vivek Suchanti	-	-	49,440	1,23,600	-	-	49,440	1,23,600

### Notes:

- The Company has not funded its Compensated Absences liability and the same continues to remain as unfunded as at 31 March 2020.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- Discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.

### 49 Disclosures as required by Indian Accounting Standard (Ind AS) 24 - Related Party Disclosures

Disclosure of related parties/related party transactions pursuant to Ind AS 24 - "Related Party Disclosures" are as follows:

#### (i) List of related parties identified by Management with whom transaction have taken place during the year:

##### (a) Enterprise where control exist

Keynote Capitals Limited - Subsidiary

Keynote Fincorp Limited - Subsidiary

Keynote Commodities Limited - Step down subsidiary

Keynote Trust - Keynote Financial Services Limited is the sole beneficiary

##### (b) Key Managerial Personnel

Mr. B. Madhuprasad - Chairman (upto 27 August 2018)

Mr. Vineet Suchanti - Director

Mrs. Rinku Suchanti - Whole-time Director

Mr. Uday S. Patil - Whole-time Director & Chief Financial Officer

Mr. Sujeet More - Company Secretary

##### (c) Relatives of Key Managerial Personnel

Mrs. Pushpa Suchanti

Mr. Nirmal Suchanti

Mr. Vivek Suchanti

##### (d) Enterprise over which Key Managerial Personnel / Relatives of Key Managerial Personnel exercise significant influence

Concept Communication Limited

Concept Production Limited

Nirmal Suchanti - HUF

NSS Digital Media Limited

Liqvd Digital India Private Limited

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes to the Standalone Ind AS financial statements**  
(Currency: Indian Rupees)

Particulars	Name of the related party	Enterprise where control exist		Key Managerial Personnel / Relatives of key managerial personnel		Enterprise over which Key Managerial Personnel / Relatives of Key Managerial Personnel exercise significant influence		Total	
		For the year ended							
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Dividend paid	Mr. Nirmal Suchanti	-	-	1,17,647	2,94,118	-	-	1,17,647	2,94,118
Dividend paid	Concept Production Limited	-	-	-	-	2,41,600	6,04,000	2,41,600	6,04,000
Dividend paid	NSS Digital Media Limited	-	-	-	-	31,12,256	77,80,640	31,12,256	77,80,640
Dividend paid	Nirmal Suchanti - HUF	-	-	-	-	2,82,499	7,06,248	2,82,499	7,06,248
		<b>14,51,702</b>	<b>36,29,255</b>	<b>3,15,174</b>	<b>9,09,311</b>	<b>36,36,355</b>	<b>90,90,888</b>	<b>54,03,231</b>	<b>1,36,29,454</b>
Dividend received	Keynote Trust	14,51,702	36,29,255	-	-	-	-	14,51,702	36,29,255
		<b>14,51,702</b>	<b>36,29,255</b>	-	-	-	-	<b>14,51,702</b>	<b>36,29,255</b>
Security deposit refunded	Mr. B. Madhurasad	-	-	-	3,00,000	-	-	-	3,00,000
		-	-	-	<b>3,00,000</b>	-	-	-	<b>3,00,000</b>
Interest received	Keynote Fincorp Limited	-	7,56,822	-	-	-	-	-	7,56,822
Interest received	Concept Communication Limited	-	-	-	-	9,24,493	5,42,466	9,24,493	5,42,466
Interest received	Liqvd Digital India Private Limited	-	-	-	-	-	5,89,881	-	5,89,881
		-	<b>7,56,822</b>	-	-	<b>9,24,493</b>	<b>11,32,347</b>	<b>9,24,493</b>	<b>18,89,169</b>
Loans given	Concept Communication Limited	-	-	-	-	4,40,00,000	4,40,00,000	4,40,00,000	4,40,00,000
Loans given	Keynote Fincorp Limited	-	6,00,00,000	-	-	-	-	-	6,00,00,000
Loans given	Liqvd Digital India Private Limited	-	-	-	-	-	1,00,00,000	-	1,00,00,000
		-	<b>6,00,00,000</b>	-	-	<b>4,40,00,000</b>	<b>5,00,00,000</b>	<b>4,40,00,000</b>	<b>11,00,00,000</b>
Loans and deposits repaid	Concept Communication Limited	-	-	-	-	4,40,00,000	4,40,00,000	4,40,00,000	4,40,00,000
Loans and deposits repaid	Liqvd Digital India Private Limited	-	-	-	-	-	1,00,00,000	-	1,00,00,000
Loans and deposits repaid	Keynote Fincorp Limited	-	6,00,00,000	-	-	-	-	-	6,00,00,000
		-	<b>6,00,00,000</b>	-	-	<b>4,40,00,000</b>	<b>5,00,00,000</b>	<b>4,40,00,000</b>	<b>11,00,00,000</b>
Reimbursement of expenses	Mr. Vineet Suchanti	-	-	-	2,500	-	-	-	2,500
Reimbursement of expenses	Mr. Uday S. Patil	-	-	2,500	2,500	-	-	2,500	2,500
Reimbursement of expenses	Mrs. Rinku Suchanti	-	-	2,500	2,500	-	-	2,500	2,500
Reimbursement of expenses	Keynote Trust	47,200	13,900	-	-	-	-	47,200	13,900
Reimbursement of expenses	Keynote Capitals Limited	7,79,681	5,97,209	-	-	-	-	7,79,681	5,97,209
Reimbursement of expenses	Keynote Commodities Ltd	-	200	-	-	-	-	-	200
Recovery of expenses	Keynote Capitals Limited	16,01,462	16,19,561	-	-	-	-	16,01,462	16,19,561
		<b>24,28,343</b>	<b>22,30,870</b>	<b>5,000</b>	<b>7,500</b>	-	-	<b>24,33,343</b>	<b>22,38,370</b>

(iii) Balances outstanding as at the year end

Particulars	Name of the related party	Enterprise where control exist		Key Managerial Personnel / Relatives of key managerial personnel		Enterprise over which Key Managerial Personnel / Relatives of Key Managerial Personnel exercise significant influence		Total	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Payables	Keynote Capitals Limited	13,910	991	-	-	-	-	13,910	991
		<b>13,910</b>	<b>991</b>	-	-	-	-	<b>13,910</b>	<b>991</b>
Receivables	Keynote Trust	3,03,955	2,56,755	-	-	-	-	3,03,955	2,56,755
Receivables	Keynote Capitals Limited	5,00,780	-	-	-	-	-	5,00,780	-
Receivables	Liqvd Digital India Private Limited	-	-	-	-	-	5,63,998	-	5,63,998
		<b>8,04,735</b>	<b>2,56,755</b>	-	-	-	<b>5,63,998</b>	<b>8,04,735</b>	<b>8,20,753</b>
Investment in equity shares	Keynote Capitals Limited	17,55,00,010	17,55,00,010	-	-	-	-	17,55,00,010	17,55,00,010
	Keynote Fincorp Limited	3,75,00,000	3,75,00,000	-	-	-	-	3,75,00,000	3,75,00,000

# ANNUAL REPORT 2019-20

## Notes to the Standalone Ind AS financial statements (Currency: Indian Rupees)

Particulars	Name of the related party	Enterprise where control exist		Key Managerial Personnel / Relatives of key managerial personnel		Enterprise over which Key Managerial Personnel / Relatives of Key Managerial Personnel exercise significant influence		Total	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Keynote Trust (Holding equity shares of and on behalf of Keynote Financial Services Limited)	1,29,70,873	1,29,70,873	-	-	-	-	1,29,70,873	1,29,70,873
		<b>22,59,70,883</b>	<b>22,59,70,883</b>	-	-	-	-	<b>22,59,70,883</b>	<b>22,59,70,883</b>
Corpus Fund	Keynote Trust	20,000	20,000	-	-	-	-	20,000	20,000
		<b>20,000</b>	<b>20,000</b>	-	-	-	-	<b>20,000</b>	<b>20,000</b>

### (iv) Contingent liabilities

Particulars	Name of the related party	Enterprise where control exist		Key Managerial Personnel / Relatives of key managerial personnel		Enterprise over which Key Managerial Personnel / Relatives of Key Managerial Personnel exercise significant influence		Total	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Corporate guarantee given	Keynote Capitals Limited	16,00,00,000	16,00,00,000	-	-	-	-	16,00,00,000	16,00,00,000
		<b>16,00,00,000</b>	<b>16,00,00,000</b>	-	-	-	-	<b>16,00,00,000</b>	<b>16,00,00,000</b>

## 50 Tax expense

The Company pays taxes according to the rates applicable in India. Most taxes are recorded in the income statement and relate to taxes payable for the reporting period (current tax), but there is also a charge or credit relating to tax payable for future periods due to income or expenses being recognised in a different period for tax and accounting purposes (deferred tax).

The Company provides for current tax according to the tax laws of India using tax rates that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns in respect of situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A deferred tax asset is recognised when it is considered recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

Disclosure pursuant to Ind AS 12 "Income Taxes" are as follows:

### (a) Tax expense / (credit) recognised in the Statement of Profit and Loss

Particulars	For the year ended	
	31 March 2020	31 March 2019
<b>Current tax</b>		
Current Tax on taxable income for the year	15,04,290	55,16,629
Taxation for earlier years	(8,05,433)	(23,04,394)
<b>Total current tax expense - (A)</b>	<b>6,98,857</b>	<b>32,12,235</b>

Particulars	For the year ended	
	31 March 2020	31 March 2019
<b>Deferred tax</b>		
Minimum alternate tax credit entitlement	(1,01,030)	(9,52,456)
Deferred tax charge / (credit)	(42,83,683)	(34,93,191)
<b>Total deferred income tax expense / (credit) - (B)</b>	<b>(43,84,713)</b>	<b>(44,45,647)</b>
<b>Total income tax expense / (credit) (A+B)</b>	<b>(36,85,856)</b>	<b>(12,33,412)</b>

### (b) Reconciliation of the income tax expenses to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarised below:

Particulars	For the year ended	
	31 March 2020	31 March 2019
Profit / (loss) before tax	(9,37,343)	2,43,03,233
Enacted income tax rate in India applicable to the Company	26.00%	27.82%
Current tax expenses on Profit / (loss) before tax expenses at the enacted income tax rate in India	(2,43,709)	67,61,159
<b>Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income</b>		
Fair valuation of financial instruments (net)	15,82,795	55,16,629
Exempt income	(7,02,486)	-
Taxation for earlier years	(8,05,433)	(23,04,394)
Other disallowances	6,23,981	-
<b>Current tax provision (A)</b>	<b>6,98,857</b>	<b>32,12,235</b>
Deferred tax liability on account of depreciation & amortisation of property, plant and equipment and intangible assets as per books and Income Tax Act, 1961	(95,25,054)	(96,52,857)

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes to the Standalone Ind AS financial statements**  
(Currency: Indian Rupees)

Particulars	For the year ended	
	31 March 2020	31 March 2019
Deferred tax liability / (asset) on account of financial instruments and other temporary differences (net)	52,41,371	61,59,666
Minimum alternate tax credit entitlement	(1,01,030)	(9,52,456)
<b>Total deferred income tax expense / (credit) (B)</b>	<b>(43,84,713)</b>	<b>(44,45,647)</b>
<b>Total income tax expense / (credit) (A+B)</b>	<b>(36,85,856)</b>	<b>(12,33,412)</b>

(c) **Deferred tax**

(i) The components of deferred tax liabilities / assets (net) are as follows:

Particulars	As at		
	31 March 2020	31 March 2019	1 April 2018
<b>Deferred tax liabilities</b>			
Depreciation and amortisation on Property, plant and equipment and intangible assets as per books and Income Tax Act, 1961	95,25,054	96,52,857	89,47,343
Unrealised net gain on fair value changes	-	16,35,818	56,00,098
Other temporary differences	-	-	23,165
<b>Gross deferred tax liabilities (A)</b>	<b>95,25,054</b>	<b>1,12,88,675</b>	<b>1,45,70,606</b>
<b>Deferred tax assets</b>			
Disallowance u/s 43B of the Income Tax Act, 1961	13,78,800	16,36,715	16,24,586
Allowance on impairment	4,18,971	85,863	79,641
Unrealised net loss on fair value changes	23,87,206	-	-
Other temporary differences	32,530	62,680	-
<b>Gross deferred tax assets (B)</b>	<b>42,17,507</b>	<b>17,85,258</b>	<b>17,04,227</b>
<b>MAT credit entitlements / (utilisation) (net) (C)</b>	<b>12,81,476</b>	<b>9,52,456</b>	<b>-</b>
<b>Deferred tax liabilities (net) (A-B-C)</b>	<b>40,26,071</b>	<b>85,50,961</b>	<b>1,28,66,379</b>

(ii) The movement in deferred tax assets and liabilities during the year ended 31 March 2019 and 31 March 2020 are as follows:

(a) **Net deferred tax charge / (credit) recorded in statement of profit and loss**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Depreciation and amortisation on Property, plant and equipment as per books and Income Tax Act, 1961	(1,27,803)	7,05,514
Unrealised net gain / (loss) on fair value changes	(40,23,024)	(39,64,280)
Disallowance u/s 43B of the Income Tax Act, 1961	1,70,102	(1,42,359)
Allowance on impairment losses	(3,33,108)	(6,222)
Other temporary differences	30,150	(85,845)
MAT credit entitlements/ (utilisation) (net)	(3,29,020)	(9,52,456)
<b>Net deferred tax charge / (credit) recorded in statement of profit and loss</b>	<b>(46,12,703)</b>	<b>(44,45,648)</b>

(b) **Net deferred tax charge / (credit) recorded in the Statement of Other Comprehensive Income (OCI)**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Disallowance u/s 43B of the Income Tax Act, 1961	87,812	1,30,230
<b>Net deferred tax charge / (credit) recorded in statement of OCI</b>	<b>87,812</b>	<b>1,30,230</b>

51 **Leases**

Effective 1 April 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on 1 April 2019 using the "Full Retrospective Approach" on the date of initial application.

Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the Right-of-Use (ROU) asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have been retrospectively adjusted and therefore will continue to be reported in the Standalone Ind AS financial statements.

The effect of this adoption is insignificant on the profit/(loss) before tax, profit/(loss) for the year and earnings per share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The Company has excluded the initial direct costs from the measurement of the ROU asset at the date of initial application, owing to practical expedients elected on initial application.

The weighted average incremental borrowing rate applied to lease liabilities as at 1 April 2019 was 12% p.a (P.Y: 12% p.a).

(i) **The movements in the carrying value of ROU assets are as follows:**

Particulars	Office Premises
<b>Gross block</b>	
Balance as at 1 April 2018	-
Additions on adoption of Ind AS 116	2,82,823
Additions	-
Terminations / modifications	-
<b>Balance as at 31 March 2019</b>	<b>2,82,823</b>
Balance as at 1 April 2019	2,82,823
Additions	-
Terminations / modifications	-
<b>Balance as at 31 March 2020</b>	<b>2,82,823</b>
<b>Accumulated depreciation</b>	
Balance as at 1 April 2018	-
Additions on adoption of Ind AS 116	23,569
Additions	-
Terminations/modifications	-
<b>Balance as at 31 March 2019</b>	<b>23,569</b>
Balance as at 1 April 2019	23,569
Additions	94,274
Terminations/modifications	-
<b>Balance as at 31 March 2020</b>	<b>1,17,843</b>
<b>Net block as at 31 March 2019</b>	<b>2,59,254</b>
<b>Net block as at 31 March 2020</b>	<b>1,64,980</b>

The aggregate amortisation expense on ROU assets is included under Note 35 - "Depreciation and amortisation expense" in the Standalone Ind AS Statement of Profit and Loss

# ANNUAL REPORT 2019-20

## Notes to the Standalone Ind AS financial statements

(Currency: Indian Rupees)

### (ii) The following is the movement in lease liabilities are as follows:

Particulars	Amount (INR)
Balance as at 1 April 2018	-
Additions on adoption of Ind AS 116	2,82,823
Terminations/modifications	-
Finance expense	7,884
Payment of lease liabilities	(25,500)
<b>Balance as at 31 March 2019</b>	<b>2,65,207</b>
Balance as at 1 April 2019	2,65,207
Additions	-
Terminations/modifications	-
Finance expense	26,305
Payment of lease liabilities	(1,04,550)
<b>Balance as at 31 March 2020</b>	<b>1,86,962</b>

### (iii) The details of the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis are as follows:

Tenure	As at	
	31 March 2020	31 March 2019
Less than one year	1,15,005	1,04,550

## 52 Fair value measurement

### (i) Carrying amount and fair values of financial assets and financial liabilities, including quantitative disclosure fair value measurement hierarchy as at 31 March 2020

Particulars	Carrying amount as at 31 March 2020				Fair value as at 31 March 2020			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	11,74,68,576	11,74,68,576	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	19,25,311	19,25,311	-	-	-	-
Receivables								
- Trade receivables	-	-	70,46,203	70,46,203	-	-	-	-
- Other receivables	-	-	8,04,735	8,04,735	-	-	-	-
Loans	3,83,350	-	1,50,00,000	1,53,83,350	-	-	2,83,438	2,83,438
Investments	9,00,87,050	-	23,34,90,883	32,35,77,933	9,74,07,924	-	-	9,74,07,924
Other financial assets	1,00,000	-	43,90,090	44,90,090	-	-	81,978	81,978
<b>Total - Financial assets</b>	<b>9,05,70,400</b>	<b>-</b>	<b>38,01,25,798</b>	<b>47,06,96,198</b>	<b>9,74,07,924</b>	<b>-</b>	<b>3,65,416</b>	<b>9,77,73,340</b>
<b>Financial liabilities</b>								
Payables								
Trade payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	72,225	72,225	-	-	-	-
Other payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	10,924	10,924	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	11,37,598	11,37,598	-	-	-	-
Deposits	2,60,000	-	-	2,60,000	-	-	2,07,205	2,07,205
Lease liabilities	1,86,962	-	-	1,86,962	-	-	1,86,962	1,86,962
Other financial liabilities	-	-	37,07,230	37,07,230	-	-	-	-
<b>Total - Financial liabilities</b>	<b>4,46,962</b>	<b>-</b>	<b>49,27,977</b>	<b>53,74,939</b>	<b>-</b>	<b>-</b>	<b>3,94,167</b>	<b>3,94,167</b>

Tenure	As at	
	31 March 2020	31 March 2019
One to five years	92,565	2,07,570
More than 5 years	-	-
<b>Total</b>	<b>2,07,570</b>	<b>3,12,120</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

### (iv) Rental expenses for short-term leases and low value assets

The Company incurred NIL (P:Y NIL) for the year ended 31 March 2020 towards expenses relating to short-term leases and leases of low-value assets.

### (v) Rental income

Tenure	For the year ended	
	31 March 2020	31 March 2019
Rental income on assets given on operating leases to other parties	8,61,977	8,61,977

### (vi) Future lease commitments

Leases not yet commenced to which Company is committed aggregates to NIL (P:Y: NIL).

### (vii) Sub lease income / expense

The Company has earned or expensed any rentals under sub-lease contractual arrangements during the current year (P:Y: NIL).

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes to the Standalone Ind AS financial statements**  
(Currency: Indian Rupees)

(ii) Carrying amount and fair values of financial assets and financial liabilities, including quantitative disclosure fair value measurement hierarchy as at 31 March 2019

Particulars	Carrying amount as at 31 March 2019				Fair value as at 31 March 2019			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	3,95,17,624	3,95,17,624	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	19,40,030	19,40,030	-	-	-	-
Receivables								
- Trade receivables	-	-	57,98,322	57,98,322	-	-	-	-
- Other receivables	-	-	2,56,755	2,56,755	-	-	-	-
Loans	4,64,850	-	1,50,00,000	1,54,64,850	-	-	3,31,628	3,31,628
Investments	18,25,86,537	-	22,59,90,883	40,85,77,420	20,00,05,040	-	-	20,00,05,040
Other financial assets	1,00,000	-	41,21,348	42,21,348	-	-	73,172	73,172
<b>Total - Financial assets</b>	<b>18,31,51,387</b>	<b>-</b>	<b>29,26,24,962</b>	<b>47,57,76,349</b>	<b>20,00,05,040</b>	<b>-</b>	<b>4,04,800</b>	<b>20,04,09,840</b>
<b>Financial liabilities</b>								
Payables								
Trade payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-
Other payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	8,15,782	8,15,782	-	-	-	-
Deposits	2,60,000	-	-	2,60,000	-	-	1,85,005	1,85,005
Lease liabilities	2,65,207	-	-	2,65,207	-	-	2,65,207	2,65,207
Other financial liabilities	-	-	19,76,839	19,76,839	-	-	-	-
<b>Total - Financial liabilities</b>	<b>5,25,207</b>	<b>-</b>	<b>27,92,621</b>	<b>33,17,828</b>	<b>-</b>	<b>-</b>	<b>4,50,212</b>	<b>4,50,212</b>

(iii) Carrying amount and fair values of financial assets and financial liabilities, including quantitative disclosure fair value measurement hierarchy as at 1 April 2018

Particulars	Carrying amount as at 1 April 2018				Fair value as at 1 April 2018			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	82,27,327	82,27,327	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	19,26,646	19,26,646	-	-	-	-
Receivables								
- Trade receivables	-	-	26,38,925	26,38,925	-	-	-	-
- Other receivables	-	-	2,13,600	2,13,600	-	-	-	-
Loans	5,28,350	-	1,50,00,000	1,55,28,350	-	-	3,61,647	3,61,647
Investments	22,00,16,496	-	22,59,90,883	44,60,07,379	23,93,65,057	-	-	23,93,65,057
Other financial assets	-	-	16,57,349	16,57,349	-	-	-	-
<b>Total financial assets as at 1 April 2018</b>	<b>22,05,44,846</b>	<b>-</b>	<b>25,56,54,730</b>	<b>47,61,99,576</b>	<b>23,93,65,057</b>	<b>-</b>	<b>3,61,647</b>	<b>23,97,26,704</b>
<b>Financial liabilities</b>								
Payables								
Trade payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-



# ANNUAL REPORT 2019-20

## Notes to the Standalone Ind AS financial statements (Currency: Indian Rupees)

Particulars	Carrying amount as at 1 April 2018				Fair value as at 1 April 2018			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Other payables	-	-	-	-	-	-	-	-
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	6,86,442	6,86,442	-	-	-	-
Deposits	2,60,000	-	-	2,60,000	-	-	1,65,183	1,65,183
Lease liabilities	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	25,82,129	25,82,129	-	-	-	-
<b>Total - Financial liabilities</b>	<b>2,60,000</b>	<b>-</b>	<b>32,68,571</b>	<b>35,28,571</b>	<b>-</b>	<b>-</b>	<b>1,65,183</b>	<b>1,65,183</b>

### Notes:

- The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:  
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;  
Level 2 - Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and  
Level 3 - Inputs are based on unobservable market data.
- The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- There is no fair value gains / losses on financial instruments designated under FVOCI.
- There is no case of any fair value measurement of the investment categorised under level 3 hierarchy.
- The following methods and assumptions were used to estimate the fair values:
  - Fair value of cash and short-term loans and deposits, trade and other short term receivables, trade payables, other current liabilities, short term borrowings approximate their carrying amounts largely due to short term maturities of these instruments.
  - Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.
  - The fair values for security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.
  - Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. - Investments in subsidiaries have fair values that approximate to their carrying amounts.
  - Lease liabilities, employee loans and security deposits are valued using Level 3 techniques. A change in one or more of the inputs to reasonably possible alternative assumptions would not change the value significantly. Further, lease liabilities that are measured at fair value, the carrying amounts are equal to the fair values.
  - The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.
- There have been no transfers between different levels of the fair value measurement hierarchy during the year ended 31 March 2020, 31 March 2019 and 1 April 2018.

### 53 Capital Management

The Company adheres to a disciplined Capital Management framework in order to maintain a strong balance sheet. The objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using the debt equity ratio.

Net debt includes borrowings net of cash and bank balances and total equity comprises of equity share capital, security premium and other equity attributable to equity shareholders.

Considering there are no borrowings (including debt securities) as of the Balance Sheet date (31 March 2019 - Nil ; 01 April 2018 - Nil), the net debt equity ratio has not been calculated and accordingly have not been disclosed with respect to financial years presented in the standalone Ind AS financial statements.

### 54 Financial risk management

The Company's business activities are exposed to a variety of financial risks, namely credit risk, liquidity risk and market risk. Further, it is also subject to various operating and business risks. While the risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. Additionally, the Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk

limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

#### (A) Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

- Actual or expected significant adverse changes in business,
  - Actual or expected significant changes in the operating results of the counterparty,
  - Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
  - Significant increase in credit risk on other financial instruments of the same counterparty
  - Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements
- Credit information is regularly shared between businesses and finance function, with a framework in place to quickly identify, respond and recognise cases of credit deterioration.

Credit risk with respect to the company arises primarily from financial assets such as trade receivables, investments, balances with banks, loans & other receivables and other financial assets.

# KEYNOTE FINANCIAL SERVICES LIMITED

(Formerly known as Keynote Corporate Services Limited)

## Notes to the Standalone Ind AS financial statements

(Currency: Indian Rupees)

### Trade receivables, loans and inter corporate deposits

The Company measures the expected credit loss (ECL) of trade receivables and loans / inter corporate deposits given, based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. The Company's senior management has established accounts receivable policy under which customer accounts are regularly monitored. Based on the historical data, loss on collection of receivable provision is considered. Also, refer the significant accounting policies for accounting policy on Financial Instruments.

In addition to the above, the Company applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. Further, the movement in the ECL has been disclosed under Note 41 of the standalone Ind AS financial statements.

### Other financial assets

These include financial assets are cash and bank balances, investments, term deposits and security deposits. Credit risk from balance with banks (including term deposits), investments is managed in accordance with the Company's approved investment policies. Investment of surplus funds are made only with approved counterparties and within the credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on a regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the Balance Sheet (including exceptions, if any) as at 31 March 2020 and 31 March 2019 is the carrying value as illustrated the respective notes of the standalone Ind AS financial statements.

### (B) Liquidity risk

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the company on acceptable terms. To limit this risk, management has arranged for diversified funding sources such as investing its surplus funds in short term liquid assets in bank deposits and liquid mutual funds. The company has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The company also has lines of credit that it can access to meet liquidity needs.

Refer Note 55 for analysis of maturities of financial assets and financial liabilities

### (C) Market risk

#### (i) Foreign currency risk

Foreign Currency Risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than Indian Rupee.

In respect of the foreign currency transactions, the Company does not hedge the exposures since the management believes that the same is insignificant in nature and will not have a material impact on the Company.

The Company's exposure to foreign currency risk at the end of reporting period is shown under Note 46 of the standalone Ind AS financial statements. A 5% strengthening of the Indian Rupee against key currencies to which the Company is exposed would have led to approximately an additional gain of INR 29,240 in the Statement of Profit and Loss (31 March 2019 : gain of INR 47,877; 1 April 2018: gain of INR 47,946). A 5% weakening of the INR against these currencies would have led to an equal but opposite effect.

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimise the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, the company's senior management have devised a policy of a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio. The Company is exposed to Interest risk if the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates.

Interest rate change does not affect significantly interest bearing investments and loans given and therefore the Company's exposure to the risk of changes in market interest rates relates primarily to the Company's deposits with banks. The Company has laid policies and guidelines to minimise impact of interest rate risk.

A 0.50% decrease in interest rates would have led to approximately an additional loss of INR 8,169 in the Statement of Profit and Loss (31 March 2019: loss of INR 8,682; 1 April 2018: loss of INR 1,263). A 0.50% increase in interest rates would have led to an equal but opposite effect.

#### (iii) Price risks

The Company is exposed to market price risk, which arises from FVTPL and FVOCI investments. The management monitors the proportion of these investments in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the appropriate authority.

A 1% increase in prices would have led to approximately an additional gain of INR 9,74,079 in the Statement of Profit and Loss (31 March 2019: gain of INR 20,00,050; 1 April 2018: gain of INR 23,93,651). A 1% decrease in prices would have led to an equal but opposite effect.

### 55 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at								
	31 March 2020			31 March 2019			1 April 2018		
	within 12 months	after 12 months	Total	within 12 months	after 12 months	Total	within 12 months	after 12 months	Total
<b>ASSETS</b>									
<b>A. Financial assets</b>									
Cash and cash equivalents	11,74,68,576	-	11,74,68,576	3,95,17,624	-	3,95,17,624	82,27,327	-	82,27,327
Bank balances other than cash and cash equivalents	19,25,311	-	19,25,311	19,40,030	-	19,40,030	19,26,646	-	19,26,646
Receivables									
- Trade receivables	70,46,203	-	70,46,203	57,98,322	-	57,98,322	26,38,925	-	26,38,925
- Other receivables	8,04,735	-	8,04,735	2,56,755	-	2,56,755	2,13,600	-	2,13,600
Loans	1,52,83,438	-	1,52,83,438	1,53,31,628	-	1,53,31,628	1,53,61,647	-	1,53,61,647
Investments	5,07,80,511	28,01,18,296	33,08,98,807	16,19,43,523	26,40,52,399	42,59,95,922	20,99,17,992	25,54,37,948	46,53,55,940
Other financial assets	43,79,320	92,748	44,72,068	41,10,578	83,942	41,94,520	16,46,579	10,770	16,57,349
<b>Sub-total - financial assets (A)</b>	<b>19,76,88,094</b>	<b>28,02,11,044</b>	<b>47,78,99,138</b>	<b>22,88,98,460</b>	<b>26,41,36,341</b>	<b>49,30,34,801</b>	<b>23,99,32,716</b>	<b>25,54,48,718</b>	<b>49,53,81,434</b>

# ANNUAL REPORT 2019-20

## Notes to the Standalone Ind AS financial statements (Currency: Indian Rupees)

Particulars	As at								
	31 March 2020			31 March 2019			1 April 2018		
	within 12 months	after 12 months	Total	within 12 months	after 12 months	Total	within 12 months	after 12 months	Total
<b>B. Non-financial assets</b>									
Current tax assets (net)	-	24,89,827	24,89,827	-	-	-	-	-	-
Deferred tax assets (net)	-	-	-	-	-	-	-	-	-
Investment property	-	3,71,366	3,71,366	-	3,85,416	3,85,416	-	3,93,775	3,93,775
Property, plant & equipment	-	8,19,58,850	8,19,58,850	-	8,52,42,279	8,52,42,279	-	8,90,28,739	8,90,28,739
Right of use assets	-	1,64,980	1,64,980	-	2,59,254	2,59,254	-	-	-
Other non-financial assets	33,22,886	2,45,190	35,68,076	18,72,537	4,61,808	23,34,345	8,34,729	10,91,458	19,26,187
<b>Sub-total-non-financial assets (B)</b>	<b>33,22,886</b>	<b>8,52,30,213</b>	<b>8,85,53,099</b>	<b>18,72,537</b>	<b>8,63,48,757</b>	<b>8,82,21,294</b>	<b>8,34,729</b>	<b>9,05,13,972</b>	<b>9,13,48,701</b>
<b>Total - Assets (A+B)</b>	<b>20,10,10,980</b>	<b>36,54,41,257</b>	<b>56,64,52,237</b>	<b>23,07,70,997</b>	<b>35,04,85,098</b>	<b>58,12,56,095</b>	<b>24,07,67,445</b>	<b>34,59,62,690</b>	<b>58,67,30,135</b>

Particulars	As at								
	31 March 2020			31 March 2019			1 April 2018		
	within 12 months	after 12 months	Total	within 12 months	after 12 months	Total	within 12 months	after 12 months	Total
<b>LIABILITIES</b>									
<b>A. Financial liabilities</b>									
Payables									
Trade payables									
Payables									
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	72,225	-	72,225	-	-	-	-	-	-
Other payables									
- total outstanding dues of micro enterprises and small enterprises	10,924	-	10,924	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	11,37,598	-	11,37,598	8,15,782	-	8,15,782	6,86,442	-	6,86,442
Deposits	-	2,07,205	2,07,205	-	1,85,005	1,85,005	-	1,65,183	1,65,183
Lease liabilities	98,641	88,321	1,86,962	78,245	1,86,962	2,65,207	-	-	-
Other financial liabilities	27,55,283	9,51,947	37,07,230	9,25,239	10,51,600	19,76,839	15,06,831	10,75,298	25,82,129
<b>Sub-total - financial liabilities (A)</b>	<b>40,74,671</b>	<b>12,47,473</b>	<b>53,22,144</b>	<b>18,19,266</b>	<b>14,23,567</b>	<b>32,42,833</b>	<b>21,93,273</b>	<b>12,40,481</b>	<b>34,33,754</b>
<b>B. Non-Financial liabilities</b>									
Current tax liabilities (net)	-	-	-	-	17,29,102	17,29,102	-	25,41,934	25,41,934
Provisions	7,09,700	45,93,375	53,03,075	13,15,914	45,67,319	58,83,233	10,88,580	47,51,054	58,39,634
Deferred tax liabilities (net)	-	40,26,071	40,26,071	-	85,50,961	85,50,961	-	1,28,66,379	1,28,66,379
Other non-financial liabilities	28,09,908	-	28,09,908	36,75,854	-	36,75,854	73,97,673	-	73,97,673
<b>Sub-total - non-financial liabilities (B)</b>	<b>35,19,608</b>	<b>86,19,446</b>	<b>1,21,39,054</b>	<b>49,91,768</b>	<b>1,48,47,382</b>	<b>1,98,39,150</b>	<b>84,86,253</b>	<b>2,01,59,367</b>	<b>2,86,45,620</b>
<b>Total - Liabilities (A+B)</b>	<b>75,94,279</b>	<b>98,66,919</b>	<b>1,74,61,198</b>	<b>68,11,034</b>	<b>1,62,70,949</b>	<b>2,30,81,983</b>	<b>1,06,79,526</b>	<b>2,13,99,848</b>	<b>3,20,79,374</b>

**Notes to the Standalone Ind AS financial statements**

(Currency: Indian Rupees)

**56 Disclosures pursuant to Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013**

**(a) Loans to subsidiaries**

Particulars	For the year ended	
	31 March 2020	31 March 2019
<b>(a) Keynote Capitals Limited</b> (subsidiary company)		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	-
<b>(b) Keynote Fincorp Limited</b> (subsidiary company)		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	3,00,00,000
(Keynote Fincorp Limited has utilised the loan for working capital requirements. The loan repayable on demand and carries an average rate of interest at NIL (P.Y:12% p.a))		
<b>(c) Keynote Commodities Limited</b> (step down subsidiary company)		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	-

**(b) Investment by the loanees in the shares of the Company**

The loanees have not made any investments in the shares of the Company.

**(c) Corporate guarantees**

The Company has given corporate guarantees and the fact has been disclosed under Note 49(iv) of the standalone Ind AS financial statements.

**57 Dividend on equity shares**

**(I) Dividend on equity shares declared and paid during the year**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Final dividend of INR 1 per share for FY 2018-19 (FY 2017-18: INR 2.50 per share)	70,18,339	1,75,45,848
Dividend distribution tax on final dividend	14,77,319	35,71,922

The proposed dividend on equity shares for FY 2018-19 was distributed based upon the approval of the shareholders of the Company at the Annual General Meeting held on 13 August 2019.

**(II) Proposed dividend on equity shares not recognised as liability**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Final dividend of INR 1 per share for FY 2019-20 (FY 2018-19: INR 1 per share)	70,18,339	70,18,339
Dividend distribution tax on final dividend \$	-	14,77,319

The proposed dividend on equity shares for FY 2019-20 is subject to the approval of the shareholders of the Company at the Annual General Meeting and not recognised as liability as at the Balance Sheet date.

\$ The Budget 2020 has made dividend income from shares taxable in the hands of the recipient at the applicable income tax slab rates to the individual and abolish the Dividend Distribution Tax (DDT) hitherto levied on dividend income before distribution by the company.

**58 First time adoption of Indian Accounting Standards**

These are the Company's first financial statements prepared in accordance with Ind AS.

The Company has prepared its Ind AS compliant financial statements for year ended on 31 March 2020, the comparative period ended on 31 March 2019 and an opening Ind AS Balance Sheet as at 1 April 2018 (the date of transition), as

described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019.

For periods ended up to the year ended 31 March 2018, the Company had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with relevant rules issued thereunder (Previous GAAP).

**(A) Mandatory exceptions and optional exemptions availed**

The following set out below are the applicable Ind AS 101 mandatory exceptions and optional exemptions applied in the transition from previous GAAP to Ind AS, which were considered to be material or significant by the Company.

**(I) Mandatory exceptions**

The Company has adopted all relevant mandatory exceptions set out in Ind AS 101 which are as below:

**(i) Estimates**

Ind AS 101 prescribes that an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. The Company's Ind AS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.

**(ii) Derecognition of financial assets and financial liabilities**

As set out in Ind AS 101, the Company has applied the derecognition requirements of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

**(iii) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**(iv) Impairment of financial assets**

As set out in Ind AS 101, an entity shall apply the impairment requirements of Ind AS 109 retrospectively if it does not entail any undue cost or effort. The Company has assessed impairment of financial assets in conformity with Ind AS 109.

**(II) Optional exemptions availed by the Company**

The Company has availed the following optional exemptions available to Ind AS upon first time adoption

**(i) Deemed cost - Previous GAAP carrying amount**

The Company has elected to measure its property plant and equipment, intangibles and investment property at the carrying amounts of the previous GAAP as its deemed cost on the date of transition to Ind AS.

**(ii) Leases**

The Company has evaluated whether an arrangement existing at the transition date contains a lease on the basis of the facts and circumstances existing on the transition date except where the effect is expected to be immaterial.

**(iii) Deemed cost of investment in subsidiaries**

The Company has elected to measure its investment in subsidiaries at the carrying amounts of the previous GAAP as its deemed cost on the date of transition to Ind AS.

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The Company's management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

**(B) Reconciliations between Ind AS and previous GAAP are given below**

Ind AS 101 requires an entity to its reconcile equity, total comprehensive income and cash flows for previous periods.

The following table represent the reconciliations from previous GAAP to Ind AS.

(i) **Reconciliation of equity as at 1 April 2018 and as at 31 March 2019 summarised in below table**

Particulars	Notes to first time adoption	As at	
		31 March 2019	1 April 2018
<b>Equity reported under previous GAAP</b>	1,2,3	54,05,10,345	54,02,40,422
Adjustments :			
Effect of effective interest rate and fair valuation on financial assets and liabilities		1,94,27,769	1,95,37,301
		<b>55,99,38,114</b>	<b>55,97,77,723</b>
Less: Deferred tax adjustment on the above items		(17,64,002)	(51,26,962)
<b>Equity as per Ind AS</b>		<b>55,81,74,112</b>	<b>55,46,50,761</b>

(ii) **Total Comprehensive income reconciliation for the year ended 31 March 2019**

Particulars	Notes to first time adoption	For the year ended 31 March 2019
<b>Profit after tax as reported under previous GAAP</b>		2,13,87,693
Adjustments :		
Fair valuation of investments classified under FVTPL	1	32,36,515
Remeasurement of defined benefit plans	2	6,48,897
Others	3	1,53,853
Less: tax adjustments on above items		(11,23,725)
<b>Profit after tax as per Ind AS for the year ended 31 March 2019</b>		<b>2,43,03,233</b>
Other comprehensive Income (net of tax)	4	3,37,888
<b>Total comprehensive income as per Ind AS</b>		<b>2,46,41,121</b>

(iii) **Impact of Ind AS adoption on the Statement of Cash Flows for the year ended 31 March 2019**

Particulars	Notes to first time adoption	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flow from operating activities	1,2,3	(1,25,43,766)	55,77,202	(69,66,564)
Net cash flow from investing activities	1	6,49,56,714	(55,52,383)	5,94,04,331
Net cash flow from financing activities	1,3	(2,11,17,770)	(29,700)	(2,11,47,470)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,12,95,178</b>	<b>(4,881)</b>	<b>3,12,90,297</b>
Cash and cash equivalents as at beginning of year		82,22,446	4,881	82,27,327
Cash and cash equivalents as at end of the year		<b>3,95,17,624</b>	-	<b>3,95,17,624</b>

**Notes:**

- Fair valuation of investments subsequently measured under FVTPL**  
Under the previous GAAP, investments were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings (net of deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss or Other Comprehensive Income (OCI) for the year ended 31 March 2019 depending upon the subsequent measurement

category for the investments.

**2. Remeasurement of defined benefit plan obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

**3. Other financial assets and liabilities**

Under Ind AS, rental deposits, lease deposits, lease liabilities & assets and loan given to employees at concessional rates are initially measured at Fair value and subsequently accounted under amortization method as per Ind AS 109 whereas as per previous GAAP, measurement in fair value was not required.

**4. Other comprehensive income**

Under Ind AS, re-measurements i.e. Actuarial gains and losses and the return on plan assets, excluding amount included in the net interest expenses on the net defined benefit liability are recognised in Other Comprehensive Income instead of statement of profit and loss as accounted in previous GAAP.

The cumulative impact of the above changes as on the transition date is adjusted against the reserves as on 01.04.2018. The subsequent effect of changes for the financial year 2018-19 is disclosed under profit and loss reconciliation

**59 Change of name**

During the financial year 2018-19, the Company had changed its name from "Keynote Corporate Services Limited" to "Keynote Financial Services Limited" by passing a resolution at the Board Meeting dated 8 February 2019. Further, the necessary secretarial compliances with respect to the same were completed by the Company, evidenced by a fresh certificate of incorporation dated 23 April 2019.

**60 Recoveries of financial assets written off**

The Company had written off the debts amounting to INR 33,00,000 pertaining to Binani Cement Limited during the financial year 2017-18. The entire amount was already provided as doubtful debts by the end of quarter ended 30 September 2017. However, the said amount was recovered by the company during the previous financial year 2018-19.

**61 Events after reporting date**

The Board of Directors have recommended dividend of INR 1 per fully paid up equity share of INR 10 each (31 March 2019 : INR 1 each; 1 April 2018 : INR 2.50 each) for the financial year 2019-20.

**62 Covid -19**

The Covid -19 Pandemic has resulted in significant decrease in economic activities across the country, on account of lockdown that started on 24 March 2020. The lockdown also affected the Company's business operations in the last week of March 2020. Estimates and associated assumptions applied in preparing these financial statements are based on historical experience and other emerging/forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic. In the event, the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company.

**63 Sharing of costs**

The company shares certain operating costs with a subsidiary - Keynote Capitals Limited. These costs have been recovered from the subsidiary on a basis mutually agreed between them, which has been relied upon by the Auditors.

**64 Changes in liabilities arising from financing activities**

The Company does not have any financing activities which affect the capital and asset structure of the company without the use of cash and cash equivalents

**65 Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement**

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement and the same has been relied upon by the Auditor.

**KEYNOTE FINANCIAL SERVICES LIMITED**  
**(Formerly known as Keynote Corporate Services Limited)**

**66 Details of Scheme of amalgamation approved by the Hon'ble High Court**

As per the scheme of amalgamation approved by the Allahabad, Bombay, and Gauhati High court vide order dated 21 December 2006, 9 March 2007 and 19 March 2007 respectively, 14,51,702 equity shares of INR 10 each fully paid up is held by Keynote trust as a beneficiary of the Company. Due to such cross holding the dividend of INR 14,51,702 (P.Y: INR 36,29,255)

has been paid & received back from the trust. With respect to the dividend of INR 1 per share (P.Y: INR 2.50 per share) for 31 March 2019, the Company has adjusted its liability of dividend towards shares held by the Trust.

**67 Approval of standalone Ind AS financial statements**

The standalone Ind AS financial statements financial statements were approved for issue by the Board of Directors on 29 June 2020.

**For S M S R & Co LLP**

*Chartered Accountants*

Firm Registration No: 110592W/W100094

**Sd/-**

**U Balakrishna Bhat**

*Partner*

Membership No: 019216

Date: 29 June 2020

Place: Mumbai

**For and on behalf of the Board of Directors of**

**Keynote Financial Services Limited**

CIN: L67120MH1993PLC072407

**Sd/-**

**Rinku Suchanti**

*Director*

DIN: 00012903

Date: 29 June 2020

Place: Mumbai

**Sd/-**

**Uday Patil**

*Director & CFO*

DIN: 00003978

**Sd/-**

**Sujeet More**

*Company Secretary*

**INDEPENDENT AUDITOR'S REPORT****To the Members of Keynote Financial Services Limited**

*(formerly known as 'Keynote Corporate Services Limited')*

**Report on the Audit of Consolidated Ind AS Financial Statements****Opinion**

We have audited the accompanying consolidated Ind AS financial statements of **Keynote Financial Services Limited** *(formerly known as 'Keynote Corporate Services Limited')* ("the Company or "the Holding Company"), its subsidiaries and a trust (the Company, its subsidiaries and a trust together referred to as 'the Group') which comprise the consolidated Balance Sheet as at 31 March 2020, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Cash Flow and the consolidated Statement of Changes in Equity for the year ended on that date and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements") .

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditor on separate financial statements of the subsidiaries and a trust as was audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated loss and other comprehensive income, consolidated cash flows and the consolidated changes in equity for the year then ended.

**Basis for Opinion**

We conducted our audit of the consolidated Ind AS financial statements in accordance with the requirements of applicable Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS financial statements' section of our

report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained along with the consideration of audit reports of the other auditors referred to in the "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our opinion on the consolidated Ind AS financial statements.

**Emphasis of Matter**

We draw attention to Note 68 to the consolidated Ind AS financial statements, which describes the uncertainty caused by Covid-19 pandemic with respect to the Group's estimates on preparation of the consolidated Ind AS financial statements and that such estimates may be affected by the severity and duration of the pandemic.

Our opinion is not modified in this respect.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended 31 March 2020. These matters were addressed in the context of our consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS Financial Statements.

<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
<b>Transition to Ind AS accounting Framework (as described in Note 58 of the Consolidated Ind AS Financial Statements)</b>	
<p>The Group has adopted Ind AS from 1 April 2019 with an effective date of 1 April 2018 for such transition. For periods up to and including the year ended 31 March 2019, the Group had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended 31 March 2020, together with the comparative financial information for the previous year ended 31 March 2019 and the transition date Balance Sheet as at 1 April 2018 have been prepared under Ind AS.</p> <p>In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.</p>	<ul style="list-style-type: none"> <li>• Read the Ind AS impact assessment performed by the Management and the resultant changes made to the accounting policies considering the requirements of the new framework.</li> <li>• Evaluated the exemptions and exceptions allowed by Ind AS and applied by the Management in applying the first-time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as at transition date.</li> <li>• Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS.</li> <li>• Tested the disclosures prescribed under Ind AS.</li> </ul>
<b>Accuracy of recognition, measurement, presentation and disclosure of revenues and other related balances in respect of contracts involving critical estimates, as per Ind AS 115 “Revenue from Contract with Customers”</b>	
<p>The Group recognises revenue with respect to revenue in accordance to achievement of milestones defined in the corresponding engagement letters, mandate letters, agreements / contracts etc. entered with counter party which reflects the stage of completion for each performance obligation.</p>	<ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to recording of revenue with respect to income from sale of services (including other operating revenue) based upon time spent and efforts taken.</li> <li>• Selected a sample of continuing and new contracts and through inspection of evidence of performance of these controls, tested the operating effectiveness of the internal controls relating to time spent and efforts taken.</li> <li>• Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones.</li> <li>• Performed analytical procedures and test of details for reasonableness of time spent and efforts taken.</li> </ul>
<b>Impairment on financial assets (expected credit losses)</b>	
<p>Ind AS 109 requires the Company to recognise impairment loss allowance towards its financial assets (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles of Ind AS 109 including: unbiased, probability weighted outcome under various scenarios; time value of money; impact arising from forward looking macro-economic factors and; availability of reasonable and supportable information without undue costs. Applying these principles involves significant</p>	<ul style="list-style-type: none"> <li>• We read and assessed the Group’s accounting policies for impairment of financial assets and their compliance with Ind AS 109.</li> <li>• We tested samples of loans / receivables to assess whether any loss indicators were present, requiring them to be re-classified, wherever required.</li> <li>• We evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation. Tested the ECL model, including assumptions and underlying computation.</li> </ul>



Key audit matters	How our audit addressed the key audit matter
<p>estimation in various aspects, such as: staging of loans / receivables and estimation of behavioral life; determining macro-economic factors impacting credit quality of receivables, credit worthiness the borrowers / customers, etc. Considering the significance of such allowance to the overall financial statements and the degree of estimation involved in computation of expected credit losses, this area is considered as a key audit matter.</p>	<ul style="list-style-type: none"> <li>Audited disclosures included in the consolidated Ind AS financial statements in respect of expected credit losses.</li> </ul>
<p><b>Information Other than the Consolidated Ind AS financial statements and Auditor’s Report Thereon</b></p> <p>The Holding Company’s Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to the Board’s Report, Corporate Governance and Shareholders’ Information, but does not include consolidated Ind AS financial statements and our auditor’s report thereon.</p> <p>Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.</p> <p>If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.</p> <p><b>Responsibilities of Management and Those Charged with Governance for the consolidated Ind AS financial statements</b></p> <p>The Holding Company’s Management Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated</p>	<p>cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies and trustees of the trust included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.</p> <p>In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies and the trustees of the trust included in the Group are responsible for assessing the Group’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 Group or to cease operations, or has no realistic alternative but to do so.</p> <p>The respective Board of Directors of the companies and the trustees of the trust included in the Group are also responsible for overseeing the financial reporting process of the Group.</p>

### **Auditor's Responsibilities for the Audit of the Consolidated Ind AS financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements

Materiality is the magnitude of misstatements in the consolidated Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of work; and (ii) to evaluate the effect of any identified misstatements in the consolidated Ind AS financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide with those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended

31 March 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

We did not audit the Ind AS financial statements of three subsidiaries and a trust, whose Ind AS financial statements reflect total assets of INR 96,99,28,782 as at 31 March 2020, total revenues of INR 7,72,14,282 and net cash flows of INR 9,07,19,247 for the year ended on that date as considered in the consolidated Ind AS financial statements for the year ended on that date. These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in these subsidiaries and trust, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and trust is based solely on reports of other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 of the aforesaid consolidated Ind AS financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of other auditors;
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income),

the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on 31 March 2020 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
- g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, incorporated in India, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.
- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i) The consolidated Ind AS financial statements disclose impact of pending litigations on the consolidated financial position of the Group. Refer Note 40 to the consolidated Ind AS financial statements.
- ii) The Group has made provisions as at 31 March 2020, as required under the applicable law or Ind AS, for foreseeable losses, if any on long-term contracts. Refer Note 43 to the consolidated Ind AS financial statements.

- iii) There has been no delay in transferring amount, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.

For **S M S R & Co LLP**  
*Chartered Accountants*  
Firm Registration No. 110592W/W100094

**Sd/-**  
**U Balakrishna Bhat**  
*Partner*  
Membership No: 019216  
UDIN: 20019216AAAAABJ8875

Place: Mumbai  
Date: 29 June 2020

**ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Keynote Financial Services Limited of even date)

**Report on the Internal Financial Controls Over Financial Reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting of **Keynote Financial Services Limited** (hereinafter referred to as "the Company or the Holding Company") and its subsidiaries (the company and its subsidiaries together referred to as "the Group"), which are incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary companies which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the 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 respective 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 Act.

**Auditor's Responsibility for the Audit of Internal Financial Controls**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards

on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 judgement, 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 internal financial controls system over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India.

**Meaning of Internal Financial Controls over Financial Reporting with reference to these Consolidated Ind AS financial statements**

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:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) 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

(iii) 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 with reference to these Consolidated Ind AS financial statements**

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, to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph below, the Holding Company and its subsidiaries incorporated in India have, 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 March 2020, based on the internal control over financial reporting criteria established by the respective companies 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.

**Other matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the separate financial statements of three subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **S M S R & Co LLP**

*Chartered Accountants*

Firm Registration No. 110592W/W100094

**Sd/-**

**U Balakrishna Bhat**

*Partner*

Membership No: 019216

UDIN: 20019216AAAABJ8875

Place: Mumbai

Date: 29 June 2020

# ANNUAL REPORT 2019-20

## CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2020

(Currency: Indian Rupees)

	Note	31 March 2020	31 March 2019	1 April 2018
<b>ASSETS</b>				
<b>A. Financial assets</b>				
Cash and cash equivalents	3	23,64,03,445	6,77,33,246	5,08,35,663
Bank balances other than cash and cash equivalents	4	19,53,75,274	15,87,41,621	14,37,52,428
Receivables	5			
- Trade receivables		3,97,35,021	3,78,86,606	6,30,34,384
- Other receivables		10,22,027	2,87,452	-
Loans	6	22,31,67,844	18,50,06,520	15,46,28,157
Investments	7	27,98,69,584	33,62,38,598	39,02,74,410
Other financial assets	8	3,01,97,873	7,94,74,219	8,01,88,154
<b>Sub-total - financial assets (A)</b>		<b>1,00,57,71,068</b>	<b>86,53,68,262</b>	<b>88,27,13,196</b>
<b>B. Non-Financial Assets</b>				
Inventories	9	9,35,755	25,08,380	1,98,68,431
Current tax assets (net)	10	61,41,023	2,24,89,108	79,47,867
Investment property	11	3,71,366	3,85,416	3,93,775
Property, plant & equipment	12	17,24,07,080	17,97,57,528	17,81,88,627
Goodwill on consolidation		10,41,615	10,41,615	10,41,615
Right of use assets	13	4,47,803	5,42,077	-
Other non-financial assets	14	45,13,816	32,03,917	34,89,233
<b>Sub-total - non-financial assets (B)</b>		<b>18,58,58,458</b>	<b>20,99,28,041</b>	<b>21,09,29,548</b>
<b>Total - Assets (A+B)</b>		<b>1,19,16,29,526</b>	<b>1,07,52,96,303</b>	<b>1,09,36,42,744</b>
<b>LIABILITIES AND EQUITY</b>				
<b>A. Financial liabilities</b>				
Payables				
Trade payables	15			
- total outstanding dues of micro enterprises and small enterprises		-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		20,35,51,360	4,74,04,251	6,35,06,044
Other payables				
- total outstanding dues of micro enterprises and small enterprises		10,924	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		25,84,307	19,08,960	53,48,211
Borrowings (other than debt securities)	16	21,67,27,151	20,17,92,146	15,97,52,264
Deposits	17	2,07,205	1,85,005	1,65,183
Lease liabilities	18	3,73,924	5,30,414	-
Other financial liabilities	19	53,91,159	44,66,043	50,09,992
<b>Sub-total - financial liabilities (A)</b>		<b>42,88,46,030</b>	<b>25,62,86,819</b>	<b>23,37,81,694</b>
<b>B. Non-Financial liabilities</b>				
Provisions	20	90,30,966	94,42,667	99,84,929
Deferred tax liabilities (net)	21	1,25,20,617	1,64,55,533	2,08,51,180
Other non-financial liabilities	22	85,24,824	1,13,76,430	1,95,05,183
<b>Sub-total - non-financial liabilities (B)</b>		<b>3,00,76,407</b>	<b>3,72,74,630</b>	<b>5,03,41,292</b>
<b>C. Equity</b>				
Equity share capital	23	5,56,66,370	5,56,66,370	5,56,66,370
Other equity	24	67,70,40,719	72,60,68,484	75,38,53,388
<b>Sub-total - equity (C)</b>		<b>73,27,07,089</b>	<b>78,17,34,854</b>	<b>80,95,19,758</b>
<b>Total - Liabilities and Equity (A+B+C)</b>		<b>1,19,16,29,526</b>	<b>1,07,52,96,303</b>	<b>1,09,36,42,744</b>
Significant accounting policies	2			

The accompanying notes referred above form an integral part of the consolidated Ind AS financial statements.

As per our report of even date attached

**For S M S R & Co LLP**  
Chartered Accountants  
Firm Registration No: 110592W/W100094

**For and on behalf of the Board of Directors of**  
**Keynote Financial Services Limited**  
CIN: L67120MH1993PLC072407

**Sd/-**  
**U Balakrishna Bhat**  
Partner  
Membership No: 019216

**Sd/-**  
**Rinku Suchanti**  
Director  
DIN : 000012903

**Sd/-**  
**Uday Patil**  
Director & CFO  
DIN : 00003978

**Sd/-**  
**Sujeet More**  
Company Secretary

Date : 29 June 2020  
Place : Mumbai

Date : 29 June 2020  
Place : Mumbai

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020**

(Currency: Indian Rupees)

	Note	For the Year ended 31 March 2020	For the Year ended 31 March 2019
<b>A. Revenue from operations</b>			
Interest income	25	3,33,06,162	4,26,57,796
Dividend income	26	40,56,372	36,60,765
Fees and commission income	27	3,33,60,865	2,57,12,135
Sale of services	28	4,05,01,755	5,80,34,557
Other operating income	29	7,49,217	7,60,957
<b>Total revenue from operations</b>		<b>11,19,74,371</b>	<b>13,08,26,210</b>
<b>B. Other income</b>	30	<b>17,46,587</b>	<b>96,47,561</b>
<b>Total income (A+B)</b>		<b>11,37,20,958</b>	<b>14,04,73,771</b>
<b>C. Expenses</b>			
Finance costs	31	1,21,89,228	1,12,91,411
Fees and commission expense	32	14,47,881	9,23,573
Net loss on fair value changes	33	4,88,87,600	2,86,27,031
Impairment on financial instruments	34	14,57,274	3,54,254
Purchase of stock in trade	35	-	4,06,000
Changes in inventories of stock-in-trade	36	15,72,625	57,64,763
Employee benefits expense	37	4,60,22,996	4,53,72,517
Depreciation and amortisation expense	38	76,08,518	76,85,323
Other expenses	39	3,81,38,631	4,89,39,561
<b>Total Expenses (C)</b>		<b>15,73,24,753</b>	<b>14,93,64,433</b>
<b>Loss before tax (A+B-C)</b>		<b>(4,36,03,795)</b>	<b>(88,90,662)</b>
<b>D. Tax expense / (credit)</b>	52		
- Current tax		33,49,527	57,71,099
- Deferred tax		(47,19,585)	(40,27,484)
<b>Total tax expenses (D)</b>		<b>(13,70,058)</b>	<b>17,43,615</b>
<b>Loss for the year (A+B-C-D)</b>		<b>(4,22,33,737)</b>	<b>(1,06,34,277)</b>
<b>E. Other Comprehensive Income</b>			
(a) Items that will not be reclassified to profit or loss			
- Re-measurement gains / (losses) on the defined benefit plans		3,37,740	4,68,118
- Income tax relating to items that will not be reclassified to profit or loss		(87,812)	(1,30,230)
(b) Items that will be reclassified to profit & loss		-	-
- Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Other Comprehensive Income (E)</b>		<b>2,49,928</b>	<b>3,37,888</b>
<b>Total Comprehensive Income for the year (net of tax) (A+B-C-D+E)</b>		<b>(4,19,83,809)</b>	<b>(1,02,96,389)</b>
<b>Earnings per equity share (face value of INR 10 each)</b>			
Basic & diluted (INR)	42	(7.59)	(1.91)
Significant accounting policies	2		

The accompanying notes referred above form an integral part of the consolidated Ind AS financial statements

As per our report of even date attached

**For S M S R & Co LLP**  
Chartered Accountants  
Firm Registration No: 110592W/W100094

**For and on behalf of the Board of Directors of  
Keynote Financial Services Limited**  
CIN: L67120MH1993PLC072407

**Sd/-**  
**U Balakrishna Bhat**  
Partner  
Membership No: 019216

**Sd/-**  
**Rinku Suchanti**  
Director  
DIN : 00012903

**Sd/-**  
**Uday Patil**  
Director & CFO  
DIN : 00003978

**Sd/-**  
**Sujeet More**  
Company Secretary

Date : 29 June 2020  
Place : Mumbai

Date : 29 June 2020  
Place : Mumbai



# ANNUAL REPORT 2019-20

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

(Currency: Indian Rupees)

Particulars	For the Year ended 31 March 2020	For the year ended 31 March 2019
<b>(A) Cash flows from operating activities:</b>		
<b>Net Loss before tax</b>	<b>(4,36,03,795)</b>	<b>(88,90,662)</b>
<b>Adjustments for</b>		
Depreciation and amortisation	76,08,518	76,85,323
Provision for gratuity	13,01,447	11,11,848
Provision for compensated absences	9,55,964	8,79,079
Provision for doubtful debts	14,57,274	3,54,254
Interest expenses	1,21,89,228	1,12,91,411
Net (gain) / loss on financial instruments measured at fair value through profit or loss	4,88,87,600	2,86,27,031
Dividend income	(40,56,372)	(36,60,765)
Interest Income	(3,33,06,162)	(4,17,63,706)
<b>Operating loss before working capital changes</b>	<b>(85,66,298)</b>	<b>(43,66,187)</b>
<b>Adjustment for working capital changes</b>		
- (Increase) / decrease in trade and other receivables	(40,40,262)	2,45,06,071
- (Increase) / decrease in loans	(3,81,61,324)	(3,03,78,363)
- (Increase) / decrease in other financial assets	4,92,76,346	7,13,935
- (Increase) / decrease in Inventory	15,72,625	1,73,60,051
- (Increase) / decrease in other non-financial assets	(13,09,899)	2,85,316
- (Decrease) / Increase in trade and other payable	15,68,33,380	(1,95,41,045)
- (Decrease) / Increase in other financial liabilities	9,25,116	(5,43,950)
- (Decrease) / Increase in other non-financial liabilities	(28,51,606)	(81,28,754)
- (Decrease) / Increase in deposits	22,200	19,822
- (Decrease) / Increase in lease liabilities	(1,56,490)	5,30,414
- (Decrease) / Increase in provisions	(24,19,184)	(21,95,301)
<b>Cash generated from / (used) in operations</b>	<b>15,11,24,604</b>	<b>(2,17,37,991)</b>
Taxes paid (net of refunds)	1,37,83,223	(2,06,80,499)
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>16,49,07,827</b>	<b>(4,24,18,490)</b>
<b>(B) Cash flows from investing activities:</b>		
Purchase of fixed assets	(1,49,746)	(97,87,942)
Sale of investments (net)	74,81,415	2,54,08,781
Deposits placed in banks and unpaid dividend accounts (net)	(3,66,33,653)	(1,49,89,193)
Interest received	3,33,06,162	4,17,63,706
Dividend received	40,56,372	36,60,765
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>80,60,550</b>	<b>4,60,56,117</b>

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020**

(Currency: Indian Rupees)

Particulars	For the Year ended 31 March 2020	For the year ended 31 March 2019
<b>(C) Cash flow from financing activities:</b>		
Repayment of borrowings (other than debt securities) (net)	1,49,35,006	4,20,39,882
Dividend paid	(55,66,637)	(1,39,16,593)
Dividend distribution tax paid	(14,77,319)	(35,71,922)
Interest paid	<u>(1,21,89,228)</u>	<u>(1,12,91,411)</u>
<b>Net cash generated from / (used in) financing activities (C)</b>	<b><u>(42,98,178)</u></b>	<b><u>1,32,59,956</u></b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b><u>16,86,70,199</u></b>	<b><u>1,68,97,583</u></b>
Cash and cash equivalents as at beginning of year	<u>6,77,33,246</u>	<u>5,08,35,663</u>
<b>Cash and cash equivalents as at the end of the year</b>	<b><u>23,64,03,445</u></b>	<b><u>6,77,33,246</u></b>

**Notes to cash flow statement :**

**1 Cash and cash equivalents as at the end of the year comprise of:**

Cash on hand	9,84,750	8,43,754
Balances with banks		
- In current accounts	12,37,36,279	4,05,58,420
- In fixed deposits accounts (with original maturity of 3 months or less from the reporting date)	11,16,82,416	2,63,31,072
	<u>23,64,03,445</u>	<u>6,77,33,246</u>

**2** The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (Ind AS) 7 - "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standard) Rules, 2015.

**3** Cash and cash equivalents comprises cash on hand, current accounts and deposits with banks (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

As per our report of even date attached

**For S M S R & Co LLP**

*Chartered Accountants*

Firm Registration No: 110592W/W100094

**Sd/-**

**U Balakrishna Bhat**

*Partner*

Membership No: 019216

Date : 29 June 2020

Place : Mumbai

**For and on behalf of the Board of Directors of  
Keynote Financial Services Limited**

CIN: L67120MH1993PLC072407

**Sd/-**

**Rinku Suchanti**

*Director*

DIN : 00012903

Date : 29 June 2020

Place : Mumbai

**Sd/-**

**Uday Patil**

*Director & CFO*

DIN : 00003978

**Sd/-**

**Sujeet More**

*Company Secretary*

# ANNUAL REPORT 2019-20

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS ON 31 MARCH 2020

(Currency: Indian Rupees)

### A. Equity share capital

Particulars	Equity share capital	
	No. of Shares	Amount
<b>Balance as at 1 April 2018</b>	<b>55,66,637</b>	<b>5,56,66,370</b>
Changes in equity share capital during the year	-	-
<b>Balance as at 31 March 2019</b>	<b>55,66,637</b>	<b>5,56,66,370</b>
Changes in equity share capital during the year	-	-
<b>Balance as at 31 March 2020</b>	<b>55,66,637</b>	<b>5,56,66,370</b>

### B. Other equity

Particulars	Reserves and surplus				Other items of other comprehensive income	Total
	Securities premium	General reserve	Statutory reserve	Retained earnings		
<b>Balance as at 1 April 2018</b>	<b>23,06,48,293</b>	<b>1,33,91,679</b>	<b>66,40,238</b>	<b>50,31,73,178</b>	-	<b>75,38,53,388</b>
Transfers during the year	-	-	6,92,545	(6,92,545)	-	-
Loss after tax for the year	-	-	-	(1,06,34,277)	-	(1,06,34,277)
Other comprehensive income (net of tax)	-	-	-	3,37,888	-	3,37,888
Appropriations towards dividend paid (including corporate tax dividend)	-	-	-	(1,74,88,515)	-	(1,74,88,515)
<b>Balance as at 31 March 2019</b>	<b>23,06,48,293</b>	<b>1,33,91,679</b>	<b>73,32,783</b>	<b>47,46,95,729</b>	-	<b>72,60,68,484</b>
Transfers during the year	-	-	9,15,273	(9,15,273)	-	-
Loss after tax for the year	-	-	-	(4,22,33,737)	-	(4,22,33,737)
Other comprehensive income (net of tax)	-	-	-	2,49,928	-	2,49,928
Appropriations towards dividend paid (including corporate tax dividend)	-	-	-	(70,43,956)	-	(70,43,956)
<b>Balance as at 31 March 2020</b>	<b>23,06,48,293</b>	<b>1,33,91,679</b>	<b>82,48,056</b>	<b>42,47,52,691</b>	-	<b>67,70,40,719</b>

The accompanying notes referred above form an integral part of the consolidated Ind AS financial statements

As per our report of even date attached

**For S M S R & Co LLP**  
Chartered Accountants  
Firm Registration No: 110592W/W100094

**Sd/-**  
**U Balakrishna Bhat**  
Partner  
Membership No: 019216

Date : 29 June 2020  
Place : Mumbai

**For and on behalf of the Board of Directors of**  
**Keynote Financial Services Limited**  
CIN: L67120MH1993PLC072407

**Sd/-**  
**Rinku Suchanti**  
Director  
DIN : 00012903

Date : 29 June 2020  
Place : Mumbai

**Sd/-**  
**Uday Patil**  
Director & CFO  
DIN : 00003978

**Sd/-**  
**Sujeet More**  
Company Secretary

## Notes to the consolidated financial statements

### 1. CORPORATE INFORMATION

Keynote Financial Services Limited (*formerly known as "Keynote Corporate Services Limited"*) ("the Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Keynote together with its subsidiaries and trust, is herein after referred to as 'the Group' having its registered office located in Mumbai. Its shares are listed on two stock exchanges in India. i.e., BSE Limited (BSE) & National Stock Exchange of India Limited (NSE).

The Group is engaged in providing services of investment banking, corporate advisory services, ESOP advisory, broking business in commodities and trading in securities.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

These consolidated Ind AS financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act, under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value. These accounting policies have been applied consistently over all the periods presented in these consolidated Ind AS financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to Ind AS.

The consolidated financial statements up to and including the year ended 31 March 2019 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) under the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), the relevant provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI) and other generally accepted accounting principles in India (collectively referred to

as "Indian GAAP" or "Previous GAAP"). Further, where applicable the Group follows prudential norms for income recognition, assets classification and provisioning for Non-performing assets (NPA), as well as contingency provisions for standard assets, prescribed by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFC). The accounting standards are followed to the extent, as they are not inconsistent with the Prudential Norms, prescribed by the RBI.

These consolidated financial statements for the year ended 31 March 2020 are the first financial statements of the Group under Ind AS. Refer Note 58 of the consolidated Ind AS financial statements for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

The transition to Ind AS has been carried out in accordance with Ind AS 101 "First Time Adoption of Indian Accounting Standards". Accordingly, the impact of transition has been recorded in the opening reserves as at 1 April 2018.

#### (b) Presentation of the consolidated financial statements

The Holding Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the format prescribed under Division III of Schedule III to the Companies Act, 2013 on 11 October 2013, the Holding Company presents the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Statement of Changes in Equity in the order of liquidity. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 57 of the consolidated Ind AS financial statements.

Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised

amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- (i) The normal course of business
- (ii) The event of default
- (ii) The event of insolvency or bankruptcy of the Group and/or its counterparties

**(c) Use of estimates and judgements**

The preparation of consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of financial statements and the reported amounts of revenue and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognized in the period in which the Group becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised and future periods. The estimates and judgments that have significant impact on carrying amount of assets and liabilities at each balance sheet date are discussed at Note 2(w) of the consolidated Ind AS financial statements.

**(d) Principles of consolidation**

**Subsidiaries and trust**

The consolidated financial statements has comprised financial statements of the Holding Company and its subsidiaries and trust. The subsidiaries and the trust are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries and the trust are fully consolidated from the date on which control is transferred to the Group.

They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the Holding Company and its subsidiaries & trust line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions within the Group are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of changes in equity and balance sheet respectively. Statement of Profit and Loss including Other Comprehensive Income (OCI) is attributable to the equity holders of the Holding Company and to the non-controlling interest basis the respective ownership interest and such balance is attributed even if this results in controlling interest is having a deficit balance

**Equity method**

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

### **Changes in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the Group ceases to consolidate because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

### **(e) Property, Plant and Equipment**

Property, plant and equipment (PPE) are stated at cost of acquisition less accumulated depreciation and accumulated impairment, (if any). Such cost includes purchase price including import duties and other non-refundable purchase taxes or levies, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use and adjustments arising from exchange rate variations attributable to the assets. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic

benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

Assets costing INR 5,000 or less are fully depreciated in the year of purchase.

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non- financial assets.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the statement of profit and loss when the asset is derecognised.

On transition to Ind AS, the Group has elected to continue with the carrying value for all Property, Plant and Equipment as recognised in its IGAAP financials as deemed cost at the transition date of 1 April, 2018.

### **Depreciation methods, estimated useful lives and residual value**

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013.

Tangible assets	Useful life
Premises	60 years
Furniture and fixtures	10 years
Electrical fittings	10 years
Air conditioners	10 years
Office equipments	5 years
Computers and peripherals	3 years
Vehicles	8 years

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

**(f) Investment Property**

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

On transition to Ind AS, the Group has elected to continue with the carrying value for its investment property as recognised in its previous financials as deemed cost at the transition date of 1 April, 2018.

Depreciation on property (Flat) classified as investment property has been provided on the straight-line method over a period of 60 years based on the Group 's estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Schedule II to the Companies Act 2013.

Though the Group initially measures investment property using cost based measurement. The said is measured subsequently at the fair value which are determined based on an annual evaluation as per Management's best estimates.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is

expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition. The date of disposal of an item of investment property is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

**(g) Intangible assets and amortization**

Intangible assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation and impairment losses, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

On transition to Ind AS, the Group has elected to continue with the carrying value for all intangible assets as recognised in its IGAAP financials as deemed cost at the transition date of 1 April, 2018.

Intangible assets are amortised on a straight-line basis over the estimated useful economic life, which is the Management's estimate of its useful life.

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the statement of profit and loss when the asset is derecognized. The date of disposal of an item of intangible assets is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

**(h) Impairment of non-financial assets**

At each reporting date, the Group assesses whether there is any indication based on internal / external factors, that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount of asset is the higher of its fair value or value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects the current market assessment of time value of money and the risks specific to it. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An Impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the assets carrying amount would have been determined, net of depreciation or amortization, had no impairment loss been recognised.

**(i) Provisions and contingencies**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the each reporting date.

Provisions are determined by discounting the expected future cash flows (representing the

best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for in the consolidated Ind AS financial statements.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**(j) Foreign currency translation**

**Functional and presentation currency**

Items included in financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupees (INR), which is the Group 's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at



fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

**(k) Employee benefits**

**(i) Short-term obligations**

Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered. The Group recognises the costs of bonus payments when it has a present obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

**(ii) Post-employment obligations**

**(I) Defined contribution plans**

**(a) Provident Fund:** The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**(b) Employees' State Insurance:** The Group contributes to Employees State Insurance Scheme and recognises such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

**(II) Defined benefit plans**

**(a) Gratuity:** The Group makes contribution to a Gratuity Fund administered by trustees and managed by LIC. The

Group accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year by an independent actuary using the Projected Unit Credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- (i) The date of the plan amendment or curtailment, and
- (ii) The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- (i) Service costs comprising current and past service costs, gains and losses on curtailments and non-routine settlements; and
- (ii) Net interest expense or income

**(III) Other Long-term employee benefits**

**(a) Compensated absences** - Privilege leave entitlements are recognised as a liability as per the rules of the Group. The liability for accumulated leaves which can be availed and/or encashed at any time during the tenure of employment is recognised using the projected unit credit method at the actuarially determined value by an appointed independent actuary.

The liability for accumulated leaves which is eligible for encashment within the same calendar year is provided for at prevailing salary rate for the entire unavailed leave balance as at the Balance Sheet date.

**(I) Leases**

**(I) Operating lease as lessee** - The Group has adopted Ind AS 116 - "Leases" effective 1 April, 2019, using the "full retrospective method". Further, the Group has applied the standard to its leases with the full impact recognised on the date of initial application.

The Group's lease asset classes primarily consist of leases for office premises. The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) The contract involves the use of an identified asset;
- (ii) The Group has substantially all of the economic benefits from use of the asset through the period of the lease; and
- (iii) The Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made

at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**(II) Operating lease as lessor:** In respect of assets given on operating lease, lease rentals are recognised on a straight-line basis over the term of lease unless;

- (i) Another systematic basis is more representative of the time pattern in which the benefit is derived from leased asset; or
- (ii) The payments to the lessor are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases, in which case the rental are recognised based on contractual term.

**(m) Income tax**

**Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the country where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Minimum Alternate Tax**

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit". The Group reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

**Deferred Tax**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except in respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(n) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(o) Financial instruments**

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All the financial instruments are recognised on the date when the Group becomes party to the contractual provisions of the financial instruments. For tradable securities, the Group recognises the financial instruments on settlement date.

**Initial recognition and measurement:**

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortised cost.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

**Classification and subsequent measurement**

The Group classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost only if both of the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold them to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

The Group has applied Ind AS 109 and classifies its financial assets in the following measurement categories:

- Amortised cost
- Fair value through profit or loss (FVTPL); or
- Fair value through other comprehensive income (FVOCI)

Such financial assets are subsequently measured at amortised cost using the Effective Interest rate method. Financial assets are subsequently measured at

fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal and the interest on the principal outstanding. Any financial instrument, which does not meet the criteria for categorisation as amortised cost or as Fair Value Through Other Comprehensive Income (FVTOCI), is classified as at Fair Value Through P&L (FVTPL). In addition, the Group may elect to classify a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit and loss.

Financial liabilities are classified at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in Statement of Profit or loss.

### **Equity Investments**

The Group accounts for equity investments in subsidiaries at cost less impairment.

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Group has elected to present the value changes in 'Other Comprehensive Income'. However, dividend on such equity investments are recognised in Statement of Profit and loss

when the Group's right to receive payment is established.

### **Derivative financial Instruments**

Derivative financial instruments are classified and measured at fair value through profit and loss.

### **Fair Value Hierarchy**

Some of the Group's assets and liabilities are measured at fair value for financial reporting purpose. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 54 of the consolidated Ind AS financial statements.

### **Impairment of Financial Assets**

The Group applies expected credit loss (ECL) model for measurement and recognition of loss allowance on the following:

- (i) Trade receivables
- (ii) Financial assets measured at amortised cost (other than trade receivables)
- (iii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as ii and iii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is

no longer a significant increase in credit risk since initial recognition, the Group reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Group uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables.

The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

#### **Reclassification of financial assets and liabilities**

The Group does not reclassify its financial assets subsequent to their initial recognition. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in FY 2018-19 and until the year ended 31 March 2020.

#### **Write-offs**

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the

borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries are credited to the statement of profit and loss.

#### **De-recognition of financial instruments**

**(a) Financial asset** - A financial asset or a part thereof is primarily de-recognised when:

- (i) The right to receive contractual cash flows from the asset has expired, or
- (ii) The Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - (a) The Group has transferred substantially all the risks and rewards of the asset, or
  - (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains all or substantially all the risks and rewards of the transferred assets, the transferred assets are not de-recognised. On de-recognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in profit or loss.

**(b) Financial liabilities:** The Group de-recognises a financial liability when its contractual obligations are discharged, cancelled or expired.

#### **Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in

the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

**(p) Stock-in-trade**

Stock-in-trade is valued as lower of cost and net realizable value on an individual category basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of stock-in-trade are determined on weighted average basis.

**(q) Revenue Recognition**

The Group recognises revenue from contracts with customers based on a five-step model asset out in Ind AS 115, Revenue from Contracts with Customers, to determine when to recognize revenue and at what amount. Revenue is measured based on the consideration specified in the contract with a customer. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer,

excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

**(i) Interest income** - Interest income is recognised using the effective interest rate (EIR) method by considering all contractual terms of the financial instrument in estimating the cash flows.

**(ii) Dividend income** - Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

**(iii) Net gain on fair value changes** - Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Group recognises gains/losses on fair value change of financial assets measured as FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL and FVOCI.

**(iv) Sale of services** - Income from services (including other operating revenues) are recognized with reference to achievement of milestones defined in the corresponding engagement or mandate letters entered with counter party which reflects the stage of each performance obligation.

**(v) Brokerage income** - Brokerage income is recognized on trade date basis and

is exclusive of GST and Securities Transaction Tax (STT) wherever applicable, except for brokerage of commodity transactions, which are accounted on transactional / accrual basis depending upon the respective transaction.

**(vi) Investment advisory and transactional processing fees -**

Performance obligations are satisfied over a period of time and advisory and transactional processing fees income is accounted in accordance with the terms of contracts, entered into between the Group and the counter party.

**(vii)** Account maintenance charges are recognized on time basis over the period of the contract.

**(viii) Depository income-** Income from depository services, finance charges on client dues are recognised on the basis of agreements entered into with the clients and when the right to receive the income is established.

**(ix) Contract Balances**

**Trade Receivables** - A receivable represents the Group's right to an amount of consideration that is unconditional.

**Unbilled Revenue** - Unbilled revenue represents value of services performed in accordance with reference to achievement of milestones defined in the corresponding engagement or mandate letters entered with counter party with the contract terms but not billed.

**Contract Liabilities** - A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

**(r) Cash flow statement**

Cash flows are reported using the indirect method, where by profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. For the purpose of the Statement of Cash Flows, cash and cash equivalents as defined above, as they are considered an integral part of cash management of the Group.

**(s) Earnings per share**

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(t) Dividends**

The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as liability on the date of declaration by the Group's Board of Directors and consequently approved by the shareholders.

**(u) Segment information**

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Group to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments



The accounting policies adopted for Segment reporting are in line with the accounting policies of the Group with the following additional policies:

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

Assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the Segment. Assets and liabilities, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

**(v) Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the consolidated financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

**(w) Critical estimates and judgements**

The preparation of consolidated financial

statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgement are:

- (i) Estimated useful life of PPE - refer Note 2(e) and 12
- (ii) Estimation of tax expenses and tax payable - refer Note 2(m) and 52
- (iii) Fair value of financial instruments - refer Note 2(o) and 54
- (iv) Estimation of Defined benefit obligations - refer Note 2(k) and 50
- (v) Probable outcome of matters included under Contingent Liabilities - refer note 2(i) and 40

**Notes forming part of the Consolidated Financial Statements**  
(Currency: Indian Rupees)

	31 March 2020	31 March 2019	1 April 2018
<b>3 CASH AND CASH EQUIVALENTS</b>			
Cash on hand	9,84,750	8,43,754	8,36,984
<b>Balances with banks</b>			
- In current accounts	12,37,36,279	4,05,58,420	4,94,72,140
- In fixed deposits accounts (with maturity of 3 months or less)	11,16,82,416	2,63,31,072	5,26,539
	<b>23,64,03,445</b>	<b>6,77,33,246</b>	<b>5,08,35,663</b>

**Notes:**

- The deposits maintained by the Company & its subsidiaries with banks comprise of time deposits, which can be withdrawn by the Company & its subsidiaries at any point without prior notice or penalty on the principal.
- There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting periods disclosed in the financial statements.

	31 March 2020	31 March 2019	1 April 2018
<b>4 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>			
Fixed deposits with banks (with maturity of more than 3 months)	19,42,71,979	15,75,76,856	14,25,53,798
Earmarked balances with banks towards unpaid dividend accounts	11,03,295	11,64,765	11,98,630
	<b>19,53,75,274</b>	<b>15,87,41,621</b>	<b>14,37,52,428</b>

**Notes:**

- There are no repatriation restrictions with regard to bank balances other than cash and cash equivalents as at the end of the reporting periods disclosed in the financial statements.
- There are no bank deposits and balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments as at the end of the reporting periods disclosed in the financial statements, except for fixed deposits amounting to INR 8,00,00,000 (31 March 2019: INR 8,35,00,000; 1 April 2018: INR 4,00,00,000) pledged against overdraft facility from banks.
- Bank balances include restricted bank balances of INR 11,03,295 (31 March 2019: INR 11,64,765; 1 April 2018: INR 11,98,630) on account of bank balances held as unpaid dividends.

	31 March 2020	31 March 2019	1 April 2018
<b>5 RECEIVABLES</b>			
<b>Trade receivables</b>			
Receivables considered good - unsecured	3,97,35,021	3,78,86,606	6,30,34,384
Receivables - credit impaired	16,11,428	3,08,635	2,86,271
Less : Impairment loss allowance	(16,11,428)	(3,08,635)	(2,86,271)
	<b>3,97,35,021</b>	<b>3,78,86,606</b>	<b>6,30,34,384</b>
<b>Other receivables</b>			
Receivables considered good - unsecured	10,22,027	2,87,452	-
Less : Impairment loss allowance	-	-	-
	<b>10,22,027</b>	<b>2,87,452</b>	<b>-</b>
	<b>4,07,57,048</b>	<b>3,81,74,058</b>	<b>6,30,34,384</b>

**Notes:**

- The Group applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for receivables at an amount equal to lifetime ECLs. The ECLs on receivables are calculated based on actual historic credit loss experience over the preceding three to five years on the total balance of non-credit impaired receivables. The Group considers a receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becoming probable that the client will enter bankruptcy or other financial reorganization. When a receivable is credit impaired, it is written off against receivables and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited to the income statement. Further, the Group has recognised ECL on credit impaired assets only.

- No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

- Trade and other receivables are non-interest bearing and the same is relied upon by the Auditor.

	31 March 2020	31 March 2019	1 April 2018
--	------------------	------------------	-----------------

**(A) Measured at amortised cost / fair value through profit or loss**

**At amortised cost**

Loans repayable on demand	22,25,77,780	18,41,54,261	15,40,99,880
---------------------------	--------------	--------------	--------------

(Refer notes below)

**At fair value through profit or loss**

Loan to employees - considered good	5,90,064	8,52,259	5,28,277
	<b>22,31,67,844</b>	<b>18,50,06,520</b>	<b>15,46,28,157</b>
Less : Impairment loss allowance	-	-	-
	<b>22,31,67,844</b>	<b>18,50,06,520</b>	<b>15,46,28,157</b>

**(B) Secured / Unsecured**

(i) Secured by shares	6,07,11,618	9,81,56,335	8,27,15,949
(ii) Unsecured	16,24,56,226	8,68,50,185	7,19,12,208
	<b>22,31,67,844</b>	<b>18,50,06,520</b>	<b>15,46,28,157</b>
Less : Impairment loss allowance	-	-	-
	<b>22,31,67,844</b>	<b>18,50,06,520</b>	<b>15,46,28,157</b>

**(C) Of the above**

(i) Loans in India			
- Public sector	-	-	-
- Others	22,31,67,844	18,50,06,520	15,46,28,157
	<b>22,31,67,844</b>	<b>18,50,06,520</b>	<b>15,46,28,157</b>
Less : Impairment loss allowance	-	-	-
	<b>22,31,67,844</b>	<b>18,50,06,520</b>	<b>15,46,28,157</b>
(ii) Loans outside India	-	-	-
	<b>22,31,67,844</b>	<b>18,50,06,520</b>	<b>15,46,28,157</b>

**(D) Stage wise breakup of loans**

(i) Low credit risk (Stage 1)	22,31,67,844	18,50,06,520	15,46,28,157
(ii) Significant increase in credit risk (Stage 2)	-	-	-
(iii) Credit impaired (Stage 3)	-	-	-
	<b>22,31,67,844</b>	<b>18,50,06,520</b>	<b>15,46,28,157</b>
Less : Impairment loss allowance	-	-	-
	<b>22,31,67,844</b>	<b>18,50,06,520</b>	<b>15,46,28,157</b>

**Notes:**

- The Holding Company - Keynote Financial Services Limited, had given a secured loan to Bela Properties Private Limited amounting to INR 50,00,000 at the rate of 12% p.a, repayable on demand. Further, the said loan is secured against 2,51,022 equity shares of Credo Brands Marketing Private Limited and a demand promissory note.
- The Holding Company - Keynote Financial Services Limited, had given an unsecured loan to Siddha Real Estate Development Private Limited amounting to INR 1,00,00,000 at the rate of 18% p.a, repayable on demand.
- The Subsidiary Company - Keynote Fincorp Limited had given secured loans to other parties carrying interest rate between 12% to 18% p.a. The said loans were repayable on demand. The said loans were secured against shares of a listed company.
- The Subsidiary Companies - Keynote Capital Limited, Keynote Fincorp Limited and Keynote Commodities Limited have given unsecured loans and advances to various parties at the rate of interest ranging between 8.50% to 18% p.a, repayable on demand. Additionally, the said subsidiaries have also lent interest free loans and advances to various parties, repayable on demand.
- The Group considers the secured / unsecured loans given to other parties as fully recoverable i.e. at Stage 1 category (low credit risk) at the various reporting periods. Accordingly, in line with the Group's accounting policy no impairment provision was created at the end of the aforesaid mentioned reporting periods.

# ANNUAL REPORT 2019-20

## Notes forming part of the Consolidated Financial Statements

(Currency: Indian Rupees)

### 7 INVESTMENTS

Sr. No.	Particulars	No. of Shares / units			Quoted / Unquoted	Face Value	Amount as at		
		31 March 2020	31 March 2019	1 April 2018			31 March 2020	31 March 2019	1 April 2018
<b>(A) Investments measured at amortised cost</b>									
<b>Investments in debt securities</b>									
1	Series II 8% Partly convertible debentures - Netambit Valuefirst Services Private Limited	7,500	-	-	Unquoted	1,000	75,00,000	-	-
<b>Total (A)</b>							<b>75,00,000</b>	<b>-</b>	<b>-</b>
<b>(B) Investments measured at fair value through profit or loss</b>									
<b>(i) Investments in mutual funds</b>									
1	HDFC Liquid Fund Daily Dividend	-	-	559	Unquoted	1,000	-	-	5,69,585
2	HDFC Liquid Fund - Regular Plan - Growth	-	8,634	-	Unquoted	1,000	-	3,16,03,095	-
3	HDFC Ultra Short Term Fund-Direct Plan- Weekly Dividend	149	-	-	Unquoted	10	1,504	-	-
4	Aditya Birla Sun Life Mutual Fund-Cash Plus	-	-	1,33,372	Unquoted	100	-	-	3,71,08,612
5	Aditya Birla Sun Life Overnight Fund	-	1,503	-	Unquoted	100	-	15,41,359	-
6	Aditya Birla Sun Life Mutual Fund-Floating Rate Fund - Short Term Fund	-	-	44,440	Unquoted	100	-	-	1,02,61,432
7	ICICI Prudential Equity Arbitrage Fund	-	29,88,332	-	Unquoted	100	-	4,07,01,078	-
8	Kotak Equity Arbitrage Fund	-	17,66,270	-	Unquoted	10	-	4,07,41,837	-
9	Mahindra Manulife Low Duration Fund - Regular - Growth	-	-	1,07,258	Unquoted	1,000	-	-	11,47,13,769
10	Mahindra Manulife Liquid Fund - Regular - Growth	-	2,844	-	Unquoted	1,000	-	34,32,339	-
11	Nippon India Liquid Fund-Growth Plan-Growth Option (LFIGG)	-	-	2,808	Unquoted	1,000	-	-	1,18,55,370
12	Parag Parikh LTFE-Reg Plan	3,94,631	3,94,631	-	Unquoted	10	82,89,233	98,36,346	-
13	Kotak Mahindra Mutual Fund	4,49,519	-	-	Unquoted	10	1,25,00,000	-	-
14	BNP Paribas Overnight Fund	258	-	-	Unquoted	1,000	2,71,154	-	-
15	ICICI Prudential Money Market Fund	2,735	-	-	Unquoted	100	2,74,292	-	-
16	HDFC Liquid Fund	-	838	-	Unquoted	1,000	-	8,54,803	-
17	ICICI Mutual Fund	10,980	10,980	10,980	Unquoted	10	5,19,091	5,19,091	5,19,091
18	Kotak Liquid Fund- Regular Growth	17,733	-	-	Unquoted	1,000	7,09,39,908	-	-
19	Kotak Liquid Plan - A	-	-	110	Unquoted	1,000	-	-	1,34,113
<b>Total (B - i)</b>							<b>9,27,95,182</b>	<b>12,92,29,948</b>	<b>17,51,61,972</b>
<b>(ii) Rights in financial assets (refer note 4 below)</b>									
<b>Total (B - ii)</b>							<b>1,13,69,780</b>	<b>1,13,69,780</b>	<b>1,13,69,780</b>
<b>Total (B - i) + (B - ii)</b>							<b>1,13,69,780</b>	<b>1,13,69,780</b>	<b>1,13,69,780</b>
<b>(iii) Investments in debt securities</b>									
1	Non convertible debentures - JM Financial Products Limited Tranche III	20,000	-	-	Quoted	1,000	1,96,94,000	-	-
2	12% Non convertible debentures - ECL Finance Limited	10,000	10,000	10,000	Quoted	1,000	1,06,88,324	1,07,32,469	1,10,56,921
<b>Total (B - iii)</b>							<b>3,03,82,324</b>	<b>1,07,32,469</b>	<b>1,10,56,921</b>
<b>(iv) Investments in equity instruments</b>									
1	Godrej Properties Limited	2,500	2,950	2,950	Quoted	5	15,06,875	24,02,333	21,41,405
2	HDFC Bank Limited	1,871	142	725	Quoted	1	16,12,802	3,28,943	13,71,301
3	Kotak Mahindra Bank Limited	316	311	301	Quoted	5	4,09,646	4,15,418	3,15,629
4	Info Edge (India) Limited	350	623	500	Quoted	10	7,12,705	11,48,096	5,83,375
5	GRP Limited	-	-	500	Quoted	10	-	-	5,90,000
6	Shree Cement Limited	17	9	9	Quoted	10	2,98,774	1,67,712	1,45,634
7	Page Industries Limited	19	19	18	Quoted	10	3,21,628	4,73,050	4,08,324
8	Pidilite Industries Limited	334	334	243	Quoted	1	4,53,121	4,14,945	2,23,196
9	P I Industries Limited	486	429	429	Quoted	1	5,68,401	4,42,428	3,80,909
10	Motherson Sumi Systems Limited	-	1,119	1,139	Quoted	1	-	1,67,011	3,55,083

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Consolidated Financial Statements**  
(Currency: Indian Rupees)

Sr. No.	Particulars	No. of Shares / units			Quoted / Unquoted	Face Value	Amount as at		
		31 March 2020	31 March 2019	1 April 2018			31 March 2020	31 March 2019	1 April 2018
11	Indusind Bank Limited	-	288	272	Quoted	10	-	5,13,245	4,88,403
12	Havells India Limited	711	622	741	Quoted	1	3,41,173	4,79,530	3,61,423
13	Eicher Motors Limited	-	15	12	Quoted	10	-	3,08,071	3,40,043
14	Britannia Industries Limited	162	148	85	Quoted	2	4,35,724	4,56,129	4,22,573
15	Bajaj Finance Limited	209	124	271	Quoted	2	4,63,155	3,75,082	4,79,602
16	Bajaj Finserv Limited	68	81	90	Quoted	5	3,12,103	5,69,871	4,66,070
17	City Union Bank Limited	10,043	10,043	9,130	Quoted	1	13,02,074	20,50,781	15,75,838
18	Steelcast Limited	4,500	4,500	4,500	Quoted	5	3,50,775	6,65,775	7,76,250
19	Piramal Enterprises Limited	-	-	147	Quoted	2	-	-	3,58,754
20	Garware Wall Ropes Limited	-	-	373	Quoted	10	-	-	3,43,011
21	Asian Paints Limited	274	257	257	Quoted	1	4,56,676	3,83,418	2,88,020
22	Astral Poly Technik Limited	2,771	2,607	2,727	Quoted	1	25,41,663	30,19,688	24,42,574
23	Sudarshan Chemicals Industries Limited	-	-	760	Quoted	1	-	-	3,33,488
24	Vardhman Textiles Limited	-	-	268	Quoted	10	-	-	3,27,161
25	Cholamandalam Inv & Fin Co Limited	1,497	306	325	Quoted	1	2,28,966	4,42,935	4,71,153
26	Rajratan Global Wire Limited	-	-	1,388	Quoted	10	-	-	7,23,426
27	RBL Bank Limited	-	443	769	Quoted	10	-	3,01,838	3,66,736
28	Vijaya Bank	-	-	24,300	Quoted	10	-	-	12,61,170
29	Ashok Leyland Limited	-	6,600	5,000	Quoted	1	-	6,02,580	7,26,500
30	Bella Casa Fashion & Retail Limited	4,757	4,757	5,000	Quoted	10	4,89,971	6,43,146	9,11,250
31	Bharti Infratel Limited	-	-	1,279	Quoted	10	-	-	4,30,064
32	Faze Three Limited	-	6,618	6,667	Quoted	10	-	3,17,665	4,55,689
33	Insecticides (India) Limited	-	-	444	Quoted	10	-	-	3,05,583
34	M R F Limited	6	6	5	Quoted	10	3,49,450	3,48,338	3,61,504
35	Welspun India Limited	-	-	3,159	Quoted	1	-	-	1,83,064
36	Wim Plast Limited	-	222	222	Quoted	10	-	1,24,686	2,57,231
37	Visaka Industries Limited	-	-	1,100	Quoted	10	-	-	7,14,395
38	Surya Roshni Limited	-	-	2,349	Quoted	10	-	-	8,96,731
39	Sharda Motor Industries Limited	-	-	108	Quoted	10	-	-	2,08,672
40	Max Financial Services Limited	429	-	377	Quoted	10	1,65,336	-	1,71,026
41	Apex Frozen Food Limited	-	-	1,068	Quoted	10	-	-	6,52,495
42	Avanti Feeds Limited	-	-	155	Quoted	10	-	-	3,45,976
43	CESC Ventures Ltd	411	411	-	Quoted	10	48,087	2,56,116	-
44	CESC Ltd	182	-	452	Quoted	10	74,402	-	4,37,378
45	Odisha Cement Ltd (Dalmia Bharat Limited)	108	274	104	Quoted	2	52,812	2,71,219	3,00,076
46	Jindal Stainless Limited	-	-	5,512	Quoted	10	-	-	4,31,865
47	J K Paper Limited	-	1,081	4,353	Quoted	10	-	1,54,474	5,88,743
48	Maharashtra Seamless Limited	-	-	730	Quoted	10	-	-	3,10,506
49	Tejas Networks Limited	-	-	1,616	Quoted	10	-	-	5,90,486
50	Thirumalai Chemicals Limited	-	-	176	Quoted	10	-	-	3,00,555
51	V2 Retail Limited	-	-	808	Quoted	10	-	-	3,37,300
52	Astec Lifesciences Limited	-	531	551	Quoted	10	-	2,85,996	3,20,517
53	Minda Industries Limited	515	651	122	Quoted	2	1,23,110	2,12,649	1,31,315
54	The New India Assurance Company Limited	-	-	510	Quoted	5	-	-	3,60,315
55	Technocraft Industries (India) Limited	-	568	936	Quoted	10	-	3,19,613	4,60,044
56	Sunflag Iron & Steel Co Limited	-	-	4,200	Quoted	10	-	-	3,16,050
57	Reliance Industries Limited	-	222	621	Quoted	10	-	3,02,597	5,48,219
58	NMDC Limited	-	-	6,000	Quoted	1	-	-	7,11,900
59	Hi-Tech Pipes Limited	-	-	2,500	Quoted	10	-	-	8,99,875
60	IDEA Cellular Limited	-	-	7,550	Quoted	10	-	-	5,71,913

# ANNUAL REPORT 2019-20

## Notes forming part of the Consolidated Financial Statements

(Currency: Indian Rupees)

Sr. No.	Particulars	No. of Shares / units			Quoted / Unquoted	Face Value	Amount as at		
		31 March 2020	31 March 2019	1 April 2018			31 March 2020	31 March 2019	1 April 2018
61	Divi's Laboratories Limited	232	187	132	Quoted	2	4,61,112	3,18,499	1,43,814
62	Saregama India Limited	-	491	716	Quoted	10	-	2,90,794	4,70,985
63	Titan Company Limited	-	269	457	Quoted	1	-	3,05,988	4,30,128
64	Weizmann Forex Limited	-	-	329	Quoted	10	-	-	3,48,230
65	Welspun Enterprises Limited	-	-	2,909	Quoted	10	-	-	4,11,042
66	Action Construction Equipment Limited	-	-	1,976	Quoted	10	-	-	3,30,881
67	Hikal Ltd	-	2,049	-	Quoted	2	-	3,58,472	-
68	HIL Ltd	-	131	-	Quoted	10	-	2,42,199	-
69	Larsen & Toubro Ltd	303	500	-	Quoted	2	2,44,475	6,92,025	-
70	Mahindra & Mahindra Financial Services Ltd	-	779	-	Quoted	10	-	3,27,920	-
71	Multi Commodity Exchange of India Ltd	-	569	-	Quoted	10	-	4,59,041	-
72	Orbit Exports Ltd	2,116	3,452	-	Quoted	10	1,29,182	3,53,830	-
73	TCI Express Ltd	-	626	-	Quoted	2	-	4,59,641	-
74	Bajaj Electricals Ltd	-	1,250	-	Quoted	2	-	6,98,563	-
75	Garware Technical Fibres Ltd	-	125	-	Quoted	10	-	1,41,487	-
76	ICICI Lombard General Insurance Company Ltd	821	401	-	Quoted	10	8,83,971	4,14,173	-
77	Interglobe Aviation Ltd	-	176	-	Quoted	10	-	2,51,170	-
78	Mahindra Holidays & Resorts (I) Ltd	-	1,513	-	Quoted	10	-	3,63,196	-
79	Matrimony.Com Ltd	-	242	-	Quoted	5	-	1,57,893	-
80	Precision Wires India Ltd	1,056	676	-	Quoted	10	70,435	1,35,436	-
81	Relaxo Footwears Ltd	-	392	-	Quoted	1	-	3,03,781	-
82	Thermax Ltd	800	650	-	Quoted	2	5,91,600	6,31,963	-
83	Vinati Organics Ltd	-	241	-	Quoted	2	-	3,96,180	-
84	Bajaj Finance Ltd	-	183	-	Quoted	2	-	5,53,547	-
85	Bank of Baroda	-	9,425	-	Quoted	2	-	12,13,940	-
86	ICICI Bank Ltd	2,629	1,604	-	Quoted	2	8,53,110	6,39,756	-
87	ICICI Securities Limited	-	1,128	-	Quoted	5	-	2,73,540	-
88	PSP Projects Ltd	1,450	1,150	-	Quoted	10	4,66,465	5,28,943	-
89	Punjab National Bank	-	5,045	-	Quoted	2	-	4,81,293	-
90	Sanghvi Brands Ltd	3,000	3,000	-	Quoted	10	15,720	1,05,000	-
91	State Bank of India	6,389	1,175	-	Quoted	1	12,58,313	3,76,940	-
92	Thyrocare Technologies Ltd	-	642	-	Quoted	10	-	3,40,581	-
93	Yes Bank Ltd	-	776	-	Quoted	2	-	2,13,439	-
94	Westlife Development Ltd	2,057	672	-	Quoted	2	6,58,651	2,88,086	-
95	Radico Khaitan Ltd	-	663	-	Quoted	2	-	2,62,051	-
96	Power Finance Corporation Ltd	-	3,585	-	Quoted	10	-	4,40,955	-
97	Jubilant Foodworks Ltd	324	298	-	Quoted	10	4,76,361	4,29,984	-
98	Development Credit Bank Ltd	-	1,435	-	Quoted	10	-	2,93,242	-
99	Dabur India Ltd	1,038	506	-	Quoted	10	4,67,359	2,06,979	-
100	NTPC Ltd	-	2,500	-	Quoted	10	-	3,38,375	-
101	Axis Bank Ltd	152	-	-	Quoted	2	57,654	-	-
102	Bajaj Consumer Care Ltd	792	-	-	Quoted	1	1,05,217	-	-
103	Coffee Day Enterprises Ltd	3,498	-	-	Quoted	10	80,804	-	-
104	Care Ratings Ltd	186	-	-	Quoted	10	61,296	-	-
105	Equitas Holdings Ltd	919	-	-	Quoted	10	39,149	-	-
106	Fortis Healthcare Ltd	3,425	-	-	Quoted	10	4,31,721	-	-
107	Goldiam International Ltd	1,132	-	-	Quoted	10	1,00,069	-	-
108	Great Eastern Shipping Co.Ltd	681	-	-	Quoted	10	1,41,070	-	-
109	IIFL Holdings Ltd	2,898	-	-	Quoted	2	2,15,611	-	-

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Consolidated Financial Statements**  
(Currency: Indian Rupees)

Sr. No.	Particulars	No. of Shares / units			Quoted / Unquoted	Face Value	Amount as at		
		31 March 2020	31 March 2019	1 April 2018			31 March 2020	31 March 2019	1 April 2018
110	Kalpataru Power Transmission Ltd	290	-	-	Quoted	2	52,635	-	-
111	Maruti Suzuki India Ltd	9	-	-	Quoted	5	38,590	-	-
112	Navneet Education Ltd	917	-	-	Quoted	2	56,808	-	-
113	Nucleus Software Exports Ltd	1,542	-	-	Quoted	10	2,73,011	-	-
114	Polycab India Ltd	93	-	-	Quoted	10	68,997	-	-
115	Sundaram Fasteners Ltd	70	-	-	Quoted	1	20,394	-	-
116	Tata Motors Ltd	1,900	-	-	Quoted	2	1,34,995	-	-
117	Thomas Cook India Ltd	3,945	-	-	Quoted	1	95,271	-	-
118	Titan Company Ltd	274	-	-	Quoted	1	2,55,779	-	-
119	Varun Beverages Ltd	169	-	-	Quoted	10	89,663	-	-
120	Zee Entertainment Enterprises Ltd	81	-	-	Quoted	1	10,044	-	-
121	Worth Peripherals Ltd	3,000	-	-	Quoted	10	1,23,000	-	-
122	Quess Corp Ltd	330	-	-	Quoted	10	69,811	-	-
123	Metropolis Healthcare Ltd	220	-	-	Quoted	2	2,82,975	-	-
124	India Bulls Real Estates Ltd	2,410	-	-	Quoted	2	98,328	-	-
125	Indiamart Intermesh Ltd	155	-	-	Quoted	10	3,00,065	-	-
126	Housing Development Finance Corporation Ltd	50	-	-	Quoted	2	81,522	-	-
127	Grasim Industries Limited	125	-	-	Quoted	2	59,425	-	-
128	Grauer &Well (India) Ltd	17,500	-	-	Quoted	1	5,92,375	-	-
129	Gateway Distriparks Ltd	2,444	-	-	Quoted	10	2,31,447	-	-
130	Avenue Supermarts Ltd	212	-	-	Quoted	10	4,66,548	-	-
131	Abbott India Ltd	65	-	-	Quoted	10	10,04,607	-	-
132	Hemisphere Properties India Ltd	200	-	-	Quoted	10	46,640	-	-
133	IIFL Securities Ltd	707	-	-	Quoted	2	21,952	-	-
134	United Spirits Ltd	423	-	-	Quoted	2	2,05,176	-	-
135	Poly Medicare Ltd	974	-	-	Quoted	5	2,29,475	-	-
136	ISGEC Heavy Engineering Ltd	129	-	-	Quoted	1	32,940	-	-
137	J B Chemicals & Pharmaceuticals Ltd	815	-	-	Quoted	2	4,14,305	-	-
138	Infosys Limited	271	-	-	Quoted	5	1,73,522	-	-
139	Honeywell Automation India Ltd	20	-	-	Quoted	10	5,19,016	-	-
140	Heritage Foods (India) Ltd	584	-	-	Quoted	5	1,24,480	-	-
141	Hexaware Technologies Ltd	368	-	-	Quoted	2	83,224	-	-
142	DFM Foods Ltd	1,235	-	-	Quoted	2	2,17,113	-	-
143	Bharti Airtel Ltd	189	-	-	Quoted	5	83,274	-	-
144	Zensar Technologies Ltd	3,344	-	-	Quoted	2	2,89,256	-	-
145	Tech Mahindra Ltd	107	-	-	Quoted	5	60,449	-	-
146	Raymond Ltd	1,148	-	-	Quoted	10	2,56,004	-	-
147	Prince Pipes & Fittings Ltd	1,190	-	-	Quoted	10	1,21,677	-	-
148	Piramal Enterprises Ltd	400	-	-	Quoted	2	3,75,520	-	-
149	Nippon India ETF Nifty Bees	6,878	-	-	Quoted	1	6,30,918	-	-
150	Mahanagar Gas Limited	100	-	-	Quoted	10	81,795	-	-
151	ITC Ltd	726	-	-	Quoted	1	1,24,872	-	-
152	Hindustan Unilever Ltd	73	-	-	Quoted	1	1,67,765	-	-
153	Forbes and Company Ltd	400	-	-	Quoted	10	3,07,640	-	-
154	Engineers India Ltd	3,156	-	-	Quoted	5	1,89,518	-	-
155	Delta Corp Ltd	668	-	-	Quoted	1	43,754	-	-
156	Bandhan Bank Limited	318	-	-	Quoted	10	64,760	-	-
157	A U Small Finance Bank Ltd	330	-	-	Quoted	10	1,67,920	-	-
158	Aditya Birla Capital Ltd	2,429	-	-	Quoted	10	1,02,504	-	-
159	Alkem Laboratories Ltd	228	-	-	Quoted	2	5,30,978	-	-

# ANNUAL REPORT 2019-20

## Notes forming part of the Consolidated Financial Statements (Currency: Indian Rupees)

Sr. No.	Particulars	No. of Shares / units			Quoted / Unquoted	Face Value	Amount as at		
		31 March 2020	31 March 2019	1 April 2018			31 March 2020	31 March 2019	1 April 2018
160	Voltas Ltd	231	-	-	Quoted	1	1,10,614	-	-
161	Control Print Limited	874	1,627	1,627	Quoted	10	1,69,337	4,33,189	6,96,356
162	Navin Fluorine Ltd	10	10	10	Quoted	2	12,247	7,112	7,709
163	Kisan Mouldings Ltd	1,27,000	1,27,000	1,27,000	Quoted	10	9,14,400	57,65,800	1,94,88,150
164	Medicamen Biotech Ltd	18,500	18,500	18,500	Quoted	10	33,42,950	89,70,650	1,10,25,075
165	Catholic Syrian Bank	25,000	-	-	Quoted	10	29,62,500	-	-
166	Shivalik Rasayan Ltd	1,30,339	1,33,600	35,000	Quoted	5	2,88,04,919	3,60,58,640	2,39,06,750
167	SRH Life Styles Pvt. Ltd.	2,097	-	-	Unquoted	10	47,37,188	-	-
168	5 Paisa cap Ltd	-	4	4	Quoted	10	-	952	1,320
169	Ashapura Minechem Ltd	10,000	-	-	Quoted	2	2,04,500	-	-
170	Aegis Logistics Ltd	1,777	1,777	1,777	Quoted	1	2,47,536	3,60,642	4,59,976
171	Affordable Robotics Limited	1,600	1,600	-	Quoted	10	36,320	1,75,520	-
172	AIA Engineering Ltd	309	303	-	Quoted	2	4,27,069	5,42,353	-
173	Alkem Laboratory Ltd	178	178	178	Quoted	2	4,14,535	3,11,820	3,51,906
174	APL Apollo Tubes Ltd	-	450	450	Quoted	10	-	3,00,897	8,97,548
175	Ashapura Minechem Ltd	-	25,000	-	Quoted	2	-	7,05,000	-
176	Ashok Leyland Limited	-	6,309	-	Quoted	1	-	5,76,012	-
177	Aptech Ltd	3,320	3,320	3,320	Quoted	10	2,88,001	5,86,312	8,57,058
178	Arvind Ltd	-	-	1,670	Quoted	10	-	-	6,42,449
179	AU Small Finance Bank Ltd	272	288	331	Quoted	2	1,38,407	68,558	2,04,541
180	Auribindo Pharma Ltd	1,034	542	-	Quoted	1	4,27,094	4,26,012	-
181	Bajaj Finance Ltd	56	136	364	Quoted	2	1,24,099	4,11,380	6,44,189
182	Bayer Crop Science Ltd	45	45	45	Quoted	10	1,55,644	1,97,298	1,89,135
183	Bharat Forge Ltd	478	478	478	Quoted	2	1,11,900	2,44,545	3,34,672
184	Bharti Airtel Ltd	810	-	-	Quoted	5	3,56,886	-	-
185	Birla Corporation Ltd	291	291	291	Quoted	10	1,21,347	1,52,790	2,07,556
186	Blue Star Ltd	177	180	180	Quoted	2	81,535	1,22,076	1,35,720
187	Bosch Ltd	20	20	20	Quoted	10	1,88,195	3,63,311	3,62,733
188	Canfin Homes Ltd	350	350	350	Quoted	2	97,615	1,21,993	1,69,768
189	CESC LTD	-	-	627	Quoted	10	-	-	6,06,717
190	Chambal Fertilizers Ltd	3,816	3,076	-	Quoted	10	4,12,510	5,12,154	-
191	City Union Bank Ltd	1,913	2,325	2,535	Quoted	1	2,48,020	4,74,765	4,37,541
192	Cochin Shipyard Ltd	12,489	12,489	-	Quoted	10	33,00,218	49,20,042	-
193	Colgate Palmolive Ltd	170	170	170	Quoted	1	2,13,002	2,13,937	1,79,809
194	Container Corp. Ltd	442	442	442	Quoted	10	1,46,501	2,31,895	4,40,305
195	Coromandel International Ltd.	2,075	2,075	2,075	Quoted	1	11,28,593	10,36,048	10,86,885
196	Cummins India Ltd	285	285	285	Quoted	2	92,768	2,12,339	1,99,828
197	DCB Bank Ltd	1,372	1,440	1,560	Quoted	10	1,30,340	2,94,264	2,51,784
198	Dhanuka Agri Tech Ltd	117	117	117	Quoted	2	37,861	45,969	64,724
199	Dishman Pharmaceuticals Ltd	-	439	367	Quoted	2	-	91,926	1,17,660
200	Dr. Lal Path Laboratories Ltd	98	107	112	Quoted	10	1,37,337	1,12,832	97,972
201	Eicher Motors Ltd	19	19	19	Quoted	10	2,48,657	3,90,224	5,38,402
202	Emami Ltd	514	514	1,224	Quoted	1	87,380	2,05,600	6,61,203
203	Engineers India Ltd	710	710	-	Quoted	5	42,636	83,070	-
204	Entertainment Network India Ltd	-	-	965	Quoted	10	-	-	7,14,438
205	Escorts India Ltd	975	975	975	Quoted	10	6,46,376	7,76,929	7,97,891
206	Federal Bank Ltd	2,225	2,225	2,225	Quoted	2	91,336	2,14,490	1,98,804
207	Gabriel Inida Ltd	1,150	1,150	1,150	Quoted	1	61,525	1,66,980	1,57,378
208	Glaxosmithkline Ltd	34	34	33	Quoted	10	3,39,765	2,45,228	2,01,138
209	Godrej Industries Ltd	601	601	601	Quoted	1	1,70,384	3,22,166	3,29,288

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Consolidated Financial Statements**  
(Currency: Indian Rupees)

Sr. No.	Particulars	No. of Shares / units			Quoted / Unquoted	Face Value	Amount as at		
		31 March 2020	31 March 2019	1 April 2018			31 March 2020	31 March 2019	1 April 2018
210	Grathite India Ltd	-	-	2,335	Quoted	2	-	-	16,96,261
211	Greaves Cotton Ltd	2,684	2,339	-	Quoted	2	1,86,940	3,26,641	-
212	Gujarat Fluorochemicals Ltd	-	600	600	Quoted	10	-	6,62,820	4,68,360
213	Hindustan Petroleum Ltd	880	880	880	Quoted	10	1,67,332	2,49,480	3,02,852
214	Hudco Ltd	1,03,334	1,03,334	-	Quoted	10	20,61,514	46,44,863	-
215	India Bulls Housing Finance Ltd	20,400	-	-	Quoted	2	19,69,620	-	-
216	ICICI Bank Ltd	1,049	317	-	Quoted	2	3,40,401	1,26,435	-
217	ICICI Securities Limited	90	-	-	Quoted	5	24,939	-	-
218	IIFL Holdings Ltd	119	119	119	Quoted	10	8,854	51,450	83,722
219	IIFL Securities Ltd	119	-	-	Quoted	2	3,695	-	-
220	Indiamart Intermesh Ltd	103	-	-	Quoted	10	1,99,398	-	-
221	Indian Energy Exchange Ltd	3,718	3,860	386	Quoted	10	4,75,532	6,34,584	6,08,529
222	IDFC Ltd	10	10	10	Quoted	10	149	464	487
223	IDFC Bank Ltd	10	10	10	Quoted	10	211	552	474
224	Ipca Laboratories Ltd	292	292	292	Quoted	2	4,05,325	2,86,919	1,91,231
225	ITD Cementation Ltd	600	600	600	Quoted	1	17,790	78,930	93,870
226	J & K Bank Ltd	1,210	1,210	1,210	Quoted	1	15,004	65,038	73,145
227	Jindal Steel & Power Limited	2,885	-	-	Quoted	1	2,37,147	-	-
228	JSW Energy Ltd	8,897	7,892	-	Quoted	10	3,79,012	5,72,959	-
229	KSB Pumps Ltd	476	476	-	Quoted	10	2,01,919	3,27,393	-
230	Jagran Prakashan Ltd	-	-	2,813	Quoted	2	-	-	4,82,008
231	Kajaria Ceramics Ltd	240	240	240	Quoted	1	90,372	1,41,768	1,36,092
232	Kaveri Seeds Ltd	1,339	1,404	1,429	Quoted	2	4,56,331	6,44,647	6,92,851
233	KEI Industries Ltd	1,175	1,315	-	Quoted	2	3,14,606	5,59,664	-
234	Kotak Mahindra Bank Ltd	692	739	799	Quoted	5	8,97,074	9,87,119	8,43,823
235	L & T Technologies Ltd	243	243	243	Quoted	10	2,82,463	3,81,777	3,01,223
236	LKP Securities Ltd	1,750	-	-	Quoted	2	6,335	-	-
237	Lakshmi Vilas Bank Ltd	-	1,063	1,063	Quoted	2	-	74,942	1,04,334
238	Linde India Ltd	-	-	531	Quoted	10	-	-	2,34,251
239	Mahanagar Gas Ltd	154	159	159	Quoted	10	1,25,964	1,61,223	1,53,085
240	Max Financial Services Ltd	768	768	768	Quoted	2	2,95,987	3,33,926	3,48,403
241	Nagarjuna Const Co Ltd	5,663	5,663	-	Quoted	2	1,06,464	6,37,654	-
242	Mphasis Ltd	-	-	481	Quoted	10	-	-	4,05,820
243	Mitcon Consultancy Ltd	1,02,000	1,02,000	1,02,000	Quoted	10	40,64,700	51,00,000	52,47,900
244	O K Play Ltd	71,189	71,189	71,189	Quoted	10	14,09,542	29,82,819	53,10,699
245	Page Industries Ltd	32	32	32	Quoted	10	5,41,690	7,96,715	7,25,909
246	Perfect Infraengineers Ltd	66,000	66,000	1,80,000	Quoted	10	8,25,000	8,74,500	37,35,000
247	Petronet LNG Limited	1,779	-	-	Quoted	10	3,55,533	-	-
248	Powermech Projects Ltd	1,000	1,000	1,000	Quoted	10	3,36,100	9,20,100	8,46,100
249	Qess Corp. Ltd	152	152	250	Quoted	10	32,156	1,13,764	2,57,188
250	Radico Khaitan Ltd	1,282	1,143	-	Quoted	2	3,42,486	4,51,771	-
251	Ramkrishna Forging Ltd	813	813	-	Quoted	10	1,23,576	4,25,158	-
252	S H Kelkar Ltd	215	325	-	Quoted	10	16,684	49,871	-
253	SRF Ltd	162	250	-	Quoted	10	4,50,247	6,01,025	-
254	Sarveshwar Foods Ltd	3,15,200	2,97,600	2,35,200	Quoted	10	32,30,800	1,07,88,000	1,39,00,320
255	Shakti Pumps Ltd	62	1,099	1,099	Quoted	10	7,322	4,35,589	6,00,658
256	Shankara Building Products Ltd	-	-	263	Quoted	10	-	-	4,57,567
257	Sun TV Network Ltd	-	-	713	Quoted	10	-	-	6,03,661
258	Suprajit Engery Ltd	224	224	224	Quoted	10	24,819	54,600	62,630
259	Syngene International Ltd	914	914	-	Quoted	10	2,20,777	5,37,386	-



# ANNUAL REPORT 2019-20

## Notes forming part of the Consolidated Financial Statements (Currency: Indian Rupees)

Sr. No.	Particulars	No. of Shares / units			Quoted / Unquoted	Face Value	Amount as at		
		31 March 2020	31 March 2019	1 April 2018			31 March 2020	31 March 2019	1 April 2018
260	Shree Pushkar Chemicals Ltd	4,650	4,650	4,650	Quoted	10	3,43,635	7,65,158	9,43,253
261	Siddha Real Estates Ltd	-	4,90,000	4,90,000	Quoted	10	-	2,10,700	2,10,700
262	Steel City Securities Ltd.	1,58,000	1,58,000	1,58,000	Quoted	10	28,36,100	93,61,500	1,30,82,400
263	Tata Power Ltd	-	4,313	-	Quoted	1	-	3,18,299	-
264	TTK Prestige Ltd	28	28	24	Quoted	10	1,37,150	2,43,489	1,48,577
265	Tech Mahindra Ltd	363	381	-	Quoted	1	2,05,077	2,95,732	-
266	UPL Ltd	5,400	-	-	Quoted	2	17,62,560	-	-
267	United Spirits Ltd	-	-	1,170	Quoted	10	-	-	36,57,128
268	Va Tech wabag Ltd	1,780	1,780	-	Quoted	2	1,47,295	5,90,337	-
269	VIP Industries Ltd	100	82	-	Quoted	2	24,005	39,860	-
270	V Mart Ltd	9	9	-	Quoted	10	12,713	24,256	-
271	Voltas Ltd	1,372	1,372	1,372	Quoted	1	6,56,982	8,64,977	8,51,463
272	Zensar Technologies Ltd	-	-	360	Quoted	10	-	-	3,24,270
273	Zuari Agro Chemicals Ltd	-	-	496	Quoted	10	-	-	2,38,353
274	ABB Ltd	-	-	444	Quoted	2	-	-	5,71,250
275	S.H. Kelkar & Company Ltd	-	50,000	50,000	Quoted	10	-	76,72,500	1,29,22,500
276	Scana point Geomatics Limited	400	400	400	Quoted	2	7,220	12,260	7,180
277	Mitcon Consultancy & Engineering Services Limited	40,000	40,000	40,000	Quoted	10	15,94,000	20,00,000	20,58,000
278	Dugar Finance Limited	700	700	700	Unquoted	10	2,870	2,870	2,870
279	Dugar Housing Limited	800	800	800	Unquoted	10	9,520	9,520	9,520
280	Stella Exports Limited	10,000	10,000	10,000	Unquoted	3	30,000	30,000	30,000
							<b>11,25,32,495</b>	<b>15,96,32,004</b>	<b>17,64,03,163</b>
	Less: Impairment loss allowance						(42,390)	-	-
	<b>Total (B - iv)</b>						<b>11,24,90,105</b>	<b>15,96,32,004</b>	<b>17,64,03,163</b>
(v)	<b>Investments in alternate investment funds</b>								
1	IIFL Special Opportunities Fund - Series 5	10,29,531	10,29,531	5,14,946	Unquoted	10	84,22,489	99,48,872	50,53,324
2	Carpediem Capital Partners Fund - I	950	830	650	Unquoted	10,000	1,69,09,704	1,53,25,525	1,12,29,250
	<b>Total (B - v)</b>						<b>2,53,32,193</b>	<b>2,52,74,397</b>	<b>1,62,82,574</b>
	<b>Total (B = i+ii+iii+iv+v)</b>						<b>27,23,69,584</b>	<b>33,62,38,598</b>	<b>39,02,74,410</b>
	<b>Grand total (A+B)</b>						<b>27,98,69,584</b>	<b>33,62,38,598</b>	<b>39,02,74,410</b>
	<b>Notes:</b>								
1	<b>Of the above</b>								
	Investment in India						27,99,11,974	33,62,38,598	39,02,74,410
	Investment outside India						-	-	-
							<b>27,99,11,974</b>	<b>33,62,38,598</b>	<b>39,02,74,410</b>
	Less: Impairment loss allowance						(42,390)	-	-
							<b>27,98,69,584</b>	<b>33,62,38,598</b>	<b>39,02,74,410</b>
2	<b>Aggregate value of quoted/unquoted investments</b>								
	Aggregate fair value of quoted investments						13,81,35,240	17,03,22,082	18,74,17,691
	Aggregate value of unquoted investments						14,17,76,734	16,59,16,516	20,28,56,719
							<b>27,99,11,974</b>	<b>33,62,38,598</b>	<b>39,02,74,410</b>
	Less: Impairment loss allowance						(42,390)	-	-
							<b>27,98,69,584</b>	<b>33,62,38,598</b>	<b>39,02,74,410</b>
3	The Company measures its equity investments at amortised cost / FVTPL, considering the investments are held for trading purposes only.								
4	The rights in financial assets are secured against hypothecation of immovable property.								

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Consolidated Financial Statements**  
(Currency: Indian Rupees)

8 OTHER FINANCIAL ASSETS (Unsecured, considered good)	31 March 2020	31 March 2019	1 April 2018
<b>At amortised cost</b>			
Interest accrued on			
- Loans	2,023,567	31,43,180	1,79,181
- Investment in debt securities	9,20,822	7,82,467	7,82,467
Security deposits			
- Deposits with exchanges	1,44,50,000	6,39,20,000	6,21,60,000
- Deposits for rental premises	1,00,50,000	1,00,50,000	1,04,50,000
- Deposits with corporates and other parties	10,92,736	11,76,630	61,05,736
- Deposits with statutory authorities	28,770	28,770	10,770
Unbilled revenue	15,50,000	3,00,000	5,00,000
<b>At fair value through profit or loss</b>			
Security deposits for rental premises	81,978	73,172	-
	<b>3,01,97,873</b>	<b>7,94,74,219</b>	<b>8,01,88,154</b>

**Notes:**

- Impairment loss allowance recognised on other financial assets is NIL (P.Y NIL).
- Other financial assets includes receivable from related parties - NIL (P.Y INR 5,63,998) (refer note 51(iii)).

9 INVENTORIES	31 March 2020	31 March 2019	1 April 2018
---------------	------------------	------------------	-----------------

**At fair value through profit or loss**

**(A) Equity instruments - Quoted**

46,905 equity shares (31 March 2019: 46,905 equity shares; 1 April 2018: 1,50,239 equity shares ) of HUDCO Limited of face value of INR 10 each	9,35,755	21,08,380	93,12,187
NIL equity shares (31 March 2019: NIL equity shares; 1 April 2018: 12,489 equity shares ) of Cochin Shipyard Limited of face value of INR 10 each	-	-	53,95,248
NIL equity shares (31 March 2019: NIL equity shares; 1 April 2018: 11,244 equity shares ) of MAS Financial Services Limited of face value of INR 10 each	-	-	51,60,996

**(B) Call options**

IDBI CE 25 APRIL 2019	-	4,00,000	-
	<b>9,35,755</b>	<b>25,08,380</b>	<b>1,98,68,431</b>

**Notes:**

1. Particulars	31 March 2020	31 March 2019	1 April 2018
----------------	------------------	------------------	-----------------

Aggregate value of quoted inventories	9,35,755	21,08,380	1,98,68,431
---------------------------------------	----------	-----------	-------------

**2. Details of outstanding contracts is as follows:**

Name of option	31 March 2020	31 March 2019	1 April 2018
Call option	-	2	-
Put option	-	-	-

10 CURRENT TAX ASSETS (NET)	31 March 2020	31 March 2019	1 April 2018
-----------------------------	------------------	------------------	-----------------

Advance tax and tax deducted at source (Net of provision for tax: INR 2,00,31,272; 31 March 2019: INR 2,06,36,365; 1 April 2018: INR 2,41,26,311)	61,41,023	2,24,89,108	79,47,867
	<b>61,41,023</b>	<b>2,24,89,108</b>	<b>79,47,867</b>

11 INVESTMENT PROPERTY	31 March 2020	31 March 2019	1 April 2018
<b>Property (flat)</b>			
<b>Gross carrying amount</b>			
Balance at the beginning of the year	3,93,775	3,93,775	3,93,775
Additions during the year	-	-	-
Disposals during the year	-	-	-
<b>Balance at the end of the year</b>	<b>3,93,775</b>	<b>3,93,775</b>	<b>3,93,775</b>
<b>Accumulated depreciation</b>			
Balance at the beginning of the year	8,359	-	-
Depreciation during the year	11,208	8,359	-
Disposals / adjustments during the year	2,842	-	-
<b>Balance at the end of the year</b>	<b>22,409</b>	<b>8,359</b>	<b>-</b>
<b>Net carrying amount</b>	<b>3,71,366</b>	<b>3,85,416</b>	<b>3,93,775</b>

**Notes:**

- The Group has elected to continue with the carrying value for all of its property as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April 2018, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The carrying value as at 1 April 2018 amounting to INR 3,93,775 of Investment Property represents gross cost of INR 7,00,000 net of accumulated depreciation of INR 3,06,225 as at 31 March 2018.

**2. Income earned and expense incurred in connection with investment property**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Rental income derived from investment property	8,61,977	8,61,977
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income	(27,948)	(27,948)
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income	-	-
Income arising from investment property before depreciation	<b>8,34,029</b>	<b>8,34,029</b>
Depreciation	(11,208)	(8,359)
Income arising from investment property (net)	<b>8,22,821</b>	<b>8,25,670</b>

**3. Contractual obligations**

There are no contractual obligations (31 March 2019 : NIL; 1 April 2018 : NIL) to purchase, construct or develop investment property.

**4. Leasing arrangements**

The Holding Company - Keynote Financial Services Limited has given a commercial property on non-cancellable operating lease. The corresponding lease agreement provides for an option to renew the lease period at the end of non-cancellable period to lessor. The initial tenure of the lease is 60 months. There are no exceptional / restrictive covenants in the lease agreement.

5. Fair value	31 March 2020	31 March 2019	1 April 2018
Investment property	1,41,97,004	1,41,97,004	1,41,97,004

**Estimation of fair value**

The fair valuation of the investment property was based upon management's best estimates instead of independent valuation. The best evidence of fair value is current prices in an active market for similar properties taking into consideration various factors such as location, facilities & amenities, quality of construction, residual life of building, business potential, supply & demand, local nearby enquiry, market feedback of investigation, ready reckoner published by government, etc. The fair value measurement is categorised in level 2 fair value hierarchy. Further, the fair valuation of the investment property was not determined by an independent valuer as required under Ind AS 40 and were completely based upon management's best estimates.

**6. Reconciliation of fair value**

Particulars	Property (flat)
<b>Balance as at 1 April 2018</b>	<b>1,41,97,004</b>
Fair value differences	-
<b>Balance as at 31 March 2019</b>	<b>1,41,97,004</b>
Fair value differences	-
<b>Balance as at 31 March 2020</b>	<b>1,41,97,004</b>

# ANNUAL REPORT 2019-20

## Notes forming part of the Consolidated Financial Statements

(Currency: Indian Rupees)

### 12 PROPERTY, PLANT & EQUIPMENT

Tangible assets	Premises	Vehicles	Furniture and Fittings	Air Conditioners	Office Equipments	Computers and Peripherals	Electrical fittings	Total
<b>Gross block</b>								
Balance as at 1 April 2018	16,06,09,066	73,11,644	74,81,669	5,75,697	1,46,709	14,21,421	6,42,421	17,81,88,627
Additions during the year	-	95,39,055	-	-	2,474	1,12,840	-	96,54,369
Disposals / adjustments during the year	-	(22,21,545)	-	-	-	(1,46,358)	-	(23,67,903)
<b>Balance as at 31 March 2019</b>	<b>16,06,09,066</b>	<b>1,46,29,154</b>	<b>74,81,669</b>	<b>5,75,697</b>	<b>1,49,183</b>	<b>13,87,903</b>	<b>6,42,421</b>	<b>18,54,75,093</b>
Balance as at 1 April 2019	16,06,09,066	1,46,29,154	74,81,669	5,75,697	1,49,183	13,87,903	6,42,421	18,54,75,093
Additions during the year	-	-	-	-	61,766	88,034	-	1,49,800
Disposals / adjustments during the year	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>16,06,09,066</b>	<b>1,46,29,154</b>	<b>74,81,669</b>	<b>5,75,697</b>	<b>2,10,949</b>	<b>14,75,937</b>	<b>6,42,421</b>	<b>18,56,24,893</b>
<b>Depreciation / Amortisation</b>								
Balance as at 1 April 2018	-	-	-	-	-	-	-	-
Depreciation for the year	28,07,092	27,43,009	15,50,406	1,17,294	5,065	2,88,012	1,42,517	76,53,395
Disposals / adjustments during the year	-	(17,96,789)	-	-	-	(1,39,041)	-	(19,35,830)
<b>Balance as at 31 March 2019</b>	<b>28,07,092</b>	<b>9,46,220</b>	<b>15,50,406</b>	<b>1,17,294</b>	<b>5,065</b>	<b>1,48,971</b>	<b>1,42,517</b>	<b>57,17,565</b>
Balance as at 1 April 2019	28,07,092	9,46,220	15,50,406	1,17,294	5,065	1,48,971	1,42,517	57,17,565
Depreciation for the year	28,10,951	26,66,792	15,51,380	1,17,616	21,002	1,92,388	1,42,907	75,03,036
Disposals / adjustments during the year	793	1,275	535	671	(2,034)	(4,123)	95	(2,788)
<b>Balance as at 31 March 2020</b>	<b>56,18,836</b>	<b>36,14,287</b>	<b>31,02,321</b>	<b>2,35,581</b>	<b>24,033</b>	<b>3,37,236</b>	<b>2,85,519</b>	<b>1,32,17,813</b>
<b>Net block</b>								
As at 31 March 2019	15,78,01,974	1,36,82,934	59,31,263	4,58,403	1,44,118	12,38,932	4,99,904	17,97,57,528
As at 31 March 2020	15,49,90,230	1,10,14,867	43,79,348	3,40,116	1,86,916	11,38,701	3,56,902	17,24,07,080

**Note:** The Group has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April 2018, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The carrying value as at 1 April 2018 amounting to INR 17,81,88,627 of Property, plant and equipment represents gross cost of INR 24,17,67,829 net of accumulated depreciation of INR 6,35,79,202 as at 31 March 2018.

### 13 RIGHT OF USE ASSETS

	31 March 2020	31 March 2019	1 April 2018
Right of use assets on premises (Refer note below) (Refer note 53)	4,47,803	5,42,077	-
	<b>4,47,803</b>	<b>5,42,077</b>	-

**Note:** Amortisation charged during the year INR 1,88,548 (31 March 2019: INR 47,138; 1 April 2018: NIL).

### 14 OTHER NON-FINANCIAL ASSETS (Unsecured, considered good)

	31 March 2020	31 March 2019	1 April 2018
Balances with government / statutory authorities	5,67,334	4,55,105	11,62,926
Prepaid expenses	10,20,194	13,64,146	18,81,390
Deferred lease rentals receivable	1,26,984	1,24,954	81,977
Advances to service providers	27,99,304	12,59,712	3,62,940
	<b>45,13,816</b>	<b>32,03,917</b>	<b>34,89,233</b>

**Note:** Impairment loss allowance recognised on other non-financial assets - NIL (31 March 2019 : NIL; 1 April 2018 : NIL)

### 15 PAYABLES

	31 March 2020	31 March 2019	1 April 2018
<b>Trade payables</b>			
- total outstanding dues of micro enterprises and small enterprises (Refer note 44)	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	20,35,51,360	4,74,04,251	6,35,06,044
<b>Other payables</b>			
- total outstanding dues of micro enterprises and small enterprises (Refer note 44)	10,924	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	25,84,307	19,08,960	53,48,211
	<b>20,61,46,591</b>	<b>4,93,13,211</b>	<b>6,88,54,255</b>

### Notes:

- Trade payables and other payables are non-interest bearing and are normally settled as per payment terms mentioned in the contract.
- Trade or other payables due to the directors or other officers of the Group either severally or jointly with any other person is NIL (P.Y: NIL). Further, trade or other payable which are due to firms or private companies respectively in which any director is a partner, a director or a member is NIL (P.Y: NIL) .
- In the opinion of the management, the balances of payables are stated at book value and are payable.

### 16 BORROWINGS (OTHER THAN DEBT SECURITIES)

	31 March 2020	31 March 2019	1 April 2018
<b>(A) At amortised cost</b>			
Term loans			
- from banks	47,97,420	69,59,323	-
- from other parties	-	-	8,70,678
Loans repayable on demand			
- from other parties	21,18,34,006	18,32,10,688	10,57,40,835
Bank overdraft facility	95,725	1,16,22,135	5,31,40,751
	<b>21,67,27,151</b>	<b>20,17,92,146</b>	<b>15,97,52,264</b>
<b>(B) Secured / Unsecured</b>			
(i) Secured	48,93,144	1,85,81,458	5,40,11,429
(ii) Unsecured	21,18,34,007	18,32,10,688	10,57,40,835
	<b>21,67,27,151</b>	<b>20,17,92,146</b>	<b>15,97,52,264</b>
<b>(C) Of the above</b>			
(i) Borrowings in India	21,67,27,151	20,17,92,146	15,97,52,264
(ii) Borrowings outside India	-	-	-
	<b>21,67,27,151</b>	<b>20,17,92,146</b>	<b>15,97,52,264</b>

### Notes:

- The Subsidiary company - Keynote Capital Limited had taken two secured vehicle loans from banks at the rate of interest of 8.50% p.a and 8.51% p.a repayable in 37 and 48 monthly instalments of INR 79,697 and INR 1,43,270 each respectively. The said loans are secured against the respective movable assets of the company. Further, the Company will repay INR 23,54,622 out of the total borrowing amounting to INR 47,97,420 as on 31 March 2020, within a period of one year from the end of the Balance Sheet date i.e by 31 March 2021.

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Consolidated Financial Statements**

(Currency: Indian Rupees)

2. The Subsidiary company - Keynote Capital Limited had taken a secured vehicle loan from a financial institution carrying interest @ 8.778% p.a., repayable in 48 monthly instalments of INR 61,500 each. The said loan was secured against the movable asset of the company. Further, the Company has repaid the loan balance of INR 8,70,678 in F.Y. 2018-19.
3. The Subsidiary company - Keynote Fincorp Limited had taken unsecured loans from other parties at the rate of interest ranging between 6% to 9% p.a. The said loans are repayable on demand.
4. The Subsidiary company - Keynote Capitals Limited had received unsecured interest free loans and advances from other parties. The same are repayable on demand.
5. The Subsidiary company - Keynote Capital Limited was sanctioned bank overdraft facility at the rate of 7.40% p.a. The said facility is secured against pledge of fixed deposits with banks.

17 DEPOSITS	31 March 2020	31 March 2019	1 April 2018
<b>At fair value through profit or loss</b>			
Security deposit against premise given on lease	2,07,205	1,85,005	1,65,183
	<b>2,07,205</b>	<b>1,85,005</b>	<b>1,65,183</b>

**Note:** Public deposits and deposits from banks is NIL (31 March 2019 : NIL; 1 April 2018 : NIL).

18 LEASE LIABILITIES	31 March 2020	31 March 2019	1 April 2018
Lease Liabilities (Refer note 53)	3,73,924	5,30,414	-
	<b>3,73,924</b>	<b>5,30,414</b>	<b>-</b>

19 OTHER FINANCIAL LIABILITIES	31 March 2020	31 March 2019	1 April 2018
Unpaid dividends (refer note below)	11,03,295	11,64,765	11,98,630
Payable to employees	27,10,112	11,29,044	6,98,633
Provision for expenses	14,93,871	12,72,814	14,19,863
Deferred rent income	52,795	74,995	94,817
Other liabilities	31,086	8,24,425	15,98,049
	<b>53,91,159</b>	<b>44,66,043</b>	<b>50,09,992</b>

**Note:** During the current year, the Group had transferred INR 1,88,160 (31 March 2019: INR 2,18,149; 1 April 2018: INR 1,93,830) to Investor Education and Protection Fund under section 125 of the Companies Act, 2013.

20 PROVISIONS	31 March 2020	31 March 2019	1 April 2018
<b>Provision for employee benefits</b>			
- Gratuity (refer note 50(ii))	71,87,923	70,94,995	73,63,815
- Compensated absences (refer note 50(iii))	4,60,136	4,17,659	3,23,976
- Bonus and incentives	8,84,235	14,89,799	19,55,890
<b>Other provisions</b>			
Provision against standard assets	4,98,672	4,40,214	3,41,248
	<b>90,30,966</b>	<b>94,42,667</b>	<b>99,84,929</b>

21 DEFERRED TAX LIABILITIES (NET)	31 March 2020	31 March 2019	1 April 2018
Deferred tax liabilities (net) (refer note 52)	1,25,20,617	1,64,55,533	2,08,51,180
	<b>1,25,20,617</b>	<b>1,64,55,533</b>	<b>2,08,51,180</b>

22 OTHER NON-FINANCIAL LIABILITIES	31 March 2020	31 March 2019	1 April 2018
Statutory dues payable	39,57,050	15,43,483	75,06,786
Income received in advance	15,00,000	28,37,500	38,43,973
Other liabilities	30,67,774	69,95,447	81,54,424
	<b>85,24,824</b>	<b>1,13,76,430</b>	<b>1,95,05,183</b>

23 EQUITY SHARE CAPITAL	31 March 2020	31 March 2019	1 April 2018
-------------------------	------------------	------------------	-----------------

**Authorised:**

1,50,00,000 (31 March 2019: 1,50,00,000; 1 April 2018: 1,50,00,000) equity shares of INR 10 each	15,00,00,000	15,00,00,000	15,00,00,000
	<b>15,00,00,000</b>	<b>15,00,00,000</b>	<b>15,00,00,000</b>

**Issued:**

1,12,74,417 (31 March 2019: 1,12,74,417; 1 April 2018: 1,12,74,417) equity shares of INR 10 each	11,27,44,170	11,27,44,170	11,27,44,170
	<b>11,27,44,170</b>	<b>11,27,44,170</b>	<b>11,27,44,170</b>

**Subscribed and fully paid-up shares:**

70,18,339 (31 March 2019: 70,18,339; 1 April 2018: 70,18,339) equity shares of INR 10 each (Refer note below)	5,56,66,370	5,56,66,370	5,56,66,370
	<b>5,56,66,370</b>	<b>5,56,66,370</b>	<b>5,56,66,370</b>

**Note:** Since Keynote Trust has been consolidated, hence, the shares held by Keynote Trust in Keynote Financial Services Limited (31 March 2020: 14,51,702 shares; 31 March 2019 : 14,51,702 shares; 1 April 2018: 14,51,702 shares) have been eliminated, on consolidation.

# ANNUAL REPORT 2019-20

## Notes forming part of the Consolidated Financial Statements

(Currency: Indian Rupees)

### (a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year :

Particulars	31 March 2020		31 March 2019		1 April 2018	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	55,66,637	5,56,66,370	55,66,637	5,56,66,370	55,66,637	5,56,66,370
Changes in equity share capital during the year	-	-	-	-	-	-
<b>At the end of the year</b>	<b>55,66,637</b>	<b>5,56,66,370</b>	<b>55,66,637</b>	<b>5,56,66,370</b>	<b>55,66,637</b>	<b>5,56,66,370</b>

### (b) Terms / rights attached to equity shares

The Holding Company has issued only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. All shares rank pari passu with regard to dividend & repayment of capital. The Holding company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. During the year ended 31 March 2020, the Company has proposed final dividend of INR 1 per share (31 March 2019: INR 1 per share; 1 April 2018: INR 2.50 per share) to equity shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining net assets of the Company, after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

### (c) Details of shareholders holding more than 5% shares in the Holding Company :

Name of the shareholder	31 March 2020		31 March 2019		1 April 2018	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
NSS Digital Media Limited	31,12,256	44.34	31,12,256	44.34	31,12,256	44.34
India Max Investment Fund Limited	5,61,348	8.00	5,61,348	8.00	5,61,348	8.00

**Note:** As per records of the Holding Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

### (d) For the period of five years immediately preceding the date at which the balance sheet is prepared:

- there are no shares allotted as fully paid pursuant to contract(s) without payment being received in cash.
- there are no shares allotted as fully paid up by way of bonus shares, and
- there are no shares bought back.

### 24 OTHER EQUITY

	31 March 2020	31 March 2019	1 April 2018
<b>Securities premium</b>			
Balance at the beginning of the year	23,06,48,293	23,06,48,293	23,06,48,293
Add / (less) : Additions / deductions during the year	-	-	-
<b>Balance at the end of the year</b>	<b>23,06,48,293</b>	<b>23,06,48,293</b>	<b>23,06,48,293</b>
<b>General reserve</b>			
Balance at the beginning of the year	1,33,91,679	1,33,91,679	1,33,91,679
Add / (less) : Additions / deductions during the year	-	-	-
<b>Balance at the end of the year</b>	<b>1,33,91,679</b>	<b>1,33,91,679</b>	<b>1,33,91,679</b>
<b>Statutory Reserve (u/s 45 IC of RBI Act)</b>			
Balance at the beginning of the year	73,32,783	66,40,238	39,63,141
Add / (less) : Additions / deductions during the year	9,15,273	6,92,545	26,77,097
<b>Balance at the end of the year</b>	<b>82,48,056</b>	<b>73,32,783</b>	<b>66,40,238</b>
<b>Retained earnings</b>			
Balance at the beginning of the year	47,46,95,729	50,31,73,178	50,31,73,178
Less: Loss for the year	(4,22,33,737)	(1,06,34,277)	-
Add: Other comprehensive income for the year	2,49,928	3,37,888	-
	<b>43,27,11,920</b>	<b>49,28,76,789</b>	<b>50,31,73,178</b>
Less : Appropriations			
- Equity dividend	(55,66,637)	(1,39,16,593)	-
- Tax on equity dividend	(14,77,319)	(35,71,922)	-
- Transfer to statutory reserve	(9,15,273)	(6,92,545)	-
	<b>(79,59,229)</b>	<b>(1,81,81,060)</b>	<b>-</b>
	<b>42,47,52,691</b>	<b>47,46,95,729</b>	<b>50,31,73,178</b>
	<b>67,70,40,719</b>	<b>72,60,68,484</b>	<b>75,38,53,388</b>

### Notes:

- 1 Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.
- 2 The general reserve is a free reserve, retained from Company's profits and can be utilized upon fulfilling certain conditions in accordance with statute of the relevant Act / Law.
- 3 The Group creates a reserve fund in accordance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934 and transfers therein an amount of equal to / more than twenty per cent of its net profit of the year, before declaration of dividend. Further, the Statutory reserve has been created by the subsidiary company - Keynote Fincorp Limited as required under section 45-IC of the Reserve Bank of India Act, 1934.
- 4 Retained earnings represent the accumulated earnings net of losses if any made by the company over the financial years and after payment of dividend (including tax on dividend) and transfer to reserves.

### 25 Interest income

	For the Year ended 31 March 2020	For the Year ended 31 March 2019
<b>Interest income on financial assets measured at amortised cost</b>		
- Loans	1,44,46,304	2,30,72,830
- Investments	1,70,960	-
- Fixed deposits	1,49,69,036	1,40,37,341
- Inter corporate deposits	9,24,493	18,89,169
- Commodities MCX bank deposits	14,15,929	24,19,844
<b>Interest income on financial assets measured at fair value through profit or loss</b>		
- Loans	38,893	38,612
- Investments	13,40,547	12,00,000
	<b>3,33,06,162</b>	<b>4,26,57,796</b>

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Consolidated Financial Statements**  
(Currency: Indian Rupees)

	For the Year ended 31 March 2020	For the Year ended 31 March 2019		For the Year ended 31 March 2020	For the Year ended 31 March 2019
<b>26 DIVIDEND INCOME</b>			<b>32 FEES AND COMMISSION EXPENSES</b>		
On financial assets measured at fair value through profit or loss			Portfolio management charges	14,47,881	9,23,573
- Investments	40,56,372	36,60,765		<u>14,47,881</u>	<u>9,23,573</u>
	<u>40,56,372</u>	<u>36,60,765</u>	<b>33 NET LOSS ON FAIR VALUE CHANGES</b>		
<b>27 FEES AND COMMISSION INCOME</b>			Net (gain) / loss on financial instruments measured at fair value through profit or loss		
Brokerage and related activities			- Realised (gain) / loss	(86,08,722)	(66,68,936)
- Brokerage income	1,90,00,922	1,33,83,343	- Unrealised (gain) / loss	5,74,96,322	3,52,95,967
- Advisory fees	1,43,59,943	1,23,28,792		<u>4,88,87,600</u>	<u>2,86,27,031</u>
	<u>3,33,60,865</u>	<u>2,57,12,135</u>	<b>34 IMPAIRMENT ON FINANCIAL INSTRUMENTS</b>		
<b>28 SALE OF SERVICES</b>			At amortised cost		
Income from			Trade receivables	14,57,274	3,54,254
- Corporate finance services	1,42,66,516	3,13,00,265		<u>14,57,274</u>	<u>3,54,254</u>
- ESOP advisory services	81,85,755	63,59,292	<b>35 PURCHASE OF STOCK IN TRADE</b>		
- Merchant banking services	1,80,49,484	2,03,75,000	Shares and stocks	-	4,06,000
	<u>4,05,01,755</u>	<u>5,80,34,557</u>		<u>-</u>	<u>4,06,000</u>
<b>29 OTHER OPERATING INCOME</b>			<b>36 CHANGES IN INVENTORIES OF STOCK-IN-TRADE</b>		
Reimbursement of expenses			Movement in inventories of stock-in-trade	15,72,625	57,64,763
- Corporate Finance	3,34,743	2,95,000		<u>15,72,625</u>	<u>57,64,763</u>
- ESOP Advisory	2,54,474	1,98,957	<b>37 EMPLOYEE BENEFITS EXPENSE</b>		
- Merchant Banking	1,60,000	2,67,000	Salaries and wages	3,91,08,085	3,88,89,953
	<u>7,49,217</u>	<u>7,60,957</u>	Contribution to provident and other funds (refer note 50(i))	31,64,271	30,27,994
<b>30 OTHER INCOME</b>			Gratuity (refer note 50(ii))	10,51,519	7,73,960
Net gain on foreign currency transaction and translation	48,428	70,904	Compensated absences (refer note 50(iii))	9,55,964	8,79,079
Rental income from operating leases	9,61,977	9,61,977	Staff welfare expenses	17,43,157	18,01,531
Interest on income tax refund	-	27,64,366		<u>4,60,22,996</u>	<u>4,53,72,517</u>
Recoveries of financial assets written off	-	33,00,000	<b>38 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Excess provisions written back	5,95,363	24,09,115	Depreciation on property, plant and equipment (refer note 12)	75,03,036	76,53,395
Miscellaneous income	1,40,819	1,41,199	Depreciation on investment property (refer note 11)	11,208	8,359
	<u>17,46,587</u>	<u>96,47,561</u>	Amortisation on right of use assets (refer note 53)	94,274	23,569
<b>31 FINANCE COSTS</b>				<u>76,08,518</u>	<u>76,85,323</u>
On financial liabilities measured at amortised cost					
- Interest on borrowings	1,21,40,723	1,12,61,711			
- Other finance expenses	48,505	29,700			
	<u>1,21,89,228</u>	<u>1,12,91,411</u>			

# ANNUAL REPORT 2019-20

## Notes forming part of the Consolidated Financial Statements

(Currency: Indian Rupees)

39 OTHER EXPENSES	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Advertisement and publicity	9,04,214	7,42,951
Rent, taxes and energy costs	12,71,756	11,57,527
Insurance	7,56,088	7,63,245
Repairs and maintenance	54,41,606	52,58,865
Travelling and conveyance	59,66,135	76,04,856
Office and administration expenses	18,65,198	35,58,561
Communication costs	9,41,842	13,59,350
Printing and stationery	6,21,855	7,38,366
Legal and professional charges	1,55,57,422	1,45,93,472
Marketing expenses	-	67,50,000
Reference fees	-	15,10,000
Directors' fees and expenses	1,11,500	1,27,500
Auditors' fees and expenses (refer note 41)	14,05,500	13,45,000
Membership and subscription expenses	19,40,672	15,90,033
Loss on Sale of property, plant and equipment (net)	-	34,743
Stock exchange related expenses	7,19,788	7,79,591
Other expenditure	6,35,055	10,25,501
	<b>3,81,38,631</b>	<b>4,89,39,561</b>

## 40 CONTINGENT LIABILITIES AND COMMITMENTS

### (I) Contingent liabilities

(to the extent not provided for)

Sr. No.	Particulars	As at		
		31 March 2020	31 March 2019	1 April 2018
(i)	Demand in respect of income tax matters that may arise in respect of which the Group is in appeal (refer note (a) below)	1,50,53,473	93,87,450	11,15,51,856
(ii)	Corporate guarantees given by the Holding Company on behalf of its subsidiary (refer note (b) below)	16,00,00,000	16,00,00,000	16,00,00,000
(iii)	Claims against the Group not acknowledged as debts (refer note (c) below)	-	2,35,16,348	2,35,16,348

- (a) The Holding Company - Keynote Financial Services Limited and its subsidiaries - Keynote Commodities Limited and Keynote Capitals Limited are contesting the income tax demands. The management of the aforesaid respective companies, including its tax / legal advisors believe that its position will likely to be upheld in the appellate process. No provision has been recognised in the standalone Ind AS financial statements for the tax demands raised. The respective Management based on its internal assessment and advice by its legal counsel believes that these income tax demands are not sustainable and expects to succeed in its appeal. Further, it is thereby determined by the management, that such demands will not have any material and adverse effect on the Company's financial position and results of operations.

### 43 The provisions made during the year ended 31 March 2020 comprises of the following :

The Group has a process whereby periodically all long-term contracts (including derivative contracts, if any) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts, if any) has been made in the books of account and the same has been disclosed as follows:

Particulars	As at	Opening Balance	Provisions made during the year	Payments / reversals during the year	Closing Balance
Bonus and incentives	31 March 2020	14,89,799	16,04,390	22,09,954	8,84,235
	31 March 2019	19,55,890	26,74,340	31,40,431	14,89,799
Gratuity	31 March 2020	70,94,995	7,13,779	9,58,591	68,50,183
	31 March 2019	73,63,815	3,05,842	5,74,662	70,94,995
Compensated absences	31 March 2020	4,17,659	9,55,964	9,13,487	4,60,136
	31 March 2019	3,23,976	8,79,079	7,85,396	4,17,659
Provision against standard assets	31 March 2020	4,40,214	4,98,672	4,40,214	4,98,672
	31 March 2019	3,41,248	4,40,214	3,41,248	4,40,214
Expected credit losses / Impairment loss allowance	31 March 2020	3,08,635	13,45,183	-	16,53,818
	31 March 2019	2,86,271	1,09,047	86,683	3,08,635

In addition to the above, it is not practicable for the Group to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings. The same would be determinable only on receipt of judgements/decisions pending with various forums/authorities.

- (b) The Holding Company - Keynote Financial Services Limited has provided corporate guarantees aggregating to INR 16,00,00,000 (31 March 2019: INR 16,00,00,000; 1 April 2018: INR 16,00,00,000) to the bankers of its subsidiary, Keynote Capitals Limited towards BSE & NSE operations.
- (c) The Subsidiary Company - Keynote Capitals Limited is subject to legal proceedings and claims which arises in the ordinary course of the business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Company's financial position during the preparation of the financial statements year ended 1 April 2018 and 31 March 2019.
- (d) The Group does not expect any reimbursements in respect of the above contingent liabilities.

### (II) Capital commitments

Sr. No.	Particulars	As at		
		31 March 2020	31 March 2019	1 April 2018
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-	-

There are no additional contingent liabilities & capital commitments, other than those disclosed above and the same is relied upon by the Auditor.

### 41 PAYMENTS TO THE AUDITOR (EXCLUDING APPLICABLE TAXES)

Particulars	For the year ended	
	31 March 2020	31 March 2019
(a) As Auditor :		
- Statutory audit	7,70,000	7,70,000
- Tax audit	1,75,000	1,75,000
- Limited review fees	2,25,000	2,25,000
(b) In other Capacity :		
- Other services	1,88,000	1,47,500
- Reimbursement of expenses	47,500	27,500
	<b>14,05,500</b>	<b>13,45,000</b>

### 42 EARNINGS PER SHARE (EPS)

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per Share":

Sr. No.	Particulars	For the year ended	
		31 March 2020	31 March 2019
(I)	Loss after tax as per consolidated statement of profit and loss	(4,22,33,737)	(1,06,34,277)
(II)	Weighted average number of equity shares	55,66,637	55,66,637
(III)	Earnings per share - Basic and Diluted (I / II)	(7.59)	(1.91)
(IV)	Face value per equity share	10	10

# KEYNOTE FINANCIAL SERVICES LIMITED

(Formerly known as Keynote Corporate Services Limited)

## Notes forming part of the Consolidated Financial Statements

(Currency: Indian Rupees)

### 44 Details of dues to micro, small and medium enterprises as defined under MSMED Act, 2006 :

The Group has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act, 2006) as at 31 March 2020. The disclosure pursuant to the said Act is as under:

Sr. No.	Particulars	As at		
		31 March 2020	31 March 2019	1 April 2018
(i)	Principal amount due to suppliers under MSMED Act, as at the year end	10,924	-	-
(ii)	Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end; and unpaid	-	-	-
(iii)	Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-	-
(iv)	Interest paid to suppliers under MSMED Act (Section 16)	-	-	-
(v)	Interest paid to suppliers under MSMED Act (other than Section 16)	-	-	-
(vi)	Interest due and payable towards suppliers under MSMED Act for payments already made	-	-	-
(vii)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-	-
(viii)	Amount of further interest remaining due and payable even in the succeeding years	-	-	-

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Group regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Group. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the year or on balance brought forward from previous year.

### 45 ASSETS PLEDGED AS SECURITY

Particulars	As at		
	31 March 2020	31 March 2019	1 April 2018
Carrying amounts of assets pledged as security for borrowings	-	-	-

There are no assets pledged as security for borrowings other than those disclosed above and the same is relied upon by the Auditor.

### 46 EXPENDITURE IN FOREIGN CURRENCY

Particulars	For the year ended	
	31 March 2020	31 March 2019
Travelling and conveyance	27,65,578	37,81,379
<b>Total</b>	<b>27,65,578</b>	<b>37,81,379</b>

### 47 INCOME IN FOREIGN CURRENCY

Particulars	For the year ended	
	31 March 2020	31 March 2019
Income from sale of services	48,19,571	1,28,00,376
Reimbursement of expenses	-	44,900
<b>Total</b>	<b>48,19,571</b>	<b>1,28,45,276</b>

### 48 UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars	Foreign currency	Amount in Foreign currency			Amount in INR		
		As at			As at		
		31 March 2020	31 March 2019	1 April 2018	31 March 2020	31 March 2019	1 April 2018
Trade receivables	USD	29,555	23,397	14,720	22,26,492	16,24,715	9,58,924
	SGD	5,175	5,175	-	2,74,059	2,63,192	-

### 49 REVENUE FROM CONTRACTS WITH CUSTOMERS

#### (a) Disaggregation of revenue into operating segments :

The table below presents disaggregate revenues from contracts with customers for the year ended 31 March 2020 and 31 March 2019. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by market and other economic factors

Operating Segment	For the year ended	
	31 March 2020	31 March 2019
Corporate Finance	1,46,01,259	3,15,95,265
ESOP Advisory	84,40,229	65,58,249
Merchant Banking	1,82,09,484	2,06,42,000
Broking and related activities	3,33,60,865	2,57,12,135
<b>Total</b>	<b>7,46,11,837</b>	<b>8,45,07,649</b>

#### (b) Geographical markets

Particulars	For the year ended	
	31 March 2020	31 March 2019
India	6,97,92,266	7,16,62,373
Outside India	48,19,571	1,28,45,276
<b>Total</b>	<b>7,46,11,837</b>	<b>8,45,07,649</b>

#### (c) Relation with customers

Particulars	For the year ended	
	31 March 2020	31 March 2019
Related party	-	-
Non-related party	7,46,11,837	8,45,07,649
<b>Total</b>	<b>7,46,11,837</b>	<b>8,45,07,649</b>

#### (d) Timing of revenue recognition

Particulars	For the year ended	
	31 March 2020	31 March 2019
Services transferred at a point in time	7,30,61,837	8,42,07,649
Services transferred over time	15,50,000	3,00,000
<b>Total</b>	<b>7,46,11,837</b>	<b>8,45,07,649</b>

#### (e) Reconciliation of revenue from operations

Particulars	For the year ended	
	31 March 2020	31 March 2019
Revenue as per Contracted price	7,46,11,837	8,45,07,649
Less: Adjustments during the year (refer note below)	-	-
<b>Revenue from operations</b>	<b>7,46,11,837</b>	<b>8,45,07,649</b>

**Note:** Due to Group's nature of business and the type of contracts entered with the customers, the Company does not have any difference between the amount of revenue recognised in the standalone statement of profit and loss and the contracted price.

#### (f) Contract balances

Particulars	As at	
	31 March 2020	31 March 2019
Contract liabilities	45,67,774	98,32,947
<b>Total</b>	<b>45,67,774</b>	<b>98,32,947</b>

Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) we perform under the contract



# ANNUAL REPORT 2019-20

## Notes forming part of the Consolidated Financial Statements

(Currency: Indian Rupees)

### (g) Movement in contract liability during the year

Particulars	As at	
	31 March 2020	31 March 2019
Contract liability at the beginning of the year	98,32,947	1,19,98,397
Contract liability at the end of the year	45,67,774	98,32,947
<b>Net increase / (decrease)</b>	<b>(52,65,173)</b>	<b>(21,65,450)</b>

### (h) Movement in Expected Credit Loss (impairment loss allowance) during the year for contract assets

Particulars	As at	
	31 March 2020	31 March 2019
Opening balance	3,08,635	2,86,271
Provision / (reversals) (net) towards credit impaired receivables	13,45,183	22,364
<b>Closing balance</b>	<b>16,53,818</b>	<b>3,08,635</b>

### (i) Remaining performance obligation

The aggregate value of performance obligations pertaining to completely or partially unsatisfied contracts as at 31 March 2020 was INR 78,42,888 (P.Y: INR 75,50,000). The Group expects that these unsatisfied performance obligation will be recognised as revenue in the subsequent financial years.

## 50 EMPLOYEE BENEFITS PLANS

Disclosure pursuant to Ind AS -19 "Employee Benefits" is given as below:

### (i) Defined Contribution Plans:

Contribution to defined contribution plans, recognised as expense under Note 37 - "Employee benefits expense" in the consolidated Ind AS financial statements, for the year is as under:

Particulars	For the year ended	
	31 March 2020	31 March 2019
Employers' Contribution to Provident Fund	31,15,433	29,65,734
Employers' Contribution to Employees State Insurance Scheme	48,838	62,260

### (ii) Defined Benefit Plans:

#### Gratuity

The Group's defined benefit gratuity plan requires contributions to be made to a separately administered fund. The gratuity plan is funded with Life Insurance Corporation of India (LIC). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the consolidated statement of profit or loss / other comprehensive income and the funded status and amounts recognised in the balance sheet for the gratuity benefit plan :

### (i) Table Showing Change in the Present Value of Projected Benefit Obligation

Particulars	As at	
	31 March 2020	31 March 2019
Present Value of Benefit Obligation at the Beginning of the Period	1,30,75,980	1,23,04,932
Interest Cost	9,17,785	9,41,327
Current Service Cost	5,49,922	5,33,380
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	-	-
(Liability Transferred Out/ Divestments)	-	-
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	-	-
(Benefit Paid From the Fund)	-	(14,399)
The Effect of changes in Foreign Exchange Rates	-	-

Particulars	As at	
	31 March 2020	31 March 2019
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	2,41,086	(2,73,967)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(5,43,950)	(4,15,293)
<b>Present Value of Benefit Obligation at the End of the Period</b>	<b>1,42,40,823</b>	<b>1,30,75,980</b>

### (ii) Table Showing Change in the Fair Value of Plan Assets

Particulars	As at	
	31 March 2020	31 March 2019
Fair Value of plan assets at the Beginning of the period	59,80,985	49,41,118
Interest Income	4,20,997	3,77,996
Contributions by the Employer	6,20,851	5,97,641
Expected Contributions by the employees	-	-
Assets Transferred In/Acquisitions	-	-
(Assets Transferred Out/Divestments)	-	-
(Benefit Paid From the Fund)	-	(14,399)
(Assets distributed on settlement)	-	-
(Expenses and tax for managing the Benefit Obligation - paid from the fund)	-	-
Effects of Asset Ceiling	-	-
The Effect of changes in Foreign Exchange Rates	-	-
Return on Plan Assets, excluding interest income	30,067	78,629
<b>Fair Value of plan assets at the End of the Period</b>	<b>70,52,900</b>	<b>59,80,985</b>

### (iii) Amount Recognized in the Consolidated Balance Sheet

Particulars	As at	
	31 March 2020	31 March 2019
(Present Value of Benefit Obligation at the end of the Period)	(1,42,40,823)	(1,30,75,980)
Fair Value of Plan Assets at the end of the Period	70,52,900	59,80,985
Funded Status (Surplus/ (Deficit))	(71,87,923)	(70,94,995)
<b>Net (Liability)/Asset Recognized in the Consolidated Balance Sheet</b>	<b>(71,87,923)</b>	<b>(70,94,995)</b>

### (iv) Net Interest Cost for Current Period

Particulars	For the year ended	
	31 March 2020	31 March 2019
Present Value of Benefit Obligation at the Beginning of the Period	1,30,75,980	1,23,04,932
(Fair Value of Plan Assets at the Beginning of the Period)	(59,80,985)	(49,41,118)
Net Liability/(Asset) at the Beginning	70,94,995	73,63,814
Interest Cost	9,17,785	9,41,327
(Interest Income)	(4,20,997)	(3,77,996)
<b>Net Interest Cost for Current Period</b>	<b>4,96,788</b>	<b>5,63,331</b>

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Consolidated Financial Statements**

(Currency: Indian Rupees)

**(V) Expenses Recognized in the Consolidated Statement of Profit or Loss for Current Period**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Current Service Cost	5,49,922	5,33,380
Net Interest Cost	4,96,788	5,63,331
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments And Settlements	4,809	(3,22,751)
Net Effect of Changes in Foreign Exchange Rates	-	-
<b>Expense Recognised in the Statement of Profit or Loss</b>	<b>10,51,519</b>	<b>7,73,960</b>

**(VI) Expenses Recognized in the Consolidated Statement of Other Comprehensive Income (OCI) for Current Period**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Actuarial (Gains)/ Losses on Obligations for the Period	(3,02,864)	(6,89,260)
Return on Plan assets, excluding interest income	(30,067)	(78,629)
Changes in Asset Ceiling	-	-
(Gains)/Losses on Curtailments And Settlements	(4,809)	2,99,771
Net Effect of Changes in Foreign Exchange Rates	-	-
<b>Net (Income)/ Expense for the period recognised in OCI</b>	<b>(3,37,740)</b>	<b>(4,68,118)</b>

**(VII) Balance Sheet Reconciliation**

Particulars	As at	
	31 March 2020	31 March 2019
Opening Net Liability	70,94,995	73,63,814
Expenses Recognized in Statement of Profit or Loss	10,51,519	7,73,960
Expenses Recognized in OCI	(3,37,740)	(4,68,118)
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out (Benefit Paid Directly by the Employer)	-	-
(Gains)/Losses on Curtailments And Settlements	-	22,980
(Employer's Contribution)	(6,20,851)	(5,97,641)
<b>Net Liability/(Asset) Recognized in the Balance Sheet</b>	<b>71,87,923</b>	<b>70,94,995</b>

**(VIII) Category of Assets**

Particulars	As at	
	31 March 2020	31 March 2019
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	70,52,900	59,80,985
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
<b>Total</b>	<b>70,52,900</b>	<b>59,80,985</b>

**(IX) Maturity Analysis of the Benefit Payments: From the Fund**

Particulars	As at	
	31 March 2020	31 March 2019
Projected Benefits Payable in Future Years From the Date of Reporting:		
1st Following Year	13,66,458	29,02,177
2nd Following Year	11,26,044	7,41,347
3rd Following Year	9,77,983	6,18,978
4th Following Year	8,03,823	5,41,555
5th Following Year	12,56,433	4,49,940
Sum of Years 6 To 10	14,73,796	12,97,672
Sum of Years 11 and above	7,36,796	7,15,295

**(X) Maturity Analysis of the Benefit Payments: From the Employer**

Particulars	As at	
	31 March 2020	31 March 2019
Projected Benefits Payable in Future Years From the Date of Reporting:		
1st Following Year	-	-
2nd Following Year	-	-
3rd Following Year	-	-
4th Following Year	-	-
5th Following Year	-	-
Sum of Years 6 To 10	-	-
Sum of Years 11 and above	-	-

**(XI) Sensitivity Analysis**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Projected Benefit Obligation on Current Assumptions	1,42,40,823	1,30,75,980
Delta Effect of +1% Change in Rate of Discounting	(1,82,740)	(1,23,279)
Delta Effect of -1% Change in Rate of Discounting	1,95,846	1,32,757
Delta Effect of +1% Change in Rate of Salary Increase	1,10,885	88,624
Delta Effect of -1% Change in Rate of Salary Increase	(1,04,356)	(83,628)
Delta Effect of +1% Change in Rate of Employee Turnover	14,348	18,217
Delta Effect of -1% Change in Rate of Employee Turnover	(15,441)	(19,651)

**(XII) Weighted Average assumptions used**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Retirement age	60 & 65 years	60 years
Method of valuation	Projected Unit Credit Method	Projected Unit Credit Method
Mortality Rate during employment	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Mortality Rate after employment	N.A.	N.A.

# ANNUAL REPORT 2019-20

## Notes forming part of the Consolidated Financial Statements

(Currency: Indian Rupees)

### Notes:

- The Group has a defined benefit gratuity plan in India (funded). The Group's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

### 2. Risks associated with defined benefit plan

Gratuity is a defined benefit plan and the Group is exposed to the following risks:

- Investment risk** : The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments
  - Interest rate risk** : A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.
  - Asset Liability Matching (ALM) Risk** : The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk
  - Salary risk** : The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
  - Mortality risk**: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
  - Concentration Risk**: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.
- During the year, there were no plan amendments, curtailments and settlements.
  - The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
  - Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation

### (iii) Other long-term benefits:

#### Compensated absences

Particulars	As at	
	31 March 2020	31 March 2019
Present Value of Unfunded Obligation	4,60,136	4,17,659
Expense recognised in consolidated statement of profit and loss	9,55,964	8,79,079
Method of valuation	Projected Unit Credit Method	Projected Unit Credit Method
Funding status	Unfunded	Unfunded

### Notes:

- The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at 31 March 2020.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- Discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.

### 51 Disclosures as required by Indian Accounting Standard (Ind AS) 24 - Related Party Disclosures

Disclosure of related parties/related party transactions pursuant to Ind AS 24 - "Related Party Disclosures" are as follows:

#### (i) List of related parties identified by Management with whom transaction have taken place during the year:

##### (a) Key Managerial Personnel

- |                      |   |
|----------------------|---|
| Mr. B. Madhuprasad   | - Chairman (upto 27 August 2018)  |
| Mr. Vineet Suchanti  | - Director, Keynote Financial Services Limited<br>Director, Keynote Commodities Limited<br>Director, Keynote Capitals Limited &<br>Director, Keynote Fincorp Limited                                      |
| Mrs. Rinku Suchanti  | - Whole Time Director, Keynote Financial Services Limited   |
| Mr. Uday S. Patil    | - Whole Time Director & Chief Financial Officer, Keynote Financial Services Limited<br>Director, Keynote Fincorp Limited<br>Director, Keynote Capitals Limited &<br>Director, Keynote Commodities Limited |
| Mr. Sujeet More      | - Company Secretary, Keynote Financial Services Limited & Company Secretary, Keynote Capitals Limited (w.e.f 14 March 2019)   |
| Mr. Devin Joshi      | - Chief Financial Officer, Keynote Capitals Limited   |
| Mr. Manish Desai     | - Director, Keynote Commodities Limited &<br>Director, Keynote Capitals Limited (w.e.f 27 August 2018)  |
| Mr. Rakesh Choudhari | - Managing Director, Keynote Capitals Limited,<br>Director, Keynote Commodities Limited &<br>Director, Keynote Fincorp Limited  |

##### (b) Relatives of Key Managerial Personnel

- |                      |
|----------------------|
| Mrs. Pushpa Suchanti |
| Mr. Nirmal Suchanti  |
| Mr. Vivek Suchanti   |

##### (c) Enterprise over which Key Managerial Personnel / Relatives of Key Managerial Personnel exercise significant influence

- |                                     |
|-------------------------------------|
| Concept Communication Limited       |
| Concept Production Limited          |
| Nirmal Suchanti - HUF               |
| NSS Digital Media Limited           |
| Liqvd Digital India Private Limited |

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

Notes forming part of the Consolidated Financial Statements  
(Currency: Indian Rupees)

**51 RELATED PARTY DISCLOSURES (continued):**

(ii) Transactions with related parties:

Particulars	Name of the related party	Enterprise where control exist		Key Managerial Personnel / Relatives of key managerial personnel		Enterprise over which Key Managerial Personnel / Relatives of Key Managerial Personnel exercise significant influence		Total	
		For the year ended							
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Receiving of services	Concept Communication Limited	-	-	-	-	114,016	51,653	114,016	51,653
		-	-	-	-	<b>114,016</b>	<b>51,653</b>	<b>114,016</b>	<b>51,653</b>
Managerial Remuneration	Mrs. Rinku Suchanti	-	-	37,93,150	39,00,150	-	-	37,93,150	39,00,150
Managerial Remuneration	Mr. Uday S. Patil	-	-	43,48,291	43,48,291	-	-	43,48,291	43,48,291
Managerial Remuneration	Mr. Rakesh Choudhari	-	-	38,82,816	38,12,036	-	-	38,82,816	38,12,036
Remuneration	Mr. Devin Joshi	-	-	12,38,291	12,66,940	-	-	12,38,291	12,66,940
Remuneration	Mr. Sujeet More	-	-	5,51,231	4,96,577	-	-	5,51,231	4,96,577
		-	-	<b>1,38,13,779</b>	<b>1,38,23,994</b>	-	-	<b>1,38,13,779</b>	<b>1,38,23,994</b>
Professional Fees	Mr. B. Madhuprasad	-	-	-	4,01,250	-	-	-	4,01,250
		-	-	-	<b>4,01,250</b>	-	-	-	<b>4,01,250</b>
Dividend paid	Mrs. Pushpa Suchanti	-	-	1,32,308	3,30,770	-	-	1,32,308	3,30,770
Dividend paid	Mrs. Rinku Suchanti	-	-	3,802	9,505	-	-	3,802	9,505
Dividend paid	Mr. B. Madhuprasad	-	-	-	1,21,375	-	-	-	1,21,375
Dividend paid	Mr. Vineet Suchanti	-	-	11,977	29,943	-	-	11,977	29,943
Dividend paid	Mr. Vivek Suchanti	-	-	49,440	1,23,600	-	-	49,440	1,23,600
Dividend paid	Mr. Nirmal Suchanti	-	-	1,17,647	2,94,118	-	-	1,17,647	2,94,118
Dividend paid	Concept Production Limited	-	-	-	-	2,41,600	6,04,000	2,41,600	6,04,000
Dividend paid	NSS Digital Media Limited	-	-	-	-	31,12,256	77,80,640	31,12,256	77,80,640
Dividend paid	Nirmal Suchanti - HUF	-	-	-	-	2,82,499	7,06,248	2,82,499	7,06,248
		-	-	<b>3,15,174</b>	<b>9,09,311</b>	<b>36,36,355</b>	<b>90,90,888</b>	<b>39,51,529</b>	<b>1,00,00,199</b>
Brokerage	Mr. Rakesh Choudhari	-	-	-	3,000	-	-	-	3,000
		-	-	-	<b>3,000</b>	-	-	-	<b>3,000</b>
Security deposit refunded	Mr. B. Madhuprasad	-	-	-	3,00,000	-	-	-	3,00,000
		-	-	-	<b>3,00,000</b>	-	-	-	<b>3,00,000</b>
Interest received	Concept Communication Limited	-	-	-	-	11,50,685	7,20,000	11,50,685	7,20,000
Interest received	Liqvd Digital India Private Limited	-	-	-	-	-	5,89,881	-	5,89,881
		-	-	-	-	<b>11,50,685</b>	<b>13,09,881</b>	<b>11,50,685</b>	<b>13,09,881</b>
Interest paid	Concept Communication Limited	-	-	-	-	-	1,17,124	-	1,17,124
		-	-	-	-	-	<b>1,17,124</b>	-	<b>1,17,124</b>
Loans given	Concept Communication Limited	-	-	-	-	6,00,00,000	5,00,00,000	6,00,00,000	5,00,00,000
Loans given	Liqvd Digital India Private Limited	-	-	-	-	-	1,00,00,000	-	1,00,00,000
		-	-	-	-	<b>6,00,00,000</b>	<b>6,00,00,000</b>	<b>6,00,00,000</b>	<b>6,00,00,000</b>
Loans and deposits repaid	Concept Communication Limited	-	-	-	-	6,00,00,000	5,00,00,000	6,00,00,000	5,00,00,000
Loans and deposits repaid	Liqvd Digital India Private Limited	-	-	-	-	-	1,00,00,000	-	1,00,00,000
		-	-	-	-	<b>6,00,00,000</b>	<b>6,00,00,000</b>	<b>6,00,00,000</b>	<b>6,00,00,000</b>
Loans taken	Concept Communication Limited	-	-	-	-	-	3,00,00,000	-	3,00,00,000
		-	-	-	-	-	<b>3,00,00,000</b>	-	<b>3,00,00,000</b>
Repayment of loans taken	Concept Communication Limited	-	-	-	-	-	3,00,00,000	-	3,00,00,000
		-	-	-	-	-	<b>3,00,00,000</b>	-	<b>3,00,00,000</b>
Reimbursement of expenses	Mr. Vineet Suchanti	-	-	-	2,500	-	-	-	2,500
Reimbursement of expenses	Mr. Uday S. Patil	-	-	2,500	2,500	-	-	2,500	2,500
Reimbursement of expenses	Mrs. Rinku Suchanti	-	-	2,500	2,500	-	-	2,500	2,500
		-	-	<b>5,000</b>	<b>7,500</b>	-	-	<b>5,000</b>	<b>7,500</b>

# ANNUAL REPORT 2019-20

## Notes forming part of the Consolidated Financial Statements (Currency: Indian Rupees)

### (iii) Balances outstanding as at the year end

Particulars	Name of the related party	Enterprise where control exist		Key Managerial Personnel / Relatives of key managerial personnel		Enterprise over which Key Managerial Personnel / Relatives of Key Managerial Personnel exercise significant influence		Total	
		For the year ended							
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Receivables	Liqvd Digital India Private Limited	-	-	-	-	-	5,63,998	-	5,63,998
		-	-	-	-	-	5,63,998	-	5,63,998

### 52 TAX EXPENSE

The Group pays taxes according to the rates applicable in India. Most taxes are recorded in the income statement and relate to taxes payable for the reporting period (current tax), but there is also a charge or credit relating to tax payable for future periods due to income or expenses being recognised in a different period for tax and accounting purposes (deferred tax).

The Group provides for current tax according to the tax laws of India using tax rates that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns in respect of situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A deferred tax asset is recognised when it is considered recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

Disclosure pursuant to Ind AS 12 "Income Taxes" are as follows:

#### (a) Tax expense / (credit) recognised in the Statement of Profit and Loss

Particulars	For the year ended	
	31 March 2020	31 March 2019
<b>Current tax</b>		
Current Tax on taxable income for the year	41,54,960	81,83,423
Taxation for earlier years	(8,05,433)	(24,12,324)
<b>Total current tax expense - (A)</b>	<b>33,49,527</b>	<b>57,71,099</b>
<b>Deferred tax</b>		
Minimum alternate tax credit entitlement	(8,87,816)	(13,12,826)
Deferred tax charge / (credit)	(38,31,769)	(27,14,658)
<b>Total deferred income tax expense / (credit) - (B)</b>	<b>(47,19,585)</b>	<b>(40,27,484)</b>
<b>Total income tax expense / (credit) (A+B)</b>	<b>(13,70,058)</b>	<b>17,43,615</b>

#### (b) Reconciliation of the income tax expenses to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarised below:

Particulars	For the year ended	
	31 March 2020	31 March 2019
Loss before tax	(4,36,03,795)	(88,90,662)
Enacted income tax rate in India applicable to the Company	26.00%	27.82%

Particulars	For the year ended	
	31 March 2020	31 March 2019
Current tax expenses on Profit / (loss) before tax expenses at the enacted income tax rate in India	(1,13,36,987)	(24,73,382)
<b>Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income</b>		
Fair valuation of financial instruments (net)	(32,84,965)	58,97,592
Exempt income	(7,12,145)	(31,959)
Taxation for earlier years	(8,05,433)	(24,12,324)
Other disallowances	81,52,070	23,17,790
<b>Current tax provision (A)</b>	<b>33,49,527</b>	<b>57,71,099</b>
Deferred tax liability on account of depreciation & amortisation of property, plant and equipment and intangible assets as per books and Income Tax Act, 1961	(1,91,87,916)	(1,87,27,347)
Deferred tax liability / (asset) on account of financial instruments and other temporary differences (net)	(2,30,19,685)	(2,14,42,005)
Minimum alternate tax credit entitlement	(8,87,816)	(13,12,826)
<b>Total deferred income tax expense / (credit) (B)</b>	<b>(47,19,585)</b>	<b>(40,27,484)</b>
<b>Total income tax expense / (credit) (A+B)</b>	<b>(13,70,058)</b>	<b>17,43,615</b>

#### (c) Deferred tax

(i) The components of deferred tax liabilities / assets (net) are as follows:

Particulars	As at		
	31 March 2020	31 March 2019	1 April 2018
<b>Deferred tax liabilities</b>			
Depreciation and amortisation on Property, plant and equipment and intangible assets as per books and Income Tax Act, 1961	1,91,87,916	1,87,27,347	1,75,37,863
Unrealised net gain on fair value changes	-	14,97,758	56,00,098
Other temporary differences	-	-	23,165
<b>Gross deferred tax liabilities (A)</b>	<b>1,91,87,916</b>	<b>2,02,25,105</b>	<b>2,31,61,126</b>
<b>Deferred tax assets</b>			
Disallowance u/s 43B of the Income Tax Act, 1961	15,83,075	17,82,302	22,02,784
Allowance on impairment	4,18,971	85,863	79,641
Unrealised net loss on fair value changes	24,64,977	-	-
Other temporary differences	32,530	62,680	27,521
<b>Gross deferred tax assets (B)</b>	<b>44,99,553</b>	<b>19,30,845</b>	<b>23,09,946</b>
<b>MAT credit entitlements / (utilisation) (net) (C)</b>	<b>21,67,746</b>	<b>18,38,726</b>	<b>-</b>
<b>Deferred tax liabilities (net) (A-B-C)</b>	<b>1,25,20,617</b>	<b>1,64,55,534</b>	<b>2,08,51,180</b>

**Notes forming part of the Consolidated Financial Statements**

(Currency: Indian Rupees)

- (ii) The movement in deferred tax assets and liabilities during the year ended 31 March 2019 and 31 March 2020 are as follows:

- (a) Net deferred tax charge / (credit) recorded in statement of profit and loss

Particulars	For the year ended	
	31 March 2020	31 March 2019
Depreciation and amortisation on Property, plant and equipment as per books and Income Tax Act, 1961	4,60,568	11,89,484
Unrealised net gain / (loss) on fair value changes	(46,59,590)	(36,03,948)
Disallowance u/s 43B of the Income Tax Act, 1961	1,11,415	2,90,252
Allowance on impairment losses	(3,33,108)	(6,222)
Other temporary differences	30,150	(58,324)
MAT credit entitlements/ (utilisation) (net)	(3,29,020)	(18,38,726)
<b>Net deferred tax charge / (credit) recorded in statement of profit and loss</b>	<b>(47,19,585)</b>	<b>(40,27,484)</b>

- (b) Net deferred tax charge / (credit) recorded in the Statement of Other Comprehensive Income (OCI)

Particulars	For the year ended	
	31 March 2020	31 March 2019
Disallowance u/s 43B of the Income Tax Act, 1961	87,812	1,30,230
<b>Net deferred tax charge / (credit) recorded in statement of OCI</b>	<b>87,812</b>	<b>1,30,230</b>

**53 LEASES**

Effective 1 April 2019, the Group adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on 1 April 2019 using the "Full Retrospective Approach" on the date of initial application.

Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the Right-of-Use (ROU) asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have been retrospectively adjusted and therefore will continue to be reported in the Consolidated Ind AS financial statements.

The effect of this adoption is insignificant on the profit/(loss) before tax, profit/(loss) for the year and earnings per share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The Group has excluded the initial direct costs from the measurement of the ROU asset at the date of initial application, owing to practical expedients elected on initial application.

The weighted average incremental borrowing rate applied to lease liabilities as at 1 April 2019 was 12% p.a (P.Y.:12% p.a).

- (i) The movements in the carrying value of ROU assets are as follows:

Particulars	Office Premises
<b>Gross block</b>	
Balance as at 1 April 2018	-
Additions on adoption of Ind AS 116	5,65,646
Additions	-
Terminations / modifications	-
<b>Balance as at 31 March 2019</b>	<b>5,65,646</b>
Balance as at 1 April 2019	5,65,646
Additions	-
Terminations / modifications	-
<b>Balance as at 31 March 2020</b>	<b>5,65,646</b>

Particulars	Office Premises
<b>Accumulated depreciation</b>	
Balance as at 1 April 2018	-
Additions on adoption of Ind AS 116	23,569
Additions	-
Terminations/modifications	-
<b>Balance as at 31 March 2019</b>	<b>23,569</b>
Balance as at 1 April 2019	23,569
Additions	94,274
Terminations/modifications	-
<b>Balance as at 31 March 2020</b>	<b>1,17,843</b>
<b>Net block as at 31 March 2019</b>	<b>5,42,077</b>
<b>Net block as at 31 March 2020</b>	<b>4,47,803</b>

The aggregate amortisation expense on ROU assets is included under Note 38 - "Depreciation and amortisation expense" in the Consolidated Ind AS Statement of Profit and Loss

- (ii) The following is the movement in lease liabilities are as follows:

Particulars	Amount (INR)
Balance as at 1 April 2018	-
Additions on adoption of Ind AS 116	5,65,646
Terminations/modifications	-
Finance expense	15,768
Payment of lease liabilities	(51,000)
<b>Balance as at 31 March 2019</b>	<b>5,30,414</b>
Balance as at 1 April 2019	5,30,414
Additions	-
Terminations/modifications	-
Finance expense	52,610
Payment of lease liabilities	(2,09,100)
<b>Balance as at 31 March 2020</b>	<b>3,73,924</b>

- (iii) The details of the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis are as follows:

Tenure	As at	
	31 March 2020	31 March 2019
Less than one year	2,30,010	2,09,100
One to five years	1,85,130	4,15,140
More than 5 years	-	-
<b>Total</b>	<b>4,15,140</b>	<b>6,24,240</b>

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

- (iv) Rental expenses for short-term leases and low value assets

The Group incurred NIL (P.Y.: NIL) for the year ended 31 March 2020 towards expenses relating to short-term leases and leases of low-value assets.

- (v) Rental income

Tenure	For the year ended	
	31 March 2020	31 March 2019
Rental income on assets given on operating leases to other parties	9,61,977	9,61,977

- (vi) Future lease commitments

Leases not yet commenced to which Group is committed aggregates to NIL (P.Y.: NIL).

- (vii) Sub lease income / expense

The Group has earned or expensed any rentals under sub-lease contractual arrangements during the current year (P.Y.: NIL).

# ANNUAL REPORT 2019-20

## Notes forming part of the Consolidated Financial Statements (Currency: Indian Rupees)

### 54 FAIR VALUE MEASUREMENT

#### (i) Carrying amount and fair values of financial assets and financial liabilities, including quantitative disclosure fair value measurement hierarchy as at 31 March 2020

Particulars	Carrying amount as at 31 March 2020				Fair value as at 31 March 2020			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	23,64,03,445	23,64,03,445	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	19,53,75,274	19,53,75,274	-	-	-	-
Receivables								
- Trade receivables	-	-	3,97,35,021	3,97,35,021	-	-	-	-
- Other receivables	-	-	10,22,027	10,22,027	-	-	-	-
Loans	3,83,350	-	22,28,84,406	22,32,67,756	-	-	2,83,438	2,83,438
Investments	34,54,85,290	-	75,00,000	35,29,85,290	27,23,69,584	-	-	27,23,69,584
Other financial assets	1,00,000	-	3,01,15,895	3,02,15,895	-	-	81,978	81,978
<b>Total - Financial assets</b>	<b>34,59,68,640</b>	<b>-</b>	<b>73,30,36,068</b>	<b>1,07,90,04,708</b>	<b>27,23,69,584</b>	<b>-</b>	<b>3,65,416</b>	<b>27,27,35,000</b>
<b>Financial liabilities</b>								
Payables								
Trade payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	20,35,51,360	20,35,51,360	-	-	-	-
Other payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	10,924	10,924	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	25,84,307	25,84,307	-	-	-	-
Borrowings (other than debt securities)	-	-	21,67,27,151	21,67,27,151	-	-	-	-
Deposits	2,60,000	-	-	2,60,000	-	-	2,07,205	2,07,205
Lease liabilities	3,73,924	-	-	3,73,924	-	-	3,73,924	3,73,924
Other financial liabilities	-	-	53,91,159	53,91,159	-	-	-	-
<b>Total - Financial liabilities</b>	<b>6,33,924</b>	<b>-</b>	<b>42,82,64,901</b>	<b>42,88,98,825</b>	<b>-</b>	<b>-</b>	<b>5,81,129</b>	<b>5,81,129</b>

#### (ii) Carrying amount and fair values of financial assets and financial liabilities, including quantitative disclosure fair value measurement hierarchy as at 31 March 2019

Particulars	Carrying amount as at 31 March 2019				Fair value as at 31 March 2019			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	6,77,33,246	6,77,33,246	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	15,87,41,621	15,87,41,621	-	-	-	-
Receivables								
- Trade receivables	-	-	3,78,86,606	3,78,86,606	-	-	-	-
- Other receivables	-	-	2,87,452	2,87,452	-	-	-	-
Loans	4,64,850	-	18,46,74,891	18,51,39,741	-	-	3,31,628	3,31,628
Investments	36,89,19,486	-	-	36,89,19,486	33,62,38,598	-	-	33,62,38,598
Other financial assets	1,00,000	-	7,94,01,047	7,95,01,047	-	-	73,172	73,172
<b>Total - Financial assets</b>	<b>36,94,84,336</b>	<b>-</b>	<b>52,87,24,863</b>	<b>89,82,09,199</b>	<b>33,62,38,598</b>	<b>-</b>	<b>4,04,800</b>	<b>33,66,43,398</b>
<b>Financial liabilities</b>								
Payables								
Trade payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	4,74,04,251	4,74,04,251	-	-	-	-
Other payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	19,08,960	19,08,960	-	-	-	-
Borrowings (other than debt securities)	-	-	20,17,92,146	20,17,92,146	-	-	-	-
Deposits	2,60,000	-	-	2,60,000	-	-	1,85,005	1,85,005
Lease liabilities	5,30,414	-	-	5,30,414	-	-	5,30,414	5,30,414
Other financial liabilities	-	-	44,66,043	44,66,043	-	-	-	-
<b>Total - Financial liabilities</b>	<b>7,90,414</b>	<b>-</b>	<b>25,55,71,400</b>	<b>25,63,61,814</b>	<b>-</b>	<b>-</b>	<b>7,15,419</b>	<b>7,15,419</b>

**KEYNOTE FINANCIAL SERVICES LIMITED**  
(Formerly known as Keynote Corporate Services Limited)

**Notes forming part of the Consolidated Financial Statements**  
(Currency: Indian Rupees)

**(iii) Carrying amount and fair values of financial assets and financial liabilities, including quantitative disclosure fair value measurement hierarchy as at 1 April 2018**

Particulars	Carrying amount as at 1 April 2018				Fair value as at 1 April 2018			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	5,08,35,663	5,08,35,663	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	14,37,52,428	14,37,52,428	-	-	-	-
Receivables								
- Trade receivables	-	-	6,30,34,384	6,30,34,384	-	-	-	-
- Other receivables	-	-	-	-	-	-	-	-
Loans	5,28,350	-	15,42,66,510	15,47,94,860	-	-	3,61,647	3,61,647
Investments	40,33,63,871	-	-	40,33,63,871	39,02,74,410	-	-	39,02,74,410
Other financial assets	-	-	8,01,88,154	8,01,88,154	-	-	-	-
<b>Total financial assets as at 1 April 2018</b>	<b>40,38,92,221</b>	<b>-</b>	<b>49,20,77,139</b>	<b>89,59,69,360</b>	<b>39,02,74,410</b>	<b>-</b>	<b>3,61,647</b>	<b>39,06,36,057</b>
<b>Financial liabilities</b>								
Payables								
Trade payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	6,35,06,044	6,35,06,044	-	-	-	-
Other payables								
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	53,48,211	53,48,211	-	-	-	-
Borrowings (other than debt securities)	-	-	15,97,52,264	15,97,52,264	-	-	-	-
Deposits	2,60,000	-	-	2,60,000	-	-	1,65,183	1,65,183
Lease liabilities	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	50,09,992	50,09,992	-	-	-	-
<b>Total - Financial liabilities</b>	<b>2,60,000</b>	<b>-</b>	<b>23,36,16,511</b>	<b>23,38,76,511</b>	<b>-</b>	<b>-</b>	<b>1,65,183</b>	<b>1,65,183</b>

**Notes:**

- The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:  
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;  
Level 2 - Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and  
Level 3 - Inputs are based on unobservable market data.
- The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- There is no fair value gains / losses on financial instruments designated under FVOCI.
- There is no case of any fair value measurement of the investment categorised under level 3 hierarchy.
- The following methods and assumptions were used to estimate the fair values:
  - Fair value of cash and short-term loans and deposits, trade and other short term receivables, trade payables, other current liabilities, short term borrowings approximate their carrying amounts largely due to short term maturities of these instruments.
  - Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.
  - The fair values for security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.
  - Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. - Investments in subsidiaries have fair values that approximate to their carrying amounts.
  - Lease liabilities, employee loans and security deposits are valued using Level 3 techniques. A change in one or more of the inputs to reasonably possible alternative assumptions would not change the value significantly. Further, lease liabilities that are measured at fair value, the carrying amounts are equal to the fair values.
  - The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.
- There have been no transfers between different levels of the fair value measurement hierarchy during the year ended 31 March 2020, 31 March 2019 and 1 April 2018.



## Notes forming part of the Consolidated Financial Statements

(Currency: Indian Rupees)

### 55 Capital Management

The Group adheres to a disciplined Capital Management framework in order to maintain a strong balance sheet. The objectives when managing capital are to:

1. Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
2. Maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares etc. The Group monitors capital using debt equity ratio. Further, the Group's strategy is to maintain gearing ratio as per industry norms. The gearing ratio has been disclosed below:

Particulars	As at		
	31 March 2020	31 March 2019	1 April 2018
Total gross debt	21,67,27,151	20,17,92,146	15,97,52,264
Cash and cash equivalents	(23,64,03,445)	(6,77,33,246)	(5,08,35,663)
<b>Total net debt (A)</b>	<b>(1,96,76,294)</b>	<b>13,40,58,900</b>	<b>10,89,16,601</b>
<b>Total equity (B)</b>	<b>73,27,07,089</b>	<b>78,17,34,854</b>	<b>80,95,19,758</b>
<b>Net Capital gearing ratio (A/B)</b>	<b>(0.03)</b>	<b>0.17</b>	<b>0.13</b>

Net debt includes borrowings net of cash and cash equivalents and total equity comprises of equity share capital, security premium and other equity attributable to equity shareholders.

### 56 FINANCIAL RISK MANAGEMENT

The Group's business activities are exposed to a variety of financial risks, namely credit risk, liquidity risk and market risk. Further, it is also subject to various operating and business risks. While the risk is inherent in the Group's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. Additionally, the Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

#### (A) Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- (iv) Significant increase in credit risk on other financial instruments of the same counterparty
- (v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements

Credit information is regularly shared between businesses and finance function, with a framework in place to quickly identify, respond and recognise cases of credit deterioration.

Credit risk with respect to the company arises primarily from financial assets such as trade receivables, investments, balances with banks, loans & other receivables and other financial assets.

#### Trade receivables, loans and inter corporate deposits

The Group measures the expected credit loss (ECL) of trade receivables and loans and advances / inter corporate deposits given, based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. The Company's senior management has established accounts receivable policy under which customer accounts are regularly monitored. Based on the historical data, loss on collection of receivable provision is considered. Also, refer 'significant accounting policies' for accounting policy on Financial Instruments.

In addition to the above, the Company applies the Ind AS 109 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. Further, the movement in the ECL has been disclosed under Note 43 of the consolidated Ind AS financial statements.

#### Other financial assets

These include financial assets are cash and bank balances, investments, term deposits and security deposits.

Credit risk from balance with banks (including term deposits), investments is managed in accordance with the Company's approved investment policies. Investment of surplus funds are made only with approved counterparties and within the credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on a regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the Balance Sheet (including exceptions, if any) as at 31 March 2020 and 31 March 2019 is the carrying value as illustrated the respective notes of the consolidated Ind AS financial statements.

#### (B) Liquidity risk

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the company on acceptable terms. To limit this risk, management has arranged for diversified funding sources such as investing its surplus funds in short term liquid assets in bank deposits and liquid mutual funds. The company has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The company also has lines of credit that it can access to meet liquidity needs.

Refer Note 57 for analysis of maturities of financial assets and financial liabilities

#### (C) Market risk

##### (i) Foreign currency risk

Foreign Currency Risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than Indian Rupee.

In respect of the foreign currency transactions, the Company does not hedge the exposures since the management believes that the same is insignificant in nature and will not have a material impact on the Company.

The Company's exposure to foreign currency risk at the end of reporting period is shown under Note 48 of the standalone Ind AS financial statements.

A 5% strengthening of the Indian Rupee against key currencies to which the Company is exposed would have led to approximately an additional gain of INR 1,25,078 in the Statement of Profit and Loss (31 March 2019 : gain of INR 94,395; 1 April 2018: gain of INR 47,946). A 5% weakening of the INR against these currencies would have led to an equal but opposite effect.

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates.

In order to optimise the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, the company's senior management have devised a policy of a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio. The Company is exposed to Interest risk if the fair value or future cash flows of its financial instruments will fluctuate

# KEYNOTE FINANCIAL SERVICES LIMITED

(Formerly known as Keynote Corporate Services Limited)

## Notes forming part of the Consolidated Financial Statements

(Currency: Indian Rupees)

as a result of changes in market interest rates. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates.

Interest rate change does not affect significantly interest bearing investments and loans given and therefore the Group's exposure to the risk of changes in market interest rates relates primarily to the Group's deposits with banks. The Company has laid policies and guidelines to minimise impact of interest rate risk.

A 0.50% decrease in interest rates would have led to approximately an additional loss of INR 1,66,531 in the Statement of Profit and Loss (31 March 2019: loss of INR 2,13,289; 1 April 2018: loss of INR 2,39,301). A 0.50% increase in interest rates would have led to an equal but opposite effect.

### (iii) Price risks

The Group is exposed to market price risk, which arises from FVTPL and FVOCI investments. The management monitors the proportion of these investments in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the appropriate authority.

A 1% increase in prices would have led to approximately an additional gain of INR 27,23,696 in the Statement of Profit and Loss (31 March 2019: gain of INR 33,62,386; 1 April 2018: gain of INR 39,02,744). A 1% decrease in prices would have led to an equal but opposite effect.

## 57 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at								
	31 March 2020			31 March 2019			1 April 2018		
	within 12 months	after 12 months	Total	within 12 months	after 12 months	Total	within 12 months	after 12 months	Total
<b>ASSETS</b>									
<b>A. Financial assets</b>									
Cash and cash equivalents	23,64,03,445	-	23,64,03,445	6,77,33,246	-	6,77,33,246	5,08,35,663	-	5,08,35,663
Bank balances other than cash and cash equivalents	19,53,75,274	-	19,53,75,274	15,87,41,621	-	15,87,41,621	14,37,52,428	-	14,37,52,428
Receivables									-
- Trade receivables	3,97,35,021	-	3,97,35,021	3,78,86,606	-	3,78,86,606	6,30,34,384	-	6,30,34,384
- Other receivables	10,22,027	-	10,22,027	2,87,452	-	2,87,452	-	-	-
Loans	22,31,67,844	-	22,31,67,844	18,50,06,520	-	18,50,06,520	15,46,28,157	-	15,46,28,157
Investments	21,59,73,611	6,38,95,973	27,98,69,584	28,88,61,952	4,73,76,646	33,62,38,598	35,15,65,135	3,87,09,275	39,02,74,410
Other financial assets	44,94,389	2,57,03,484	3,01,97,873	42,25,647	7,52,48,572	7,94,74,219	14,61,648	7,87,26,506	8,01,88,154
<b>Sub-total - financial assets (A)</b>	<b>91,61,71,611</b>	<b>8,95,99,457</b>	<b>1,00,57,71,068</b>	<b>74,27,43,044</b>	<b>12,26,25,218</b>	<b>86,53,68,262</b>	<b>76,52,77,415</b>	<b>11,74,35,781</b>	<b>88,27,13,196</b>
<b>B. Non-financial assets</b>									
Inventories	-	9,35,755	9,35,755	15,72,625	9,35,755	25,08,380	1,73,60,051	25,08,380	1,98,68,431
Current tax assets (net)	-	61,41,023	61,41,023	-	2,24,89,108	2,24,89,108	-	79,47,867	79,47,867
Investment property	-	3,71,366	3,71,366	-	3,85,416	3,85,416	-	3,93,775	3,93,775
Property, plant & equipment	-	17,24,07,080	17,24,07,080	-	17,97,57,528	17,97,57,528	-	17,81,88,627	17,81,88,627
Right of use assets	-	4,47,803	4,47,803	-	5,42,077	5,42,077	-	-	-
Goodwill on consolidation	-	10,41,615	10,41,615	-	10,41,615	10,41,615	-	10,41,615	10,41,615
Other non-financial assets	37,46,420	7,67,396	45,13,816	25,23,947	6,79,970	32,03,917	21,11,109	13,78,124	34,89,233
<b>Sub-total - non-financial assets (B)</b>	<b>37,46,420</b>	<b>18,21,12,038</b>	<b>18,58,58,458</b>	<b>40,96,572</b>	<b>20,58,31,469</b>	<b>20,99,28,041</b>	<b>1,94,71,160</b>	<b>19,14,58,388</b>	<b>21,09,29,548</b>
<b>Total - Assets (A+B)</b>	<b>91,99,18,031</b>	<b>27,17,11,495</b>	<b>1,19,16,29,526</b>	<b>74,68,39,616</b>	<b>32,84,56,687</b>	<b>1,07,52,96,303</b>	<b>78,47,48,575</b>	<b>30,88,94,169</b>	<b>1,09,36,42,744</b>

# ANNUAL REPORT 2019-20

## Notes forming part of the Consolidated Financial Statements (Currency: Indian Rupees)

Particulars	As at								
	31 March 2020			31 March 2019			1 April 2018		
	within 12 months	after 12 months	Total	within 12 months	after 12 months	Total	within 12 months	after 12 months	Total
<b>LIABILITIES</b>									
<b>A. Financial liabilities</b>									
Payables									
Trade payables									
Payables									
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	20,35,51,360	-	20,35,51,360	4,74,04,251	-	4,74,04,251	6,35,06,044	-	6,35,06,044
Other payables									
- total outstanding dues of micro enterprises and small enterprises	10,924	-	10,924	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	25,84,307	-	25,84,307	19,08,960	-	19,08,960	53,48,211	-	53,48,211
Borrowings (other than debt securities)	21,43,72,529	23,54,622	21,67,27,151	19,69,94,726	47,97,420	20,17,92,146	15,97,52,264	-	15,97,52,264
Deposits	-	2,07,205	2,07,205	-	1,85,005	1,85,005	-	1,65,183	1,65,183
Lease liabilities	1,97,282	1,76,642	3,73,924	1,56,490	3,73,924	5,30,414	-	-	-
Other financial liabilities	44,39,212	9,51,947	53,91,159	34,14,443	10,51,600	44,66,043	39,34,694	10,75,298	50,09,992
<b>Sub-total - financial liabilities (A)</b>	<b>42,51,55,614</b>	<b>36,90,416</b>	<b>42,88,46,030</b>	<b>24,98,78,870</b>	<b>64,07,949</b>	<b>25,62,86,819</b>	<b>23,25,41,213</b>	<b>12,40,481</b>	<b>23,37,81,694</b>
<b>B. Non- Financial liabilities</b>									
Provisions	8,84,235	81,46,731	90,30,966	14,89,799	79,52,868	94,42,667	19,55,890	80,29,039	99,84,929
Deferred tax liabilities (net)	-	1,25,20,617	1,25,20,617	-	1,64,55,533	1,64,55,533	-	2,08,51,180	2,08,51,180
Other non-financial liabilities	85,24,824	-	85,24,824	1,13,76,430	-	1,13,76,430	1,95,05,183	-	1,95,05,183
<b>Sub-total - non-financial liabilities (B)</b>	<b>94,09,059</b>	<b>2,06,67,348</b>	<b>3,00,76,407</b>	<b>1,28,66,229</b>	<b>2,44,08,401</b>	<b>3,72,74,630</b>	<b>2,14,61,073</b>	<b>2,88,80,219</b>	<b>5,03,41,292</b>
<b>Total - Liabilities (A+B)</b>	<b>43,45,64,673</b>	<b>2,43,57,764</b>	<b>45,89,22,437</b>	<b>26,27,45,099</b>	<b>3,08,16,350</b>	<b>29,35,61,449</b>	<b>25,40,02,286</b>	<b>3,01,20,700</b>	<b>28,41,22,986</b>

### 58 FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS

These are the Group's first financial statements prepared in accordance with Ind AS.

The Group has prepared its Ind AS compliant financial statements for year ended on 31 March 2020, the comparative period ended on 31 March 2019 and an opening Ind AS Balance Sheet as at 1 April 2018 (the date of transition), as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019.

For periods ended up to the year ended 31 March 2018, the Company had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with relevant rules issued thereunder (Previous GAAP).

#### (A) Mandatory exceptions and optional exemptions availed

The following set out below are the applicable Ind AS 101 mandatory exceptions and optional exemptions applied in the transition from previous GAAP to Ind AS, which were considered to be material or significant by the Company.

#### (i) Mandatory exceptions

The Company has adopted all relevant mandatory exceptions set out in Ind AS 101 which are as below:

##### (i) Estimates

Ind AS 101 prescribes that an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any

difference in accounting policies), unless there is objective evidence that those estimates were in error. The Company's Ind AS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.

#### (ii) Derecognition of financial assets and financial liabilities

As set out in Ind AS 101, the Company has applied the derecognition requirements of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

#### (iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

#### (iv) Impairment of financial assets

As set out in Ind AS 101, an entity shall apply the impairment requirements of Ind AS 109 retrospectively if it does not entail any undue cost or effort. The Company has assessed impairment of financial assets in conformity with Ind AS 109.

#### (ii) Optional exemptions availed by the Company

The Company has availed the following optional exemptions available to Ind AS upon first time adoption.

##### (i) Deemed cost-Previous GAAP carrying amount

The Company has elected to measure its property plant and equipment, intangibles and investment property at the carrying amounts of the previous GAAP as its deemed cost on the date of transition to Ind AS.

**Notes forming part of the Consolidated Financial Statements**  
(Currency: Indian Rupees)

(ii) **Leases**

The Company has evaluated whether an arrangement existing at the transition date contains a lease on the basis of the facts and circumstances existing on the transition date except where the effect is expected to be immaterial.

(iii) **Deemed cost of investment in subsidiaries**

The Company has elected to measure its investment in subsidiaries at the carrying amounts of the previous GAAP as its deemed cost on the date of transition to Ind AS.

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The Company's management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

**(B) Reconciliations between Ind AS and previous GAAP are given below**

Ind AS 101 requires an entity to its reconcile equity, total comprehensive income and cash flows for previous periods.

The following table represent the reconciliations from previous GAAP to Ind AS.

(i) **Reconciliation of equity as at 1 April 2018 and as at 31 March 2019 summarised in below table**

Particulars	Notes to first time adoption	As at	
		31 March 2019	1 April 2018
<b>Equity reported under previous GAAP</b>		78,13,15,189	77,12,80,552
Adjustments :			
Effect of effective interest rate and fair valuation on financial assets and liabilities	1,2,3	4,19,665	3,82,39,206
<b>Equity as per Ind AS</b>		<b>78,17,34,854</b>	<b>80,95,19,758</b>

(ii) **Total Comprehensive income reconciliation for the year ended 31 March 2019**

Particulars	Notes to first time adoption	For the year ended 31 March 2019
<b>Profit after tax as reported under previous GAAP</b>		2,75,23,152
Adjustments:		
Effect of effective interest rate and fair valuation on financial assets and liabilities (net of tax)	1,2,3	(3,81,57,429)
<b>Loss after tax as per Ind AS for the year ended 31 March 2019</b>		<b>(1,06,34,277)</b>
Other comprehensive Income (net of tax)	4	3,37,888
<b>Total comprehensive income as per Ind AS</b>		<b>(1,02,96,389)</b>

(iii) **Impact of Ind AS adoption on the Statement of Cash Flows for the year ended 31 March 2019**

Particulars	Notes to first time adoption	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flow from operating activities	1,2,3	1,53,25,234	(5,77,43,724)	(4,24,18,490)
Net cash flow from investing activities	1	2,61,94,975	1,98,61,142	4,60,56,117
Net cash flow from financing activities	1,3	(2,46,17,745)	3,78,77,701	1,32,59,956
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,69,02,464</b>	<b>(4,881)</b>	<b>1,68,97,583</b>

Particulars	Notes to first time adoption	Previous GAAP	Effect of transition to Ind AS	Ind AS
Cash and cash equivalents as at beginning of year		5,08,30,782	4,881	5,08,35,663
Cash and cash equivalents as at end of the year		<b>6,77,33,246</b>	-	<b>6,77,33,246</b>

**Notes:**

1. **Fair valuation of investments subsequently measured under FVTPL**

Under the previous GAAP, investments were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings (net of deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss or Other Comprehensive Income (OCI) for the year ended 31 March 2019 depending upon the subsequent measurement category for the investments.

2. **Remeasurement of defined benefit plan obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

3. **Other financial assets and liabilities**

Under Ind AS, rental deposits, lease deposits, lease liabilities & assets and loan given to employees at concessional rates are initially measured at Fair value and subsequently accounted under amortization method as per Ind AS 109 whereas as per previous GAAP, measurement in fair value was not required.

4. **Other comprehensive Income**

Under Ind AS, re-measurements i.e. Actuarial gains and losses and the return on plan assets, excluding amount included in the net interest expenses on the net defined benefit liability are recognised in Other Comprehensive income instead of Statement of profit and loss as accounted in previous GAAP.

The cumulative impact of the above changes as on the transition date is adjusted against the reserves as on 01.04.2018. The subsequent effect of changes for the financial year 2018-19 is disclosed under profit and loss reconciliation

59 **DIVIDEND ON EQUITY SHARES**

(i) **Dividend on equity shares declared and paid during the year**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Final dividend of INR 1 per share for FY 2018-19 (FY 2017-18: INR 2.50 per share)	70,18,339	1,75,45,848
Dividend distribution tax on final dividend	<b>14,77,319</b>	<b>35,71,922</b>

The proposed dividend on equity shares for FY 2018-19 was distributed based upon the approval of the shareholders of the Company at the Annual General Meeting held on 13 August 2019.

(ii) **Proposed dividend on equity shares not recognised as liability**

Particulars	For the year ended	
	31 March 2020	31 March 2019
Final dividend of INR 1 per share for FY 2019-20 (FY 2018-19: INR 1 per share)	70,18,339	70,18,339
Dividend distribution tax on final dividend <sup>§</sup>	-	<b>14,77,319</b>

The proposed dividend on equity shares for FY 2019-20 is subject to the approval of the shareholders of the Company at the Annual General Meeting and not recognised as liability as at the Balance Sheet date.

<sup>§</sup> The Budget 2020 has made dividend income from shares taxable in the hands of the recipient at the applicable income tax slab rates to the individual and abolish the Dividend Distribution Tax (DDT) hitherto levied on dividend income before distribution by the company.



**Notes forming part of the Consolidated Financial Statements**  
(Currency: Indian Rupees)

**61 PRINCIPLES AND ASSUMPTIONS ON CONSOLIDATION**

The Consolidated Financial Statements have been prepared by applying the principles laid in the Indian Accounting Standard (Ind AS) - 110 "Consolidated Financial Statements" in Consolidated Financial Statements". issued by the Institute of Chartered Accountants of India for the purposes of these Consolidated Balance Sheet and Consolidated Statement of Profit and Loss, together referred to in as 'Consolidated Financial Statements.'

**The list of subsidiaries and trust in the consolidated financial statement are as under :-**

Keynote Financial Services Limited ('the Company' or 'the Holding Company') shareholding in the following companies as on 31 March 2020, 31 March 2019 and 1 April 2018 are as under:

Name of the entity	Country of incorporation	Proportion of ownership / beneficial interest		
		As at		
		31 March 2020	31 March 2019	1 April 2018
<b>(a) Subsidiaries</b>				
Keynote Capitals Limited	India	100%	100%	100%
Keynote Fincorp Limited	India	100%	100%	100%
<b>(b) Step down Subsidiary</b>				
Keynote Commodities Limited	India	100%	100%	100%
<b>(c) Trust</b>				
Keynote Trust	India	100%	100%	100%

**62 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARIES AS AT 31 MARCH 2020**

Name of the entity	Net Assets (i.e. Total Assets - Total Liabilities)		Share in profit & loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated Net Assets	Amount (INR)	As % of Consolidated Profit / (Loss)	Amount (INR)	As % of Consolidated Comprehensive Income	Amount (INR)	As % of Consolidated Total Comprehensive Income	Amount (INR)
<b>Parent Company</b>								
Keynote Financial Services Limited	74.93%	54,89,91,039	2.22%	(9,37,343)	100.00%	2,49,928	1.64%	(6,87,415)
<b>Subsidiaries</b>								
Keynote Capitals Limited	44.31%	32,46,31,656	63.07%	(2,66,36,849)	0.00%	-	63.45%	(2,66,36,849)
Keynote Fincorp Limited	14.47%	10,60,00,449	-10.84%	45,76,365	0.00%	-	-10.90%	45,76,365
<b>Step down Subsidiary</b>								
Keynote Commodities Limited	1.60%	1,17,03,884	42.05%	(17,759,781)	0.00%	-	42.30%	(1,77,59,781)
<b>Trust</b>								
Keynote Trust	1.73%	1,26,62,140	0.06%	(24,427)	0.00%	-	0.06%	(24,427)
<b>Total</b>	<b>137.04%</b>	<b>1,00,39,89,168</b>	<b>96.56%</b>	<b>(4,07,82,035)</b>	<b>100.00%</b>	<b>2,49,928</b>	<b>96.55%</b>	<b>(4,05,32,107)</b>
Eliminations	-37.04%	(27,12,82,079)	3.44%	(14,51,702)	0.00%	-	3.45%	(14,51,702)
<b>Net total</b>	<b>100.00%</b>	<b>73,27,07,089</b>	<b>100.00%</b>	<b>(4,22,33,737)</b>	<b>100.00%</b>	<b>2,49,928</b>	<b>100.00%</b>	<b>(4,19,83,809)</b>

**63** The step down subsidiary - Keynote Commodities Limited has surrendered the Membership of Multi Commodity Exchange and NCDEX during the year and has encashment the security deposit as follows:

Nature of Security deposit	Amount (INR)
Collateral deposit with MCX exchange	42,50,000
NCDEX Base Capital Collateral deposit	25,00,000
NCDEX Interest free security deposit	10,00,000
<b>Total</b>	<b>77,50,000</b>

**64 CHANGE OF NAME**

During the financial year 2018-19, the Holding Company - Keynote Financial Service Limited had changed its name from "Keynote Corporate Services Limited" to "Keynote Financial Services Limited" by passing a resolution at the Board Meeting dated 8 February 2019. Further, the necessary secretarial compliances with respect to the same were completed by the Holding Company, evidenced by a fresh certificate of incorporation dated 23 April 2019.

**65 RECOVERIES OF FINANCIAL ASSETS WRITTEN OFF**

The Holding Company - Keynote Financial Service Limited had written off the debts amounting to INR 33,00,000 pertaining to Binani Cement Limited during the financial year 2017-18. The entire amount was already provided as doubtful debts by the end of quarter ended 30 September 2017. However, the said amount was recovered by the company during the previous financial year 2018-19.

**66 EVENTS AFTER REPORTING DATE**

The Board of Directors have recommended dividend of INR 1 per fully paid up equity share of INR 10 each (31 March 2019 : INR 1; 1 April 2018 : INR 2.50) for the financial year 2019-20.

**67 DETAILS OF SCHEME OF AMALGAMATION APPROVED BY THE HON'BLE HIGH COURT**

As per the scheme of amalgamation approved by the Allahabad, Bombay, and Gauhati High court vide order dated 21 December 2006, 09 March, 2007 and 19 March, 2007 respectively, 14,51,702 equity shares of INR 10 each fully paid up is held by Keynote trust as a beneficiary of the Holding Company. Due to such cross holding the dividend of INR 14,51,702 (P.Y : INR 36,29,255) has been paid and received back from the trust. With respect to the dividend of INR 1 per share (P.Y: INR 2.50 per share) for 31 March, 2019, the Holding Company has adjusted its liability of dividend towards shares held by the Trust.

**68 COVID -19**

The Covid -19 Pandemic has resulted in significant decrease in economic activities across the country, on account of lockdown that started on 24 March 2020. The lockdown also affected the Group's business operations in the last week of March 2020. Estimates and associated assumptions applied in preparing these financial statements are based on historical experience and other emerging/forward looking factors on account of the pandemic. The Group believes that the factors considered are reasonable under the current circumstances. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic. In the event, the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Group.

# ANNUAL REPORT 2019-20

## Notes forming part of the Consolidated Financial Statements

(Currency: Indian Rupees)

### 69 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The Group does not have any financing activities which affect the capital and asset structure of the group without the use of cash and cash equivalents

### 70 TRANSFERRED FINANCIAL ASSETS THAT ARE DERECOGNISED IN THEIR ENTIRETY BUT WHERE THE GROUP HAS CONTINUING INVOLVEMENT

The Group has not transferred any assets that are derecognised in their entirety where the Group continues to have continuing involvement and the same has been relied upon by the Auditor.

### 71 APPROVAL OF CONSOLIDATED IND AS FINANCIAL STATEMENTS

The consolidated Ind AS financial statements financial statements were approved for issue by the Board of Directors on 29 June 2020.

As per our report of even date attached

#### For S M S R & Co LLP

Chartered Accountants

Firm Registration No: 110592W/W100094

Sd/-

**U Balakrishna Bhat**

Partner

Membership No: 019216

Date : 29 June 2020

Place : Mumbai

#### For and on behalf of the Board of Directors of

**Keynote Financial Services Limited**

CIN: L67120MH1993PLC072407

Sd/-

**Rinku Suchanti**

Director

DIN : 00012903

Date : 29 June 2020

Place : Mumbai

Sd/-

**Uday Patil**

Director & CFO

DIN : 00003978

Sd/-

**Sujeet More**

Company Secretary

Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 relating to subsidiary companies

#### Details of Subsidiary Companies

₹

Particulars	Name of Subsidiaries		
	Keynote Capitals Limited	Keynote Commodities Limited	Keynote Fincorp Limited
Share Capital	11,26,66,670	35,00,000	3,50,00,000
Other Equity	21,19,64,986	82,03,884	7,10,00,449
Total Assets	57,28,27,840	8,55,52,153	29,85,39,094
Total Liabilities	57,28,27,840	8,55,52,153	29,85,39,094
Investment (Except investment in subsidiaries)	4,41,34,942	4,85,37,016	8,32,45,443
Turnover	5,60,20,502	22,98,714	1,84,95,068
Profit/(Loss) before Taxation	(2,53,64,705)	(1,75,88,354)	54,48,594
Add Excess Provision	-	-	-
Add Mat Credit	7,86,786	-	-
Less Short Provision	-	-	-
Provision for Taxation	15,29,252	1,71,419	9,50,000
Deferred Tax (Asset) / Liability	5,29,677	8	(77,771)
Profit/(Loss) after Taxation	(2,66,36,849)	(1,77,59,781)	45,76,365
Proposed Dividend	-	-	-
Percentage (%) of Shareholding	100.00	100.00	100.00

#### For and on behalf of the Board of Directors of

**Keynote Financial Services Limited**

CIN: L67120MH1993PLC072407

Sd/-

**Rinku Suchanti**

Director

DIN : 00012903

Sd/-

**Uday Patil**

Director & CFO

DIN : 00003978

Sd/-

**Sujeet More**

Company Secretary

Date : 29 June 2020

Place : Mumbai

Form MR-3

**SECRETARIAL AUDIT REPORT**

**[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2020**

To

**The Members of  
Keynote Capitals Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provision and the adherence to good corporate practices by **M/S. KEYNOTE CAPITALS LIMITED (CIN: U67120MH1995PLC088172)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **M/S. KEYNOTE CAPITALS LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes' books, forms and returns filed and other records maintained by **M/S KEYNOTE CAPITALS LIMITED** for the financial year ended 31<sup>st</sup> March 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (regulation) Act, 1956 (SCRA) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations any Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
  - (b) SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003
- (vi) The following laws are specifically applicable to the Company:  
The Prevention of Money Laundering Act, 2002

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the following observation:

***As per the representation given by the Company, all the existing related party transactions of the Company with its related parties are in the ordinary course of business and on arm's length basis or as per the contracts existing on the commencement of the Act, 2013 and have been duly approved by the Audit Committee.***

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors & Key



## ANNUAL REPORT 2019-20

Managerial Personnel, Non-Executive Directors and Independent Directors. There were no changes in composition of Board of Directors during the year.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that** Company has altered its main object resulting Alteration in the Memorandum of Association of the Company.

**We further report that** during the audit period there were no major events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

**For Uma Lodha & Co.  
Practicing Company Secretaries**

**Sd/-  
Proprietor**

ACS/FCS No.: 5363

C.P. No.2593

UDIN NO. F005363B000422593

Place: Mumbai  
Date: 07/07/2020

**Note:** This report is to be read with our letter of even date which is annexed as 'ANNEXURE B(i)' and forms an integral part of this report.

**ANNEXURE B(i)**

**To**

**The Members**  
**M/S. KEYNOTE CAPITALS LIMITED**

Our report of even date is to be read along with this letter.

- Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Uma Lodha & Co.**  
**Practicing Company Secretaries**

**Sd/-**  
**Proprietor**

ACS/FCS No.: 5363

C.P. No.2593

UDIN NO. F005363B000422593

Place: Mumbai  
Date: 07/07/2020

**Form MR-3**

**SECRETARIAL AUDIT REPORT**

**[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2020**

**To**

**The Members of  
Keynote Fincorp Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provision and the adherence to good corporate practices by **M/S. KEYNOTE FINCORP LIMITED (CIN: U67120MH1995PLC084814)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **M/S. KEYNOTE FINCORP LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes' books, forms and returns filed and other records maintained by **M/S KEYNOTE FINCORP LIMITED** for the financial year ended 31<sup>st</sup> March 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (regulation) Act, 1956 (SCRA) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations any Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi). The following laws are specifically applicable to the Company:
  - The Prevention of Money Laundering Act, 2002
  - Reserve Bank of India Act, 1934

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that** during the audit period there were no major events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

**For Uma Lodha & Co.**  
**Practicing Company Secretaries**

**Sd/-**

**Proprietor**

ACS/FCS No.: 5363

C.P. No.2593

UDIN NO. F005363B000422593

Place: Mumbai

Date: 07/07/2020

**Note:** This report is to be read with our letter of even date which is annexed as 'ANNEXURE B(i)' and forms an integral part of this report.

**ANNEXURE B(i)**

**To**

**The Members  
M/S. KEYNOTE FINCORP LIMITED**

Our report of even date is to be read along with this letter.

- Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Uma Lodha & Co.  
Practicing Company Secretaries**

**Sd/-  
Proprietor**

ACS/FCS No.: 5363

C.P. No.2593

UDIN NO. F005363B000422593

Place: Mumbai  
Date: 07/07/2020



If undelivered, please return to:

**KEYNOTE FINANCIAL SERVICES LIMITED**

The Ruby, 9th floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028