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YE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

5th Annual Report 1997-98



KEYNOTE
CORPORATE SERVICES LIMITED

ANNUAL REPORT 97-98

KEYNOTE CORPORATE SERVICES LIMITED

BOARD OF DIRECTORS

Mr. Nirmal Suchanti

Mr. Uday S. Patil

Mr. Vineet Suchanti

Mr. B. Madhuprasad - *Managing Director*

REGISTERED OFFICE

608, Dalamal House,
Nariman Point,
Mumbai - 400 021.

LEGAL ADVISORS

F. S. Broacha,
107, Vikas Bldg., 11, Bank Street,
Mumbai - 400 023.

AUDITORS

K. K. Bhageria & Co.,
Chartered Accountants,
104, Camy House, Dhuswadi,
Dr. Cawasji Hormasji Lane,
Marine Lines, Mumbai - 400 002.

BANKERS

Punjab National Bank
State Bank of Hyderabad
Union Bank of India
Global Trust Bank Ltd.
Andhra Bank
HDFC Bank Ltd.

SHARE TRANSFER AGENT

MCS Limited
Sri Venkatesh Bhuvan,
Road No. 11, Plot No. 27,
MIDC, Andheri (East),
Mumbai - 400 093.

BRANCH OFFICES

AHMEDABAD

67, City Centre, 6th Floor,
Near Swastik Char Rasta,
C. G. Road,
Ahmedabad - 380 009.

COCHIN

2nd Floor, 41/331,
YMCA Junction,
Cochin - 682 035

HYDERABAD

207, Mahavir House,
Basheer Baug,
Hyderabad - 500 029.

NEW DELHI

6 F Gopala Tower,
25 Rajendra Place,
New Delhi - 110 008.

Fifth Annual General Meeting

on Wednesday, 30th September, 1998 at 1.00 p.m.
at Ashoka Hall, Arcadia, Nariman Point, Mumbai - 400 021.

KEYNOTE CORPORATE SERVICES LIMITED

.NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF KEYNOTE CORPORATE SERVICES LIMITED WILL BE HELD ON WEDNESDAY THE 30TH DAY OF SEPTEMBER, 1998 AT ASHOKA HALL, ARCADIA, NARIMAN POINT, MUMBAI - 400 021 AT 1.00 P.M. TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :-

1. To receive, consider and adopt the audited Balance Sheet as of 31st March, 1998 and the profit and loss account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To declare Dividend for the year ended 31st March, 1998.
3. To appoint a Director in place of Shri Nirmal Suchanti who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditor to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :-

5. To consider, and if, thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :-

"RESOLVED THAT pursuant to Section 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby approves the reappointment and terms of remuneration of Shri B. Madhuprasad, Managing Director of the Company for a period of five years with effect from 29th September, 1998 upon the terms and conditions set out in the draft Agreement submitted to this meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said reappointment and/or Agreement in such manner as may be agreed to between the Directors and Shri B. Madhuprasad."

6. To Consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :-

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions of the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force the Articles of Association of the Company be and are hereby altered in the manner and to the extent as follows :-

The following new article 13A be inserted after the present article 13.

13A DEMATERIALISATION OF SECURITIES

- (A) For the purposes of this Article, unless the context otherwise requires :-
- beneficial owner "beneficial owner" means a person whose name is recorded as such with a depository;
- SEBI Board "SEBI Board" means the Securities and Exchange Board of India;
- bye-laws "bye-laws" means bye-laws made by a depository under Section 26 of the Depositories Act, 1996;
- Depositories Act "Depositories Act" means the Depositories Act, 1996 (22 of 1996) including any statutory modification or re-enactment thereof for the time being in force;
- depository "depository" means a Company formed and registered under the Companies Act, 1956 (1 of 1956) and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- record "record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by regulations made by the SEBI Board;
- regulations "regulations" means the regulations made by the SEBI Board;
- security "security" means such security as may be specified by the SEBI Board.
- Dematerialisation of Securities (B) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.
- Options to receive security certificates or hold securities with depository (C) Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository. Where a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security and on receipt of such information the depository shall enter in its record the name of the allottee as the beneficial owner of that security.
- Securities in depositories to be in fungible form (D) All securities held by the depository shall be dematerialised and shall be in fungible form.
- Rights of depositories and beneficial owners (E) 1) Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

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|---|--|
| Depository to furnish information | 2) Save as otherwise provided in (1) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.
3) Every person holding equity share capital of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the securities held by a depository. |
| Option to opt out in respect of any security, | (F) Every depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
(G) If a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly.
The depository shall on receipt of intimation as above make appropriate entries in its records and shall inform the Company.
The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or transferee as the case may be. |
| Sections 83 and 108 of the Act not to apply | (H) Notwithstanding anything to the contrary contained in the Articles
1) Section 83 of the Act shall not apply to the shares held with a depository.
2) Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository. |

By Order of the Board
For **Keynote Corporate Services Limited**

-Sd/-

B. Madhuprasad
Managing Director

PLACE : MUMBAI
DATE : 31st August, 1998

NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY IN ORDER TO BE EFFECTIVE SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b) The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under item 5 and 6 is annexed hereto.
- c) The Register of Members and share transfer books of the Company will remain closed from Friday, 25th September, 1998 to Wednesday, 30th September, 1998 both days inclusive.
- d) Dividend declared, if any, will be paid to those members whose names appear on the Company's Register of Members as on 30th September, 1998.
- e) The members holding partly paid-up shares will receive separate communication from the Company after the book closure as regards completion of formalities in respect of re-organisation of capital in terms of the order of the Hon'ble High Court, Mumbai.
- f) The practice of distributing copies of Annual Reports at the Annual General Meeting has been discontinued as a measure of economy.
- g) Members are requested to :-
 - i) intimate changes, if any, in their registered address at the earliest.
 - ii) Furnish PAN/GIR Number with Income Tax Ward/Range/District to the Company.
 - iii) Quote ledger folio nos. in all their correspondences with the Company and the Registrars.
 - iv) Bring their copy of the Annual Report and their Attendance Slip with them at the Annual General Meeting.
 - v) Send their queries, if any, at least 7 (Seven) days in advance of the meeting so that the information can be made available at the meeting.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**Item No. 5**

Shri B. Madhuprasad was appointed Managing Director of the Company for a period of 5 years with effect from 29th September, 1993. The Board at its meeting held on 31st August, 1998 reappointed Shri B. Madhuprasad, the Managing Director of the Company for a further period of 5 years w.e.f. 29th September, 1998 subject to approval of the shareholders. The draft agreement between the Company and Shri B. Madhuprasad contains the following terms and conditions :

The proposed remuneration payable to Shri B. Madhuprasad is as follows :

- | | | |
|----------------|---|--|
| i) Salary | : | Rs. 75,000/- per month |
| ii) Commission | : | Payable based on the net profits of the Company subject to the overall ceilings laid down in Sections 198 and 309. |

KEYNOTE CORPORATE SERVICES LIMITED

iii) Perquisites, as per details given below :

a) Housing :

- I. In case the accomodation is owned/hired by the Company, perquisites will be evaluated as per Income Tax Rules.
- II. In case no accomodation is provided by the Company, the appointee shall be entitled to house rent allowances subject to the ceiling of 60% of salary of the appointee.
 - b) The expenditure incurred on Gas, Electricity, Water and Furnishings will be on actual basis.
 - c) Medical Reimbursement for self and family will be as per rules of the Company.
 - d) Leave Travel expenses for self and family will be as per rules of the Company.
 - e) Club fees (excluding admission to life membership fee) will be on actual basis.
 - f) Expenses on children's education not exceeding Rs.15,000/- per annum per child, subject to maximum of two children.
 - g) Personal Accident Insurance and Mediclaim Insurance for self and family will be as per Company's Rules.
 - h) The perquisites for servant, gardner etc. (maximum two persons) provided by the Company will be evaluated as per the Income Tax Rules, 1962.
 - i) Expenses incurred on soft furnishing not exceeding Rs.24,000/- per annum.

For the above purpose family means the spouse, the dependent children and dependent parents of the appointee.

OTHERS :

1. Contribution to Provident Fund, Superannuation fund or Annuity:

- To the extent these, either singly or put together are not taxable under the Income Tax Act.

Gratuity :

- Half a months salary for each completed year of service.

2. Earned Leave and encashment of leave :

- One month's leave for every eleven month's service.
- Encashment of leave at the end of the tenure will not be included in the computation of the ceiling of perquisites. Encashment of other leave at the end of the tenure will be as per the rules of the Company.

3. Casual Leave and Sick Leave :

As applicable to other executives of the Company.

4. Provision of car :

- For use on Company's business.

5. Telephone at residence :

- For use on Company's business. Personal long distance telephone calls shall be billed by the company.

6. Reimbursement of Expenses actually incurred for Company's business :

- Against submission of supportings.

7. Actual travelling and other related expenses for self and spouse touring in India and abroad on Company's work.

Note :

- Will not be included for the computation of ceiling under perquisites to the extent these, either singly or put together are not taxable under the Income Tax Act.
- Will not be considered as perquisites.

He shall not be paid any sitting fees for attending the meetings of the Board of Directors/Committees thereof.

The Annual increment shall be determined by the Board from time to time.

The appointment can be terminated by either side by giving six months notice in writing.

Shri B. Madhuprasad is concerned or interested in the said resolution.

Item No. 6

With the enactment of the Depositories Act, 1996 and amendements to certain provisions of the Companies Act, 1956, a new article 13A is proposed to be introduced, brief is stating the framework of the system of depository as per the provisions of Depositories Act, 1996 with a view to facilitating operations of the Depository System. In view of this consequent changes are required to be incorporated in the Articles of Association of the Company in terms of the resolution at item No.6 so as to be in line with the amendment provisions of the Companies Act, 1956 read with the provisions of the Depositories Act, 1996. The special resolution at Item No.6 is therefore proposed pursuant to Section 31 of the Companies Act, 1956. The Directors recommend the special resolution for acceptance by the members.

None of the Directors of the Company are concerned or interested in the said resolution.

By Order of the Board
For Keynote Corporate Services Limited
-Sd/-

B. Madhuprasad
Managing Director

PLACE : MUMBAI
DATE : 31st Aug, 1998

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DIRECTORS' REPORT

To
The Members of Keynote Corporate Services Ltd.,

Dear Shareholders,

Your Directors have pleasure in presenting their 5th Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 1998.

Financial Results

The financial results are summarised below :

Details	(Rs. in lacs)	
	Year Ended 31/03/98	Year Ended 31/03/97
Gross Income	221.05	522.85
Gross Operating Profit	36.19	56.81
Depreciation	34.49	34.23
Profit Before Tax	1.70	22.58
Provision for Taxation	1.00	20.00
Profit After Tax	0.70	2.58
Add:		
I. Profit brought forward from Previous Year	146.39	225.90
Less:		
Tax Adjustments for earlier year	—	1.32
Profit available for appropriation	147.09	227.16
APPROPRIATIONS		
Proposed Dividend	18.66	27.97
Tax on Dividend	1.86	2.80
Transfer to General Reserve	—	50.00
Surplus Carried forward	126.57	146.39
TOTAL	147.09	227.16

Dividend

Your Directors recommend a Dividend of 4% due to lower profitability which will absorb Rs. 20.52 lacs including Tax on Dividend. Dividend income has been made tax free in the hands of the shareholders hence no tax will be deducted from the dividend payments made to the shareholders.

Operations

The year 1997-98 was again a year of a relatively slowing down of the various economic growth parameters which is evident by the fact that gross domestic product was hovering at around 5% as compared to 7% registered earlier. The basic factor which has resulted in decline in the growth is the poor industrial growth. Practically, the total number of issues entering the capital market for raising resources was virtually extinct. As per the PRIME study the total number of issues which had entered the capital market was 62 and the total amount raised was Rs. 2885 crores during 1997-98.

During the year 1997-98 the Company had reported a Gross Income of Rs.221.05 lacs and Gross Operating Profit of Rs. 36.19 lacs. The Company had provided services of Debenture Trustee to two companies for the Financial Year ending 31.03.1998. The Company is looking at this area as a potential profit centre.

KEYNOTE CORPORATE SERVICES LIMITED

The Securities & Exchange Board of India (SEBI) had issued directions to all the Category - I Merchant Bankers to delink its fund based activities and non fund based activities. In compliance of directions of SEBI, Keynote Corporate Services Ltd. (KCSL) proposes to undertake only non fund based activities in the form of Issue Management, Loan/Lease Syndication, Debenture Trustee, Capital Restructuring, etc. and also those funding activities which are capital market related in nature as provided by SEBI. KCSL has also given the necessary undertakings in this regard to SEBI. In respect of the existing lease portfolio the Company will discontinue this activity after termination of lease period.

Operations of Subsidiary

The Balance Sheet and Income Statement of Keynote Capitals Ltd. (wholly owned subsidiary of the Company) duly audited is annexed with the Annual Accounts. You will be pleased to note that the performance of Keynote Capitals Limited both at Mumbai and Cochin has been satisfactory. Keynote Capitals Limited have also got itself empanelled with various Financial Institutions, Mutual Funds and Banks.

Tax Provisions

The Company has made adequate tax provisions under the provisions of the Income Tax Act, 1961.

Human Resources

Your Directors acknowledge and appreciate the sincere efforts and effective services rendered by the committed officers and staff of the Company.

The particulars of employees in receipt of remuneration as specified under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules 1975 is provided as annexure to the Directors Report.

Auditors Observations

The Auditors have referred to certain routine matters in their report and the respective notes to the accounts are self-explanatory.

Conservation of Energy and Technology Absorption

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 require disclosure of particulars regarding conservation of energy in Form A and Technology Absorption in Form B prescribed by the rules. The Company not being a manufacturing Company is advised that Form A and B are not applicable to it.

Foreign Exchange Earnings & Expenditure

The Company has neither incurred any expenditure nor earned any income in foreign exchange.

Fixed Deposits

The Company does not hold any Fixed Deposits from the public as on 31st March, 1998 under Section 58-A of the Companies Act, 1956.

Capital Re-organisation

During our earlier report it was brought to the attention of the shareholders that the depressed market condition had been a major factor which had deterred the shareholders from paying the allotment money on the partly paid Equity Shares. It was also stated that the Company had decided to re-organise the capital without affecting the network of the Company.

The shareholders had granted the approval to the Company to re-organise the capital and had passed necessary resolution in the last Annual General Meeting unanimously. Your Company has completed all the formalities in this respect and we are pleased to inform the members that the Hon'ble High Court, Mumbai has approved on 25/06/1998 the re-organisation of capital of the Company as proposed by the members. Your Company has been one of the first few corporates which has completed this re-organisation exercise. Keynote continues to strive to provide value to small investors.

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Directors

Mr. H. R. Hemnani ceased to be Director of the Company from 1st August, 1998. The Board places on record its appreciation of his valuable contribution to the company during his tenure with the Company. Mr. Nirmal Suchanti retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Your Directors recommend his appointment.

Auditors

M/s. K.K. Bhageria & Co., Chartered Accountants, Auditors will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Members are requested to consider their re-appointment at a remuneration to be decided by the Board of Directors for the financial year ending March 31, 1999.

Future Outlook

The Company has obtained registration from Reserve Bank of India as Non Banking Financial Institution. Capital Restructuring for prospective clients have been identified alongwith providing services of Debenture Trustee as a thrust area. Private Equity placement has become the order of the day on account of virtual extinction of IPOs in the capital market. The Keynote is putting total concerted efforts in these directions of potential profit areas.

Acknowledgment

We take this opportunity to express our deep sense of gratitude to Stock Exchanges, Registrar of Companies, SEBI, Clients, Bankers and other Government Agencies for their sustained support.

At this point we would like to place on record our sincere appreciation of the total commitment, dedication and hardwork put in by every member of the Keynote Team.

We are deeply grateful for the confidence and faith reposed in the Company by the members.

For and behalf of the Board

sd/-

B. Madhuprasad
Managing Director

PLACE : MUMBAI

DATE : 31st August, 1998

Annexure to the Directors' Report

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors Report for the year ended 31st March, 1998.

A. List of Employees employed throughout the Financial Year.

Sr. No.	Name	Age	Designation/ Nature of Duties	Remuneration Received Rs.	Qualifications	Date of Employment	Experience	Particulars of previous employment
1.	B. Madhuprasad	47	Managing Director	9,00,000/-	B.Com, A.C.A.	29/09/1993	23 Years	Executive Vice President PNB Capital Services Ltd. - Mumbai
2.	H.R. Hemnani*	42	Executive Director	8,40,000/-	B.Com, LLB	29/09/1993	19 Years	Accountant Punjab National Bank, Mumbai

*Resigned from employment w.e.f. 1st August, 1998

KEYNOTE CORPORATE SERVICES LIMITED

AUDITOR'S REPORT

To,
The Members of
Keynote Corporate Services Ltd.

We have audited the attached Balance Sheet of KEYNOTE CORPORATE SERVICES LIMITED as on 31st March, 1998 and the Profit and Loss Account, for the year ended on that date annexed thereto, and report that :

- 1) As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annexe hereto a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent applicable to the Company.
- 2) Further to our comments in the Annexure referred to in paragraph (1) above :
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us.
 - iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts of the company.
 - iv) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the Schedules, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - a) in the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 1998.

AND

- b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For **K. K. BHAGERIA & CO.**
Chartered Accountants

Sd/-
K. K. BHAGERIA
Proprietor

PLACE : MUMBAI
DATED : 31st August, 1998

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ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph (1) of our Report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We have been informed that fixed assets have been physically verified by the management at reasonable intervals during the year and no discrepancies have been noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. As explained to us the stock of shares & securities have been physically verified by the Management at reasonable intervals during the year.
4. *The procedures followed by the management for physical verification of stock-in-trade, in our opinion, is reasonable and adequate in relation to the size of the Company and the nature of its business.*
5. We have been informed that no discrepancies have been noticed on physical verification of stock-in-trade as compared to book records.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and in accordance with normally accepted accounting principles. The basis of valuation of stocks is the same as in the previous year.
7. The Company has not taken any loans from the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
8. The Company has granted loans to the companies listed in the Register maintained under Section 301 of the Companies Act, 1956. As mentioned in note '(II)(n)' of Schedule 'S', the Company has not charged interest on loans of Rs. 2022 lacs.
9. The parties to whom Loans & Advances in the nature of loans granted by the Company and outstanding as on 31st March, 1998 is Rs. 2027 lacs, out of which the Company has not charged interest on Loans & Advances amounting to Rs. 2022 lacs. However, the Company has taken reasonable steps for the recovery of the same.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of equipments and other fixed assets including leased assets.
11. On the basis of information and explanations given to us, in respect of the transactions entered into for purchase and sale of goods and materials and services rendered, with the parties whose names are entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- (Rupees fifty thousand only) or more in respect of each party, we are of the opinion that the transactions are made at prices which are reasonable, having regard to the prevailing market price.
12. The Company has accepted fixed deposits from the public and has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58 A of the Companies Act, 1956, and the rules framed thereunder, wherever applicable.
13. The Company has no formal Internal Audit system.
14. The Company is regular in making payments of Provident Fund and Employee's State Insurance dues with the appropriate authorities.
15. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax and Sales Tax outstanding as at 31st March, 1998 for a period of more than six months from the date they become payable.