

**19TH
ANNUAL
REPORT
2004-2005**



KEY CORP LIMITED

**BOARD OF DIRECTORS**

Dr. Gaur Hari Singhanian, *Chairman*
Dr. K. B. Agarwal, *Vice-Chairman*
Dr. B. D. Agarwal
Shri Padam Kumar Jain
Shri Raj Kumar Gupta
Shri G. D. Maheshwari, *Exe. Director*

**COMPANY SECRETARY
JOINT SECRETARY
MANAGER FINANCE**

Shri P.K. Nigam
Shri V. K. Pandey
Shri R. N. Singh

AUDITORS

M/s V. P. Aditya & Co.
Chartered Accountants
Kanpur - 208 001

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LEGAL ADVISOR

Shri Ravindra Verma

BANKERS

Bank of Baroda
Indian Overseas Bank

REGISTERED OFFICE

16/16-A, Civil Lines,
Kanpur - 208 001

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NOTICE

Notice is hereby given that the 19th Annual General Meeting of Members of Key Corp Limited will be held on Saturday, the 24th September, 2005 at 10.00 a.m. at the Registered Office of the Company at 16/16-A, Civil Lines, Kanpur to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company for the year ended 31st March, 2005, and the Profit & Loss Account for the year ended on that date together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Sri Padam Kumar Jain who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri G.D. Maheshwari who retires by rotation and, being eligible, offer himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

Regd. Office :
16/16-A, Civil Lines,
Kanpur-208 001.

Dated : 14th May, 2005

By Order of the Board
G.D. Maheshwari
Executive Director

**NOTES :**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. A proxy form duly completed and signed should be deposited at the Registered Office of the Company atleast 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 17th September, 2005 to 24th September, 2005 (both days inclusive).
3. Members who are holding shares in identical order of names in more than one folio are requested to write to the Registrar & Share Transfer Agent of the Company for consolidation of their holding in one folio.
4. Members are requested to inform the change, if any, in their registered addresses to the Registrar & Transfer Agent of the Company at their Office at 99, Stephen House, 6th Floor, 4, B.B.D. Bagh (E), Kolkata-700 001.
5. Sri Padam Kumar Jain aged 61 years retires by rotation at the ensuing Annual General Meeting. He was appointed as a Director in the year 1995. He is post graduate in commerce and posses 35 years experience in financial and securities market. He is directly interested as a director in following Companies :-
 1. SPFL Securities Ltd.
 2. P.K. Jain Real Estate Pvt. Ltd.
 3. SPFL Commodities Ltd.
 4. Shri Pooran Finance & Leasing Ltd.
6. Shri G.D. Maheshwari aged 48 years retires by rotation at the ensuing Annual General Meeting. He is post graduate in Commerce and is working with the Company since inception. He was appointed as Executive Director w.e.f. 1st October, 2003. He posses 25 years experience in finance. He is not directly interested as a Director in any other Company.

Looking to their experience, their re-appointment are beneficial to the Company.

Regd. Office :
16/16-A, Civil Lines,
Kanpur-208 001.

Dated : 14th May, 2005

By Order of the Board
G.D. Maheshwari
Executive Director

*19th Annual Report***DIRECTORS' REPORT TO THE MEMBERS**

Your Directors present the 19th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2005.

		(Rs. in lakhs)	
		<u>31.3.2005</u>	<u>31.3.2004</u>
FINANCIAL RESULTS			
Income from Operations	...	94.89	77.71
Income from Investment in Mutual Fund	...	23.17	25.87
Other Income	...	0.68	15.82
Net Profit for the year	...	61.27	65.20
Less : Provision for Income tax	...	3.89	3.08
Amount available for appropriation after adjustments	...	84.58	70.63
APPROPRIATION			
General Reserve	...	50.00	43.43
Balance carried over to Balance Sheet	...	34.58	27.20

DIVIDEND

In order to build up resources, your Directors do not recommend payment of dividend for the Financial Year 2004-05.

PERFORMANCE

Looking to the highly competitive market scenario, your Company has done well. The financial market is undergoing structural changes and has become highly competitive. The Company is, therefore, concentrating in building up sound port-folio of old vehicles and to utilise the surplus funds in mutual fund schemes to augment income.

DIRECTORS

Shri Padam Kumar Jain and Shri G.D. Maheshwari are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS

M/s V.P. Aditya & Company, Chartered Accountants, Kanpur, Auditors of the Company retire at the forthcoming Annual General Meeting. They are eligible for re-appointment.

PARTICULARS OF EMPLOYEES

There was no employee in the Company whose particulars are required to be furnished u/s 217(2A) of the Companies Act, 1956.



CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has no activities relating to conservation of energy or technology absorption. There is no foreign exchange earning and outgo during the year under review.

LISTING INFORMATION

The equity shares of your Company continue to be listed with The U.P. Stock Exchange Association Ltd., Kanpur. Annual listing fee is paid upto date. The Company has already complied with the requirements contained in SEBI's (substantial acquisition of shares and take overs) Regulations, 1997 for delisting of its share from Bombay Stock Exchange by making an open offer to buy shares of dissentient shareholders on behalf of the promoters. Accordingly the Company has informed and made final request to The Stock Exchange, Mumbai on 21st March, 2003 to delist its share.

The Company's shares are marketable in Demat mode only. Shareholders are requested to convert their physical shareholding into Demat mode.

INCOME TAX PROCEEDINGS

Company's assessments are made upto date and there is no outstanding demand against the Company.

AUDIT COMMITTEE

As per the requirement of Section 292A of the Companies Act, 1956 and also the Listing Agreement with the Stock Exchanges, an Audit Committee of the Board of Directors is already in place. However, the same was reconstituted in January, 2005. During the year, committee held four meetings.

CORPORATE GOVERNANCE

Pursuance to Clause 49 of the Listing Agreement, your Company has to mandatory comply with the requirements of Corporate Governance. A report of compliance of Corporate Governance is annexed together with a Certificate from the Auditors of the Company on compliance.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm :

- i) that in the preparation of Annual Accounts, the applicable accounting standards had been followed;

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- ii) that the directors have selected such accounting policies & applied them consistently and made judgments & estimates that are reasonable & 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 ended 31st March 2005 and of the profit of the Company for that year;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

Place : Kanpur
Dated : 14th May, 2005

For and On behalf of the Board
DR. GAUR HARI SINGHANIA
Chairman

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REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance in the format prescribed by SEBI and incorporated in clause 49 of the Listing Agreement is set out below :

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance envisages the attainment of the highest level of transparency, accountability and equity in all facets of its operations and in all its interactions with its stockholders including shareholders, employees, the government. The Company believes that all its operations and actions must serve the goal of the enhancing overall shareholder value over a sustained period of time.

2. BOARD OF DIRECTORS

The present strength of the Board of Directors is Six, whose composition is given below.

One promoter Non-Executive & Non-Independent Director, Three Independent Non-Executive Directors, One Non-Independent Non-Executive Director and One Non-Independent Executive-Director.

The Board of Directors met 5 times during the year. These were on 15/04/2004, 06/05/2004, 20/07/2004, 18/10/2004 and 18/01/2005.

The Composition of the Board of Directors, attendance of Directors at the Board Meetings and at the last Annual General Meeting as also the number of Directorships and Committee Memberships held by them in other Companies are given below :

Name of Directors	Category	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance at the last AGM held on 27.09.2004	No. of Directorship in other Companies		No. of Membership in Committee of Directors in other Companies	
					Chairman	Director	Chairman	Director
Dr. Gaur Hari Singhania Chairman	Independent Non-Executive	5	1	No	2	6	-	1
Dr. K. B. Agarwal Vice-Chairman	Promoter Non-Independent Non-Executive	5	5	Yes	-	1	1	-
Dr. B. D. Agarwal Director	Non-Independent Non-Executive	5	1	No	-	-	-	-
Shri Padam Kumar Jain Director	Independent Non-Executive	5	4	No	-	4	-	-
Shri Raj Kumar Gupta Director	Independent Non-Executive	5	5	Yes	-	1	-	-
Shri G. D. Maheshwari Director	Non-Independent Executive	5	5	Yes	-	-	-	-

3. AUDIT COMMITTEE

A. Composition and Broad Terms of Reference

The Audit Committee of the Company comprise of following four directors :

Dr. K.B. Agarwal	: Promoter, Non Executive Director
Shri Padam Kumar Jain	: Independent, Non Executive Director
Shri R.K. Gupta	: Independent, Non Executive Director
Shri G.D. Maheshwari	: Non-Independent, Executive Director

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However, it was reconstituted by the Board on 18.01.2005 comprising of the following directors -

Sri R.K. Gupta	: Independent, Non Executive Director
Sri Padam Kumar Jain	: Independent, Non Executive Director
Sri G.D. Maheshwari	: Non-Independent, Executive Director

All these Directors possess knowledge of corporate Finance/Accounts/Company Law. The Statutory Auditors attend the meetings as invitees.

The terms of reference of this Committee cover the matters specified for Audit Committee under clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

B. Meetings/Attendance

During the financial year ended 31st March, 2005 four meetings were held on 3rd May, 2004, 17th July, 2004, 15th October, 2004 and 15th January, 2005.

The Committee adopted the annual accounts for the year 2003-2004 in their meeting held on 3rd May, 2004.

The attendance of the committee meetings is as under :

Name of Members	Meetings Held	Meetings Attended
Dr. K.B. Agarwal	4	4 (upto 15.1.05)
Shri Raj Kumar Gupta	4	4
Shri Padam Kumar Jain	4	4
Shri G.D. Maheshwari	4	4

4. REMUNERATION COMMITTEE

A. Composition

The remuneration Committee of the Company Comprised of Dr. K.B. Agarwal, Shri Padam Kumar Jain & Shri Raj Kumar Gupta.

B. Meetings / Attendance

During the year no meeting of remuneration committee was held as there was no item for its consideration.

C. Remuneration Policy

Remuneration policy of the company is directed towards rewarding performance based on review of achievements. However during the year only sitting fee was paid to the Non-Executive Directors. Remuneration was paid to Executive Director as per the terms of his appointment approved by the general body.

D. Remuneration of Directors :

Details of Remuneration/Sitting Fee to all the Directors for the year ended 31st March, 2005.

Name of Directors	Salary	Benefits	Sitting Fee	Total
Dr. Gaur Hari Singhania	—	—	500	500
Dr. K. B. Agarwal	—	—	3500	3500
Shri Padam Kumar Jain	—	—	3000	3000
Dr. B. D. Agarwal	—	—	500	500
Shri Raj Kumar Gupta	—	—	3500	3500
Shri G. D. Maheshwari	120000	40123	—	160123