

**20TH
ANNUAL
REPORT
2005-2006**



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
CHIEF FINANCE OFFICER**

Shri D. N. Mishra
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
State Bank of India
ICICI Bank Ltd.

REGISTERED OFFICE

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

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NOTICE

Notice is hereby given that the 20th Annual General Meeting of Members of Key Corp Limited will be held on Saturday, the 23rd September, 2006 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, 2006, 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 Dr. B.D. Agarwal who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri R.K. Gupta who retires by rotation and, being eligible, offers 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 : 13th May, 2006

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 16th September, 2006 to 23rd September, 2006 (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 M/s. ABS Consultants Pvt. Ltd. 99, Stephen House, 6th Floor, 4, B.B.D. Bag (E), Kolkata-700 001.
5. Dr. B.D. Agarwal, aged 62 years, retires by rotation at the ensuing Annual General Meeting. He was appointed as a Director in the year 1995. He is post graduate (M.Sc. Ag.) and posses 35 years experience in research and administration. He is not directly interested as a director in any other Company.
6. Shri R.K. Gupta, aged 45 years, retires by rotation at the ensuing Annual General Meeting. He is practicing Chartered Accountant. He was appointed as Director in the year 2001. He has vast experience in accounts and Income-Tax. He is directly interested as a Director in SAMRIDH CONSULTANTS PVT. LTD.

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

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

Dated : 13th May, 2006

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

*20th Annual Report***DIRECTORS' REPORT TO THE MEMBERS**

Your Directors present the 20th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2006.

for the year ended 31st March, 2006.

			(Rs. in lakhs)	
			<u>31.3.2006</u>	<u>31.3.2005</u>
FINANCIAL RESULTS				
Income from Operations	...	...	85.71	94.89
Income from Investment in Mutual Fund	...	...	179.31	23.17
Other Income	...	...	0.91	0.68
Net Profit for the year	...	...	207.50	61.27
Less : Deferred Tax	...	...	2.38	-
Provision for Income tax	...	...	14.67	3.89
Profit after Tax	...	...	190.45	57.38
Balance of Profit brought forward	...	...	34.58	27.20
Amount available for appropriation after adjustments	...	...	225.03	84.58
APPROPRIATION				
General Reserve	...	...	150.00	50.00
Balance carried over to Balance Sheet	...	...	75.03	34.58

DIVIDEND

In order to build up resources, your Directors do not recommend payment of dividend for the Financial Year 2005-06.

PERFORMANCE

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

DIRECTORS

Dr. B.D. Agarwal and Shri R.K. Gupta 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.

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

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. As per amended clause 49 of the Listing Agreement effective from 01.01.2006 for set of ETHICS AND BUSINESS Conducted by the Company, the Company has made a code of Ethics and business conducted by the Directors and Members of the Senior Management/ Key Management persons of the Company.

Further in compliance of the provisions of the amended clause 49 of the Listing Agreement, the Board appointed Shri R.N. Singh as Chief Finance Officer (CFO) in their meeting held on 10th January, 2006. His Compliance Report is included in Corporate Governance Report. 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 2006 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 : 13th May, 2006

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 16/04/2005, 14/05/2005, 16/07/2005, 11/10/2005 and 10/01/2006.

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 24.09.2005	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	4	6	-	-
Dr. K. B. Agarwal Vice-Chairman	Promoter Non-Independent Non-Executive	5	5	Yes	-	1	3	-
Dr. B. D. Agarwal Director	Non-Independent Non-Executive	5	1	No	-	-	-	-
Shri Padam Kumar Jain Director	Independent Non-Executive	5	3	Yes	-	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 three directors :

Shri R.K. Gupta	: Independent,	Non Executive Director & Chairman of the Committee
Shri Padam Kumar Jain	: Independent,	Non Executive Director
Shri G.D. Maheshwari	: Non-Independent,	Executive Director

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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, 2006 four meetings were held on 12th May, 2005, 11th July, 2005, 8th October, 2005 and 7th January, 2006.

The Committee adopted the annual accounts for the year 2004-2005 in their meeting held on 12th May, 2005.

The attendance of the committee meetings is as under :

Name of Members	Meetings Held	Meetings Attended
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 financial year ended 31st March, 2006 two meetings were held on 2nd May, 2005 and 30th September, 2005.

The Committee increased the remuneration of Shri G.D. Maheshwari Executive Director in their meeting held on 30th September, 2005.

The attendance of the remuneration committee meetings is as under :-

Name of Members	Meetings Held	Meetings Attended
Shri Padam Kumar Jain	2	2 (Chairman of the Committee)
Dr. K.B. Agarwal	2	2
Shri R.K. Gupta	2	2

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.