

**21ST
ANNUAL
REPORT
2006-2007**



KEY CORP LIMITED

**BOARD OF DIRECTORS**

Dr. Gaur Hari Singhania, *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

Shri D. N. Mishra

JOINT SECRETARY

Shri V. K. Pandey

CHIEF FINANCE OFFICER

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

NOTICE

Notice is hereby given that the 21st Annual General Meeting of Members of Key Corp Limited will be held on Saturday, the 22nd September, 2007 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, 2007, 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 Shri 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, 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.

SPECIAL BUSINESS :

5. To consider and if thought fit to pass with or without modification(s) the following resolution as ordinary resolution :

"RESOLVED THAT the sitting fee to Directors of the Company be and is hereby increased upto Rs. 3,000/- per meeting and the Board of Directors of the Company are authorised to fix the sitting fee as prescribed under section 310 of the Act".

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

Dated : 5th May, 2007

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 15th September, 2007 to 22nd September, 2007 (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. Shri Padam Kumar Jain, aged 63 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 37 years experience in Financial & Securities market. He is directly interested as a director in following Companies :
 1. SPFL Securities Ltd.
 2. P.K. Jain Real Estates Pvt. Ltd.
 3. SPFL Commodities Pvt. Ltd.
6. Shri G.D. Maheshwari, aged 50 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.

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

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

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

Dated : 5th May, 2007

ANNEXURE TO THE NOTES

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956.

As required Under Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the Special Business under Item No.5 of the accompanying Notice.

As per Article 98 of Articles of Association of the Company, the meeting fee is paid to Director for attending the Board Meeting. At present a sum of Rs. 500/- is paid to each director as sitting fee from inception of the Company. It is necessary to increase the meeting fee as prescribed u/s 310 of the Companies Act, 1956.

Directors are interested in the said resolution.

*21st Annual Report***DIRECTORS' REPORT TO THE MEMBERS**

Your Directors present the 21st Annual Report and Audited Accounts of the Company for the year ended 31st March, 2007.

		(Rs. in lakhs)	
		<u>31.3.2007</u>	<u>31.3.2006</u>
FINANCIAL RESULTS			
Income from Operations	...	42.31	85.71
Income from Investment in Mutual Fund	...	129.00	179.31
Other Income	...	0.26	0.91
Net Profit for the year	...	123.07	207.50
Less : Deferred Tax	...	3.40	2.38
Provision for Income tax	...	2.06	14.67
Profit after Tax	...	117.61	190.45
Balance of Profit brought forward	...	75.03	34.58
Amount available for appropriation after adjustments	...	192.65	225.03
APPROPRIATION			
General Reserve	...	100.00	150.00
Balance carried over to Balance Sheet	...	92.65	75.03

DIVIDEND

In order to build up resources, your Directors do not recommend payment of dividend for the Financial Year 2006-07.

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

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.

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 upto date and there is no outstanding demand against the Company.

AUDIT COMMITTEE

During the year committee held four meetings.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with Stock Exchanges, a report on Corporate Governance and a certificate from the Auditors confirming compliance forms part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm :

- i) that in the preparation of Annual Accounts, the applicable accounting standards had been followed;
- ii) that the directors have selected such accounting policies & applied them consistently and made judgments & estimates that are reasonable & prudent

21st Annual Report

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, 2007 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 : 5th May, 2007

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 stakeholders including shareholders, employees and the clients. 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 **07/04/2006, 13/05/2006, 15/07/2006, 14/10/2006 and 13/01/2007.**

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 23.09.2006	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	4	Yes	-	3	-	-
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

21st Annual Report

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, 2007 four meetings were held on 10th May, 2006, 13th July, 2006, 13th October, 2006 and 12th January, 2007.

The Committee adopted the annual accounts for the year 2005-2006 in their meeting held on 10th May, 2006.

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, 2007 there was no business and no meeting of Remuneration Committee was held.

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, 2007 :

Name of Directors	Salary	Benefits	Sitting Fee	Total
Dr. Gaur Hari Singhania	—	—	500	500
Dr. K. B. Agarwal	—	—	2500	2500
Shri Padam Kumar Jain	—	—	3000	3000
Dr. B. D. Agarwal	—	—	500	500
Shri Raj Kumar Gupta	—	—	3500	3500
Shri G. D. Maheshwari	132000	43899	—	175899



5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Share Transfer Committee inter-alia has been given the powers to deal with all the matters related to transfer, transmission, issuance of duplicate share certificates, split and/or consolidation requests. The Share Transfer Committee meets regularly. The members of the Committee and their attendance is given below :

Name of Members	Meetings Held	Meetings Attended
Dr. K.B. Agarwal	9	9
Shri Padam Kumar Jain	9	9

Shri V.K. Pandey, Jt. Secretary, is the Compliance Officer of the Company and assigned with the responsibilities of overseeing Investor's Grievance. His Email address is keycorp@ricmail.com and Telephone No. 0512-2305416, 3013416 and Fax No. 0512-3919463.

During the year under review, no complaint was received from any shareholders.

6. GENERAL BODY MEETING

Location and time, where last three AGMs were held :

Financial Year	Date	Time	Place of the Meeting
2005-2006	23.9.2006	10.00 a.m.	16/16-A, Civil Lines, Kanpur
2004-2005	24.9.2005	10.00 a.m.	16/16-A, Civil Lines, Kanpur
2003-2004	27.9.2004	10.00 a.m.	16/16-A, Civil Lines, Kanpur

During the year ended 31st March, 2007, no special resolution has been proposed/ passed by the Company's shareholders through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

7. DISCLOSURES

There are no related party relationship as described in clauses (a) to (e) of paragraph 3 of the Accounting Standard-18 'Related Party Disclosures', issued by the Institute of Chartered Accountants of India.

8. No penalties/strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

9. MEANS OF COMMUNICATION

The Company submitted its Annual, Half Yearly & Quarterly results to the Stock Exchanges in accordance with the Listing Agreement and also published them in the two newspapers namely The Pioneer (English) and Kanpur Ujala (Hindi).

The financial results and shareholding pattern of the Company are also available on website www.keycorpltd.com

10. GENERAL SHAREHOLDER INFORMATION

10.1. Annual General Meeting

Day, Date and Time	- Saturday, the 22nd Sept., 2007 at 10.00 am.
Venue	- Registered Office of the Company at 16/16-A, Civil Lines, Kanpur - 208 001