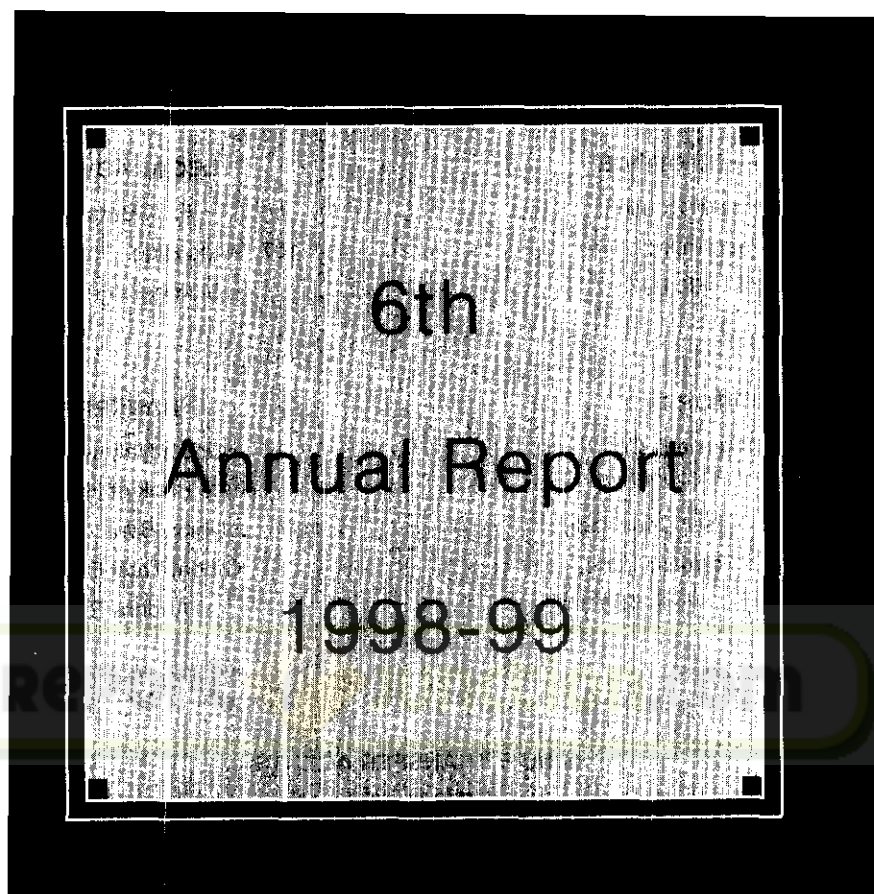


KEYNOTE CORPORATE SERVICES LIMITED



ANNUAL REPORT 98-99

**BOARD OF DIRECTORS**

**Mr. B. Madhuprasad**  
*Managing Director*

**Mr. Nirmal Suchanti**  
*Director*

**Mr. Vineet Suchanti**  
*Director*

**Mr. Uday S. Patil**  
*Director*

**REGISTERED OFFICE**

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

**LEGAL ADVISOR**

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

Report Junction.com

**SHARE TRANSFER AGENTS**

MCS Limited  
Sri Venkatesh Bhavan,  
Road No.11, Plot No.27,  
MIDC, Andheri (East),  
Mumbai - 400 093.  
Tel.: 022 - 836 8720 Fax : 022 - 835 0456

**Sixth Annual General Meeting**

on Friday, 12th November, 1999 at 11.30 a.m.  
at Ashoka Hall, "Arcadia", Nariman Point, Mumbai - 400 021.

## KEYNOTE CORPORATE SERVICES LIMITED

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF KEYNOTE CORPORATE SERVICES LIMITED WILL BE HELD ON FRIDAY THE 12TH DAY OF NOVEMBER, 1999 AT ASHOKA HALL, ARCADIA, NARIMAN POINT, MUMBAI - 400 021 AT 11.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS :

**ORDINARY BUSINESS :-**

1. To receive, consider and adopt the audited Balance Sheet as of 31st March, 1999 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 appoint a Director in place of Shri Vineet Suchanti who retires by rotation and being eligible offers himself for reappointment.
3. 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 :-**

4. 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 appointment and terms of remuneration of Shri Uday S. Patil, Wholetime Director of the Company for a period of five years with effect from 12th November, 1999 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 Uday S. Patil

5. 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 other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or enactment thereof for the time-being in force and as may be enacted from time to time) for the time-being in force the Articles of Association of the Company be and are hereby altered as under :-

**After existing Article No. 15 of the Articles of Association of the Company the following new Article be inserted as Article 15 A.**

**NOMINATION OF SHARES AND DEBENTURES : 15 A :** Notwithstanding anything contained in Article of the Company, every holder(s) of shares in or debentures of the Company, holding either singly or jointly, may at any time, nominate a person in the prescribed manner to whom the shares and /or the interest of the member in the capital of the Company or debentures of the Company shall vest in the event of his/her death. Such member may revoke or vary his/her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Section 109A and 109B of the Companies Act, 1956 or such other regulations governing the matter from time to time.

By Order of the Board  
For Keynote Corporate Services Limited

sd/-

**B. Madhuprasad**  
Managing Director

Place : Mumbai

Date : 27th September, 1999

**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 4 and 5 is annexed hereto.
- c) The Register of Members and share transfer books of the Company will remain closed from Saturday, 06th November, 1999 to Friday, 12th November, 1999 both days inclusive.
- d) The practice of distributing copies of Annual Reports at the Annual General Meeting has been discontinued as a measure of economy.
- e) 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.

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

**Item No. 4**

Shri Uday S. Patil joined the Company in March 1994 as Manager - Merchant Banking. In September 1997 he was inducted to the Board of the Company. Having regard to the services rendered to the Company by him the Board of Directors of the Company at their meeting held on 27th September, 1999 proposed to appoint Shri. Uday S. Patil as Whole-time Director of the Company for a period of five years w.e.f. 12th November, 1999 subject to approval of the shareholders. The draft agreement between the Company and Shri Uday S. Patil contains the following main terms and conditions :

The proposed remuneration payable to Shri Uday S. Patil is as follows :

- i) Salary : Rs.18,000/- per month  
The increment shall be determined by the Board of Directors from time to time.
- ii) Perquisites :
  - a) **Loan** : The interest free loan given to Shri. Uday S. Patil during his tenure of the services for purchase of accommodation will continue and may be adjusted against any incentive or payments that may be payable to him by the Company from time to time.
  - b) **Others** : The other perquisites and benefits payable to him shall be as per the rules of the Company and/or as may be decided by the Board of Directors of the Company.

Shri. Uday S. Patil is concerned or interested in the said resolution.

**Item No. 5**

The Companies Act, 1956 has been amended by Companies (Amendment) Act, 1999. By the amendment the Companies have been allowed the facility for nomination for shares / debenture holders. In order to keep the Articles of Association of the Company in line with amendment made in the Companies Act, it is proposed to insert new Article No. 15A in the Articles of Association of the Company.

The Directors recommend this resolution set out at Item No.5 of the notice for your approval. None of the Directors of the Company are in any way concerned or interested in the amendments / resolution.

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

Place : Mumbai  
Date : 27th September, 1999

sd/-  
**B. Madhuprasad**  
Managing Director



## KEYNOTE CORPORATE SERVICES LIMITED

## DIRECTORS' REPORT

To  
The Members of **Keynote Corporate Services Ltd.,**

Dear Shareholders,

Your Directors have pleasure in presenting their 6th Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 1999.

**Financial Results**

The financial results are summarised below :

(Rs. in lacs)

Details	Year Ended 31/03/99	Year Ended 31/03/98
Gross Income	<u>123.11</u>	<u>221.05</u>
Gross Operating Profit	<u>10.72</u>	<u>36.19</u>
Depreciation	<u>34.36</u>	<u>34.49</u>
Profit/(Loss) Before Tax	<u>(23.64)</u>	<u>1.70</u>
Provision for Taxation	<u>1.00</u>	<u>1.00</u>
Profit/(Loss) After Tax	<u>(24.64)</u>	<u>0.70</u>
<b>Add:</b>		
I. Profit brought forward from Previous Year	<u>126.57</u>	<u>146.39</u>
Profit available for appropriation	<u>101.93</u>	<u>147.09</u>
<b>APPROPRIATIONS</b>		
Proposed Dividend	--	18.66
Tax on Dividend	--	1.86
Surplus Carried forward	<u>101.93</u>	<u>126.57</u>
<b>TOTAL</b>	<u>101.93</u>	<u>147.09</u>

**Dividend**

Since the Company has posted marginal losses, the Directors have not recommended any dividend for the current year 1998-99.

**Operations**

The economic growth continued to be slow during the year 1998-99. The budget however has given positive signals to the capital market and during the current year i.e. 1999-2000 capital market activity has increased. The software sector continues to be favoured by investors and there are various issues being planned in this sector.

During the year 1998-99 the Company has reported a Gross Income of Rs.123.11 lacs and a Gross Operating Profit of Rs. 10.72 lacs. The Company continued to provide services of Merchant Banking, Debenture Trustee, Debt Syndication and Merger & Acquisition.

The Company hopes that the year 1999-2000 will be a fruitful year and it will be able to post substantially higher incomes on fee based activities.

**Operations of Subsidiary**

You will be pleased to note that Keynote Capitals Limited (KCL) is now an integrated broking house having membership on the National Stock Exchange of India Ltd. (NSE), The Stock Exchange, Mumbai (BSE) and the Over the Counter Exchange of India (OTCEI). The BSE operations of the Company commenced in July, 1999. The performance of KCL has been satisfactory for the financial year ended 31st March, 1999. KCL continues to get itself empanelled with various Financial Institutions, Mutual Funds and Banks.

**Compliance of Y2K**

The Company has taken necessary steps for being Y2K Compliant and has taken adequate measures to avoid disruption of its operations in the event of system background / failure due to Y2K problem.

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**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 affective 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**

During the year ended 31st March, 1999, the Company had not accepted any Fixed Deposits from the Public under Section 58-A of the Companies Act, 1956. The Company does not hold any Fixed Deposits from the public.

**Directors**

Mr. Vineet 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 31st March, 2000.

**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.

For and behalf of the Board

Place : Mumbai  
Date : 27th September, 1999

sd/-  
**B. Madhuprasad**  
Managing Director

**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, 1999.

**A. List of Employees employed throughout the Financial Year.**

Sr. No.	Name	Age	Designation / Nature of Duties	Remuneration Received (Rs.)	Qualification	Date of employment	Experience	Particulars of previous Employment
1.	B. Madhuprasad	48	Managing Director	7,20,000/-	B.Com, A.C.A.	29/09/1993	24Years	Executive Vice President PNB Capital Services Ltd. Mumbai

## 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, 1999 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 annex 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, 1999.
- AND
- b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.



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

Place : Mumbai  
Dated : 27th September, 1999

Sd/-  
K.K. BHAGERIA  
Proprietor



## ANNUAL REPORT 98-99

**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 has 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. 1747 lacs.
9. The parties to whom Loans & Advances in the nature of loans granted by the Company and outstanding as on 31st March, 1999 is Rs. 1993 lacs, out of which the Company has not charged interest on Loans & Advances amounting to Rs. 1988 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, there are no 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, aggregating during the year to Rs. 50,000/- (Rupees fifty thousand only) or more in respect of each party.
12. The Company has no formal Internal Audit system.
13. The Company is regular in making payments of Provident Fund and Employee's State Insurance dues with the appropriate authorities.
14. 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.
15. According to the information and explanations given to us and the records examined by us, no personal expenses other than those payable under contractual obligations or in accordance with generally accepted business practices have been charged to revenue account.
16. The provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company.
17. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
18. We are informed, that the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society do not apply to the Company.
19. In our opinion, the Company has maintained proper records of the transactions and contracts in respect of trading in shares, debentures and other securities and that timely entries have been made therein. All the shares, debentures and other securities are in the name of the Company except to the extent of the exemption granted under Section 49 of the Companies Act, 1956 and those which were sent for transfer of names and/ or splitting up into marketable lot on the verification date.
20. Other provisions of the Manufacturing and Other Companies (Auditors Report) Order 1988, issued by the Company Law Board are not applicable to the Company for the year under report.

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

Place : Mumbai  
Dated : 27th September 1999

Sd/-  
**K.K. BHAGERIA**  
Proprietor



## KEYNOTE CORPORATE SERVICES LIMITED

## BALANCE SHEET AS ON 31ST MARCH, 1999

	SCHEDULE	AS ON 31.3.1999 Rs.	AS ON 31.3.1998 Rs.
<b>I SOURCES OF FUNDS :</b>			
<b>1) SHARE HOLDERS' FUND</b>			
a) Share Capital	'A'	79,694,705.00	79,694,705.00
b) Reserves & Surplus	'B'	283,006,814.17	285,470,911.59
<b>2) LOAN FUND :</b>			
a) Secured loan	'C'	--	79,008.00
b) Unsecured loan	'D'	9,804,500.00	22,305,856.20
<b>TOTAL</b>		<b>372,506,019.17</b>	<b>387,550,480.79</b>
<b>II APPLICATION OF FUNDS :</b>			
<b>1) FIXED ASSETS :</b>			
Gross Block	'E'	54,785,775.10	56,297,186.10
Less : Depreciation		14,475,167.19	11,187,641.77
<b>NET BLOCK</b>		<b>40,310,607.91</b>	<b>45,109,544.33</b>
<b>2) INVESTMENTS</b>	'F'	<b>48,482,743.00</b>	<b>45,990,083.00</b>
<b>3) CURRENT ASSETS, LOANS &amp; ADVANCES :</b>			
a) Interest Accrued on Investments		--	323,244.44
b) Stock-in-trade	'G'	494,860.75	590,822.00
c) Hire Purchase Stock		198,600.00	322,600.00
d) Sundry debtors	'H'	17,453,638.03	20,362,260.95
e) Cash & bank balance	'I'	541,768.34	871,254.78
f) Other Current Assets	'J'	3,307,823.00	3,833,062.99
g) Loans and Advances	'K'	268,587,480.84	276,538,305.88
		<b>290,584,170.96</b>	<b>302,841,551.04</b>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
a) Current liabilities	'L'	9,764,463.07	9,252,681.35
b) Provisions	'M'	8,700,000.00	10,652,390.60
		<b>18,464,463.07</b>	<b>19,905,071.95</b>
<b>NET CURRENT ASSETS (i) - (ii)</b>		<b>272,119,707.89</b>	<b>282,936,479.09</b>
Miscellaneous expenditure to the Extent not written off or adjusted	'N'	11,592,960.37	13,514,374.37
<b>TOTAL</b>		<b>372,506,019.17</b>	<b>387,550,480.79</b>
<b>Notes to the accounts</b>	'S'		

"AS PER OUR REPORT OF EVEN DATE ANNEXED"

For K.K. BHAGERIA & CO.  
Chartered Accountants

Sd/-  
K. K. BHAGERIA  
Proprietor

Sd/-  
B. MADHUPRASAD  
MANAGING DIRECTOR

Sd/-  
VINEET SUCHANTI  
DIRECTOR

Place : Mumbai  
Dated : 27th September, 1999

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## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR 31ST MARCH, 1999

	SCHEDULE	YEAR ENDED 31.3.1999 (Rs.)	YEAR ENDED 31.3.1998 (Rs.)
<b>I. INCOME :</b>			
Income from services	'O'	1,694,462.62	8,971,485.06
Income from Leasing		8,854,000.00	8,854,000.00
Profit from Dealing in Securities	'R'	77,993.35	-
Other income	'P'	1,684,653.33	4,279,507.06
<b>TOTAL</b>		<b>12,311,109.30</b>	<b>22,104,992.12</b>
<b>II. EXPENDITURE :</b>			
Administrative & Other Expenses	'Q'	10,990,758.97	14,675,938.65
Interest on Deposits and Borrowings		248,226.02	3,265,857.49
Loss from Dealing in Securities	'R'	-	544,357.15
<b>TOTAL</b>		<b>11,238,984.99</b>	<b>18,486,153.29</b>
<b>PROFIT BEFORE DEPRECIATION</b>		<b>1,072,124.31</b>	<b>3,618,838.83</b>
Less : Depreciation		3,436,221.73	3,448,749.00
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		<b>(2,364,097.42)</b>	<b>170,089.83</b>
Provision for Income Tax		100,000.00	100,000.00
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>(2,464,097.42)</b>	<b>70,089.83</b>
Add : Surplus brought forward from previous year		12,657,386.59	14,639,687.36
<b>SURPLUS AVAILABLE FOR APPROPRIATIONS</b>		<b>10,193,289.17</b>	<b>14,709,777.19</b>
<b>APPROPRIATIONS:</b>			
Proposed Dividend		-	1,865,809.60
Provision for Dividend Tax		-	186,581.00
Balance carried to the Balance Sheet		10,193,289.17	12,657,386.59
		<b>10,193,289.17</b>	<b>14,709,777.19</b>
<b>Notes to the accounts</b>	<b>'S'</b>		

"AS PER OUR REPORT OF EVEN DATE ANNEXED"

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

Sd/-  
**K. K. BHAGERIA**  
Proprietor

Sd/-  
**B. MADHUPRASAD**  
MANAGING DIRECTOR

Sd/-  
**VINEET SUCHANTI**  
DIRECTOR

Place : Mumbai  
Dated : 27th September, 1999