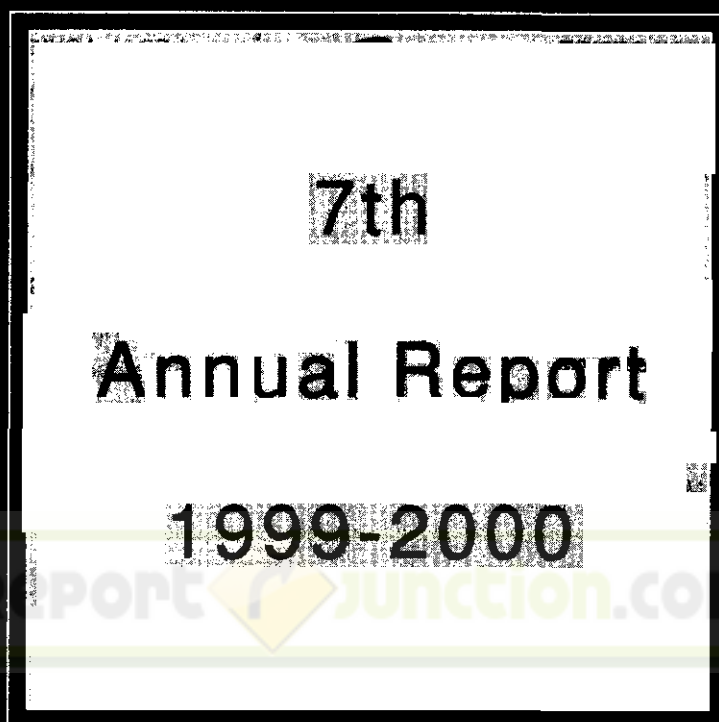


KEYNOTE



KEYNOTE CORPORATE SERVICES LTD.

ANNUAL REPORT 1999-2000

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 India
The South Indian Bank Ltd.

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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

Seventh Annual General Meeting

on Friday, 30th September, 2000 at 11.30 a.m.
at Ashoka Hall, "Arcadia", Nariman Point, Mumbai - 400 021.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF KEYNOTE CORPORATE SERVICES LIMITED WILL BE HELD ON SATURDAY THE 30TH DAY OF SEPTEMBER, 2000 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, 2000 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 Uday S. Patil 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 a Special Resolution :-
 "RESOLVED THAT in accordance with the provisions of the Companies Act 1956 and other provisions and acts, if any, applicable including any amendments thereto and subject to the consents, permission, sanctions and approvals if any as may be necessary from the members, Stock Exchanges and any other authorities from time to time and subject to the conditions as may be prescribed / made applicable for voluntary delisting of the equity shares of the Company by Securities and Exchange Board of India (SEBI), Stock Exchanges and any other relevant authorities, the members do hereby accord their consent to delist voluntarily the equity shares of the Company from the Stock Exchanges at Ahmedabad, Calcutta, Delhi and Madras and also do hereby authorise the board to do all such deeds, acts and complete all the formalities for voluntary delisting of equity shares from these Stock Exchanges.

By Order of the Board
 For Keynote Corporate Services Limited

sd/-

B. Madhuprasad
 Managing Director

Place : Mumbai
 Date : 1st September 2000

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 is annexed hereto.
- c) The Register of Members and share transfer books of the Company will remain closed from Thursday, 21st September, 2000 to Saturday, 30th September 2000 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 correspondence 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.

ANNUAL REPORT 1999-2000

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

Item No. 4

Members are aware that originally the equity shares of the Company were listed on the Stock Exchanges at Ahmedabad, Delhi, Calcutta, Madras, Mumbai and National Stock Exchange. It was observed by the Board of Directors that the shares of the Company on the Stock Exchanges at Ahmedabad, Calcutta, Delhi and Madras remained infrequently traded since listing. Accordingly members had passed a Special Resolution in the 4th Annual General Meeting of the members held on 28th day of October 1997 giving consent to the Board for delisting of equity shares from these Exchanges.

Reasons & Justification of voluntary delisting are enumerated as follows :

- ♦ The trading in equity shares on these exchanges is very low since date of listing. The equity shares are not traded or infrequently traded till date. No official quotation of equity shares on these exchanges are available.
- ♦ The number of shareholders located in these areas are abysmally low.
- ♦ The company will reduce the burden of paying listing fees. The cost of keeping listing status on these exchanges is high as company has to pay listing fees & complete many listing formalities in terms of listing agreements.
- ♦ The equity shares of the company are listed on BSE & NSE which has trading facilities in many parts of the country including these centres, thus providing trading facilities to shareholders located in these areas.

The guidelines for voluntary delisting of equity shares by the Companies came into force from April 1998 wherein detailed procedure for voluntary delisting was enumerated by SEBI. The Company is taking all the necessary steps to comply with the procedure prescribed by the Regulatory Authorities to delist the equity shares of the Company voluntarily from these Exchanges. The equity shares of the Company will remain listed and traded on The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India (NSE).

Keeping this in view management proposes to pass a fresh resolution to get shares voluntarily delisted from the Stock Exchanges at Ahmedabad, Calcutta, Delhi and Madras in order to reduce the cost and formalities to be followed in terms of listing agreements. The Company proposes to comply with all the legal formalities and procedure prescribed for this purposes immediately after the Annual General Meeting.

None of the Directors are interested in the above resolution.

By Order of the Board
For Keynote Corporate Services Limited

Place : Mumbai
Date : 1st September, 2000

sd/-
B. Madhuprasad
Managing Director

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KEYNOTE CORPORATE SERVICES LIMITED

DIRECTORS' REPORT

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

Dear Shareholders,

Your Directors have pleasure in presenting their 7th Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2000.

Financial Results

The financial results are summarised below :

Details	(Rs. in lacs)	
	Year Ended 31/03/2000	Year Ended 31/03/1999
Gross Income	143.87	123.11
Gross Operating Profit	38.89	10.72
Depreciation	34.04	34.36
Profit/(Loss) Before Tax	4.85	(23.64)
Provision for Taxation	6.00	1.00
Profit/(Loss) After Tax	(1.15)	(24.64)
Add:		
Profit brought forward from Previous Year	101.93	126.57
Profit available for appropriation	100.78	101.93
APPROPRIATIONS		
Proposed Dividend	-	-
Tax on Dividend	-	-
Surplus Carried forward	100.78	101.93
TOTAL	100.78	101.93

Dividend

The Directors of the Company have decided to conserve the resources and plough it back in the Company. Hence no dividend is being recommended.

Operations

The year 1999-2000 witnessed better activity in the Indian capital market. IPOs from technology, media and entertainment sectors continued to be the flavour of the market. Your Company once again was active in lead managing various IPOs and successfully completed handling 5 public issues, 2 right issues and a few takeover assignments. Your Company has been focussing on quality assignments and hopes to consolidate its position in the merchant banking industry in the year 2000-2001.

During the year 1999-2000 the Company has reported a Gross Income of Rs.143.87 lacs and a Profit before Tax of Rs. 4.85 lacs.

Operations of Subsidiary

You will be pleased to note that Keynote Capitals Limited (KCL) 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) has reported satisfactory results for the year ended 31st March 2000. Further it has acquired its second membership of The Stock Exchange, Mumbai. The Company has also launched its internal portal www.stockmantra.com that facilitates multiple exchange "online trading" via internet and provides the entire gamut of information related to the capital market that will be beneficial for investors and traders. The Audited Accounts & Directors Report of the subsidiary for year ended 31.03.2000 is attached with the Annual Report for your information.

Tax Provisions

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

Capital Restructuring

Members will be pleased to note that restructuring of capital of the Company as approved by the members in the 4th Annual General Meeting held on 28th day of October 1997 has been completed. Consequent to the scheme of reorganisation of capital approved by the Honourable High Court, Mumbai vide court's order dated 25th June 1998, the necessary accounting

ANNUAL REPORT 1999-2000

effect has been made to the subscribed and paid-up capital of the Company by deleting calls in arrears. As such there are no partly paid up shares in the company.

Voluntary Delisting

You are aware that at the 4th Annual General Meeting held on 28th day of October 1997 a resolution regarding delisting of equity shares from the Stock Exchanges at Ahmedabad, Calcutta, Delhi and Madras was passed. However detailed procedure for voluntary delisting was prescribed by SEBI in 1998 which requires certain formalities to be completed by the Companies. Accordingly your Company is taking necessary steps to delist the equity shares voluntarily from these Exchanges to reduce the burden of listing fees and completion of formalities in terms of listing agreements. A fresh Special Resolution is included in the notice given along with this Annual Report for your kind consideration. The equity shares of the Company will continue to be listed on BSE and NSE.

Dematerialisation

Members are aware that at the 5th Annual General Meeting held on 30th September, 1998 resolution regarding amendments to Articles of Association of the Company providing for dematerialisation of securities was passed. Accordingly, company has introduced a new article 13A in the Articles of Association of the Company.

Members are requested to note that the equity shares of the Company will be traded in compulsory demat mode w.e.f. 26th February, 2001. Accordingly your Company is in the process of entering into a tripartite agreement with the National Securities Depository Ltd. (NSDL), Central Depository Services Ltd. (CDSL) and Registrar & Transfer Agent, M/s. MCS Limited enabling the Company to provide dematerialisation facility to the members of the Company. Appropriate communication in this respect will be sent as and when all the formalities in this respect are complete. Thereafter members can hold the shares in "physical" as well as "demat mode" depending on their option

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

During the year ended 31st March, 2000, 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. Uday S. Patil 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, Securities and Exchange Board of India (SEBI), Association of Merchant Bankers of India (AMBI), Clients, Bankers and other Government Agencies for their sustained support.

For and behalf of the Board

Place : Mumbai
Date : 1st September, 2000

sd/-
B. Madhuprasad
Managing Director

KEYNOTE CORPORATE SERVICES LIMITED

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, 2000.

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	49	Managing Director	7,38,000/-	B.Com, A.C.A.	29/09/1993	25Years	Executive Vice President PNB Capital Services Ltd, Mumbai

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, 2000 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 the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - v) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts together with notes thereon, 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, 2000 and
 - b) in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date.

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

Place : Mumbai
Dated : 1st September, 2000

Sd/-
K.K. BHAGERIA
Proprietor

ANNUAL REPORT 1999-2000

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. As per information and explanations given to us 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)(J)' of Schedule 'S', the Company has not charged interest on loans of Rs. 1793 lacs.
9. The parties to whom Loans & Advances in the nature of loans granted by the Company and outstanding as on 31st March, 2000 is Rs. 1979 lacs, out of which the Company has not charged interest on Loans & Advances amounting to Rs. 1975 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, 2000 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 Company is not a sick industrial company within the meaning of clause (o) of Sub-Section (1) of Section 3 of the Sick Industrial (Special Provisions) Act, 1985.
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,

Sd/-
K.K. BHAGERIA
Proprietor

Place : Mumbai
Dated : 1st September 2000

KEYNOTE CORPORATE SERVICES LIMITED

BALANCE SHEET AS ON 31ST MARCH, 2000

	SCHEDULE	AS ON 31.3.2000 Rs.	AS ON 31.3.1999 Rs.
I SOURCES OF FUNDS :			
1) SHARE HOLDERS' FUND			
a) Share Capital	'A'	79,694,705.00	79,694,705.00
b) Reserves & Surplus	'B'	282,892,073.88	283,006,814.17
2) LOAN FUND :			
Unsecured loan	'C'	2,524,000.00	9,804,500.00
TOTAL		365,110,778.88	372,506,019.17
II APPLICATION OF FUNDS :			
1) FIXED ASSETS :			
Gross Block	'D'	54,935,700.10	54,785,775.10
Less : Depreciation		17,879,295.45	14,475,167.19
NET BLOCK		37,056,404.65	40,310,607.91
2) INVESTMENTS	'E'	47,762,243.00	48,482,743.00
3) CURRENT ASSETS, LOANS & ADVANCES :			
A) CURRENT ASSETS			
a) Interest Accrued on Investments		6,400.67	—
b) Stock-in-trade	'F'	518,851.00	494,860.75
c) Hire Purchase Stock		—	198,600.00
d) Sundry debtors	'G'	17,478,739.27	17,453,638.03
e) Cash & bank balance	'H'	1,501,655.87	541,768.34
f) Other Current Assets	'I'	3,128,278.00	3,307,823.00
B) LOANS AND ADVANCES	'J'	270,593,018.22	268,587,480.84
		293,226,943.03	290,584,170.96
LESS : CURRENT LIABILITIES & PROVISIONS			
a) Current liabilities	'K'	13,306,358.17	9,764,463.07
b) Provisions	'L'	9,300,000.00	8,700,000.00
		22,606,358.17	18,464,463.07
NET CURRENT ASSETS (I) - (II)		270,620,584.86	272,119,707.89
Miscellaneous expenditure to the Extent not written off or adjusted	'M'	9,671,546.37	11,592,960.37
TOTAL		365,110,778.88	372,506,019.17
Notes to the accounts	'R'		

"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 : 1st September, 2000

ANNUAL REPORT 1999-2000

PROFIT & LOSS ACCOUNT FOR THE YEAR 31ST MARCH, 2000

	SCHEDULE	YEAR ENDED 31.3.2000 (Rs.)	YEAR ENDED 31.3.1999 (Rs.)
I. INCOME :			
Income from Services	'N'	4,788,668.20	1,694,462.62
Income from Leasing		7,118,500.00	8,854,000.00
Profit / (Loss) from Dealing in Securities	'O'	144,378.47	77,993.35
Other income	'P'	2,335,168.83	1,684,653.33
TOTAL		14,386,715.50	12,311,109.30
II. EXPENDITURE :			
Administrative & Other Expenses	'Q'	10,461,841.53	10,990,758.97
Interest on Deposits and Borrowings		35,486.00	248,226.02
TOTAL		10,497,327.53	11,238,984.99
PROFIT / (LOSS) BEFORE DEPRECIATION		3,889,387.97	1,072,124.31
Less : Depreciation		3,404,128.26	3,436,221.73
PROFIT / (LOSS) BEFORE TAX		485,259.71	(2,364,097.42)
Provision for Income Tax		600,000.00	100,000.00
PROFIT / (LOSS) AFTER TAX		(114,740.29)	(2,464,097.42)
Add : Surplus brought forward from previous year		10,193,289.17	12,657,386.59
SURPLUS AVAILABLE FOR APPROPRIATIONS		10,078,548.88	10,193,289.17
APPROPRIATIONS :			
Proposed Dividend		-	-
Provision for Dividend Tax		-	-
Transfer to General reserve		-	-
Balance carried to the Balance Sheet		10,078,548.88	10,193,289.17
		10,078,548.88	10,193,289.17
Notes to the accounts	'R'		

"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 : 1st September, 2000