SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

KEYNOTE

9th Annual Report 2001-2002

ReportJunction.com

KEYNOTE CORPORATE SERVICES LTD.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

BOARD OF DIRECTORS

Mr. B. Madhuprasad
Managing Director

Mr. Nirmal Suchanti
Director

Mr. Vineet Suchanti
Director

Mr. Uday S. Patil
Director

Mr. Suraj Saraogi
Director

Mr. Mehul Patel
Director

REGISTERED OFFICE

307, Regent Chambers,
Nariman Point,
Mumbai - 400 021.

BANKERS

Punjab National Bank
State Bank of India
IndusInd Bank Limited

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

AUDITORS

K. K. Bhagerla & Co.
Chartered Accountants
104, Camy House, Dhuswadi,
Dr. Cawasji Hormusji Lane,
Marine Lines,
Mumbai - 400 002.

Nineth Annual General Meeting
on Saturday, 28th September, 2002 at 10.30 a.m.
at the Registered Office of the Company at
307, Regent Chambers,
Nariman Point, Mumbai – 400 021.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETH ANNUAL GENERAL MEETING OF THE MEMBERS OF KEYNOTE CORPORATE SERVICES LIMITED WILL BE HELD ON SATURDAY THE 28TH SEPTEMBER, 2002 AT THE REGISTERED OFFICE OF THE COMPANY AT 307, REGENT CHAMBERS, NARIMAN POINT, MUMBAI - 400 021 AT 10:30 A.M. TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :-

1. To receive, consider and adopt the audited Balance Sheet as of 31st March, 2002 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 Directors in place of Mr. Vineet Suchanti who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Directors in place of Mr. Uday S. Patil who retires by rotation and being eligible offers himself for reappointment.
4. 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 :-

5. To consider, and if, thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :-
   "**RESOLVED THAT** Mr. Mehul Patel, who was appointed as an Additional Director w.e.f 28/08/2002 by the Board of Directors vide resolution passed on the same date and who holds office as such upto the date of this meeting and is eligible for appointment as Director in respect of whom Notice under Section 257 of the Companies Act, 1956 has been received, be and is hereby appointed as a Director of the Company retiring by rotation.
6. To consider, and if, thought fit, to pass, with or without modifications, the following resolution as a special Resolution :-
   "**RESOLVED THAT** pursuant to Section 192A and all other applicable provisions of the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force the Articles of Association of the Company be and hereby altered in the manner and to the extent as follows:-
   The following new article 72A be inserted after the present article 72.
   72A Eligibility to vote and voting procedure under Postal Ballot
   The Company will pass the resolution in certain businesses as the Central Government, Department of Company Affairs or any other authority may notify through Postal Ballot only. Every Voting Member of record, as of the date of delivery of a ballot, is entitled to cast one vote for each resolution under ballot. More than one resolution may be voted on in a single ballot, but each resolution must be voted on separately. Ballot delivery, collection, authentication and tabulation methods shall be in accordance with Policy of the Company. The ballot shall be determined on the combined votes from all approved methods of voting for that resolution.

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

Sd/-
B. Madhuprasad
Managing Director

Place : Mumbai
Date : 28th August, 2002

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 Register of Members and share transfer books of the Company will remain closed from Monday, 23rd September, 2002 to Saturday, 28th September, 2002 both days inclusive.

c) The practice of distributing copies of Annual Reports at the Annual General Meeting has been discontinued as a measure of economy.

d) 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 Transfer Agent. In case shares are held in dematerialized mode, please quote the DP Id No. and Client Id in all their correspondence.
   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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

The Board of Directors of the Company has appointed Mr. Mehul Patel as the Director of the Company w.e.f 28/08/2002. He has been associated with the capital market related activities since past several years. Since the said appointment was made by the Board of Directors as Additional Independent Director he holds the office upto the date of this Annual General Meeting in terms of the provisions contained in Section 260 of the Companies Act, 1956. Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying the intention to propose the appointment of Mr. Mehul Patel as Director retiring by rotation at this Annual General Meeting.

The Board of Directors are of the view that appointment of Mr. Mehul Patel as a Director will be beneficial to the Company and is in line with Company's policy to adhere to various provisions of Companies (Amendment) Act, 2000 and Corporate Governance norms being introduced. The broad Basing of Board of Directors shall ensure implementation of corporate governance in its correct perspective Details of Mr. Mehul Patel are included in Report on Corporate Governance.

Mr. Mehul Patel is concerned and interested in the said resolution.

Item No. 6

The Companies Act, 1956 has been amended by The Companies (Amendment) Act, 2000. In terms of the said amendments, a listed company in the case of resolutions relating to such business, as the Central Government may by notification, declare to be conducted only by postal ballot, shall get any resolution passed by means of postal ballot instead of transacting the business in general meeting of the company. In order to keep the Articles of Association of Company in line with Amendment made in the Companies Act, it is proposed to insert new article no. 72A in the Articles of Association.

None of the directors of the Company are any way concerned or interested in the amendment / resolution.

DIRECTORS' REPORT

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

Dear Shareholders,

Your Directors have pleasure in presenting their 9th Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2002.

Financial Results

The financial results are summarised below :

(Rs. in lacs)

Details	Year Ended 31.03.2002	Year Ended 31.03.2001
Gross Income	73.23	120.98
Gross Operating Profit/ (Loss)	16.63	(17.39)
Depreciation	4.81	20.07
Profit/(Loss) Before Tax	11.82	(37.46)
Provision for:		
- Current Tax	—	3.00
- Deferred Tax	0.43	—
Extra Ordinary items*	—	315.30
Profit/(Loss) After Tax	12.25	(355.76)
Add:		
Profit brought forward from Previous Year	(9.98)	100.78
Adjustment for Deferred Tax Liability for earlier year	(4.70)	—
Transfer from General Reserve	—	245.00
Balance Carried Forward	(2.43)	(9.98)

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

*Consequent to the completion of the lease period in respect of plant and machinery given on lease on which 100% depreciation had been claimed in terms of Income Tax Act 1961, the Company has disposed off these assets on a "as is where is basis" for a value of Rs. 11.50 lacs during the year ending 31.03.2001.There was a loss on Lease transaction amounting to Rs.315.30 lacs as per Companies Act, 1956 which has been debited to the profit & loss account as an extraordinary item.

Dividend

On account of inadequacy of the profits, the Directors of the Company have not recommended any dividend.

Operations

The year 2001-2002 witnessed yet another share market scam, which had a spiraling adverse effect on the capital market related activities. This coupled with US slowdown on account of terrorist attack in September 2001 had a cascading effect on the markets. The Indian market is passing through a bad patch and capital formation through primary market activities was at the lowest ebb during this financial year.

However, Indian capital market has sustained the shocks of various adversaries and is presently on a recovery path. During the financial year various consolidation of shareholding proposals were in the capital market through acquisitions of shareholdings by open offers. Implementation of Buy Back of Securities Regulations and various mergers and acquisitions also had a positive effect on the capital market.

The Company during the year handled assignments of takeovers, managing the rights issues of few corporates and also concentrated on other non-fund based activities such as loan syndication, corporate advisory services. The Company has already implemented various cost cutting measures and presently has a lean set-up of manpower and infrastructure.

Operations of Subsidiary

Keynote Capitals Limited (KCL), an integrated broking subsidiary also suffered the effects of general slow down in the economy. The broking activity and volume have fallen drastically with the withdrawal of Badla and ALBM systems. However, with the introduction of Futures and Options, secondary market is consolidating itself to face the challenges of new areas in the era of globalisation.

As already informed Depository Operations of the subsidiary commenced from May 2001 and we are pleased to inform the members that it has been useful in reducing the in-house cost incurred in settlement cycles of BSE and NSE. KCL has been active in providing DP services to the other investors and presently has 149 DP accounts of Individuals and Bodies Corporates.

Tax Provisions

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

Listing

The equity shares of your Company stand delisted from the stock exchanges at Ahmedabad, Calcutta, Chennai and Delhi w.e.f. financial year 2001-02. Members are hereby informed that the equity shares of the Company continue to be listed and traded on the BSE and NSE. The scrip code numbers of the equity shares of the Company on BSE is 512597 and on NSE is KEYCORPSER. The Company has paid up-to-date listing fees to both the exchanges.

Dematerialisation

Members will be pleased to note that the equity shares of the Company can be held in dematerialised form. The Company has signed the tripartite agreement with National Securities Depository Ltd. (NSDL), Central Depository Services Ltd. (CDSL) and Registrar & Transfer Agent (RTA) for dematerialisation of existing holding of the shareholders. The International Securities Identification Number **(ISIN)** allotted to the Company is **INE681C01015**. The equity shares of the Company are listed and traded on The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE) and are being traded in compulsory dematerialised mode. Presently 36.33% of equity capital of the company is in dematerialised mode.

Directors Responsibility Statement

In compliance with Section 217(2AA) of the Companies (Amendment) Act 2000, the Directors state that :

(a) in the preparation of annual accounts, the applicable accounting standards have been followed and proper explanation relating to material departures, if any, have been furnished.

(b) accounting policies as listed in Schedule "R" to the financial statements have been selected and consistently applied and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the company as on 31st March, 2002 and of the Profit or Loss of the Company for the Accounting Year ended on that day.

(c) proper and sufficient care for the maintenance of adequate accounting records has been taken in accordance with the provisions of this act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

(d) the annual accounts have been prepared on a going concern basis.

Corporate Governance

The Companies Act, 1956 & the listing agreement with the stock exchanges requires the compliance with specified Corporate Governance practices. These practices have been fully implemented and a certificate from the Auditor's of the Company as well as a detailed report on Corporate Governance, approved by the Board of Directors of the Company is set out in the annual report.

Human Resources

Your Directors acknowledge and appreciate the sincere efforts and effective services rendered by the committed officers and staff of the Company. None of the employees are in receipt of remuneration as specified under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules 1975, as amended.

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, 2002 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 & Mr. Uday S. Patil retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Your Directors recommend their appointment.

The Board of Directors of the Company has appointed Mr. Mehul Patel as the Director of the Company w.e.f 28/08/2002. Since the said appointment was made by the Board of Directors as Additional Director he holds the office upto the date of this Annual General Meeting in terms of the provisions contained in Section 260 of the Companies Act, 1956. Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying the intention to propose the appointment of the aforesaid person as Director retiring by rotation at this Annual General Meeting.

The Board of Directors are of the view that appointment of Mr. Meul Patel as a Director will be beneficial to the Company and is in line with Company's policy to adhere to various provisions of Companies (Amendment) Act, 2000 and Corporate Governance norms introduced. The broad basing of Board of Directors shall ensure implementation of corporate governance in its correct perspective.

Auditors

M/s. K.K. Bhageria & Co., Chartered Accountants, Auditors will retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Members are requested to consider their re-appointment at a remuneration to be decided by the Board of Directors for the financial year ending March 31, 2003.

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), Central Depository Services (I) Ltd. (CDSI), Association of Merchant Bankers of India (AMBI), Clients, Bankers and other Government Agencies for their sustained support.

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

Sd/-
B. Madhuprasad
Managing Director

Place : Mumbai
Date : 28th August, 2002

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Keynote's Philosophy on code of Governance

The company firmly believes in and continues to practice Corporate Governance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The Company continuously endeavors to improve on these aspects on an ongoing basis.

Board of Directors

Composition, Attendance at the Board Meetings and the last Annual General Meeting, Outside Directorships and other Board Committees as on 31st March 2002, as applicable, is tabulated hereunder:

Name of the Director	No. of Board Meetings attended	Attendance at previous AGM on 29.09.2001	No. of outside Directorship held	No. of membership/ chairmanship in other Board Committees	Executive/ Non Executive
B. Madhuprasad	11	Yes	3	NIL	Executive
Nirmal Suchanti	8	Yes	6	1	Non Executive
Vineet Suchanti	8	Yes	10	1	Non Executive
Uday S. Patil	11	Yes	2	NIL	Executive
Suraj Saraogi	8	Yes	2	2	Non Executive
Mehul Patel*	—	No	2	1	Non Executive

**Mr. Mehul Patel is appointed w.e.f. 28.08.2002*

BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2001-02

During the financial year 2001-02, 11 Board Meetings were held on 28.04.2001, 16.05.2001, 02.07.2001, 23.07.2001, 30.08.2001, 15.09.2001, 15.10.2001, 29.10.2001, 01.11.2001, 01.01.2002 and 21.01.2002 .

BOARD COMMITTEES

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Nirmal Suchanti, Mr. Vineet Suchanti, Mr. Suraj Saraogi all being Non Executive Directors. The committee met four times during the year under review. The audit committee also met prior to the finalisation of the accounts for the year ended 31st March 2002.

Members	No. of meetings Attended
Mr. Nirmal Suchanti	4
Mr. Vineet Suchanti	4
Mr. Suraj Saraogi	4
Mr. Mehul Patel*	—

**Mr. Mehul Patel was appointed as a additional member of Audit Committee w.e.f. 28.08.2002*

SHAREHOLDERS COMMITTEE

Shareholder/Investor Grievance Committee is headed by Mr. Vineet Suchanti, a Non-Executive Director. Mr. Uday S. Patil is the Compliance Officer. During the financial year 2001-02, 20 complaints were received from shareholders and investors. These complaints were of routine nature regarding non-receipt of dividend warrants/ share certificates, corrections / change in address etc. All the complaints have been resolved to the satisfaction of the complainants. All valid requests for share transfer received during 2001-02 have been acted upon by the Company and no transfer is pending.

REMUNERATION COMMITTEE

The managing Director and the other Whole Time Director is in service contract with the Company. The remuneration payable to them is in terms of the said contract. The matters of remuneration of Directors are considered by the Board of Directors of the Company from time to time. Therefore no separate remuneration committee has been constituted.

REMUNERATION OF DIRECTORS FOR THE FINANCIAL YEAR 2001-02

No sitting fee is paid to the members of the Board for Board Meetings attended by them. The Company has two Whole time Directors to whom monthly remuneration is being paid as approved by the general meeting. Mr. B. Madhuprasad, Managing Director is being paid a remuneration of Rs.45,000/- per month in addition to the perquisites, in terms of the service contract entered into with him for a period of 5 years with effect from 29.09.1998. Mr. Uday S. Patil, Director is being paid a remuneration of Rs.25,000/- per month in addition to the perquisites, in terms of the service contract entered into with him for a period of 5 years with effect from 12.11.1999

GENERAL BODY MEETINGS

Location and time of last three Annual general Meetings are as under:

Year	Venue	Date	Time
2000-01	608, Dalamal House, Nariman Point, Mumbai - 400 021.	29th September 2001	10.30 a.m.
1999-00	Ashoka Hall, "Arcadia", Nariman Point, Mumbai – 400 021	30th September 2000	11.30 a.m.
1998-99	Ashoka Hall, "Arcadia", Nariman Point, Mumbai – 400 021	12th November 1999	11.30 a.m.

There was no other General Body meeting in the last three years and no resolution was put through postal ballot.

DISCLOSURES

During the financial year 2001-02, the Company had no materially significant related party transaction which is considered to have potential conflict with the interests of the Company at large. There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

MEANS OF COMMUNICATION

The Quarterly, Half-Yearly and Annual Results are published by the Company in all editions of the Free Press Journal, Navshakti, Mumbai. "Limited Review" by the Auditor of the company of the Half-Yearly results is sent to the all Stock Exchanges where the shares of the Company are listed.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date And Time : 28th September 2002, 10.30 a.m.
Venue : 307, Regent Chambers, Nariman Point, Mumbai - 21

DATE OF PUBLISHING FINANCIAL RESULTS

Results (Unaudited)	Date
1st Quarter (June 2001)	24.07.2001
2nd Quarter (September 2001)	30.10.2001
3rd Quarter (December 2001)	22.01.2002
4th Quarter (March 2002)	30.04.2002

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

Date Of Book Closure : From: Monday, 23rd September 2002 **To:** Saturday, 28th September 2002.
Listing on Stock Exchanges and Stock Code: Shares of the Company are listed at the Stock Exchange, Mumbai (BSE)(Stock Code 512597) and The National Stock Exchange of India (Stock Code KEYCORPSERV).
Face Value of Equity Share : Rs.10/- each

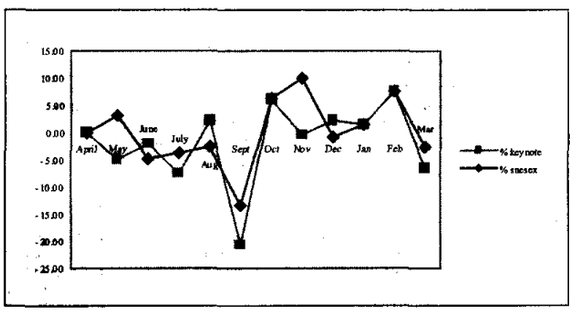
Market Price Data : Monthly High/Low during the financial year 2001-02 on The Stock Exchange, Mumbai (BSE)

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April 2001	20.90	20.90	October 2001	19.30	16.40
May 2001	22.50	19.20	November 2001	18.50	16.50
June 2001	20.70	19.75	December 2001	17.00	17.00
July 2001	19.00	19.00	January 2002	No Trading	No Trading
August 2001	20.50	19.90	February 2002	No Trading	No Trading
September 2001	20.00	18.45	March 2002	16.35	16.35

Market Price Data : Monthly High/Low during the financial year 2001-02 on The National Stock Exchange of India

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April	No Trading	No Trading	October	19.30	16.40
May	No Trading	No Trading	November	18.50	16.50
June	No Trading	No Trading	December	17.00	17.00
July	No Trading	No Trading	January	No Trading	No Trading
August	20.50	19.90	February	No Trading	No Trading
September	20.00	18.45	March	No Trading	No Trading

PERFORMANCE IN COMPARISON TO BSE



SHARE TRANSFER AGENTS
MCS LIMITED
Venkatesh Bhavan, Plot. No. 27,
Road No. 11, MIDC Area,
Andheri (E), Mumbai - 400 093.
Tel : (022) 821 5235; Fax : (022) 835 0456

DISTRIBUTION OF SHAREHOLDING AS ON 31/03/2002

Category of Shares	No. of Shareholders	No. of shares	% of total shares
Up To 5000	3569	577113	7.24
5001 To 10000	152	122126	1.53
10001 To 20000	46	67550	0.85
20001 To 30000	33	84175	1.06
30001 To 40000	8	30650	0.38
40001 To 50000	11	52260	0.66
50001 To 100000	11	89200	1.12
100001 and Above	58	6946396	87.16
Total	**3888**	**7969470**	**100.00**

Dematerialisation of shares : 28,95,300 equity shares (i.e. 36.33%) of the total Capital of the Company have been dematerialized as on 31st March 2002.

ADDRESS FOR CORRESPONDENCE:
307, Regent Chambers, Nariman Point, Mumbai – 400021, **E-Mail for Investors:**keynote@vsnl.com

MANAGEMENT DISCUSSION AND ANALYSIS REPORT
The Company is engaged in non-fund based activities such as Issue Management, Loan/Lease Syndication, Mergers and Acquisitions, Capital Restructuring, Corporate Advisory Services and other Merchant Banking activities. The Company has a registration of SEBI as Category I Merchant Banker. The Company has a 100% subsidiary, Keynote Capitals Limited which is an integrated broking house. Keynote Capitals Limited (KCL) is a wholly owned subsidiary of Keynote Corporate Services Ltd. The Company is a member of National Stock Exchange of India Ltd. (NSE) in Capital Market Segment (Cash & Derivative), Composite Member of The Stock Exchange, Mumbai (BSE) in Capital Market segment (Cash & Derivative) and Debt Market segment and also a Sponsor member of The Over the Counter Exchange of India (OTCEI). Over the years KCL has been registering good volumes on BSE, NSE as well as OTCEI. KCL has been empanelled by most of the prominent Banks and Financial Institutions. KCL has also received Registration for acting as Depository Participant (DP) on Central Depository Services Ltd. (CDSL) and has commenced DP operations.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

The Company is operating in the financial services segment and corporate advisory services. These segments are facing challenges due to rapid changes in the capital market as also the new dimensions the economy has taken shape. Globalisation and opening up of an economy have also contributed to the sea changes in these segments. The Company is a prominent capital market intermediary and has adequate infrastructure to cater to the needs of midsize corporate sector. The Company visualises ample opportunities in the midsize corporate sector and to sustain the fierce competition, the company has been upgrading its skills to the changing scenario. Human capital is the basic ingredient for this segment of business. The Company has put in conscious efforts to maintain the core manpower strength available. The outlook of the economy is turning positive and with every global player trying to position himself in various sectors of finance and advisory services, the developing nation like India can look forward to properly position itself.

Merchant Banking activity was at the lowest ebb during the current financial year. The capital market witnessed very meager number of offerings to raise capital from the market. The Company had handled assignments in the area of mergers and acquisition and had also been able to handle rights issue of some of the corporates. With resource raising from the primary market having come down, loan syndication and other activities have taken the front. The gross income levels have fallen from an amount of Rs. 120.98 lacs as of 31st March 2001 to 73.23 lacs for 31st March 2002. The Company has restructured the operations by rationalizing the manpower and reducing the expenses to a large extent. The internal control systems of various functional areas have been strengthened and are adequate. the Directors hope that with the improvement in economic conditions and general environment for capital market and with a focus on new financial services, the Company will be able to sustain and improve the performance in future.

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

Sd/-
B. Madhuprasad
Managing Director

Place : Mumbai
Date : 28th August, 2002

Details of the Directors seeking appointment/re-appointment in the forthcoming Annul General Meeting

Name, Age, Qualification and Address of Director	Experience/Expertise in specific functional area	Directorship held in other companies
Mr. Mehul Patel ***(Director seeking appointment)*** **Age:** 26 Years **Qualification:** B.A.,Bachelor of Economics and Communication Arts from Ursinis College, Pennsylvania. **Address :** Samudra Gaurav, Worli Sea Face Mumbai - 400 025.	He started his career as internship with a BSE Broker in 1992. During his stay in Pennsylvania he has acted as Student Supervisor and has also acted as Assistant Financial Advisor, New England, Sherman Oaks during 1996-97. He has worked as Researcher in Southern California Research Institute during 1998 and Electronic Product Support Analyst with Federal Reserve Bank, LA Branch from November 1998 for few years. Presently he is looking after the family business of share and stock broking in Mumbai. He has expertise in specific functional areas of research, financial product structuring.	• M. J. Patel Share & Stock Broking Ltd. • Killick Challenger Technology Ltd.
Mr. Uday S. Patil ***(Director seeking reappointment)*** **Age:** 43 Years **Qualification:** B. Sc. LL.B.(Gen), CAIIB **Address :** B-,ShreeYashwant Society, 90 feet Rd. Ghatkopar(East), Mumbai - 400 077	An ex-banker with rich hands-on experience in various fields of banking. Handled various IPO Assignments, Project Appraisal and Merchant Banking functions. The functional area includes handling of Merchant Banking activities of the Company	• Keynote Capitals Limited • Spire Investments & Trading Pvt. Ltd.
Mr. Vineet Suchanti, ***(Director seeking reappointment)*** **Age:** 33 Years **Qualification:** B.com, MBA **Address :** 13 B Jolly Maker Apt. I, Cuffe Parade, Mumbai - 400 005.	An MBA from University of Rochester with specialization in finance and marketing. He is thoroughly conversant with most modern methods of analysis, valuations, structuring and marketing. He has a natural talent for processing Mergers & Acquisitions.	• Cobal Investment Co. Ltd. • Concept Assets Management Ltd. • Concept Capital Management Ltd. • Concept Holdings Limited • Keynote Advertising Pvt. Ltd. • Keynote Capitals Ltd. • Keynote Finstock Ltd. • Starline Ispat & Alloys Ltd. • Plethora Investment Co. Ltd. • Concept Public Relations (I) Pvt. Ltd. • Stockmantra International Limited • LKP Merchant Financing Ltd. • Arc Entertainment Pvt. Ltd.

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To the Members of Keynote Corporate Services Ltd.

We have examined the compliance of conditions of Corporate Governance of Keynote Corporate Services Ltd., for the year ended 31st March, 2002, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the guidance Note issued by the Institute of Chartered Accountants of India, we have to state that while the Shareholders / Investors Grievance Committee has not maintained records to show the investor grievance pending for a period of one month against the Company, the Registrars of the Company have maintained the records of investor grievances and certified that as at 31st March, 2002, there were no investor grievances remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Sd/-
K.K. BHAGERIA
Proprietor

Place : Mumbai
Dated : 28th August, 2002

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

AUDITOR'S REPORT

To
The Members of
Keynote Corporate Services Ltd.

We have audited the attached Balance Sheet of Keynote Corporate Services Ltd. as at 31st March, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable *assurance about whether the financial statements are free of material misstatement.* An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies act, 1956 and on the basis of such checks of the Books and records of the company as we considered appropriate and according to information and explanations given to us during the course of audit, we enclose *in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the* said Order to the extent applicable to the company.

Further to our comments in the Annexure referred to above, we report that:

i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of those books;

iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with this *report comply with the accounting standards referred to in sub-section (3C) of* section 211 of the Companies Act, 1956; to the extent applicable;

v) On the basis of written representations received from the directors, as on 31st March, 2002, and taken on record by the Board of Directors, we report that none of the directors of the company are, prima-facie, as at 31st March, 2002 disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

vi) In our opinion and to the best of our information and according to the explanations given to us, the said Balance-sheet and Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair *view in conformity with the accounting principles generally accepted in India;*

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002; 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,

Sd/-
K.K. BHAGERIA
Proprietor

Place : Mumbai
Dated : 28 th August, 2002

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph (1) of our Report of even date)

(i) 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.

(ii) None of the fixed assets has been revalued during the year.

(iii) As explained to us the stock of shares & securities have been physically verified by the Management at reasonable intervals during the year.

(iv) 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.

(v) We have been informed that no discrepancies have been noticed on physical verification of stock-in-trade as compared to book records.

(vi) 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.

(vii) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the section are not applicable to a company on or after 31st October, 1998.

(viii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the section are not applicable to a company on or after 31st October, 1998.

(ix) The parties to whom Loans & Advances in the nature of loans granted by the Company and outstanding as on 31st March, 2002 is Rs. 1521.83 lacs, out of which the Company has not charged interest on Loans & Advances amounting to Rs. 1517.33 lacs. As explained, reasonable steps are being taken by the company for their recovery, which however, needs to be further strengthened.

(x) 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.

(xi) 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.

(xii) The Company has no formal Internal Audit system.

(xiii) The Company is regular in making payments of Provident Fund and Employee's State Insurance dues with the appropriate authorities.

(xiv) 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, 2002 for a period of more than six months from the date they become payable.

(xv) 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.

(xvi) *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 Companies (Special Provisions) Act, 1985.

(xvii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

(xviii) 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.

(xix) 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.

(xx) 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 : 28th August, 2002

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

BALANCE SHEET AS ON 31ST MARCH, 2002

	Schedule	AS ON 31.3.2002 Rs.	AS ON 31.3.2001 Rs.
I. **SOURCES OF FUNDS :**			
SHARE HOLDERS' FUND			
a) Share Capital	'A'	79,694,700.00	79,694,705.00
b) Reserves & Surplus	'B'	248,313,525.00	248,313,525.00
LOAN FUND :	'C'		
a) Secured Loan		272,287.72	715,787.44
b) Unsecured Loan		1,597,496.95	1,597,496.95
TOTAL		329,878,009.67	330,321,514.39
II. **APPLICATION OF FUNDS :**			
FIXED ASSETS :			
Gross Block	'D'	5,114,449.10	6,092,439.10
Less : Depreciation		2,708,869.45	2,443,603.53
NET BLOCK		2,405,579.65	3,648,835.57
INVESTMENTS	'E'	92,927,180.00	93,221,885.00
CURRENT ASSETS, LOANS & ADVANCES :			
A CURRENT ASSETS,			
a) Stock in trade	'F'	1,666,311.40	11,892,559.85
b) Sundry debtors	'G'	25,024,922.73	16,050,761.00
c) Cash & bank balance	'H'	187,821.08	2,249,803.11
d) Other Current Assets	'I'	85,136.00	55,760.00
B LOANS & ADVANCES	'J'	223,291,614.94	223,232,754.13
		250,255,806.15	253,481,638.09
LESS : CURRENT LIABILITIES & PROVISIONS			
a) Current liabilities	'K'	11,755,385.63	19,178,648.14
b) Provisions	'L'	9,600,000.00	9,600,000.00
		21,355,385.63	28,778,648.14
NET CURRENT ASSETS (I) - (II)		228,900,420.52	224,702,989.95
Deferred Tax Liability		(426,393.82)	
Miscellaneous expenditure to the	'M'		
Extent not written off or adjusted		5,828,718.37	7,750,132.37
Opening Balance Profit and Loss Account		997,671.50	—
Add: Deferred Tax Liability as on 01.04.2001		470,071.82	—
		1,467,743.32	—
Less: Profit for the Current year		1,225,238.37	—
Profit & Loss Account		242,504.95	997,671.50
TOTAL		329,878,009.67	330,321,514.39
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

For and on behalf of the Board

Sd/-
B. Madhuprasad
Managing Director

Sd/-
Vineet Suchanti
Director

Place : Mumbai
Dated : 28th August, 2002

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

PROFIT & LOSS ACCOUNT FOR THE YEAR 31ST MARCH, 2002

	Schedule	YEAR ENDED 31.3.2002 Rs.	YEAR ENDED 31.3.2001 Rs.
I. **INCOME :**			
Income from services	'N'	4,989,405.09	8,673,972.08
Income from Leasing		—	2,024,000.00
Profit/(Loss) from Dealing in Securities	'O'	(54,785.96)	(153,621.35)
Other income	'P'	2,388,385.53	1,553,593.43
TOTAL		7,323,004.04	12,097,944.16
II. **EXPENDITURE :**			
Administrative & Other Expenses	'Q'	5,575,539.19	13,736,942.09
Interest on Deposits and Borrowings		83,939.89	99,958.44
TOTAL		5,659,479.08	13,836,900.53
PROFIT / (LOSS) BEFORE DEPRECIATION		1,663,525.58	(1,738,956.37)
Less : Depreciation		481,970.21	2,007,283.28
PROFIT / (LOSS) BEFORE TAX		1,181,555.37	(3,746,239.65)
Provision for - Income Tax		—	300,000.00
Deferred Tax Credit for the year		43,678.00	—
Extra Ordinary Items		5.00	31,529,980.73
PROFIT / (LOSS) AFTER TAX		1,225,238.37	(35,576,220.38)
Add : Surplus brought forward from previous year		(997,671.50)	10,078,548.88
Adjustment for Deferred Tax Liability for earlier years		(470,071.82)	—
Add : Transfer from General Reserve		—	24,500,000.00
		(1,467,743.32)	34,578,548.88
Balance carried to the Balance Sheet		(242,504.95)	(997,671.50)
Basic/diluted earning per share		0.15	(4.46)
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

For and on behalf of the Board

Sd/-
B. Madhuprasad
Managing Director

Sd/-
Vineet Suchanti
Director

Place : Mumbai
Dated : 28th August, 2002

www.reportjunction.com