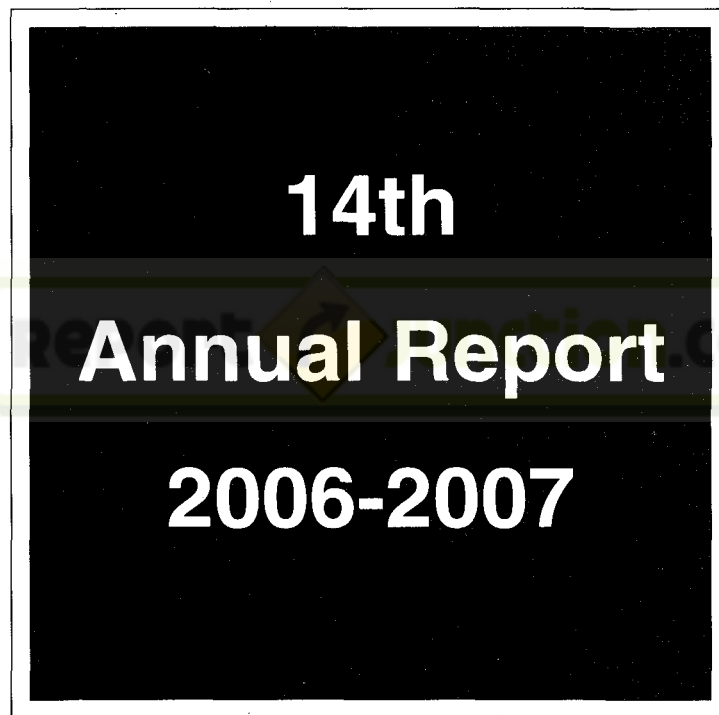


## KEYNOTE



KEYNOTE CORPORATE SERVICES LTD.

**KEYNOTE CORPORATE SERVICES LIMITED**  
**ANNUAL REPORT 2006-2007**

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KEYNOTE CORPORATE SERVICES LIMITED

**BOARD OF DIRECTORS**

**Shri Nirmal Suchanti**  
*Chairman*

**Shri B. Madhuprasad**  
*Vice Chairman*

**Shri Vineet Suchanti**  
*Managing Director*

**Shri Uday S. Patil**  
*Director*

**Shri Mehul Patel**  
*Director*

**Shri Hitesh Shah**  
*Director*

**REGISTERED OFFICE**

4<sup>th</sup> floor, Balmer Lawrie Building,  
5, J. N. Heredia Marg,  
Ballard Estate,  
Mumbai – 400 001  
(w.e.f. 5<sup>th</sup> February, 2007)

**BANKERS**

Indian Bank  
State Bank of India  
ICICI Bank Ltd.,

**SHARE TRANSFER AGENTS**

**Intime Spectrum Registry Ltd.,**  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West),  
Mumbai – 400 078  
Tel : (022) 2596 3838  
Fax : (022) 2594 6969

**AUDITORS**

K. K. Bhageria & Co.  
Chartered Accountants,  
104, Camy House, Dhuswadi,  
Dr. Cawasji Hormasji Lane,  
Marine Lines,  
Mumbai – 400 002

**Fourteenth Annual General Meeting**

On Thursday, 27<sup>th</sup> September, 2007 at 10.00 a.m.  
at Homi J. H. Taleyarkhan Memorial Hall,  
Indian Red Cross Society,  
141, Shahid Bhagat Singh Road,  
(Town Hall Compound),  
Mumbai – 400 001.

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**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE FOURTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF KEYNOTE CORPORATE SERVICES LIMITED WILL BE HELD ON THURSDAY THE 27<sup>TH</sup> SEPTEMBER, 2007 AT HOMI J. H. TALEYARKHAN MEMORIAL HALL, INDIAN RED CROSS SOCIETY, 141, SHAHID BHAGAT SINGH ROAD, (TOWN HALL COMPOUND), MUMBAI – 400 001 AT 10.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited Balance Sheet as of 31<sup>st</sup> March, 2007 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 the following resolution with or without modification as an Ordinary Resolution :

Variation in terms of appointment of Shri B. Madhuprasad, Vice-Chairman of the Company.

“ **RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, if any, the Company hereby approves the revision of remuneration payable to Shri B. Madhuprasad as the Vice-Chairman for the remaining period of his tenure w.e.f. 01/01/2007, with the liberty to the Board of Directors to alter and vary the terms of appointment so as not to exceed the limits set out in Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri B. Madhuprasad.

5. To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution :

Variation in terms of appointment of Shri Vineet Suchanti, Managing Director of the Company.

“ **RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, if any, the Company hereby approves the revision of remuneration payable to Shri Vineet Suchanti as the Managing Director for the remaining period of his tenure w.e.f. 01/01/2007, with the liberty to the Board of Directors to alter and vary the terms of appointment so as not to exceed the limits set out in Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Vineet Suchanti.

6. To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution :

Variation in terms of appointment of Shri Uday S. Patil, Whole Time Director of the Company.

“ **RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, if any, the Company hereby approves the revision of remuneration payable to Shri Uday S. Patil as the Whole Time Director for the remaining period of his tenure w.e.f. 01/01/2007, with the liberty to the Board of Directors to alter and vary the terms of appointment so as not to exceed the limits set out in Schedule XIII to the Companies

## KEYNOTE CORPORATE SERVICES LIMITED

Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Uday S. Patil.

By Order of the Board  
For Keynote Corporate Services Limited

Sd/-

**B. Madhuprasad**  
Vice Chairman

**Date** : 30<sup>th</sup> August, 2007

**Place** : Mumbai

#### 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 book of the Company will remain closed from Tuesday, 25<sup>th</sup> September, 2007 to Thursday, 27<sup>th</sup> September, 2007 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.

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 4**

Shri B. Madhuprasad has been with the Company since September, 1993. His terms were approved by the members in the 12<sup>th</sup> Annual General Meeting held on 30/09/2005. The annual increment payable to Shri B. Madhuprasad is being determined by the Board of Directors from time to time as approved by the members. With effect from 01/01/2007, the remuneration payable to Shri B. Madhuprasad has been revised by the Board of Directors to Rs.2,10,000/- p.m. from Rs. 1,40,000 /- p.m. All the other terms and conditions as approved by the members remains same.

Shri B. Madhuprasad is concerned or interested in the said resolution.

**Item No. 5**

Shri Vineet Suchanti has been with the Company since September, 1997. His terms were approved by the members in the 12<sup>th</sup> Annual General Meeting held on 30/09/2005. The annual increment payable to Shri Vineet Suchanti is being determined by the Board of Directors from time to time as approved by the members. With effect from 01/01/2007, the remuneration payable to Shri Vineet Suchanti has been revised by the Board of Directors to Rs.2,00,000/- p.m. from Rs. 1,25,000/- p.m. All the other terms and conditions as approved by the members remains same.

Shri Vineet Suchanti is concerned or interested in the said resolution.

**Item No. 6**

Shri Uday S. Patil has been with the Company since March, 1994. His terms were revised by the members in the 12<sup>th</sup> Annual General Meeting held on 30/09/2005. The annual increment payable to Shri Uday S. Patil is being determined by the Board of Directors from time to time as approved by the members. With effect from 01/01/2007, the remuneration payable to Shri Uday S. Patil has been revised by the Board of Directors to Rs.1,50,000/- p.m. from Rs.1,20,000/- p.m. All the other terms and conditions as approved by the members remains same.

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

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

Sd/-

**B. Madhuprasad**  
Vice Chairman

**Date** : 30<sup>th</sup> August, 2007  
**Place** : Mumbai

## KEYNOTE CORPORATE SERVICES LIMITED

**DIRECTORS' REPORT**

To  
The Members of **Keynote Corporate Services Limited**

Dear Shareholders,  
Your Directors have pleasure in presenting their 14<sup>th</sup> Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2007.

**Financial Results**

The financial results are summarized below :

		(Rs. In lacs)
<b>Details</b>	<b>Year Ended 31.03.2007</b>	<b>Year Ended 31.03.2006</b>
Total Income	<b>1153.06</b>	422.39
Gross Operating Profit/(Loss)	<b>702.81</b>	172.68
Depreciation	<b>4.99</b>	2.89
Add : Extraordinary Items	—	7.49
Profit/(Loss) Before Tax	<b>697.82</b>	177.28
Provision for :		
Current Tax	<b>233.54</b>	(65.00)
Deferred Tax Asset/(Liability)	<b>1.17</b>	0.08
Fringe Benefit Tax	<b>4.76</b>	(3.00)
Profit/(Loss) After Tax	<b>458.35</b>	109.36
Add : Excess Provision	<b>0.36</b>	3.40
Less : Short Provision	—	(50.61)
Profit/(Loss) brought forward from Previous year	<b>39.03</b>	(23.10)
Balance Carried forward	<b>497.74</b>	(39.04)

**Dividend**

The Directors of the Company have not recommended any dividend with a view to conserve resources and expand operations.

**Operations**

The total income of the Company for the year ended 31/03/2007 was Rs. 1153.06 lacs as against Rs.422.39 lacs reported as on 31/03/2006. The Company has reported an increase of 172.98% in the total income during the financial year. The Company has reported profit after tax to the extent of Rs. 458.35 lacs as against Rs.109.36 lacs for the previous year ended 31/03/2006.

The financial year ended 31<sup>st</sup> March, 2007 has been good and the company continues to make its presence felt in the capital market activities. The company was very actively involved in Lead Managing IPOs, Rights Offers, Buybacks and Takeovers. The company also expanded its reach in Corporate Finance and M&A Advisory. The company is focused on emerging as leading Investment Bank offering the entire range of services focused towards the mid-cap market.

Some important developments during 2006-07 were :

- The company continued to be a leading player in the capital market for mid-cap companies.

## ANNUAL REPORT 2006-2007

- The company was Ranked No. 1 Merchant Banker by PRIME in terms of number of Rights Issues managed as per rolling 12 months league table ended December, 2006. The Company was also Ranked No. 6 Merchant Banker by PRIME in terms of number of public issues managed during year ended March, 2007.
- The company formed alliances with a Middle East based consulting company and with a Swiss based consulting company to offer its clients cross border transaction facility.
- The company launched an ESOP division which focuses on designing and implementing stock option schemes for Corporates.
- During the financial year the company also acted as an India Transaction Advisor to three FCCB offers.
- The company has also introduced "India Access Strategy" a service that helps International companies to establish themselves in India.

**Business Restructuring**

During the year ended 31<sup>st</sup> March, 2007, the Scheme of Amalgamation of group companies viz Cobal Investment Company Limited, West Coast Lighterage Company Private Limited, Starline Ispat and Alloys Limited, Galaxy Leasing Limited, Keynote Finstock Limited, Plethora Investments Company Limited, ("the transferor companies") with Keynote Corporate Services Limited ("the transferee company") have been approved by Hon'ble High Courts, at Allahabad, Bombay and Guwahati vide their orders dated 21<sup>st</sup> December, 2006, 9<sup>th</sup> March, 2007 and 19<sup>th</sup> March, 2007 respectively and effected. During this financial year, in terms of the Scheme of Amalgamation 77,170 new Equity Shares were issued to the shareholders of transferor companies and 14,51,702 Equity Shares have been transferred to "Keynote Trust." All the relevant formalities/procedures relating to the said orders have been completed.

**Shifting of Registered Office**

The Registered Office of the Company was shifted from 307, Regent Chambers, Nariman Point, Mumbai – 400 021 to more spacious premises at 4<sup>th</sup> floor, Balmer Lawrie Building, 5, J. N. Heredia Marg, Ballard Estate, Mumbai – 400 001 (w.e.f. 5<sup>th</sup> February, 2007).

**Operations of Subsidiary**

**Keynote Capitals Limited (KCL)** a 100% subsidiary and an integrated broking house having memberships on the BSE and NSE has also had a good year. KCL continues to focus on institutional and corporate broking business. KCL is also expanding its research and focuses on covering mid-cap companies as well as track the IPO market. A new area which KCL is developing is to act as Investment Advisor to overseas funds. The balance sheet of KCL is appended with this Annual Report for the perusal of all the members.

**Keynote Commodities Limited (KCOL)** a 100% subsidiary company. KCOL is a member of the Multi-Commodity Exchange (MCX) that enables to trade in all the commodities traded on the exchange. The various commodities being traded on the MCX include precious metals, crude oil, agro-commodities amongst others. The balance sheet of KCOL is appended with this Annual Report for the perusal of all the members.

**Tax Provisions**

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

**Listing**

The Equity Shares of the Company continue to be listed and traded on the BSE and NSE. The scrip code number of the equity shares of the Company on BSE is 512597 and on NSE is KEYCORPSE. The Company has paid up-to-date listing fees to both the exchanges.



## KEYNOTE CORPORATE SERVICES LIMITED

**Dematerialisation**

Members will be pleased to note that the equity shares of the Company can be held in dematerialised form. The Company has already signed the tripartite agreement with National Securities Depository Ltd. (NSDL), Central Depository Services Ltd. (CDSL) and existing 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 Bombay Stock Exchange Ltd., (BSE) and National Stock Exchange of India Ltd. (NSE) and are being traded in compulsory dematerialised mode. Presently 83.47% 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 "N" 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 31<sup>st</sup> March, 2007 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 the said 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 compliances 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**

During the year the Company has earned an Income of Rs. 456.87 lacs in Foreign Exchange and has incurred an expenditure of Rs. 100.73 lacs in Foreign Exchange.

## ANNUAL REPORT 2006-2007

**Fixed Deposits**

During the year ended 31<sup>st</sup> March, 2007 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**

Shri Uday S. Patil, Director, 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 and Statutory 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 31<sup>st</sup> March, 2008.

**Acknowledgment**

We take this opportunity to express our deep sense of gratitude to Securities and Exchange Board of India (SEBI), Bombay Stock Exchange Ltd., (BSE), National Stock Exchange of India Ltd., (NSE), Registrar of Companies, (ROC) National Securities Depository Ltd., (NSDL), Central Depository Services (India) Ltd., (CDSL), Association of Merchant Bankers of India (AMBI), M/s. Intime Spectrum Registry Ltd., (RTA), Clients, Bankers and other Government Agencies for their sustained support.

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

**Date** : 30<sup>th</sup> August, 2007  
**Place** : Mumbai

**Sd/-**  
**B. Madhuprasad**  
Vice Chairman