

KEYNOTE

**15th**  
**Annual Report**  
**2007-2008**

KEYNOTE CORPORATE SERVICES LTD.

**KEYNOTE CORPORATE SERVICES LIMITED**  
**ANNUAL REPORT 2007-2008**

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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

**Shri Sujal Shah**  
Director  
(w.e.f. 29<sup>th</sup> January, 2008)

**Shri Anish Malhotra**  
Director  
(w.e.f. 29<sup>th</sup> January, 2008)

**REGISTERED OFFICE**

**Keynote Corporate Services Limited**  
4<sup>th</sup> floor, Balmer Lawrie Building,  
5, J. N. Heredia Marg,  
Ballard Estate,  
Mumbai – 400 001

**BANKERS**

Indian Bank  
State Bank of India  
ICICI Bank  
Punjab National Bank

**SHARE TRANSFER AGENT**

**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

**Fifteenth Annual General Meeting**

On Wednesday, 24<sup>th</sup> September, 2008 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 FIFTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF KEYNOTE CORPORATE SERVICES LIMITED WILL BE HELD ON WEDNESDAY, 24<sup>TH</sup> OF SEPTEMBER, 2008 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, 2008 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 declare a dividend.
3. To appoint a Director in place of Shri Nirmal Suchanti, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint an 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 modification, the following resolution as an Ordinary Resolution :

**“RESOLVED THAT** Shri Sujal Shah, who was appointed as an Additional Director with effect from 29<sup>th</sup> January, 2008 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 35 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom a Notice has been received from a Member in writing, under Section 257 of the said Act, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation. ”

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

**“ RESOLVED THAT** Shri Anish Malhotra, who was appointed as an Additional Director with effect from 29<sup>th</sup> January, 2008 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 35 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom a Notice has been received from a Member in writing, under Section 257 of the said Act, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation. ”

By Order of the Board

For **Keynote Corporate Services Limited**

Sd/-

**B. Madhuprasad**  
Vice Chairman

**Date** : 22<sup>nd</sup> August, 2008  
**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 books of the Company will remain closed from Friday, 19<sup>th</sup> September, 2008 to Wednesday, 24<sup>th</sup> September, 2008 (both days inclusive).
- c) If dividend on Equity Shares as recommended by the Board of Directors is declared at the Meeting, the Dividend Warrants will be posted to those Members whose names appear in the Company's Register of Members i.e. for those holding Shares in the Physical Form and those holding Shares in Demat Form as beneficiary owners in the record of the Depositories on 18<sup>th</sup> September, 2008.
- d) The Dividend is proposed to be disbursed by way of ECS (Electronic Clearance Services). For this purpose, the details such as, name of the Bank, name of the branch, 9-digit code number appearing on the MICR band of the cheque supplied by the Bank, account type, account number etc. are to be furnished to your DP if the shares are in electronic form or to the Registrars & Transfer Agents if they are held in physical mode.
- e) The practice of distributing copies of Annual Reports at the Annual General Meeting has been discontinued as a measure of economy.
- f) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at the Meeting is annexed hereto.
- g) All documents referred in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturday between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
- h) 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 the 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 the correspondence.
  - iv. Bring the copy of the Annual Report and their Attendance Slip with them at the Annual General Meeting.
  - v. Send the 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. 5 and 6**

Shri Sujal Shah and Shri Anish Malhotra were appointed as Additional Directors of the Company with effect from 29<sup>th</sup> January, 2008 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 35 of the Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956, the above Directors hold office upto the date of the ensuing Annual General Meeting. The Company has received Notice(s) from a Member of the Company under Section 257 of the Companies Act, 1956, proposing their respective candidature for the office of the Director.

Details of qualification, experience, other directorship of Shri Sujal Shah and Shri Anish Malhotra are forming part of the report on Corporate Governance.

Keeping in view the experience and qualification of the aforesaid persons, your Directors considered it to be in the interest of the Company, if they are appointed as Directors of the Company, liable to retire by rotation as per the provisions of the Companies Act, 1956.

The Directors recommend the Resolution to the Members for their acceptance.

The aforesaid Directors may be deemed to be concerned or interested in the resolution relating to their respective appointments.

None of the other Directors of the Company are in any way interested.

By Order of the Board

For **Keynote Corporate Services Limited**

**Date** : 22<sup>nd</sup> August, 2008

**Place** : Mumbai

Sd/-

**B. Madhuprasad**  
Vice Chairman

## KEYNOTE CORPORATE SERVICES LIMITED

**DIRECTORS' REPORT**

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

Dear Shareholders,

Your Directors have pleasure in presenting their 15<sup>th</sup> Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2008.

**Financial Results :**

The financial results are summarized below :

		(Rs. In lacs)
<b>Details</b>	<b>Year Ended 31.03.2008</b>	<b>Year Ended 31.03.2007</b>
Total Income	<b>1,359.92</b>	1,153.06
Gross Operating Profit	<b>927.22</b>	702.81
Depreciation	<b>6.63</b>	4.99
Profit Before Tax	<b>920.59</b>	697.82
Provision for :		
Current Tax	<b>300.00</b>	233.54
Deferred Tax Liability	<b>2.14</b>	1.17
Fringe Benefit Tax	<b>3.50</b>	4.76
Profit After Tax	<b>614.96</b>	458.35
Add : Excess Provision	<b>—</b>	0.36
Profit/(Loss) brought forward from Previous year	<b>(372.90)</b>	39.03
Surplus available for appropriations	<b>242.04</b>	497.74
Proposed Dividend	<b>70.18</b>	—
Tax on Dividend	<b>11.93</b>	—
Balance carried forward	<b>159.93</b>	497.74

**Dividend**

Your Board is pleased to recommend a dividend of Re.1/- per Equity Shares (i.e. 10%) on 70,18,339 fully paid-up Equity Shares of Rs.10/- each for the financial year ended on 31<sup>st</sup> March, 2008.

**Operations**

The total income of the Company for the year ended 31<sup>st</sup> March, 2008 was Rs.1,359.92 lacs as against Rs.1,153.06 lacs reported as on 31<sup>st</sup> March, 2007. The Company has reported an increase of 17.94% in the total income during the financial year. The Company has reported profit after tax to the extent of Rs. 614.96 lacs as against Rs. 458.35 lacs for the previous year ended 31<sup>st</sup> March, 2007.

The financial year ended 31<sup>st</sup> March, 2008 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

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Finance and M&A Advisory. The company is focused on emerging as leading Investment Bank offering the entire range of services focused towards mid-cap companies.

Some of the Highlights of performance of KEYNOTE are :

- KEYNOTE continued to be a leading player in the domestic capital market for mid-cap companies.
- KEYNOTE is amongst top 3 Merchant Bankers in India in respect of number of Rights Issues handled continuously for past 5 financial years. (*Source : Prime Data-Base*).
- KEYNOTE established itself in the M & A segment and represents clients such as Gitanjali Gems Limited and Pyramid Saimira Theatre Limited in its acquisition aspirations.
- KEYNOTE was amongst the most active advisor on FCCBs and GDR issues for Indian companies in the international markets. In the Financial Year 2007-2008, it completed 5 such transactions.
- KEYNOTE is now building its Private Equity (PE) sell side team to establish a strong presence in this area.

### Operations of Subsidiaries

**Keynote Capitals Limited (KCL)** a 100% subsidiary and an integrated broking house having memberships on the BSE and NSE also had a good financial 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.

KCL disinvested 6842 Equity Shares of Bombay Stock Exchange Limited, resulting in an extraordinary profit of Rs.355.71 lacs.

KCL took over the entire operations of Arteries Investor Services Limited ( a joint venture with JRG Securities Limited). Subsequent to the acquisition it has restructured the senior team and changed the name to Keynote Wealth Management Limited (KWML), (w.e.f. 7<sup>th</sup> August, 2008). KWML, is a 100% subsidiary of Keynote Capitals Limited, with offices in 15 locations distributing the entire gamut of financial products to retail clients. KWML, has formed a 100% subsidiary and applied to the authorities for undertaking insurance broking business.

**Keynote Commodities Limited (KCOL)** is another 100% subsidiary of the 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.

### Dematerialisation

The equity shares of the Company can be held in dematerialised form. The Company has signed the



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tripartite agreement with National Securities Depository Ltd. (NSDL), Central Depository Services (India) 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) in "B2" segment and National Stock Exchange of India Ltd. (NSE) and are being traded in compulsory dematerialised mode. Presently 86.61% 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 " O " 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, 2008 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.

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 as amended, regarding employees and forming part of this Report is furnished in the Annexures to this 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.

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**Foreign Exchange Earnings & Expenditure**

During the year the Company has earned an Income of Rs. 455.73 lacs in Foreign Exchange and has incurred an expenditure of Rs. 12.90 lacs in Foreign Exchange.

**Fixed Deposits**

During the year ended 31<sup>st</sup> March, 2008 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 Nirmal Suchanti, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Your Directors recommend his appointment.

The Company has broad based the Board of Directors by appointing additional professional Directors.

The Board of Directors of the Company has appointed Shri Sujal Shah and Shri Anish Malhotra as the Directors of the Company w.e.f. 29<sup>th</sup> January, 2008. Since the said appointment was made by the Board of Directors as Directors, they hold 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 the members signifying the intention to propose the appointment of the aforesaid persons as Director retiring by rotation at this Annual General Meeting.

The Board of Directors are of the view that appointment of Shri Sujal Shah and Shri Anish Malhotra as a Directors 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 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, 2009.

**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 continued support.

By Order of the Board

For **Keynote Corporate Services Limited**

Sd/-

**B. Madhuprasad**  
Vice Chairman

**Date** : 22<sup>nd</sup> August, 2008

**Place** : Mumbai