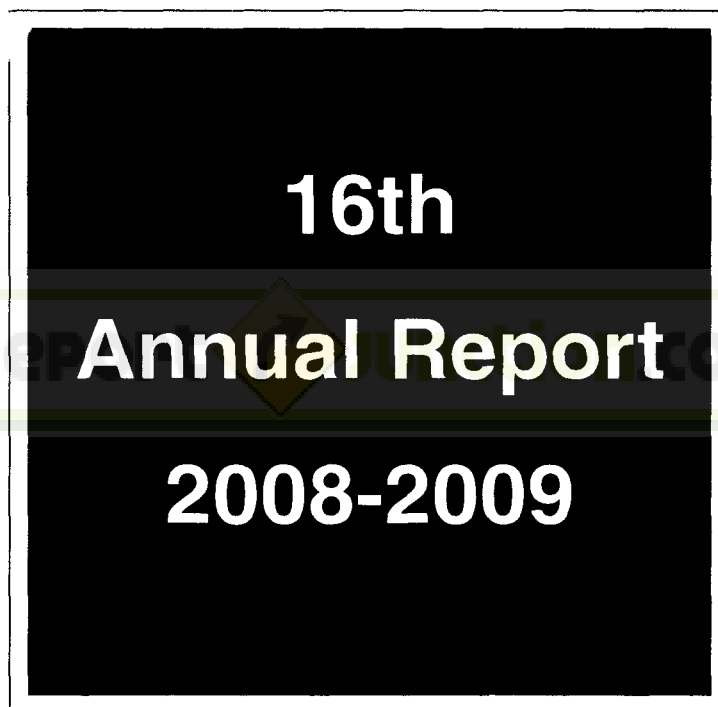


KEYNOTE



KEYNOTE CORPORATE SERVICES LTD.

**KEYNOTE CORPORATE SERVICES LIMITED
ANNUAL REPORT 2008-2009**

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KEYNOTE CORPORATE SERVICES LIMITED

BOARD OF DIRECTORS

Shri Nirmal Suchanti
Chairman

Shri B. Madhuprasad
Vice Chairman

Shri Uday S. Patil
Director

Shri Hitesh Shah
Director

Shri Anish Malhotra
Director

Shri Vineet Suchanti
Managing Director

Shri Mehul Patel
Director

Shri Sujal Shah
Director

BOARD COMMITTEES

Audit Committee		Shareholder/Investors Grievance Committee	
Shri Mehul Patel	– Chairman	Shri Nirmal Suchanti	– Chairman
Shri Hitesh Shah	– Member	Shri Uday S. Patil	– Member
Shri Nirmal Suchanti	– Member		
Management Committee			
Shri B. Madhuprasad	– Chairman		
Shri Vineet Suchanti	– Member		
Shri Uday S. Patil	– Member		

REGISTERED OFFICE

Keynote Corporate Services Limited
4th floor, Balmer Lawrie Building,
5, J. N. Heredia Marg,
Ballard Estate,
Mumbai – 400 001
www.keynoteindia.net

BANKERS

Indian Bank
State Bank of India
ICICI Bank
Punjab National Bank

SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.,
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai – 400 078
Tel : (022) 2596 3838
Fax : (022) 2594 6969
www.linkintime.co.in

AUDITORS

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

Sixteenth Annual General Meeting

On Tuesday, 25th August, 2009 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 SIXTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF KEYNOTE CORPORATE SERVICES LIMITED WILL BE HELD ON TUESDAY, 25TH OF AUGUST, 2009 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 31st March, 2009 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 Vineet Suchanti, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Mehul Patel, who retires by rotation and being eligible offers himself for reappointment.
5. 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 :

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

“RESOLVED THAT subject to the provisions of Section 31 of the Companies Act, 1956, the existing Article No. 37 of Articles of Association of the Company be replaced as under :

37. The Directors for the time being of the company may be paid a sitting fee as may be decided by the Board from time to time for every meeting of the Board or of a Committee of the Board attended by them in addition to all travelling expenses by rail, road or air as the case may be and such other allowances as the Board may decide from time to time in respect of halting and other expenses incurred by them in attending and returning from such meeting of the Board or of any Committee of the Board and also for other visits made by Director for the Company's business subject to the provisions of the Companies Act, 1956.”

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

Sd/-

B. Madhuprasad
Vice Chairman

Date : 29th July, 2009
Place : Mumbai

KEYNOTE CORPORATE SERVICES LIMITED

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, 21st August, 2009 to Tuesday, 25th August, 2009 (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 20th August, 2009.
- 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 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 the 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 172(2) OF THE COMPANIES ACT, 1956**Item No. 6**

The Existing Clause 37 of Articles of Association of the Company is as under :

37. Until otherwise decided by the Board of Directors, a Director shall be entitled to receive such sum as the Directors may fix, but not exceeding Rs.250/- for every Board Meeting attended by him. The Directors may also be paid travelling and other out of pocket expenses incurred, if any, for attending meetings of the Board and/or any other works of the Company as the Board of Directors may determine. Any Director of the Company may also be paid a remuneration by way of fixed sum per month as decided by Board of Directors from time to time, or by way of a percentage of Profit as decided by ordinary resolution of General Meeting, for the Services rendered by the Directors.

Present provision of the said Articles restrict the sum payable to directors as sitting fees etc. to Rs.250/- per Board Meeting. Looking at present corporate environment and practices followed the said sum is very meager. In order to be in line with industry standards and with a view to attract the talent it is required that present structure be revised and a flexibility to the Board of Directors be given to decide the terms in the best interest of the company. Therefore it is proposed that the present Clause 37 of Articles of Association of the Company be replaced as under :

“ New Clause – 37 ” : The Directors for the time being of the company may be paid a sitting fee as may be decided by the Board from time to time for every meeting of the Board or of a Committee of the Board attended by them in addition to all travelling expenses by rail, road or air as the case may be and such other allowances as the Board may decide from time to time in respect of halting and other expenses incurred by them in attending and returning from such meeting of the Board or of any Committee of the Board and also for other visits made by Director for the Company's business subject to the provisions of the Companies Act, 1956.”

The said special resolution is recommended for Approval.

None of the Directors of the Company are concerned or interested in the said Resolution.

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

Date : 29th July, 2009
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 16th Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2009.

(Rs. in lacs)

Details	Year Ended 31.03.2009	Year Ended 31.03.2008
Total Income	1,125.11	1,359.92
Gross Operating Profit	629.69	927.22
Depreciation	11.41	6.63
Profit Before Tax	618.28	920.59
Provision for :		
Current Tax	200.00	300.00
Deferred Tax Liability	1.01	2.14
Fringe Benefit Tax	5.55	3.50
Profit After Tax	411.72	614.96
Add/Less : Excess Provision/Short Provision	(10.09)	—
Profit/(Loss) brought forward from Previous year	159.93	(372.90)
Surplus available for appropriations	561.56	242.04
Proposed Dividend	70.18	70.18
Tax on Dividend	11.93	11.93
Balance carried forward	479.45	159.93

Dividend

In the Board Meeting held on 26th June, 2009, your Board was 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 31st March, 2009.

Operations

The financial year 2008-09 was challenging for the corporate India particularly the finance sector with the global meltdown and a slowdown in Indian economy. As we pen this report, the scenario has improved and we believe that the economy is once again gearing up for 8-9% growth in GDP having achieved strong political stability.

The strategy to strengthen a new area of service for our clients which in turn would diversify our risk profile as well as add new engines of growth has enabled your company to reach its current position. In the year 2008-09 we put in significant efforts to recruit and formulate a team to address the growing needs for fund raising for clients through Private Equity and Venture Capital. The same team would also work on international financing transactions and M&A Advisory.

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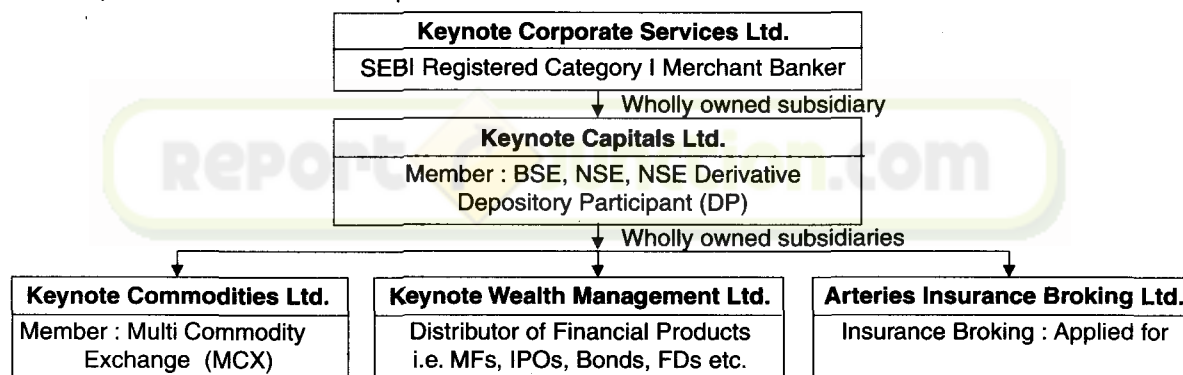
The conventional business and forte of your company on Merchant Banking has held it in good stead and though the year was slow, your company Lead Managed 11 IPOs and Rights Offers during the financial year 2008-09. Your company was also ranked as amongst the Top 3 Merchant Bankers in respect of Rights Issues handled in the last 5 years.

The total income of the Company for the year ended 31st March, 2009 was Rs.1,125.11 lacs as against Rs. 1,359.92 lacs reported as on 31st March, 2008. The Company has reported profit after tax to the extent of Rs.411.72 lacs as against Rs.614.96 lacs for the previous year ended 31st March, 2008.

Operations of Subsidiaries

Keynote Capitals Limited (KCL), a 100% subsidiary and an integrated broking house having memberships on the Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) also had a good financial year. KCL continues to focus on institutional and corporate broking business. KCL has also expanded its research and focuses on covering mid-cap companies as well as track the IPO market. A new area of business introduced by KCL was as an 'Advisor' to the India dedicated funds. Here the role of KCL entails providing research and trading ideas on a regular and continuous basis to the funds as well as executing the trading decisions.

The corporate structure of the Group is as below :



Subsidiary Companies and Consolidated Financial Statements.

Keynote Capitals Limited (KCL) is a wholly owned subsidiary company. Keynote Capitals Limited has three wholly owned subsidiaries namely (1) Keynote Commodities Limited (2) Keynote Wealth Management Limited (3) Arteries Insurance Broking Limited.

Pursuant to Section 212 of the Companies Act, 1956 the Company had made an application to the Ministry of Corporate Affairs, Government of India, New Delhi and sought an exemption from attaching with the Balance Sheet of the company, the Accounts and other documents of each of the Subsidiary Companies of the company. The Ministry of Corporate Affairs, Government of India vide its letter No. 47/588/2009-CL-III dated 27th July, 2009, has granted their approval under Section 212(8) of the Companies Act, 1956 for not attaching the Balance Sheet etc. of the aforesaid subsidiaries for the financial year ended 31st March, 2009. Accordingly provisions of Section 212 (1) of the Companies Act, 1956 in respect of these subsidiaries are not applicable. In compliance with the said approval the company has disclosed the information in respect of these subsidiaries as advised.

The Company undertakes that annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies investors seeking such information at any point of time. The annual accounts of the subsidiary companies is also kept for inspection by any investor in its registered office and that of the subsidiary companies concerned.

KEYNOTE CORPORATE SERVICES LIMITED

As per Clause 32 of the Listing Agreement, the consolidated financial statements of the Company with its Subsidiaries form part of the Annual Report. The copies of the audited annual accounts of the Company's Subsidiaries and other related documents, can also be sought by any member of the Company or its Subsidiaries on making a written request to the Compliance Officer in this regard. The Annual Accounts of the Subsidiary Companies are also available for inspection by any investor at the Company's and/or the concerned Subsidiaries' registered office.

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 KEYCORPSER. 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 tripartite agreement with National Securities Depository Ltd. Central Depository Services (India) Ltd., and existing Registrar & Transfer Agent for dematerialisation of existing holding of the shareholders.

The International Securities Identification Number, allotted to the Company is INE681C01015. The equity shares of the Company are listed and traded on Bombay Stock Exchange Ltd., in "B" segment and National Stock Exchange of India Ltd. and are being traded in compulsory dematerialised mode. Presently 91.10% 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 31st March, 2009 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. The Company is regularly filing of reports including uploading of information in Electronic Data Information filing and Retrieval System.

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.

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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. 66.38 lacs in Foreign Exchange and has incurred an expenditure of Rs. 55.61 lacs in Foreign Exchange.

Fixed Deposits

During the year ended 31st March, 2009 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 Vineet Suchanti and Shri Mehul Patel, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Your Directors recommend their re-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 31st March, 2010.

Acknowledgment

We take this opportunity to express our deep sense of gratitude to Securities and Exchange Board of India, Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd., Registrar of Companies, National Securities Depository Ltd., Central Depository Services (India) Ltd., Association of Merchant Bankers of India, M/s. Link Intime India Pvt. Ltd., Clients, Bankers and other Government Agencies for their continued support.

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

Date : 29th July, 2009
Place : Mumbai

Sd/-
B. Madhuprasad
Vice Chairman

ANNEXURE TO DIRECTOR'S REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the companies (particulars of employees) Rules, 1975.

Sr. No.	Name of the Employee	Designation/ Nature of duties	Remuneration (Rupees)	Qualifications	Experience (Years)	Date of Appointment as Director	Age (Years)	Particulars of last Employment
1.	Shri B. Madhuprasad	Vice-Chairman	Rs.36,00,000/-	B.Com, A.C.A.	33 years	15-09-1993	58	PNB Capital Services
2.	Shri Vineet Suchanti	Managing Director	Rs.33,60,000/-	B. Com., MBA	14 years	17-09-1997	40	--
3.	Shri Uday S. Patil	Whole-time Director	Rs.24,00,000/-	B.Sc., LLB (Gen.)C.A.I.I.B.	30 years	17-09-1997	50	Punjab National Bank.