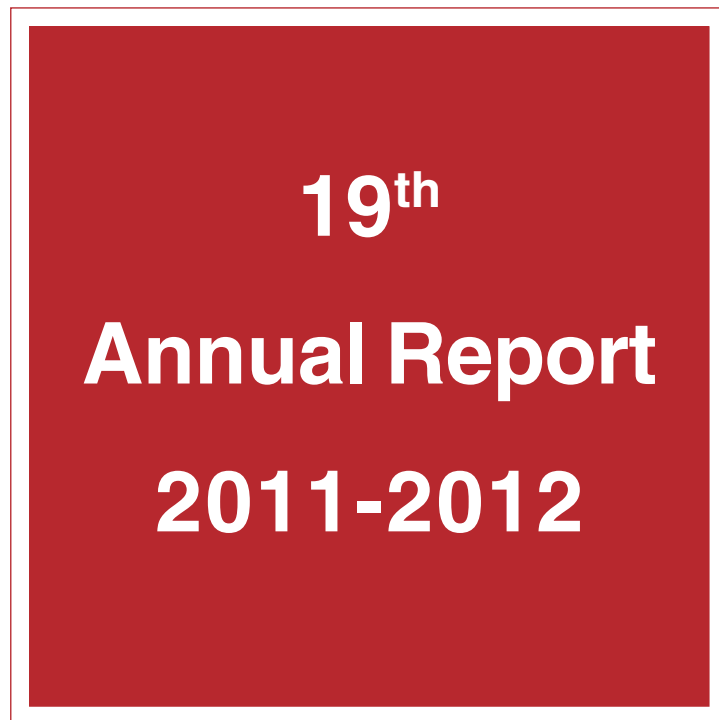


KEYNOTE



KEYNOTE CORPORATE SERVICES LTD.

KEYNOTE CORPORATE SERVICES LIMITED
ANNUAL REPORT 2011 – 2012

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BOARD OF DIRECTORS

Shri B. Madhuprasad
Vice Chairman

Shri Uday S. Patil
Director - Investment Banking

Shri Hitesh Shah
Director

Shri Anish Malhotra
Director

Shri Vineet Suchanti
Managing Director

Shri Sujal Shah
Director

Shri Manish Desai
Director

BOARD COMMITTEES

Audit Committee	Shareholder/Investors Grievance Committee
Shri Sujal Shah – Chairman	Shri Hitesh Shah – Chairman
Shri Hitesh Shah – Member	Shri Uday S. Patil – Member
Shri Manish Desai – Member	
Management Committee	Remuneration Committee
Shri B. Madhuprasad – Chairman	Shri Anish Malhotra – Chairman
Shri Vineet Suchanti – Member	Shri Hitesh Shah – Member
Shri Uday S. Patil – Member	Shri Manish Desai – Member

Company Secretary
Shri Sangeet Lakkar

REGISTERED OFFICE
Keynote Corporate Services Limited
The Ruby, 9th floor,
Senapati Bapat Marg, Dadar (West)
Mumbai - 400 028
(wef - 16th April, 2012)

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

BANKERS
Indian Bank
State Bank of India
ICICI Bank
Punjab National Bank

AUDITORS
Haribhakti & Co.
Chartered Accountants,
701, Leela Business Park,
Andheri Kurla Road,
Andheri (East),
Mumbai – 400 059
www.bdoindia.co.in

Nineteenth Annual General Meeting
On Thursday, 27th September, 2012 at 10.00 a.m.
at Homi J. H. Taleyarkhan Memorial Hall,
Indian Red Cross Society,
141, Shahid Bhagat Singh Road, Fort,
(Town Hall Compound),
Mumbai – 400 001

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF KEYNOTE CORPORATE SERVICES LIMITED WILL BE HELD ON THURSDAY, 27TH OF SEPTEMBER, 2012 AT HOMI J. H. TALEYARKHAN MEMORIAL HALL, INDIAN RED CROSS SOCIETY, 141, SHAHID BHAGAT SINGH ROAD, (TOWN HALL COMPOUND), FORT, 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, 2012 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 dividend for the financial year ended 31st March, 2012.
3. To appoint a Director in place of Shri Vineet Suchanti, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Sujal Shah, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors of the Company to fix their remuneration. M/s. Haribhakti & Co. Chartered Accountants [Firm Registration No.103523W], the retiring Auditors, are eligible for re-appointment.

SPECIAL BUSINESS:

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

“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 approval from Central Government and other approvals, if applicable, and subject to the approvals of shareholders of the Company, the Board of Directors hereby accords their consent for the re-appointment of Shri Uday S. Patil, as a Whole-Time Director of the Company for the further period of 3 (three) years with effect from 13th November, 2012 on the terms and conditions as set out in explanatory statement with the liberty to the Board of Directors to alter and vary the terms of re-appointment from time to time or 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: 9th August, 2012
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 Saturday, 22nd September, 2012 to Thursday, 27th September, 2012 (both days inclusive).
- c) If dividend on Equity Shares as recommended by the Board of Directors is declared at the Meeting, the Dividend will be paid 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 Beneficial Owners in the record of the Depositories as on Friday, 21st September, 2012.
- d) The Dividend is proposed to be disbursed by way of Electronic Clearing Service (ECS). 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) Members are hereby informed that Dividend which remains unclaimed/un-encashed over a period of 7 years is required to be transferred as per provisions of Section 205A of the Companies Act, 1956, by the Company to "The Investor Education & Protection Fund" constituted by the Central Government under Section 205C of the Companies Act, 1956.

Hereunder are the details of Dividends paid by the Company and their proposed dates and year of transfer of unclaimed/un-encashed dividends to the designated fund of the Central Government.

Date of Declaration of Dividend	Dividend for the year	Proposed date for transfer to Investor Education and Protection Fund (IEPF)
24 th September, 2008	2007-2008	1 st November, 2015
25 th August, 2009	2008-2009	1 st October, 2016
29 th September, 2010	2009-2010	5 th November, 2017
30 th September, 2011	2010-2011	6 th November, 2018

All the members are requested to note that as per the notification of Ministry of Corporate Affairs (MCA) dated 10th May, 2012 full details of shareholders and dividend amount pending encashment have been uploaded by us on website of MCA (i.e. www.mca.gov.in). Said information for the period upto 30th September, 2011 has been made available and will be updated as per the requirements. All the members may check the details for unclaimed dividend if any and approach the Company and Registrar for getting the same paid.

It may please be noted that once the unclaimed/un-encashed dividends is transferred to "The Investor Education & Protection Fund" as above, no claim shall lie in respect of such amount by the shareholder.

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- h) All documents referred in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturday & Sunday between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.

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.
- j) Ministry of Corporate Affairs, Government of India, vide Circular No. 17/2011 dated 21st April, 2011 and Circular No.18/2011 dated 29th April, 2011 allowed service of documents by e-mode as a Green initiative in the Corporate Governance. Members are requested to Register their e-mail addresses with the Company's Registrar and Share Transfer Agents M/s. Link Intime India Pvt. Limited Unit : Keynote Corporate Services Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078, for the purpose of service of documents under Section 53 of the Companies Act, 1956. The members are also requested to update their e-mail address in the Depository Account holding shares of the Company in dematerialized mode enabling the Registrar to consider the same. The form for sending the response is annexed at the end of the Annual Report.
- k) (i) Pursuant to the General Exemption granted by the Central Government, Ministry of Corporate Affairs under Section 212 of the Companies Act, 1956 vide Circular No.2/2011 dated 8th February, 2011, the Board of Directors at its meeting held on 6th September, 2011 granted its consent not to attach the Director's Report, Auditors Report, Balance Sheet, Profit and Loss Accounts and Schedules and Annexures thereto of the subsidiaries and step down subsidiaries with the Annual Accounts of the company subject to the Company fulfilling the conditions prescribed therein.
- (ii) The Company has fulfilled the conditions (i) to (vii) of the said Circular by attaching the consolidated Financial Statement of the Holding, Subsidiary and step down subsidiaries duly audited by the Statutory Auditors.
- (iii) The Company undertakes that the Annual Accounts of the subsidiary and step down subsidiaries and the related detailed information shall be made available to the Shareholders of the Company and that of subsidiary and step down subsidiary companies, free of cost. A copy of the Annual Accounts of the subsidiary and step down subsidiaries shall also be given to Shareholders free of cost on demand.
- (iv) The Annual Accounts of the Company and its subsidiary and step down subsidiaries shall be kept for inspection by any shareholder in the Registered office of the Company at The Ruby, 9th floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028 between 11.00 a.m. to 1.00 p.m. on any working day (Except Saturdays and Sundays).
- (v) The Annual Accounts of the Company, subsidiary and step down subsidiaries have also been posted on the Company's website www.keynoteindia.net. Any shareholder may access the Company's website for the Annual Accounts of the Company, its subsidiary and step down subsidiaries.

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

Item No. 6

Shri Uday S. Patil had been the Whole-Time Director of the Company from 27th September, 1999 and has been with the Company since May, 1994.

The Board of Directors of the Company at its meeting held on 9th August, 2012 has re-appointed Shri Uday S. Patil as the Whole-Time Director of the Company for the period of 3 (three) years, wef. 13th November, 2012, subject to approval of the members of the Company.

DETAILS OF REMUNERATION ARE AS FOLLOWS:

Overall remuneration of ₹ 39.00 lacs p.a. comprising of:

Salary: ₹ 2,67,000/- p.m. to be reviewed year on year basis.

Perquisites: ₹ 7.00 lacs p.a. which include following:

- a) Medical Reimbursement for self and family will be as per rules of the Company.
- b) Leave Travel expenses for self and family will be as per rules of the Company.
- c) Club fees (excluding admission to life membership fee) will be on actual basis.
- d) Expenses on children's education not exceeding ₹ 15,000/- per annum per child, subject to maximum of two children.
- e) Personal Accident Insurance and Mediclaim Insurance for self and family will be as per company's rules.
- f) Contribution to Provident Fund, Superannuation fund or Annuity:
As per rules of the company to the extent these, either singly or put together are not taxable under the Income Tax Act.
- g) Gratuity:
Half a months salary for each completed year of service.
- h) Earned Leave and encashment of leave:
21 days leave for every year of service out of which 15 days is encashable.
- i) Provision of car: For use on Company's business.
- j) Reimbursement of Expenses actually incurred for Company's business:
Against submission of supporting.
- k) Actual travelling and other related expenses for self touring in India and abroad on Company's Work.

He shall not be paid any sitting fees for attending the meetings of the Board of Directors/Committees thereof.

The Annual increment shall be determined by the Board from time to time and subject to approval of the Central Government, if any.

The appointment can be terminated by either side by giving six months notice in writing.

Memorandum of Interest

Shri Uday S. Patil is concerned or interested in the re-appointment and the terms and conditions mentioned herein.

Disclosures Pursuant to Sub-clause (iv) under the proviso to sub-paragraph (C) of Paragraph 1 under Section II of Part II of Schedule XIII of the Companies Act, 1956:**I. General Information:**

1. Nature of Industry : Merchant Banking/Corporate Advisory Services
2. Date or expected date of commencement of commercial production. : Not Applicable
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. : Not Applicable
4. Financial performance based on given indicators during the financial year ended 31st March, 2012. :

	(₹ in lacs)
Total Income	1,039.98
Expenses	579.64
Profit	460.34
EPS (₹)	4.46
P/E Ratio (times)	7.45
Total Assets	4,721.09
5. Export performance and net foreign exchange collaborations : Not Applicable.
No foreign collaborations.
6. Foreign investments or collaborators, if any : As on 31st March, 2012, the foreign shareholding in the company is 6,21,883 Equity Shares representing 8.86% of the total capital.

II. Information about Shri Uday S. Patil, Whole-Time Director:**1. Background Details:**

Uday S. Patil is a Science graduate with a Law Degree and also a certified Associate of Indian Institute of Bankers. An ex-banker with rich hands-on experience on various fields of Banking and Investment Banking.

2. Past remuneration:

For the Financial year 2010-2011 Shri. Uday S. Patil's total remuneration was ₹ 37,03,490/-

3. Recognition or awards:

He has been Guest faculty at Alkesh Dinesh Mody Institute of Financial and Management Studies [ADMI], Jamanalal Bajaj Institute of Management Studies [JBIMS] of University of Mumbai, The Institute of Chartered Accountants of India [ICAI], National Institute of Securities Market [NISM] etc. His quote's on primary market related topics find place in leading newspapers & magazines such as Economic Times, Business Standard etc.

4. Job profile and his suitability:

Shri Uday S. Patil has been with the Company since 1994. He has been the member of Board of Directors since September, 1997. He is having about 3 decades of experience in various fields of

Commercial Banking & Investment Banking. He is instrumental in forming various processes/procedures for the company as a whole & for Merchant Banking activities of the company which is a core business of the company. His immense contribution as Director (Investment Banking) has helped the company to execute & complete many transactions such as IPOs, Rights Issues, Buy Back, Takeovers etc. The execution capabilities & developing the team with capabilities to handle transactions of various nature has been one of the strengths of Shri Uday S. Patil. He is well suited for the job profile.

5. **Remuneration proposed:**

The remuneration of Shri Uday S. Patil is set out above.

6. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (incase of expatriates the relevant details would be w.r.t. the country of his origin)**

Keeping in view the type of the industry, size of the Company, the responsibilities and capabilities of Shri Uday S. Patil, the remuneration is competitive with the remuneration paid by other companies to such similar positions.

7. **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.**

Other than the remuneration stated above, Shri Uday S. Patil has no other pecuniary relationship directly or indirectly with the company.

III. **Other Information**

1. **Reason of loss or inadequate profits**

The company has reported PAT of ₹ 312.80 lacs. The company being engaged in Merchant Banking/ Corporate Advisory Services, the performance of the company is directly related to the status of capital market and more particularly primary market segment. The income is earned on completion of various assignments.

2. **Steps taken or proposed to be taken for improvement**

The company has well defined growth strategy wherein focus on completion of various assignments is laid. The effort to complete the transactions within the said timelines is on. The execution team has been assigned structured timelines to adhere.

3. **Expected increase in productivity and profits in measurable terms.**

The company expects to increase the productivity and profit considerably. Various mandates at various stages of execution are reviewed from time to time to complete. As a result company expects to improve both the top line and the bottom line growth.

IV. **Disclosures**

The remuneration details of Shri Uday S. Patil, Whole-Time Director is as given in the explanatory statement.

The Board recommends the passing of the Special Resolution as set out in Item No. 6 of the accompanied notice. None of the Directors except Shri Uday S. Patil are concerned or interested in the resolution.

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

Date : 9th August, 2012
Place : Mumbai

Sd/-
B. Madhuprasad
Vice-Chairman

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DIRECTORS' REPORT

To

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

Dear Shareholders,

Your Directors have pleasure in presenting their 19th Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2012.

(₹ in lacs)

Details	Year Ended 31-03-2012	Year Ended 31-03-2011
Total Income	1,039.98	1,626.53
Gross Operating Profit	471.71	942.59
Depreciation	11.37	12.09
Profit Before Tax	460.34	930.50
Provision for :		
Current Tax	142.19	337.13
Deferred Tax Liability/(Assets)	5.35	(20.95)
Profit After Tax	312.80	614.31
Add/Less : Excess Provision/Short Provision	—	—
Profit/(Loss) brought forward from Previous year	1,130.44	675.75
Surplus available for appropriations	1,443.24	1,290.06
Proposed Dividend	105.28	105.28
Tax on Dividend	17.08	17.48
Transferred to General Reserve	20.55	36.86
Balance carried forward	1,300.35	1,130.44

Dividend

Your Board is pleased to recommend a dividend of ₹ 1.50 per Equity Shares (i.e. 15%) on 70,18,339 fully paid-up Equity Shares of ₹ 10/- each for the financial year ended on 31st March, 2012.

Change in Registered Office

Your Directors are pleased to inform the members that wef 16th April, 2012, the registered office of your company has been shifted to a new and spacious owned premises at The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (W), Mumbai - 400 028.

Operations

The capital market scenario during the financial year 2011-12 remained subdued. The primary market conditions remained lackluster and mobilization through public equity market was almost half that of the preceding year. The Government of India had to defer some of the large PSU offerings on account of continuing volatility in the secondary market throughout the year. There was a decrease of about 35% in number of public issues during the financial year. Similarly the rights issue mobilization was down by 75% as compared with rights issue mobilization in the year 2010-11. The dismal market conditions throughout the year contributed to the sharp fall in resource raising through public markets.

During the financial year ended 31st March, 2012 your company could successfully complete 1 IPO as Book Running Lead Manager and 3 Rights Issues aggregating to about ₹ 14,819 lacs successfully. Your company laid emphasizes on corporate finance activities with efforts to advise and complete transactions relating to Mergers