

KEYNOTE

**18th  
Annual Report  
2010-2011**

KEYNOTE CORPORATE SERVICES LTD.

**KEYNOTE CORPORATE SERVICES LIMITED  
ANNUAL REPORT 2010-2011**

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**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 Manish Desai**  
Director (w.e.f. 31<sup>st</sup> January, 2011)

**Shri Vineet Suchanti**  
Managing Director

**Shri Mehul Patel**  
Director  
(upto 31<sup>st</sup> January, 2011)

**Shri Sujal Shah**  
Director

**Shri Sangeet Lakkar**  
Company Secretary

**BOARD COMMITTEES**

<b>Audit Committee</b>	<b>Shareholder/Investors Grievance Committee</b>
Shri Sujal Shah – Chairman	Shri Nirmal Suchanti – Chairman
Shri Nirmal Suchanti – Member	Shri Uday S. Patil – Member
Shri Hitesh Shah – Member	
Shri Manish Desai – Member	
<b>Management Committee</b>	<b>Remuneration Committee</b>
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

**REGISTERED OFFICE**

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

**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.bdindia.co.in

**Eighteenth Annual General Meeting**

On Friday, 30th September, 2011 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 EIGHTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF KEYNOTE CORPORATE SERVICES LIMITED WILL BE HELD ON FRIDAY, 30<sup>TH</sup> OF SEPTEMBER, 2011 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 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March, 2011.
3. To appoint a Director in place of Shri Uday S. Patil, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Anish Malhotra, 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 an **Ordinary Resolution:**  
"RESOLVED THAT Shri Manish Desai, who was appointed as an Additional Director with effect from 31<sup>st</sup> January, 2011 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."
7. 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 B. Madhuprasad as Vice-Chairman of the Company for the further period of 3 (three) years with effect from 5<sup>th</sup> May, 2011 on the terms and conditions as set out 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 B. Madhuprasad."
8. 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 Vineet Suchanti, as Managing Director of the Company for the further period of 3 (three) years with effect from 5<sup>th</sup> May, 2011 on the terms and conditions as set out 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 Vineet Suchanti."

By Order of the Board  
For **Keynote Corporate Services Limited**  
Sd/-

**B. Madhuprasad**  
Vice-Chairman

**Date :** 6<sup>th</sup> September, 2011  
**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 Saturday, 24<sup>th</sup> September, 2011 to Friday, 30<sup>th</sup> September, 2011 (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 on Friday, 23<sup>rd</sup> September, 2011.
- 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) Members are hereby informed that Dividend which remains unclaimed/un-encashed over a period of 7 years has 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 respective dues dates of transfer of unclaimed/un-encashed dividends to the designated fund of the Central Government :

Date of Declaration of Dividend	Dividend for the year	Due date of transfer to the Government
24 <sup>th</sup> September, 2008	2007-2008	October, 2015
25 <sup>th</sup> August, 2009	2008-2009	September, 2016
29 <sup>th</sup> September, 2010	2009-2010	October, 2017

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

- 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 between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
- i) Members are requested to :
- i. Intimate changes, if any, in their registered address at the earliest.

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- 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) Recently the Ministry of Corporate Affairs, Government of India, vide Circular No. 17/2011 dated 21<sup>st</sup> April, 2011 and Circular No. 18/2011 dated 29<sup>th</sup> 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 dematerialised mode enabling the Register 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 8<sup>th</sup> February, 2011, the Board of Directors at its meeting held on 6<sup>th</sup> 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 4<sup>th</sup> floor, Balmer Lawrie Building, 5, J. N. Heredia Marg, Ballard Estate, Mumbai – 400 001 between 11.00 a.m. to 1.00 p.m. on any working day (excluding 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](http://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 Manish Desai was appointed as an Additional Director of the Company with effect from 31<sup>st</sup> January, 2011 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, Shri Manish Desai, hold office upto the date of the ensuing Annual General Meeting of the Company. The Company has received Notice from a Member of the Company under Section 257 of the Companies Act, 1956, proposing his candidature for the office of the Director.

Details of qualification, experience, and other directorship of Shri Manish Desai are forming part of the report on Corporate Governance.

Keeping in view the experience and qualification of Shri Manish Desai, your Directors considered it to be in the interest of the Company, if he is appointed as Director 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 his acceptance.

Shri Manish Desai is concerned and interested in the said resolution.

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

**Item No. 7****Re-appointment of Shri B. Madhuprasad, as Vice-Chairman and his remuneration.**

Shri B. Madhuprasad, is with the Company since inception. He was designated as Vice-Chairman of the Company in the Board Meeting held on 5<sup>th</sup> May 2005.

Further, he was re-appointed as Vice-Chairman of the Company in the Board Meeting held on 29<sup>th</sup> April, 2008 and the same was approved by the shareholders through postal ballot on 11<sup>th</sup> August, 2008 for a period of three years w.e.f. 5<sup>th</sup> May, 2008.

The Board of Directors of the Company at its meeting held on 28<sup>th</sup> April, 2011 has re-appointed Shri B. Madhuprasad as the Vice-Chairman of the Company to hold such office for a period of 3 years w.e.f. 5<sup>th</sup> May, 2011 and remuneration payable w.e.f. 1<sup>st</sup> January, 2011 subject to the approval of the shareholders.

**Details of remuneration payable to Shri B. Madhuprasad are as follows:**

- i) Salary : ₹ 4,00,000/- p.m. (w.e.f. 1<sup>st</sup> January, 2011)
  - ii) Commission : Payable based on the net profits of the Company subject to the overall ceilings laid down in Section 198 and 309.
  - iii) Perquisites, as per details given below:
    - a) Housing:
      1. In case the accommodation is owned/hired by the Company, perquisites will be evaluated as per Income Tax Rules.
      2. In case no accommodation is provided by the Company, he shall be entitled to house rent allowances subject to the ceiling of 60% salary.
    - b) The expenditure incurred on Gas, Electricity, Water and Furnishings will be on actual basis.
    - c) Medical Reimbursement for self and family will be as per rules of the Company.
    - d) Leave Travel expenses for self and family will be as per rules of the Company.
    - e) Club fees (excluding admission to life membership fee) will be on actual basis.
    - f) Expenses on children's education not exceeding ₹ 15,000/- per annum per child, subject to maximum of two children.
    - g) Personal Accident Insurance and Mediclaim Insurance for self and family will be as per company's rules.
    - h) The perquisites for servant, Gardner etc. (maximum two persons) provided by the Company will be evaluated as per the Income Tax Rules, 1962.
    - i) Expenses incurred on soft furnishing not exceeding ₹ 24,000/- per annum.
- For the above purpose family means the spouse, the dependent children and dependent parents.

**OTHERS:**

**1. Contribution to Provident Fund:**

\* To the extent these, either singly or put together are not taxable under the Income Tax Act.

**Gratuity :**

\* Half a month's salary for each completed year of service after a period of 5 years.

**2. Earned Leave and encashment of leave:**

As applicable as per Rules of the Company.

**3. Casual Leave and Sick Leave:**

As applicable as per the Rules of the Company.

**4. Provision of car :**

\* For use on Company's business.

**5. Reimbursement of Expenses actually incurred for Company's business :**

\*\* Against submission of supportings.

**6. Telephone at residence :**

\*\* For use on Company's business. Personal long distance telephone calls shall be billed by the Company.

**7. Actual travelling and other related expenses for self touring in India and abroad on Company's Work.**

\* Will not be included for the computation of ceiling under perquisites to the extent these, either singly or put together are not taxable under the Income Tax Act.

\*\* Will not be considered as perquisites.

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 three months notice in writing.

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

**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 31 <sup>st</sup> March, 2011.  | : | (₹ in lacs)                                  |

Total Income	:	1,626.53
Expenses	:	1,012.22
Profit	:	614.31
EPS (₹)	:	8.75
P/E Ratio (times)	:	5.71
Total Assets	:	4,205.81



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- |   |   |  |
|---|---|--|
| 5. Export performance and net foreign exchange collaborations | : | Not Applicable.<br>No foreign collaborations.  |
| 6. Foreign investments or collaborators, if any               | : | As on 31 <sup>st</sup> March, 2011, the foreign shareholdings in the company is 8,29,896 Equity Shares representing 11.82% of the total capital. |

### II. Information about Shri B. Madhuprasad. Vice-Chairman :

#### 1. Background Details:

Shri B. Madhuprasad, is B. Com. ACA, and rank holder from the Institute of Chartered Accountants of India having rich experience in Merchant Banking.

#### 2. Past remuneration:

For the Financial year 2009-2010 Shri B. Madhuprasad's total remuneration was ₹ 37,80,000/-

#### 3. Recognition or awards:

Shri B. Madhuprasad, is a guest faculty at various prominent capital market institutions such as National Institute of Securities Market (NISM) and a regular invitee at various institutions like IFCI, National Institute of Bank Management (NIBM) and training centres of nationalized banks such as Bank of Maharashtra & Dena Bank. He was also associated with academic institutions such as Narsee Monjee Institute of Management Studies (NMIMS), Alkesh Dinesh Modi Institute (ADMI) as a guest faculty. He was a member of the Board of studies at SIES College of Management Studies. He is also a regular guest lecturer on BSE Training Institute, Institute of Chartered Accountants of India (ICAI) at Western India Regional Council (WIRC). He was a member of Committee formed by SEBI to review SEBI (Underwriters) Rules & Regulations 1993. Presently he is Vice Chairman of Association of Merchant Bankers of India (AMBI).

He has been frequently quoted in various leading financial dailies on the subject to capital market.

He is a veteran Merchant Banker with more than 3 decades of experience. He is the major force behind KCSL's success since inception.

#### 4. Job profile and his suitability:

Shri B. Madhuprasad, is rank holder from the Institute of Chartered Accountants of India having rich experience in Merchant Banking. He has to his credit the experience of handling more than 600 public issues of various corporates during his stint with PNB Capital Services Limited and Keynote Corporate Services Limited.

As one of the veterans of Merchant Banking industry he brings credibility & experience to the organisation which is most important to the success & sustainability of the company.

#### 5. Remuneration proposed:

The remuneration of Shri B. Madhuprasad is set out above.

#### 6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case 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 B. Madhuprasad, the proposed 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 B. Madhuprasad 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 ₹ 614.31 lacs. The company being engaged in 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 efforts to complete the transactions within the said timelines are 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 B. Madhuprasad, Vice-Chairman, are as given in the explanatory statement. The Board recommends the passing of the Special Resolution as set out in Item No. 7 of the accompanied notice. None of the Directors except Shri B. Madhuprasad are concerned or interested in the resolution.

**Item No. 8**

Shri Vineet Suchanti, was appointed as a Managing Director of the Company in the Board Meeting held on 5<sup>th</sup> May, 2005 and his appointment was approved by the shareholders in the 12<sup>th</sup> Annual General Meeting (AGM) of the Company held on 30<sup>th</sup> September, 2005 for the period of 3 years w.e.f. 5<sup>th</sup> May, 2005.

Further, he was re-appointed as a Managing Director of the Company in the Board Meeting held on 29<sup>th</sup> April, 2008 and the same was approved by the shareholders through postal ballot on 11<sup>th</sup> August, 2008 for a period of three years w.e.f. 5<sup>th</sup> May, 2008.

The Board of Directors of the Company at its meeting held on 28<sup>th</sup> April, 2011 has re-appointed Shri Vineet Suchanti as the Managing Director of the Company to hold such office for a period of 3 years w.e.f. 5<sup>th</sup> May, 2011 and remuneration payable w.e.f. 1<sup>st</sup> January, 2011 subject to the approval of the shareholders.

**Details of remuneration payable to Shri Vineet Suchanti are as follows:**

- i) Salary : ₹ 3,75,000/- p.m. (w.e.f. 1<sup>st</sup> January, 2011)
- ii) Commission : Payable based on the net profits of the Company subject to the overall ceilings laid down in Section 198 and 309.
- iii) Perquisites, as per details given below:
  - a) Housing:
    1. In case the accommodation is owned/hired by the Company, perquisites will be evaluated as per Income Tax Rules.
    2. In case no accommodation is provided by the Company, he shall be entitled to house rent allowances subject to the ceiling of 60% salary.
  - b) The expenditure incurred on Gas, Electricity, Water and Furnishings will be on actual basis.
  - c) Medical Reimbursement for self and family will be as per rules of the Company.
  - d) Leave Travel expenses for self and family will be as per rules of the Company.
  - e) Club fees (excluding admission to life membership fee) will be on actual basis.
  - f) Expenses on children's education not exceeding ₹ 15,000/- per annum per child, subject to maximum of two children.
  - g) Personal Accident Insurance and Mediclaim Insurance for self and family will be as per company's rules.
  - h) The perquisites for servant, Gardner etc. (maximum two persons) provided by the Company will be evaluated as per the Income Tax Rules, 1962.

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- i) Expenses incurred on soft furnishing not exceeding ₹ 24,000/- per annum.  
For the above purpose family means the spouse, the dependent children and dependent parents.

### OTHERS:

**1. Contribution to Provident Fund:**

\* To the extent these, either singly or put together are not taxable under the Income Tax Act.

**Gratuity :**

\* Half a month's salary for each completed year of service after a period of 5 years.

**2. Earned Leave and encashment of leave :**

As applicable as per Rules of the Company.

**3. Casual Leave and Sick Leave :**

As applicable as per the Rules of the Company.

**4. Provision of car :**

\* For use on Company's business.

**5. Reimbursement of Expenses actually incurred for Company's business :**

\*\* Against submission of supportings.

**6. Telephone at residence :**

\*\* For use on Company's business. Personal long distance telephone calls shall be billed by the Company.

**7. Actual travelling and other related expenses for self touring in India and abroad on Company's Work.**

\* Will not be included for the computation of ceiling under perquisites to the extent these, either singly or put together are not taxable under the Income Tax Act.

\*\* Will not be considered as perquisites.

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 three months notice in writing.

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

**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 31 <sup>st</sup> March, 2011. :		(₹ in lacs)
	Total Income	: 1,626.53
	Expenses	: 1,012.22
	Profit	: 614.31
	EPS (₹)	: 8.75
	P/E Ratio (times)	: 5.71
	Total Assets	: 4,205.81

- |    |  |   |  |
|----|--|---|--|
| 5. | Export performance and net foreign exchange collaborations | : | Not Applicable.<br>No foreign collaborations.  |
| 6. | Foreign investments or collaborators, if any               | : | As on 31 <sup>st</sup> March, 2011, the foreign shareholdings in the company is 8,29,896 Equity Shares representing 11.82% of the total capital. |

**II. Information about Shri Vineet Suchanti, Managing Director:**

**1. Background Details:**

Shri Vineet Suchanti is a Bachelor of Commerce from University of Mumbai and MBA in Finance and Marketing from University of Rochester, New York.

**2. Past remuneration:**

For the Financial year 2009-2010 Shri Vineet Suchanti total remuneration was ₹ 35,28,000/-

**3. Recognition or awards**

Shri Vineet Suchanti is a Master in Business Administration (MBA) with specialization in finance from University of Rochester, New York, USA. He adds innovations, perseverance and dynamism to the profession. He has been largely responsible for introducing state-of-the-art technology and modern methods of analysis and valuations in structuring and marketing, thereby taking Keynote close to international standards in terms of creativity and services.

**4. Job profile and his suitability:**

Shri Vineet Suchanti, has been largely responsible for introducing state-of-the-art technology and modern methods of analysis and valuations in structuring and marketing, thereby taking Keynote close to international standards in terms of creativity and services. Being new generation manager with responsibility of overall supervision he is best suited for the responsibility of managing affairs of the company in most profitable manner.

**5. Remuneration proposed:**

The remuneration of Shri Vineet Suchanti is set out above.

**6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case 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 Vineet Suchanti, the proposed 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 Vineet Suchanti 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 ₹ 614.31 lacs. The company being engaged in 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 efforts to complete the transactions within the said timelines are 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 Vineet Suchanti, Managing Director, are as given in the explanatory statement.

The Board recommends the passing of the Special Resolution as set out in Item No. 8 of the accompanied notice. None of the Directors except Shri Vineet Suchanti are concerned or interested in the resolution.

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

**Date** : 6<sup>th</sup> September, 2011  
**Place** : Mumbai

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

**DIRECTORS' REPORT**

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

Dear Shareholders,

Your Directors have pleasure in presenting their 18th Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2011.

(₹ in lacs)

<b>Details</b>	<b>Year Ended 31-03-2011</b>	<b>Year Ended 31-03-2010</b>
Total Income	1,626.53	1,011.00
Gross Operating Profit	968.49	559.46
Depreciation	12.09	11.71
Profit Before Tax	956.40	547.75
Provision for :		
Current Tax	363.04	144.00
Deferred Tax Liability/(Assets)	(20.95)	(0.07)
Profit After Tax	614.31	403.82
Add/Less : Excess Provision/Short Provision	—	64.18
Profit/(Loss) brought forward from Previous year	675.75	479.46
Surplus available for appropriations	1290.06	819.10
Proposed Dividend	105.28	105.28
Tax on Dividend	17.48	17.89
Transferred to General Reserve	36.86	20.19
Balance carried forward	1130.44	675.75

**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, 2011.

**Operations**

The capital markets exhibited buoyancy during Financial Year 2010-11 as the markets recovered and gained strength against the backdrop of a distinct improvement in the risk appetite of investors leading to a sharp rise in international capital flows to emerging markets including India. After a shaky start to the financial year 2010-11, the equity market consolidated the gains during the year and ended the financial year on a positive note.

The financial year ended 31/03/2011 has been a good year for the company. Your company has successfully managed 3 Initial Public Offers (IPOs) as Book Running Lead Managers raising approximately ₹ 206 crores. All the IPOs managed during the financial year evoked very good response from public and your company has been able to market them successfully. In addition to this your company also managed a Rights issue and was involved in 3 Open Offers under Takeover Regulations. During the year your company also managed 2 Buy Back Offers aggregating approximately ₹ 144 crores and was successful in managing Delisting Offer aggregating to ₹ 466 crores. Your company also completed successfully a significant private equity transaction and has continued to be an active player in corporate finance, valuation and ESOP practices. The Company has posted a total Income of ₹ 1,626.53 lacs and a Profit After Tax of ₹ 614.31 lacs.

## KEYNOTE CORPORATE SERVICES LIMITED

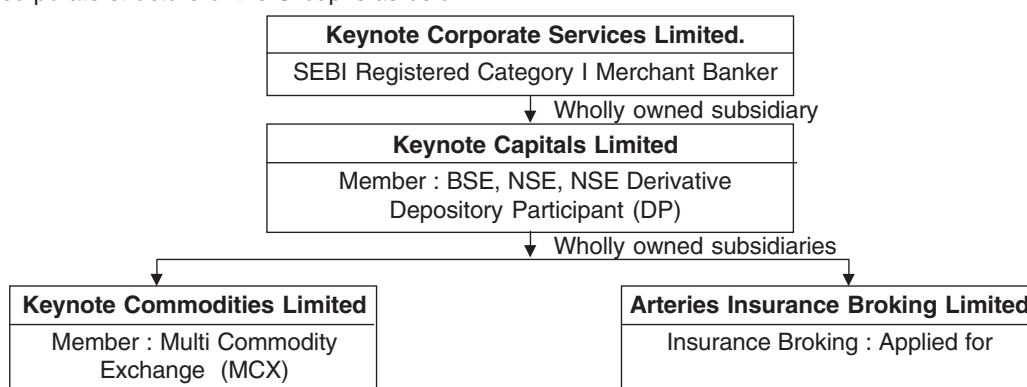
### Operations of Subsidiaries

Keynote Capitals Limited (KCL), our 100% subsidiary and an integrated broking house having memberships of the Bombay Stock Exchange Ltd., (BSE) and National Stock Exchange of India Ltd., (NSE) has also posted consistent performance. KCL continues to focus on institutional and corporate broking business.

KCL geared up process of expanding its Retail operations with a focus on more active equity centres. Over the past few months KCL has expanded the retail network and currently offers stock broking services at 60 locations through network of branches and franchises.

KCL posted a total Income of ₹ 1256.10 lacs for 31/03/2011 as compared to ₹ 1004.88 lacs in 31/03/2010. However, Profit after Tax stood at ₹ 46.27 lacs compared to ₹ 186.50 lacs for the previous year.

The corporate structure of the Group is as below:



### Subsidiary Companies and Consolidated Financial Statements.

Keynote Capitals Limited (KCL) is our wholly owned subsidiary company. Keynote Capitals Limited has two wholly owned subsidiaries namely (1) Keynote Commodities Limited (2) Arteries Insurance Broking Limited. Keynote Wealth Management Limited (a step down subsidiary) ceased to be the subsidiary since 4<sup>th</sup> October, 2010.

The Statement pursuant to Section 212 of the Companies Act, 1956, relating to Company's subsidiary and step down subsidiaries are annexed to this Report.

The Audited Accounts of the aforesaid Companies along with the report of the Board of Directors and the Auditors Report thereon which are required to be attached with the Annual Report of the Company have not been attached as the Board of Directors have given consent not to attach the Annual Accounts of the Company's subsidiary and step down subsidiaries with the Annual Accounts of the Company in accordance with the Ministry of Corporate Affairs, Government of India Circular No.2/2011 dated 8<sup>th</sup> February, 2011 under Section 212 of the Companies Act, 1956.

### 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 Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (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.

### Dematerialization

The equity shares of the Company can be held in dematerialized form. The Company has signed the tripartite agreement with National Securities Depository Ltd. Central Depository Services (India) Ltd., and existing Registrar & Transfer Agent for dematerialization 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 BSE, in "B" segment and NSE, and are being traded in compulsory dematerialized mode. Presently 89.16% of equity capital of the company is in dematerialized 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 explanations relating to material departures, if any, have been furnished.
- (b) Accounting policies as listed in Schedule "P" to the financial statements have been selected and consistently applied and prudent judgments 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, 2011 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 require compliances with specified Corporate Governance practices. These practices have been fully implemented and a certificate from the Practicing Company Secretary 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 Corporate Filing & Dissemination system (corpfilling). Your Company has also been enlisted in the new SEBI complaint redressal system (SCORES) enabling the investors to register their complaints if any for speedy redressal.

#### **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 are not applicable to the Company as per notification dated 31<sup>st</sup> March, 2011 issued by the Ministry of Corporate Affairs, New Delhi.

#### **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 ₹ 5.00 lacs in Foreign Exchange and has incurred an expenditure of ₹ 0.87 lacs in Foreign Exchange.

#### **Fixed Deposits**

During the year ended 31<sup>st</sup> March, 2011 the Company has 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**



## KEYNOTE CORPORATE SERVICES LIMITED

Shri Uday S. Patil and Shri Anish Malhotra, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

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

The Board of Directors of the Company has appointed Shri Manish Desai as an additional Director of the Company w.e.f. 31<sup>st</sup> January, 2011. Said appointment was made by the Board of Directors during the year & since the director so appointed 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 his appointment is being recommended for further period. 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 person as Director retiring by rotation at this Annual General Meeting.

The Board of Directors are of the view that appointment of Shri Manish Desai 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 strengthen implementation of corporate governance in its correct perspective.

### **Auditors**

Shareholders will recall that previous Annual General Meeting (AGM) approved appointment of M/s Haribhakti & Co. as Statutory Auditors for financial year beginning April 2010. The current financial year is the first financial year where accounts have been audited by new auditors. Your company has been benefited on account of various fresh inputs/procedures suggested by them.

M/s. Haribhakti & Company, 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 ended 31<sup>st</sup> March, 2012.

### **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, Link Intime India Pvt. Ltd., Haribhakti & Co., Statutory Auditors, K. K. Bhageria & Co., Internal Auditors, our Clients, Bankers and other Government Agencies for their continued support.

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

Sd/-

**Date** : 6<sup>th</sup> September, 2011

**Place** : Mumbai

**B. Madhuprasad**  
Vice-Chairman

## ANNUAL REPORT 2010-2011

### 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

Board Meetings held during the financial year 2010-2011.

The Board of Directors had met 5 times during the financial year 2010-2011. These meetings were held on 30<sup>th</sup> April, 2010, 29<sup>th</sup> July, 2010, 25<sup>th</sup> August, 2010, 29<sup>th</sup> October, 2010 and 31<sup>st</sup> January, 2011.

Composition of Board of Directors, attendance at the Board Meetings and the last Annual General Meeting as on 31<sup>st</sup> March, 2011, as applicable, is tabulated hereunder :

Name of the Director	No. of Board Meetings attended	Attendance at previous AGM on 29/09/2010	No. of outside Directorship held (Excluding Keynote Corporate Services Limited)	No. of membership/ chairmanship in other Board Committees (Excluding Keynote Corporate Services Limited)		Executive/ Non Executive
				Member	Chairman	
Shri Nirmal Suchanti	5	Yes	5	Nil	Nil	Non Executive
Shri B. Madhuprasad	4	Yes	2	Nil	Nil	Executive
Shri Vineet Suchanti	5	Yes	5	3 #	1 ##	Executive
Shri Uday S. Patil	4	Yes	2			Executive
Shri Mehul Patel *	5	Yes	4	Nil	Nil	Non Executive (Independent)
Shri Hitesh Shah	3	No	1	2 @	Nil	Non Executive (Independent)
Shri Sujal Shah	4	Yes	9	5 \$	3 \$\$	Non Executive (Independent)
Shri Anish Malhotra	3	No	2	Nil	Nil	Non Executive (Independent)
Shri Manish Desai **	1	—	1	Nil	Nil	Non Executive (Independent)

# Member of Share Transfer Committee, Compensation Committee and Investors Grievances Committee of LKP Finance Limited.

## Chairman of Audit Committee of LKP Finance Limited.

\* Resigned as a Director of the Company w.e.f. 31<sup>st</sup> January, 2011

@ Member of Audit Committee and Remuneration Committee of Keynote Capitals Limited.

\$ Member of Remuneration Committee of Gitanjali Gems Limited and Reliance Asset Reconstruction Company Limited and member of Audit Committee of The Hindoostan Spinning & Weaving Mills Limited, Amal Limited and Amrit Banaspati Company Limited.

\$\$ Chairman of Audit Committee of Reliance MediaWorks Limited, Gitanjali Gems Limited and Reliance Asset Reconstruction Company Limited.

\*\* Appointed as a Director of the Company w.e.f. 31<sup>st</sup> January, 2011.

#### AUDIT COMMITTEE

On resignation of Shri Mehul Patel as a Director and as a Chairman of Audit Committee of the Company due to pre occupation said post remained vacant. Shri Sujal Shah has been appointed as a Chairman of the Audit Committee of the Company in the Board Meeting held on 31<sup>st</sup> January, 2011.

The Audit Committee comprises of 4 members namely, Shri Sujal Shah, Shri Hitesh Shah Shri Nirmal Suchanti and Shri Manish Desai all being Non Executive Directors. The Committee met five times during the year under review. The audit committee met prior to the finalization of the accounts for the year ended 31<sup>st</sup> March, 2011.

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship	No. of Meeting Attended upto 31 <sup>st</sup> March, 2011
1.	Shri Mehul Patel*	Chairman	Non-Executive (Independent)	5
2.	Shri Hitesh Shah	Member	Non-Executive (Independent)	5
3.	Shri Nirmal Suchanti	Member	Non Executive	5
4.	Shri Sujal Shah **	Chairman	Non-Executive (Independent)	Nil
5.	Shri Manish Desai ***	Member	Non-Executive (Independent)	Nil

\* Resigned as a Chairman of the Audit Committee w.e.f. 31<sup>st</sup> January, 2011

\*\* Appointed as a Chairman of the Audit Committee w.e.f. 31<sup>st</sup> January, 2011

\*\*\* Appointed as an additional member of the Audit Committee w.e.f. 10<sup>th</sup> August, 2011

## KEYNOTE CORPORATE SERVICES LIMITED

### REMUNERATION COMMITTEE

The Company has the qualified remuneration committee to determine, the company's policy on specified remuneration packages for executive directors including pension rights and any compensation payment.

The Remuneration Committee of the Company comprises of Non-Executive Independent Directors. The details of the Remuneration Committee are as follows:

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship
1.	Shri Anish Malhotra	Chairman	Non Executive (Independent)
2.	Shri Hitesh Shah	Member	Non Executive (Independent)
3.	Shri Manish Desai *	Member	Non Executive (Independent)
4.	Shri Mehul Patel **	Member	Non Executive (Independent)

\* Shri Manish Desai appointed as a Member of Remuneration Committee w.e.f. 31<sup>st</sup> January, 2011.

\*\* Shri Mehul Patel resigned as a Member of Remuneration Committee w.e.f. 31<sup>st</sup> January, 2011.

The Vice-Chairman, Managing Director and Whole-time Director are 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.

### Remuneration of Directors for the financial year 2010-2011.

Sitting fees is paid only to Independent Directors for Board Meetings attended by them. The Company has three Whole-time Directors to whom monthly remuneration is being paid as approved by the Members.

The Company has complied with the non-mandatory requirement of Clause 49 regarding the Remuneration Committee.

### SHAREHOLDER/INVESTOR'S GRIEVANCE COMMITTEE

The Company has constituted a "Shareholders/Investors Grievance Committee" of Directors to look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/notices/annual reports, etc. Shri Nirmal Suchanti, a Non Executive Director is Chairman of the Shareholder/Investors Grievance Committee. Shri Uday S. Patil is the Compliance Officer.

The composition of the Shareholders/Investors Grievance Committee:

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship
1.	Shri Nirmal Suchanti	Chairman	Non Executive
2.	Shri Uday S. Patil	Member	Executive

The committee takes on record the details of submissions made by Registrar & Transfer Agent (RTA) on every 15<sup>th</sup> day of the month and also consider status of grievances/complaints pending on the same day.

During the financial year 2010-2011, total 11 communications were received from shareholders and investors These communications were of routine nature regarding duplicate share certificates, corrections/change in address etc and were addressed promptly.

All valid requests for share transfer received during 2010-2011 have been acted upon by the Company and no transfer is pending.

### MANAGEMENT COMMITTEE

The Company has constituted a "Management Committee" (Non-mandatory) of Directors consisting of:

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship
1.	Shri B. Madhuprasad	Chairman	Executive
2.	Shri Vineet Suchanti	Member	Executive
3.	Shri Uday S. Patil	Member	Executive

The said committee of Board of Directors constituted for the purposes of operational convenience in respect of Merchant Banking assignment handled by the company under the authority of Board of Directors in January, 2006. The committee has powers to open and operate Escrow/ Special Accounts and/or any such accounts with Banks for take-over, Buy Back offers and other assignments accepted by the company in the course of Merchant Banking activities. Management Committee met 5 (five) times in the financial year 2010-2011.

### GENERAL BODY MEETINGS

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

Year	Venue	Date	Time
2007-2008	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall Compound), Fort, Mumbai – 400 001	24 <sup>th</sup> September, 2008	10.00 a.m.
2008-2009	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall Compound), Fort, Mumbai – 400 001	25 <sup>th</sup> August, 2009	10.00 a.m.
2009-2010	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall Compound), Fort, Mumbai – 400 001	29 <sup>th</sup> September, 2010	10.00 a.m.

## ANNUAL REPORT 2010-2011

Details of Special Resolutions passed in previous three Annual General Meetings.

Date of Annual General Meeting	Number of Special Resolutions passed	Details of Special Resolutions Passed
24 <sup>th</sup> September, 2008	2	1. Appointment of Shri Sujal Shah as an Additional Director of the Company. 2. Appointment of Shri Anish Malhotra as an Additional Director of the Company.
25 <sup>th</sup> August, 2009	1	1. To replace the existing Article No. 37 of the Articles of Association of the Company.
29 <sup>th</sup> September, 2010	2	1. Appointment of M/s. Haribhakti & Company, Chartered Accountants, Mumbai as Statutory Auditors of the Company. 2. Re-appointment and remuneration of Shri Uday S. Patil as a Whole-Time Director of the Company.

### DISCLOSURES

During the financial year 2010-2011, the Company had no materially significant related party transaction which is considered to have potential conflict with the interest of the Company at large.

### MEANS OF COMMUNICATION

The quarterly, half yearly & annual results are published by the Company in the The Economics Times, Free Press Journal and Navshakti, Mumbai and uploaded on the company's website (i.e. [www.keynoteindia.net](http://www.keynoteindia.net)). "Limited Review" by the Auditors of the Company of the quarterly results is sent to Bombay Stock Exchange Ltd., and National Stock Exchange of India Ltd., where the shares of the company are listed. Shareholders can also access the quarterly results on website of these exchanges where the equity shares of the company are listed (i.e. [www.bseindia.com](http://www.bseindia.com) [www.nseindia.com](http://www.nseindia.com))

### Tentative Financial Calendar for Financial Results – 2011 – 2012:

Particulars	
1 <sup>st</sup> Quarter (June, 2011)	Already published on 11 <sup>th</sup> August, 2011
2 <sup>nd</sup> Quarter (September, 2011)	Second week of November, 2011
3 <sup>rd</sup> Quarter (December, 2011)	Second week of February, 2012
4 <sup>th</sup> Quarter (March, 2012)	Second week of May, 2012
Audited Financial Results for the year ended 31 <sup>st</sup> March, 2012	Third week of August, 2012

### GENERAL SHAREHOLDER'S INFORMATION

#### Annual General Meeting

Date and time : Friday, 30<sup>th</sup> September, 2011, 10.00 a.m.  
 Venue : Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society,  
 141, Shahid Bhagat Singh Road, (Town Hall Compound), Fort, Mumbai – 400 001  
 Financial Year Ending : 31<sup>st</sup> March, 2011  
 Date of Book Closure : From Saturday, 24<sup>th</sup> September, 2011 to Friday, 30<sup>th</sup> September, 2011 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend, subject to approval of shareholders.  
 Listing on Stock Exchange and Stock Code : Equity Shares of the Company are listed at Bombay Stock Exchange Ltd., (Scrip Code : 512597) and National Stock Exchange of India Ltd., (Symbol: KEYCORPSE).  
 Face Value of Equity Shares : ₹ 10/- each.

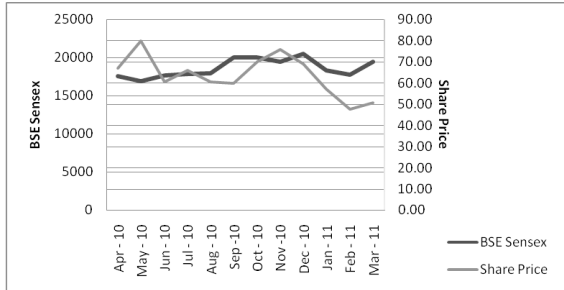
#### Monthly High/Low price of Equity Shares of the Company during the financial year 2010-2011 on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Month	Bombay Stock Exchange Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	Month's High Price (₹)	Month's Low Price (₹)	Month's High Price (₹)	Month's Low Price (₹)
April, 2010	73.75	60.00	64.65	59.65
May, 2010	79.75	59.10	NT	NT
June, 2010	79.75	60.50	76.15	64.80
July, 2010	73.25	56.95	71.95	55.00
August, 2010	66.85	55.00	71.55	56.00
September, 2010	64.70	55.25	65.65	54.55
October, 2010	81.00	56.40	73.90	56.05
November, 2010	106.00	67.10	99.50	62.05
December, 2010	80.90	61.80	79.45	64.10
January, 2011	74.00	56.20	74.00	54.00
February, 2011	57.75	47.45	56.00	41.60
March, 2011	50.85	41.00	51.00	34.10

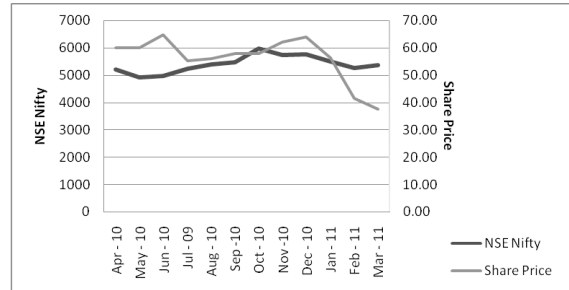
NT: No Trading

## KEYNOTE CORPORATE SERVICES LIMITED

**Graphical Representation of Performance of Keynote's share price in comparison with BSE Sensex.**



**Graphical Representation of Performance of Keynote's share price in comparison with NSE Nifty.**



### REGISTRAR AND 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](http://www.linkintime.co.in)

### SHARE TRANSFER SYSTEM

The Company's share being in compulsory Demat list, are transferable through the depository system. However, shares in the physical form are processed by the Registrar & Transfer Agent and approved by the Shareholders' and Investors' Grievance Committee. The share transfer process is reviewed by the said committee.

The Company obtains half-yearly certificate of compliance related to the share transfer formalities from a Company Secretary in practice as required under Clause 47 (C) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges on or before the due date.

### DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2011.

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Upto 500	2301	91.05	323346	4.60
501 to 1000	105	4.15	85605	1.22
1001 to 2000	53	2.10	80467	1.15
2001 to 3000	23	0.91	58542	0.83
3001 to 4000	8	0.32	29264	0.42
4001 to 5000	8	0.32	36342	0.52
5001 to 10000	6	0.24	44903	0.64
10001 and above	23	0.91	6359870	90.62
<b>TOTAL</b>	<b>2527</b>	<b>100.00</b>	<b>7018339</b>	<b>100.00</b>

## ANNUAL REPORT 2010-2011

### SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2011

Sr. No.	Category of Shares	No. of Shares	% of total shares
(A)	<b>Promoter &amp; Promoter Group :</b>		
	(a) Individuals/ Hindu Undivided Family	6,50,002	9.26
	(b) Bodies Corporate	31,60,363	45.03
	Sub Total :	38,10,365	54.29
(B)	<b>Public Shareholding :</b>		
	1. Institutions		
	(a) Mutual Funds/UTI	20,800	0.30
	(b) Financial Institutions/Banks	300	0.00
	(c) Foreign Institutional Investors	6,45,100	9.19
	2. Non-Institutions		
	(a) Bodies Corporate	1,11,443	1.59
	(b) Individuals	7,82,326	11.15
	(c) Non-Resident Indians	1,84,796	2.63
	(d) Trust	14,51,902	20.69
	(e) Hindu Undivided Family	1,450	0.02
	(f) Clearing Members	9,857	0.14
	Sub Total :	32,07,974	45.71
	<b>GRAND TOTAL</b>	<b>70,18,339</b>	<b>100.00</b>

**Dematerialization of Shares :** 62,58,088 Equity Shares of ₹10/- each (i.e. 89.16%) of the total capital of the Company have been dematerialized as on 31<sup>st</sup> March, 2011.

#### CODE OF CONDUCT

The Company has in place a Code of Conduct applicable to the Board as well as the designated employees and the same has been posted on the web-site of the company i.e. [www.keynoteindia.net](http://www.keynoteindia.net). All the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as on March 31, 2011.

A declaration to this effect, duly signed by Managing Director, is annexed and form part of this report.

#### ADDRESS FOR CORRESPONDENCE:

Keynote Corporate Services Limited  
4<sup>th</sup> Floor, Balmer Lawrie Building, 5, J. N. Heredia Marg,  
Ballard Estate, Fort, Mumbai – 400 001  
E-mail for Investors: [investors@keynoteindia.net](mailto:investors@keynoteindia.net)

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The financial year witnessed good capital market conditions and your company has been able to move the performance by completing various assignments of different nature. Total income of KCSL increased from ₹804.27 lacs to ₹1492.50 lacs in the year ended 31/03/2011. Profit before tax increased from ₹547.75 lacs to ₹956.84 lacs. Company continued to be profitable by registering Profit After Tax of ₹614.31 lacs for the financial year 31/03/2011 as against ₹403.83 lacs in the year 31/03/2010. The total income of KCL, a 100% subsidiary of your company was ₹ 46.17 lacs in 31/03/2011 as compared to ₹186.50 lacs in the year 31/03/2010. KCL further enhanced activities of expanding the retail network and has been able to offer stock broking services at 60 locations through a network of branches and franchises. KCSL invested in the wholly owned subsidiary to the extent of about ₹ 1375.00 lacs thereby capitalizing the same. Your company has invested in acquiring the office premises in Central Mumbai, the process of entering into various agreements is on and the company expects to put the said premises to use within the years time. By the time said discussions and analysis is being made, the capital market has witnessed rough phase on account of concerns of rising inflation, slowing economy growth, lack of structural reforms, corruption etc. Recent downgrade of US debt rating has put international economic scenario in uncertainty thereby adversely affecting capital market conditions. Your company expects to deal with general adverse capital market conditions by remaining cautious and moving forward strategically.

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

Date : 6<sup>th</sup> September, 2011  
Place : Mumbai

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

## KEYNOTE CORPORATE SERVICES LIMITED

### Details of the Directors seeking appointment/re-appointment in the forthcoming Annual General Meeting.

Name, Age, Qualification and Address of Director	Experience/Expertise in specific functional area	Directorship held in other companies
<p><b>Shri. Uday S. Patil</b> (Director due to retire by rotation seeking re-appointment ) Age : 52 years Qualification: B.Sc. LL.B. (Gen.) CAIIB Address : B-4, Shree Yashwant Society, Near Hotel Meghraj, 90, Feet Road, Ghatkopar (East), Mumbai – 400 077</p>	<p><b>Uday S. Patil</b> 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/ Investment Banking. Having handled various Issue Assignments, Portfolio Investments, Project Appraisal and Merchant Banking functions, he is a force to reckon with as far as structuring, creativity and servicing is concerned. He is a guest faculty at Alkesh Dinesh Mody Institute of Financial and Management Studies (ADMI) &amp; Jamanalal Bajaj Institute of Management Studies (JBIMS) of University of Mumbai and delivered lectures at Institute of Chartered Accountants of India, National Institute of Securities Markets etc. He is with the company since inception.</p>	<ul style="list-style-type: none"> <li>● Spire Investments &amp; Trading Pvt. Limited.</li> <li>● Arteries Insurance Broking Limited.</li> </ul>
<p><b>Shri Anish Malhotra</b> (Director due to retire by rotation seeking re-appointment) Age : 36 years Qualification: B.Sc. (Hons.) Address : 132, East, 19<sup>th</sup> Street, Apartment 3W, New York, NY, 1003 USA.</p>	<p><b>Shri Anish Malhotra</b> is B. Sc (Hons) Economics from University of London and holds a degree in law from London. He has an international experience of more than a decade in Investment Banking, M &amp; A, and Financial Advisory having worked on cross border transaction.</p>	<ul style="list-style-type: none"> <li>● Spartan Capital Advisors Private Ltd.,</li> <li>● Ahimsa PQ Hospitality Private Ltd.,</li> </ul>
<p><b>Shri. Manish Desai</b> (Director seeking appointment) Age : 41 years Qualification : LLM Address : 701, Gangotri Bhandari Lane, Off L. J. Road, Mahim, Mumbai – 400 0016</p>	<p><b>Shri Manish Desai</b>, by profession is a lawyer, having 17 years of experience in the Litigation, Arbitration, Corporate Mergers, Acquisition, Financial Structuring and Restructuring. Advising clients on transactional matters and concluding complex transactions. He is an arguing counsel, his propositions on law, find a mention in several reported judgments of the Supreme Court, Bombay High Court, DRT- Mumbai and the DRAT – Mumbai.</p>	<ul style="list-style-type: none"> <li>● Omega Business Solutions Pvt. Ltd.,</li> </ul>
<p><b>Shri B. Madhuprasad</b> (Director seeking re-appointment as Vice-Chairman) Age : 60 years Qualification: B. Com. A.C.A. Address: Flat No. B-1/12, Technocrat Co-Operative Housing Society Ltd., Twin Tower Lane, Prabhadevi, Mumbai – 400 025</p>	<p><b>Shri B. Madhuprasad</b>, is rank holder from the Institute of Chartered Accountants of India having rich experience in Merchant Banking. He has to credit the experience of handling more than 600 public issues of various corporates during his stint with PNB Capital Services Limited and Keynote Corporate Services Limited. He is a guest faculty in various prominent capital market institutions such as Indian Institute of Capital Markets, IFCI and academic institutions such as Narsee Monjee Institute of Management studies. He was a member of the Board of Studies as SIES College of Management Studies. He is also a regular guest lecturer on BSE Training Institute. He is with the Company since inception.</p>	<ul style="list-style-type: none"> <li>● Naga Accounts Managements Co. Pvt. Ltd.,</li> <li>● Pittsburg Financial Services Pvt. Ltd.,</li> </ul>
<p><b>Shri Vineet Suchanti</b> (Director seeking re-appointment as Managing Director) Age : 42 years Qualification : B.Com MBA Address : 13/B, Jolly Maker Apartment – I, Cuffe Parade, Mumbai – 400 005</p>	<p><b>Shri Vineet Suchanti</b> is a Bachelor of Commerce from the University of Mumbai and an M.B.A. in Finance and Marketing from University of Rochester, New York. Since 1995 his fields of expertise include Business Development, Structuring, Pricing and Marketing.</p>	<ul style="list-style-type: none"> <li>● Keynote Capitals Ltd.,</li> <li>● Keynote Commodities Ltd.,</li> <li>● LKP Finance Ltd.,</li> <li>● Team India Managers Ltd.,</li> <li>● Arteries Insurance Broking Ltd.,</li> </ul>

**Declaration by Managing Director**

I, Vineet Suchanti, Managing Director of Keynote Corporate Services Limited, hereby declare that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Clause 49 (1) (D)(ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended March 31, 2011.

For **Keynote Corporate Services Limited**

Sd/-

Place: Mumbai  
Date: 6<sup>th</sup> September, 2011

**Vineet Suchanti**  
Managing Director

**Vice-Chairman/Managing Director Certification**

We, B. Madhuprasad, Vice-Chairman and Vineet Suchanti, Managing Director of Keynote Corporate Services Limited, hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2011 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that -
  - (i) there has not been any significant changes in internal control over financial reporting during the year under reference;
  - (ii) there has not been any significant changes in accounting policies during the year under requiring disclosure in the notes to the financial statements; and
  - (iii) there has not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Keynote Corporate Services Limited**

Sd/-

**B. Madhuprasad**  
Vice-Chairman

Sd/-

**Vineet Suchanti**  
Managing Director

Place : Mumbai  
Date : 6<sup>th</sup> September, 2011



**CERTIFICATE ON CORPORATE GOVERNANCE**

**To,**

**The Members of Keynote Corporate Services Limited**

We have examined the compliance of conditions of Corporate Governance by Keynote Corporate Services Limited (the Company) for the year ended 31<sup>st</sup> March, 2011 at stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges of India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

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

**For Uma Lodha & Co.**  
Practising Company Secretaries

Sd/-  
**Uma Lodha**  
Proprietor  
C.P. No. 2593

Place: Mumbai  
Date: 6<sup>th</sup> September, 2011

**Auditors' Report**

To

**The Members of Keynote Corporate Services Limited**

1. We have audited the attached Balance Sheet of **Keynote Corporate Services Limited** ('the Company') as at March 31, 2011 and also the Profit and Loss account and the Cash Flow statement 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act'), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.

- iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. As regards disclosure required in Accounting Standard – 15 (Revised) "Employee Benefit" attention is invited to Note No. 2 of notes to accounts
- v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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 accounts 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 March 31, 2011;
  - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
  - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**  
Chartered Accountants  
Firm's Registration No.103523W

Sd/-  
**Rakesh Rathi**  
Partner  
Membership No.045228

Place: Mumbai  
Date: 6<sup>th</sup> September, 2011

**ANNEXURE TO AUDITORS' REPORT**

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Keynote Corporate Services Limited on the financial statements for the year ended March 31, 2011

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii) The Company did not have any inventories during the year therefore clause 4(ii) is not applicable
- (iii) (a) The Company has granted interest free unsecured loan to its subsidiary company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 1,73,170 thousand and the year end balance of loans granted to such party was ₹ 37,666 thousand.
  - (b) In our opinion and according to the information and explanations given to us, the terms and conditions of interest free unsecured loan given by the Company is prima facie not prejudicial to the interest of the Company.
  - (c) The loans are repayable on demand and the company has received the repayment of the loans accordingly.
  - (d) Since there is no stipulation as regards repayment schedule, clause 4(iii) (d) is not applicable.
  - (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the clauses stated in paragraph 4 (iii) (f) and (g) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to

us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.

- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have not been so entered.
  - (b) In respect of one of the transaction made in pursuance of such contracts or arrangement exceeding the value of Rupees five lakhs entered in to during the financial year, because of the unique and specialized nature of the transaction and in the absence of any comparable price, we are not able to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) Since the Company is engaged in service sector, clause 4 (viii) in respect of maintenance of cost records is not applicable to the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, service tax, cess and other material statutory dues applicable to it except advance payment of income tax and wealth tax.
 

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

  - (b) According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, investor education

## KEYNOTE CORPORATE SERVICES LIMITED

and protection fund, employees' state insurance, service tax, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable except for income tax and wealth tax which are as follows:

Name of the statute	Nature of the dues	(₹) (In thousands)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act	Advance payment of Income Tax	8,816	F.Y. 2010-11	15 <sup>th</sup> September 2010	—
Income Tax Act	Interest on delay payment of advance tax	88	F.Y. 2010-11	15 <sup>th</sup> September 2010	—
Wealth Tax Act	Wealth Tax	6	F.Y. 2006-07	31 <sup>st</sup> October, 2007	—
Wealth Tax Act	Interest on delayed payment of Wealth tax	3	F.Y. 2006-07	31 <sup>st</sup> October, 2007	—
Wealth Tax Act	Wealth Tax	10	F.Y. 2007-08	30 <sup>th</sup> September, 2008	—
Wealth Tax Act	Interest on delayed payment of Wealth tax	4	A.Y. 2007-08	30 <sup>th</sup> September, 2008	—

- (c) According to the information and explanation given to us, there are no dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, and cess which have not been deposited on account of any dispute.
- (x) There are no accumulated losses as at March 31, 2011. Further, the Company has not incurred cash losses during the current and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans

& advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the company.
- (xvi) The Company has not obtained any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, no debentures have been issued by the company during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Haribhakti & Co.**  
Chartered Accountants  
Firm's Registration No.103523W

**Rakesh Rathi**  
Partner  
Membership No.045228

Place: Mumbai  
Date: 6<sup>th</sup> September, 2011

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<b>BALANCE SHEET AS ON 31ST MARCH, 2011</b>			
(₹ in thousands)			
	SCHEDULE NO.	AS ON 31.03.2011	AS ON 31.03.2010
<b>I. SOURCES OF FUNDS :</b>			
<b>1. Shareholders' Funds:</b>			
(a) Share Capital	'A'	70,183	70,183
(b) Reserves & Surplus	'B'	350,398	301,242
		420,581	371,426
<b>2. Loan Funds:</b>			
Secured Loan	'C'	—	1,294
		—	1,294
<b>3. Deferred Tax Liability</b>			
		—	848
<b>TOTAL</b>		420,581	373,568
<b>II. APPLICATION OF FUNDS:</b>			
<b>1. Fixed Assets :</b>			
Gross Block	'D'	11,974	12,972
Less: Accumulated Depreciation		5,412	5,221
<b>Net Block</b>		6,562	7,751
<b>Capital Work-In-Progress (including capital advances)</b>		60,747	68,747
		67,309	76,498
<b>2. Investments</b>			
	'E'	175,239	156,818
<b>3. Deferred Tax Assets</b>			
		1,247	—
<b>4. Current Assets, Loans &amp; Advances</b>			
(a) Sundry Debtors	'F'	7,989	1,075
(b) Cash & Bank balance	'G'	20,456	36,637
(c) Other current assets	'H'	1,312	2,420
(d) Loans & Advances	'I'	246,555	182,757
<b>Total (A)</b>		276,313	222,890
<b>Less : Current Liabilities &amp; Provisions</b>			
(a) Current liabilities	'J'	10,893	35,367
(b) Provisions	'K'	88,633	47,272
<b>Total (B)</b>		99,526	82,639
<b>Net Current Assets (A- B)</b>		176,787	140,251
<b>TOTAL</b>		420,581	373,568
Notes to the accounts	'P'		
"the scheduled referred to above from an integral part of the balance sheet"			
<b>AS PER OUR REPORT OF EVEN DATE ATTACHED For HARIBHAKTI &amp; CO</b> Chartered Accountants		<b>For and on behalf of the Board of KEYNOTE CORPORATE SERVICES LTD.</b>	
Sd/- <b>Rakesh Rathi</b> Partner	Sd/- <b>Sangeet Lakkar</b> Company Secretary	Sd/- <b>B. Madhuprasad</b> Vice Chairman	Sd/- <b>Vineet Suchanti</b> Managing Director
<b>Place :</b> Mumbai <b>Date :</b> 6 <sup>th</sup> September, 2011			

KEYNOTE CORPORATE SERVICES LIMITED

<b>PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011</b>			
(₹ in thousands)			
	SCHEDULE NO.	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
<b>I. INCOME:</b>			
Income from services		149,250	80,427
Other Income	‘L’	13,403	20,674
<b>TOTAL</b>		<u>162,653</u>	<u>101,101</u>
<b>II. EXPENDITURE :</b>			
Interest & Financial Expenses	‘M’	61	178
Personnel Expenses	‘N’	36,800	24,549
Administrative & Other Expenses	‘O’	28,899	20,428
Depreciation / Amortisation		1,209	1,171
		<u>66,969</u>	<u>46,326</u>
<b>PROFIT BEFORE TAX &amp; PRIOR PERIOD ITEM:</b>		95,684	54,775
<b>Provision for Tax:</b>			
Current Tax (including interest)		34,931	14,400
Wealth Tax		53	—
Short provision for tax in respect of earlier years		1,320	6,418
Deffered Tax (Assets) / Liability		<u>(2,095)</u>	<u>(8)</u>
<b>PROFIT AFTER TAX BEFORE PRIOR PERIOD ITEM:</b>		61,476	33,965
Less: Prior Period Items		44	—
<b>PROFIT AFTER TAX FOR THE YEAR:</b>		61,431	33,965
Add :Surplus brought forward from previous year		67,575	47,946
<b>Surplus available for appropriations</b>		129,006	81,911
<b>Appropriation:</b>			
Proposed Final Dividend		10,528	10,528
Distribution Tax on Dividend		1,748	1,789
Transfer to General Reserve		3,686	2,019
<b>Balance carried to the Balance Sheet</b>		<u>113,044</u>	<u>67,575</u>
Basic and Diluted Earning per share (F.V. ₹ 10 each.)		8.76	5.75
Notes to the accounts	‘P’		
“the scheduled referred to above from an integral part of the profit & loss”			
<b>AS PER OUR REPORT OF EVEN DATE ATTACHED</b>			
<b>For HARIBHAKTI &amp; CO</b>		<b>For and on behalf of the Board of</b>	
Chartered Accountants		<b>KEYNOTE CORPORATE SERVICES LTD.</b>	
Sd/-	Sd/-	Sd/-	Sd/-
<b>Rakesh Rathi</b>	<b>Sangeet Lakkar</b>	<b>B. Madhuprasad</b>	<b>Vineet Suchanti</b>
Partner	Company Secretary	Vice Chairman	Managing Director
<b>Place : Mumbai</b>			
<b>Date : 6<sup>th</sup> September, 2011</b>			

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SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st March 2011				SCHEDULE 'E' : INVESTMENTS (Non-Trade)							
		AS AT 31.03.2011 ₹ in thousands	AS AT 31.03.2010 ₹ in thousands	As At 31.03.2011		As At 31.03.2010					
		Quantity in nos.	₹ in thousands	Quantity in nos.	₹ in thousands	Quantity in nos.	₹ in thousands				
<b>SCHEDULE 'A' :</b>				<b>Name of the scrips</b>							
<b>SHARE CAPITAL :</b>				<b>Long Term Investment</b>							
<b>AUTHORISED SHARE CAPITAL:</b>				<b>Equity Shares (Quoted):-</b>							
1,50,00,000 Equity Shares of ₹10/-each (Previous Year 1,50,00,000 Equity Shares of ₹10/-each)				Indo Count Ind Limited (FV of ₹10/- each fully paid up )							
		150,000	150,000	9,900	212	9,900	212				
<b>Total</b>		<b>150,000</b>	<b>150,000</b>	Aptech Ltd (FV of ₹ 10 each fully paid up)	10,031	—	—				
<b>ISSUED :</b>				Coromandal Engineering Company Limited (FV of ₹10 each fully paid up)							
1,12,74,417 Equity Shares of ₹10/- each (Previous year 1,12,74,417 Equity Shares of ₹10/- each)				Scana Point Limited (FV of ₹ 2/-each fully paid up)							
		112,744	112,744	400	1	400	1				
<b>Total</b>		<b>112,744</b>	<b>112,744</b>	Tata Coffee Limited (FV of ₹ 10-each fully paid up)	60	1,000	60				
<b>SUBSCRIBED &amp; PAID UP CAPITAL :</b>				Investment in Equity Shares held by Keynote Trust (FV of ₹10 each fully paid up)							
70,18,339 Equity Shares of ₹10/- each fully paid up (Previous year 70,18,339 Equity Shares of ₹10/- each fully paid up)				1,451,702				12,971	1,451,702	12,971	
		70,183	70,183	<b>Total</b>	<b>1,512,392</b>	<b>23,334</b>	<b>1,472,952</b>	<b>13,443</b>			
<b>Total</b>		<b>70,183</b>	<b>70,183</b>	<b>Mutual Fund:-</b>							
<b>RESERVES AND SURPLUS :</b>				L And T FMP-111(Febuary 366DA)Collection							
Profit and Loss Account				1,000,000				10,000	—	—	
General Reserve				10,000,000				10,000,000	137,500	10,000,000	137,500
Add : Transfer during the year				2,019				2,019	—	—	
		119,749	70,594	<b>Total</b>	<b>10,000,000</b>	<b>137,500</b>	<b>10,000,000</b>	<b>137,500</b>			
<b>Total</b>		<b>119,749</b>	<b>70,594</b>	<b>TOTAL (A)</b>							
<b>SECURITIES PREMIUM :</b>				2,512,392				33,334	1,472,952	13,443	
As per last Balance Sheet				230,648				230,648	—	—	
		230,648	230,648	<b>Equity Shares (Unquoted) (Face Value ₹ 10 each, unless otherwise stated)</b>							
<b>Total</b>		<b>350,398</b>	<b>301,242</b>	Maya Entertainment Limited							
<b>SCHEDULE 'B' :</b>				700				3	448,160	5,812	
<b>RESERVES AND SURPLUS :</b>				800				10	700	3	
Profit and Loss Account				10,000				800	800	10	
General Reserve				2,019				10,000	30	10,000	30
Add : Transfer during the year				70,594				3,600	2,440	—	
		119,749	70,594	<b>Total</b>	<b>15,100</b>	<b>2,482</b>	<b>459,660</b>	<b>5,854</b>			
<b>Total</b>		<b>119,749</b>	<b>70,594</b>	<b>INVESTMENT IN SUBSIDIARY COMPANY :</b>							
<b>SECURITIES PREMIUM :</b>				Keynote Capitals Limited (Face Value ₹10 each)							
As per last Balance Sheet				10,000,000				137,500	10,000,000	137,500	
		230,648	230,648	<b>Total</b>	<b>10,000,000</b>	<b>137,500</b>	<b>10,000,000</b>	<b>137,500</b>			
<b>Total</b>		<b>350,398</b>	<b>301,242</b>	<b>TOTAL (B)</b>							
<b>SCHEDULE 'C' :</b>				10,015,100				139,982	10,459,660	143,354	
<b>SECURED LOAN :</b>				<b>INVESTMENT IN KEYNOTE TRUST</b>							
From Others (i.e. Entities other than Banks and Financial Institutions)				<b>(INITIAL CORPUS) :</b>							
(Secured by hypothecation of Motor Car)				—				20	—	20	
		—	1,294	<b>Total</b>							
<b>Total</b>		<b>—</b>	<b>1,294</b>	—				20	—	20	
<b>SCHEDULE 'D'</b>				<b>TOTAL (C)</b>							
<b>FIXED ASSETS</b>				<b>Current Investment:-</b>							
				<b>Mutual Fund:-</b>							
				L & T MIP							
				405,903				4,669	—	—	
				<b>TOTAL (D)</b>							
				405,903				4,669	—	—	
				Aggregate cost of Investments				178,006	156,818		
				(A) + (B) +(C) +(D)				178,006	156,818		
				Less: Dimnution in value of investment				2,713	—		
				Long Term Investment (Aptech Ltd)				53	—		
				Current Investment (L & T MIP Mutual Fund)				2,767	—		
				<b>Total</b>				175,239	156,818		
				Aggregate cost of Investments				23,334	13,443		
				(Net of Diminution in value of Investment)				80,038	88,684		
				Aggregate cost of Quoted Investments				—	—		
				Market Value of Quoted Investments				—	—		
				<b>TOTAL (E)</b>				—	—		
				2,512,392				33,334	1,472,952	13,443	

### SCHEDULE 'D' FIXED ASSETS

(₹ in thousands)

SR. NO.	DESCRIPTION	Rate of Depn. (SLM)	GROSS BLOCK			DEPRECIATION			NET BLOCK			
			AS AT 01.04.2010	ADDITIONS DURING THE YEAR	DEDUCTIONS/ADJUSTMENTS	AS AT 31.03.2011	UP TO 1.4.2010	PROVIDED DURING THE YEAR	DEDUCTIONS/ADJUSTMENTS	AS AT 31.3.2011	AS AT 31.3.2011	AS AT 31.3.2010
1	Motor Cars	9.50%	7,648	—	—	7,648	2,779	727	—	3,505	4,143	4,870
2	Furniture & Fixtures	6.33%	1,085	—	534	551	667	69	532	203	348	419
3	Air conditioners	4.75%	1,155	—	227	928	303	55	162	196	731	851
4	Electrical fittings	4.75%	67	—	67	—	52	3	55	—	—	15
5	Office Equipments	4.75%	348	29	348	29	253	17	269	1	28	95
6	Computers	16.21%	1,969	149	—	2,118	929	328	—	1,257	861	1,040
7	Premises	1.63%	700	—	—	700	239	11	—	250	450	461
	<b>TOTAL</b>		<b>12,972</b>	<b>177</b>	<b>1,176</b>	<b>11,974</b>	<b>5,221</b>	<b>1,209</b>	<b>1,019</b>	<b>5,412</b>	<b>6,562</b>	<b>7,751</b>
	<b>PREVIOUS YEAR</b>		<b>12,738</b>	<b>234</b>	<b>—</b>	<b>12,972</b>	<b>4,050</b>	<b>1,171</b>	<b>—</b>	<b>5,221</b>	<b>7,751</b>	<b>—</b>

## KEYNOTE CORPORATE SERVICES LIMITED

	As at 31.03.2011 ₹ in thousands	As at 31.03.2010 ₹ in thousands		As at 31.03.2011 ₹ in thousands	As at 31.03.2010 ₹ in thousands
<b>SCHEDULE 'F'</b>			<b>SCHEDULE 'L'</b>		
<b>SUNDRY DEBTORS:</b>			<b>INTEREST AND OTHER INCOME:</b>		
<i>(Unsecured considered good unless otherwise stated)</i>			Interest on Fixed Deposits (TDS CY. ₹ 60.11 thousands (PY ₹ 836 thousand)	616	6,338
I. Debts outstanding for a period exceeding 6 months:	2,902	—	Profit from dealing in Debt Securities	—	300
II. Other Debts	5,088	1,075	Interest Income ICD/Govt Securities (TDS CY. ₹ 3.47 thousand (PY ₹ 35.75 thousand))	459	455
<b>Total</b>	<b>7,989</b>	<b>1,075</b>	Dividend on Shares held by Keynote Trust	2,178	1,452
<b>SCHEDULE 'G'</b>			Dividend from Mutual Fund & others	1,440	2,422
<b>CASH AND BANK BALANCE</b>			Profit on Sale of Long Term Investment	7,594	5,247
Cash in hand	20	303	Rent	1,054	978
Balance With Scheduled Banks			Miscellaneous Income	63	3,482
In Current Accounts	8,750	4,362	<b>Total</b>	<b>13,403</b>	<b>20,674</b>
In Fixed Deposits Accounts	11,268	31,752			
in unpaid dividend Account	418	220	<b>SCHEDULE 'M'</b>		
<b>Total</b>	<b>20,456</b>	<b>36,637</b>	<b>INTEREST &amp; FINANCIAL EXPENSES</b>		
<b>SCHEDULE 'H'</b>			Interest On Car Loan	58	178
<b>OTHER CURRENT ASSETS:</b>			Interest On Delayed Payment	3	—
Interest Accrued on Fixed Deposit	364	2,420		<b>61</b>	<b>178</b>
Sundry Receivable	948	—			
<b>Total</b>	<b>1,312</b>	<b>2,420</b>	<b>SCHEDULE 'N'</b>		
<b>SCHEDULE 'I'</b>			<b>PERSONNEL EXPENSES</b>		
<b>LOANS AND ADVANCES:</b>			Salary & Wages	17,079	11,734
<i>(Unsecured considered good by the management)</i>			Directors remuneration	11,550	9,828
Advances Recoverable in cash or in kind	3,367	33,191	Contribution to Provident Fund & ESIC	2,173	1,772
Advance Tax and Tax Deducted at Source	47,900	32,912	Leave Encashment	2,603	—
Loan to Subsidiary	38,928	31,622	Gratuity	2,465	399
Loan to Others	151,207	80,322	Staff Welfare Expenses	929	816
Security Deposits	5,153	4,712		<b>36,800</b>	<b>24,549</b>
<b>Total</b>	<b>246,555</b>	<b>182,757</b>	<b>SCHEDULE 'O'</b>		
<b>SCHEDULE 'J'</b>			<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
<b>CURRENT LIABILITIES:</b>			Advertisement and Publicity	273	309
<b>Sundry Creditors:</b>			Audit fees	600	200
Due to MSME	—	—	Business Promotion Expenses	906	876
Due to Others	2,927	3,495	Donation (Non Political Party)	10	—
Advances from Clients	7,239	31,342	Diminution in Value of Investment	2,767	—
Unpaid Dividend (Shall be credited to Investor Education and Protection Fund to the extent as and when required)	418	220	Electricity Charges	677	786
Security Deposit	300	300	Insurance	116	78
Other Liabilities	9	9	Assets written off	157	—
<b>Total</b>	<b>10,893</b>	<b>35,367</b>	Professional Charges	11,689	5,762
<b>SCHEDULE 'K'</b>			Loss from Debt Segment (Net of profit ₹11.2 thousands)	184	—
<b>PROVISIONS :</b>			Motor Car Expenses	907	636
Provision for Taxation	71,259	34,955	Postage, Courier & Telegraphs	126	104
Provision for Leave Encashment	1,823	—	Printing & Stationary	516	1,095
Provision for Gratuity	2,031	—	Rent	4,801	4,269
Provision for Bonus	1,244	—	Rates & Taxes	112	94
Proposed Dividend	10,528	10,528	Repairs & Maintenance others	210	426
Distribution Tax on Dividend	1,748	1,789	Subscription & Registration fees	412	715
<b>Total</b>	<b>88,633</b>	<b>47,272</b>	Sundry Balances written off	105	184
			Telephone Expenses	693	929
			Travelling & Conveyance Expenses	3,131	1,860
			Miscellaneous Expenses	506	2,106
			<b>Total</b>	<b>28,899</b>	<b>20,428</b>

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### SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

#### SCHEDULE 'P': NOTES TO THE FINANCIAL STATEMENTS

##### 1) SIGNIFICANT ACCOUNTING POLICIES: -

###### a) BASIS OF PREPARATION:

The Financial statements are prepared under the historical cost convention, on accrual basis of accounting and in accordance with generally accepted accounting principles in India and comply with the Accounting Standards specified in the Companies (Accounting Standards) Rules 2006, issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards (NACAS) and applicable relevant provisions of the Companies Act, 1956.

###### b) USE OF ESTIMATES:

The presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which results are known / materialized.

###### c) REVENUE RECOGNITION:

- i) Fees including Issue Management fees is recognized with reference to achievement of milestones defined in the engagement/mandate.
- ii) Dividend from investments is accounted for as income when the right to receive the dividend is established.
- iii) Interest income is recognized on an accrual basis.

###### d) FIXED ASSETS AND CAPITAL WORK IN PROGRESS :

Fixed assets, are stated at cost of acquisition or at revalued amount less accumulated depreciation and impairment, if any. Cost comprises of cost of acquisition, cost of improvements and any attributable cost of bringing the assets to its working condition for intended use.

Capital work-in-progress is stated at cost comprising of direct cost and related incidental expenditure. The advances given for acquiring/ construction for Fixed Assets are shown under Capital Work in Progress.

###### e) DEPRECIATION:

Depreciation on Fixed Assets are provided on straight-line method and in the manner specified in Schedule XIV to the Companies Act, 1956. Assets costing upto ₹ 5,000 /- are fully depreciated in the year of acquisition.

###### f) FOREIGN CURRENCY TRANSACTION:

Foreign Exchange transactions are recorded at the closing rate prevailing on dates of the transactions. Exchange differences arising on Foreign exchange transactions settled during the year is recognized in the Profit and Loss account.

Monetary assets & liabilities denominated in foreign currencies are converted at the closing rates as on Balance Sheet date. The resultant exchange difference is recognized in the Profit and Loss account.

Non Monetary assets & liabilities denominated in foreign currencies are carried at the exchange rate prevalent on the date of transaction.

###### g) INVESTMENTS :

Investments are classified into long term investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments. Long term investments are accounted at cost and any decline in the carrying value other than temporary in nature is provided for. Current investments are valued at lower of cost and fair value.

###### h) EMPLOYEE BENEFITS:

- i) Provident Fund & ESIC is a defined contribution scheme and the contributions as required by the Statute are charged to the Profit and Loss Account as incurred.
- ii) Gratuity Liability is a defined benefit plan. The amount of Gratuity payable as per the Life Insurance Corporation of India valuation report. The same has been deposited with the Group Gratuity Assurance Scheme of LIC. The liability of gratuity is provided in the accounts on the basis of gratuity valuation conducted by Independent actuary at the year end.

- iii) The employees of the company are entitled to compensated absences and leave encashment as per the policy of the Company. The liability in respect thereof is provided on the basis of actuarial valuation.

###### i) BORROWING COSTS:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of the asset. Other borrowing cost is recognized as an expense in the period in which they are incurred.

###### j) OPERATING LEASES:

Assets acquired on leases, where a significant portion of the risks & rewards of ownership are retained by the lesser, are classified as operating lease. Lease rentals are charged to the Profit & Loss Account as per the terms of the lease arrangements.

###### k) TAXES ON INCOME:

Tax expenses are the aggregate of current tax and deferred tax charged or credited in the statement of profit and loss for the period.

###### i) Current tax

The current charge for income tax is calculated in accordance with the regulations applicable to the company.

###### ii) Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date.

###### l) IMPAIRMENT OF ASSETS :

Assets are reviewed for impairment at each balance sheet date. In case, events and circumstances indicate any impairment, the recoverable amount of these assets is determined. An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which an asset is defined as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimates of the recoverable amount and such loss either no longer exists or has decreased.

###### m) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

##### 2) NOTES ON ACCOUNTS

###### a) CAPITAL COMMITMENT :

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹39,625 thousand (P.Y ₹39,625 thousand)

###### b) CONTINGENT LIABILITIES NOT PROVIDED FOR:

- i) Guarantee given by the Company to the Bankers of its subsidiary, Keynote Capitals Limited ₹ 1,15,000 thousands (Previous year ₹ 65,000 thousands) towards NSE & BSE operations.
- ii) Income Tax demand for ₹ 4,866 thousands (P.Y. 4,866 thousands) (including interest of ₹ 1,866 thousands) in respect of Assessment Year 1997-98 were under dispute, and the company has already paid the same. The Company has preferred an appeal before the income tax Appellate Tribunal against the order of the Deputy Commissioner of Income-Tax. However, the matter is set aside by appellate tribunal and is pending before assessing officer.



## KEYNOTE CORPORATE SERVICES LIMITED

c) During the current year the Company has recognized issue management fees as income in accordance with the achievement of milestone defined in the mandate letter with the client as against the recognition of income on completion of assignment basis followed till last financial year 2009-2010. Pursuant to such change in policy income for the current financial year has increase by ₹20,092 thousands

d) During the current year the Company has recognised dividend income on investment when the right to receive the same is established as against on receipt basis followed till last financial year 2009-2010. Pursuant to such change in policy there is no change in the revenue for the current year.

e) Sundry Debtors, Creditors and Loans and Advances are subject to confirmation by the parties.

f) In the opinion of the Company, the Current Assets, Loans and Advances are not less than the value stated, if realised in the ordinary course of the business. The provision for depreciation and all known liabilities are adequate and not in excess of amount considered necessary.

**g) AUDITORS REMUNERATION:**

	Year ended 31 <sup>st</sup> March, 2011 (₹ in thousands)	Year ended 31 <sup>st</sup> March, 2010 (₹ in thousands)
(i) Audit Fee (Including limited review and consolidation fees)	550	160
(ii) Tax Audit Fees	50	40
(iii) Income Tax Matters	—	15
(iv) Out of Pocket Expenses	12	10
(v) Certification work	—	25
(vi) Service tax on Fees and Reimbursement	63	26
	<b>675</b>	<b>276</b>

**h) MANAGERIAL REMUNERATION:**

	Year ended 31 <sup>st</sup> March, 2011 (₹ in thousands)	Year ended 31 <sup>st</sup> March, 2010 (₹ in thousands)
i) Salaries	13975	12902
ii) Contribution to Provident Fund	1039	885
iii) Perquisite	126	129
<b>TOTAL</b>	<b>15140</b>	<b>13916</b>

\*Excluding contribution to Gratuity Fund and provision for Leave Encashment, as separate figures cannot be quantified.

Computation of Net Profit in accordance with Section 198 & 349 of the Companies Act, 1956 for the calculation of the Remuneration payable to the Directors:

	(₹ In thousands)	
Particulars	2010-2011	2009-2010
Profit for the year Before Tax	95,684	54,775
Add: Managerial Remuneration	15140	13916
Assets Written off	157	
Diminution in Value of Investment	2767	
Donation	10	
Loss on Sale of Investment	184	
Total	18258	13916
Less: Profit on sale of Investment	7594	5546
Total	7594	5546
Net Profit in accordance with Section 349 of the Companies Act, 1956	106348	63145
11% of Net Profit as computed above	11698	6946
Total Managerial Remuneration	15140	13916

The company has paid total excess remuneration of ₹6140 thousand as per the limit prescribed in schedule XIII read with section 269 of the companies act 1956, Company has made a delayed application to the central government on 4th May, 2011 and 24th August, 2011 for approval of the said excess remuneration paid to the directors in pursuant to provision of section 198,269,309,310 read with scheduled XIII and all other provisions if any, of the companies act,1956. The said applications are still pending for approval with the central government.

i) In compliance with Accounting Standard (AS 22) relating to "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India (ICAI), the Company has accounted for deferred tax. The components of deferred tax assets to the extent recognised and deferred tax liability as on 31st March,2011 are as follows:

	(₹ In thousands)	
Particulars	2010-2011	2009-2010
<b>Deferred Tax Liability/(Assets) on account of :</b>		
Difference between WDV as per income tax & books of Accounts	458	8
Total	458	8
<b>Deferred Tax Assets on account of :</b>		
Provision for Leave Salary	591	—
Provision for Gratuity	659	—
Provision for Bonus	404	—
Others	51	—
Total	1705	—
<b>Net deferred tax Liability / (Asset)</b>	<b>(1247)</b>	<b>8</b>

**j) Computation of Basic and Diluted Earnings Per Share:**

	(₹ In thousands)	
Particulars	2010-2011	2009-2010
Profit After Tax	61,431	40383
Weighted average number of equity shares:	7018	7018
Basic/Diluted EPS as on 31st March, 2011 (F. V. Of ₹10 each)	8.76	5.75

**k) SEGMENT DISCLOSURE**

The Company operates only in one Segment i e merchant banking & related services, hence there are no separate reportable segments under AS 17.

l) Related Party Disclosure as per Accounting Standard 18 issued by the institute of Chartered accountant of India

**a) List of related parties:**

**A) Enterprise where control exist:**

Subsidiary Companies:  
Keynote Capitals Ltd  
Keynote Commodities Ltd (Step Down Subsidiary)  
Keynote Wealth Management Ltd (Step Down Subsidiary ceased to exist w.e.f 4th October 2010.)  
Arteries Insurance Broking Ltd (Step Down Subsidiary)

**B) Key Management Personnel:**

Mr. Nirmal Suchanti-Chairman  
Mr. B. Madhuprasad-Vice Chairman  
Mr. Uday S. Patil-Director  
Mr. Vineet Suchanti-Managing Director

**C) Relatives of Key Management Personnel:**

Mrs. Pushpa Suchanti-Wife of Chairman  
Mrs. Prema Madhuprasad-Wife of Vice Chairman  
Mrs. Bharti Patil-Wife of Director  
Mrs. Rinku Suchanti-Wife of Managing Director  
Mr. Vivek Suchanti-Brother of Managing Director  
Mrs. Rita Suchanti-Sister in law of Managing Director

**D) Enterprise over which Key Management Personnel exercise Significant Influence:**

Concept Communication Ltd.  
Nirmal Suchanti HUF  
Keynote Trust  
NSS Digital Media Ltd.

**E) Other Entity:**

Eagle Eye Research & Media Pvt Ltd.

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b) Description of the nature of transactions with the Related Parties as on 31st March, 2011:

(₹ In thousands)

Particulars	Name of the related party	Subsidiary Company		Key Management Personnel/Relatives		Enterprise over which key Management personnel exercise Significant Influence		Other Entity	
		2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Sale of Fixed Assets	NSS Digital Media Ltd	—	—	—	—	8000	—	—	—
Sale of investment	Keynote Capitals Ltd	36273	—	—	—	—	—	—	—
Receiving of services	Concept Communication Ltd	—	—	—	—	79	113	—	—
Managerial Remuneration	B.Madhuprasad*	—	—	4440	3780	—	—	—	—
Managerial Remuneration	Vineet Suchanti*	—	—	4149	3528	—	—	—	—
Managerial Remuneration	Uday S Patil*	—	—	2961	2520	—	—	—	—
Deposit Given/ (Refunded back)	Nirmal Suchanti-HUF*	—	—	—	—	(29097)	29097	—	—
Deposit Given	Keynote Capitals Ltd	5	—	—	—	—	—	—	—
Dividend paid	Keynote Trust	—	—	—	—	2178	1452	—	—
Dividend Paid	Pushpa Suchanti	—	—	198	132	—	—	—	—
Dividend Paid	Rinku Suchanti	—	—	6	4	—	—	—	—
Dividend Paid	Vivek Suchanti	—	—	74	49	—	—	—	—
Dividend Paid	Rita Suchanti	—	—	7	5	—	—	—	—
Dividend Received	Keynote Trust	—	—	—	—	(2178)	(1452)	—	—
Loans & advances Given	Keynote Capitals Ltd	266676	161625	—	—	—	—	—	—
Loans & advances Given	Eagle Eye Research & Media Pvt Ltd	—	—	—	—	—	—	1000	—
Loans & advances repaid	Keynote Capitals Ltd	259454	64293	—	—	—	—	—	—
Expenses incurred on behalf of (Expenses Reimburse)	Keynote Capitals Ltd	870	36	—	—	—	—	—	—
Expenditure incurred by (Reimbursement)	Keynote Capitals Ltd	150	95	—	—	—	—	—	—
Reimbursement of exp to Director	Vineet Suchanti	—	—	569	1243	—	—	—	—
<b>Outstanding balance</b>									
Guarantees given	Keynote Capitals Ltd	115000	65000	—	—	—	—	—	—
Loan Given	Keynote Capitals Ltd	38928	31629	—	—	—	—	—	—
Deposit Given	B.Madhuprasad	—	—	1000	1000	—	—	—	—
Advances	Keynote Trust	—	—	—	—	88	111	—	—

**Note:**

\*Excluding contribution to Gratuity Fund and provision for Leave Encashment, as separate figures cannot be quantified.

**m) LEASES:**

The aggregate lease rentals in respect of Operating Leases for the period charged as lease rentals in the profit and loss a/c aggregate to ₹4153 thousands (Previous year: ₹ 3701 thousands)

The Future Minimum Lease Payments under non cancellable operating leases are as under:

Particulars	(₹ In thousands)	
	2010-2011	2009-2010
i) Not later than one Year	3461	4153
ii) Later than one Year and not later than five years	NIL	3461
iii) Later than five years	NIL	NIL

The Company has received ₹1054 thousands on account of lease of a premises

The Future Minimum Lease Receivable under non cancellable operating leases are as under:

Particulars	(₹ In thousands)	
	2010-2011	2009-2010
i) Not later than one Year	1161	1054
ii) Later than one Year and not later than five years	NIL	NIL
iii) Later than five years	NIL	NIL

Disclosure in respect of the gross carrying amount and accumulated depreciation of the asset given on lease has been stated in the financial statements.

**n) Employee Benefits:**

Disclosure required under Accounting Standard - 15 (revised 2005) for "Employee Benefits" are as under:

**A. Defined Benefit Plans**

**(a) Gratuity:**

Retirement Benefits in the form of Gratuity for the eligible employees are considered as Defined Benefit Plan. The Company has implemented Group Gratuity Assurance Scheme of Life Insurance Corporation of India dated 5th July' 2005 which is effective from 1<sup>st</sup> June' 2005 and has paid ₹ 434 thousands as a total contribution during the year.

**I. ASSUMPTION**

	01/04/2010	31/03/2011
Discount rate [previous]		7.50%
Rate of return on plan assets [previous]		8.00%
Salary escalation [previous]		10.00%
Attrition rate [previous]		13.00%
Discount rate [current]		8.00%
Rate of return on plan assets [current]		8.00%
Salary escalation [current]		10.00%
attrition rate [current]		13.00%

## KEYNOTE CORPORATE SERVICES LIMITED

<p><b>II. TABLE SHOWING CHANGE IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION:</b></p> <p>Present value of benefit obligation as at the beginning of the Current period</p> <p>Interest cost</p> <p>Current service cost</p> <p>Transitional liability incurred during the period</p> <p>Past service cost [non vested benefit] incurred during the period</p> <p>Past service cost [vested benefit] incurred during the period</p> <p>Liability transferred in (Liability transferred out) (Benefit paid)</p> <p>Actuarial(gains)/losses on obligations</p> <p>Present value of benefit obligation as at the end of the current period</p>	<p><b>01/04/2010</b></p> <p><b>31/03/2011</b></p>	<p>Recognized during the period</p> <p>Transitional liability recognized during the period</p> <p>Expense recognized in p&amp;l</p>	<p></p> <p></p> <p>399.55</p>															
<p><b>III. TABLE OF FAIR VALUE OF PLAN ASSETS:</b></p> <p>Fair value of plan assets at the beginning of the period</p> <p>Expected return on plan assets</p> <p>Contributions</p> <p>Transfer from other company (Transfer to other company) (Benefit paid)</p> <p>Actuarial gains/(losses) on plan assets</p> <p>Fair value of plan assets at the end of the period</p>	<p><b>01/04/2010</b></p> <p><b>31/03/2011</b></p>	<p><b>VIII. BALANCE SHEET RECONCILIATION:</b></p> <p>Opening net liability</p> <p>Expense as above</p> <p>Net transfer in (Net transfer out) (Employer's contribution)</p> <p>Net liability/(asset) recognized in the balance sheet</p>	<p><b>01/04/2010</b></p> <p><b>31/03/2011</b></p> <p>2065.86</p> <p>399.55</p> <p>434.53</p> <p>2030.88</p>															
<p><b>IV. TABLE OF RECOGNITION OF ACTUARIAL GAINS/LOSSES:</b></p> <p>Actuarial (gains)/losses on obligation for the period</p> <p>Actuarial (gains)/losses on asset for the period</p> <p>Subtotal</p> <p>Actuarial (gains)/losses recognized in income &amp; expenses statement</p>	<p><b>01/04/2010</b></p> <p><b>31/03/2011</b></p>	<p><b>IX. OTHER DETAILS:</b></p> <p>No of members</p> <p>Salary pm</p> <p>Prescribed contribution for next year (12 months)</p>	<p><b>31/03/2011</b></p> <p>29</p> <p>1537.84</p> <p>1154.41</p>															
<p><b>V. ACTUAL RETURN ON PLAN ASSETS:</b></p> <p>Expected return on plan assets</p> <p>Actuarial gains/(losses) on plan assets</p> <p>Actual return on plan assets</p>	<p><b>01/04/2010</b></p> <p><b>31/03/2011</b></p>	<p><b>X. CATEGORY OF ASSETS:</b></p> <p>Government of india assets</p> <p>Corporate bonds</p> <p>Special deposits scheme</p> <p>Equity shares of listed companies</p> <p>Property</p> <p>Insurer managed funds</p> <p>Other</p> <p>Total</p>	<p><b>31/03/2011</b></p> <p></p> <p></p> <p></p> <p></p> <p>3836.06</p> <p>3836.06</p>															
<p><b>VI. AMOUNT RECOGNIZED IN THE BALANCE SHEET:</b></p> <p>Fair value of plan assets at the end of the period</p> <p>(Present value of benefit obligation as at the end of the period)</p> <p>Funded status</p> <p>Unrecognized past service cost at the end of the period</p> <p>Unrecognized transitional liability at the end of the period</p> <p>Net (liability)/asset recognized in the balance sheet</p>	<p><b>01/04/2010</b></p> <p><b>31/03/2011</b></p>	<p><b>XI. EXPERIENCE ADJUSTMENT:</b></p> <p>On plan liability (gains)/losses</p> <p>On plan assets (losses)/gains</p>	<p><b>01/04/2010</b></p> <p><b>31/03/2011</b></p> <p>(217.65)</p> <p>53.51</p>															
<p><b>VII. EXPENSES RECOGNIZED IN THE INCOME STATEMENT:</b></p> <p>Current service cost</p> <p>Interest cost</p> <p>(Expected return on plan assets)</p> <p>Actuarial (gains)/losses</p> <p>Past service cost [non-vested benefit]</p> <p>Recognized during the period</p> <p>Past service cost [vested benefit]</p>	<p><b>01/04/2010</b></p> <p><b>31/03/2011</b></p>	<p>Note: 1. The Company has provided the gratuity liability on the basis of actuarial valuation done by independent actuary, for the first time during the current financial year. Therefore the previous year's figures have not been disclosed.</p> <p>2. Disclosures of plan assets: The Company does not have information regarding plan assets therefore the disclosure of plan asset has not given.</p> <p><b>(b) Compensated Absences:</b> As per the Company's Policy, a sum of ₹1067 thousands (Previous Year ₹ 2307 thousands) has been paid towards compensated absences; calculated on the basis of unutilised leave. During the year company has also provided ₹ 1823 thousands towards compensated absence on the basis of actuarial valuation done by independent actuary, for the first time during the current financial year.</p> <p><b>B. Defined Contribution Plans</b> Company's Contribution Paid / Payable during the year to Provident fund and ESIC Contribution are recognized as an Expense:</p>	<p>5,866.95</p> <p>3836.06</p> <p>(5866.95)</p> <p>(2030.88)</p> <p>(2030.88)</p> <p>(2030.88)</p> <p>822.57</p> <p>387.44</p> <p>(248.00)</p> <p>(562.45)</p> <p></p> <p></p>															
<p><b>(₹ In thousands)</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: center;">2010-2011</th> <th style="text-align: center;">2009-2010</th> </tr> </thead> <tbody> <tr> <td>1) Contribution to Employees Provident Fund</td> <td style="text-align: right;">2147</td> <td style="text-align: right;">1754</td> </tr> <tr> <td>2) Employees State Insurance Scheme</td> <td style="text-align: right;">26</td> <td style="text-align: right;">18</td> </tr> </tbody> </table> <p>Disclosure regarding loan given to subsidiary Company</p> <p style="text-align: right;"><b>(₹ In thousands)</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name of the Subsidiary</th> <th style="text-align: center;">Maximum Balance</th> <th style="text-align: center;">Closing Balance</th> </tr> </thead> <tbody> <tr> <td>Keynote Capital Ltd</td> <td style="text-align: right;">173170</td> <td style="text-align: right;">37666</td> </tr> </tbody> </table> <p>The above mentioned loan granted are interest free and are repayable on demand within the period of seven years.</p>				Particulars	2010-2011	2009-2010	1) Contribution to Employees Provident Fund	2147	1754	2) Employees State Insurance Scheme	26	18	Name of the Subsidiary	Maximum Balance	Closing Balance	Keynote Capital Ltd	173170	37666
Particulars	2010-2011	2009-2010																
1) Contribution to Employees Provident Fund	2147	1754																
2) Employees State Insurance Scheme	26	18																
Name of the Subsidiary	Maximum Balance	Closing Balance																
Keynote Capital Ltd	173170	37666																

## ANNUAL REPORT 2010-2011

Details of Investment movement during the year:

Sr no.	Particular	Face Value	Bought Qty	Sold Qty
1	10.90% Tata Motors Finance 2020	14,000,000	140000	140000
2	6.35% GOI 2020	5,00,00,000	500000	500000
3	6.49% GS 2015	5,00,00,000	500000	500000
4	6.90% OIL SPL 2026	5,000,000	50000	50000
5	7.02% GS 2016	5,00,00,000	500000	500000
6	8.80% PGC 2024	2,500,000	25000	25000
7	8.95% LIC Housing Finance 2020	9,000,000	90000	90000
8	9.35% Bank of India 2021	4,000,000	40000	40000
9	9.65% Yes Bank 2020	16,000,000	160000	160000
10	Aptech Ltd.	10	46440	—
11	Eagle Eye Research & Media Pvt Ltd.	10	3600	—

o) As per the scheme of amalgamation approved by the Allahabad, Bombay, and Gauhati High Courts vide order dated 21<sup>st</sup> December 2006, 9<sup>th</sup> March, 2007 and 19<sup>th</sup> March, 2007 respectively, 14,51,702 equity shares of ₹10 each fully paid up is held by keynote trust as a beneficiary of the company. Consequently the corresponding amount is also reflected in Schedule 'E'- investment, as "Investment in equity shares held by keynote Trust". Due to such cross holding the dividend of ₹2178 thousand(Previous year ₹1452 thousands) has been paid & received back from the trust

p) The Company has not received any information from suppliers or service providers, whether they are covered under the "Micro, Small and Medium Enterprises (Development) Act,2006". Disclosure relating to amount unpaid at the year-end together with interest payable, if any, as required under the said act are not ascertainable.

### q) INCOME AND EXPENDITURE IN FOREIGN CURRENCY TRANSACTION

Particulars	(₹in thousand)	
	2010-2011	2009-2010
Service Income	500	1379
Expenditure	87	749

r) The financial statement of the previous year have been audited by another firm of Chartered Accountants. Previous year figures have been regrouped and / or rearranged wherever considered necessary.

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

#### (i) Registration Details:

Registration No.	:	072407
State Code	:	11
Balance Sheet Date	:	31 <sup>st</sup> March, 2011

#### (ii) Capital raised during the year: (₹ In Thousands)

Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL

#### (iii) Position of mobilisation and deployment of funds: (₹ In thousands)

Total Liabilities	:	4,20,581
Total Assets	:	4,20,581

#### Sources of Funds

Paid-up capital	:	70,183
Reserves & Surplus	:	3,50,398
Secured Loans	:	Nil
Unsecured Loans	:	Nil
Deferred Tax Liability	:	Nil

#### Application of Funds

Net fixed Assets	:	6,562
Capital Work in Progress	:	60,747
Deferred Tax Assets	:	1247
Investments	:	1,75,239
Net Current Assets	:	1,76,787

#### (iv) Performance of the Company : (₹ In thousands)

Turnover (Gross Receipts)	:	1,62,653
Total expenditure	:	66,969
Profit / (Loss) before tax	:	95,684
Profit / (Loss) after tax	:	61,431
Earning per share	:	8.76
Dividend Rate (%)	:	15%

#### (v) Generic Names of Three Principal products/services of the Company:

Item Code No. (ITC Code)	:	N.A.
<b>SERVICE DESCRIPTION</b>	:	Merchant Banking/ Corporate Advisory Services

For and on behalf of the Board of  
KEYNOTE CORPORATE SERVICES LTD.

Place : Mumbai  
Date : 6<sup>th</sup> September, 2011

Sd/-	Sd/-	Sd/-
<b>Sangeet Lakkar</b>	<b>B Madhuprasad</b>	<b>Vineet Suchanti</b>
Company Secretary	Vice Chairman	Managing Director

**KEYNOTE CORPORATE SERVICES LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011  
(Pursuant to Listing Agreement With Stock Exchange)**

	2010-11 ₹ in thousands	2010-11 ₹ in thousands	2009-10 ₹ in thousands	2009-10 ₹ in thousands
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit Before Tax and Extraordinary items		95,640		54,775
Net prior year Adjustments				
Adjustment For :				
Depreciation	1,209		1,171	
Provision for Leave Encashment	1,823		—	
Provision for Bonus	1,244		—	
Provision for Gratuity	2,031		—	
Diminution in value of investment	2,767		—	
Profit on Sale of Investment	(7,594)		—	
Interest	61		178	
Assets return off	157		—	
Dividend Income	(3,617)		(3,874)	
Interest Income	(1,074)		(6,793)	
		(2,993)		(9,318)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		92,647		45,457
ADJUSTMENT FOR :				
Trade and other receivables	(5,691)		(175)	
Loans & advance	(49,599)		(29,137)	
Provisions	—		(66,205)	
Trade payables.	(24,474)	(79,764)	(2,857)	(98,374)
<b>NET CASH FROM OPERATING ACTIVITIES SUB TOTAL (A)</b>		12,883		(52,916)
Less: Taxes paid	(14,313)	(14,313)		
<b>NET CASH FROM OPERATING ACTIVITIES SUB TOTAL (A)</b>		(1,430)		(52,916)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Investments	(17,109)		—	
Sale of Investment	3,516		94,191	
Investment in Subsidiary Companies	—		(62,500)	
Interest Income	1,074		6,793	
Dividend Income	3,617		3,874	
Capital Advance for Purchase of Premises	8,000		(60,747)	
Purchase of Assets	(177)		(234)	
<b>NET CASH USED IN INVESTING ACTIVITIES SUB TOTAL(B)</b>		(1,079)		(18,624)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Dividend	(10,528)		(7,019)	
Dividend distribution tax	(1,789)		(1,193)	
Interest	(61)		(178)	
Repayment of secured loan	(1,294)		(1,297)	
<b>NET CASH FROM FINANCING ACTIVITIES SUB TOTAL(C)</b>		(13,672)		(9,686)
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS TOTAL (A+B+C)</b>		(16,181)		(81,226)
<b>CASH AND CASH EQUIVALENTS AS AT 01.04.2010</b>		36,637		117,863
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2011</b>				
<b>CASH</b>	20		303	
<b>BANK</b>				
In Current Accounts	8,750		4,362	
In Fixed Deposits Accounts	11,268		31,752	
in unpaid dividend Account	418	20,456	220	36,637

**Notes :**

1. The above Cash flow statement has been prepared under the "indirect method" as set out in the Accounting Standards -3 on Cash Flow Statement.
2. Figures in bracket indicate cash outgo / income.
3. Previous year's figures have been regrouped and rearranged wherever necessary to confirm to the current year's classification.

**This is the Cash Flow Statement referred to in our report of even date**

**AS PER OUR REPORT OF EVEN DATE ATTACHED  
For HARIBHAKTI & CO  
Chartered Accountants**

**For and on behalf of the Board of  
KEYNOTE CORPORATE SERVICES LTD.**

Sd/-  
**Rakesh Rathi**  
Partner

Sd/-  
**Sangeet Lakkar**  
Company Secretary

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

Sd/-  
**Vineet Suchanti**  
Managing Director

**Place :** Mumbai  
**Date :** 6<sup>th</sup> September, 2011

## ANNUAL REPORT 2010-2011

### Statement Pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary Companies

1. Name of Subsidiary	: Keynote Capitals Ltd.	Keynote Commodities Ltd	Arteries Insurance Broking Ltd.
2. The Financial year of subsidiary Company ended on	: 31st March, 2011	31st March, 2011	31st March, 2011
3. a. No. of Equity Shares held by Keynote Corporate Services Ltd. and/or its Nominees in subsidiary as on 31st March, 2011	: 1,00,00,000 Equity Shares	350,000 Equity Shares	500,000 Equity Shares
b. Extent of interest of Keynote Corporate Services Ltd. in the Capital of subsidiary	: 100 %	100%	100%
4. Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of Keynote Corporate Services Ltd. and is not dealt with the Company's Accounts.			
a. Profits / (Losses) for the year ended on 31st March, 2011 of the subsidiary	: ₹ 4,617/-	₹ 155/-	₹ (457/-)
b. Profits / (Losses) for the previous financial years of the subsidiary since it became subsidiary of Keynote Corporate Services Ltd.	: ₹ 18,650/-	₹ 8,224/-	₹ (33/-)
5. Net aggregate amount of Profits / (Losses) of the subsidiary so far as dealt with or provision made for those losses in the accounts of Keynote Corporate Services Ltd.			
a. Profits of the subsidiary for the financial year ended on 31 <sup>ST</sup> March, 2011	: NIL	NIL	NIL
b. Profits for the previous financial year of the subsidiary since it became subsidiary of Keynote Corporate Services Ltd.	: NIL	NIL	NIL

**For and on behalf of the Board of  
KEYNOTE CORPORATE SERVICES LTD.**

Sd/-  
**Sangeet Lakkar**  
*Company Secretary*

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

Sd/-  
**Vineet Suchanti**  
*Managing Director*

**Place :** Mumbai

**Date :** 6<sup>th</sup> September, 2011

**KEYNOTE CORPORATE SERVICES LIMITED**

**Statement pursuant to exemption granted by the Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956 Relating to Subsidiary Companies for the year ended March 31, 2011**

Details of Subsidiary Companies

(₹ in thousands)

Particulars	Name of Subsidiaries		
	Keynote Capitals Limited	Keynote Commodities Limited	Arteries Insurance Broking Limited
Share Capital	100,000	3,500	5,000
Reserves & Surplus	146,622	8,092	—
Total Assets	298,647	25,732	5,155
Total Liabilities	298,647	25,732	5,155
Investment (Except investment in subsidiaries)	28,643	5,000	—
Turnover	125,610	877	—
Profit/(Loss) before Taxation	7,358	540	(815)
Add Excess Provision	—	38	—
Less Short Provision	—	20	—
Provision for Taxation	4,232	400	—
Deferred Tax (Asset) / Liability	(1,491)	3	(358)
Profit/(Loss) after Taxation	4,617	155	(456)

**For and on behalf of the Board of  
KEYNOTE CORPORATE SERVICES LTD.**

Sd/-  
**Sangeet Lakkar**  
*Company Secretary*

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

Sd/-  
**Vineet Suchanti**  
*Managing Director*

**Place :** Mumbai

**Date :** 6<sup>th</sup> September, 2011

**AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**To**  
**The Board of Directors of Keynote Corporate Services Limited**

1. We have audited the attached Consolidated Balance Sheet of **Keynote Corporate Services Limited** ("the Company") and its subsidiaries (collectively referred to as "the Group") as at March 31, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the 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.
3. We did not audit the financial statements of four subsidiaries whose financial statements reflect total net assets of 84,189 thousands as at March 31, 2011, total revenue of 126,488 thousands and cash outflow of 53,309 thousands for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of the other auditors.
4. We report that the consolidated financial statements read together with notes thereon have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" as notified pursuant to the Companies (Accounting Standard) Rules, 2006 and on the basis of the separate financial statements of Keynote Corporate Services Limited and its subsidiaries except for the following:
  - i) Non-compliance with Accounting Standard 9 – "Revenue Recognition" with respect to recognition of Brokerage & Dividend Income in one of the subsidiaries;
  - ii) Non compliance of Accounting Standard 15 (Revised) "Employee Benefits", with respect to provision of liability on employee benefits in all the subsidiaries;
  - iii) Non-compliance with Accounting Standard 26 – "Intangible Assets" with respect to preliminary expenses not being charged to Profit & Loss account;
  - iv) As explained in note no. 'S' of notes to accounts, the financial result of an erstwhile subsidiary have not been considered in the consolidated financial statement in accordance with Accounting Standard 21- "Consolidated Financial Statement";
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanation given to us, subject to our comments in para 4 above, the overall consequential impacts of which are not ascertainable, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India,
  - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
  - b. in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
  - c. in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **HARIBHAKTI & CO.**  
*Chartered Accountants*  
*Firm's Registration No.103523W*

Sd/-  
**Rakesh Rathi**  
*Partner*  
*Membership No. 45228*

Place : Mumbai  
Dated: 6<sup>th</sup> September, 2011



KEYNOTE CORPORATE SERVICES LIMITED

CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2011

(₹ in thousands)

	Schedule No.	AS ON 31.03.2011	AS ON 31.03.2010
<b>I. SOURCES OF FUNDS :</b>			
<b>1. Shareholders' Funds:</b>			
(a) Share Capital	'A'	55,666	70,183
(b) Reserves & Surplus	'B'	467,446	415,450
		<u>523,113</u>	<u>485,633</u>
<b>2. Loan Funds:</b>			
Secured Loan	'C'	2,375	3,727
Unsecured Loan		11,329	3,013
		<u>13,705</u>	<u>6,740</u>
		13,705	6,740
<b>3. Deferred Tax Liability</b>			
		976	5,534
<b>TOTAL</b>		<u><u>537,794</u></u>	<u><u>497,907</u></u>
<b>II. APPLICATION OF FUNDS:</b>			
<b>1. Fixed Assets :</b>			
Gross Block	'D'	87,785	90,697
Less: Accumulated Depreciation		26,212	24,442
<b>Net Block</b>		<u>61,574</u>	<u>66,255</u>
<b>Capital Work-In-Progress (including capital advances)</b>		<u>121,494</u>	<u>129,494</u>
		<u>183,068</u>	<u>195,749</u>
<b>2. Investments</b>			
	'E'	58,391	65,505
<b>3. Current Assets, Loans &amp; Advances</b>			
(a) Sundry Debtors	'F'	55,824	91,822
(b) Cash & Bank balance	'G'	142,141	211,551
(c) Stock in trade	'H'	479	479
(d) Other current assets	'I'	1,312	2,420
(e) Loans & Advances	'J'	317,384	257,480
<b>Total (A)</b>		<u>517,140</u>	<u>563,753</u>
<b>Less : Current Liabilities &amp; Provisions</b>			
(a) Current liabilities	'K'	102,608	258,738
(b) Provisions	'L'	118,198	68,363
<b>Total (B)</b>		<u>220,806</u>	<u>327,100</u>
<b>Net Current Assets (A- B)</b>		<u>296,335</u>	<u>236,653</u>
<b>Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)		—	—
<b>TOTAL</b>		<u><u>537,794</u></u>	<u><u>497,907</u></u>
Notes to the accounts	'R'		
"the scheduled referred to above from an integral part of the balance sheet"			

AS PER OUR REPORT OF EVEN DATE ATTACHED

For HARIBHAKTI & CO  
Chartered Accountants

For and on behalf of the Board of  
KEYNOTE CORPORATE SERVICES LTD.

Sd/-  
Rakesh Rathi  
Partner

Sd/-  
Sangeet Lakkar  
Company Secretary

Sd/-  
B. Madhuprasad  
Vice Chairman

Sd/-  
Vineet Suchanti  
Managing Director

Place : Mumbai

Date : 6<sup>th</sup> September, 2011

ANNUAL REPORT 2010-2011

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011**

(₹ in thousands.)

	Schedule No.	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
<b>I. INCOME :</b>			
Income from services		217,447	153,659
Profit on dealing in securities	'M'	37,319	14,603
Other Income	'N'	32,196	65,405
<b>TOTAL</b>		<b>286,963</b>	<b>233,667</b>
<b>II. EXPENDITURE :</b>			
Interest & Financial Expenses	'O'	1,972	2,236
Personnel Expenses	'P'	98,235	64,565
Administrative & Other Expenses	'Q'	79,187	71,770
Depreciation / Amortisation		7,109	5,886
Loss on Disposal of Subsidiary company		2,890	—
		<b>189,393</b>	<b>144,458</b>
<b>PROFIT BEFORE TAX &amp; PRIOR PERIOD ITEM:</b>		<b>97,570</b>	<b>89,209</b>
<b>Provision for Tax:</b>			
Current Tax (including interest)		39,552	20,086
Wealth Tax		64	—
Add: Excess Provision		39	—
Add: Mat Credit Entitlement		—	124
Less Short provision for tax in respect of earlier years		1,340	6,802
Deferred Tax (Assets) / Liability		(3,942)	603
<b>PROFIT AFTER TAX BEFORE PRIOR PERIOD ITEM:</b>		<b>60,593</b>	<b>61,843</b>
Less: Prior Period Items		44	—
<b>PROFIT AFTER TAX FOR THE YEAR:</b>		<b>60,549</b>	<b>61,843</b>
Add :Surplus brought forward from previous year		181,782	134,275
<b>Surplus available for appropriations</b>		<b>242,331</b>	<b>196,118</b>
Add: Dividend Adjustment on account of consolidation of Trust (Refer note no. in Schedule 'R' point No. 'P')		2,178	—
<b>Appropriation:</b>			
Proposed Final Dividend		10,528	10,528
Distribution Tax on Dividend		1,748	1,789
Transfer to General Reserve		3,686	2,019
<b>Balance carried to the Balance Sheet</b>		<b>228,547</b>	<b>181,782</b>
Basic and Diluted Earning per share (F.V. ₹ 10/- each.) (Refer note no. in Schedule 'R' point No. 'P')		<b>10.88</b>	9.76
Notes to the accounts	'R'	"the scheduled referred to above from an integral part of the profit & loss"	

**AS PER OUR REPORT OF EVEN DATE ATTACHED**

**For HARIBHAKTI & CO**

Chartered Accountants

Sd/-  
**Rakesh Rathi**  
Partner

Place : Mumbai  
Date : 6<sup>th</sup> September, 2011

**For and on behalf of the Board of  
KEYNOTE CORPORATE SERVICES LTD.**

Sd/-  
**Sangeet Lakkar**  
Company Secretary

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

Sd/-  
**Vineet Suchanti**  
Managing Director

## KEYNOTE CORPORATE SERVICES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED AS AT 31st MARCH, 2011					SCHEDULE 'E' INVESTMENTS (NON TRADE)							
		AS AT 31.03.2011 ₹ in thousands	AS AT 31.03.2010 ₹ in thousands			Quantity In Nos	As at 31.03.2011 Quantity In Nos	₹ in Thousands	As at 31.03.2010 Quantity In Nos	₹ in Thousands		
<b>SCHEDULE 'A'</b>					<b>Long Term Investment</b>							
<b>SHARE CAPITAL :</b>					<b>Equity Shares (Quoted):-</b>							
<b>AUTHORISED SHARE CAPITAL:</b>					Indo Count Ind Limited							
1,50,00,000 Equity Shares of ₹10/-each					(FV of ₹10/- each fully paid up )							
150,000					9,900      212      9,900      212							
(Previous Year 1,50,00,000 Equity Shares of ₹10/-each)					Elpro International Ltd							
150,000					—      —      21,500      13,136							
<b>ISSUED :</b>					Aptech Ltd (FV of ₹ 10 /-each fully paid up)							
1,12,74,417 Equity Shares of ₹10/- each					49,760      10,748      —      —							
(Previous year 1,12,74,417 Equity Shares of ₹10/- each)					Coromandal Engineering Co. Ltd (FV of ₹10/- each fully paid up)							
112,744					2,950      59      9,950      199							
<b>TOTAL</b>					Scana Point Limited (FV of ₹ 2/- each fully paid up)							
112,744					400      1      400      1							
<b>SUBSCRIBED &amp; PAID UP CAPITAL :</b>					Tata Coffee Ltd (FV of ₹10/- each fully paid up)							
55,66,637 Equity Shares of ₹10/-each fully paid up					1,000      60      1,000      60							
Less Opening 70,183					Investment in Equity Shares held by Keynote Trust (FV of ₹10/- each fully paid up)							
55,666					—      —      —      —							
(Previous year 70,18,339 Equity Shares of ₹10/-each fully paid up)					Opening 1,451,702							
55,666					Less 1,451,702							
(Refer note no. in Schedule 'R' point no. 'P')					—      —      1,451,702      12,971							
<b>TOTAL</b>					64,010      11,081      1,494,452      26,580							
<b>SCHEDULE 'B'</b>					<b>Mutual Fund:-</b>							
<b>RESERVES AND SURPLUS :</b>					L And T FMP-111							
Capital Reserve on Consolidation					(February 366DA) Collection							
1,546					1,000,000      10,000      —      —							
(Refer note no. in Schedule 'R' point no. 'P')					Axis Equity Fund (Dividend Payout)							
Profit and Loss Account					—      200      —      200							
General Reserve					L & T Mutual Fund - Monthly Income Plan							
3,019					—      1,552      —      —							
Add : Transfer during the year					1,000,000      11,752      —      200							
3,686					1,000,000      11,752      —      200							
<b>TOTAL</b>					1,064,010      23,199      1,494,452      28,408							
<b>SECURITIES PREMIUM :</b>					<b>Bond:-</b>							
As per last Balance Sheet					8.20% GOI 2022							
230,648					—      —      —      1,628							
<b>TOTAL</b>					9.50% SBI 2025							
467,446					—      366      —      —							
					—      366      —      1,628							
					1,064,010      23,199      1,494,452      28,408							
<b>SCHEDULE 'C'</b>					<b>TOTAL (A)</b>							
<b>SECURED LOAN</b>					<b>Equity Shares (Unquoted)</b>							
From Others					(Face Value ₹ 10/- each, unless otherwise stated)							
1,394					Maya Entertainment Limited							
(i.e. Entities other than Banks and Financial Institutions) (Secured by hypothecation of Motor Car)					200,000      10,000      200,000      10,000							
ICICI Bank Ltd.					R R High Energetic Ltd							
811					88,300      795      88,300      795							
(Secured by hypothecation of motor car)					Olympia Industries Ltd.							
Axis Bank Ltd					13,158      13      13,158      13							
170					Bombay Stock Exchange Ltd							
(Secured by hypothecation of motor car)					2,000,000      20,000      2,000,000      20,000							
<b>Total</b>					Future Venture Ltd							
2,375					700      3      700      3							
<b>UNSECURED LOAN</b>					Dugar Finance Limited							
From Intercompanies					800      10      800      10							
3,399					Dugar Housing Limited							
From Others					10,000      30      10,000      30							
7,930					Stella Export Limited							
<b>TOTAL</b>					3,600      2,440      —      —							
11,329					2,316,558      33,290      2,793,118      37,077							
<b>SCHEDULE 'D'</b>					<b>INVESTMENT IN KEYNOTE TRUST ( INITIAL CORPUS ) :</b>							
<b>FIXED ASSETS</b>					<b>Total</b>							
					—      —      —      20							
					<b>TOTAL (C)</b>							
					—      —      —      20							
					<b>Current Investment:-</b>							
					<b>Mutual Fund:-</b>							
					L & T MIP							
					405,903      4,669      —      —							
					<b>TOTAL (D)</b>							
					405,903      4,669      —      —							
					Aggregate cost of Investments (A) + (B) + (C) + (D)							
					—      —      —      20							
					Less: Diminution in value of investment							
					Long Term Investment (Aptech Ltd)							
					2,713      —      —      —							
					Current Investment (L & T MIP Mutual Fund)							
					—      53      —      —							
					<b>Total</b>							
					—      2,767      —      —							
					Aggregate cost of Investments (Net of Diminution in value of Investment)							
					58,391      65,505							
					Aggregate cost of Quoted Investments							
					11,081      28,408							
					Market Value of Quoted Investments							
					6,690      88,684							
					(₹ in thousands)							
		GROSS BLOCK			DEPRECIATION			NET BLOCK				
Sr. No.	Description	Rate of Dep. (SLM)	As at 01.04.2010	Additions During the Year	Deductions / Adjustments	As at 31.03.2011	Upto 01.04.2010	Provided During the Year	Deductions / Adjustments	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
1	BSE Membership Trading Right	—	35,957	—	—	35,957	—	—	—	—	35,957	35,957
2	OTC Membership Card	—	2,200	—	—	2,200	—	—	—	—	2,200	2,200
3	Motor Cars	9.50%	16,357	2,127	2,455	16,028	4,830	1,688	1,108	5,410	10,619	11,527
4	Furniture & Fixtures	6.33%	5,600	560	1,928	4,232	1,895	259	1,111	1,044	3,188	3,704
5	Air conditioners	4.75%	1,706	207	279	1,635	327	84	176	234	1,400	1,379
6	Electrical fittings	4.75%	574	—	234	340	195	46	117	124	217	380
7	Office Equipments	4.75%	1,114	162	769	506	474	57	486	45	462	640
8	Computers	16.21%	17,513	5,182	—	22,695	14,176	4,231	—	18,407	4,289	3,337
9	Computer Software	—	—	3,491	—	3,491	—	698	—	698	2,793	—
10	Premises	1.63%	3,168	—	2,468	700	364	47	160	250	450	2,804
<b>TOTAL</b>			<b>84,190</b>	<b>11,729</b>	<b>8,134</b>	<b>87,785</b>	<b>22,261</b>	<b>7,109</b>	<b>3,158</b>	<b>26,212</b>	<b>61,574</b>	<b>61,929</b>
<b>PREVIOUS YEAR</b>			<b>86,291</b>	<b>4,406</b>	<b>—</b>	<b>90,697</b>	<b>18,556</b>	<b>5,886</b>	<b>—</b>	<b>24,442</b>	<b>66,255</b>	<b>67,735</b>

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<b>SCHEDULE 'F'</b>				<b>As at</b>		<b>As at</b>	
<b>SUNDRY DEBTORS:</b>				<b>31.03.2011</b>		<b>31.03.2010</b>	
<i>(Unsecured considered good unless otherwise stated)</i>				<b>₹ in thousands</b>		<b>₹ in thousands</b>	
	<b>As at</b>	<b>As at</b>					
	<b>31.03.2011</b>	<b>31.03.2010</b>					
	<b>₹ in thousands</b>	<b>₹ in thousands</b>					
I. Debts outstanding for a period exceeding 6 months:	<b>8,670</b>	<b>4,831</b>					
II. Other Debts	<b>47,154</b>	<b>86,991</b>					
<b>Total</b>	<b>55,824</b>	<b>91,822</b>					
<b>SCHEDULE 'G'</b>							
<b>CASH AND BANK BALANCE</b>							
Cash in hand	<b>1,317</b>	<b>1,572</b>					
Balance With Scheduled Banks							
In Current Accounts	<b>16,928</b>	<b>64,785</b>					
In Fixed Deposits Accounts	<b>123,478</b>	<b>144,974</b>					
in unpaid dividend Account	<b>418</b>	<b>220</b>					
<b>Total</b>	<b>142,141</b>	<b>211,551</b>					
<b>SCHEDULE 'H'</b>							
<b>STOCK-IN-TRADE</b>							
<i>(As certified by the Management)</i>							
<i>(At Cost or Market Value, whichever is lower)</i>							
<b>Sr. No.</b>	<b>Scrip</b>	<b>As at 31.03.2011</b>	<b>As at 31.03.2010</b>				
		<b>Quantity</b>	<b>Quantity</b>	<b>Amount</b>	<b>Amount</b>		
				<b>₹ in</b>	<b>₹ in</b>		
		<b>thousands</b>	<b>thousands</b>				
<b>QUOTED EQUITY SHARES</b>							
	Zenith Global Consultants Ltd.	<b>36,875</b>	<b>36,875</b>	<b>479</b>	<b>479</b>		
<b>Total</b>		<b>479</b>	<b>479</b>				
		<b>AS AT</b>	<b>AS AT</b>				
		<b>31.03.2011</b>	<b>31.03.2010</b>				
		<b>₹ in thousands</b>	<b>₹ in thousands</b>				
<b>SCHEDULE 'I'</b>							
<b>OTHER CURRENT ASSETS:</b>							
Interest Accrued on Fixed Deposit		<b>364</b>		<b>2,420</b>			
Sundry Receivable		<b>948</b>		<b>—</b>			
<b>Total</b>		<b>1,312</b>		<b>2,420</b>			
<b>SCHEDULE 'J'</b>							
<b>LOANS AND ADVANCES:</b>							
<i>(Unsecured considered good by the management)</i>							
Advances Recoverable in cash or in kind		<b>40,777</b>		<b>73,144</b>			
Advance Tax and Tax Deducted at Source		<b>69,454</b>		<b>38,694</b>			
Intercorporate Deposit		<b>168,251</b>		<b>96,855</b>			
Security Deposits		<b>38,902</b>		<b>48,788</b>			
<b>Total</b>		<b>317,384</b>		<b>257,480</b>			
<b>SCHEDULE 'K'</b>							
<b>CURRENT LIABILITIES:</b>							
Sundry Creditors							
Due to MSME		<b>—</b>		<b>—</b>			
Due to Others		<b>94,641</b>		<b>2,26,866</b>			
Advances from Clients		<b>7,239</b>		<b>31,342</b>			
Unpaid Dividend (Shall be created to Investor Education and Protection Fund to the extent as and where required)		<b>418</b>		<b>220</b>			
Security Deposit		<b>300</b>		<b>300</b>			
Other Liabilities		<b>9</b>		<b>9</b>			
<b>Total</b>		<b>102,608</b>		<b>258,738</b>			
<b>SCHEDULE 'L'</b>							
<b>PROVISIONS:</b>							
Provision for Taxation		<b>96,190</b>		<b>56,046</b>			
Provision for Leave encashment		<b>6,456</b>		<b>—</b>			
Provision for Gratuity		<b>2,031</b>		<b>—</b>			
Provision for Bonus		<b>1,244</b>		<b>—</b>			
Proposed Dividend		<b>10,528</b>		<b>10,528</b>			
Distribution Tax on Dividend		<b>1,748</b>		<b>1,789</b>			
<b>Total</b>		<b>118,198</b>		<b>68,363</b>			
<b>SCHEDULE 'M'</b>							
<b>PROFIT FROM TRADING IN SECURITIES</b>							
Sales		<b>656,344</b>		<b>17,147,088</b>			
Closing Stock		<b>479</b>		<b>479</b>			
<b>Total</b>		<b>656,824</b>		<b>17,147,568</b>			
Less: Purchases		<b>619,025</b>		<b>17,092,891</b>			
Opening Stock		<b>479</b>		<b>40,074</b>			
<b>Total</b>		<b>619,505</b>		<b>17,132,965</b>			
<b>Total</b>		<b>37,319</b>		<b>14,603</b>			
<b>SCHEDULE 'N'</b>							
<b>INTEREST AND OTHER INCOME:</b>							
Interest on Fixed Deposits (TDS CY. ₹ 60.11 thousands) (PY ₹ 836 thousand)		<b>8,588</b>		<b>20,442</b>			
Income from Mutual Fund		<b>—</b>		<b>1,741</b>			
Profit from dealing in Debt Securities		<b>—</b>		<b>300</b>			
Interest Income ICD/Govt Securities (TDS CY. ₹ 3.47 thousand (PY ₹ 35.75 thousand))		<b>488</b>		<b>796</b>			
Dividend on Non Trade Investment		<b>—</b>		<b>2,370</b>			
Dividend from Mutual Fund & others		<b>1,440</b>		<b>2,422</b>			
Profit on Sale of Premises		<b>692</b>		<b>—</b>			
Income From Consultancy		<b>29</b>		<b>—</b>			
Profit on Dealing in F & O		<b>—</b>		<b>202</b>			
Profit on Sale of Long Term Investment		<b>9,723</b>		<b>28,838</b>			
Rent		<b>1,054</b>		<b>978</b>			
Miscellaneous Income		<b>10,182</b>		<b>7,317</b>			
<b>Total</b>		<b>32,196</b>		<b>65,405</b>			
<b>SCHEDULE 'O'</b>							
<b>Interest &amp; Financial Expenses</b>							
Interest On Car Loan		<b>323</b>		<b>522</b>			
Bank Interest		<b>952</b>		<b>905</b>			
Interest		<b>694</b>		<b>810</b>			
Interest On Delayed Payment		<b>3</b>		<b>—</b>			
<b>Total</b>		<b>1,972</b>		<b>2,236</b>			
<b>SCHEDULE 'P'</b>							
<b>Personnel Expenses</b>							
Salary & Wages		<b>70,505</b>		<b>45,313</b>			
Directors remuneration		<b>14,511</b>		<b>12,348</b>			
Contribution to Provident Fund & ESIC		<b>6,269</b>		<b>4,327</b>			
Leave Encashment		<b>2,603</b>		<b>—</b>			
Gratuity		<b>2,465</b>		<b>787</b>			
Staff Welfare Expenses		<b>1,882</b>		<b>1,790</b>			
<b>Total</b>		<b>98,235</b>		<b>64,565</b>			

## KEYNOTE CORPORATE SERVICES LIMITED

	As at 31.03.2011 ₹ in thousands	As at 31.03.2010 ₹ in thousands
<b>SCHEDULE 'Q'</b>		
<b>Administrative and other Expenses</b>		
Advertisement and Publicity	2,231	575
Annual Maintenance Charges	401	373
Audit fees	1,105	472
Accounting Charges	8	5
Business Promotion Expenses	1,689	1,682
Bank Charges & Gurantee Commission	814	962
Books & Periodicals	24	12
Donation (Non Political Party)	2,057	45
Diminution in Value of Investment	2,767	—
Demat Charges	394	473
Computer Expenses	193	557
Electricity Charges	1,898	2,276
General Expenses	411	132
Insurance	316	513
Impairment of Assets	353	—
Assets written off	157	—
Professional Charges	15,146	11,516
Incentive to Agent & Subbrokerage	—	1,639
Loss from Debt Segment (Net of profit ₹11.2 thousands)	421	288
Loss on Sale of Motor Car	798	—
Loss on Sale of Office Equipment	10	—
Loss on Sale of Fixed Assets	752	—
Marketing Expenseses	2,898	1,253
Motor Car Expenses	1,298	894
NSE,BSE,SEBI Registration & Turnover Expenses	1,483	2,787
Postage, Courier & Telegraphs	488	406
Printing & Stationary	1,538	1,782
Rent	14,929	12,773
Rates & Taxes	114	148
Repairs & Maintenance others	2,405	2,049
Subscription & Registration fees	2,680	3,020
Sundry Balances written off	223	817
Security Transaction Tax	590	8,214
Service Tax Expenses	2,812	2,881
Stamp Duty & Stamp Expenses	3,018	1,574
Telephone Expenses	4,287	3,741
Travelling & Conveyance Expenses	7,599	5,395
Miscellaneous Expenses	878	2,518
<b>Total</b>	<b>79,187</b>	<b>71,770</b>
<b>SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.</b>		
<b>SCHEDULE 'R': NOTES TO THE FINANCIAL STATEMENTS</b>		
<b>1) SIGNIFICANT ACCOUNTING POLICIES: -</b>		
<b>a) BASIS OF PREPARATION:</b>		
The Financial statements are prepared under the historical cost convention, on accrual basis of accounting and in accordance with generally accepted accounting principles in India and comply with the Accounting Standards specified in the Companies (Accounting Standards) Rules 2006, issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards (NACAS) and applicable relevant provisions of the Companies Act, 1956.		
<b>i) PRINCIPLES AND ASSUMPTIONS USED FOR CONSOLIDATED FINANCIAL STATEMENTS AND PRO-FORMA ADJUSTMENTS:</b>		
The consolidated financial statements have been prepared substantially applying the principles laid in the Accounting Standard (AS) 21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India as considered		
appropriate for the purposes of these Consolidated Balance Sheet, and Profit and Loss Account, together referred to in as 'Consolidated Financial Statements'.		
<b>ii) PRINCIPLES USED IN PREPARING CONSOLIDATED FINANCIAL STATEMENTS:</b>		
a) In preparing consolidated financial statements, the financial statements of the parent and its subsidiaries is combined on a line by line basis by adding together like items of assets, liabilities, income and expenses.		
b) The cost to the parent of its investment in each subsidiary and the parent's portion of equity of each subsidiary, at the date on which investment in each subsidiary is made, is eliminated.		
c) Intra-group transactions are eliminated in preparation of consolidated financial statements.		
d) The excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, is treated as goodwill & recognized as an asset in the consolidated financial statements.		
e) When the cost to the parent of its investment in a subsidiary is less than the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, the difference is treated as a capital reserve in the consolidated financial statements.		
As far as possible the consolidated financial statement are prepared using uniform accounting policy for like transaction and other event in similar circumstance and are presented in the same manner as holding company separate financial statements except as provided under para (c) ii, (e), (i) ii & iii.		
<b>b) USE OF ESTIMATES:</b>		
The presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which results are known / materialized.		
<b>c) REVENUE RECOGNITION:</b>		
i) Fess including Issue Management fees is recognized with reference to achievement of milestones defined in the engagement/mandate.		
ii) Dividend from investments is accounted for as income when the right to receive the dividend is established except in case of one subsidiary where dividend income is recognised on receipt basis.		
iii) Brokerage:		
a) Primary Market: Income under this head is recognised as and when credit advice is received from the party.		
b) As a Broker: Income under this head is recognised on the date of settlement.		
c) Brokerage from commodity transactions is recognised on transaction base/accrual basis.		
iv) Revenue from Insurance Broking business is recognised at the time of completion of the agreed services.		
v) Interest income is recognized on an accrual basis.		
<b>d) FIXED ASSETS AND CAPITAL WORK IN PROGRESS :</b>		
Fixed assets, are stated at cost of acquisition or at revalued amount less accumulated depreciation and impairment, if any. Cost comprises of cost of acquisition, cost of improvements and any attributable cost of bringing the assets to its working condition for intended use.		
Capital work-in-progress is stated at cost comprising of direct cost and related incidental expenditure. The advances given for acquiring/ construction for Fixed Assets are shown under Capital work-in-progress.		
<b>e) DEPRECIATION:</b>		
Depreciation on Fixed Assets are provided on straight-line method and in the manner specified in Schedule XIV to the Companies Act, 1956, except in case of Arteries Insurance Broking Limited where depreciation is provided on written down value method as per the rates specified in Schedule XIV of the Companies act, 1956.		
Assets costing upto ₹ 5,000/- are fully depreciated in the year of acquisition.		
<b>f) INTANGIBLE ASSETS AND AMORTIZATION:</b>		
The management estimates the useful lives of computer software, of five years and expect economic benefits from such assets to be consumed evenly over the period of its useful life. Accordingly, expenses incurred on computer software are capitalised and amortized on Straight Line Method (SLM) basis over a period of five years.		

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### g) FOREIGN CURRENCY TRANSACTION:

Foreign Exchange transactions are recorded at the closing rate prevailing on dates of the transactions. Exchange differences arising on Foreign exchange transactions settled during the year is recognized in the Profit and Loss account.

Monetary assets & liabilities denominated in foreign currencies are converted at the closing rates as on Balance Sheet date. The resultant exchange difference is recognized in the Profit and Loss account.

Non Monetary assets & liabilities denominated in foreign currencies are carried at the exchange rate prevalent on the date of transaction.

### h) INVESTMENTS :

Investments are classified into long term investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments. Long term investments are accounted at cost and any decline in the carrying value other than temporary in nature is provided for. Current investments are valued at lower of cost and fair value.

### i) EMPLOYEE BENEFITS:

i) Provident Fund & ESIC is a defined contribution scheme and the contributions as required by the Statute are charged to the Profit and Loss Account as incurred.

ii) Gratuity Liability is a defined benefit plan. The liability of gratuity is provided in the accounts on the basis of gratuity valuation conducted by Independent actuary at the year end except in case of the subsidiaries companies. The amount of Gratuity payable as per the Life Insurance Corporation of India valuation report. The same has been deposited with the Group Gratuity Assurance Scheme of LIC.

iii) The employees of the company are entitled to compensated absences and leave encashment as per the policy of the Company. The liability in respect thereof is provided on the basis of actuarial valuation. conducted by Independent actuary at the year end except in case of the subsidiaries companies..

### j) BORROWING COSTS:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of the asset. Other borrowing cost is recognized as an expense in the period in which they are incurred.

### k) OPERATING LEASES:

Assets acquired on leases, where a significant portion of the risks & rewards of ownership are retained by the lesser, are classified as operating lease. Lease rentals are charged to the Profit & Loss Account as per the terms of the lease arrangements.

### l) TAXES ON INCOME:

Tax expenses are the aggregate of current tax and deferred tax charged or credited in the statement of profit and loss for the period.

#### i) Current tax

The current charge for income tax is calculated in accordance with the regulations applicable to the company.

#### ii) Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date.

### m) IMPAIRMENT OF ASSETS :

Assets are reviewed for impairment at each balance sheet date. In case, events and circumstances indicate any impairment, the recoverable amount of these assets is determined. An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which an asset is defined as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimates of the recoverable amount and such loss either no longer exists or has decreased.

### n) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

## 2) NOTES ON ACCOUNTS

a) Following are the companies whose accounts have been considered for the consolidated financial statements.

Name of the Subsidiary	31st March 2011			31st March 2010		
	No of Shares	% of Holdings	Date of Becoming Subsidiary	No of Shares	% of Holdings	Date of Becoming Subsidiary
Keynote Capitals Limited	10000000	100%	Since Incorporation	10000000	100%	Since Incorporation
Keynote Commodities Limited	350000	100%	25th August 2008	350000	100%	25th August 2008
Arteries Insurance Broking Limited	500000	100%	25th August 2008	500000	100%	25th August 2008
Keynote Wealth Management Limited (Ceased to exist w.e.f 4th October 2010)	—	—	—	500000	100%	18 <sup>th</sup> September 2007
Keynote Trust	—	100%	4 <sup>th</sup> May 2007	—	—	—

### b) CAPITAL COMMITMENT :

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 79,250 thousand (P.Y ₹ 79,250 thousand)

### c) CONTINGENT LIABILITIES NOT PROVIDED FOR:

i) Guarantee given by the Company to the Bankers of its subsidiary, Keynote Capitals Limited ₹ 1,15,000 thousands (Previous year ₹ 65,000 thousands) towards NSE & BSE operations.

ii) Income Tax demand for ₹ 4,866 thousands (P.Y. 4866 thousands) (including interest of ₹ 1,866 thousands) in respect of Assessment Year 1997-98 were under dispute, and the company has already paid the same. The Company has preferred an appeal before the income tax Appellate Tribunal against the order of the Deputy Commissioner of Income-Tax. However, the matter is set aside by appellate tribunal and is pending before assessing officer.

iii) Guarantee given by the company to National Stock Exchange amounting to ₹ 25 lacs towards NSE operations and to Bombay Stock Exchange amounting to ₹ 75 lacs towards BSE operations.

iv) The income tax department has filed an appeal before the Income Tax Appellate Tribunal against the order passed by the Commissioner of Income Tax (Appeals) order No. CIT(A) -XIV/4(3)-2/IT.10/05-06 dated 09/04/2007 allowing the depreciation on BSE card amounting to ₹ 4618 thousand for the assessment year 2003-04 and the said matter is pending before the tribunal.

d) During the current year the Company has recognized issue management fees as income in accordance with the achievement of milestone defined in the mandate letter with the client as against the recognition of income on completion of assignment basis followed till last financial year 2009-2010. Pursuant to such change in policy income for the current financial year has increase by ₹ 20,092 thousands.

e) During the current year the Company has recognised dividend income on investment when the right to receive the same is established as against on receipt basis followed till last financial year 2009-2010. Pursuant to such change in policy there is no change in the revenue for the current year.

f) Sundry Debtors, Creditors and Loans and Advances are subject to confirmation by the parties.

g) In the opinion of the Company, the Current Assets, Loans and Advances are not less than the value stated, if realised in the ordinary course of the business. The provision for depreciation and all known liabilities are adequate and not in excess of amount considered necessary.

## KEYNOTE CORPORATE SERVICES LIMITED

### h) AUDITORS REMUNERATION:

	Year ended 31 <sup>st</sup> March, 2011 (₹ in thousands)	Year ended 31 <sup>st</sup> March, 2010 (₹ in thousands)
(i) Audit Fee (Including limited review and consolidation fees)	980	398
(ii) Tax Audit Fees	100	93
(iii) Income Tax Matters	25	30
(iv) Out of Pocket Expenses	67	20
(v) Certification work	25	45
(vi) Service tax on Fees and Reimbursement	63	50
	<u>1260</u>	<u>636</u>

### i) MANAGERIAL REMUNERATION:

	Year ended 31 <sup>st</sup> March, 2011 (₹ in thousands)	Year ended 31 <sup>st</sup> March, 2010 (₹ in thousands)
i) Salaries	17608	16082
ii) Contribution to Provident Fund	1306	1112
iii) Perquisite	126	129
<b>TOTAL</b>	<u>19040</u>	<u>17323</u>

\*Excluding contribution to Gratuity Fund and provision for Leave Encashment, as separate figures cannot be quantified.

Computation of Net Profit in accordance with Section 198 & 349 of the Companies Act, 1956 for the calculation of the Remuneration payable to the Directors:

(₹ In thousands)

Particulars	2010-2011	2009-2010
Profit for the year Before Tax	97,570	89209
Add: Managerial Remuneration	19040	17323
Assets Written off	157	—
Diminution in Value of Investment	2767	—
Donation	2057	45
Loss on Sale of Investment	421	288
Loss on Sale of Assets	1560	—
Impairment of Assets	353	—
<b>Total</b>	<u>26356</u>	<u>17656</u>
Less: Profit on sale of Investment	10189	28838
Less: Profit on sale of Fixed Assets	692	—
<b>Total</b>	<u>10881</u>	<u>28838</u>
Net Profit in accordance with Section 349 of the Companies Act, 1956	113045	78027
11% of Net Profit as computed above	12435	8583
<b>Total Managerial Remuneration</b>	<u>19040</u>	<u>17323</u>

The company has paid total excess remuneration of Rs.6191 thousand as per the limit prescribed in schedule XIII read with section 269 of the companies act 1956. Company has made a delayed application to the central government on 4<sup>th</sup> May, 2011, 6<sup>th</sup> May 2011 and 24<sup>th</sup> August, 2011 for approval of the said excess remuneration paid to the directors in pursuant to provision of section 198,269,309,310 read with scheduled XIII and all other provisions if any, of the companies act,1956. The said applications are still pending for approval with the central government.

- j) In compliance with Accounting Standard (AS 22) relating to "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India (ICAI), the Company has accounted for deferred tax. The components of deferred tax assets to the extent recognised and deferred tax liability as on 31<sup>st</sup> March,2011 are as follows:

Particulars	2010-2011	2009-2010
<b>Deferred Tax Liability/(Assets) on account of :</b>		
Difference between WDV as per income tax & books of Accounts	4658	5534
<b>Total</b>	<u>4658</u>	<u>5534</u>
<b>Deferred Tax Assets on account of :</b>		
Provision for Leave Salary	813	—
Provision for Gratuity	1012	—
Provision for Bonus	1368	—
Others	168	—
<b>Total</b>	<u>3361</u>	<u>—</u>
<b>Deferred Tax Assets on account of unabsorbed depreciation and carried forward losses:</b>	<u>321</u>	<u>—</u>
<b>Net deferred tax Liability / (Asset)</b>	<u>976</u>	<u>5534</u>

### k) Computation of Basic and Diluted Earnings Per Share:

Particulars	2010-2011	2009-2010
Profit After Tax	60,549	68521
Weighted average number of equity shares:	5566	7018
<b>Basic/Diluted EPS as on 31<sup>st</sup> March, 2011 (F. V. of ₹ 10/- each)</b>	<u>10.88</u>	<u>9.76</u>

Note: During the year keynote Trust has been consolidated. Consequently, shares held by keynote trust in Keynote Corporate Services Ltd (14,51,702 shares) have been eliminated while computing the EPS.

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I) SEGMENT DISCLOSURE

SEGMENT REPORTING

(₹ In thousands)

	Merchant Banking		Broking & Related Activities		Trading in Securities		Unallocated		Elimination		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
External Revenue	167,919	106,580	41,239	37,824	37,319	14,603	31,410	52,510	—	—	277,887	211,517
Inter Segment Revenue	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Revenue</b>	<b>167,919</b>	<b>106,580</b>	<b>41,239</b>	<b>37,824</b>	<b>37,319</b>	<b>14,603</b>	<b>31,410</b>	<b>52,510</b>	<b>—</b>	<b>—</b>	<b>277,887</b>	<b>211,517</b>
<b>RESULT</b>												
Segment Result	94,924	58,506	(64,289)	(44,393)	36,446	5,916	25,797	51,683	—	—	92,878	71,712
Un-allocated expenses											4,103	2,878
Operating profit											88,775	68,835
Interest Expenses											(326)	(522)
Interest Income											9,077	20,897
Deferred Tax Assets											(3,942)	603
Income Tax											(33,034)	(27,969)
<b>Profit From Ordinary Activities</b>											<b>60,549</b>	<b>61,843</b>
<b>Net Profit</b>											<b>60,549</b>	<b>61,843</b>
<b>Other Information</b>												
Segment Assets	29,154	51,476	261,932	355,449	479	479	661,637	620,993	(186,811)	(202,738)	766,392	825,660
Segment Liabilities	8,983	34,549	102,959	171,677	5,952	—	166,196	165,457	(40,811)	(31,656)	243,279	340,027
Capital Expenditure	177	234	11,552	3,705	—	—	—	467	—	—	11,729	4,406
Depreciation	1,209	1,171	5,763	3,731	—	—	136	19	—	—	7,109	4,921
Non-cash expenses other than depreciation	4,116	184	1,142	1,083	—	—	2,767	—	—	—	8,025	1,268

m) Related Party Disclosure as per Accounting Standard 18 issued by the institute of Chartered accountant of India

a) List of related parties:

A) Key Management Personnel:

Mr. Nirmal Suchanti-Chairman  
 Mr. B. Madhuprasad-Vice Chairman  
 Mr. Uday S. Patil-Director  
 Mr. Vineet Suchanti-Managing Director  
 Mr. Suraj Saraogi-Managing Director of Keynote Capitals Ltd.

B) Relatives of Key Management Personnel:

Mrs. Pushpa Suchanti-Wife of Chairman  
 Mrs. Prema Madhuprasad-Wife of Vice Chairman  
 Mrs. Bharti Patil-Wife of Director  
 Mrs. Rinku Suchanti-Wife of Managing Director  
 Mr. Vivek Suchanti-Brother of Managing Director

Mrs. Rita Suchanti-Sister in law of Managing Director  
 Mrs. Sonali Saraogi-Wife of Suraj Saraogi

C) Enterprise over which Key Management Personnel exercise Significant Influence:

Concept Communication Ltd.  
 Nirmal Suchanti HUF  
 Keynote Trust\*  
 NSS Digital Media Ltd.  
 Omprakash Saraogi-HUF  
 Sharda Saraogi-HUF  
 Prudential Asset & Capital Management Ltd.  
 SSP Advisors Ltd (Formerly known as Keynote Wealth Management Ltd.)

D) Other Entity:

Eagle Eye Research & Media Pvt. Ltd.



## KEYNOTE CORPORATE SERVICES LIMITED

b) Description of the nature of transactions with the Related Parties as on 31<sup>st</sup> March, 2011:

(₹ In thousands)

Particulars	Name of the related party	Subsidiary Company		Key Management Personnel/Relatives		Enterprise over which key Management personnel exercise Significant Influence		Other Entity	
		2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Sale of Fixed Assets	NSS Digital Media Ltd	—	—	—	—	8000	—	—	—
Sale of Investments	Sonali Saraogi	—	—	3650	—	—	—	—	—
Receiving of services	Concept Communication Ltd.	—	—	—	—	79	113	—	—
Rendering of Services	B.Madhuprasad	—	—	197	—	—	—	—	—
Rendering of Services	Suraj Saraogi	—	—	19	—	—	—	—	—
Rendering of Services	Omprakash Saraogi HUF	—	—	—	—	52	—	—	—
Rendering of Services	Sharda Saraogi-HUF	—	—	—	—	205	—	—	—
Managerial Remuneration	B.Madhuprasad*	—	—	4440	3780	—	—	—	—
Managerial Remuneration	Vineet Suchanti*	—	—	4149	3528	—	—	—	—
Managerial Remuneration	Uday S Patil*	—	—	2961	2520	—	—	—	—
Deposit Given / (Refunded back)	Nirmal Suchanti-HUF*	—	—	—	—	(29097)	29097	—	—
Dividend paid	Keynote Trust	—	—	—	—	—	1452	—	—
Dividend Paid	Pushpa Suchanti	—	—	198	132	—	—	—	—
Dividend Paid	Rinku Suchanti	—	—	6	4	—	—	—	—
Dividend Paid	Vivek Suchanti	—	—	74	49	—	—	—	—
Dividend Paid	Rita Suchanti	—	—	7	5	—	—	—	—
Dividend Received	Keynote Trust	—	—	—	—	(1452)	—	—	—
Loans & advances Given	Eagle Eye Research & Media Pvt. Ltd	—	—	—	—	—	—	1000	—
Reimbursement of exp to Director	Vineet Suchanti	—	—	569	1243	—	—	—	—
Reimbursement of Depreciation	SSP Advisors Ltd	—	—	—	—	114	515	—	—
<b>Outstanding balance</b>									
Deposit Given	B. Madhuprasad	—	—	1000	1000	—	—	—	—
Loan Received	Concept Communication Ltd.	—	—	—	—	28	—	—	—
Loan Received	Prudential Assets & Capital Management Ltd	—	—	—	—	3174	—	—	—
Loan Received	SSP Advisors Ltd.	—	—	—	—	4756	—	—	—
Advances	Keynote Trust	—	—	—	—	—	111	—	—

**Note:**

\* Excluding contribution to Gratuity Fund and provision for Leave Encashment, as separate figures cannot be quantified.

\*\* Keynote Trust has been taken into consideration for the purpose of consolidation for the financial year 2010-2011 and thus related party transaction for the same has not been disclosed.

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<b>n) LEASES:</b>			
The aggregate lease rentals in respect of Operating Leases for the period charged as lease rentals in the profit and loss a/c aggregate to ₹8306 thousands (Previous year: ₹ 7402 thousands )			
The Future Minimum Lease Payments under non cancellable operating leases are as under:			
	(₹ In thousands)		
<b>Particulars</b>	<b>2010-2011</b>	<b>2009-2010</b>	
i) Not later than one Year	6922	8306	
ii) Later than one Year and not later than five years	NIL	6922	
iii) Later than five years	NIL	NIL	
The Company has received ₹ 1054 thousands on account of lease of a premises			
The Future Minimum Lease Receivable under non cancellable operating leases are as under:			
	(₹ In thousands)		
<b>Particulars</b>	<b>2010-2011</b>	<b>2009-2010</b>	
i) Not later than one Year	1161	1054	
ii) Later than one Year and not later than five years	NIL	NIL	
iii) Later than five years	NIL	NIL	
Disclosure in respect of the gross carrying amount and accumulated depreciation of the asset given on lease has been stated in the financial statements.			
<b>o) Employee Benefits:</b>			
Disclosure required under Accounting Standard - 15 (revised 2005) for "Employee Benefits" are as under:			
<b>A. Defined Benefit Plans</b>			
<b>(a) Gratuity:</b>			
Retirement Benefits in the form of Gratuity for the eligible employees are considered as Defined Benefit Plan. The Company has implemented Group Gratuity Assurance Scheme of Life Insurance Corporation of India dated 5 <sup>th</sup> July' 2005 which is effective from 1 <sup>st</sup> June' 2005 and has paid ₹ 434 thousands as a total contribution during the year.			
<b>I. Assumption</b>		<b>01/04/2010-31/03/2011</b>	
Discount rate [previous]		7.50%	
Rate of return on plan assets [previous]		8.00%	
Salary escalation [previous]		10.00%	
Attrition rate [previous]		13.00%	
Discount rate [current]		8.00%	
Rate of return on plan assets [current]		8.00%	
Salary escalation [current]		10.00%	
Attrition rate [current]		13.00%	
<b>II. Table showing change in the present value of defined benefit obligation:</b>		<b>01/04/2010 - 31/03/2011</b>	
Present value of benefit obligation as at the beginning of the current period		5,165.88	
Interest cost		387.44	
Current service cost		822.57	
Transitional liability incurred during the period		—	
Past service cost [non vested benefit] incurred during the period		—	
Past service cost [vested benefit] incurred during the period		—	
Liability transferred in		—	
(Liability transferred out)		—	
(Benefit paid)		—	
Actuarial (gains)/losses on obligations		(508.94)	
Present value of benefit obligation as at the end of the current period		5,866.95	
<b>III. Table of fair value of plan assets:</b>			<b>01/04/2010 - 31/03/2011</b>
Fair value of plan assets at the beginning of the period			3100.01
Expected return on plan assets			248.00
Contributions			434.53
Transfer from other company (Transfer to other company) (Benefit paid)			—
Actuarial gains/(losses) on plan assets			53.51
Fair value of plan assets at the end of the period			3836.06
<b>IV. Table of recognition of actuarial gains/losses:</b>			<b>01/04/2010 - 31/03/2011</b>
Actuarial (gains)/losses on obligation for the period			(508.94)
Actuarial (gains)/losses on asset for the period			(53.51)
Subtotal			(562.45)
Actuarial (gains)/losses recognized in income & expenses statement			(562.45)
<b>V. Actual return on plan assets:</b>			<b>01/04/2010-31/03/2011</b>
Expected return on plan assets			248.00
Actuarial gains/(losses) on plan assets			53.51
Actual return on plan assets			301.51
<b>VI. Amount recognized in the balance sheet:</b>			<b>01/04/2010 - 31/03/2011</b>
Fair value of plan assets at the end of the period			3836.06
(Present value of benefit obligation as at the end of the period)			(5866.95)
Funded status			(2030.88)
Unrecognized past service cost at the end of the period			—
Unrecognized transitional liability At the end of the period			—
Net (liability)/asset recognized in the balance sheet			(2030.88)
<b>VII. Expenses recognized in the income statement:</b>			<b>01/04/2010 - 31/03/2011</b>
Current service cost			822.57
Interest cost			387.44
(Expected return on plan assets)			(248.00)
Actuarial (gains)/losses			(562.45)
Past service cost [non-vested benefit] Recognized during the period			—
Past service cost [vested benefit] Recognized during the period			—
Transitional liability recognized during the period			—
Expense recognized in P&L			399.55
<b>VIII. Balance sheet reconciliation:</b>			<b>01/04/2010 - 31/03/2011</b>
Opening net liability			2065.86
Expense as above			399.55
Net transfer in (Net transfer out) (Employer's contribution)			434.53
Net liability/(asset) recognized in the balance sheet			2030.88
<b>IX. Other details:</b>			<b>31/03/2011</b>
No. of members			29
Salary pm			1537.84
Prescribed contribution for next year (12 months)			1154.41

## KEYNOTE CORPORATE SERVICES LIMITED

<b>X. Category of assets:</b>	<b>31/03/2011</b>
Government of India assets	
Corporate bonds	
Special deposits scheme	
Equity shares of listed companies	
Property	
Insurer managed funds	3836.06
Other	
<b>Total</b>	<b>3836.06</b>
<b>XI. Experience adjustment:</b>	<b>01/04/2010 -</b>
	<b>31/03/2011</b>
On plan liability (gains)/losses	(217.65)
On plan assets (losses)/gains	53.51

**Note:**

1. The Company has provided the gratuity liability on the basis of actuarial valuation done by independent actuary, for the first time during the current financial year. Therefore the previous year's figures have not been disclosed.

2. Disclosures of plan assets:

The Company does not have information regarding plan assets therefore the disclosure of plan asset has not given.

**(b) Compensated Absences:**

As per the Company's Policy, a sum of ₹1508 thousands (Previous Year ₹ 4102 thousands) has been paid towards compensated absences; calculated on the basis of unutilised leave. During the year company has also provided ₹ 1823 thousands towards compensated absence on the basis of actuarial valuation done by independent actuary, for the first time during the current financial year.

**B. Defined Contribution Plans**

Company's Contribution Paid / Payable during the year to Provident fund and ESIC Contribution are recognized as an Expense:

(₹ In thousands)

Particulars	2010-2011	2009-2010
1) Contribution to Employees Provident Fund	5907	3890
2) Employees State Insurance Scheme	362	87

Details of Investment movement during the year:

Sr. No.	Particular	Face Value	Bought Qty	Sold Qty
1	10.90% Tata Motors Finance 2020	14,000,000	140000	140000
2	6.35% GOI 2020	5,00,00,000	500000	500000
3	6.49% GS 2015	5,00,00,000	500000	500000
4	6.90% OIL SPL 2026	5,000,000	50000	50000
5	7.02% GS 2016	5,00,00,000	500000	500000
6	8.80% PGC 2024	2,500,000	25000	25000
7	8.95% LIC Housing Finance 2020	9,000,000	90000	90000
8	9.35% Bank Of India 2021	4,000,000	40000	40000
9	9.65% Yes Bank 2020	16,000,000	160000	160000
10	Aptech Ltd	10	46440	—
11	Eagle Eye Research & Media Pvt Ltd	10	3600	—

p) As per the scheme of amalgamation approved by the Allahabad, Bombay, and Gauhati High Courts vide order dated 21<sup>st</sup> December 2006, 9<sup>th</sup> March, 2007 and 19<sup>th</sup> March, 2007 respectively, 14,51,702 equity shares of ₹10 each fully paid up is held by keynote trust as a beneficiary of the company. Consequently the corresponding amount is also reflected in schedule 'E'- investment, as "Investment in equity shares held by keynote Trust". Due to such cross holding the dividend of ₹2178 thousand(Previous year ₹1452 thousands) has been paid & received back from the trust

q) The Company has not received any information from suppliers or service providers, whether they are covered under the "Micro, Small and Medium Enterprises (Development) Act, 2006". Disclosure relating to amount unpaid at the year-end together with interest payable, if any, as required under the said act are not ascertainable.

**r) INCOME AND EXPENDITURE IN FOREIGN CURRENCY TRANSACTION**

(₹ In thousands)

Particulars	2010-2011	2009-2010
Service Income	2047	9380
Expenditure	1644	1553

s) Keynote Wealth Management Ltd. was the subsidiary of the Company up to 4<sup>th</sup> October 2010. The Consolidated financial statement do not include the result of the performance of Keynote wealth Management Ltd. up to such date. The amount is not quantifiable.

t) The Company holds 36% stake in Eagle Eye Research & Media Pvt. Ltd. However, as represented by the management, the company does not exercise significant influence on the operations of Eagle Eye Research & Media Pvt. Ltd. Hence the same has not been considered as an associate for the purpose of consolidation.

u) The Consolidated financial statement of the previous year have been audited by another firm of Chartered Accountants. Previous year figures have been regrouped and / or rearranged wherever considered necessary.

## ANNUAL REPORT 2010-2011

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

<b>(i) Registration Details:</b>		Unsecured Loans	:	Nil
Registration No.	:	072407		
State Code	:	11		
Balance Sheet Date	:	31 <sup>st</sup> March, 2011		
<b>(ii) Capital raised during the year</b>		<b>Application of Funds</b>	:	
	:	(₹ In Thousands)		
Public Issue	:	NIL		
Right Issue	:	NIL		
Bonus Issue	:	NIL		
Private Placement	:	NIL		
<b>(iii) Position of mobilisation and deployment of funds</b>		<b>Net fixed Assets</b>	:	61,574
	:	(₹ In thousands)		
Total Liabilities	:	5,37,794		
Total Assets	:	5,37,794		
<b>Sources of Funds</b>		<b>Capital Work in Progress</b>	:	121,494
Paid-up capital	:	55,666		
Reserves & Surplus	:	4,67,446		
Secured Loans	:	Nil		
		<b>Deferred Tax Assets</b>	:	NIL
		<b>Investments</b>	:	58,391
		<b>Net Current Assets</b>	:	2,96,335
		<b>(iv) Performance of the Company</b>	:	(₹ In Thousands)
		Turnover (Gross Receipts)	:	2,86,963
		Total expenditure	:	189,393
		Profit / (Loss) before tax	:	97,570
		Profit / (Loss) after tax	:	60,549
		Earning per share	:	10.88
		Dividend Rate (%)	:	15%
		<b>(v) Generic Names of Three Principal products/services of the Company:</b>		
		Item Code No. (ITC Code)	:	N.A.
		<b>SERVICE DESCRIPTION</b>	:	Merchant Banking/ Corporate Advisory Services

For and on behalf of the Board of  
KEYNOTE CORPORATE SERVICES LTD.

Sd/-	Sd/-	Sd/-
<b>Sangeet Lakkar</b>	<b>B. Madhuprasad</b>	<b>Vineet Suchanti</b>
<i>Company Secretary</i>	<i>Vice Chairman</i>	<i>Managing Director</i>

Place : Mumbai  
Date : 6<sup>th</sup> September, 2011

**KEYNOTE CORPORATE SERVICES LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011  
(Pursuant to Listing Agreement With Stock Exchange)**

	2010-11 ₹ in thousands	2010-11 ₹ in thousands	2009-10 ₹ in thousands	2009-10 ₹ in thousands
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit Before Tax and Extraordinary items		97,570		88,673
Net prior year Adjustments				
Adjustment For :				
Depreciation	7,109		5,436	
Amortization of Fixed Assets	—		451	
Provision for Leave Encashment	2,493		—	
Provision for Bonus	4,146		—	
Provision for Gratuity	3,093		—	
Diminshuining in value of investment	2,767		—	
Interest	1,972		2,236	
Impairment of Assets	510		—	
Profit on Sale of Investment	(8,059)		(25,332)	
Loss on Sale of Fixed Assets	868		—	
Income tax Refund	(39)		—	
Loss on Sale of Investment	—		288	
Miscellaneous Expenditure written off	—		22	
Loss on Sale of Subsidiary	2,890		—	
Dividend Income	(1,440)		(4,792)	
Interest Income	(9,077)		(21,238)	
		<u>7,233</u>		<u>(42,931)</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>104,802</b>		<b>45,742</b>
ADJUSTMENT FOR :				
Trade and other receivables	35,998		123,343	
Loans & advance	(59,816)		142,191	
Other Current Assets	1,109		—	
Provisions	—		(71,912)	
Inventories	—		39,594	
Trade payables.	(156,132)		(92,611)	
		<u>(178,841)</u>		<u>140,605</u>
<b>NET CASH FROM OPERATING ACTIVITIES SUB TOTAL (A)</b>		<b>(74,038)</b>		<b>186,348</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Investments	(19,027)		(21,828)	
Sale of Investment	18,416		191,246	
Advances from Group Company	—		355	
Advances from Holdings/group Company	—		(1,139)	
Interest Income	9,077		21,238	
Dividend Income	1,440		4,792	
Capital Advance for Purchase of Premises	8,000		(121,494)	
Purchase of Assets	(11,729)		(4,406)	
Sale of Fixed Assets	3,597		—	
		<u>9,774</u>		<u>68,765</u>
<b>NET CASH USED IN INVESTING ACTIVITIES SUB TOTAL(B)</b>				
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Dividend	(8,350)		(7,019)	
Dividend distribution tax	(1,789)		(1,193)	
Receipt of Share Application Money	—		21,432	
Interest	(1,972)		(2,236)	
Loan Fund	6,965		(403,493)	
		<u>(5,146)</u>		<u>(392,508)</u>
<b>NET CASH FROM FINANCING ACTIVITIES SUB TOTAL(C)</b>				
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS TOTAL (A+B+C)</b>		<b>(69,411)</b>		<b>(137,396)</b>
<b>CASH AND CASH EQUIVALENTS AS AT 01.04.2010</b>		<b>211,551</b>		<b>348,948</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2011</b>				
<b>CASH BANK</b>	<b>1,317</b>		<b>1,572</b>	
In Current Accounts	16,928		64,785	
In Fixed Deposits Accounts	123,478		144,974	
in unpaid dividend Account	418		220	
		<u>142,141</u>		<u>211,551</u>

Notes :

- The above Cash flow statement has been prepared under the "indirect method" as set out in the Accounting Standards -3 on Cash Flow Statement.
- Figures in bracket indicate cash outgo / income.
- Previous year's figures have been regrouped and rearranged wherever necessary to confirm to the current year's classification.

**AS PER OUR REPORT OF EVEN DATE ATTACHED  
For HARIBHAKTI & CO**  
Chartered Accountants

Sd/-  
**Rakesh Rathi**  
Partner

Place : Mumbai  
Date : 6<sup>th</sup> September, 2011

For and on behalf of the Board of  
**KEYNOTE CORPORATE SERVICES LTD.**

Sd/- Sd/- Sd/-  
**Sangeet Lakkur** **B. Madhuprasad** **Vineet Suchanti**  
Company Secretary Vice Chairman Managing Director

**KEYNOTE CORPORATE SERVICES LIMITED**

Registered Office : 4<sup>th</sup> Floor, Balmer Lawrie Building, 5, J. N. Heredia Marg, Ballard Estate, Fort, Mumbai – 400 001.

**PROXY FORM**

Reg. Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

I/We, \_\_\_\_\_  
of (Address) \_\_\_\_\_ being a member/  
members of the abovementioned Company, hereby appoint \_\_\_\_\_  
or failing him \_\_\_\_\_ as my / our proxy to vote  
for me / us on my / our behalf at the EIGHTEENTH ANNUAL GENERAL MEETING of the Company to be held at 10.00 a.m. on  
Friday, 30<sup>th</sup> September, 2011 and at any adjournment thereof. This form is to be used in favour of the resolution(s)/against the  
resolution/s \_\_\_\_\_ Unless otherwise instructed the proxy will act as he thinks fit.  
Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Signature \_\_\_\_\_

Re. 1.00  
Revenue  
Stamp

**Note :** Proxy Forms must reach the Company's Registered Office not less than 48 hours before the Meeting.

**KEYNOTE CORPORATE SERVICES LIMITED**

Registered Office : 4<sup>th</sup> Floor, Balmer Lawrie Building, 5, J. N. Heredia Marg, Ballard Estate, Fort, Mumbai - 400 001.

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting Hall

Name of the attending Member (in Block Letters)	Folio No./DP ID No. Client ID No.
Name of Proxy (in Block Letters) (to be filled in if the Proxy attends instead of the Member)	

No. of Shares held \_\_\_\_\_

I hereby record my presence at the EIGHTEENTH ANNUAL GENERAL MEETING of the Company 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. on Friday, 30<sup>th</sup> September, 2011.

Member's/Proxy's Signature  
(To be signed at the time of handing over this slip)

**Notes :**

1. Shareholder/Proxy holder wishing to attend the Meeting must bring the Attendance Slip to the Meeting and hand over at the entrance duly signed.
2. Shareholder/Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting.

**KEYNOTE CORPORATE SERVICES LIMITED**

Registered Office : 4<sup>th</sup> Floor, Balmer Lawrie Building, 5, J. N. Heredia Marg, Ballard Estate, Fort, Mumbai – 400 001.

**CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE**

1. Name(s) of Shareholder(s)  
[Including joint holders, if any] : \_\_\_\_\_
  
2. Registered address of the sole/  
First named shareholder : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
3. Registered folio No./DP ID No./Client ID No.\* : \_\_\_\_\_  
[\* Applicable to investor holding shares in  
Dematerialized form]
  
4. No. of Shares held : \_\_\_\_\_
  
5. I/We hereby exercise my/our option to receive the documents such as Notice of Annual General Meeting, Audited Financial Statement, Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report; Explanatory Statement etc. in electronic mode pursuant to the "**Green Initiative**" by the Ministry of Corporate Affairs vide circular dated 29<sup>th</sup> April, 2011.
  
6. My email id is : \_\_\_\_\_

Place:

Date:

\_\_\_\_\_  
(Name and Signature of the Member)

**BOOK-POST**

*If undelivered please return to:*

**KEYNOTE CORPORATE SERVICES LIMITED**

4<sup>th</sup> floor, Balmer Lawrie Building, 5, J. N. Heredia Marg, Ballard Estate, Fort, Mumbai – 400 001