

KEYNOTE

**17th
Annual Report
2009-2010**

KEYNOTE CORPORATE SERVICES LTD.

**KEYNOTE CORPORATE SERVICES LIMITED
ANNUAL REPORT 2009-2010**

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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 Vineet Suchanti
Managing Director

Shri Mehul Patel
Director

Shri Sujal Shah
Director

Shri Sangeet Lakkar
Company Secretary

BOARD COMMITTEES

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

REGISTERED OFFICE

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

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

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

Seventeenth Annual General Meeting

On Wednesday 29th September, 2010 at 10.00 a.m.
at Homi J. H. Taleyarkhan Memorial Hall,
Indian Red Cross Society,
141, Shahid Bhagat Singh Road,
(Town Hall Compound),
Mumbai – 400 001

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF KEYNOTE CORPORATE SERVICES LIMITED WILL BE HELD ON WEDNESDAY, 29TH OF SEPTEMBER, 2010 AT HOMI J. H. TALEYARKHAN MEMORIAL HALL, INDIAN RED CROSS SOCIETY, 141, SHAHID BHAGAT SINGH ROAD, (TOWN HALL COMPOUND), MUMBAI- 400 001 AT 10.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as of 31st March, 2010 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.
3. To appoint a Director in place of Shri B. Madhuprasad, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Hitesh Shah, who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass the following resolution as a **Ordinary Resolution** :
“**RESOLVED THAT** M/s. Haribhakti & Company, Chartered Accountants, Mumbai, be and are hereby appointed as Statutory Auditors of the Company in place of M/s. K. K. Bhageria & Company, Chartered Accountants (who is retiring on the conclusion of this Annual General Meeting as Statutory Auditor and is not seeking re-appointment) to hold office until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board.”
6. To consider and if thought fit, to pass the following resolution as a **Special Resolution** :
“ **RESOLVED THAT** in supersession of earlier resolution passed in the Board Meeting held on 30th October, 2009 and 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 the company hereby accords its approval/ consent for the re-appointment of Shri Uday S. Patil, as a Whole-Time Director of the Company for the further period of 3 (three) years with effect from 13th November, 2009 on the terms and conditions as set out in explanatory statement with the liberty to the Board of Directors to alter and vary the terms of re-appointment so as not to exceed the limits set out in Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto subject to the condition that normal variation in terms by the Board on annual basis be not considered as requiring members approval till the period mentioned in the this resolution as may be agreed to between the Board and Shri Uday S. Patil. ”

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

Date : 25th August, 2010
Place : Mumbai

Sd/-
B. Madhuprasad
Vice Chairman

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, 25th September, 2010 to Wednesday, 29th September, 2010 (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 24th September, 2010.
- 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 th September, 2008	2007-2008	October, 2015
25 th August, 2009	2008-2009	September, 2016

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

- 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.
 - 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.

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

Item No. 5

M/s. K. K. Bhageria & Company, Chartered Accountants, will retire as Statutory Auditor of the Company after conclusion of this Annual General Meeting. The Statutory Auditors were appointed by shareholders at the Annual General Meeting held on 25th August, 2009. M/s. K. K. Bhageria & Company is not seeking re-appointment and has no objection in company appointing any other Statutory Auditors as company may deem fit. With this retirement, vacancy has been caused and appointment of Statutory Auditors is required to be approved by the shareholders. A letter dated 24th August, 2010 has been received from M/s. Haribhakti & Company, Chartered Accountants, who have agreed to be appointed as Statutory Auditors to fill the casual vacancy caused by retirement, to the effect that the said appointment, if made, will be in accordance with regulations as specified u/s 224 (1B) of the Companies Act, 1956. The matter, as such is being placed before members to consider appointment of M/s. Haribhakti & Company, Chartered Accountants as Statutory Auditors to hold office until the conclusion of next Annual General Meeting.

The resolution is intended for this purpose.

None of the Directors of the Company has any interest or concern in the resolution.

Item No. 6

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

At the Board Meeting held on 30th October, 2009 Shri Uday S. Patil, was re-appointed as the Whole-Time Director of the Company with the remuneration of ₹ 2,00,000/- p.m. for the period of 5 (five) years, w.e.f. 13th November, 2009, subject to approval of the members of the Company. The Board of Directors in their Meeting held on 22nd January, 2010 revised his remuneration from ₹ 2,00,000/- p.m. to ₹ 2,40,000/- p.m.

As per part (B) of Schedule – XIII, the terms and conditions of revised remuneration and re-appointment as Whole-Time Director of the Company are set out for 3 (three) years w.e.f. 13th November, 2009, subject to approval of the members of the Company.

Details of remuneration payable to Shri Uday S. Patil, is as follows:

- a) Salary : ₹ 2,40,000/- per month to be reviewed year on year basis.
- b) Medical Reimbursement for self and family will be as per rules of the Company.
- c) Leave Travel expenses for self and family will be as per rules of the Company.
- d) Club fees (excluding admission to life membership fee) will be on actual basis.
- e) Expenses on children's education not exceeding ₹ 15,000/- per annum per child, subject to maximum of two children.
- f) Personal Accident Insurance and Mediclaim Insurance for self and family will be as per company's rules.
- g) Contribution to Provident Fund, Superannuation fund or Annuity:
As per rules of the company to the extent these, either singly or put together are not taxable under the Income Tax Act.
- h) Gratuity:
Half a months salary for each completed year of service.
- i) Earned Leave and encashment of leave:
21 days leave for every year of service.
- j) Provision of car:
For use on Company's business.
- k) Reimbursement of Expenses actually incurred for Company's business:
Against submission of supporting.
- l) Actual travelling and other related expenses for self and spouse touring in India and abroad on Company's Work.

KEYNOTE CORPORATE SERVICES LIMITED

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. The annual variation to be treated as normal process not requiring any approval of members under Companies Act, 1956. The appointment can be terminated by either side by giving six months notice in writing.

Memorandum of Interest

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

Disclosures Pursuant to Sub-clause (iv) under the proviso to sub-paragraph (B) of Paragraph 1 under Section II of Part II of Schedule XIII of the Companies Act, 1956:

I. General Information:

1. Nature of Industry : Corporate Advisory Services
2. Date or expected date of commencement of commercial production. : Not Applicable
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. : Not Applicable
4. Financial performance based on given indicators during the financial year ended 31st March, 2010. : (₹ in lacs)

Total Income	:	1,011.00
Expenses	:	451.54
Profit	:	403.82
EPS (₹)	:	5.75
P/E Ratio (₹)	:	10.19
Total Assets	:	3,735.68
5. Export performance and net foreign exchange collaborations : Not Applicable.
No foreign collaborations.
6. Foreign investments or collaborators, if any : As on 31st March, 2010, the foreign shareholdings in the company is 8,01,994 Equity Shares representing 11.43% of the total capital.

II. Information about Shri Uday S. Patil, Whole-Time Director:

1. Background Details:

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

2. Past remuneration:

For the Financial year 2008-2009 Shri. Uday S. Patil's total remuneration was ₹ 24,00,000/-

3. Recognition or awards

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

4. Job profile and his suitability:

Shri Uday S. Patil has been with the Company since 1994. He has been the member of Board of Directors since September, 1997. He is having about 3 decades of experience in various fields of Commercial Banking & Investment Banking. He is instrumental in forming various processes/procedures for the company as a whole & for Merchant Banking activities of the company which is a core business of the company. His immense contribution as Director (Investment Banking) has helped the company to execute & complete many transactions such as IPOs, Rights Issues, Buy Back, Takeovers etc. The execution capabilities & developing the team with capabilities to handle transactions of various nature has been one of the strengths of Shri Uday Patil. He is best suited for the job profile and has been a force to reckon with.

5. Remuneration proposed:

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

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (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 Uday S. Patil, 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 Uday S. Patil has no other pecuniary relationship directly or indirectly with the company.

III. Other Information

1. Reason of loss or inadequate profits

The company has reported PAT of ₹ 403.82 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 effort 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 Uday S. Patil, whole-time Director is as given in the explanatory statement. The Board recommends the passing of the Special Resolution as set out in Item No. 6 of the accompanied notice. None of the Directors except Shri Uday S. Patil are concerned or interested in the resolution.

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

Sd/-

B. Madhuprasad
Vice Chairman

Date : 25th August, 2010
Place : Mumbai

KEYNOTE CORPORATE SERVICES LIMITED

DIRECTORS' REPORT

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

Your Directors have pleasure in presenting their 17th Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2010.

(₹ in lacs)

Details	Year Ended 31-03-2010	Year Ended 31-03-2009
Total Income	1,011.00	1,125.11
Gross Operating Profit	559.46	629.69
Depreciation	11.71	11.41
Profit Before Tax	547.75	618.28
Provision for :		
Current Tax	144.00	200.00
Deferred Tax Liability/(Assets)	(0.07)	1.01
Fringe Benefit Tax	—	5.55
Profit After Tax	403.82	411.72
Add/Less : Excess Provision/Short Provision	64.18	(10.09)
Profit/(Loss) brought forward from Previous year	479.46	159.93
Surplus available for appropriations	819.10	561.56
Proposed Dividend	105.00	70.18
Tax on Dividend	18.00	11.93
Transferred to General Reserve	20.19	—
Balance carried forward	675.75	479.45

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, 2010.

Operations

The first half of the financial year 2009-10 continued to be sluggish in line with the global scenario. Your company was able to withstand the downturn effectively. Transactions and markets started picking up in the second half and during the current financial year Keynote was actively involved in Book Running for 3 IPOs raising approximately ₹ 140 crores. In addition, the company also successfully managed a few Buy Back of shares and Tender Open Offers. The company, during the year, strengthened its Corporate Finance Team and its valuation desk with a view to be actively involved in raising funds for unlisted companies through Private Equity and being an Advisor to Mergers & Acquisitions transactions (M & A).

The Company has posted a total Income of ₹ 1,011.00 lacs and a Profit After Tax of ₹ 403.82 lacs.

Operations of Subsidiaries

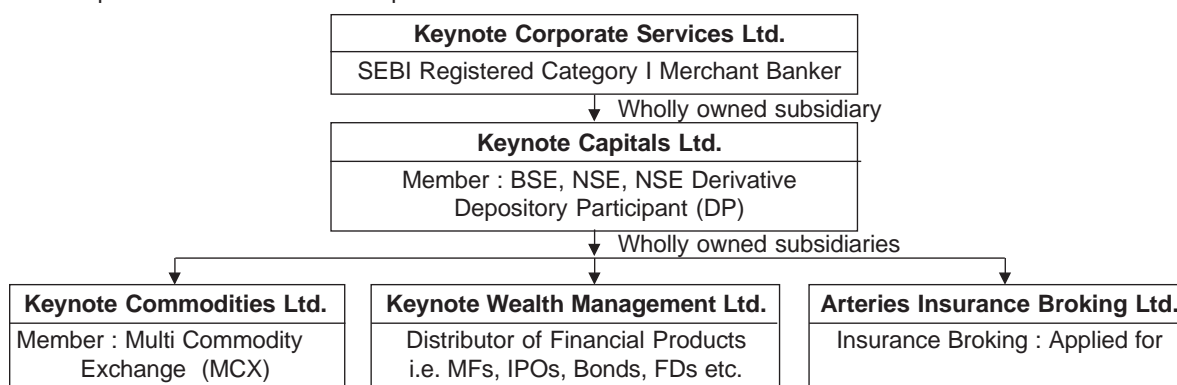
Keynote Capitals Limited (KCL), a 100% subsidiary and an integrated broking house having memberships of the Bombay Stock Exchange Ltd., (BSE) and National Stock Exchange of India Ltd., (NSE) has also posted consistent performance. KCL continues to focus on institutional and corporate broking business. KCL has also expanded its research and focuses on covering mid-cap companies as well as track the IPO market.

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KCL is in the process of expanding its Retail operations with a focus on more active equity centres. It is estimated that by the end of the next financial year, KCL will have over 10 full fledged branches offering retail clients the entire bouquet of equity trading, demat and research services. Your holding company, KCSL invested ₹ 625 lacs in KCL by way of equity to further strengthen the subsidiary's capitalization.

KCL posted a total Income of ₹ 1,004.88 lacs for 31/03/2010 as compared to ₹ 836.33 lacs in 31/03/2009. However, Profit After Tax stood at ₹ 186.50 lacs compared to ₹ 215.33 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 a wholly owned subsidiary company. Keynote Capitals Limited has three wholly owned subsidiaries namely (1) Keynote Commodities Limited (2) Keynote Wealth Management Limited (3) Arteries Insurance Broking Limited.

Pursuant to Section 212 of the Companies Act, 1956 the Company made an application to the Ministry of Corporate Affairs, Government of India, New Delhi and sought an exemption from attaching with the Balance Sheet of the company, the Accounts and other documents of each of the Subsidiary Companies of the company. The Ministry of Corporate Affairs, Government of India vide its letter No. 47/672/2010-CL-III dated 2nd August, 2010, has granted their approval under Section 212(8) of the Companies Act, 1956 for not attaching the Balance Sheet etc. of the aforesaid subsidiaries for the financial year ended 31st March, 2010. Accordingly provisions of Section 212 (1) of the Companies Act, 1956 in respect of these subsidiaries are not applicable. In compliance with the said approval the company has disclosed the information in respect of these subsidiaries as advised.

The Company undertakes that annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies investors seeking such information at any point of time. The annual accounts of the subsidiary companies are also kept for inspection by any investor in its registered office and that of the subsidiary companies concerned. The holding Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand. The Company will put the details of the accounts of individual subsidiary companies on the website of the company.

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

Tax Provisions

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

Listing

The Equity Shares of the Company continue to be listed and traded on the BSE and NSE. The scrip code number of the equity shares of the Company on BSE is 512597 and on NSE is 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 Bombay Stock Exchange Ltd., in "B" segment and National Stock Exchange of India Ltd. and are being traded in compulsory dematerialized mode. Presently 92.94% 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 "N" 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, 2010 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 Auditor's of the Company as well as a detailed report on Corporate Governance, approved by the Board of Directors of the Company is set out in the annual report. The Company is regularly filing of reports including uploading of information in Electronic Data Information filing and Retrieval System/Corporate Filing & Dissemination system.

Human Resources

Your Directors acknowledge and appreciate the sincere efforts and effective services rendered by the committed officers and staff of the company.

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

Auditors Observations

The Auditors have referred to certain routine matters in their report and the respective notes to the accounts are self-explanatory.

Conservation of Energy and Technology Absorption

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 require disclosure of particulars regarding conservation of energy in Form A and Technology Absorption in Form B prescribed by the rules. The Company not being a manufacturing Company is advised that Form A and B are not applicable to it.

Foreign Exchange Earnings & Expenditure

During the year the Company has earned an Income of ₹ 13.79 lacs in Foreign Exchange and has incurred an expenditure of ₹ 7.49 lacs in Foreign Exchange.

Fixed Deposits

During the year ended 31st March, 2010 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

Shri B. Madhuprasad and Shri Hitesh Shah, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Your Directors recommend their re-appointment.

Auditors

M/s. K. K. Bhageria & Co., Chartered Accountants and Statutory Auditors of the company will retire at the ensuing Annual General Meeting. The Board of Directors proposes to appoint M/s. Haribhakti & Company, Chartered Accountants, as a Statutory Auditor of the Company. Members are requested to consider appointment of M/s. Haribhakti & Company, at a remuneration to be decided by the Board of Director for the financial year 31st March, 2011.

Acknowledgment

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

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

Sd/-

Date : 25th August, 2010

Place : Mumbai

B. Madhuprasad
Vice Chairman

ANNEXURE TO DIRECTOR'S REPORT

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

Sr. No.	Name of the Employee	Designation/ Nature of duties	Remuneration (₹)	Qualifications	Experience (Years)	Date of Appointment as Director	Age (Years)	Particulars of last Employment
1.	Shri B. Madhuprasad	Vice-Chairman	₹ 37,80,000/-	B.Com, A.C.A.	34 years	15-09-1993	59	PNB Capital Services Limited
2.	Shri Vineet Suchanti	Managing Director	₹ 35,28,000/-	B. Com., MBA	15 years	17-09-1997	41	—
3.	Shri Uday S. Patil	Whole-time Director	₹ 25,20,000/-	B.Sc., LLB (Gen.) C.A.I.I.B.	31 years	17-09-1997	51	Punjab National Bank.

KEYNOTE CORPORATE SERVICES LIMITED

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 2009-2010.

The Board of Directors had met 5 times during the financial year 2009-2010. These meetings were held on 9th April, 2009, 26th June, 2009, 29th July, 2009, 30th October, 2009, and 22nd January, 2010.

Composition of Board of Directors, attendance at the Board Meetings and the last Annual General Meeting as on 31st March, 2010, as applicable, is tabulated hereunder :

Name of the Director	No. of Board Meetings attended	Attendance at previous AGM on 25/08/2009	No. of outside Directorship held	No. of membership/ chairmanship in other Board Committees		Executive/ Non Executive
				Member	Chairman	
Shri Nirmal Suchanti	5	Yes	4	Nil	Nil	Non Executive
Shri B. Madhuprasad	4	Yes	3	Nil	Nil	Executive
Shri Vineet Suchanti	5	Yes	9	2 #	1 ##	Executive
Shri Uday S. Patil	4	Yes	3	Nil	Nil	Executive
Shri Mehlul Patel	5	Yes	4	Nil	Nil	Non Executive (Independent)
Shri Hitesh Shah	3	No	1	Nil	Nil	Non Executive (Independent)
Shri Sujal Shah	5	Yes	6	4 *	3 **	Non Executive (Independent)
Shri Anish Malhotra	1	No	2	Nil	Nil	Non Executive (Independent)

Member of Shareholder/Investors Grievance Committee and Compensation Committee of LKP Finance Ltd.,

Chairman of Audit Committee of LKP Finance Ltd.,

* Member of Remuneration Committee of (1) Gitanjali Gems Ltd (2) Reliance Asset Reconstruction Company Ltd., (3) Reliance MediaWorks Ltd., and (4) member of Audit Committee of Hindoostan Spinning & Weavings Mills Ltd.,

** Chairman of Audit Committee of (1) Reliance MediaWorks Ltd., (2) Gitanjali Gems Ltd., and (3) Reliance Asset Reconstruction Company Ltd.,

AUDIT COMMITTEE

Shri Mehlul Patel is the Chairman of the Audit Committee. The Audit Committee comprises of 3 members namely, Shri Mehlul Patel, Shri Hitesh Shah and Shri Nirmal Suchanti 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 31st March, 2010.

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship	No. of Meeting Attended
1.	Shri Mehlul Patel	Chairman	Independent	5
2.	Shri Hitesh Shah	Member	Independent	5
3.	Shri Nirmal Suchanti	Member	Non Executive	5

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 15th day of the month and also consider status of grievances/complaints pending on the same day.

During the financial year 2009-2010, total 13 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 2009-2010 have been acted upon by the Company and no transfer is pending.

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REMUNERATION COMMITTEE

The Company has not constituted any "Remuneration Committee". It is also not mandatory for the company to appoint the same.

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. Therefore no separate remuneration committee has been constituted.

MANAGEMENT COMMITTEE

The Company has constituted a "Management Committee" (though 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 Director 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 2 times in the financial year 2009-2010.

Remuneration of Directors for the financial year 2009-2010.

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.

GENERAL BODY MEETINGS

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

Year	Venue	Date	Time
2006-2007	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall compound), Mumbai – 400 001	27 th September, 2007	10.00 a.m.
2007-2008	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall compound), Mumbai – 400 001	24 th 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), Mumbai – 400 001	25 th August, 2009	10.00 a.m.

DISCLOSURES

During the financial year 2009-2010, 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 Business Standard, The Economics Times, Free Press Journal and Navshakti, Mumbai and uploaded on the company's website (i.e. www.keynoteindia.net). "Limited Review" by the Auditor 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 www.nseindia.com)

Date of publishing Financial Results:

Particulars	Date
Audited Financial Results for the year ended 31 st March, 2009	27-06-2009
1 st Quarter (June, 2009)	30-07-2009
2 nd Quarter (September, 2009)	31-10-2009
3 rd Quarter (December, 2009)	23-01-2010
4 th Quarter (March, 2010)	01-05-2010

KEYNOTE CORPORATE SERVICES LIMITED

GENERAL SHAREHOLDER'S INFORMATION

Annual General Meeting

Date and time : Wednesday, 29th September, 2010, 10.00 a.m.
 Venue : Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society,
 141, Shahid Bhagat Singh Road, (Town Hall Compound), Mumbai – 400 001
 Financial Year Ending : 31st March, 2010
 Date of Book Closure : From Saturday, 25th September, 2010 to Wednesday, 29th September, 2010 (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 2009-2010 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, 2009	47.10	38.90	45.20	38.95
May, 2009	53.70	40.10	51.50	43.00
June, 2009	68.45	49.90	70.25	54.00
July, 2009	52.35	35.70	58.45	39.15
August, 2009	57.65	49.20	59.50	48.60
September, 2009	56.15	45.75	53.50	46.55
October, 2009	65.70	47.75	64.05	51.00
November, 2009	70.85	57.20	73.65	67.05
December, 2009	64.90	56.00	NT	NT
January, 2010	88.65	60.25	NT	NT
February, 2010	78.75	58.40	55.10	50.85
March, 2010	73.05	55.85	68.00	53.40

NT: No Trading

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

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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 31ST MARCH, 2010.

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Upto 500	2296	90.79	332704	4.74
501 to 1000	105	4.15	85936	1.22
1001 to 2000	57	2.25	86826	1.24
2001 to 3000	26	1.03	65700	0.94
3001 to 4000	10	0.40	36905	0.53
4001 to 5000	5	0.19	23479	0.33
5001 to 10000	7	0.28	48831	0.70
10001 and above	23	0.91	6337958	90.30
TOTAL	2529	100.00	7018339	100.00

SHAREHOLDING PATTERN AS ON 31ST MARCH, 2010

Sr. No.	Category of Shares	No. of Shares	% of total shares
(A)	Promoter & Promoter Group :		
	(a) Individuals/ Hindu Undivided Family	650002	9.26
	(b) Bodies Corporate	3160363	45.03
	Sub Total :	3810365	54.29
(B)	Public Shareholding :		
	1. Institutions		
	(a) Mutual Funds/UTI	20800	0.30
	(b) Financial Institutions/Banks	300	0.00
	(c) Foreign Institutional Investors	617100	8.79
	2. Non-Institutions		
	(a) Bodies Corporate	144319	2.06
	(b) Individuals	781562	11.13
	(c) Non-Resident Indians	184894	2.64
	(d) Trust	1451902	20.69
	(e) Hindu Undivided Family	1450	0.02
	(f) Clearing Members	5647	0.08
	Sub Total :	3207974	45.71
	GRAND TOTAL	7018339	100.00

Dematerialization of Shares : 6522938 Equity Shares of ₹ 10/- each (i.e. 92.94%) of the total capital of the Company have been dematerialized as on 31st March, 2010.

CODE OF CONDUCT

The Company has in place a Code of Conduct applicable to the Board as well as the Senior Management and the same has been posted on the web-site of the company i.e. 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, 2010.

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
4th Floor, Balmer Lawrie Building, 5, J. N. Heredia Marg,
Ballard Estate, Mumbai – 400 001
E-mail for Investors: investors@keynoteindia.net

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The current financial year has been a challenging one and your Company has successfully withstood and performed consistently. Total Income of KCSL decreased from ₹ 1,125.11 lacs to ₹ 1,011.00 lacs in 31/03/2010. Profit Before Tax decreased from ₹ 618.28 lacs to ₹ 547.75 lacs in 31/03/2010. Your Company continued to be a profitable and it has posted Profit After Tax of ₹ 403.82 lacs for 31/03/2010.

KEYNOTE CORPORATE SERVICES LIMITED

Total Income of KCL, your 100% subsidiary is ₹ 1,004.88 lacs in 31/03/2010 as compared to ₹ 836.33 lacs in 31/03/2009. Profit after Tax stood at ₹ 186.50 lacs in 31/03/2010 as compared to ₹ 215.33 lacs in 31/03/2009.

With the capital markets picking up activity towards the end of 2010, your wholly own subsidiary, KCL forayed into expansion of establishing retail equity centres and branches. During the next financial year we estimate to establish atleast 10 full fledged retail equity branches. In line with the expansion, KCSL invested ₹ 625 lacs in its wholly own subsidiary thereby further capitalizing KCL. The investment was made at a share price of ₹ 25/- per share.

Your Company also made a significant investment in acquiring an office premises admeasuring approx. 13,500 Sq.Ft. in Central Mumbai in a building under construction. Your Company is expected to get possession of the premises towards the end of 2010 and it proposes to shift its entire corporate operations to the new premises.

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

Sd/-

Date : 25th August, 2010
Place : Mumbai

B. Madhuprasad
Vice Chairman

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

Name, Age, Qualification and Address of Director	Experience/Expertise in specific functional area	Directorship held in other companies
<p>Shri B. Maduprasad (Director seeking re-appointment) Age : 59 Years Qualification : B. Com. ACA Address : Flat No. B/1/12, Technocrat Co-Operative Housing Society Ltd., Twin Tower Lane, Prabhadevi, Mumbai-400 025</p>	<p>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. He is a guest faculty in various prominent capital market institutions such as UTI Institute of Capital Markets, IFCI and academic institutions such as Narsee Monjee Institute of Management studies. He is a member of the Board of Studies at 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"> ● Naga Accounts Management Co. Pvt. Limited. ● Pittsburg Financial Services Pvt. Limited. ● Association of Merchant Bankers of India
<p>Shri Hitesh Shah (Director seeking re-appointment) Age : 42 years Qualification: B.Com. FCA Address : 2/2A-203, Rewa Chambers, Sir Vithaldas Thakersey Marg, Mumbai – 400 020</p>	<p>Hitesh Shah, is a Chartered Accountants, having 14 years experience in Audits, Demerger, Business reorganization, Business Valuation, Due Diligence Reporting, Management Consulting, Transfer Pricing, Handling Joint venture Problems, Accounting Standards, Advisor to the Companies to overseas joint venture operations and FEMA matters etc.</p>	<ul style="list-style-type: none"> ● Keynote Capitals Limited
<p>Shri. Uday S. Patil (Director seeking re-appointment as Whole-Time Director) Age : 51 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>Uday S. Patil is a Science graduate with a Law Degree and also a certified Associate of Indian Institute of Bankers. An ex-banker with rich hands-on experience on various fields of Banking/ 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) & 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"> ● Spire Investments & Trading Pvt. Limited. ● Keynote Wealth Management Limited. ● Arteries Insurance Broking Limited.

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, 2010.

For **Keynote Corporate Services Limited**

Sd/-

Place: Mumbai
Date: 25th August, 2010

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 31st March, 2010 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.

Sd/-

B. Madhuprasad
Vice-Chairman

Sd/-

Vineet Suchanti
Managing Director

Place: Mumbai
Date: 25th August, 2010

KEYNOTE CORPORATE SERVICES LIMITED

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To the Members of Keynote Corporate Services Ltd.

We have examined the compliance of conditions of Corporate Governance of Keynote Corporate Services Ltd., for the year ended 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. 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 based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that while the Shareholders / Investors Grievance

Committee has not maintained records to show the investor grievance pending for a period of one month against the Company, the Registrars of the Company have maintained the records of investor grievances and certified that as at 31st March, 2010, there were no investor grievances remaining unattended / pending for more than 30 days.

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

For **K.K.BHAGERIA & CO.,**
Firm Registration No : 101106W
Chartered Accountants,

Sd/-
(K.K. BHAGERIA)

Partner

Membership No : 33505

Place : Mumbai
Date : 25/08/2010

AUDITOR'S REPORT

To the Members of

Keynote Corporate Services Limited.

1. We have audited the accompanying Balance Sheet of Keynote Corporate Services Limited (the Company) as at 31st March, 2010, 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 and amendments thereto (together referred to as the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose 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 Annexure referred to above, we report that:
 - a) 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;
 - b) 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;

- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of the written representations received from the directors of the Company as at 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors disqualified as on 31st March, 2010 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 to the Companies Act, 1956; and
- f) In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements, 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended 31st March, 2010; and
 - (iii) in the case of cash flow statement, of the cash flows for the year ended 31st March, 2010.

For **K.K.BHAGERIA & CO.,**
Firm Registration No : 101106W
Chartered Accountants,

Sd/-
(K.K. BHAGERIA)

Partner

Membership No : 33505

Place : Mumbai
Date : 25/08/2010

ANNEXURE TO AUDITOR'S REPORT

Referred to in paragraph 3 of the Auditor's Report of even date to the members of Keynote Corporate Services Limited on the financial statements for the year ended March 31, 2010.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified at reasonable intervals during the year, which in our opinion is reasonable, having regard to the size of the company and nature of its assets.
- (ii) The Company is a service company. Accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- (iii) In respect of loans, secured or unsecured, granted or taken by the Company to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a) The company has granted loans to 3 parties. The maximum amount involved during the year was Rs.1,350 lakhs and the year-end balances of loans granted were Rs. 800 lakhs. The company has not taken any loan.
 - b) According to information and explanations given to us, we are of the opinion that the terms and conditions of loans given by the company are prima facie prejudicial to the interest of the company. The company

has given interest free loans of Rs.1,250 lakhs to the companies covered in the register maintained under Section 301 of the Companies Act, 1956.

- c) In respect of loans granted by the company, the loans are interest free and are repayable on demand. According to information and explanations given to us, no stipulation has been made for the repayment of the loans, hence whether the payment of principle amount is regular or not cannot be commented on.
- d) In respect of loans given by the company, as explained to us reasonable steps are being taken by the company for their recovery, which however, needs to be further strengthened.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that

ANNEXURE TO THE AUDITORS' REPORT

Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.

- (vi) The company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
 (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Provident Fund, Service tax, Wealth tax, and other material statutory dues were in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
 (c) Income Tax demand for Rs.48.66 lakhs (including interest of Rs.18.66 lakhs) 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.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in 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 its bankers.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- (xiv) In our opinion and according to information and explanations given to us, the Company has maintained proper records of the transactions and contracts in respect of trading in securities during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name, except to the extent of exemption granted under section 49 of the Companies Act, 1956.
- (xv) The company has not given any guarantees for loans taken by others from banks or financial institutions except for guarantee given by the company to the Bankers of its subsidiary, Keynote Capitals Limited Rs. 650 lakhs (Previous year Rs. 45 lakhs) towards NSE & BSE operations.
- (xvi) The Company has not taken any term loan during the year.
- (xvii) According to the information and explanations given to us and overall examination of the Balance Sheet of the company, we are of the opinion that the funds raised in short-term basis have not been used for long term investments.
- (xviii) The company has not made any preferential allotment of shares to companies/firms/parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued debentures during the year. Accordingly, the question of creation of security or charge does not arise.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **K.K.BHAGERIA & CO.**,
 Firm Registration No : 101106W
 Chartered Accountants,

Sd/-
(K.K. BHAGERIA)
 Partner
 Membership No : 33505

Place : Mumbai
 Date : 25/08/2010

KEYNOTE CORPORATE SERVICES LIMITED

STAND ALONE BALANCE SHEET AS ON 31ST MARCH, 2010

	SCH	AS ON 31.03.2010 Rs.	AS ON 31.03.2009 Rs.
I. SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS			
a) Share Capital	'A'	70,183,390	70,183,390
b) Reserves & Surplus	'B'	301,242,326	279,594,222
LOAN FUND			
a) Secured Loan	'C'	1,293,748	2,590,358
b) Unsecured Loan		—	—
DEFERRED TAX LIABILITY			
		848,121	855,868
TOTAL		373,567,585	353,223,838
II. APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross Block	'D'	12,972,419	12,738,218
Less : Depreciation		5,221,404	4,050,431
NET BLOCK		7,751,015	8,687,787
CAPITAL WORK-IN-PROGRESS		68,747,188	8,000,000
INVESTMENTS	'E'	156,797,849	188,488,545
CURRENT ASSETS, LOANS & ADVANCES			
A CURRENT ASSETS,			
a) Sundry Debtors	'F'	1,075,002	900,000
b) Cash & Bank balance	'G'	36,636,921	117,863,304
B LOANS & ADVANCES			
	'H'	185,198,647	156,061,710
TOTAL (i)		222,910,570	274,825,014
LESS : CURRENT LIABILITIES & PROVISIONS			
a) Current liabilities	'I'	35,146,779	38,003,469
b) Provisions	'J'	47,492,257	88,774,039
TOTAL (ii)		82,639,036	126,777,508
NET CURRENT ASSETS (i) - (ii)		140,271,533	148,047,506
TOTAL		373,567,585	353,223,838
Notes to the accounts	'N'		

"AS PER OUR REPORT OF EVEN DATE ATTACHED"

For K. K. BHAGERIA & CO.

Firm Registration No : 101106W

Chartered Accountants

Sd/-

K. K. BHAGERIA

Partner

Membership No : 33505

Place : Mumbai

Date : 25/8/2010

For and on behalf of the Board

Sd/-

B. Madhuprasad

Vice Chairman

Sd/-

Vineet Suchanti

Managing Director

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STAND ALONE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010			
	SCH	YEAR ENDED 31.03.2010 Rs.	YEAR ENDED 31.03.2009 Rs.
I. INCOME :			
Income from services	‘K’	80,427,045	89,366,859
Other Income	‘L’	20,673,895	23,143,740
TOTAL		101,100,940	112,510,599
II. EXPENDITURE :			
Administrative & Other Expenses	‘M’	45,154,787	49,541,299
TOTAL		45,154,787	49,541,299
Profit Before Depreciation		55,946,153	62,969,300
Less : Depreciation		1,170,973	1,140,722
PROFIT BEFORE TAX		54,775,180	61,828,578
Provision for - Income Tax		14,400,000	20,000,000
Deferred Tax		7,747	100,564
Fringe Benefit Tax		—	555,185
PROFIT AFTER TAX		40,382,927	41,172,829
Add: Excess Provision		—	11,682
Less: Short Provision		6,418,164	1,021,337
Add :Surplus brought forward from previous year		47,945,930	15,993,862
Surplus available for appropriations		81,910,693	56,157,036
Proposed Final Dividend		10,527,509	7,018,339
Distribution Tax on Dividend		1,789,150	1,192,767
Transfer to General Reserve		2,019,146	—
Balance carried to the Balance Sheet		67,574,888	47,945,930
Number of Equity Shares		7,018,339	7,018,339
Basic and Diluted Earning per share (in Rs.)		5.75	5.87
Notes to the accounts	‘N’		
“AS PER OUR REPORT OF EVEN DATE ATTACHED”			
For K. K. BHAGERIA & CO.		For and on behalf of the Board	
Firm Registration No : 101106W			
Chartered Accountants			
Sd/-		Sd/-	
K. K. BHAGERIA		B. Madhuprasad	Vineet Suchanti
Partner		Vice Chairman	Managing Director
Membership No : 33505			
Place : Mumbai			
Date : 25/8/2010			

KEYNOTE CORPORATE SERVICES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF STAND ALONE BALANCE SHEET AS AT 31st March 2010						SCHEDULE 'E' : INVESTMENTS (Non-Trade) : LONG TERM (AT COST)						
		AS AT 31.03.2010 Amount in Rs.	AS AT 31.03.2009 Amount in Rs.			AS AT 31.03.2010 QUANTITY IN NOS.	AS AT 31.03.2010 AMOUNT IN RS.	AS AT 31.03.2009 QUANTITY IN NOS.	AS AT 31.03.2009 AMOUNT IN RS.			
SCHEDULE 'A' :				(A) Equity Shares (Quoted):-								
SHARE CAPITAL :				Indo Count Ind Limited								
AUTHORISED :				Entegra Limited								
1,50,00,000 Equity Shares of Rs. 10/- each				150,000,000	150,000,000	9,900	212,355	9,900	212,355			
(Previous Year 1,50,00,000						—	—	110,644	2,766,096			
Equity Shares of Rs.10/-each)						9,950	199,000	16,430	328,600			
TOTAL				150,000,000	150,000,000	400	1,156	400	1,156			
ISSUED :				Scana Point Limited								
1,12,74,417 Equity Shares of Rs.10/- each				112,744,170	112,744,170	1,000	60,000	1,000	60,000			
(Previous year 1,12,74,417						Total						
Equity Shares of Rs.10/- each)						472,511		3,368,207				
TOTAL				112,744,170	112,744,170	Equity Shares (Quoted):-						
SUBSCRIBED & PAID UP:				Investment in Equity Shares held by Keynote Trust								
70,18,339 Equity Shares of Rs.10/-				70,183,390	70,183,390	1,451,702	12,970,873	1,451,702	12,970,873			
each fully paid up						Total						
(Previous year 70,18,339 Equity Shares of						12,970,873		12,970,873				
Rs.10/-each fully paid up)						Mutual Fund:-						
TOTAL				70,183,390	70,183,390	SBI Magnum Insta Cash Fund						
						—	—	33,309	500,000			
SCHEDULE 'B' :				HDFC FMP Growth								
RESERVES AND SURPLUS :				Principal Income Fund								
General Reserve				1,000,000	1,000,000	—	—	923,642	10,000,000			
Add : Transfer during the year				2,019,146	—	Total						
						—		—	25,500,000			
Securities Premium				3,019,146	1,000,000	TOTAL (A)						
As per last Balance Sheet				230,648,292	230,648,292	13,443,384		41,839,080				
						(B) Equity Shares (Unquoted) (Face Value Rs. 10 each, unless otherwise stated)						
Profit and Loss Account				67,574,888	47,945,930	Maya Entertainment Limited						
TOTAL				301,242,326	279,594,222	448,160	5,812,075	448,160	5,812,075			
						Concept Communication Limited						
SCHEDULE 'C'				Dugar Finance Limited								
SECURED LOAN				Dugar Housing Limited								
From Others				1,293,748	2,590,358	700	2,870	700	2,870			
(i.e. Entities other than Banks and						800	9,520	800	9,520			
Financial Institutions secured by						10,000	30,000	10,000	30,000			
hypoecation of motor car)						—	—	229,500	6,885,000			
TOTAL				1,293,748	2,590,358	FI Sofex Limited						
						—		—	12,910,000			
						Gupta Builders Private Limited / Pelican Finstock Limited						
						—		650	12,910,000			
						Total						
						5,854,465		71,649,465				
						INVESTMENT IN SUBSIDIARY COMPANY :						
						Equity shares (fully paid up)						
						Keynote Capitals Limited						
						10,000,000	137,500,000	7,500,000	75,000,000			
						Total						
						137,500,000		75,000,000	75,000,000			
						TOTAL (B)						
						143,354,465		146,649,465				
						Aggregate cost of Investments (A) + (B)						
						156,797,849		188,488,545				
						Aggregate cost of Quoted Investments						
						13,443,384		41,839,080				
						Market Value of Quoted Investments						
						88,683,729		41,867,586				
<p>Note : Since all investments are considered as Long term Investments any diminution in value there of is considered to be a temporary nature and is therefore not provided for.</p>												
SCHEDULE 'D'												
FIXED ASSETS												
SR. NO.	DESCRIPTION	Rate of Deprn. (SLM)	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			AS ON 01.04.2009	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	TOTAL AS ON 31.03.2010	UP TO 1.4.2009	PROVIDED DURING THE YEAR	WRITTEN BACK DURING THE YEAR	TOTAL AS ON 31.3.2010	AS ON 31.3.2010	AS ON 31.3.2009
TANGIBLE ASSETS												
1	Motor Cars	9.50%	7,648,280	—	—	7,648,280	2,052,089	726,587	—	2,778,676	4,869,604	5,596,191
2	Furniture & Fixtures	6.33%	1,085,306	—	—	1,085,306	597,839	68,700	—	666,539	418,767	487,467
3	Air conditioners	4.75%	1,154,611	—	—	1,154,611	248,568	54,844	—	303,412	851,199	906,043
4	Electrical fittings	4.75%	67,475	—	—	67,475	49,022	3,205	—	52,227	15,248	18,453
5	Office Equipments	4.75%	347,973	—	—	347,973	236,212	16,529	—	252,741	95,232	111,761
6	Computers	16.21%	1,734,573	234,201	—	1,968,774	639,439	289,698	—	929,137	1,039,637	1,095,134
7	Premises	1.63%	700,000	—	—	700,000	227,262	11,410	—	238,672	461,328	472,738
TOTAL			12,738,218	234,201	—	12,972,419	4,050,431	1,170,973	—	5,221,404	7,751,015	8,687,787
PREVIOUS YEAR			12,398,315	339,903	—	12,738,218	2,909,709	1,140,722	—	4,050,431	8,687,787	

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	As at 31.03.2010 Amount in Rs.	As at 31.03.2009 Amount in Rs.		As at 31.03.2010 Amount in Rs.	As at 31.03.2009 Amount in Rs.
SCHEDULE 'F'			SCHEDULE 'L'		
SUNDRY DEBTORS: (Unsecured)			INTEREST AND OTHER INCOME:		
a) Considered Good			Interest on Fixed Deposits (TDS Rs.8.36 lacs , Previous Year Rs.15.59 lacs)		
i) Debts Outstanding for a period exceeding six months	—	—	Interest on Refund on Assessment	6,338,405	9,317,566
ii) Other Debts	1,075,002	900,000	Income from Mutual Fund	—	464,076
Total	1,075,002	900,000	Income from dealing in Debt Securities	1,740,831	—
SCHEDULE 'G'			Interest Income	454,549	—
CASH AND BANK BALANCE			Dividend	3,874,020	1,725,223
Cash on hand	303,248	401,599	Underwriting Commission	—	2,362,500
With Scheduled Bank			Profit on Sale of Shares (Net)	3,505,935	—
In Current Account	4,582,032	7,872,514	Other Income	4,460,155	9,274,375
In Fixed Deposit Account	31,751,641	109,589,191	Total	20,673,895	23,143,740
Total	36,636,921	117,863,304	SCHEDULE 'M'		
SCHEDULE 'H'			Administrative and other Expenses		
LOANS AND ADVANCES:			Advertisement and Publicity		
(Unsecured considered good by the management)			Audit fees		
Advances Recoverable in cash or in kind or for value to be received	35,953,676	9,866,058	Business Promotion Expenses		
Advance Tax and Tax Deducted at Source	32,911,637	71,932,144	Contribution to Provident Fund & ESIC		
Advance to Subsidiary	31,621,815	—	Directors remuneration		
Intercorporate Deposit	80,000,000	40,356,341	Electricity Charges		
Security Deposits	4,711,520	33,907,167	Insurance		
Total	185,198,647	156,061,710	Interest on Income Tax		
SCHEDULE 'I'			Interest On Car Loan		
CURRENT LIABILITIES:			Legal & Professional Charges		
Sundry Creditors	2,358,771	5,579,513	Miscellaneous Expenses		
Advance from Subsidiary	—	4,505,041	Motor Car Expenses		
Advances from Clients	31,342,356	26,782,991	Postage, Courier & Telegraphs		
Outstanding Expenses	1,136,543	826,815	Printing & Stationary		
Other Liabilities	309,109	309,109	Rent, Rates & Professional Taxes		
Total	35,146,779	38,003,469	Repairs & Maintenance		
SCHEDULE 'J'			Salary & Wages		
PROVISIONS :			Staff Welfare Expenses		
Provision for Taxation	34,955,185	74,772,010	Subscription & Registration fees		
Provision for Employee Benefit	—	5,685,783	Sundry Balances written off		
Proposed Dividend	10,747,922	7,123,479	Telephone Expenses		
Distribution Tax on Dividend	1,789,150	1,192,767	Travelling & Conveyance Expenses		
Total	47,492,257	88,774,039	Total		
SCHEDULE 'K'			45,154,787		
INCOME FROM SERVICES:			49,541,299		
Income from Professional Services	80,427,045	89,366,859			
Total	80,427,045	89,366,859			

KEYNOTE CORPORATE SERVICES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 'N' NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES: -

(a) BASIS OF PREPARATION:

The Financial Information are prepared under the historical cost convention and on accrual basis of accounting and in accordance with generally accepted accounting principles in India and comply in material aspect with the measurement and recognition principals of Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956 of India ("the Act") read with Companies (Accounting Standards) Rules 2006.

(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) Issue Management fees is recognized after the completion of assignment.
- (ii) Dividend from investments is accounted for as income when dividend is received by the Company.
- (iii) Income from Interest on Fixed Deposits is recognized on accrual basis.

(d) FIXED ASSETS AND CAPITAL WORK-IN-PROGRESS (CWIP) :

Fixed assets are capitalised at cost inclusive of installation expenses and are stated at cost less accumulated depreciation.

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 CWIP.

(e) DEPRECIATION:

Depreciation is provided on straight-line method on pro-rata basis at the rates prescribed in Schedule XIV to the Companies Act, 1956. The annual depreciation rates are as under :

Assets Description	Depreciation Rate (%)
Office Equipment	4.75 %
Vehicles	9.50 %
Premises	1.63 %
Furniture & Fixtures	6.33 %

Assets costing upto Rs. 5,000 /- are fully depreciated in the year of acquisition.

(f) 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.

(g) FOREIGN CURRENCY TRANSACTIONS:

- (i) Transactions in foreign currency are recorded at the rate of exchange prevailing on date of transaction.
- (ii) Exchange differences arising on settlement of revenue transactions are recognized in the Profit and Loss account.

(h) LEASES :

Assets acquired on leases, where a significant portion of the risks & rewards of ownership are retained by the lessor, and are classified as operating lease. Lease rentals are charged to the Profit & Loss Account on accrual basis.

(i) EMPLOYEE BENEFITS:

- (i) Provident Fund 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 actuarial valuation is deposited with the Group Gratuity Assurance Scheme of Life Insurance Corporation of India.

- (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 every year. However, during the year the company has revised the leave encashment policy according to which the leave salary is encashed every year and the excess provision made in earlier years have been written back by the company during the year.

(j) TAXES ON INCOME:

- (i) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- (ii) Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax asset, on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- (iii) Provision for taxation for the year is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax Act, 1961.

(k) 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.

(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.

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 Rs.3,96,25,000/-

b. CONTINGENT LIABILITIES NOT PROVIDED FOR:

- i) Guarantee given by the Company to the Bankers of its subsidiary, Keynote Capitals Limited Rs. 650 lakhs (Previous year Rs. 45 lakhs) towards NSE & BSE operations.
- ii) Income Tax demand for Rs.48.66 lakhs (including interest of Rs.18.66 lakhs) 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.

c. PAYMENT TO AUDITORS (Excluding Service Tax):

	Year ended 31 st March, 2010 (Rs. in lakhs)	Year ended 31 st March, 2009 (Rs. in lakhs)
(i) Statutory Audit Fee	1.60	1.60
(ii) Tax Audit Fees	0.40	0.40
(iii) Income Tax Matters	0.15	0.15
(iv) Fringe Benefit Tax Matters	—	0.05
(v) Out of Pocket Expenses	0.10	0.05
(vi) Certification work	0.25	0.25
	<u>2.50</u>	<u>2.50</u>

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d. Sundry Debtors, Creditors and Loans and Advances are subject to confirmation by the parties. Sundry Creditors include Rs. Nil being dues to micro, small and medium enterprises. The status about these enterprises is based on the available information with the management.

e. 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.

f. Reimbursements of out-of-pocket expenses from clients / customers are credited to Other Income Account and the expenses incurred for the same are debited to respective expense account heads.

g. DIRECTORS REMUNERATION:

	Year ended 31 st March, 2010 (Rs. in lacs)	Year ended 31 st March, 2009 (Rs. in lacs)
i) Salary	98.28	93.60
ii) Contribution to P.F.	8.85	8.42
	<u>107.13</u>	<u>102.02</u>

h. Loans and Advances include loans of Rs. 1,066.22 lakhs, on which interest has not been charged by the Company. As explained, reasonable steps are being taken by the company for their recovery, which however, needs to be further strengthened.

i. Earnings in Foreign Exchange:
Service Income Rs. 13.79 Lakhs
Expenditure in Foreign Exchange:
Foreign Travelling Rs. 7.49 Lakhs

j. In compliance with accounting standard (AS 22) relating to "Accounting in Taxes on Income" issued by the Institute of Chartered Accountants of India effective from 1st April, 2001, The Company has:
Net deferred tax liability as on 31st March, 2010 :
Opening deferred tax liability as on 01.04.2009 : 8,55,868
Less: Deferred Tax Asset during the year : (7,747)
Balance as on 31st March, 2010 : 8,48,121

k. Computation of basic and diluted earnings per share:
Numerator: Profit after tax Rs. 4,03,82,927/-
Denominator: Weighted Average Number of equity shares outstanding during the year 70,18,339
Face Value: Rs. 10/-
Earning Per Share: - Rs. 5.75/-

l. Segment Reporting:

Primary Segment Information

Sr. No.	Particulars	(Rs. in lakhs)		
		Services	Other Income	Total
1.	Segment Revenue	804.27	206.74	1,011.01
2.	Segment Result (Net of direct expenses)	445.06	114.40	559.46
	Less: Depreciation			11.71
	Profit Before Extra Ordinary Items			547.75
	Profit Before Tax			547.75
	Less: - Provision For Income Tax			144.00
	Deferred Tax Asset			0.08
	Profit after Tax			403.83
3.	Segment Asset and Liabilities: -	It is not possible to allocate the assets and liabilities segment wise because the asset and liabilities are not related to specific segment.		

Secondary Segment

The company is engaged in the business of providing various corporate services to its clients within India. Therefore, disclosure of secondary segment information does not arise.

m. Related Party Disclosure as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

a) List of related parties:

i) Subsidiary Company: Keynote Capitals Ltd.

ii) Key Management Personnel:

Mr. Nirmal Suchanti

Mr. B. Madhuprasad

Mr. Uday S. Patil

Mr. Vineet Suchanti

iii) Relatives of Key Management Personnel:

Mrs. Pushpa Suchanti

iv) Other related parties:

(Associates of the Company / Enterprises over which key management personnel and / or their relatives exercise significant influence)

Concept Communication Ltd.

Cosy Mercantile Ltd.

Concept Productions Ltd.

Nirmal Suchanti HUF

Keynote Wealth Management Limited.

Arteries Insurance Broking Limited.

Keynote Trust

Keynote Commodities Limited

b) Details of transactions with related parties:

	Outstanding Balances as on 31 st March 2010 (Rs. In Lakhs)			
	Referred to in (a) (i)	Referred to in (a) (ii)	Referred to in (a) (iii)	Referred to in (a) (iv)
Loans/ advances / deposits given	316.22	—	—	292.28
Guarantees given	650	—	—	—
Creditors & outstanding Liabilities	—	—	—	—

Notes:

- Details relating to investments in the above-related parties have been disclosed in Schedule E "Investments".
- Details relating to remuneration to the above Key Management Personnel have been disclosed in Note No. 7

n. Employee Benefits:

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 1st June, 2005 and has paid Rs. 3,99,315/- as a total contribution during the year.

(b) Compensated Absences:

(i) As per the Company's Policy, a sum of Rs. 23,07,689/- (Previous Year Rs. 4,57,316/-) has been paid towards compensated absences; calculated on the basis of unutilised leave.

(ii) The Company has revised the Policy of leave encashment during the year and as per the new policy the excess leave encashment for previous year of Rs. 33,78,094/- has been written back during the year.

B. Defined Contribution Plans

Amount recognized as an expenses and included in schedule 'M' - Contribution to Provident Fund and other funds Rs. 17,71,769/- (Previous Year Rs. 16,25,985/-)

o. Previous year's figures have been regrouped and / or rearranged wherever considered necessary.

p. Other information pursuant to paragraph 3, 4C and 4D of part - II of Schedule VI to the Companies Act, 1956 are either nil or not applicable to the Company.

KEYNOTE CORPORATE SERVICES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

(i) Registration Details:

Registration No.	:	11-72407
State Code	:	11
Balance Sheet Date	:	31 st March, 2010

(ii) Capital raised during the year: (Rs. In Thousands)

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

(iii) Position of mobilisation and deployment of funds: (Rs. In thousands)

Total Liabilities	:	3,73,568
Total Assets	:	3,73,568
Sources of Funds	:	
Paid-up capital	:	70,183
Reserves & Surplus	:	3,01,242
Secured Loans	:	1,294

Unsecured Loans	:	Nil
Deferred Tax Liability	:	848
Application of Funds	:	
Net fixed Assets	:	7,751
Capital Work in Progress	:	68,747
Investments	:	1,56,798
Net Current Assets	:	1,40,272

(iv) Performance of the Company (Rs. In thousands)

Turnover (Gross Receipts)	:	1,01,101
Total expenditure	:	45,155
Profit / (Loss) before tax	:	54,775
Profit / (Loss) after tax	:	40,383
Earning per share	:	5.75
Dividend Rate (%)	:	15%

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

Item Code No. (ITC Code)	:	N.A.
SERVICE DESCRIPTION	:	Merchant Banking

For and on behalf of the Board

Sd/-
B. Madhuprasad
Vice Chairman

Sd/-
Vineet Suchanti
Managing Director

Place : Mumbai
Date : 25/08/2010

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STAND ALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 (Pursuant to Listing Agreement With Stock Exchange)

	2009-10 AMOUNT IN RS.	2009-10 AMOUNT IN RS.	2008-09 AMOUNT IN RS.	2008-09 AMOUNT IN RS.
CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax and Extraordinary items		54,775,180		61,828,578
Net prior year Adjustments				
Adjustment For :				
Depreciation	1,170,973		1,140,722	
Provision for Leave Encashment	—		969,061	
Interest	178,239		866,512	
Dividend Income	(3,874,020)		(1,725,223)	
Interest Income	(6,792,954)		(9,781,642)	
		(9,317,762)		(8,530,571)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		45,457,418		53,298,007
ADJUSTMENT FOR :				
Trade and other receivables	(175,002)		(900,000)	
Loans & advance	(29,136,937)		(9,053,292)	
Provisions	(66,205,149)		(24,581,871)	
Trade payables.	(2,856,690)	(98,373,779)	5,994,711	(28,540,452)
NET CASH FROM OPERATING ACTIVITIES SUB TOTAL (A)		(52,916,361)		24,757,555
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Investments	—		(15,386,094)	
Sale of Investment	94,190,696		63,291,398	
Investment in Subsidiary Companies	(62,500,000)		(5,000,000)	
Interest Income	6,792,954		9,781,642	
Dividend Income	3,874,020		1,725,223	
Capital Advance for Purchase of Premises	(60,747,188)		(1,620,000)	
Purchase of Computer	(234,201)		(339,903)	
NET CASH USED IN INVESTING ACTIVITIES SUB TOTAL(B)		(18,623,719)		52,452,266
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend	(7,018,689)		6,913,199	
Dividend distribution tax	(1,192,767)		1,192,767	
Interest	(178,238)		(866,512)	
Repayment of secured loan	(1,296,610)		(1,186,738)	
NET CASH FROM FINANCING ACTIVITIES SUB TOTAL(C)		(9,686,304)		6,052,716
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS				
TOTAL (A+B+C)		(81,226,383)		83,262,536
CASH AND CASH EQUIVALENTS AS AT 01.04.2009		117,863,304		34,600,768
CASH AND CASH EQUIVALENTS AS AT 31.03.2010		36,636,921		117,863,304

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.

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

"AS PER OUR REPORT OF EVEN DATE ATTACHED"

For K. K. BHAGERIA & CO.

Firm Registration No : 101106W

Chartered Accountants

Sd/-

K. K. BHAGERIA

Partner

Membership No : 33505

Place : Mumbai

Date : 25/8/2010

For and on behalf of the Board

Sd/-

B. Madhuprasad

Vice Chairman

Sd/-

Vineet Suchanti

Managing Director

AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow Statement of **KEYNOTE CORPORATE SERVICES LIMITED** for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 25th August, 2010 to the Members of the Company.

For **K.K.BHAGERIA & CO.**,
Firm Registration No : 101106W
Chartered Accountants,

Sd/-
(K.K. BHAGERIA)

Partner

Membership No : 33505

Place : Mumbai
Date : 25/08/2010

KEYNOTE CORPORATE SERVICES LIMITED

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

1. Name of Subsidiary	:	Keynote Capitals Ltd.	Keynote Commodities Ltd	Keynote Wealth Management Ltd.	Arteries Insurance Broking Ltd.
2. The Financial year of subsidiary Company ended on	:	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010
3. a. No. of Equity Shares held by Keynote Corporate Services Ltd. and/or its Nominees in subsidiary as on 31st March, 2010	:	1,00,00,000 Equity Shares	350,000 Equity Shares	5,00,000 Equity Shares	500,000 Equity Shares
b. Extent of interest of Keynote Corporate Services Ltd. in the Capital of subsidiary	:	100 %	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, 2010 of the subsidiary	:	Rs. 1,86,50,142/-	Rs. 82,24,185/-	Rs. 12,75,689/-	Rs. (33,437/-)
b. Profits / (Losses) for the previous financial years of the subsidiary since it became subsidiary of Keynote Corporate Services Ltd.	:	Rs. 2,15,32,608/-	Rs. (52,402/-)	Rs. 11,06,849/-	Rs. (2,19,746/-)
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 ST March, 2010	:	NIL	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	NIL

For and on behalf of the Board

Sd/-
B. Madhuprasad
Vice Chairman

Sd/-
Vineet Suchanti
Managing Director

Place : Mumbai
Date : 25/08/2010

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**Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956
Relating to Subsidiary Companies for the year ended March 31, 2010**

Details of Subsidiary Companies

Particulars	Name of Subsidiaries			
	Keynote Capitals Limited	Keynote Commodities Limited	Keynote Wealth Management Limited	Arteries Insurance Broking Limited
Share Capital	100,000,000	3,500,000	5,000,000	5,000,000
Reserves & Surplus	142,005,339	7,936,697	592,738	—
Total Assets	248,722,873	35,797,379	5,677,176	5155300
Total Liabilities	248,722,873	35,797,379	5,677,176	5155300
Investment (Except investment in subsidiaries)	28,050,820	18,136,499	—	—
Turnover	100,488,348	10,692,908	20,131,499	—
Profit/(Loss) before Taxation	22,351,488	10,245,517	1,883,097	(67,256)
Provision for Taxation	3,300,000	2,000,000	386,000	—
Deferred Tax (Asset) / Liability	401,346	21,333	221,408	(33,819)
Profit/(Loss) after Taxation	18,650,142	8,224,185	1,275,689	(33,437)

For and on behalf of the Board

Sd/-
B. Madhuprasad
Vice Chairman

Sd/-
Vineet Suchanti
Managing Director

Place : Mumbai
Date : 25/08/2010

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF KEYNOTE CORPORATE SERVICES LIMITED,
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KEYNOTE CORPORATE SERVICES LIMITED,
AND ITS SUBSIDIARIES.**

1. We have examined the attached Consolidated Balance Sheet of Keynote Corporate Services Limited., and its subsidiaries as at 31st March 2010, the Consolidated Profit and Loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the period ended on that date.
2. 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. We conducted our audit in accordance with generally accepted Auditing Standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining, on 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. We have not audited the financial statements of certain subsidiaries , whose financial statements reflects the group's share of total assets of Rs.466.30 Lakhs as at March 31, 2010, and the group's share of total revenue of Rs 308.24 Lakhs for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries is based solely on the reports of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountant of India and on the basis of the separate audited financial statements of Keynote Corporate Services Ltd., and its subsidiaries included in the aforesaid consolidated financial statements.
5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Keynote Corporate Services Ltd., and its subsidiaries, we are of the opinion that:
 - a. The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Keynote Corporate Services Limited, and its subsidiaries as at 31st March 2010;
 - b. The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Keynote Corporate Services Limited and its subsidiaries for the year ended 31st March 2010; and
 - c. The Consolidated Cash Flow Statement gives true and fair view of the cash flow of the Keynote Corporate Services Limited and its subsidiaries for the year ended 31st March 2010.

For **K.K. BHAGERIA & CO.**,
Firm Registration No. 101106W
Chartered Accountants,

Sd/-
K.K. BHAGERIA
Partner
Membership No. 33505

Place : Mumbai
Dated: 25/8/2010

ANNUAL REPORT 2009-2010

CONSOLIDATED BALANCE SHEET AS ON 31st March, 2010			
	SCH	AS ON 31.03.2010 Rs.	AS ON 31.03.2009 Rs.
I. SOURCES OF FUNDS :			
Shareholders' Funds			
a) Share Capital	'A'	70,183,390	70,183,390
b) Reserves & Surplus	'B'	415,449,594	365,198,106
Loan Fund			
a) Secured Loan	'C'	3,727,325	6,555,737
b) Unsecured Loan		3,013,121	403,237,853
Deferred Tax Liability		5,533,611	4,931,090
TOTAL		497,907,041	850,106,176
II. APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	'D'	90,697,368	86,291,152
Less : Depreciation		24,442,364	18,555,907
Net Block		66,255,004	67,735,245
Capital Work-In-Progress		129,494,376	8,000,000
Investments	'E'	65,485,167	209,859,258
Current Assets, Loans & Advances			
A Current Assets			
a) Sundry Debtors	'F'	91,822,406	98,073,035
b) Stock in trade	'G'	479,375	40,073,725
c) Cash & Bank balance	'H'	211,551,765	348,947,833
B Loans & Advances			
TOTAL (i)		563,774,527	936,284,733
Less : Current Liabilities & Provisions			
a) Current liabilities	'J'	258,518,788	261,790,165
b) Provisions	'K'	68,583,245	109,982,894
TOTAL (ii)		327,102,033	371,773,059
Net Current Assets (i) - (ii)		236,672,494	564,511,674
TOTAL		497,907,041	850,106,176
Notes to the accounts	'N'		
"AS PER OUR REPORT OF EVEN DATE ATTACHED"			
For K. K. BHAGERIA & CO.		For and on behalf of the Board	
<i>Firm Registration No : 101106W</i>			
Chartered Accountants			
Sd/-		Sd/-	Sd/-
K. K. BHAGERIA		B. Madhuprasad	Vineet Suchanti
<i>Partner</i>		<i>Vice Chairman</i>	<i>Managing Director</i>
<i>Membership No : 33505</i>			
Place : Mumbai			
Date : 25/8/2010			

KEYNOTE CORPORATE SERVICES LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	SCH	YEAR ENDED 31.03.2010 Rs.	YEAR ENDED 31.03.2009 Rs.
I. INCOME :			
Income from services	'L'	129,762,792	118,188,019
Profit on dealing in securities	'M'	14,603,104	147,657
Other Income	'N'	88,047,797	90,702,075
TOTAL		232,413,693	209,037,751
II. EXPENDITURE :			
Administrative & Other Expenses	'O'	137,317,729	112,509,457
TOTAL		137,317,729	112,509,457
Profit Before Depreciation		95,095,964	96,528,294
Less : Depreciation and Amortization		5,886,457	5,026,175
PROFIT BEFORE TAX		89,209,507	91,502,119
Provision for - Income Tax		20,086,000	25,358,758
Deferred Tax		602,521	1,487,040
Fringe Benefit Tax		—	1,116,185
PROFIT AFTER TAX		68,520,986	63,540,136
Add: Excess Provision		—	16,621
Add: MAT Credit Entitlement		124,252	—
Less: Short Provision		6,802,009	1,210,665
Less: Provision for loss on Equity Stock Futures		—	724,915
Add :Surplus brought forward from previous year		134,274,729	79,114,427
Surplus available for appropriations		196,117,958	140,735,604
Proposed Final Dividend		10,527,509	7,018,339
Distribution Tax on Dividend		1,789,150	1,192,767
Transfer to General Reserve		2,019,146	—
Balance carried to the Balance Sheet		181,782,152	132,524,498
Number of Equity Shares		7,018,339	7,018,339
Basic and Diluted Earning per share (in Rs.)		9.76	9.05
Notes to the accounts	'N'		

“AS PER OUR REPORT OF EVEN DATE ATTACHED”

For K. K. BHAGERIA & CO.
Firm Registration No : 101106W
Chartered Accountants

Sd/-

K. K. BHAGERIA
Partner
Membership No : 33505

Place : Mumbai
Date : 25/8/2010

For and on behalf of the Board

Sd/-

B. Madhuprasad
Vice Chairman

Sd/-

Vineet Suchanti
Managing Director

KEYNOTE CORPORATE SERVICES LIMITED

SCHEDULE 'G' :						
STOCK-IN-TRADE (As certified by the Management)					As at	As at
(At Cost or market value, whichever is lower)					31.03.2010	31.03.2009
					Amount	Amount
					in Rs.	in Rs.
Sr. No.	AS AT 31.03.2010		AS AT 31.03.2009			
	QUANTITY IN NOS.	AMOUNT IN RS.	QUANTITY IN NOS.	AMOUNT IN RS.		
QUOTED EQUITY SHARES						
1	Zenith Global Consultants Ltd.	36,875	479,375	36,875	479,375	
2	Allahabad Bank			39,200	1,520,960	
3	Axis Bank Ltd.			1,800	739,710	
4	Bank of Baroda			50	11,600	
5	Cairn India Ltd.			2,500	460,250	
6	Century Textiles & Industries Ltd.			10,176	2,232,106	
7	Chambal Fertilizers & Chemicals Ltd.			27,600	1,154,508	
8	Cipla Ltd.			1,255	275,849	
9	Gail India Ltd.			12,375	3,030,019	
10	HDIL			15,630	1,279,316	
11	Hindalco Industries Ltd.			7,036	363,409	
12	Indiabulls Real Estate Ltd.			5,200	516,880	
13	Idea Cellular Ltd.			64,805	3,237,010	
14	IDFC Ltd.			11,800	638,380	
15	IFCI Ltd.			47,280	888,864	
16	Infosys Technologies Ltd.			1,405	1,859,650	
17	ITC Ltd.			2,250	414,518	
18	Jaiprakash Associates Ltd.			25	2,103	
19	Mercator Lines Ltd.			68,595	1,933,693	
20	ONGC Ltd.			10	7,802	
21	Punj Lloyd Ltd.			1,500	134,925	
22	Ranbaxy Laboratories Ltd.			33,600	5,477,808	
23	Reliance Communication Ltd.			20	2,650	
24	Reliance Natural Resources Ltd.			7,152	315,046	
25	Reliance Infrastructure Ltd.			28	14,435	
26	Reliance Industries Ltd.			600	897,540	
27	Rolta India Ltd.			23,400	1,345,500	
28	Reliance Petroleum Ltd.			20,100	1,911,510	
29	Reliance Power Ltd.			2,000	204,700	
30	Satyam Computer Services Ltd.			2	77	
31	SRF Ltd.			9,000	662,130	
32	Sun Pharmaceuticals Industries Ltd.			3,825	4,237,603	
33	Volta Ltd.			5,400	249,210	
34	Welspun - Gujarat Stahi Rohren Ltd.			48,000	3,573,600	
35	Zee Entertainment Enterprises Ltd.			10	990	
	Total			479,375	40,073,726	
		As at		As at		
		31.03.2010		31.03.2009		
		Amount		Amount		
		in Rs.		in Rs.		
SCHEDULE 'F'						
SUNDRY DEBTORS: (Unsecured)						
a) Considered Good						
	i) Debts Outstanding for a period exceeding six months	4,831,231	4,601,400			
	ii) Other Debts	86,991,175	93,471,635			
	Total	91,822,406	98,073,035			
SCHEDULE 'H'						
CASH AND BANK BALANCE						
	Cash on hand	1,572,149	2,108,041			
With Scheduled Bank						
	In Current Account	65,005,798	129,903,213			
	In Fixed Deposit Account	144,973,818	216,936,579			
	Total	211,551,765	348,947,834			
SCHEDULE 'I'						
LOANS AND ADVANCES:						
(Unsecured considered good by the management)						
	Advances Recoverable in cash or in kind or for value to be received	75,906,162	247,032,197			
	Advance Tax Paid	38,693,601	77,304,683			
	Intercorporate Deposit	96,532,883	—			
	Deposit with Government & Other Bodies	48,788,335	124,853,260			
	Total	259,920,981	449,190,140			
SCHEDULE 'J'						
CURRENT LIABILITIES:						
	Sundry Creditors	225,730,780	229,366,209			
	Subsidiary Companies	—	4,505,041			
	Advances from Clients	31,342,356	26,782,991			
	Outstanding Expenses	1,136,543	826,815			
	Other Liabilities	309,109	309,109			
	Total	258,518,788	261,790,165			
SCHEDULE 'K'						
PROVISIONS :						
	Provision for Taxation	56,046,173	92,074,476			
	Provision for Employee Benefit	—	9,041,788			
	Excess of Provision of loss over MTM Margin	—	550,384			
	Proposed Dividend	10,747,922	7,123,479			
	Distribution Tax on Dividend	1,789,150	1,192,767			
	Total	68,583,245	109,982,894			
SCHEDULE 'L'						
INCOME FROM SERVICES:						
	Income from Services	129,762,792	118,188,019			
	Total	129,762,792	118,188,019			
SCHEDULE 'M'						
PROFIT FROM TRADING IN SECURITIES						
	Sales	17,147,088,404	5,743,473,776			
	Closing Stock	479,375	40,073,726			
	Total (a)	17,147,567,779	5,783,547,502			
	Less: Purchases	17,092,890,949	5,782,920,468			
	Opening Stock	40,073,726	479,375			
	Total (b)	17,132,964,675	5,783,399,843			
	Total (a-b)	14,603,104	147,657			
SCHEDULE 'N'						
INTEREST AND OTHER INCOME:						
	Interest on Fixed Deposits (TDS Rs.8.36 lacs , P.Y. Rs.15.59 lacs)	20,500,991	15,510,338			
	Underwriting Commission	—	2,362,500			
	Income from Mutual Fund	1,740,831	—			
	Income from dealing in Debt Securities	300,000	—			
	Interest Income	737,432	—			
	International Advisory Income	8,000,899	31,616,325			
	Depository Income	711,792	1,601,945			
	Primary Market Business	13,929,659	—			
	Dividend	4,792,279	2,119,963			
	Profit on Dealing in F & O	201,520	802,463			
	Profit on Sale of Shares(Net)	28,837,588	18,293,212			
	Other Income	8,294,806	18,395,329			
	Total	88,047,797	90,702,075			

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	As at 31.03.2010 Amount in Rs.	As at 31.03.2009 Amount in Rs.
SCHEDULE 'O'		
Administrative and other Expenses		
Advertisement and Publicity	574,505	945,102
Audit fees	471,626	465,961
Accounting Charges	4,500	4,500
Business Promotion Expenses	1,682,056	1,355,271
Bank Charges & Guarantee Commission	962,124	928,882
Books & Periodicals	11,931	19,277
Contribution to Provident Fund & ESIC	4,327,055	3,832,551
Custodial & Demat Charges	472,619	107,540
Computer Expenses	556,731	432,553
Directors remuneration	12,348,000	11,760,000
Donation	44,500	1,100,000
Electricity Charges	2,276,211	1,738,616
General Expenses	132,218	258,613
Insurance	512,576	335,715
Interest On Car Loan	521,880	—
Bank Interest	904,816	941,512
Interest	809,501	—
Incentive to Agents & Subbrokers	1,638,829	—
Loss on Sale of GOI Securities	287,500	—
Loss on Sale of Fixed Assets	—	807,530
Legal & Professional Charges	11,515,643	13,972,707
Miscellaneous Expenses	2,419,986	2,003,524
Motor Car Expenses	893,615	1,197,495
NSE,BSE,SEBI Registration & Turnover Expenses	2,787,485	2,853,387
Postage, Courier & Telegraphs	405,911	333,414
Printing & Stationary	1,782,088	910,768
Personnel Expenses	87,213	29,550
Preliminary Exp W/off	—	57,758
Office Expenses	98,279	—
Rent, Rates & Professional Taxes	12,921,078	10,855,902
Repairs & Maintenance	2,422,726	3,664,163
Salary & Wages	46,012,597	32,180,311
Staff Welfare Expenses	1,789,976	1,263,769
Security Transaction Tax	8,214,033	2,685,081
Service Tax Expenses	2,881,146	700,295
Stamp Duty & Stamp Expenses	1,574,055	952,265
Subscription & Registration fees	3,019,684	1,971,731
Sundry Balances written off	817,223	918,325
Telephone Expenses	3,740,593	4,690,428
Travelling & Conveyance Expenses	5,395,222	6,234,961
Total	137,317,729	112,509,457

SCHEDULE 'N' ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010.

1. PRINCIPLES OF CONSOLIDATION

a. The Consolidated Financial Statements relate to Keynote Corporate Services Limited. (the Company), its Wholly Owned Subsidiary Keynote Capitals Limited and also Wholly Owned Subsidiary companies of Keynote Capital Limited namely Keynote Commodities Limited, Keynote Wealth Management Limited and Arteries Insurance Broking Limited. The Consolidated Financial Statements have been prepared on the following basis.

- The financial statements of the Company and its Subsidiary Companies are combined on a line-by-line basis by adding together the book values of like items of Assets, Liabilities, income and expense, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".
- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

b. The list of Subsidiaries included in the Consolidated Financial Statements are as under:

Name of Subsidiary Company	Country of Incorporation	% of voting power held as at 31 st March, 2010	
		This Year	Previous Year
Keynote Capital Ltd.	India	100%	100%
Keynote Commodities Ltd.	India	100%	100%
Keynote Wealth Management Ltd.	India	100%	100%
Arteries Insurance Broking Ltd.	India	100%	100%

c. Other Significant Accounting Policies

These are set out in the notes to accounts under "Statement of Accounting Policies" of the financial statements of the Company and its Subsidiary companies.

2. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2010 FOR CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Preparation

The Financial Information are prepared under the historical cost convention and on accrual basis of accounting and in accordance with generally accepted accounting principles in India and comply in material aspect with the measurement and recognition principals of Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956 of India ("the Act") read with Companies (Accounting Standards) Rules 2006.

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) Revenue from Broking activities is accounted for on the date of transaction.
- (ii) Interest income from financing activities, deposits, commission and brokerage are recognized on an accrual basis.
- (iii) Issue Management and Placement fees, Underwriting commission, Portfolio Management Fees and Financial / Investment advisory fees are accounted on completion of the assignment.
- (iv) Dividend from investment is accounted for as income when the dividend is received by the companies.
- (v) Depository income is accounted for on an accrual basis.

D. Fixed Assets

Fixed assets are capitalised at cost inclusive of installation expenses and are stated at cost less accumulated depreciation.

E. Leases

Assets acquired on leases, where a significant portion of the risks & rewards of ownership are retained by the lessor, and are classified as operating lease. Lease rentals are charged to the Profit & Loss Account on accrual basis.

F. Intangible Assets

Intangible Assets are recognized only if it is probable that the future economic benefits that are attributable to assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Computer Software which is not an integral part of the related hardware is classified as an intangible asset and is being amortized over the estimated useful life.

G. Depreciation

Depreciation is provided on Straight Line Method, at the rates specified in Schedule XIV of the Companies Act, 1956 or the rates based on

KEYNOTE CORPORATE SERVICES LIMITED

useful lives of the assets as estimated by the management, whichever are higher. Depreciation is provided for on a pro-rata basis on the assets acquired, sold or disposed off during the year. The annual depreciation rates are as under :

Assets Description	Depreciation Rate (%)
Office Equipment	4.75 %
Vehicles	9.50 %
Premises	1.63 %
Furniture & Fixtures	6.33 %
Computers	16.21 %

Assets costing upto Rs. 5,000 /- are fully depreciated in the year of acquisition.

H. Stock – In – Trade

- (i) The securities acquired with the intention of short term holding and trading positions are considered as stock – in – trade and disclosed as current assets.
- (ii) The securities held as stock – in – trade under current assets are valued at lower of weighted average cost and market value.

I. 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 cost or market/fair value, whichever is lower.

J. Foreign Currency Transactions

- (i) Transactions in foreign currencies are recorded at the rate of exchange in force at the time of occurrence of the transactions.
- (ii) Exchange differences arising on settlement of revenue transactions are recognized in the Profit and Loss Account.

K. Employee Benefits

- (i) Provident Fund 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 actuarial valuation is deposited with the Group Gratuity Assurance Scheme of Life Insurance Corporation of India.
- (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 every year. However, during the year the company has revised the leave encashment policy according to which the leave salary is encashed every year and the excess provision made in earlier years have been written back by the company during the year.

L. Taxes on Income

- (i) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- (ii) Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax asset, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- (iii) Provision for taxation for the year is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax Act, 1961.

M. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized 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.

N. 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 estimate of the recoverable amount and such loss either no longer exists or has decreased.

3. NOTES ON ACCOUNTS

- (i) Capital Commitment (net of advances): Rs. 792.5 lakhs.
- (ii) Contingent Liabilities
 - a. Guarantee given by the Company to the Bankers of its subsidiary, Keynote Capitals Limited Rs. 650 lakhs (Previous year Rs. 45 lakhs) towards NSE & BSE operations.
 - b. Guarantee given by the subsidiary company Keynote Capitals Ltd. to National Stock Exchange amounting to Rs. 25 lakhs towards NSE operations and to Bombay Stock Exchange amounting to Rs.20 lakhs towards BSE Operations.
 - c. In respect of subsidiary company, Keynote Capitals Limited Income Tax demand for Rs.4.50 lakhs are under dispute. The Company has preferred an appeal before the Commissioner of Income Tax (Appeals) against the said demand which is pending for disposal.
 - d. Income Tax demand for Rs.48.66 lacs (including interest of Rs.18.66 lacs) 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.

4. Segment Reporting :

Primary Segment Information		(Rs. in lacs)		
Sr. No.	Particulars	Broking/ Services	Other Income	Total
1.	Segment Revenue	1297.63	1026.51	2324.14
2.	Segment Result (Net of direct expenses)	530.95	420.01	950.96
	Less: Depreciation			(58.86)
	Profit Before Tax			892.10
	Provision For Tax:			
	(a) Current Tax			(200.86)
	(b) Deferred Tax Liability			(6.03)
	Profit After Tax			685.21
3.	Segment Asset and Liabilities :			
	It is not possible to allocate the assets and liabilities segment wise because the asset and liabilities are not related to specific segment.			

Secondary Segment

The company is engaged in the business of providing various corporate services to its clients within India. Therefore disclosure of secondary segment information does not arise.

5. DIRECTORS REMUNERATION :

	Year ended 31 st March, 2010 (Rs. in lacs)	Year ended 31 st March, 2009 (Rs. in lacs)
i) Salary	123.48	117.60
ii) Contribution to P.F.	11.12	10.58
	<u>134.60</u>	<u>128.18</u>

ANNUAL REPORT 2009-2010

6. Related Party Disclosure as per accounting standard 18 issued by the Institute of Chartered Accountants of India.

a) List of related parties:

i) Key Management Personnel:

Mr. B.Madhuprasad Mr. Uday S.Patil
Mr. Vineet Suchanti Mr. Suraj Saraogi

ii) Relatives of Key Management Personnel:

Pushpa Suchanti Rita Suchanti
Rinku Suchanti Nirmal Suchanti (HUF)
Om Prakash Saraogi Om Prakash Saraogi (HUF)
Sharda Saraogi Sonali Saraogi

iii) Other related parties :

(Associates of the Company / Enterprises over which key management personnel and / or their relatives exercise significant influence)

Prudential Assets & Capital Management Ltd.
Cosy Mercantile Ltd. Concept Communication Ltd.
Concept Production Ltd. Gupta Builders Pvt. Ltd.
Vivek Suchanti & Co.

b) Outstanding Balances as on 31st March, 2010

(Rs. in Lakhs)

	Referred to in (a) (i)	Referred to in (a) (ii)	Referred to in (a) (iii)
Debtors	0.19	2.01	447.12
Creditors & Outstanding Liabilities	7.67	81.69	32.00
Loans / advances / deposits given	—	—	292.28
Loans / advances / deposits taken	0.29	—	—

Notes:

- Details relating to investments in the above related parties have been disclosed in Schedule E "Investments"
- Details relating to remuneration to the above Key Management Personnel have been disclosed in Note No. 5 of Schedule N.

7. In compliance with accounting standard (AS 22) relating to "Accounting in Taxes on Income" issued by the Institute of Chartered Accountants of India effective from 1st April, 2001, the Company has:
Net deferred tax liability as on 31st March, 2010 :
Opening deferred tax liability as on 01.04.2009 : 49,31,090
Add: Deferred Tax Liability during the year : 6,02,521
Balance as 31st March, 2010 : 55,33,611

8. Earnings In Foreign Exchange :
Service Income Rs. 93.80 Lakhs

9. Expenditure In Foreign Exchange :
Foreign Travelling Rs. 15.53 Lakhs

10. Computation of basic and diluted earnings per share:

Numerator : Profit / Loss after tax Rs. 6,85,20,987/-
Denominator : Weighted Average Number of equity shares outstanding during the year 70,18,339.
Face Value : Rs. 10/-
Earning Per Share : Rs.9.76

11. Previous year's figures have been regrouped and /or rearranged wherever considered necessary.

12. Other information pursuant to paragraph 3, 4(c) and 4(d) of Part - II of Schedule VI to the Companies Act, 1956 are either NIL or Not Applicable.

"AS PER OUR REPORT OF EVEN DATE ATTACHED"

For K. K. BHAGERIA & CO.

Firm Registration No : 101106W

Chartered Accountants

Sd/-

K. K. BHAGERIA

Partner

Membership No : 33505

Place : Mumbai

Date : 25/8/2010

For and on behalf of the Board

Sd/-

B. Madhuprasad

Vice Chairman

Sd/-

Vineet Suchanti

Managing Director

KEYNOTE CORPORATE SERVICES LIMITED

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010
(Pursuant to Listing Agreement With Stock Exchange)**

	2009-10 Amt. in Rs.	2009-10 Amt. in Rs.	2008-09 Amt. in Rs.	2008-09 Amt. in Rs.
CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax and Extraordinary items		88,672,738		91,513,150
Net prior year Adjustments				
Adjustment For :				
Depreciation	5,435,902		5,026,175	
Amortization of Fixed Assets	450,555		—	
Provision for Leave Encashment	—		1480321	
Interest	2,236,197		914,512	
Dividend Income	(4,792,279)		(2,119,963)	
Loss on sale of fixed assets	—		807,530	
Loss on sale of investments	287,500		—	
Profit on sale of investments	(25,331,653)		(17,516,375)	
Miscellaneous Expenditure written off	21,503		21,503	
Interest Income	(21,238,423)		(15,510,338)	
		(42,930,695)		(26,896,635)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		45,742,044		64,643,514
ADJUSTMENT FOR :				
Trade and other receivables	123,343,278		(25,256,838)	
Loans & advance	142,191,359		(100,319,258)	
Provisions	(71,912,130)		(26,635,883)	
Inventories	39,594,351		(39,594,349)	
Trade payables.	(92,611,379)	140,605,481	60,228,258	(131,578,071)
NET CASH FROM OPERATING ACTIVITIES SUB TOTAL (A)		186,347,525		(66,934,557)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Investments	(21,827,962)		(69,530,779)	
Sale of Investment	191,246,206		97,862,104	
Advances from Group Company	355,301		—	
Advances from Holding/group Company	(1,138,768)		—	
Interest Income	21,238,423		15,510,338	
Sale of fixed assets	—		750,000	
Dividend Income	4,792,279		2,119,963	
Capital Advance for Purchase of Premises	(121,494,376)		(1,620,000)	
Purchase of Fixed Assets	(4,406,216)		(10,202,254)	
NET CASH USED IN INVESTING ACTIVITIES SUB TOTAL (B)		68,764,887		29,889,371
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend	(7,018,689)		6,913,199	
Dividend distribution tax	(1,192,767)		1,192,767	
Receipt of Share Application money	21,432,000		—	
Interest	(2,236,139)		(941,512)	
Repayment of loan	(403,492,884)		89,418,297	
NET CASH FROM FINANCING ACTIVITIES SUB TOTAL (C)		(392,508,480)		101,582,750
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS				
TOTAL (A+B+C)		(137,396,069)		64,537,563
CASH AND CASH EQUIVALENTS AS AT 01.04.2009		348,947,834		284,410,270
CASH AND CASH EQUIVALENTS AS AT 31.03.2010		211,551,765		348,947,834

Notes :

- The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard -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 classification.

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

For K. K. BHAGERIA & CO.
Firm Registration No : 101106W
Chartered Accountants

For and on behalf of the Board

Sd/-
K. K. BHAGERIA
Partner
Membership No : 33505

Sd/-
B. Madhuprasad
Vice Chairman

Sd/-
Vineet Suchanti
Managing Director

Place : Mumbai
Date : 25/8/2010

KEYNOTE CORPORATE SERVICES LIMITED

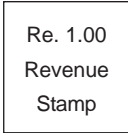
Registered Office : 4th Floor, Balmer Lawrie Building, 5, J. N. Heredia Marg, Ballard Estate, Mumbai – 400 001.

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 SEVENTEENTH ANNUAL GENERAL MEETING of the Company to be held at 10.00 a.m.
on Wednesday, the 29th September, 2010 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 _____, 2010.

Signature _____



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

KEYNOTE CORPORATE SERVICES LIMITED

Registered Office : 4th Floor, Balmer Lawrie Building, 5, J. N. Heredia Marg, Ballard Estate, 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 SEVENTEENTH 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), Mumbai – 400 001 at 10.00 a.m. on Wednesday, the 29th September, 2010.

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

Notes :

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

BOOK-POST

If undelivered please return to:

KEYNOTE CORPORATE SERVICES LIMITED

4th floor, Balmer Lawrie Building, 5, J. N. Heredia Marg, Ballard Estate, Mumbai – 400 001