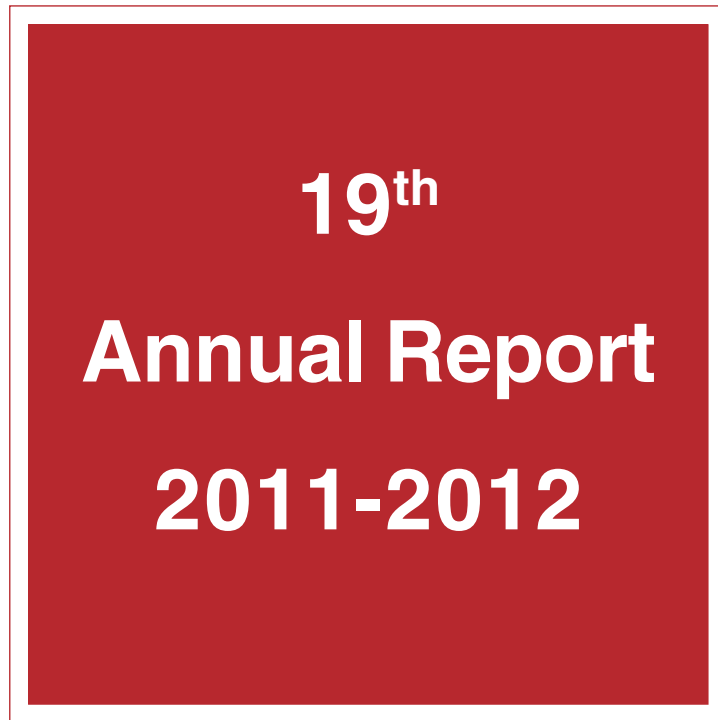


KEYNOTE



KEYNOTE CORPORATE SERVICES LTD.

**KEYNOTE CORPORATE SERVICES LIMITED
ANNUAL REPORT 2011 – 2012**

CONTENTS	PAGE NO.
• Board of Directors.....	3
• Notice	4
• Explanatory Statement	7
• Director's Report	10
• Director's Report on Corporate Governance	14
• Certificate on Corporate Governance	23
• Auditor's Report to the Shareholders	24
• Balance Sheet	26
• Profit and Loss Account	27
• Notes to the Accounts	28
• Cash Flow Statement	37
• Statement Pursuant to Section 212 of the Companies Act, 1956	38
• Statement Pursuant to Exemption granted by the Ministry of Corporate Affairs Under Section 212 (8) of the Companies Act, 1956.	39
CONSOLIDATED ACCOUNTS:	
• Auditor's Report	40
• Balance Sheet	41
• Profit and Loss Account	42
• Notes to the Accounts	43
• Cash Flow Statement	54

BOARD OF DIRECTORS

Shri B. Madhuprasad
Vice Chairman

Shri Uday S. Patil
Director - Investment Banking

Shri Hitesh Shah
Director

Shri Anish Malhotra
Director

Shri Vineet Suchanti
Managing Director

Shri Sujal Shah
Director

Shri Manish Desai
Director

BOARD COMMITTEES

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

Company Secretary
Shri Sangeet Lakkar

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

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

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

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

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

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF KEYNOTE CORPORATE SERVICES LIMITED WILL BE HELD ON THURSDAY, 27TH OF SEPTEMBER, 2012 AT HOMI J. H. TALEYARKHAN MEMORIAL HALL, INDIAN RED CROSS SOCIETY, 141, SHAHID BHAGAT SINGH ROAD, (TOWN HALL COMPOUND), FORT, MUMBAI – 400 001 AT 10.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as of 31st March, 2012 and the profit and loss account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2012.
3. To appoint a Director in place of Shri Vineet Suchanti, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Sujal Shah, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors of the Company to fix their remuneration. M/s. Haribhakti & Co. Chartered Accountants [Firm Registration No.103523W], the retiring Auditors, are eligible for re-appointment.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to approval from Central Government and other approvals, if applicable, and subject to the approvals of shareholders of the Company, the Board of Directors hereby accords their consent for the re-appointment of Shri Uday S. Patil, as a Whole-Time Director of the Company for the further period of 3 (three) years with effect from 13th November, 2012 on the terms and conditions as set out in explanatory statement with the liberty to the Board of Directors to alter and vary the terms of re-appointment from time to time or as may be agreed to between the Board and Shri Uday S. Patil.”

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

Sd/-
B. Madhuprasad
Vice-Chairman

Date: 9th August, 2012
Place: Mumbai

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, 22nd September, 2012 to Thursday, 27th September, 2012 (both days inclusive).
- c) If dividend on Equity Shares as recommended by the Board of Directors is declared at the Meeting, the Dividend will be paid to those Members whose names appear in the Company's Register of Members i.e. for those holding Shares in the Physical Form and those holding Shares in Demat Form as Beneficial Owners in the record of the Depositories as on Friday, 21st September, 2012.
- d) The Dividend is proposed to be disbursed by way of Electronic Clearing Service (ECS). For this purpose, the details such as, name of the Bank, name of the branch, 9-digit code number appearing on the MICR band of the cheque supplied by the Bank, account type, account number etc. are to be furnished to your DP if the shares are in electronic form or to the Registrars & Transfer Agents if they are held in physical mode.
- e) The practice of distributing copies of Annual Reports at the Annual General Meeting has been discontinued as a measure of economy.
- f) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at the Meeting is annexed hereto.
- g) Members are hereby informed that Dividend which remains unclaimed/un-encashed over a period of 7 years is required to be transferred as per provisions of Section 205A of the Companies Act, 1956, by the Company to "The Investor Education & Protection Fund" constituted by the Central Government under Section 205C of the Companies Act, 1956.

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

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

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

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

ANNUAL REPORT 2011-2012

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

Members are requested to:

- i. Intimate changes, if any, in their registered address at the earliest.
 - ii. Furnish PAN with Income Tax Ward/Range/District to the Company.
 - iii. Quote ledger folio nos. in all the correspondence with the Company and the Transfer Agent. In case shares are held in dematerialized mode, please quote the DP ID No. and client ID in all the correspondence.
 - iv. Bring the copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
 - v. Send the queries, if any, at least 7 (Seven) days in advance of the meeting so that the information can be made available at the meeting.
- j) Ministry of Corporate Affairs, Government of India, vide Circular No. 17/2011 dated 21st April, 2011 and Circular No.18/2011 dated 29th April, 2011 allowed service of documents by e-mode as a Green initiative in the Corporate Governance. Members are requested to Register their e-mail addresses with the Company's Registrar and Share Transfer Agents M/s. Link Intime India Pvt. Limited Unit : Keynote Corporate Services Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078, for the purpose of service of documents under Section 53 of the Companies Act, 1956. The members are also requested to update their e-mail address in the Depository Account holding shares of the Company in dematerialized mode enabling the Registrar to consider the same. The form for sending the response is annexed at the end of the Annual Report.
- k) (i) Pursuant to the General Exemption granted by the Central Government, Ministry of Corporate Affairs under Section 212 of the Companies Act, 1956 vide Circular No.2/2011 dated 8th February, 2011, the Board of Directors at its meeting held on 6th September, 2011 granted its consent not to attach the Director's Report, Auditors Report, Balance Sheet, Profit and Loss Accounts and Schedules and Annexures thereto of the subsidiaries and step down subsidiaries with the Annual Accounts of the company subject to the Company fulfilling the conditions prescribed therein.
- (ii) The Company has fulfilled the conditions (i) to (vii) of the said Circular by attaching the consolidated Financial Statement of the Holding, Subsidiary and step down subsidiaries duly audited by the Statutory Auditors.
- (iii) The Company undertakes that the Annual Accounts of the subsidiary and step down subsidiaries and the related detailed information shall be made available to the Shareholders of the Company and that of subsidiary and step down subsidiary companies, free of cost. A copy of the Annual Accounts of the subsidiary and step down subsidiaries shall also be given to Shareholders free of cost on demand.
- (iv) The Annual Accounts of the Company and its subsidiary and step down subsidiaries shall be kept for inspection by any shareholder in the Registered office of the Company at The Ruby, 9th floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028 between 11.00 a.m. to 1.00 p.m. on any working day (Except Saturdays and Sundays).
- (v) The Annual Accounts of the Company, subsidiary and step down subsidiaries have also been posted on the Company's website www.keynoteindia.net. Any shareholder may access the Company's website for the Annual Accounts of the Company, its subsidiary and step down subsidiaries.

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

Item No. 6

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

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

DETAILS OF REMUNERATION ARE AS FOLLOWS:

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

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

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

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

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

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

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

Memorandum of Interest

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

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

- | | | |
|---|---|--|
| 1. Nature of Industry | : | Merchant Banking/Corporate Advisory Services |
| 2. Date or expected date of commencement of commercial production. | : | Not Applicable |
| 3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. | : | Not Applicable |
| 4. Financial performance based on given indicators during the financial year ended 31st March, 2012. | : | (₹ in lacs) |
| | | Total Income : 1,039.98 |
| | | Expenses : 579.64 |
| | | Profit : 460.34 |
| | | EPS (₹) : 4.46 |
| | | P/E Ratio (times) : 7.45 |
| | | Total Assets : 4,721.09 |
| 5. Export performance and net foreign exchange collaborations | : | Not Applicable.
No foreign collaborations. |
| 6. Foreign investments or collaborators, if any | : | As on 31 st March, 2012, the foreign shareholding in the company is 6,21,883 Equity Shares representing 8.86% of the total capital. |

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

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

2. Past remuneration:

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

3. Recognition or awards:

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

4. Job profile and his suitability:

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

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

5. Remuneration proposed:

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

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

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

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

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

III. Other Information

1. Reason of loss or inadequate profits

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

2. Steps taken or proposed to be taken for improvement

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

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

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

IV. Disclosures

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

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

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

Sd/-

B. Madhuprasad
Vice-Chairman

Date : 9th August, 2012
Place : Mumbai

ANNUAL REPORT 2011-2012

DIRECTORS' REPORT

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

Dear Shareholders,

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

(₹ in lacs)

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

Dividend

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

Change in Registered Office

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

Operations

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

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

& Acquisition, Private Equity deals, Valuations and other advisory services. Your company was successful in advising on a large acquisition deal by an established industry house aggregating to about € 275 Million. Besides this mega deal your company was also able to advise some of the corporates on implementation of scheme of arrangement, preferential allotment to foreign investors etc. The company posted a total income of ₹ 1039.98 lacs during the financial year with a profit after tax of ₹ 312.80 lacs.

During the year the company strengthened the internal team of personnel with execution capabilities across the board. Your company applied to Securities & Exchange Board of India (SEBI) for renewal of Category I Merchant Banker registration in September 2011. As on date we are pleased to inform the members that your company has received "Permanent Registration" from SEBI to act as Category I Merchant Banker.

Operations of Subsidiaries

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

KCL geared up process of expanding its Retail operations with a focus on more active equity centres. Over the past few months KCL has expanded the retail network and currently offers stock broking services at 90 locations through network of branches and franchises.

KCL posted a total Income of ₹ 1,520.10 lacs for 31st March, 2012 as compared to ₹ 1,255.28 lacs in 31st March, 2011. However, Profit after Tax stood at ₹ 55.57 lacs compared to ₹ 46.17 lacs for the previous year.

During the financial year 2011-12 the subsidiary acquired a Non-Banking Finance Company (NBFC) and obtained requisite Reserve Bank of India (RBI) approvals. Acquisition is aimed at developing the Synergies with Stock-Broking proposed portfolio Management activities and other existing businesses of subsidiary.

Subsidiary Companies and Consolidated Financial Statements.

Keynote Capitals Limited (KCL) is our wholly owned subsidiary company. Presently Keynote Capitals Limited has two wholly owned subsidiaries namely (1) Keynote Commodities Limited and (2) Keynote Fincorp Private Limited (Formerly Abhishek Finance and Investment Pvt. Limited) which became subsidiary wef. 29th November, 2011. During the year the operations of Arteries Insurance Broking Limited (a subsidiary of KCL) were discontinued wef 15th June, 2012 and accordingly the name of the Company was struck off from Ministry of Corporate Affairs (MCA) records.

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

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

Tax Provisions

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

Listing

The Equity Shares of the Company continued to be listed and traded on the BSE Limited (BSE) and National Stock Exchange of India Ltd. (NSE). The scrip code number of the Equity Shares of the Company on BSE is 512597 and on NSE is KEYCORPSEER. The Company has paid up-to-date listing fees to both the exchanges.

Dematerialization

The Equity Shares of the Company can be held in dematerialized form. The Company has signed the tripartite agreement with National Securities Depository Ltd., Central Depository Services (India) Ltd., and existing Registrar & Transfer Agent for dematerialization of existing holding of the shareholders.

The International Securities Identification Number, allotted to the Company is **INE681C01015**. The Equity Shares of the Company are listed and traded on BSE, in "B" segment and NSE, and are being traded in compulsory dematerialized mode. Presently 96.16% of equity capital of the company is in dematerialized mode.

Directors Responsibility Statement

In compliance with Section 217(2AA) of the Companies (Amendment) Act 2000, the Directors state that:

- (a) In the preparation of annual accounts, the applicable accounting standards have been followed and proper explanations relating to material departures, if any, have been furnished.
- (b) Accounting policies as listed in note No. 1 and 2 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, 2012 and of the Profit or Loss of the Company for the Accounting Year ended on that day.
- (c) Proper and sufficient care for the maintenance of adequate accounting records has been taken in accordance with the provisions of the said act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
- (d) The annual accounts have been prepared on a going concern basis.

Corporate Governance

The Companies Act, 1956 & the listing agreement with the Stock exchanges require compliances with specified Corporate Governance practices. These practices have been fully implemented and a certificate from the Practicing Company Secretary as well as a detailed report on Corporate Governance, approved by the Board of Directors of the Company is set out in the annual report. The Company is regularly filing of reports including uploading of information in Corporate Filing & Dissemination System (corpfilng). Your Company has also been enlisted in the new SEBI compliant redressal system (SCORES) enabling the investors to register their complaint if any for speedy redressal.

Human Resources

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

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 as amended, regarding employees and forming part of this Report are not applicable to the Company as per notification dated 31st March, 2011 issued by the Ministry of Corporate Affairs, New Delhi.

Auditors Observations

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

Conservation of Energy and Technology Absorption

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

Foreign Exchange Earnings & Expenditure

During the year the Company has earned an Income of ₹ 1.08 lacs in Foreign Exchange and has incurred an expenditure of ₹ 5.76 lacs in Foreign Exchange.

KEYNOTE CORPORATE SERVICES LIMITED

Fixed Deposits

During the year ended 31st March, 2012 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 Nirmal Suchanti has resigned from the Board of Directors wef 9th August, 2012.

Shri Vineet Suchanti and Shri Sujal Shah, Directors are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

Auditors

M/s. Haribhakti & Company, Chartered Accountants and Statutory Auditors will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Members are requested to consider their re-appointment at a remuneration to be decided by the Board of Directors for the financial year ended 31st March, 2013.

Acknowledgment

We take this opportunity to express our deep sense of gratitude to Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Registrar of Companies, National Securities Depository Limited, Central Depository Services (India) Limited, Association of Investment Bankers of India, Link Intime India Pvt. Limited, M/s. Haribhakti & Co., Statutory Auditors, M/s. K. K. Bhageria & Co. Internal Auditors, our Clients, Bankers and other Government Agencies for their continued support.

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

Date : 9th August, 2012

Place: Mumbai

Sd/-
B. Madhuprasad
Vice-Chairman

ANNUAL REPORT 2011-2012

REPORT OF THE DIRECTORS ON CORPORATE 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 2011-2012.

The Board of Directors had met 7 times during the financial year 2011-2012. These meetings were held on 28th April, 2011, 10th August, 2011, 5th September, 2011, 6th September, 2011 (adjourned meeting of 5th September, 2011), 9th November, 2011, 13th January, 2012 and 10th February, 2012.

Composition of Board of Directors, attendance at the Board Meetings and the last Annual General Meeting as on 31st March, 2012, as applicable, is tabulated hereunder :

Name of the Director	No. of Board Meetings attended	Attendance at previous AGM on 30/09/2011	No. of outside Directorship held (Excluding Keynote Corporate Services Limited)	No. of Membership/ Chairmanship in other Board Committees (Excluding Keynote Corporate Services Limited)		Executive/ Non Executive
				Member	Chairman	
Shri Nirmal Suchanti	5	Yes	3	Nil	Nil	Non Executive
Shri B. Madhuprasad	7	Yes	3	1*	Nil	Executive
Shri Vineet Suchanti	7	Yes	6	3 #	1 ##	Executive
Shri Uday S. Patil	7	Yes	2	Nil	Nil	Executive
Shri Hitesh Shah	3	No	1	2@	Nil	Non Executive (Independent)
Shri Sujal Shah	7	Yes	11	6 \$	6 \$\$	Non Executive (Independent)
Shri Anish Malhotra	---	No	5	Nil	Nil	Non Executive (Independent)
Shri Manish Desai	7	Yes	1	Nil	Nil	Non Executive (Independent)

* Member of Audit Committee of Association of Investment Bankers of India.

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

Chairman of Audit Committee of LKP Finance Limited.

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

\$ Member of Remuneration Committee of Reliance MediaWorks Limited, Hindoostan Mills Limited, Sabero Organics Gujarat Limited and member of Audit Committee of Amal Limited, Amrit Banaspati Company Limited and Rudolf Atul Chemicals Limited.

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

AUDIT COMMITTEE

The Audit Committee comprises of 4 members namely, Shri Sujal Shah, Shri Hitesh Shah, Shri Nirmal Suchanti and Shri Manish Desai all being Non Executive Directors. The Committee met 6 (six) times during the year under review. The audit committee met prior to the finalization of the accounts for the year ended 31st March, 2012.

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship	No. of Meeting Attended upto 31 st March, 2012
1.	Shri Sujal Shah	Chairman	Non-Executive (Independent)	6
2.	Shri Nirmal Suchanti *	Member	Non Executive	4
3.	Shri Hitesh Shah	Member	Non-Executive (Independent)	3
4.	Shri Manish Desai	Member	Non-Executive (Independent)	4

* Resigned as member of 'Audit Committee' wef 9th August, 2012.

KEYNOTE CORPORATE SERVICES LIMITED

REMUNERATION COMMITTEE

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

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

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

The Vice-Chairman, Managing Director and Whole-time Director are in service contract with the Company. The remuneration payable to them is in terms of the said contract. The matters of remuneration of Directors are considered by the Board of Directors of the Company from time to time.

Remuneration of Directors for the financial year 2011-2012.

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

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

SHAREHOLDER'S/INVESTORS 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. Presently Shri Hitesh Shah, a Non Executive (Independent) Director is Chairman of the Shareholder/Investors Grievance Committee. Shri Uday S. Patil is the Compliance Officer, Shri Nirmal Suchanti resigned as Chairman of "Shareholder's/Investors Grievance Committee" wef 9th August, 2012.

The composition of the Shareholders/Investors Grievance Committee:

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship
1.	Shri Hitesh Shah	Chairman	Non Executive (Independent)
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 2011-2012, total 9 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 2011-2012 have been acted upon by the Company and no transfer is pending.

MANAGEMENT COMMITTEE

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

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

The said committee of Board of Director is 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 activates.

Further, the Board Meeting held on 6th September, 2011 (Adjourned meeting of 5th September, 2011) had delegated powers to Managing Committee to place the ICDs with known corporate entities. Management Committee met 6 (six) times in the financial year 2011-2012.

GENERAL BODY MEETINGS

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

Year	Venue	Date	Time
2008-2009	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall compound), Fort, Mumbai - 400 001	25 th August, 2009	10.00 a.m.
2009-2010	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall compound), Fort, Mumbai - 400 001	29 th September, 2010	10.00 a.m.
2010-2011	Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall compound), Fort, Mumbai - 400 001	30 th September, 2011	10.00 a.m.

ANNUAL REPORT 2011-2012

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

Date of Annual General Meeting	Number of Special Resolutions passed	Details of Special Resolutions Passed
25 th August, 2009	1	1. To replace the existing Article No. 37 of the Articles of Association of the Company.
29 th September, 2010	2	1. Appointment of M/s. Haribhakti & Company, Chartered Accountants, Mumbai as Statutory Auditors of the Company. 2. Re-appointment and remuneration of Shri Uday S. Patil as a Whole-Time Director of the Company.
30 th September, 2011	3	1. Appointment of Shri Manish Desai as an Additional Director of the Company. 2. Re-appointment of Shri B. Madhuprasad as Vice-Chairman of the Company for a period of 3 years wef. 5 th May, 2011. 3. Re-appointment of Shri Vineet Suchanti as Managing Director of the Company for a period of 3 years wef. 5 th May, 2011.

PASSING OF RESOLUTIONS THROUGH POSTAL BALLOT:

The Company received approval of the members for passing Special Resolutions with regard to:

- (1) Ratification of Special Resolution passed through Postal Ballot Notice dated 4th July, 2008 in respect of Re-appointment of Shri B. Madhuprasad, Vice-Chairman, of the Company.
- (2) Ratification of Special Resolution passed through Postal Ballot Notice dated 4th July, 2008 in respect of Re-appointment of Shri Vineet Suchanti, Managing Director of the Company.
- (3) Ratification of Special Resolution passed in the 17th Annual General Meeting held on 29th September, 2010 in respect of Re-appointment of Shri Uday S. Patil, Whole-Time Director of the Company.
- (4) Waiver of recovery of excess remuneration paid to Shri B. Madhuprasad, Vice-Chairman of the Company for the financial years ended on 31st March, 2009, 31st March, 2010 and 31st March, 2011.
- (5) Waiver of recovery of excess remuneration paid to Shri Vineet Suchanti, Managing Director of the Company for the financial years ended on 31st March, 2009, 31st March, 2010 and 31st March, 2011.
- (6) Waiver of recovery of excess remuneration paid to Shri Uday S. Patil, Whole-Time Director of the Company for the financial years ended on 31st March, 2010 and 31st March, 2011, and
- (7) Approval of change in the terms of remuneration of Shri Uday S. Patil, Whole-Time Director of the Company.

Procedure for Postal Ballot:

After receiving the approval of the Board of Directors, Notice of the Postal Ballot, text of the Resolution and Explanatory Statement, relevant documents, Postal Ballot Form and self-addressed postage pre-paid envelopes were sent to the shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. The calendar of events containing the activity chart is filed with Ministry of Corporate Affairs, (MCA). After the last date for receipt of ballots, the Scrutinizer, after due verification, submitted the Postal Ballot Results to the Company.

In the Board Meeting held on 13th January, 2012, Mrs. Uma Lodha of M/s. Uma Lodha and Company, Practicing Company Secretary was appointed as the Scrutinizer for conducting the Postal Ballot process. The results of the Postal on the basis of valid Ballots are as under:

KEYNOTE CORPORATE SERVICES LIMITED

	Resolution No.1	Resolution No.2	Resolution No.3	Resolution No.4	Resolution No.5	Resolution No.6	Resolution No.7
	Ratification of Special Resolution passed through Postal Ballot Notice dated 4 th July, 2008 in respect of Re-appointment of Shri B. Madhuprasad, Vice-Chairman, of the Company.	Ratification of Special Resolution passed through Postal Ballot Notice dated 4 th July, 2008 in respect of Re-appointment of Shri Vineet Suchanti, Managing Director of the Company.	Ratification of Special Resolution passed in the 17 th Annual General Meeting held on 29 th September, 2010 in respect of Re-appointment of Shri Uday S. Patil, Whole-Time Director of the Company.	Special Resolution for waiver of recovery of Excess remuneration paid to Shri B. Madhuprasad, Vice-Chairman of the Company for the financial years ended on 31 st March, 2009, 31 st March, 2010 and 31 st March, 2011	Special Resolution for waiver of recovery of excess remuneration paid to Shri Vineet Suchanti, Managing Director of the Company for the financial years ended on 31 st March, 2009, 31 st March, 2010 and 31 st March, 2011.	Special Resolution for waiver of recovery of excess remuneration paid to Shri Uday S. Patil, Whole-Time Director of the Company for the financial years ended on 31 st March, 2010 and 31 st March, 2011.	Special Resolution for approval of change in the terms of remuneration of Shri Uday S. Patil, Whole-Time Director of the Company.
Total Postal Ballots received	66	66	66	66	66	66	66
Postal Ballots-Invalid	5	5	5	5	5	5	5
Postal Ballots-Valid	61	61	61	61	61	61	61
Total valid votes polled and % to the Total Paid-up Capital as on cut of date	38,21,511 (54.45%)	38,21,511 (54.45%)	38,21,511 (54.45%)	38,21,511 (54.45%)	38,21,511 (54.45%)	38,21,511 (54.45%)	38,21,511 (54.45%)
Votes in favour & % to Total valid votes polled	37,72,961 (98.73%)	38,09,534 (98.69%)	38,19,011 (99.93%)	37,72,661 (98.72%)	38,09,234 (99.68%)	38,18,711 (99.93%)	38,18,711 (99.93%)
Votes against & % to Total valid votes polled	— —	— —	— —	300 (0.01%)	300 (0.01%)	300 (0.01%)	300 (0.01%)

The above Resolutions were carried with requisite majority.

Shri B. Madhuprasad, Vice-Chairman of the Company, declared the Postal Ballot Results based on the report as submitted by Scrutinizer Mrs. Uma Lodha of M/s. Uma Lodha & Co. dated 28th February, 2012 as required under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 read with Section 192A of the Companies Act, 1956 and the same is published in the Newspapers. Pursuant to passing of aforesaid resolutions, the Company made requisite applications to Ministry of Corporate Affairs, New Delhi for seeking permission of Central Government for waiver of recovery of excess remuneration paid to Whole-Time Directors. The Company received all the approvals from MCA vide their letter(s) dated 2nd August, 2012.

DISCLOSURES

During the financial year 2011-2012, 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 Free Press Journal and Navshakti, Mumbai and uploaded on the company's website (i.e. www.keynoteindia.net). "Limited Review" by the Auditors of the Company of the quarterly results is sent to BSE Limited 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).

ANNUAL REPORT 2011-2012

Tentative Financial Calendar for Financial Results: 2012 – 2013:

Particulars	
1 st Quarter (June, 2012)	Considered in the Board Meeting held on 9 th August, 2012.
2 nd Quarter (September, 2012)	Second week of November, 2012
3 rd Quarter (December, 2012)	Second week of February, 2013
4 th Quarter (March, 2013)	Second week of May, 2013
Audited Financial Results for the year ended 31 st March, 2013	Second week of May, 2013

GENERAL SHAREHOLDER'S INFORMATION

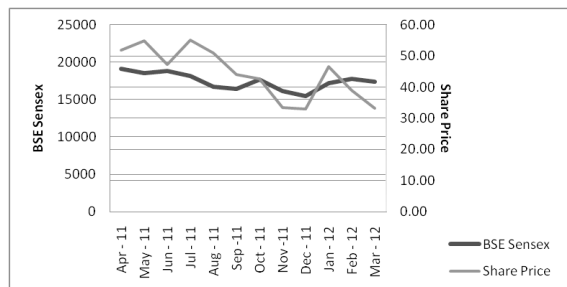
Annual General Meeting

Date and time : Thursday, 27th September, 2012, 10.00 a.m.
 Venue : Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall compound), Fort, Mumbai - 400 001
 Financial Year Ending : 31st March, 2012
 Date of Book Closure : From Saturday 22nd September, 2012 to Thursday, 27th September, 2012 (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 BSE Limited, (Scrip Code : 512597) and National Stock Exchange of India Limited, (Symbol: KEYCORPSEER).
 Face Value of Equity Shares : ₹ 10/- each.

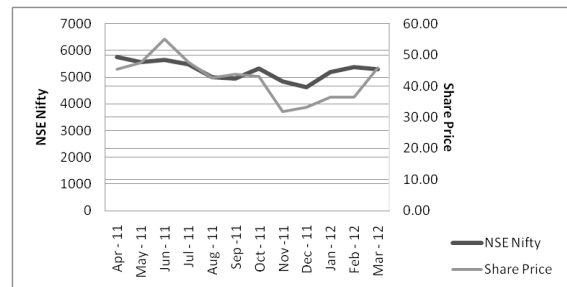
Monthly High/Low price of Equity Shares of the Company during the financial year 2011-2012 on BSE Limited and National Stock Exchange of India Limited.

Month	BSE 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, 2011	55.90	48.75	59.60	44.50
May, 2011	59.60	50.10	53.10	47.50
June, 2011	57.40	47.25	58.05	55.00
July, 2011	55.00	43.65	52.70	43.25
August, 2011	54.45	47.25	47.25	42.00
September, 2011	53.35	42.40	55.90	43.70
October, 2011	46.00	37.20	48.00	39.10
November, 2011	44.85	31.85	42.65	31.85
December, 2011	33.05	28.90	44.15	33.20
January, 2012	50.00	34.70	40.00	38.35
February, 2012	49.95	39.00	N.T.	N.T.
March, 2012	39.90	31.90	51.75	45.95
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.



KEYNOTE CORPORATE SERVICES LIMITED

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

SHARE TRANSFER SYSTEM

The Company's shares 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 Shareholder's/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, 2012.

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Upto 500	2,261	91.13	3,16,699	4.51
501 to 1000	98	3.95	78,087	1.11
1001 to 2000	53	2.14	80,353	1.14
2001 to 3000	24	0.97	60,996	0.87
3001 to 4000	8	0.32	29,686	0.42
4001 to 5000	6	0.24	28,263	0.40
5001 to 10000	6	0.24	41,950	0.60
10001 and above	25	1.01	63,82,305	90.95
TOTAL	2,481	100.00	70,18,339	100.00

ANNUAL REPORT 2011-2012

SHAREHOLDING PATTERN AS ON 31ST MARCH, 2012

Sr. No.	Category of Shares	No. of Shares	% of total shares
(A)	Promoter & Promoter Group :		
	(a) Individuals/ Hindu Undivided Family	6,50,002	9.26
	(b) Bodies Corporate	33,44,373	47.65
	Sub Total :	39,94,375	56.91
(B)	Public Shareholding :		
	1. Institutions		
	(a) Mutual Funds/UTI	20,800	0.30
	(b) Financial Institutions/Banks	300	0.00
	(c) Foreign Institutional Investors	6,17,100	8.79
	2. Non-Institutions		
	(a) Bodies Corporate	1,37,935	1.97
	(b) Individuals	7,80,467	11.12
	(c) Non-Resident Indians	4,783	0.07
	(d) Trust	14,51,902	20.69
	(e) Hindu Undivided Family	1,350	0.02
	(f) Clearing Members	9,327	0.13
	Sub Total :	30,23,964	43.09
	GRAND TOTAL	70,18,339	100.00

Dematerialization of Shares: 67,49,503 Equity Shares of ₹ 10/- each (i.e. 96.16%) of the total capital of the Company have been dematerialized as on 31st March, 2012.

CODE OF CONDUCT

The Company has in place a Code of Conduct applicable to the Board as well as the designated employees and the same has been posted on the web-site of the company i.e. www.keynoteindia.net. All the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as on March 31, 2012.

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

The Ruby, 9th floor, Senapati Bapat Marg,
Dadar (West), Mumbai - 400 028.

E-mail for Investors: investors@keynoteindia.net

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

During the financial year 2011-12 capital market conditions remained very volatile and subdued. Various global factors as well as internal problems such as slowing down of economic growth, spate of news relating to financial irregularities & scams, lack of political will, policy paralysis etc have led to uncertainty on all fronts. The cascading effect of all the factors led to further fall in primary market activity due to lack of interest by all classes of investors. Ability to raise resources through public markets have hampered due to poor secondary market conditions. In spite of all the odds your company was able to post an income of ₹ 1039.98 lacs for financial year 2011-12 as against ₹ 1626.53 lacs for financial year 2010-11. Keynote Corporate Services Limited reported Profit After Tax (PAT) ₹ 312.80 lacs for the financial year 2011-12 as compared to PAT of ₹ 614.31 lacs for the financial year 2010-11. The relentless efforts of the management to focus on revenue earning opportunities to remain profitable have yielded good results. The company has been able to complete major transactions related to private equity deals, Mergers & Acquisitions, Valuations, Advisory Services besides completing some of the IPO & Rights Issue Transactions. As a result company remained profitable & management has maintained the same dividend payout.

The total income of Keynote Capitals Limited (KCL) a 100% subsidiary was ₹ 1520.10 lacs for financial year 2011-12 as against ₹ 1255.28 for financial year 2010-11. The PAT reported by KCL was ₹ 55.57 lacs as compared to ₹ 46.17 lacs in the previous year. KCL acquired a Non-Banking Finance Company (NBFC) during the financial year which is aimed at developing synergies with stock-broking, proposed port-folio management activities and other existing businesses.

In April 2012 your company has shifted the Registered Office to Central Mumbai in more spacious premises. The company also received "Permanent Registration" as Category-I Merchant Banker from Securities and Exchange Board of India (SEBI). The management feels that the overall capital market conditions will improve. Sustained efforts to develop multi functional teams will offer operational flexibility to the company to target and complete specific transactions to earn revenue. Company will continue to strive for remaining competitive & move strategically.

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

Date : 9th August, 2012
Place: Mumbai

Sd/-
B. Madhuprasad
Vice Chairman

KEYNOTE CORPORATE SERVICES LIMITED

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. Vineet Suchanti (Director due to retire by rotation seeking re-appointment) Age : 43 years Qualification: B.Com, MBA Address : 13-B, Jolly Maker Apartment-I, Cuffe Parade, Mumbai - 400 005.</p>	<p>Shri Vineet Suchanti is a Bachelor of Commerce from the University of Mumbai and an M.B.A. in Finance and Marketing from University of Rochester, New York. Since 1995 his fields of expertise include Business Development, Structuring, Pricing and Marketing.</p>	<ul style="list-style-type: none"> ● Keynote Capitals Limited. ● Keynote Commodities Limited. ● LKP Finance Limited. ● Team India Managers Limited. ● Arteries Insurance Broking Limited. * ● Eureka Trust Services Private Limited.
<p>Shri Sujal Shah (Director due to retire by rotation seeking re-appointment) Age : 43 years Qualification: B.Com, F.C.A. Address : 9, Ganesh Bhuwan, Natwar Nagar, Road No.2, Jogeshwari(East), Mumbai - 400 060</p>	<p>Shri Sujal Shah, Director, 43, holds a bachelors degree in commerce from University of Mumbai, Mumbai. He is a Chartered Accountant by qualification and is a member of the Institute of Chartered Accountants of India. His post qualification experience of about 20 years covers area of corporate consultancy practice including mergers and acquisitions, restructuring of companies, valuation of business/shares, due diligence review, etc.</p> <p>He was the president of, The Chamber of Tax Consultants for the year 2010-2011 and currently managing partner, SSPA & Company, Chartered Accountants.</p> <p>He is a Chairman of Audit Committee of the Company.</p> <p>He is Chairman of Audit Committee of Reliance MediaWorks Limited, Gitanjali Gems Limited, Reliance Asset Reconstruction Company Limited, Hindoostan Mills Limited and Chairman of Remuneration Committee of Gitanjali Gems Limited and Amal Limited.</p> <p>He is Member of Remuneration Committee of Reliance MediaWorks Limited, Hindoostan Mills Limited, Sabero Organics Gujarat Limited and member of Audit Committee of Amal Limited, Amrit Banaspati Company Limited and Rudolf Atul Chemicals Limited.</p>	<ul style="list-style-type: none"> ● Gitanjali Gems Limited. ● Reliance Assets Reconstruction Co. Limited. ● Hindoostan Mills Limited. ● Reliance MediaWorks Limited. ● Amal Limited. ● Hindoostan Technical Fabrics Limited. ● Amrit Banaspati Company Limited. ● Sabero Organics Gujarat Limited. ● Rudolf Atul Chemicals Limited. ● i-Process Services (India) Pvt. Limited. ● Pramerica Trustees Private Limited. ● SSPA Consultants Private Limited. ** <p>** Appointed as Director wef.2nd July, 2012</p>
<p>Shri. Uday S. Patil (Director seeking re-appointment as Whole-Time Director) Age : 53 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) & Jamanlal 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. ● Arteries Insurance Broking Limited. *

* Striked off from MCA records wef 15th June, 2012.

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, 2012.

For **Keynote Corporate Services Limited**

Sd/-

Place: Mumbai
Date: 9th August, 2012

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, 2012 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that -
 - (i) there has not been any significant changes in internal control over financial reporting during the year under reference;
 - (ii) there has not been any significant changes in accounting policies during the year under requiring disclosure in the notes to the financial statements; and
 - (iii) there has not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting

For **Keynote Corporate Services Limited**

Sd/-

B. Madhuprasad
Vice-Chairman

Sd/-

Vineet Suchanti
Managing Director

Place : Mumbai
Date: 9th August, 2012

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of Keynote Corporate Services Limited

We have examined the compliance of conditions of Corporate Governance by Keynote Corporate Services Limited (the Company) for the year ended 31st March, 2012 at stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges of India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

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

For Uma Lodha & Co.
Practising Company Secretaries

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

Place: Mumbai
Date: 9th August, 2012

ANNUAL REPORT 2011-2012

Auditors' Report

To

The Members of Keynote Corporate Services Limited

1. We have audited the attached Balance Sheet of **Keynote Corporate Services Limited** ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account.

- iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. As regards disclosure required in Accounting Standard – 15 (Revised) "Employee Benefit" attention is invited to point No. 'a) 1)'-Note no.22 of notes to accounts.
- v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

Sd/-
Rakesh Rathi
Partner
Membership No.045228

Place: Mumbai
Date: 9th August, 2012

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Keynote Corporate Services Limited on the financial statements for the year ended March 31, 2012.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii) The Company did not have any inventories during the year therefore clause 4(ii) is not applicable
- (iii) (a) The Company has granted interest free unsecured loan to its wholly owned subsidiary company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 10,42,68,476/- and the year end balance of loans granted to such party was ₹ 4,92,68,476/-
- (b) In our opinion and according to the information and explanations given to us, the terms and conditions of such loan given by the Company is prima facie not prejudicial to the interest of the Company.
- (c) The loans are repayable on demand and the company has received the repayment of the loans accordingly.
- (d) Since there is no stipulation as regards repayment schedule, clause 4(iii) (d) is not applicable.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the clauses stated in paragraph 4 (iii) (f) and (g) of the order are not applicable.

- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered
- (b) In respect of one of the transaction made in pursuance of such contracts or arrangement exceeding the value of Rupees five lakhs entered in to during the financial year, because of the unique and specialized nature of the transaction and in the absence of any comparable price, we are not able to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, service tax, cess and other material statutory dues applicable to it except advance payment of income tax.
- (b) According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, investor education

KEYNOTE CORPORATE SERVICES LIMITED

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

Name of the statute	Nature of the dues	(₹)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act	Advance payment of Income Tax	17,29,287	F.Y.2011-12	15 th September 2011	—
Income Tax Act	Interest on delay payment of advance tax	17,293	F.Y.2011-12	15 th September 2011	—

- (c) According to the information and explanation given to us, there are no dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, and cess which have not been deposited on account of any dispute.
- (x) The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, generally the Company did not deal or trade in it. However, on short term basis, surplus funds were invested in mutual fund and short term loans and advances for which proper records for the transaction and contracts have been maintained and timely entries have been made therein. The

shares, securities, debentures and other investments have been held by the Company, in its own name.

- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the company.
- (xvi) The Company has not obtained any term loans during the year.
- (xvii) According to the information and explanations given to us, significant funds towards long term investments have been raised on long term basis. On an overall examination of the balance sheet of the Company, we report that funds deployed by the Company on short term basis & realised during the year to the extent of ₹ 3,88,86,580 have also been used for long term investment in Capital Work in Progress & Investments.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, no debentures have been issued by the company during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

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

Sd/-
Rakesh Rathi
Partner
Membership No.045228

Place: Mumbai
Date: 9th August, 2012

ANNUAL REPORT 2011-2012

BALANCE SHEET AS ON 31ST MARCH, 2012			
(Figures in ₹)			
PARTICULARS	NOTE NO.	AS ON 31.03.2012	AS ON 31.03.2011
I. EQUITY AND LIABILITIES :			
1. Shareholders' Funds:			
(a) Share Capital	3	70,183,390	70,183,390
(b) Reserves & Surplus	4	369,442,484	350,397,616
		<u>439,625,874</u>	<u>420,581,006</u>
Non Current Liabilities:			
(a) Long-term borrowings	5	3,098,907	—
(b) Other Long term liabilities	6	4,590,662	7,239,408
(c) Long-term provisions	7	298,667	2,030,883
		<u>7,988,236</u>	<u>9,270,291</u>
Current liabilities			
(a) Trade payables	8	—	189,000
(b) Other current liabilities	8	4,361,403	3,464,907
(c) Short-term provisions	7	20,133,024	38,702,202
		<u>24,494,427</u>	<u>42,356,110</u>
TOTAL		<u><u>472,108,542</u></u>	<u><u>472,207,411</u></u>
II. ASSETS:			
1. Non Current assets:			
(a) Fixed assets			
(i) Tangible assets	9	7,459,836	6,111,612
(ii) Capital work-in-progress		96,760,271	60,747,188
(b) Non-current investments	10	195,333,532	171,073,302
(c) Deferred tax assets (net)	11	712,286	1,246,902
(d) Long-term loans and advances	12	1,220,688	5,237,121
(e) Other non-current assets	13	526,704	947,800
		<u>302,013,318</u>	<u>245,363,925</u>
Current assets			
(a) Current investments	14	22,362,000	4,615,476
(b) Trade receivables	13	4,899,617	8,084,556
(c) Cash and bank balances	15	16,686,760	20,456,153
(d) Short-term loans and advances	12	125,356,514	193,323,961
(e) Other current assets	13	790,333	363,339
		<u>170,095,224</u>	<u>226,843,485</u>
TOTAL		<u><u>472,108,542</u></u>	<u><u>472,207,411</u></u>
Significant Accounting Policies & Notes to Accounts referred to above form an integral part of financial statements 1 & 2			
AS PER OUR REPORT OF EVEN DATE ATTACHED		For and on behalf of the Board of	
For HARIBHAKTI & CO		KEYNOTE CORPORATE SERVICES LTD.	
Chartered Accountants			
Firm Registration No: 103523W			
Sd/-	Sd/-	Sd/-	Sd/-
Rakesh Rathi	B. Madhuprasad	Vineet Suchanti	Sangeet Lakkar
<i>Partner</i>	<i>Vice Chairman</i>	<i>Managing Director</i>	<i>Company Secretary</i>
Membership No. 045228			
Place : Mumbai			
Date : 9th August, 2012			

KEYNOTE CORPORATE SERVICES LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2012			
(Figures in ₹)			
PARTICULARS	NOTE NO.	AS ON 31.03.2012	AS ON 31.03.2011
I. Revenue from operations	16	85,263,564	149,249,939
II. Other Income	17	18,734,672	13,403,095
III. Total Revenue (I+II)		<u>103,998,236</u>	<u>162,653,034</u>
IV. Expenses :			
Employee benefits expenses	18	30,725,988	36,799,562
Other Expenses	19	25,684,462	31,488,863
Depreciation		1,137,114	1,209,408
Finance Costs	20	241,189	61,113
Total expenses		<u>57,788,753</u>	<u>69,558,946</u>
V. Profit before tax and prior period items (III-IV)		46,209,483	93,094,088
VI Prior Period Expenses		175,362	44,346
VII. Profit before Tax (V-VI)		<u>46,034,121</u>	<u>93,049,742</u>
VIII. Tax expenses:			
i) Current Tax		14,219,304	32,393,829
ii) Short provision for tax in respect of earlier years		—	1,319,647
iii) Deferred Tax (Assets) / Liability		534,616	(2,095,024)
IX. Profit after Tax for the Year (VII-VIII)		<u>31,280,202</u>	<u>61,431,290</u>
X. Earning per equity share			
(1) Basic (Face Value ₹ 10 each)		4.46	8.75
(2) Diluted (Face Value ₹ 10 each)		4.46	8.75
Significant Accounting Policies & Notes to Accounts referred to above form an integral part of financial statements	1 & 2		
AS PER OUR REPORT OF EVEN DATE ATTACHED For HARIBHAKTI & CO Chartered Accountants Firm Registration No: 103523W		For and on behalf of the Board of KEYNOTE CORPORATE SERVICES LTD.	
Sd/- Rakesh Rathi Partner Membership No. 045228 Place : Mumbai Date : 9 th August, 2012	Sd/- B. Madhuprasad Vice Chairman	Sd/- Vineet Suchanti Managing Director	Sd/- Sangeet Lakkar Company Secretary

ANNUAL REPORT 2011-2012

Notes to financial statements for the year ended 31 March 2012

1. Corporate information

Keynote Corporate Services Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India i.e. BSE Ltd. (BSE) & National Stock Exchange of India Ltd. (NSE). The company is engaged in providing services of Investment Banking, Corporate Advisory Services & Esop Advisory etc.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a. Presentation and disclosure of financial statements

As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the financial statements for the financial year commencing on or after 1st April 2011. Accordingly, the financial statements for the year ended March 31, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible fixed assets and Capital Work-in-Progress

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

d. Depreciation on tangible fixed assets

Depreciation on fixed assets are provided on straight-line method and in the manner specified in Schedule XIV to the Companies Act, 1956.

Assets costing up to ₹5,000/-are fully depreciated in the year of acquisition.

e. Intangible assets

Assets costing up to ₹5,000/-are fully amortized in the year of acquisition.

f. Leases

Where the company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified

as operating leases. Operating lease expenses are charged to the statement of profit and loss as per the terms of the lease arrangements.

Where the company is the lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss as per the terms of lease arrangements.

g. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h. 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.

i. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

j. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- Fees including issue Management fees is recognized with reference to achievement of milestones defined in the engagement /mandate.
- Dividend from investments is accounted for as income when the right to receive the dividend is established
- Other income is recognised on accrual basis

k. Foreign currency transaction

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

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

KEYNOTE CORPORATE SERVICES LIMITED

<p>Non-Monetary assets & liabilities denominated in foreign currencies are carried at the exchange rate prevalent on the date of transaction.</p> <p>I. Retirement and other employee benefits</p> <p>Retirement benefit in the form of provident fund & Esic is a defined contribution scheme. The contributions to the provident fund & Esic are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund & Esic.</p> <p>Gratuity Liability is a defined benefit plan. The liability of gratuity is provided in the accounts on the basis of gratuity valuation conducted by Independent actuary at the year end. The amount of Gratuity payable as per the Life Insurance Corporation of India valuation report. The same has been deposited with the Group Gratuity Assurance Scheme of LIC.</p> <p>Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.</p> <p>The employees of the company are entitled to compensated absences and leave encashment as per the policy of the Company. The liability in respect thereof is provided on the basis of actuarial valuation, conducted by Independent actuary at the year end.</p> <p>m. Taxes on Income:</p> <p>Tax expenses are the aggregate of current tax and deferred tax charged or credited in the statement of profit and loss for the period.</p> <p>(i) Current tax</p> <p>The current charge for income tax is calculated in accordance with the regulations applicable to the company.</p> <p>(ii) Deferred tax</p> <p>Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date.</p> <p>n. Earnings Per Share</p> <p>Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after attributable taxes) by the weighted average number of equity shares outstanding during the period.</p> <p>For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.</p> <p>o. Provisions</p> <p>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.</p> <p>p. Contingent liabilities and Contingent Assets</p> <p>A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right;">31 March 2012 Amount (₹)</th> <th style="text-align: right;">31 March 2011 Amount (₹)</th> </tr> </thead> <tbody> <tr> <td colspan="3">3. SHARE CAPITAL</td> </tr> <tr> <td colspan="3">Authorized Share Capital :</td> </tr> <tr> <td>1,50,00,000 (31st March 2011:1,50,00,000) equity Shares of ₹10/-each</td> <td style="text-align: right;">150,000,000</td> <td style="text-align: right;">150,000,000</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">150,000,000</td> <td style="text-align: right;">150,000,000</td> </tr> <tr> <td colspan="3">Issued Share Capital :</td> </tr> <tr> <td>1,12,74,417 (31st March 2011:1,12,74,417) equity Shares of ₹10/- each</td> <td style="text-align: right;">112,744,170</td> <td style="text-align: right;">112,744,170</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">112,744,170</td> <td style="text-align: right;">112,744,170</td> </tr> <tr> <td colspan="3">Subscribed and fully paid-up share Capital:</td> </tr> <tr> <td>70,18,339 (31st March 2011:70,18,339) equity Shares of ₹10/-each.</td> <td style="text-align: right;">70,183,390</td> <td style="text-align: right;">70,183,390</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">70,183,390</td> <td style="text-align: right;">70,183,390</td> </tr> <tr> <td colspan="3">a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</td> </tr> <tr> <td>Equity Shares</td> <td style="text-align: center;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">31st March 2012</th> <th colspan="2" style="text-align: center;">31st March 2011</th> </tr> <tr> <th style="text-align: center;">Quantity</th> <th style="text-align: center;">Amount (₹)</th> <th style="text-align: center;">Quantity</th> <th style="text-align: center;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>At the beginning of the year</td> <td style="text-align: right;">7,018,339</td> <td style="text-align: right;">7,018,339</td> <td style="text-align: right;">70,183,390</td> </tr> <tr> <td>Issued during the year</td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> </tr> <tr> <td>Bought back during the year</td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> </tr> <tr> <td>Outstanding at the end of the year</td> <td style="text-align: right;">7,018,339</td> <td style="text-align: right;">7,018,339</td> <td style="text-align: right;">70,183,390</td> </tr> </tbody> </table> </td> </tr> <tr> <td colspan="3">b. Terms/rights attached to equity shares</td> </tr> <tr> <td colspan="3">The company has only one class of equity shares having a par value of 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Amount. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.</td> </tr> <tr> <td colspan="3">During the year ended 31st March 2012, the amount of ₹ 1,05,27,509/- (Previous Year: ₹ 1,05,27,509/-) dividend was recognized as distributions to equity shareholders and tax paid on dividend was ₹17,07,825/- (Previous Year: ₹ 17,48,488/-). The amount per share was ₹ 1.50 (31st March, 2011: ₹ 1.50 per share).</td> </tr> <tr> <td colspan="3">In the event of liquidation of the company, the holders of equity shares will be entitled to receive assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.</td> </tr> <tr> <td colspan="3">c. 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SHARE CAPITAL			Authorized Share Capital :			1,50,00,000 (31st March 2011:1,50,00,000) equity Shares of ₹10/-each	150,000,000	150,000,000	Total	150,000,000	150,000,000	Issued Share Capital :			1,12,74,417 (31st March 2011:1,12,74,417) equity Shares of ₹10/- each	112,744,170	112,744,170	Total	112,744,170	112,744,170	Subscribed and fully paid-up share Capital:			70,18,339 (31st March 2011:70,18,339) equity Shares of ₹10/-each.	70,183,390	70,183,390	Total	70,183,390	70,183,390	a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period			Equity Shares	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">31st March 2012</th> <th colspan="2" style="text-align: center;">31st March 2011</th> </tr> <tr> <th style="text-align: center;">Quantity</th> <th style="text-align: center;">Amount (₹)</th> <th style="text-align: center;">Quantity</th> <th style="text-align: center;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>At the beginning of the year</td> <td style="text-align: right;">7,018,339</td> <td style="text-align: right;">7,018,339</td> <td style="text-align: right;">70,183,390</td> </tr> <tr> <td>Issued during the year</td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> </tr> <tr> <td>Bought back during the year</td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> </tr> <tr> <td>Outstanding at the end of the year</td> <td style="text-align: right;">7,018,339</td> <td style="text-align: right;">7,018,339</td> <td style="text-align: right;">70,183,390</td> </tr> </tbody> </table>	31st March 2012		31st March 2011		Quantity	Amount (₹)	Quantity	Amount (₹)	At the beginning of the year	7,018,339	7,018,339	70,183,390	Issued during the year	—	—	—	Bought back during the year	—	—	—	Outstanding at the end of the year	7,018,339	7,018,339	70,183,390	b. 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ANNUAL REPORT 2011-2012

4. RESERVES AND SURPLUS		31 March 2012 Amount (₹)	31 March 2011 Amount (₹)	6. OTHER LONG-TERM LIABILITIES		31 March 2012 Amount (₹)	31 March 2011 Amount (₹)					
Securities premium reserve				Others								
Balance as per the last financial statements		230,648,293	230,648,293	Advance from customers		4,590,662	7,239,408					
Closing Balance		230,648,293	230,648,293			4,590,662	7,239,408					
General reserve				7. PROVISIONS								
Balance as per the last financial statements		6,705,023	3,019,146	Long-term		Short-term						
Add: amount transferred from surplus balance in the statement of Profit & loss		2,054,523	3,685,877	31 March 2012	31 March 2011	31 March 2012	31 March 2011					
Closing Balance		8,759,546	6,705,023	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)					
Surplus/(deficit) in the statement of profit and loss				Provision for employee benefits								
Balance as per the last financial statements		113,044,301	67,574,886	Provision for gratuity (note 22)	—	2,030,883	1,358,127					
Profit for the Year		31,280,202	61,431,290	Provision for Bonus	—	—	1,266,661					
Less: Appropriations:				Provision for leave benefits	298,667	—	1,244,495					
Proposed final equity dividend (amt per share ₹1.50 (31st March 2011: ₹1.50))		10,527,509	10,527,509		298,667	2,030,883	2,835,713					
Tax on proposed equity dividend		1,707,825	1,748,488	Other provisions								
Transfer to general reserve		2,054,523	3,685,877	Provision for taxation (Net of Advance Tax)	—	—	5,061,977					
Total appropriations		14,289,857	15,961,874	Proposed equity dividend	—	—	10,527,509					
Net surplus in the statement of profit and loss		130,034,646	113,044,301	Provision for tax on proposed equity dividend	—	—	1,707,825					
Total reserves and surplus		369,442,484	350,397,616		—	—	17,297,311					
5. LONG-TERM BORROWINGS				8. OTHER CURRENT LIABILITIES								
		Non-current portion		Current portion		31 March 2012		31 March 2011				
		31 March 2012	31 March 2011	31 March 2012	31 March 2011	Amount (₹)		Amount (₹)				
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)							
Vehicle loan												
From Volkswagen Finance Pvt Ltd (secured)		3,098,907	—	785,565	—			189,000				
		3,098,907	—	785,565	—							
The above amount includes		3,098,907	—	785,565	—							
Secured borrowings		3,098,907	—	785,565	—							
Unsecured borrowings		—	—	—	—							
Amount disclosed under the head "other current liabilities" (note 8)		—	—	(785,565)	—							
Net amount		3,098,907	—	—	—							
Term loan from financial institutions was taken during the financial year 2011-12 and carries interest @ 8.82% p.a. The loan is repayable in 59 monthly installments of ₹90,085 each along with interest, from the date of loan. The loan is secured by hypothecation of motor car of the company.												
9. TANGIBLE & INTANGIBLE ASSETS												
Sr. No.	Description	Rate Of Dep. (SLM)	GROSS BLOCK				DEPRECIATION			NET BLOCK		
			As at 01.04.2011	Additions During the Year	Deductions/ Adjustments	As at 31.03.2012	Upto 01.04.2011	Provided During the Year	Deductions / Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
1	Motor Cars	9.50%	7,648,280	5,481,812	4,540,288	8,589,804	3,505,263	694,347	1,405,064	2,794,546	5,795,258	4,143,017
2	Furniture & Fixtures	6.33%	551,488	—	—	551,488	203,083	34,909	—	237,992	313,496	348,405
3	Air conditioners	4.75%	927,621	—	—	927,621	196,287	44,062	—	240,349	687,272	731,334
4	Office Equipments	4.75%	28,500	101,290	—	129,790	571	4,608	—	5,179	124,611	27,929
5	Computers	16.21%	2,117,627	21,850	—	2,139,477	1,256,700	343,578	—	1,600,278	539,199	860,927
Intangible Assets:												
1	Computer Software		—	4,200	—	4,200	—	4,200	—	4,200	—	—
TOTAL			11,273,516	5,609,152	4,540,288	12,342,380	5,161,904	1,125,704	1,405,064	4,882,545	7,459,836	6,111,612
PREVIOUS YEAR			12,972,419	177,353	1,176,256	11,973,516	5,221,404	1,209,409	1,018,826	5,411,986	6,561,528	—

KEYNOTE CORPORATE SERVICES LIMITED

10 Disclosure pursuant to Note no. K (i) of Part I of Schedule VI to the Companies Act, 1956

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
A Trade Investments (Refer A below)		
Total (A)	—	—
B Other Investments (Refer B below)		
(a) Investment in Properties	438,508	449,918
(b) Investment in Equity instruments	198,613,534	160,623,384
(c) Investments in Mutual Funds	—	10,000,000
Total (B)	199,052,042	171,073,302
Grand Total (A + B)	199,052,042	171,073,302
Less : Provision for diminution in the value of Investments	3,718,510	—
Total	195,333,532	171,073,302
Particulars	2012	2011
	₹	₹
Aggregate amount of quoted investments	53,253,254	80,050,353
Aggregate amount of unquoted investments	178,440,908	150,452,308

B. Details of Other Investments

Sr. No.	Particulars	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly paid/ Fully paid	Extent of Holding (%)		Amount (₹)		Basis of # Valuation
			2012	2011			2012	2011	2012	2011	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(a)	Investment in Property								700000	700000	Cost
	Less: Accumulated Depreciation on Property								261492	250082	
	Net							Total	438508	449918	
(b)	Investment in Equity Instruments										
	Equity Shares of ₹10 each of Indo Count India Limited	Others	9900	9900	Quoted	Fully paid	Not Applicable	Not Applicable	212,355	212,355	Cost
	Equity Shares of ₹10 each of Apteck Ltd	Others	46440	46440	Quoted	Fully paid	Not Applicable	Not Applicable	7,317,610	7,317,610	Cost less provision for diminution in value of investment
	Equity Shares of ₹10 each of Coromandal Engineering Co Ltd	Others	2457	2950	Quoted	Fully paid	Not Applicable	Not Applicable	49,140	59,000	Cost
	Equity Shares of ₹2 each of Scana Point Ltd	Others	400	400	Quoted	Fully paid	Not Applicable	Not Applicable	1,156	1,156	Cost
	Equity Shares of ₹10 each of Tata Coffee Ltd	Others	1000	1000	Quoted	Fully paid	Not Applicable	Not Applicable	60,000	60,000	Cost
	Equity Shares of ₹10 each of Keynote Corporate Services Ltd (held by Keynote Trust)	Controlled	1451702	1451702	Quoted	Fully paid	100%	100%	12,970,873	12,970,873	Cost
	Equity Shares of ₹10 each of Keynote Capitals Ltd	Subsidiary	11266667	10000000	Unquoted	Fully paid	100%	100%	175,500,010	137,500,000	Cost
	Investment in Keynote Tust (Initial Corpus Fund)	Subsidiary					100%	100%	20,000	20,000	Cost
	Equity Shares of ₹10 each of Dugar Finance Ltd	Others	700	700	Unquoted	Fully paid	Not Applicable	Not Applicable	2,870	2,870	Cost
	Equity Shares of ₹10 each of Dugar Housing Ltd	Others	800	800	Unquoted	Fully paid	Not Applicable	Not Applicable	9,520	9,520	Cost
	Equity Shares of ₹3 each of Stella Exports Ltd	Others	10000	10000	Unquoted	Fully paid	Not Applicable	Not Applicable	30,000	30,000	Cost
	Equity Shares of ₹10 each of Eagleeye Research & Media Pvt Ltd	Others	3600	3600	Unquoted	Fully paid	36%	36%	2,440,000	2,440,000	Cost
								Total	198,613,534	160,623,384	
(c)	Investments in Mutual Funds										
	Units of L And T FMP-111(Febuary 366DA)Collection	—	1000000	Unquoted	Fully paid	Not Applicable	Not Applicable		—	10,000,000	Cost
								Total	—	10,000,000	
								Total	198,633,534	170,623,384	

ANNUAL REPORT 2011-2012

11. DEFERRED TAX ASSETS (NET)				
	31 March 2012 Amount (₹)	31 March 2011 Amount (₹)		
Deferred tax liability				
Fixed assets: Impact of difference between tax depreciation and depreciation	304,663	458,273		
Gross deferred tax liability	304,663	458,273		
Deferred tax Asset				
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis	1,016,950	1,705,175		
Gross deferred tax asset	1,016,950	1,705,175		
Net deferred tax asset	712,286	1,246,902		
12. LOANS AND ADVANCES				
	Non-current portion		Current	
	31 March 2012 Amount (₹)	31 March 2011 Amount (₹)	31 March 2012 Amount (₹)	31 March 2011 Amount (₹)
Security deposit				
Unsecured, considered good	1,000,000	5,153,248	5,153,248	—
(A)	1,000,000	5,153,248	5,153,248	—
Loan and advances to related parties (note 25)				
Unsecured, considered good	—	—	47,716,880	39,016,802
(B)	—	—	47,716,880	39,016,802
Advances recoverable in cash or in kind				
Unsecured, considered good	—	—	1,904,706	2,873,168
(C)	—	—	1,904,706	2,873,168
Other loans and advances				
Prepaid expenses	332	5,732	100,080	148,444
Loans to employees	220,356	78,141	481,601	78,054
Intercorporate Deposits/loans/Interest receivable	—	—	70,000,000	151,207,493
(D)	220,688	83,873	70,581,681	151,433,991
Total (A+B+C+D)	1,220,688	5,237,121	125,356,514	193,323,961
Loans and advances to related parties include:				
Dues from the subsidiary company	—	—	45,011,880	39,016,802
Dues from Eagle Eye Research & Media Pvt Ltd	—	—	2,700,000	—
13. TRADE RECEIVABLES AND OTHER ASSETS				
13.1 TRADE RECEIVABLES				
	Current			
	31 March 2012 Amount (₹)	31 March 2011 Amount (₹)		
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	1,768,632	2,901,783		
(A)	1,768,632	2,901,783		
Other receivables				
Unsecured, considered good	3,130,985	5,182,773		
(B)	3,130,985	5,182,773		
Total (A+B)	4,899,617	8,084,556		
13.2 OTHER ASSETS				
	Non-current portion		Current	
	31 March 2012 Amount (₹)	31 March 2011 Amount (₹)	31 March 2012 Amount (₹)	31 March 2011 Amount (₹)
Unsecured, considered good unless stated otherwise				
Others				
Interest accrued on fixed deposits/loans	—	—	609,814	363,339
Receivable from Aptech Ltd	526,704	947,800	—	—
Interest accrued on Investments	—	—	180,519	—
Total	526,704	947,800	790,333	363,339
14 Disclosure pursuant to Note no.N (i) and (ii) of Part I of Schedule VI to the Companies Act, 1956				
Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹		
(a) Investments in Debentures or Bonds	12,362,000	—		
(b) Investments in Mutual Funds	10,000,000	4,615,477		
Total (A)	22,362,000	4,615,477		
Less : Provision for diminution in the value of Investments	—	—		
Total	22,362,000	4,615,477		
Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹		
Aggregate amount of quoted investments	12,650,776	—		
Aggregate amount of unquoted investments	10,000,000	4,615,477		

KEYNOTE CORPORATE SERVICES LIMITED

Details of Current Investments											
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly paid/ Fully paid	Extent of Holding (%)		Amount (₹)		Basis of # Valuation
			2012	2011			2012	2011	2012	2011	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(a) Investments in Debentures or Bonds											
	Units of ₹1000 each fully paid up of NHAI Bond (Market Value of ₹ 1023.36 each)	Others	12362	—	Quoted	Fully Paid	Not Applicable	Not Applicable	12,362,000	—	Cost
(b) Investments in Mutual Funds											
	Units of ₹10 each fully paid up of L & T MIP	Others	—	405903	Unquoted	Fully Paid	Not Applicable	Not Applicable	—	4,615,477	Cost
	Units of ₹10 each fully paid up of L & T Select Fund - (Nav ₹10.28)	Others	976709	—	Unquoted	Fully Paid	Not Applicable	Not Applicable	10,000,000	—	Cost
Total									22,362,000	4,615,477	

		31 March 2012 Amount (₹)	31 March 2011 Amount (₹)			31 March 2012 Amount (₹)	31 March 2011 Amount (₹)
15. CASH AND BANK BALANCES				18. EMPLOYEE BENEFIT EXPENSES			
A) Cash and cash equivalents				Salaries, wages and bonus		27,595,162	31,232,298
Balances with banks:				Contribution to provident and other fund		2,363,512	2,173,102
On current accounts		3,305,986	8,749,668	Gratuity expenses (note 22)		—	2,465,418
Deposits with original maturity of less than three months		357,605	5,129,883	Staff Welfare expenses		767,314	928,744
On Unpaid dividend account		647,822	418,113			<u>30,725,988</u>	<u>36,799,562</u>
Cash on hand		603,507	19,924	19. OTHER EXPENSES			
		<u>4,914,920</u>	<u>14,317,587</u>	Electricity Charges		710,360	676,999
B) Other bank balances				Donation		10,000	10,000
Deposits with original maturity for more than 3 months but less than 12 months		7,699,419	6,138,566	Business Promotion Expenses		300,814	905,777
Deposits with original maturity for more than 12 months		4,072,421	—	Motor Car Expenses		968,975	907,321
		<u>11,771,840</u>	<u>6,138,566</u>	Assets w/off		—	157,429
		<u>16,686,760</u>	<u>20,456,153</u>	Rent		4,321,248	4,801,248
16. REVENUE FROM OPERATIONS				Rates and taxes		134,697	111,512
Revenue from operations				Insurance		167,238	116,482
Sale of services		85,263,564	149,249,939	Interest on Income Tax		424,637	2,536,849
Revenue from operations		<u>85,263,564</u>	<u>149,249,939</u>	Wealth Tax		—	53,067
Details of Services rendered				Repairs and maintenance		353,126	209,683
Income from Corporate Finance		50,010,734	34,200,000	Others		262,841	272,677
Income from Esop		9,037,606	11,810,539	Advertising and Sales promotion		2,242,489	3,131,219
Income from Merchant Banking		26,215,223	103,239,400	Travelling and conveyance		689,434	693,203
		<u>85,263,564</u>	<u>149,249,939</u>	Telephone Expenses		683,826	516,428
17. OTHER INCOME				Printing & stationery		6,654,424	11,689,287
Interest income on				Legal and professional fees		—	183,800
Bank deposits		1,060,076	615,540	Loss from Debt Segment (Net of profit ₹11,200/-)		60,000	40,000
Current investment		353,067	—	Director's sitting fees		148,165	126,363
Intercorporate Deposit		5,645,888	458,579	Audit fees (refer details below)		675,907	611,563
Dividend income on				Diminution in value of investment		3,718,510	2,766,788
Current investments		7,534,981	1,439,635	Subscription & Registration fees		297,211	411,595
Long-term investments		2,177,553	2,177,553	Bad debts/advances written off		1,652,385	104,684
Net gain on sale of current investment/ Non current investment		129,939	7,594,488	Loss on Sale of Mutual Fund		73,924	—
Other non-operating income		1,831,326	1,117,300	Loss on Damage of Motor Car		648,186	—
Foreign exchange gain		1,842	—	Miscellaneous expenses		486,066	454,890
		<u>18,734,672</u>	<u>13,403,095</u>			<u>25,684,462</u>	<u>31,488,863</u>
				Payment to auditor			
				As auditor:			
				Audit fee		400,000	400,000
				Tax audit fee		50,000	50,000
				Limited review		200,000	150,000
				In other capacity			
				Other services (certification fees)		10,000	—
				Reimbursement of expenses		15,907	11,563
						<u>675,907</u>	<u>611,563</u>

ANNUAL REPORT 2011-2012

20. FINANCE COST			VII. EXPENSES RECOGNIZED IN THE INCOME STATEMENT:		
	31 March 2012	31 March 2011			
	Amount (₹)	Amount (₹)			
Interest on car loan	241,189	61,113	Current Service Cost	645305	822574
	241,189	61,113	Interest Cost	469356	387441
			(Expected return on plan assets)	(306885)	(248001)
			Actuarial (gains)/losses	(947241)	(562456)
			Expenses recognized in p&l	(139465)	399558
21. EARNINGS PER SHARE (EPS)			VIII. BALANCESHEET RECONCILIATION:		
The following reflects the profit and share data used in the basic and diluted EPS computations:			Opening net liability	2030883	2065860
Profit/(Loss) after Tax	31,280,202	61,431,290	Expenses as above	(139465)	399558
Weighted average number of equity shares	7,018,339	7,018,339	(Employer's contribution)	(533291)	434535
Basic/Diluted EPS as on 31st March 2012	4.46	8.75	Net liability / (assets) recognized in the balance sheet	1358127	2030883
22. GRATUITY AND OTHER BENEFIT PLANS			IX. OTHER DETAILS:		
a) Gratuity:			No. of members	28	29
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 ₹ 5,33,291 as a total contribution during the year.			Salary pm	1488994	1537845
I. ASSUMPTION			Prescribed contribution for next year (12 months)	1488994	1154417
	01/04/2011	01/04/2010	X. CATEGORY OF ASSETS:		
	31/03/2012	31/03/2011	Insurer managed funds	4750756	3836060
Discount Rate (Previous)	8.00%	7.50%	Total	4750756	3836060
Rate of Return on plan assets (previous)	8.00%	8.00%	XI. EXPERIENCE ADJUSTMENT:		
Salary Escalation (previous)	10.00%	10.00%	On plan liability (gains)/losses	(729151)	(217650)
Attrition rate (previous)	13.00%	13.00%	On plan assets (losses)/gains	74513	53510
Discount Rate (current)	8.50%	8.00%	Note.		
Rate of Return on plan assets (current)	8.60%	8.00%	1. Disclosures of plan assets		
Salary Escalation (current)	10.00%	10.00%	The company does not have information regarding plan assets for the financial years 07-08 to 09-10 therefore the disclosure of plan assets has not been given for these years.		
Attrition rate (current)	13.00%	13.00%	(b) Compensated Absences:		
II. TABLE SHOWING CHANGE IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION:			As per the Company's Policy, a sum of ₹15,67,524 (Previous year ₹10,67,000/-) has been paid towards compensated absences; calculated on the basis of unutilised leave. During the year company has also provided ₹ 2,54,338/- (Previous year ₹ 18,22,778/-) towards compensated absence on the basis of actuarial valuation done by independent actuary, for the first time during the current financial year.		
Present value of benefit obligation as at the beginning of the Current period	5866950	5165876	B. Defined Contribution Plans		
Interest Cost	469356	387441	Company's Contribution Paid / Payable during the year to Provident fund and ESIC Contribution are recognized as an Expense:		
Current Service Cost	645305	822574	Particulars		
Actuarial (gains)/losses on obligations	(872728)	(508941)		2011-2012	2010-2011
Present value of benefit obligation as at the end of the Current period	6108883	5866950	1) Contribution to Employees Provident Fund	2,340,225	2,146,881
III. TABLE OF FAIR VALUE OF PLAN ASSETS:			2) Employees State Insurance Scheme	23,287	26,221
Fair value of plan assets at the beginning of the period	3836067	3100016	23. LEASES		
Expected return on plan assets	306885	248001	Operating lease: company as lessee		
Contributions	533291	434535	The aggregate lease rentals in respect of Operating Leases for the period charged as lease rentals in the profit and loss a/c aggregate to ₹41,53,248 (Previous year: ₹ 41,53,248)		
Actuarial (gains)/losses on plan assets	74513	53515	The Future Minimum Lease Payments under non cancellable operating leases are as under:		
Fair value of plan assets at the end of the period	4750756	3836067	Particulars		
IV. TABLE OF RECOGNITION OF ACTUARIAL GAINS/LOSSES:				2011-2012	2010-2011
Actuarial (gains)/losses on obligation for the period	(872728)	(508941)	1) Not later than one year	NIL	3,461,040
Actuarial (gains)/losses on asset for the period	(74513)	(53515)	2) Later than one year and not later than five year	NIL	NIL
Subtotal	(947241)	(562456)	3) Later than five year	NIL	NIL
Actuarial (gains)/losses recognized in income & expenses statement	(947241)	(562456)	Operating lease commitment -Group as lessor		
V. ACTUAL RETURN ON PLAN ASSETS:			The Company has received ₹12,49,130 on account of lease of a premises.		
Expected return on plan assets	306885	248001	The Future Minimum Lease Receivable under non cancellable operating leases are as under:		
Actuarial (gains)/losses on plan asset	74513	53515	Particulars		
Actual return on plan assets	381398	301516		2011-2012	2010-2011
VI. AMOUNT RECOGNIZED IN THE BALANCE SHEET:			1) Not later than one year	1,308,108	1,161,748
Fair value of plan assets at the end of the period	4750756	3836067	2) Later than one year and not later than five year	1,449,991	NIL
(Present value of benefit obligation as at the end of the period)	(6108883)	(5866950)	3) Later than five year	NIL	NIL
Funded status	(1358127)	(2030883)	Disclosure in respect of the gross carrying amount and accumulated depreciation of the asset given on lease has been stated in the financial statements.		
Net(liability)/ assets recognized in the balance sheet	(1358127)	(2030883)	24. SEGMENT INFORMATION		
			The company operates only in one segment i.e merchant banking & related services, hence there are no separate reportable segments under AS 17.		

KEYNOTE CORPORATE SERVICES LIMITED

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

a) List of related parties:

A) Enterprise where control exist:

Subsidiary Companies:
Keynote Capitals Ltd
Keynote Commodities Ltd (Step Down Subsidiary)
Arteries Insurance Broking Ltd (Step Down Subsidiary)
Keynote Fincorp Pvt Ltd (formerly-Abhishek Finance & Investment Pvt Ltd) (Step Down Subsidiary)

B) Key Management Personnel:

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

C) Relatives of Key Management Personnel:

Mrs. Pushpa Suchanti-Wife of Chairman
Mrs. Rinku Suchanti-Wife of Managing Director

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

Concept Communication Ltd.

Concept Production Ltd
Nirmal Suchanti HUF
Keynote Trust
NSS Digital Media Ltd

E) Other Entity:

Eagle Eye Research & Media Pvt. Ltd.

26. CAPITAL COMMITMENT AND CONTINGENT LIABILITIES :

- i) Capital Commitment towards purchase of premises at Ruby Mills, Dadar is ₹38,75,530/- (Previous year ₹3,96,25,000/-)
- ii) Guarantee given by the Company to the Bankers of its subsidiary, Keynote Capitals Limited ₹ 15,50,00,000 (Previous year ₹ 11,50,00,000) towards NSE & BSE operations.
- iii) Income Tax demand for ₹48,65,822(P.Y. ₹48,65,822)(including interest of ₹18,66,684) 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.
- iv) Adjudicating Officer, SEBI, Mumbai has imposed a penalty of ₹ 10,00,000/- in the matter of an IPO handled. The company has preferred an appeal to Securities Appellate Tribunal (SAT) against the order of Adjudicating Officer, SEBI, Mumbai which is pending for hearing & order. The company has not provided for the said contingent liability.

b) Description of the nature of transactions with the Related Parties as on 31st March, 2012:

(₹)

Particulars	Name of the related party	Subsidiary Company		Key Management Personnel/Relatives		Enterprise over which key Management personnel exercise Significant Influence		Other Entity	
		2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
Sale of Fixed Assets	NSS Digital Media Ltd						8,000,000		
Sale of Investment	Keynote Capitals Ltd		36,273,974						
Receiving of Services	Concept Communication Ltd					155,591	79,427		
Receiving of Services	Keynote Capitals Ltd		5,550,000						
Managerial Remuneration	B.Madhuprasad			4,800,000	4,440,000				
Managerial Remuneration	Vineet Suchanti			4,500,000	4,149,000				
Managerial Remuneration	Uday Patil			3,204,000	2,961,000				
Deposit Given/ (Refunded back)	Nirmal Suchanti-HUF						(29,097,031)		
Deposit Given/ (Refunded back)	Keynote Capitals Ltd	(541,728)	541,728						
Dividend Paid	Keynote Trust					2,177,553	2,177,553		
Dividend Paid	Pushpa Suchanti			198,462	198,462				
Dividend Paid	Rinku Suchanti			5,703	5,703				
Dividend Paid	B.Madhuprasad			71,250	71,250				
Dividend Paid	Vineet Suchanti			17,966	17,966				
Dividend Paid	Nirmal Suchanti			176,471	176,471				
Dividend Paid	Concept Production Ltd					362,400	362,400		
Dividend Paid	NSS Digital Media Ltd					4,298,195	—		
Dividend Paid	Nirmal Suchanti-HUF					412,500	412,500		
Dividend Received	Keynote Trust					(2,177,553)	(2,177,553)		
Loans & advances Given	Keynote Capitals Ltd	124,700,000	266,675,743						
Loans & advances Given	Eagle Eye Research & Media Pvt Ltd							1,700,000	1,000,000
Loans & advances repaid	Keynote Capitals Ltd	74,700,000	259,453,664						
Expenses incurred on behalf of (Expenses Reimburse)	Keynote Capitals Ltd	35,407	870,358						
Expenses incurred by (Reimbursement)	Keynote Capitals Ltd	185,066	150,056						
Reimbursement of exp to Director	Vineet Suchanti			593,269	568,940				
Outstanding balance									
Guarantees given	Keynote Capitals Ltd	155,000,000	115,000,000						
Loan Given	Keynote Capitals Ltd	44,845,870	38,928,345						
Loan Given	Eagle Eye Research & Media Pvt Ltd							2,700,000	
Deposit Given	B.Madhuprasad				1,000,000				
Advances	Keynote Trust					171,010	88,457		

ANNUAL REPORT 2011-2012

27. Loans and advances in the nature of loans given to subsidiaries and associates and firms/companies in which directors are interested

Keynote Capitals Ltd

Balance as at 31 March 2012 ₹44,845,870 (31 March 2011: ₹3,89,28,345)

Maximum amount outstanding during the year ₹10,42,68,476/-.

Keynote Trust

Balance as at 31 March 2012 ₹ 1,71,010 (31 March 2011: ₹88,457) Maximum amount outstanding during the year ₹ 22,66,010/-.

28. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

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

29. Income and Expenditure in Foreign

Currency Transaction

Particular	2011-2012	2010-2011
Professional fees (Income)	108,004	500,000
Expenditure-Other Matters	576,380	87,087

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

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

Place : Mumbai

Date : 9th August, 2012

KEYNOTE CORPORATE SERVICES LIMITED

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Pursuant to Listing Agreement With Stock Exchange)

	2011-12 Amount in ₹	2011-12 Amount in ₹	2010-11 Amount in ₹	2010-11 Amount in ₹
CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax and Extraordinary items		46,034,121		95,639,656
Net prior year Adjustments				
Adjustment For :				
Depreciation	1,137,114		1,209,409	
Provision for Leave Encashment	—		1,822,778	
Provision for Bonus	—		1,244,495	
Excess Provision of Bonus written back	(379,281)		—	
Provision for Gratuity	—		2,030,883	
Excess Provision of Gratuity written back	(139,465)		—	
Loss on Sale of Investment	73,924		—	
Loss on Sale of Fixed Assets	648,186		—	
Diminution in value of investment	3,718,510		2,766,788	
Profit on Sale of Investment	(129,939)		(7,594,488)	
Finance Cost	241,189		61,113	
Interest on Income Tax	424,637		—	
Assets written off	—		157,429	
Dividend Income	(9,712,534)		(3,617,188)	
Interest Income	(7,059,031)		(1,074,119)	
		<u>(11,176,690)</u>		<u>(2,992,900)</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		34,857,431		92,646,756
ADJUSTMENT FOR :				
Trade and other receivables	3,184,939		(5,690,625)	
Loans & advances	71,977,981		(49,599,206)	
Provisions	(1,445,030)		—	
Trade Payables.	(1,941,251)		(24,473,876)	
CASH FROM OPERATING ACTIVITIES SUB TOTAL (A)		106,634,070		12,883,049
Less: Taxes paid	—		—	
		<u>(32,940,896)</u>		<u>(14,312,938)</u>
NET CASH (USED IN) OPERATING ACTIVITIES SUB TOTAL (A)		73,693,174		(1,429,889)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Investments	(22,362,000)		(17,108,834)	
Sale of Investment	14,658,374		3,515,523	
Sale of Fixed Assets	2,510,000		—	
Investment in Subsidiary Companies	(38,000,010)		—	
Interest Received	7,059,031		1,074,119	
Dividend Received	9,712,534		3,617,188	
Capital Advance for Purchase of Premises	(36,013,083)		8,000,000	
Purchase of Fixed Assets	(5,609,152)		(177,353)	
NET CASH (USED IN) INVESTING ACTIVITIES SUB TOTAL(B)		(68,044,305)		(1,079,357)
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend Paid	(10,527,509)		(10,527,509)	
Dividend Distribution Tax Paid	(1,748,488)		(1,789,150)	
Finance Cost Paid	(241,189)		(61,113)	
Increase in Long Term Borrowing	3,098,924		(1,293,748)	
NET CASH (USED IN) FINANCING ACTIVITIES SUB TOTAL(C)		(9,418,262)		(13,671,520)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS				
TOTAL (A+B+C)		(3,769,393)		(16,180,766)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		20,456,153		36,636,921
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		16,686,760		20,456,153

Notes :

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

As per our report of even date

FOR HARIBHAKTI & CO.
Chartered Accountants
Firm Registration No: 103523W

Sd/-
Rakesh Rathi
Partner
Membership No. 045228

Place : Mumbai
Date : 9th August, 2012

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

Sd/-
B.Madhuprasad
Vice Chairman

Sd/-
Vineet Suchanti
Managing Director

Sd/-
Sangeet Lakkar
Company Secretary

ANNUAL REPORT 2011-2012

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

1. Name of Subsidiary	: Keynote Capitals Ltd.	Keynote Commodities Ltd	Abhishek Finance & Investment Pvt Ltd.
2. The Financial year of subsidiary Company ended on	: 31st March, 2012	31st March, 2012	31st March, 2012
3. a. No. of Equity Shares held by Keynote Corporate Services Ltd. and/or its Nominees in subsidiary as on 31st March, 2012	: 1,12,66,667 Equity Shares	350,000 Equity Shares	500,000 Equity Shares
b. Extent of interest of Keynote Corporate Services Ltd. in the Capital of subsidiary	: 100 %	100%	100%
4. Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of Keynote Corporate Services Ltd. and is not dealt with the Company's Accounts.			
a. Profits / (Losses) for the year ended on 31st March, 2012 of the subsidiary	: ₹ 5,557,736/-	₹ 4,796,207/-	₹ (154,920)/-
b. Profits / (Losses) for the previous financial years of the subsidiary since it became subsidiary of Keynote Corporate Services Ltd.	: ₹ 4,617,058/-	₹ 155,317/-	N.A
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 31st March, 2012	: NIL	NIL	NIL
b. Profits for the previous financial year of the subsidiary since it became subsidiary of Keynote Corporate Services Ltd.	: NIL	NIL	NIL

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

Sd/-
B.Madhuprasad
Vice Chairman

Sd/-
Vineet Suchanti
Managing Director

Sd/-
Sangeet Lakkar
Company Secretary

Place : Mumbai

Date : 9th August, 2012

KEYNOTE CORPORATE SERVICES LIMITED

Statement pursuant to exemption granted by the Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956 Relating to Subsidiary Companies for the year ended March 31, 2012

Details of Subsidiary Companies

(₹)

Particulars	Name of Subsidiaries		
	Keynote Capitals Limited	Keynote Commodities Limited	Abhishek Finance & Investment Pvt Ltd.
Share Capital	112,666,670	3,500,000	5,000,000
Reserves & Surplus	177,681,289	12,888,220	(101,767)
Total Assets	535,864,006	89,308,312	115,302,973
Total Liabilities	535,864,006	89,308,312	115,302,973
Investment (Except investment in subsidiaries)	26,431,383	6,941,406	—
Turnover	152,009,688	7,419,679	95,082
Profit/(Loss) before Taxation	9,812,095	6,358,071	(154,920)
Add Excess Provision	167,814	—	—
Provision for Taxation	5,949,827	1,564,856	—
Deferred Tax (Asset) / Liability	(1,695,469)	(2,992)	—
Profit/(Loss) after Taxation	5,725,550	4,796,207	(154,920)

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

Sd/-
B.Madhuprasad
Vice Chairman

Sd/-
Vineet Suchanti
Managing Director

Sd/-
Sangeet Lakkar
Company Secretary

Place : Mumbai

Date : 9th August, 2012

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF KEYNOTE CORPORATE SERVICES LIMITED

To
The Board of Directors of Keynote Corporate Services Limited

1. We have audited the attached Consolidated Balance Sheet of Keynote Corporate Services Limited ("the Company") and its subsidiaries (collectively referred to as "the group") as at 31st March, 2012 and also the consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets (net) of ₹ 61,38,88,413/- as at 31st March, 2012, total net revenues of ₹ 15,95,07,563/- and net cash outflows amounting to ₹ 3,08,05,043/- for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements", as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Keynote Corporate Services Limited and its subsidiaries except for the following:
 - i) Non-compliance with Accounting Standard 9 - "Revenue Recognition" with respect to recognition of Brokerage and Dividend Income in one of the subsidiaries;
 - ii) Non-compliance with Accounting Standard 26 - "Intangible Assets" with respect to preliminary expenses not being charged to Statement of Profit and Loss;
 - iii) As explained in note no. 31 of notes to accounts, the financial result of an erstwhile subsidiary have not been considered in the consolidated financial statement in accordance with Accounting Standard 21 - "Consolidated Financial Statement."
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, subject to our comments in para 4 above, the overall consequential impacts of which are not ascertainable, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2012;
 - (b) in the case of the Consolidated Statement of Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

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

Sd/-
Rakesh Rathi
Partner
Membership No. 045228

Place : Mumbai
Dated: 9th August, 2012

KEYNOTE CORPORATE SERVICES LIMITED

CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2012

(Figures in ₹)

Particulars	Note No.	AS ON 31.03.2012	AS ON 31.03.2011
I. EQUITY AND LIABILITIES :			
1. Shareholders' Funds:			
(a) Share Capital	3	55,666,370	55,666,370
(b) Reserves & Surplus	4	498,900,403	467,446,990
		<u>554,566,773</u>	<u>523,113,360</u>
2. Non Current Liabilities:			
(a) Long-term borrowings	5	4,505,443	826,778
(b) Deferred tax liability (net)	11	406,591	976,169
(c) Other Long term liabilities	6	4,590,662	7,239,408
(d) Long-term provisions	7	298,667	2,030,883
		<u>9,801,364</u>	<u>11,073,238</u>
3. Current liabilities			
(a) Short Term Borrowings	5.1	207,713,872	11,329,850
(b) Trade payables	8	62,816,916	71,011,614
(c) Other current liabilities	8	88,443,949	25,904,856
(d) Short-term provisions	7	36,183,719	46,713,035
		<u>395,158,456</u>	<u>154,959,355</u>
TOTAL		<u><u>959,526,596</u></u>	<u><u>689,145,957</u></u>
II. ASSETS:			
1. Non Current assets:			
(a) Fixed assets			
(i) Tangible assets	9	19,882,053	20,623,684
(ii) Intangible assets		40,251,858	40,950,108
(iii) Goodwill on Consolidation		2,895,413	—
(b) Capital work-in-progress		210,491,428	121,494,376
(c) Non-current investments	10	40,174,032	53,775,663
(e) Long-term loans and advances	12	41,890,037	38,902,494
(f) Other non-current assets	13	526,704	947,800
		<u>356,111,525</u>	<u>276,694,125</u>
2. Current assets			
(a) Inventories	16	55,418,195	479,375
(b) Current investments	14	22,403,406	4,615,477
(c) Trade receivables	13	172,287,797	55,824,299
(d) Cash and bank balances	15	139,936,964	142,140,951
(e) Short-term loans and advances	12	197,782,852	209,028,390
(f) Other current assets	13	15,585,857	363,339
		<u>603,415,071</u>	<u>412,451,831</u>
TOTAL		<u><u>959,526,596</u></u>	<u><u>689,145,957</u></u>

Significant Accounting Policies & Notes
to Accounts referred to above form an integral
part of financial statements

1&2

AS PER OUR REPORT OF EVEN DATE ATTACHED

For HARIBHAKTI & CO

Chartered Accountants

Firm Registration No: 103523W

Sd/-

Rakesh Rathi

Partner

Membership No. 045228

Place : Mumbai

Date : 9th August, 2012

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

Sd/-

B. Madhuprasad

Vice Chairman

Sd/-

Vineet Suchanti

Managing Director

Sd/-

Sangeet Lakkar

Company Secretary

ANNUAL REPORT 2011-2012

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	NOTE NO.	(Figures in ₹)	
		AS ON 31.03.2012	AS ON 31.03.2011
I. Revenue from operations	17	218,690,463	256,229,255
II. Other Income	18	44,832,222	30,734,015
III. Total Revenue (I+II)		263,522,685	286,963,270
IV. Expenses :			
Employee benefits expenses	19	105,975,057	98,235,353
Other Expenses	20	84,459,368	81,787,593
Depreciation		6,473,751	7,108,930
Finance Costs	21	4,385,161	1,972,304
Loss on Disposal of Subsidiary company		—	2,889,755
Total expenses		201,293,338	191,993,935
V. Profit before tax and prior period items (III-IV)		62,229,347	94,969,336
VI. Prior Period Expenses		175,362	44,346
VII. Profit before Tax (V-VI)		62,053,986	94,924,990
VIII. Tax expenses:			
i) Current Tax		21,733,987	37,015,651
ii) (Excess)/Short provision for tax in respect of earlier years		(167,814)	1,301,137
iii) Deferred Tax (Assets) / Liability		(1,163,846)	(3,941,544)
IX. Profit after Tax for the Year (VII-VIII)		41,651,659	60,549,746
X. Earning per equity share			
(1) Basic (Face Value ₹ 10 each)		7.48	10.88
(2) Diluted (Face Value ₹ 10 each)		7.48	10.88

Significant Accounting Policies & Notes to Accounts referred to above form an integral part of financial statements

1 & 2

AS PER OUR REPORT OF EVEN DATE ATTACHED
For HARIBHAKTI & CO
Chartered Accountants
Firm Registration No: 103523W

Sd/-
Rakesh Rathi
Partner
Membership No. 045228

Place : Mumbai
Date : 9th August, 2012

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

Sd/-
B. Madhuprasad
Vice Chairman

Sd/-
Vineet Suchanti
Managing Director

Sd/-
Sangeet Lakkar
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**1. Corporate information**

Keynote Corporate Services Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India i.e. BSE Ltd. (BSE) & National Stock Exchange of India Ltd. (NSE). The company is engaged in providing services of Investment Banking, Corporate Advisory Services & Esop Advisory etc.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies**a. Presentation and disclosure of financial statements**

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. It has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Principles and assumptions used for consolidated Financial statements and Pro-Forma Adjustments:

The consolidated financial statements have been prepared substantially applying the principles laid in the Accounting Standard (AS) 21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India as considered appropriate for the purposes of these Consolidated Balance Sheet, and Profit and Loss Account, together referred to in as 'Consolidated Financial Statements'.

Principles used in preparing consolidated Financial statements:

- a) In preparing consolidated financial statements, the financial statements of the parent and its subsidiaries is combined on a line by line basis by adding together like items of assets, liabilities, income and expenses.
- b) The cost to the parent of its investment in each subsidiary and the parent's portion of equity of each subsidiary, at the date on which investment in each subsidiary is made, is eliminated.
- c) Intra-group transactions are eliminated in preparation of consolidated financial statements.
- d) The excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, is treated as goodwill & recognized as an asset in the consolidated financial statements.
- e) When the cost to the parent of its investment in a subsidiary is less than the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, the difference is treated as a capital reserve in the consolidated financial statements.

As far as possible the consolidated financial statement are prepared using uniform accounting policy for like transaction and other event in similar circumstance and are presented in the same manner as holding company separate financial statements except as provided under para (c) ii, (e), i, ii & iii.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible fixed assets and Capital Work-in-Progress

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

d. Depreciation on tangible fixed assets

Depreciation on fixed assets are provided on straight-line method and in the manner specified in Schedule XIV to the Companies Act, 1956.

Assets costing up to ₹5,000/-are fully depreciated in the year of acquisition.

e. Intangible assets

i) The management estimates the useful lives of computer software, of five years and expect economic benefits from such assets to be consumed evenly over the period of its useful life. Accordingly, expenses incurred on computer software are capitalised and amortized on Straight Line Method (SLM) basis over a period of five years.

ii) Payment made for the membership of the Bombay Stock Exchange, National Stock Exchange and OTC exchange has been treated as intangible asset however considering the enduring nature of the stock exchange card, however the same has not been amortized.

f. Leases**Where the company is lessee**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease expenses are charged to the statement of profit and loss as per the terms of the lease arrangements.

Where the company is the lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss as per the terms of lease arrangements.

g. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h. Impairment of tangible and intangible 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.

i. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

j. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- i) Fees including issue Management fees is recognized with reference to achievement of milestones defined in the engagement /mandate.
- ii) Brokerage income is recognised on trade date basis and is exclusive of service tax and Securities Transaction Tax (STT) wherever applicable.
- iii) Advisory and transactional processing fees income is accounted for an accrual basis in accordance with the terms of contracts entered intobetween the company and the counter party.
- iv) Income from investment in Mutual Fund is booked as and when the same is distributed by the Fund. Return of capital contribution is reduced from the original cost of investments.
- v) Income from arbitrage comprises profit /loss on sale of securities held as stock-in-trade and profit/loss on equity derivative instruments.
 1. Profit/loss on sale of securities is determined based on the weighted average cost of the securities sold.
 2. Profit/loss on equity derivative transactions is accounted for as explained below:-
 - (a) Initial and additional margin paid over and above initial margin, for entering into contracts for Equity Index/Stock Futures or equity Index/stock options which are released on final settlement/squaring-up of underlying contracts are disclosed under Current Assets, Loans and advances. "Mark-to-market margin- Equity Index/Stock Futures" representing the amounts paid in respect of mark to market margin is disclosed under Loans and Advances and amount received is shown under Current Liabilities.
 - (b) "Equity Index/Stock Option Premium Account" represents premium paid or received for buying or selling the options, respectively.
 - (c) On final settlement or squaring-up of contracts for equity index / stock futures, the realized profit or loss is recognized in the Profit and Loss Account. On settlement or squaring-up of equity index / stock options before expiry, the premium prevailing in "Equity Index/Stock Option Premium Account" on that date is recognized in the Profit and Loss Account. When more than one contract in respect of the relevant series of equity index / stock futures or equity index/stock options contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.
 - (d) As at the balance sheet date, the mark to market / Unrealized Profit / (Loss) on all outstanding hedged transactions comprising of Securities and Equity Derivatives positions is determined on a Portfolio basis with net unrealized losses being recognized in the Profit and Loss Account. Unrealized gains (on overall portfolio basis) are not recognized in the Profit and Loss Account on grounds of prudence as enunciated in Accounting Standard - 1, Disclosure of Accounting Policies. In respect of other transactions, the unrealized losses on equity derivatives determined on script basis are recognized in Profit and Loss account and unrealized gains are ignored; and in case of securities (shares, etc.) the net unrealized losses are recognized in Profit & Loss account and net unrealized gains are ignored.
- v i) In respect of other heads of income, income from depository operations etc., the Company accounts the same on accrual basis.
- vii) Account opening charges are recognized on accrual basis.
- viii) Dividend from investments is accounted for as income when the right to receive the dividend is established
- ix) Other income is recognised on accrual basis

k. Stock-in-Trade

The securities held as stock-in-trade are valued at lower of weighted average cost or market value.

l. Foreign currency transaction

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

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

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

m. Retirement and other employee benefits

Retirement benefit in the form of provident fund & Esic is a defined contribution scheme. The contributions to the provident fund & Esic are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund & Esic.

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

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

n. Taxes on Income:

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

(i) Current tax

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

(ii) Deferred tax

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

o. Segment Reporting

The company operated with three segments i.e Merchant Banking & related service, Broking & related service & Trading in securities.(Refer Note No. 25)

p. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q. Provisions

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.

r. Contingent liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

KEYNOTE CORPORATE SERVICES LIMITED

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

Name of the Subsidiary	31st March, 2012			31st March, 2011		
	No. of Shares	% of Holdings	Date of Becoming Subsidiary	No. of Shares	% of Holdings	Date of Becoming Subsidiary
Keynote Capitals Ltd	11,266,667	100%	Since Incorporation	10,000,000	100%	Since Incorporation
Keynote Commodities Ltd	350,000	100%	25th August 2008	350,000	100%	25th August 2008
Arteries Insurance Broking Ltd (Ceased to exist w.e.f 22nd December, 2011)	—	—	—	500,000	100%	25th August 2008
Abhishek Finance & Investment Private Ltd	500,000	100%	27th February 2012	—	—	—
Keynote Trust	—	100%	4th May 2007	—	100%	4th May 2007

3. SHARE CAPITAL

	31 March 2012 Amount (₹)	31 March 2011 Amount (₹)
Authorized Share Capital :		
1,50,00,000 (31st March 2011: 1,50,00,000) equity Shares of ₹10/-each	150,000,000	150,000,000
Total	150,000,000	150,000,000
Issued Share Capital :		
1,12,74,417 (31st March 2011:1,12,74,417) equity Shares of ₹10/- each	112,744,170	112,744,170
Total	112,744,170	112,744,170
Subscribed and fully paid-up share Capital:		
55,66,637 (31st March 2011: 55,66,637) equity Shares of ₹10/-each.	55,666,370	55,666,370
Total	55,666,370	55,666,370

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period Equity Shares

	31st March 2012		31st March 2011	
	Quantity	Amount (₹)	Quantity	Amount (₹)
At the beginning of the year	5,566,637	55,666,370	5,566,637	55,666,370
Issued during the year	—	—	—	—
Bought back during the year	—	—	—	—
Outstanding at the end of the year	5,566,637	55,666,370	5,566,637	55,666,370

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Amount. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹1.50 per share (31 March 2011: ₹1.50 per share)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the company Equity Shares

	31st March 2012		31st March 2011	
	Number	% holding in the class	Number	% holding in the class
Equity shares of ₹10 each fully paid				
i) NSS Digital Media Ltd	2865463	40.83	2865463	40.83
ii) India Max Investment Fund Limited	561348	7.99	561348	7.99

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4. RESERVES AND SURPLUS

	31 March 2012 Amount (₹)	31 March 2011 Amount (₹)
Capital reserve		
Capital reserve on consolidation	1,546,147	1,546,147
Closing Balance	1,546,147	1,546,147
Securities premium reserve		
Balance as per the last financial statements	230,648,293	230,648,293
Closing Balance	230,648,293	230,648,293
General reserve		
Balance as per the last financial statements	6,705,023	3,019,146
Add: amount transferred from surplus balance in the statement of Profit & loss	2,054,523	3,685,877
Closing Balance	8,759,546	6,705,023
Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statements	228,547,528	181,782,104
Add:-Adjustment of post acquisition profit	2,037,088	—
	230,584,616	
Profit for the Year	41,651,659	60,549,746
Add: Dividend Adjustment on account of consolidation trust	—	2,177,553
Less: Appropriations:		
Proposed final equity dividend (amt per share ₹1.50 (31st March 2011: ₹1.50))	10,527,509	10,527,509
Tax on proposed equity dividend	1,707,825	1,748,488
Transfer to general reserve	2,054,523	3,685,877
Total appropriations	14,289,857	15,961,874
Net surplus in the statement of profit and loss	257,946,418	228,547,528
Total reserves and surplus	498,900,403	467,446,990

5. LONG-TERM BORROWINGS

	Non-current portion		Current portion	
	31 March 2012 Amount (₹)	31 March 2011 Amount (₹)	31 March 2012 Amount (₹)	31 March 2011 Amount (₹)
Vehicle loan				
From Volkswagen Finance Pvt Ltd (secured)	3,098,907	—	785,565	—
Tata Capital Ltd	214,670	826,778	612,108	566,722
Kotak Mahindra Primus Ltd	1,191,866	—	286,645	—
ICICI Bank Ltd	—	—	—	810,848
Axis Bank Ltd	—	—	—	170,257
(Above vehicle loans are secured by hypothecation of motor cars).				
	4,505,443	826,778	1,684,318	1,547,827

KEYNOTE CORPORATE SERVICES LIMITED

10 Disclosure pursuant to Note no. K (i) of Part I of Schedule VI to the Companies Act, 1956

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
A Trade Investments (Refer A below)		
Total (A)	—	—
B Other Investments (Refer B below)		
(a) Investment in Properties	438,508	—
(b) Investment in Bonds	366,225	366,225
(c) Investment in Equity instruments	43,087,809	44,370,920
(d) Investments in Mutual Funds	—	11,751,949
Total (B)	43,892,542	56,489,094
Grand Total (A + B)	43,892,542	56,489,094
Less : Provision for diminution in the value of Investments	3,718,510	2,713,431
Total	40,174,032	53,775,663
	2012	2011
	₹	₹
Aggregate amount of quoted investments	28,692,261	31,875,372
Aggregate amount of unquoted investments	14,395,548	24,247,497

B. Details of Other Investments

Sr. No.	Particulars	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly paid/ Fully paid	Extent of Holding (%)		Amount (₹)		Basis of # Valuation
			2012	2011			2012	2011	2012	2011	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(a)	Investment in Property								700,000		Cost
	Less: Accumulated Depreciation on Property								261,492		
	Net							Total	438,508	—	
(b)	Investments in Debentures or Bonds										
1	SBI Bond								366,225	366,225	
								Total	366,225	366,225	
(c)	Investment in Equity Instruments										
1	Equity Shares of ₹10 each of Indo Count India Limited	Others	9900	9900	Quoted	Fully paid	Not Applicable	Not Applicable	212,355	212,355	Cost
2	Equity Shares of ₹10 each of Aptech Ltd	Others	49760	49760	Quoted	Fully paid	Not Applicable	Not Applicable	7,574,910	10,748,161	Cost less provision for diminution in value of investment
3	Equity Shares of ₹10 each of Future Venture Ltd	Others	2000000	2000000	Quoted	Fully paid	Not Applicable	Not Applicable	20,000,000	20,000,000	
4	Equity Shares of ₹10 each of Olympia Industries Ltd	Others	88300	88300	Quoted	Fully paid	Not Applicable	Not Applicable	794,700	794,700	
5	Equity Shares of ₹10 each of Coromandal Engineering Co Ltd	Others	2457	2950	Quoted	Fully paid	Not Applicable	Not Applicable	49,140	59,000	Cost
6	Equity Shares of ₹2 each of Scana Point Ltd	Others	400	400	Quoted	Fully paid	Not Applicable	Not Applicable	1,156	1,156	Cost
7	Equity Shares of ₹10 each of Tata Coffee Ltd	Others	1000	1000	Quoted	Fully paid	Not Applicable	Not Applicable	60,000	60,000	Cost
8	Equity Shares of ₹10 each of Dugar Finance Ltd	Others	700	700	Unquoted	Fully paid	Not Applicable	Not Applicable	2,870	2,870	Cost
9	Equity Shares of ₹10 each of Dugar Housing Ltd	Others	800	800	Unquoted	Fully paid	Not Applicable	Not Applicable	9,520	9,520	Cost
10	Equity Shares of ₹3 each of Stella Exports Ltd	Others	10000	10000	Unquoted	Fully paid	Not Applicable	Not Applicable	30,000	30,000	Cost
11	Equity Shares of ₹10 each of Eagleeye Research & Media Pvt Ltd	Others	3600	3600	Unquoted	Fully paid	36%	36%	2,440,000	2,440,000	Cost
12	Equity Shares of ₹50 each of R R High Energetic Ltd	Others	200000	200000	Unquoted	Fully paid	Not Applicable	Not Applicable	10,000,000	10,000,000	
13	Equity Shares of ₹10 each of Grey Cells Ltd	Others	100000	—	Unquoted	Fully paid	Not Applicable	Not Applicable	1,900,000	—	
14	Equity Shares of ₹1 each of Bombay Stock Exchange Ltd	Others	13158	13158	Unquoted	Fully paid	Not Applicable	Not Applicable	13,158	13,158	
								Total	43,087,809	44,370,920	
(b)	Investments in Mutual Funds										
1	Units of L And T FMP-111 (February 366DA) Collection		—	100000	Unquoted	Fully paid	Not Applicable	Not Applicable	—	10,000,000	Cost
2	Axis Equity Fund (Dividend Payout)								—	200,000	Cost
3	L&T Mutual Fund-Monthly Income Plan								—	1,551,949	
								Total	—	11,751,949	
								Total	43,087,809	56,122,869	

*Disclosure for basis of valuation should either be of:

a) At cost; b) At cost less provision for other than temporary diminution; c) Lower of cost and fair value.

ANNUAL REPORT 2011-2012

11. DEFERRED TAX ASSETS (NET)		31st March 2012 Amount (₹)	31st March 2011 Amount (₹)
Deferred tax liability			
Fixed assets: Impact of difference between tax depreciation and depreciation		3,488,240	2,817,339
Gross deferred tax liability		3,488,240	2,817,339
Deferred tax Asset			
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis		3,081,648	1,841,170
Gross deferred tax asset		3,081,648	1,841,170
Net deferred tax liability		406,591	976,169

12. LOANS AND ADVANCES		Non-current portion		Current portion	
	31 March 2012 Amount (₹)	31 March 2011 Amount (₹)	31 March 2012 Amount (₹)	31 March 2011 Amount (₹)	
Security deposit					
Unsecured, considered good	1,000,000	5,153,248	5,153,248	—	
Deposit for Office Premises	8,864,648	9,031,450	—	—	
Deposit with Govt Bodies	31,179,701	24,192,796	—	—	
Deposit with Co-op Societies	75,000	75,000	—	—	
Deposit with Corporates	550,000	450,000	—	—	
	41,669,349	38,902,494	5,153,248	—	
(A)	41,669,349	38,902,494	5,153,248	—	
Loan and advances to related parties (note 26)					
Unsecured, considered good	—	—	2,700,000	1,000,000	
(B)	—	—	2,700,000	1,000,000	
Advances recoverable in cash or in kind					
Unsecured, considered good	—	—	2,229,734	2,967,637	
	—	—	2,229,734	2,967,637	
(C)	—	—	2,229,734	2,967,637	
Other loans and advances					
Prepaid expenses	332	—	1,302,926	574,284	
Loans to employees	220,356	—	1,064,013	1,234,609	
Supply of Services	—	—	4,372,299	29,163,059	
Others	—	—	94,065,666	6,837,490	
Franchisee	—	—	52,576	—	
Intercorporate Deposits/loans/ Interest receivable	—	—	86,832,883	167,251,311	
Balances with statutory/ government authorities	—	—	9,508	—	
(E)	220,688	—	187,699,870	205,060,753	
Total (A+B+C+D+E)	41,890,037	38,902,494	197,782,852	209,028,390	
Loans and advances to related parties include:					
Dues from Eagle Eye Research & Pvt Ltd			2,700,000	1,000,000	

13. TRADE RECEIVABLES AND OTHER ASSETS		Current		
	31st March 2012 Amount (₹)	31st March 2011 Amount (₹)		
13.1 TRADE RECEIVABLES				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	9,185,095	8,670,146		
	9,185,095	8,670,146		
(A)	9,185,095	8,670,146		
Other receivables				
Unsecured, considered good	163,102,701	47,154,153		
	163,102,701	47,154,153		
(B)	163,102,701	47,154,153		
Total (A+B)	172,287,797	55,824,299		
13.2 OTHER ASSETS				
	Non-current portion		Current portion	
	31 March 2012 Amount (₹)	31 March 2011 Amount (₹)	31 March 2012 Amount (₹)	31 March 2011 Amount (₹)
Unsecured, considered good unless stated otherwise				
Others				
Interest accrued on fixed deposits/loans	—	—	695,388	363,339
Receivable from Aptech Ltd	526,704	947,800	—	—
Preliminary Expenses to the extent not written off	—	—	109,950	—
Receivable Margin Money	—	—	14,600,000	—
Interest accrued on Investments	—	—	180,519	—
	526,704	947,800	15,585,857	363,339
Total	526,704	947,800	15,585,857	363,339

14 Disclosure pursuant to Note no.N (i) and (ii) of Part I of Schedule VI to the Companies Act, 1956			
Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹	
(a) Investments in Debentures or Bonds	12,403,406	—	
(b) Investments in Mutual Funds	10,000,000	4,668,834	
Total (A)	22,403,406	4,668,834	
Less : Provision for diminution in the value of Investments	—	53,357	
Total	22,403,406	4,615,477	
Aggregate amount of quoted investments	12,650,776	—	
Aggregate amount of unquoted investments	10,000,000	4,615,477	

KEYNOTE CORPORATE SERVICES LIMITED

Details of Current Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	No. of Units		Quoted / Unquoted	Partly paid/ Fully paid	Extent of Holding (%)		Amount (₹)		Basis of # Valuation
			2012	2011			2012	2011	2012	2011	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(a)	Investments in Debentures or Bonds/Gold Guinea										
	Units of ₹1000 each fully paid up of NHAI Bond (Market Value of ₹ 1023.36 each)	Others	12,362	—	Quoted	Fully Paid	Not Applicable	Not Applicable	12,362,000	—	Cost
	Investment in Gold								41406	—	
	Total								12,403,406	—	
(b)	Investments in Mutual Funds										
	Units of ₹10 each fully paid up of L & T MIP	Others	—	405,903	Unquoted	Fully Paid	Not Applicable	Not Applicable	—	4,668,834	Cost
	Units of ₹10 each fully paid up of L & T Select Fund - (Nav ₹10.28)	Others	976,709	—	Unquoted	Fully Paid	Not Applicable	Not Applicable	10,000,000	—	Cost
	Total								10,000,000	4,668,834	

15. CASH AND BANK BALANCES

	31st March 2012 Amount (₹)	31st March 2011 Amount (₹)
A) Cash and cash equivalents		
Balances with banks:		
On current accounts	(55,688,987)	16,927,964
Deposits with original maturity of less than three months	2,857,605	—
On Unpaid dividend account	647,822	418,113
Cash on hand	1,994,225	1,316,544
	(50,189,335)	18,662,621
B) Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	186,053,877	123,478,331
Deposits with original maturity for more than 12 months	4,072,421	—
	190,126,298	123,478,331
	139,936,964	142,140,951

16. INVENTORIES

	As at 31st March, 2012		As at 31st March, 2011	
	Quantity	Amount (₹)	Quantity	Amount (₹)
Equity Shares(Quoted)				
Bharat Forge Ltd	20000	6,373,500	—	—
Gitanjali Gems Ltd	100000	32,405,000	—	—
Gss Infotech Ltd	1304	66,895	—	—
Metkore Alloys & Industries Ltd	133230	2,051,743	—	—
Nirlon Limited	25000	1,172,500	—	—
Swelect Energy Systems Limited	2	513	—	—
Reliance Infrastructure Ltd	50	18,825	—	—
Tech Mahindra Ltd	58	41,740	—	—
Equity Shares(Unquoted)				
Zenith Global Consultants Ltd.	36875	479,375	36875	479,375
Bonds (Quoted)				
Tata capital (N4 series Bond)	356	498,847	—	—
Mutual Fund (Quoted)				
Goldman Sachs Liquid Exchange Traded Scheme	1	1,037	—	—
Closing Stock		12,308,220		—
Total		55,418,195		479,375

17. REVENUE FROM OPERATIONS

	31st March 2012 Amount (₹)	31st March 2011 Amount (₹)
Revenue from operations		
Sale of services		
Income from advisory services	127,375,148	169,266,034
Income from Brokerage and related activity	49,297,913	39,323,711
Depository Income	1,823,122	1,915,688
Profit from trading in Securities	32,969,587	37,319,067
Stamp Duty Charges	449,793	—
Dividend Income	1,927,389	134,161
Interest Income	1,551,308	6,342,290
Profit on Sale of Investment (Mutul Fund)/Debt	157,591	466,158
Transaction Processing fees	2,380,290	902,503
Account Opening Charges	758,322	559,643
Revenue from operations	218,690,463	256,229,255

18. OTHER INCOME

	31st March 2012 Amount (₹)	31st March 2011 Amount (₹)
Interest income on		
Bank deposits	15,997,624	8,588,377
Current investment	353,067	—
Income Tax Refund	507,514	—
Intercorporate Deposit	7,374,838	488,168
Dividend	9,712,534	1,439,636
Profit on Sale of Premises	—	692,013
Net gain on sale of current investment/ Non current investment	129,939	9,722,989
Income from Consultancy	—	28,790
Other non-operating income	10,754,863	9,774,042
Foreign exchange gain	1,842	—
	44,832,222	30,734,015

19. EMPLOYEE BENEFIT EXPENSES

	31st March 2012 Amount (₹)	31st March 2011 Amount (₹)
Salaries, wages and bonus	95,735,881	87,619,060
Contribution to provident and other fund	8,037,396	6,268,911
Gratuity expenses (note 23)	—	2,465,418
Staff Welfare expenses	2,201,780	1,881,963
	105,975,057	98,235,353

ANNUAL REPORT 2011-2012

20. OTHER EXPENSES		31st March 2012 Amount (₹)	31st March 2011 Amount (₹)	22. EARNINGS PER SHARE (EPS)		31st March 2012 Amount (₹)	31st March 2011 Amount (₹)
Electricity Charges		3,042,089	1,898,045	The following reflects the profit and share data used in the basic and diluted EPS computations:			
Donation		702,000	2,057,000	Profit/(Loss) after Tax	41,651,659	60,549,746	
Business Promotion Expenses		1,306,068	1,689,084	Weighted average number of equity shares	5,566,637	5,566,637	
Motor Car Expenses		1,573,544	1,298,434	Basic/Diluted EPS as on 31st March 2012	7.48	10.88	
Assets w/off		—	157,429	Note:			
Rent		17,700,659	14,929,406	Keynote Trust has been consolidated. Consequently, shares held by keynote trust in Keynote Corporate Services Ltd (14,51,702 shares) have been eliminated while computing the EPS			
Rates and taxes		137,197	114,012	23. GRATUITY AND OTHER BENEFIT PLANS			
Insurance		788,483	315,630	a) Gratuity:			
Impairment of Assets		—	353,251	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 ₹12,61,483 as a total contribution during the year.			
Interest on Income Tax		424,637	2,536,849	I. ASSUMPTION			
Wealth Tax		—	64,077	01/04/2011 31/03/2012 01/04/2010 31/03/2011			
Repairs and maintenance				Discount Rate (Previous)	8.00%	7.50%	
Others		1,770,903	2,806,676	Rate of Return on plan assets (previous)	8.00%	8.00%	
Advertising and Sales promotion		828,105	2,231,236	Salary Escalation (previous)	10.00%	10.00%	
Accounting Charges		13,550	7,500	Attrition rate (previous)	13.00%	13.00%	
Travelling and conveyance		7,067,065	7,599,168	Discount Rate (current)	8.50%	8.00%	
Telephone Expenses		4,973,147	4,287,061	Rate of Return on plan assets (current)	8.60%	8.00%	
Printing & stationery		1,618,193	1,537,682	Salary Escalation (current)	10.00%	10.00%	
Legal and professional fees		11,064,148	15,145,999	Attrition rate (current)	13.00%	13.00%	
Loss from Debt Segment(Net of profit ₹11,200/-)		—	421,399	II. TABLE SHOWING CHANGE IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION:			
Director's sitting fees		60,000	40,000	Present value of benefit obligation as at the beginning of the			
Postage, Courier & Telegraphs		691,394	487,942	Current period	5866950	5165876	
Audit fees (refer details below)		1,267,987	1,104,781	Interest Cost	469356	387441	
Diminution in value of investment		4,178,330	2,766,788	Current Service Cost	6226010	822574	
Subscription & Registration fees		1,082,458	4,163,185	Transitional liability incurred during the period			
Sebi Charges		74,216	—	Actuarial (gains)/losses on obligations	(872728)	(508941)	
Service Tax Expenses		2,695,152	2,812,230	Present value of benefit obligation as at the end of the Current period	11689588	5866950	
Security Transaction Tax		1,662,347	589,972	III. TABLE OF FAIR VALUE OF PLAN ASSETS:			
Stamp Duty & Stamp Expenses		2,557,272	3,017,583	Fair value of plan assets at the beginning of the period			
Stock Exchange Expenses		1,914,994	—	Expected return on plan assets	306885	248001	
Bad debts/advances written off		2,360,430	223,297	Contributions	1261483	434535	
Long Term Capital Loss (Unquoted Shares)		5,000,000	—	Actuarial (gains)/losses on plan assets	322777	53515	
Loss on Sale of Fixed Assets		—	762,224	Fair value of plan assets at the end of the period	8032078	3836067	
Loss on Sale of Mutual Fund		111,252	—	IV. TABLE OF RECOGNITION OF ACTUARIAL GAINS/LOSSES:			
Loss on Futures and Options Trading		745,888	—	Actuarial (gains)/losses on obligation for the period			
Loss on Damage/Sale of Motor Car		648,186	797,599	Actuarial (gains)/losses on asset for the period	(322777)	(53515)	
Loss in Valuation of Closing Stock		640,627	—	Subtotal	(1195505)	(562456)	
Provision for Unrealized Loss on Open Position		1,028,918	—	Actuarial (gains)/losses recognized in income & expenses statement	(1195505)	(562456)	
Provision for Contingencies		206,250	—	V. ACTUAL RETURN ON PLAN ASSETS:			
Marketing Expenses		755,223	2,898,189	Expected return on plan assets			
Miscellaneous expenses		3,768,660	2,673,865	Actuarial (gains)/losses on plan asset	322777	53515	
		84,459,368	81,787,593	Actual return on plan assets	629662	301516	
Payment to auditor							
As auditor:							
Audit fee		992,080	893,218				
Tax audit fee		50,000	50,000				
Limited review		200,000	150,000				
In other capacity							
Other services (certification fees)		10,000	—				
Reimbursement of expenses		15,907	11,563				
		1,267,987	1,104,781				
21. FINANCE COST							
Interest on car loan		480,942	323,272				
Interest expenses		3,904,220	1,649,032				
		4,385,161	1,972,304				

KEYNOTE CORPORATE SERVICES LIMITED

VI. AMOUNT RECOGNIZED IN THE BALANCE SHEET:

Fair value of plan assets at the end of the period	8032078	3836067
(Present value of benefit obligation as at the end of the period)	(11689588)	(5866950)
Funded status	(3657510)	(2030883)
Net(liability)/ assets recognized in the balance sheet	(3657510)	(2030883)

VII. EXPENSES RECOGNIZED IN THE INCOME STATEMENT:

Current Service Cost	6226010	822574
Interest Cost	4693556	387441
(Expected return on plan assets)	(306885)	(248001)
Actuarial (gains)/losses	(1195505)	(562456)
Expenses recognized in p&l	5192976	399558

VIII. BALANCESHEET RECONCILIATION:

Opening net liability	(273983)	2065860
Expenses as above	5192976	399558
(Employer's contribution)	(1261483)	434535
Net liability / (assets) recognized in the balance sheet	3657510	2030883

IX. OTHER DETAILS:

No.of members	236	29
Salary pm	4768814	1537845
Prescribed contribution for next year (12 months)	4768814	1154417

X. CATEGORY OF ASSETS:

Insurer managed funds	8032078	3836060
Other		
Total	8032078	3836060

XI. EXPERIENCE ADJUSTMENT:

On plan liability (gains)/losses	(729151)	(217650)
On plan assets (losses)/gains	322777	53510

Note.

1. Disclosures of plan assets

The company does not have information regarding plan assets for the financial years 07-08 to 09-10 therefore the disclosure of plan assets has not been given for these years.

2. Compensated Absences:

As per the Company's Policy, a sum of ₹19,61,772/- (Previous Year ₹15,08,284/-) has been paid towards compensated absences; calculated on the basis of unutilised leave. During the year company has also provided ₹ 3,09,513/- towards compensated absence on the basis of actuarial valuation done by independent actuary, for the first time during the current financial year.

b) Defined Contribution Plans

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

Particulars	2011-2012	2010-2011
1) Contribution to Employees Provident Fund	5,473,290	5,906,609
2) Employees State Insurance Scheme	598,124	362,302

24. LEASES

Operating lease: company as lessee

The aggregate lease rentals in respect of Operating Leases for the period charged as lease rentals in the profit and loss a/c aggregate to ₹83,60,496 (Previous year: ₹ 83,06,496)

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

Particulars	2011-2012	2010-2011
1) Not later than one year	NIL	6,922,080
2) Later than one year and not later than five year	NIL	NIL
3) Later than five year	NIL	NIL

Operating lease commitment -Group as lessor

The Company has received ₹12,49,130 on account of lease of a premises The Future Minimum Lease Receivable under non cancellable operating leases are as under:

Particulars	2011-2012	2010-2011
1) Not later than one year	1,308,108	1,161,748
2) Later than one year and not later than five year	1,449,991	NIL
3) Later than five year	NIL	NIL

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

25. SEGMENT INFORMATION

(₹ in lacs)

	Merchant Banking		Broking & Related Activities		Trading in Securities		Unallocated		Elimination		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
External Revenue	1273.75	1,679.19	553.83	412.39	322.96	373.19	242.35	314.10	—	—	2,392.90	2,778.87
Inter Segment Revenue	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue	1273.75	1,679.19	553.83	412.39	322.96	373.19	242.35	314.10	—	—	2,392.90	2,778.87
RESULT	—	—	—	—	—	—	—	—	—	—	—	—
Segment Result	690.13	949.24	(387.35)	(642.89)	279.48	364.46	(126.71)	257.97	—	—	455.55	928.77
Un-allocated expenses	—	—	—	—	—	—	—	—	—	—	33.51	41.03
Operating profit	—	—	—	—	—	—	—	—	—	—	422.04	887.74
Interest Expenses	—	—	—	—	—	—	—	—	—	—	(43.83)	(3.26)
Interest Income	—	—	—	—	—	—	—	—	—	—	242.33	90.77
Deferred Tax Assets	—	—	—	—	—	—	—	—	—	—	11.64	(39.42)
Income Tax	—	—	—	—	—	—	—	—	—	—	(215.66)	(330.34)
Profit From Ordinary Activities	—	—	—	—	—	—	—	—	—	—	416.52	605.48
Net Profit	—	—	—	—	—	—	—	—	—	—	416.52	605.48
Other Information												
Segment Assets	290.46	291.54	3,289.31	2,619.32	554.18	4.79	7,992.73	6,616.37	(666.63)	(1,868.11)	11,460.05	7,663.91
Segment Liabilities	250.22	89.83	1,253.81	1,029.59	—	55.92	2,660.85	1,661.96	(556.63)	(408.11)	3,608.26	2,429.19
Capital Expenditure	56.09	1.77	45.14	115.52	—	—	—	—	—	—	—	—
Depreciation	11.37	12.09	53.15	57.63	0.22	—	—	1.36	—	—	64.74	71.09
Non-cash expenses other than depreciation	16.52	41.16	7.08	11.42	24.53	—	51.07	27.67	—	—	99.20	80.25

ANNUAL REPORT 2011-2012

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

a) List of related parties:

A) Key Management Personnel:

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

B) Relatives of Key Management Personnel:

Mrs. Pushpa Suchanti-Wife of Chairman
Mrs. Rinku Suchanti-Wife of Managing Director

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

Concept Communication Ltd.
Concept Production Ltd
Nirmal Suchanti HUF
Keynote Trust
Omprakash Saraogi HUF
Sharda Saraogi HUF
Prudential Assets & Capital Management Ltd
SSP Advisors Ltd
NSS Digital Media Ltd

D) Other Entity:

Eagle Eye Research & Media Pvt. Ltd.

b) Description of the nature of transactions with the Related Parties as on 31st March, 2012:

(₹)

Particulars	Name of the related party	Subsidiary Company		Key Management Personnel/Relatives		Enterprise over which key Management personnel exercise Significant Influence		Other Entity	
		2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
Sale of Fixed Assets	NSS Digital Media Ltd						8,000,000		
Sale of Investment	Sonali Saraogi				3,650,000				
Receiving of Services	Concept Communication Ltd					155,591	79,427		
Rendering of Services	B.Madhuprasad				196,632				
Rendering of Services	Suraj Saraogi				18,850				
Rendering of Services	Omprakash Saraogi HUF						52,475		
Rendering of Services	Sharda Saraogi HUF						205,392		
Managerial Remuneration	B.Madhuprasad			4,800,000	4,440,000				
Managerial Remuneration	Vineet Suchanti			4,500,000	4,149,000				
Managerial Remuneration	Uday Patil			3,204,000	2,961,000				
Managerial Remuneration	Suraj Saraogi			3,204,000	2,961,000				
Deposit Given/ (Refunded back)	Nirmal Suchanti-HUF						(29,097,031)		
Dividend Paid	Keynote Trust								
Dividend Paid	Pushpa Suchanti			198,462	198,462				
Dividend Paid	Rinku Suchanti			5,703	5,703				
Dividend Paid	B.Madhuprasad			71,250	71,250				
Dividend Paid	Vineet Suchanti			17,966	17,966				
Dividend Paid	Nirmal Suchanti			176,471	176,471				
Dividend Paid	Concept Production Ltd					362,400	362,400		
Dividend Paid	NSS Digital Media Ltd					4,298,195			
Dividend Paid	Nirmal Suchanti- HUF					412,500	412,500		
Dividend Received	Keynote Trust								
Loans & advances Given	Eagle Eye Research & Media Pvt Ltd							1,700,000	1,000,000
Reimbursement of exp to Director	Vineet Suchanti			593,269	568,940				
Outstanding balance									
Loan Given	Eagle Eye Research & Media Pvt Ltd							2700,000	—
Loan Received	Concept Communication Ltd					—	28,757		
Loan Received	Prudential Assets & Capital Management Ltd					—	3,173,821		
Loan Received	SSP Advisors Ltd					—	4,756,137		
Deposit Given	B.Madhuprasad				1,000,000				
Advances	Keynote Trust								

Note:

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

** Keynote Trust has been taken into consideration for the purpose of consolidation for the financial year 2011-2012 and thus related party transaction for the same has not been disclosed.

KEYNOTE CORPORATE SERVICES LIMITED

27. CAPITAL COMMITMENT AND CONTINGENT LIABILITIES :

- i) Capital Commitment towards purchase of premises at Ruby Mills, Dadar is ₹3875530/- (Previous year 7,92,50,000/-)
- ii) Guarantee given by the Company to the Bankers of its subsidiary, Keynote Capitals Limited ₹ 15,50,00,000 (Previous year ₹ 11,50,00,000) towards NSE & BSE operations.
- iii) Income Tax demand for ₹48,65,822(P.Y.48,65,822)(including interest of ₹18,66,684) 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.
- iv) The Income Tax department has filed an appeal before the Income Tax appellate tribunal against the order passed by the Commissioner of Income Tax appeal order No.CIT(A)-XIV / 4(3)-2/IT.10/05-06 dated 09/04/2007 allowing the deprecation on BSE card amounting to ₹ 46,17,507 for the assessment year 2003-2004 and the said matter is pending before the tribunal.
- v) The Income Tax Assessment has been completed for Assessment Year 2009-2010. The disputed demand outstanding of the said Assessment year is ₹ 24,15,840/-. Based on the decisions of high court and interpretation of Income tax provisions, the company has been legally advised that the demand is likely to be either deleted or substantially reduced; accordingly no provision has been made.
- vi) Guarantee given by the Company to National Stock Exchange amounting to ₹ 12500000 towards NSE operations and to Bombay Stock Exchange amounting to ₹ 7500000 towards BSE operations.
- vii) Adjudicating Officer, SEBI, Mumbai has imposed a penalty of ₹ 10,00,000/- in the matter of an IPO handled. The company has preferred an appeal to Securities Appellate Tribunal (SAT) against the order of Adjudicating Officer, SEBI, Mumbai which is pending for hearing & order. The company has not provided for the said contingent liability.

28. Details of Scheme of amalgamation approved by the High Court

As per the scheme of amalgamation approved by the Allahabad, Bombay, and Gauhati High court vide order dated 21st December 2006, 9th March, 2007 and 19th March, 2007 respectively, 14,51,702 equity shares of ₹10 each fully paid up is held by keynote trust as a beneficiary of the company. Consequently the corresponding amount is also reflected in schedule 'E'- investment, as "Investment in equity shares held by keynote Trust". Due to such cross holding the dividend of ₹ 2,177,553 (Previous year ₹ 2,177,553) has been paid & received back from the trust

29. Details of dues to micro and small enterprises as defined under the MSMED Act,2006

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

30. Income and Expenditure in Foreign Currency Transaction

Particular	2011-2012	2010-2011
Professional fees (Income)	33,425,933	2,047,000
Expenditure-Other Matters	2,398,938	1,644,087

31. DISINVESTMENT

Arteries Insurance Broking Ltd was the subsidiary of the Company has been wound up resulting into a loss of ₹50,00,000/- on account of Investment made in the Equity Shares of the said company. The Consolidated financial statement do not include the result of the performance of Arteries Insurance Broking Ltd. The amount is not quantifiable.

32. Investment

On 27th February 2012 the company made an investment in Equity Shares of Abhishek Finance & Investment Private Limited for 5,00,000 Equity Shares @ ₹15/- and subscribed to 100 percent share capital of the said company.

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

34. Open Interest in Individual stock Futures and Option as on 31st March, 2012

a) Open Long Position

Name of Equity index / Stock Future	Expiry Date	No. of Contracts	No. of Units
ABGSHIP	26-Apr-12	50	50000
ALOKTEXT	26-Apr-12	99	1089000
DLF	26-Apr-12	51	51000
FINANTECH	26-Apr-12	300	75000
MAX	26-Apr-12	74	74000
PATELENG	26-Apr-12	202	404000
RCOM	26-Apr-12	3	12000
RENUKA	26-Apr-12	142	568000
SUZLON	26-Apr-12	138	1104000
UCOBANK	26-Apr-12	2	8000

b) Open Short Position

Name of Equity index / Stock Future	Expiry Date	No. of Contracts	No. of Units
NIFTY	26-Apr-12	9	450

35. Previous year figures have been regrouped and / or rearranged wherever considered necessary.

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

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

Place : Mumbai
Date : 9th August, 2012

ANNUAL REPORT 2011-2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Pursuant to Listing Agreement With Stock Exchange)

	2011-12 Amount in ₹	2011-12 Amount in ₹	2010-11 Amount in ₹	2010-11 Amount in ₹
CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax and Extraordinary items		62,053,986		97,569,556
Net prior year Adjustments				
Adjustment For :				
Depreciation	6,473,751		7,108,930	
Provision for Leave Encashment	—		2,493,000	
Provision for Bonus	—		4,146,000	
Excess Provision of Bonus written back	(379,281)		—	
Provision for Gratuity	—		3,093,000	
Excess Provision of Gratuity written back	(139,465)		—	
Loss on Sale of Investment	111,252		—	
Loss on Future & Option Trading	745,888		—	
Loss in Valuation of Closing Stock	640,627		—	
Loss on Sale of Fixed Assets	648,186		868,000	
Diminution in value of investment	4,178,330		2,766,788	
Profit on Sale of Investment	(287,530)		(8,059,000)	
Finance Cost	4,385,161		1,972,000	
Interest on Income Tax	424,637		—	
Income Tax Refund	—		(38,878)	
Impairment of Assets	—		510,000	
Loss on Sale of Subsidiary	5,000,000		2,890,000	
Dividend Income	(11,639,924)		(1,440,000)	
Interest Income	(23,725,530)		(9,077,000)	
		(13,563,897)		7,232,840
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		48,490,088		104,802,397
ADJUSTMENT FOR :				
Trade and other receivables	(116,463,498)		35,997,765	
Inventories	(54,938,820)		—	
Loans & advances	8,257,995		(59,815,852)	
Other Current Assets	(14,801,422)		1,108,941	
Provisions	1,811,403		—	
Trade Payables	51,695,648	(124,438,695)	(156,129,505)	(178,838,651)
CASH FROM OPERATING ACTIVITIES SUB TOTAL (A)		(75,948,606)		(74,036,254)
Less: Taxes paid	—	(35,620,042)	—	—
NET CASH (USED IN) OPERATING ACTIVITIES SUB TOTAL (A)	(111,568,649)		(74,036,254)	
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Investments	(24,303,406)		(19,027,000)	
Sale of Investment	16,583,943		18,416,000	
Sale of Fixed Assets	2,510,000		3,597,000	
Interest Received	23,725,530		9,077,000	
Dividend Received	9,462,371		1,440,000	
Capital Advance for Purchase of Premises	(88,997,052)		8,000,000	
Purchase of Fixed Assets	(13,018,254)		(11,728,915)	
NET CASH FROM INVESTING ACTIVITIES SUB TOTAL(B)		(74,036,868)		9,774,086
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend Paid	(10,527,509)		(8,349,956)	
Dividend Distribution Tax Paid	(1,748,488)		(1,789,150)	
Finance Cost Paid	(4,385,161)		(1,972,000)	
Increase in Short Term Borrowings	196,384,022		—	
Increase in Long Term Borrowing	3,678,665		6,962,461	
NET CASH USED IN FINANCING ACTIVITIES SUB TOTAL(C)		183,401,529		(5,148,645)
NET DECREASE IN CASH AND CASH EQUIVALENTS				
TOTAL (A+B+C)		(2,203,988)		(69,410,814)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		142,140,951		211,551,765
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR				
CASH	1,994,225		1,317,000	
BANK				
In Current Accounts	(55,688,987)		16,928,000	
In Fixed Deposits Accounts	192,983,903		123,478,000	
In Unpaid Dividend Account	647,822	139,936,964	418,000	142,140,951

Notes :

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

As per our report of even date

FOR HARIBHAKTI & CO.
Chartered Accountants
Firm Registration No: 103523W

Sd/-
Rakesh Rathi
Partner
Membership No. 045228

Place : Mumbai
Date : 9th August, 2012

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

Sd/-
B.Madhuprasad
Vice Chairman

Sd/-
Vineet Suchanti
Managing Director

Sd/-
Sangeet Lakkar
Company Secretary

KEYNOTE CORPORATE SERVICES LIMITED

Registered Office: The Ruby, 9th floor, Senapati Bapat Marg, Dadar (West), Mumbai-400 028.

CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

1. Name(s) of Shareholder(s)
[Including joint holders, if any] : _____

2. Registered address of the sole/
First named shareholder : _____

3. Registered folio No./DP ID No./Client ID No.* : _____
[* Applicable to investor holding shares in
Dematerialized form]

4. No. of Shares held : _____

5. I/We hereby exercise my/our option to receive the documents such as Notice of Annual General Meeting, Audited Financial Statement, Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report; Explanatory Statement etc. in electronic mode pursuant to the "**Green Initiative**" by the Ministry of Corporate Affairs vide circular dated 29th April, 2011.

6. My email id is : _____

Place:

Date:

(Name and Signature of the Member)

KEYNOTE CORPORATE SERVICES LIMITED

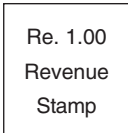
Registered Office: The Ruby, 9th floor, Senapati Bapat Marg, Dadar (West), Mumbai-400 028

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 NINETEENTH ANNUAL GENERAL MEETING of the Company to be held at 10.00 a.m. on
Thursday, 27th September, 2012 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 _____, 2012.

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: The Ruby, 9th floor, Senapati Bapat Marg, Dadar (West), Mumbai-400 028

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 NINETEENTH ANNUAL GENERAL MEETING of the Company at Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, 141, Shahid Bhagat Singh Road, (Town Hall Compound), Fort, Mumbai - 400 001 at 10.00 a.m. on Thursday, 27th September, 2012.

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

Notes :

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

BOOK-POST

If undelivered please return to:

KEYNOTE CORPORATE SERVICES LIMITED

The Ruby, 9th floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400 028