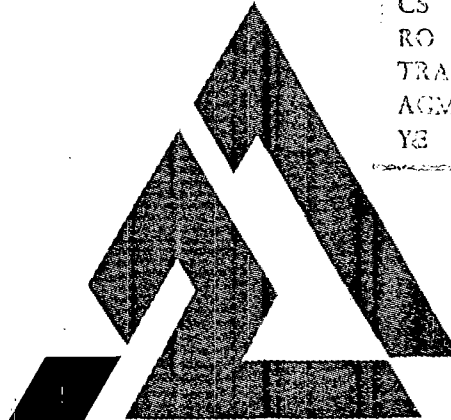


For TWENTY FIRST CENTURY
MANAGEMENT SERVICES LTD,



Authorised Signatory

MD			
CS			
RO			
TRA			
AGM			
YE			



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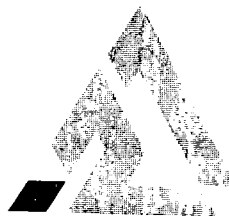
TWENTYFIRST CENTURY
MANAGEMENT SERVICES LIMITED

"CERTIFIED TRUE COPY"

Eleventh Annual Report

1996 - 97





TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED

Regd. & Admn. Office: 32, 2nd Floor, T.T.K. Road, Alwarpet, Chennai - 600018.

Board of Directors

Sundar Iyer
Chairman

E.Y. Rangoonwala

J. Chandramouli

Share Transfer Agents

Intime Share Services Pvt. Ltd.
260, A, Shanthi Industrial Estate
Sarojini Naidu Road,
Mulund (W), Mumbai - 400 080.

Bankers

The Lakshmi Vilas Bank Ltd.
The Dhanalakshmi Bank Ltd.
Punjab & Sind Bank Ltd.
The Catholic Syrian Bank Ltd.

Financial Institution

The Small Industries Development
Bank of India (SIDBI)

Corporate Office

Jeevan Udyog
2nd Floor, 278 D.N.Road
Fort, Mumbai - 400 001.

Auditors

M/s. Shankar & Kishor
Chartered Accountants
Mumbai.

M/s. Carvalho Associates
Chartered Accountants

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DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the ELEVENTH ANNUAL REPORT of your company together with the Auditors Report for the year ended on 30th June 1997.

FINANCIAL HIGHLIGHTS:

The Financial Results for the year ended 30th June 1997 are as under:-

	Rupees in Lakhs	
	Year Ended 30-06-1997	Year Ended 30-06-1996
Total Income	554.10	1169.51
Profit before Depreciation, Interest & Tax	33.78	819.38
Interest	531.51	245.48
Depreciation	291.32	176.14
Profits before Tax	(789.05)	397.76
Provision for Tax	—	80.00
Profit / (loss) after tax	(789.05)	317.76
Balance b/f from previous year	591.58	485.16
Prior period adjustment	—	3.84
Amount available for appropriation	—	799.08
Transfer to Debenture Redemption Reserve	—	25.00
Transfer to General Reserve	—	25.00
Proposed Dividend	—	157.50
(Deficit) / Surplus Carried to Balance Sheet	(197.47)	591.58

BUSINESS & PERFORMANCE:

During the year under review, the country was suffering from political uncertainty, stringent liquidity conditions resulting in a slowdown in the economy. This coupled with extremely depressed capital markets and virtual non-existent primary market, adversely affected the working of the company. Also it is pertinent to mention that most of the Non-Banking Finance Companies in the country, including your company, were affected by severe resource crunch due to withdrawal of public deposits in large numbers and lack of alternative resources affecting the working and liquidity position.

DEPOSITS:

There were 21 unclaimed deposits amounting to Rs.1,77,000 as on June 30, 1997. All the 21 deposits have since been repaid or renewed,

DIRECTORS:

Mr.E.Y.Rangoonwala, who was appointed as Whole Time Director of the Company, has submitted his resignation, since was unable to continue as Whole Time Director. However he continues to be the Director of the Company.

Mr. E.Y.Rangoonwala, Director of the company, retires by rotation at the ensuing Annual General Meeting of the company and being eligible, offers himself for reappointment.

Mr.Mohan Parasaran, who was appointed as Director has resigned as Director of the Company due to professional preoccupation. Your Directors place on record the appreciation for his services to the Company.

PARTICULARS OF EMPLOYEES:

Particulars of employees required to be disclosed in terms of section 217 (2A) of the Companies Act, 1956, is enclosed in the Annexure.

AUDITORS:

M/s. Shankar & Kishor, Chartered Accountants and M/s. Carvalho Associates, Chartered Accountants, Auditors of the company retire at the ensuing Annual General Meeting and are eligible for reappointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

The company is not engaged in any manufacturing activity and particulars relating to Energy Conservation and Technology Absorption in Form A&B of the Companies (Disclosures of Particulars in the Report of Directors) Rules 1988, are not applicable to the company.

FOREIGN EARNINGS AND OUTGO:

The company had no earnings in Foreign Currency. Details of Foreign Currency outgo of Rs.60,000/- are given in the Notes to Accounts.

SUBSIDIARY COMPANIES:

The particulars required to be disclosed u/s 212 (1) (e), read with sub section (3) of the Companies Act, 1956, for the financial year 1996 - 97 in respect of Twentyfirst Century Shares and Securities Ltd., (wholly owned subsidiary of the Company) is enclosed.

STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT:

The comparison between performance and the projections made in the letter of offer dated 19-01-1995 are given below:-

	Projections for the year 1996 - 97 (Rupees in Lakhs)	Actuals for the year 1996 - 97 (Rupees in Lakhs)
Gross Income	3526.62	554.10
Profit after tax	1120.35	(789.05)
Earnings per share (Rs.)	10.67	—

The company has incurred loss during the Financial Year 1996 - 97 due to depressed conditions in the capital market and a virtual non-existent primary market. The tight liquidity conditions prevailing in the country increased the interest burden significantly.

FUTURE PROSPECTS:

Funds continue to be scarce and at high cost. All companies in non-banking financial services sector remain in the grip of poor liquidity and depressed capital market conditions. High cost of funds is also affecting Companies in the manufacturing sector.

The underlying fundamentals in the economy remain positive with steady industrial and trade growth. Your Directors are, therefore, confident of growth in opportunities and business leading to improved performance in the years to come.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to place on record their appreciation for the valuable contribution, unstinted efforts and dedication shown by the employees at all levels, in the progress of the Company during the year under review. The Directors also express their grateful thanks for the assistance, co-operation and support extended to your Company by the Bankers, Financial Institutions and Fixed Deposit Holders.

For and on behalf of the Board

Place : Mumbai
Date : January 10, 1998

Sundar Iyer
Chairman

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ANNEXURE TO DIRECTORS REPORT FOR THE YEAR ENDED 30-06-1997

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975					
NAME AND QUALIFICATION	AGE IN YEARS	REMUNERATION RECD.	EXPERIENCE IN YEARS	DATE OF COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT
RANGOONWALA E Y # F.C.A.	40	RS. 7,50,000	13	01.04.1995	HEAD-EQUITY RESEARCH DEPT. ARIDHI INVESTMENTS, MUMBAI
RAMNATH S. # F.C.A.	45	RS. 4,30,000	26	01.11.1995	GENERAL MANAGER - FINANCE, THERMAX BABCOCK & WILCOX LTD., PUNE

Indicates employment for part of the year

Notes:

1. Remuneration as above includes salary, taxable allowances, company's contribution to Provident Fund and value of perquisites as per Income Tax Rules, 1962.
2. The nature of employment in the case of Mr. Rangoonwala is contractual.
3. None of the employees mentioned above is a relative of any Director of the Company.
4. None of the employees either individually or together with spouse holds more than 2% of the Equity Shares of the Company.

For and on behalf of the Board

Place : Mumbai
Date : January 10, 1998

Sundar Iyer
Chairman

AUDITORS' REPORT

TO THE MEMBERS OF TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED

We have audited the attached Balance Sheet of TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED, as at 30th June 1997 and the Profit and Loss Account on that date annexed thereto for the year ended on that date and report as under:-

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Sec. 227 (4A) of the Companies Act, 1956, we attach in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order, on the basis of the information and explanation given to us.
2. Further to our comments referred to in para 1 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
 - (b) In our opinion, proper books of account, as required by law, have been kept by the company, so far as appears from our examinations of those books of accounts.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - (d) In our opinion and to the best of our information and according to the explanations given to us, subject to
 - i) Non provision of Interest on Secured Loans amounting to Rs.98,56,088/- of Schedule Q (Note No. 16 a) and
 - ii) Non provision of interest in respect of bills payable amounting to Rs.10,20,990/- of Schedule Q (Note No.16 b):with the resultant impact on the loss which would have been higher by Rs.1,08,77,078/- and for the year on reserves and surplus which would have been lower by Rs.1,08,77,078/- read together with other notes thereon and attached thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - a) in the case of Balance sheet, of the state of affairs of the company as at 30th June, 1997 and
 - b) in the case of Profit and Loss Account, of the loss of the company for the year ended on that date.

For SHANKAR & KISHOR
Chartered Accountants

DOLFY J.D'SOUZA
Partner

For CARVALHO ASSOCIATES
Chartered Accountants

J.X. ANGELO CARVALHO
Proprietor

Date: 10-01-1998
Place: Mumbai

Annexure to the Auditor's Report to the members of TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED. (Referred to in Paragraph 1 of our report of even date).

1. The Company has not updated fixed assets register showing full particulars including quantitative details and situation of all its fixed assets which are either in the possession of Company or have been leased out. However the company is in the process of recompilation of the asset register. The Fixed assets of the Company have been physically verified by the Management at reasonable intervals during the year and no discrepancies have been noticed on such verification.
 2. The Company has not revalued any of its fixed assets during the year.
 3. The Stock-in-Trade (Investments) has been physically verified by the Management at reasonable intervals and no significant discrepancies were noticed on such verification. The procedures followed by the management for the physical verification are in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
 4. The Company has not taken interest free loan from Companies or firms listed in the register maintained under section 301 of the Companies Act 1956 and from the Companies under the same management.
 5. The Company has not given loans or advances in the nature of loans to companies, firms or other parties listed in the Registers maintained under S. 301 and S. 370 (1C) of the Companies Act, 1956.
 6. The rate of interest and other terms and conditions, in the case of any loan secured or unsecured to companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956, are prima facie not prejudicial to the interest of the Company.
 7. In respect of loans and advances in the nature of loans given by the Company as regards advance to staff (Rs.14,50,000/-) no stipulation have been made in respect of repayment. We are informed that their advances are related to their terms of employment and will be adjusted / recovered over a period of time. Repayment of principle and interest is not regular, and we are informed that (where terms of repayment of such loans are specified) steps taken to follow - up overdue amounts, which were adequate considering the circumstances.
- As regard to Advance to staff the terms are not specified, there were 4 employees the repayment of whom is not received. Total advance to these employees is Rs.14,50,000/-.
8. In our opinion and according to the information and explanations given to us, the Company has an adequate internal control procedure commensurate with its size and nature of business, for the purchase of plant & machinery, equipment and other assets.
 9. In our opinion and according to information and explanation given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and Directions of Reserve Bank of India for Non-Banking Finance Companies with regard to deposits accepted from the public, except that the company has not maintained liquid assets in the statutory ratio as stipulated by the Reserve Bank of India.
 10. The company has an internal audit system, commensurate with its size and nature of business in respect of its branch at Bombay. The other branch offices don't have an internal Audit System.
 11. There are some instance of delay in depositing the dues with the Appropriate authority. The Company has remitted the contributions as of the year end belatedly in the month of September 1997.

12. According to the information and explanations given to us there are Rs.41,10,835.20 in respect of T.D.S, Rs.52.38 Lakhs towards Income Tax to the Central Government and Rs.71,944/- in respect of U.P. Sales Tax outstanding for a period of more than six months as of the date of this report relating to the period in question.
13. In our opinion and according to the information and explanations to us, personal expenses of employees or directors have not been charged to revenue account.
14. The Company is not a Sick Industrial Company within the meaning of Clauses (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
15. The service activities of the Company do not involve consumption of materials and hence the question of reporting on the existence or otherwise of a reasonable system to record the receipts, issues and consumption of material does not arise.
16. The Company maintains adequate documents and records for loans and advances granted on the basis of hypothecation of securities and other loans. The Company has not given any loan/advance on the basis of securities by way of pledge of shares, debentures etc.
17. As regard daily trading in shares and securities, debentures and other investments, in our opinion, the proper records have been maintained of the transactions and contracts and timely entries have been made therein.
18. All other sections of the aforesaid order are not applicable in the case of this company.

For **SHANKAR & KISHOR**
Chartered Accountants

DOLFY J.D'SOUZA
Partner

For **CARVALHO ASSOCIATES**
Chartered Accountants

J.X. ANGELO CARVALHO
Proprietor

Date: 10-01-1998
Place: Mumbai