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Twelfth Annual Report 1997 - 98

For TWENTY FIRST CENTURY MANAGEMENT
SERVICES LTD.

[Signature]
Director

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**TWENTYFIRST CENTURY
MANAGEMENT SERVICES LIMITED**





TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED

Regd. & Admin. Office 32, II Floor, T.T.K. Road, Alwarpet, Chennai - 600 0018.

Board of Directors

Sundar Iyer
Chairman

E.Y. Rangoonwala

J. Chandramouli

Share Transfer Agents

Intime Share Services Pvt. Ltd.
26A, Shanthi Industrial Estate
Sarojini Naidu Road,
Mulund (w), Mumbai - 400 080.

Corporate Office

No. 603 & 604 Dalamal Chambers
29, New Marine Lines
Mumbai 400 020

M/s. Shankar & Kishor
Chartered Accountants
Mumbai

M/s. Carvalho Associates
Chartered Accountants
Chennai

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)

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TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED
Regd.Office:32, 2nd floor, T.T.K.Road, Alwarpet, Chennai-600 018

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 12th Annual General Meeting of the Company will be held on Friday 16th October 1998 at 11 00 a m at Asha Nivas 9, Rutland Gate, 5th Street, Chennai - 600 006 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statements of accounts for the period ended 31st March 1998 and to consider the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr Sundar Iyer, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT the company be and is hereby authorised to reduce its holding in the wholly owned subsidiary Twentyfirst Century Shares and Securities Ltd to 40% by divesting the shares held by it in favour of collaborators, Joint venture partners and/ or such other parties including FII's/ OCB's/ NRI's and such other individuals as the directors may deem fit.

By order of the Board

Sundar Iyer
Chairman.

Place: Mumbai

Date: 21st August 1998

NOTES:

- a) A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxies, in order to be valid, must be received at the Registered office of the company not less than 48 hours before the commencement of the meeting
- b) Explanatory statement pursuant to Section 173 (2) of the Companies Act in respect of special business to be transacted is enclosed herewith.
- c) The Register of Members and Share Transfer books of the Company will remain closed from 09th November 1998 to 16th November 1998 (both days inclusive)
- d) Members are requested to bring their copy of annual accounts and reports as no extra copies will be distributed at the meeting.

EXPLANATORY STATEMENT

(Pursuant to section 173(2) of the Companies Act 1956)

Item No.4 of notice

The Directors of the Company propose to dilute the company's investment in the share capital of Twentyfirst Century Shares and Securities Ltd from the existing level of 100% to 40% by divesting the company's investment in the said company in favour of Collaborators, Joint venture partners and / or such other parties including FII's /OCB's, NRI's and such other individuals as directors may deem fit. The directors have come to this decision considering the extremely difficult conditions prevailing at present affecting the business of Non Banking finance companies, and the extremely difficult liquidity position faced by the company. The directors propose to utilise the much needed liquidity which will be generated by divesting the shares as mentioned towards meeting the liabilities of the company, generating fresh business, and reviving activities in the capital market. The company would continue to retain management and control over the said Twentyfirst Century Shares and Securities Ltd even after reducing its holding to 40%. The directors are of the opinion that this will provide much needed relief to the liquidity situation faced by the company and will also enable the company to undertake profitable lines of business. The directors recommend the resolution for your approval.

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By order of the Board

Place : Mumbai

Date : 21st August 1998

Sundar Iyer
Chairman

DIRECTORS REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 12TH ANNUAL REPORT of your company together with the Auditors Report for the period ended 31st March 1998.

FINANCIAL HIGHLIGHTS

The Financial Results for the period ended 31st March 1998

	Rupees in Lakhs	
	Year Ended 31-03-1998	Year Ended 30-06-1997
Total Income	(37.63)	554.10
Profit before Depreciation, Interest & Tax	(359.04)	33.78
Interest	326.76	531.51
Depreciation	182.43	291.32
Profits before Tax	(868.23)	(789.05)
Provision for Tax	---	---
Profit / (loss) after Tax	(868.23)	(789.05)
Balance b/f from previous year	(197.47)	591.58
(Deficit) / Surplus Carried to Balance Sheet	(1065.70)	(197.47)

BUSINESS & PERFORMANCE :

During the period under review the economy continued to be adversely affected by political uncertainty and stringent liquidity conditions and a slowdown in the economy. This coupled with extremely depressed capital markets and virtual non - existant 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 16 unclaimed deposits amounting to Rs. 2,81,000 as on 31st March 1998. All the 16 deposits have since been repaid or renewed.

DIRECTORS

Mr. Sundar Iyer, Director of the Company, retires by rotation at the ensuring Annual General Meeting of the Company and being eligible, offers himself for reappointment.

PARTICULARS OF EMPLOYEES

During the year the company did not have any employee particulars in respect of whom are covered under sub - section 2A of Section 217 of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975.

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 re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

The company is not engaged in any manufacturing activity & particulars relating to Energy Conservation & 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 and outgo in Foreign Currency.

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 1997-98 in respect of Twentyfirst Century Shares & Securities Ltd (wholly owned subsidiary of the company) is enclosed.

FUTURE PROSPECTS

Funds continue to be scarce and at high cost. All companies in Non Banking Finance 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.

Though the economic scenario continue to look bleak, there is hope that things would take a turn for the better. Your Directors are confident that with a revival in industrial and trade growth, there will be opportunities for profitable business and improvement in performance.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to place on record their appreciation for the valuable contribution, unstinted 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 Deposits Holders.

For and on behalf of the Board

Sundar Iyer
Chairman

Place : Mumbai

Date : 21st August, 1998.

AUDITOR'S 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 31st march 1998 and the Profit & Loss Account on that date annexed thereto for the period ended on that date and report as under:-

1. As required by the Manufacturing and other Companies (Auditors's Report) Order, 1988, issued by the Company Law Board in terms of S.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 accounts, 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, the said Balance sheet and Profit & Loss Account subject to non provision of interest on Secured Loans from Banks & Institutions, Debentures and Bills payable amounting to Rs.153 lacs(Previous Year Rs. 108 lacs) of Schedule Q (Note No.16)

With the resultant impact on loss which would have been higher by Rs153 lacs (previous Year Rs. is Rs.108 lacs) and resultant impact on reserves and surplus which would have been lower by Rs.153 lacs (Previous Year Figure is 108 lacs) 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 31st March, 1998 and
- b) in the case of profit and Loss Account, of the loss of the company for the period ended on that date.

For SHANKAR & KISHOR

Chartered Accountants

DOLFY J.D'SOUZA

Partner

For CARVALHO ASSOCIATES

Chartered Accountants

J.X.ANGELO CARVALHO

Proprietor

Place: Mumbai

Date: 21st August 1998

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 maintained 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.
2. The Company has not revalued any of its fixed assets during the period.
3. The Stock-in-Trade (Investments) has been physically verified by the Management at reasonable intervals and no discrepancies 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 Section 301 and Section 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 or advances in the nature of loans given by the Company, repayment of principal and interest is not regular and we are informed that terms of repayment of such loans are not specified. Steps taken to follow up overdue amount were not adequate considering the circumstances.

As regard to Advances to staff is concerned 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 and Machinery, Equipment and other Assets.