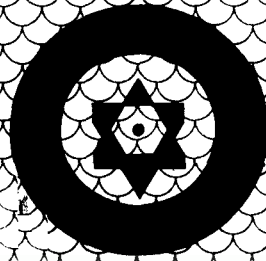


**TWENTYFIRST CENTURY
MANAGEMENT SERVICES LTD**



**SIXTEENTH ANNUAL REPORT
2001 - 2002**



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BOARD OF DIRECTORS

Mr. SUNDAR IYER
Chairman

Mr. E. Y. Rangoonwala

Mr. CHANDRAMOULI

AUDITORS

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
HDFC BANK LTD

FINANCIAL INSTITUTION

THE SMALL INDUSTRIES DEVELOPMENT
BANK OF INDIA (SIDBI)

REGISTERED OFFICE

No. 158, 1st Floor, Eldams Road,
Teynampet, Chennai - 600 018.

CORPORATE OFFICE

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

SHARE TRANSFER AGENTS

INTIME SPECTRUM REGISTRY PVT. LTD.,
No. 260, Shanti Industrial Estate,
Sarojini Naidu Road,
Mulund (W), Mumbai - 400 080.



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 16th Annual General Meeting of the Company will be held on Friday, 27th September, 2002 at 10.00 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 year ended 31st March, 2002 and to consider the reports of the Directors and Auditors thereon.
2. To appoint Auditors and to fix their remuneration.

By Order of the Board

Place: Mumbai
Date : 31-07-2002

CHANDRAMOULI
Director

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) The Register of Members and Share Transfer books of the Company will remain closed from 25th September, 2002 to 27th September, 2002 (both days inclusive).
- c) Members are requested to bring their copy of annual accounts as no extra copies will be distributed at the meeting.

DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 16th ANNUAL REPORT of your company together with the Auditors Report for the year ended 31st March, 2002.

FINANCIAL HIGHLIGHTS

The Financial Results for the year ended 31st March, 2002.

| | Rupees in lakhs | |
|--|-----------------|------------|
| | 31/03/2002 | 31/03/2001 |
| Total Income | | |
| (excluding capital market operations) | 230.27 | 170.09 |
| Profit/(Loss) | | |
| from capital market operations | (146.59) | (627.71) |
| Profit before Depreciation, Interest & Tax | (83.68) | (457.62) |
| Interest | 0.00 | 10.77 |
| Depreciation | 26.39 | 32.58 |
| Profit before tax | (46.71) | (630.00) |
| Provision for tax | 0.00 | 0.00 |
| Profit after tax | (46.71) | (630.00) |
| Balance b/f from previous year | (2572.92) | (1942.92) |
| (Deficit)/Surplus carries to Balance Sheet | (2619.63) | (2572.92) |

BUSINESS & PERFORMANCE

During the year under review, due to the depressed market conditions, the Company has incurred a net loss of Rs. 46.71 lakhs.

DIVIDEND

In the absence of profit during the year your directors regret their inability to recommend dividend for the financial year 2001-2002.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section titled "Corporate Governance" has been annexed in this Annual Report.

DEPOSITS

The Company had obtained the Company Law Board approval for scheme of repayment of deposits. The Company is accordingly complying with the order. Further extension of scheme till December, 2002 was filed during 2001 and the matter is pending before the Board for its consideration.



PARTICULARS OF EMPLOYEES

The Company has no employees, requiring disclosure under Section 217(2A) of the Companies Act, 1956.

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. But M/s Carvalho Associates, Chartered Accountants, Chennai have expressed their desire to not be reappointed as auditors for the next financial year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules 1988, is not applicable. The Company did not have any foreign exchange earning or outgo during the year under review.

SUBSIDIARY COMPANY

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 2001-2002 in respect of the Company's subsidiary Twentyfirst Century Shares & Securities Ltd. is enclosed.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the directors confirm that:

- 1 In the preparation of the annual accounts, the applicable accounting standards have been followed.
- 2 Appropriate accounting principles have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2002 and of the profit or loss of the Company for the year ended on that date.

- 3 Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4 The annual accounts have been prepared on a going concern basis.

COMPULSORY DEMATERIALISATION OF SHARES

Trading in equity shares of the Company through Stock Exchanges was made compulsory in dematerialised form with effect from 8.5.2000. To facilitate trading in demat form, the Company has entered into agreement with both the depositories in India. i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited.

LISTING OF EQUITY SHARES

The Equity Shares of the Company is listed at Mumbai and National Stock Exchanges. Annual Listing Fees to respective stock exchanges have been paid by the Company. Trading in shares of the company is suspended in National Stock Exchanges since company does not have full time company secretary.

FUTURE PROSPECTS

The global economic slowdown has cast a slowdown on the economy of our country also. It is expected that improvement in our economy should happen in the second half of the fiscal year 2002-2003. Your Company's performance is also closely linked to the revival of economy and the capital markets.

ACKNOWLEDGEMENTS

The Board of Directors would like to thank all employees of the Company and also Company's shareholders, auditors, customers and bankers for their continued support.

For and on behalf of the Board

Place : Mumbai
Date : 31-07-2002

SUNDAR IYER
CHAIRMAN



CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2001-2002

The Company has implemented the Code of Corporate Governance during the financial year in terms of clause 49 of the listing agreement entered into by the Company with the stock exchanges.

1. Company's Philosophy on Corporate Governance

The Company seeks to adopt good corporate governance practices and to ensure compliance with all relevant laws and regulations. The Company conducts itself in a manner that is fair and transparent and perceived to be such by others.

2. Board of Directors

The Board of the Company consists of three non-executive directors. The Company does not have any Independent Directors.

| Name | Category | No. of Board Meeting attended | Attendance at the last AGM | Directorship in other Companies |
|-----------------------|----------|-------------------------------|----------------------------|---------------------------------|
| Mr. Sundar Iyer | Chairman | 5 | Yes | 4 |
| Mr. Chandramouli | Director | 5 | Yes | 3 |
| Mr. E. Y. Rangoonwala | Director | 4 | No | 1 |

3. Board Procedure

During the financial year 2001-2002, the Board of Directors met Five times on the following dates.
14/05/2001 28/06/2001 25/07/2001
24/10/2001 25/01/2002

The maximum gap between any two meetings was not more than three months.

4. Audit Committee

All the three directors are members of the Audit Committee. The Chairman of the Committee is Mr. Sundar Iyer. There were three meetings of the Audit Committee during the financial year 2001-2002 and all the members attended the meeting.

5. Investors Grievance Committee

The Company has formed Investors' Grievance Committee. The Committee comprises of Mr. Chandramouli, the Chairman of the Committee and Mr. E. Y. Rangoonwala, being

director of the Company. The Committee shall look into the shareholders' and Investors Complaints. All of the complaints received from the Shareholders have been resolved.

6. General Body Meetings

The location and time of the Annual General Meeting held during the last three years is as follows:

| Year | Location | Date | Time |
|-----------|---|------------|------------|
| 1998-1999 | Asha Nivas, 9 Rutland Gate, 5th Street, Chennai - 600 006 | 29/09/1999 | 11.00 A.M. |
| 1999-2000 | Asha Nivas, 9 Rutland Gate, 5th Street, Chennai - 600 006 | 25/09/2000 | 10.00 A.M. |
| 2000-2001 | Asha Nivas, 9 Rutland Gate, 5th Street, Chennai - 600 006 | 28/09/2001 | 10.00 A.M. |

7. Disclosures

No transaction of material nature has been entered into by the Company with its promoters, Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company.

There were no instances of non-compliance or penalty imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets.

8. Means of Communication

The annual, half-yearly and quarterly results are regularly submitted to the stock exchanges in accordance with the listing agreement.

9. Shareholder Information

Annual General Meeting

The Sixteenth Annual General Meeting of the Company will be held on 27th September, 2002 at 10.00 a.m. at Asha Nivas, 9 Rutland Gate, 5th Street, Chennai - 600 006.

Financial calendar for the year 2002-2003 (Provisional)

| | |
|---|-------------------------|
| 1. Results for the first quarter ending 30th June, 2002 | By end of July, 2002 |
| 2. Results for the second quarter ending 30th September, 2002 | By end of October, 2002 |
| 3. Results for the third quarter ending 31st December, 2002 | By end of January, 2003 |
| 4. Results for the fourth quarter ending 31st March, 2002 | By end of April, 2003 |
| 5. Annual General Meeting for the year ending March, 2003 | By end of August, 2003 |

**Date of Book Closure**

The Company's Transfer Books will remain closed from 25th September to 27th September (both days inclusive) for the purpose of Annual General Meeting.

Stock Exchange Listing

The Company's shares are listed on Stock Exchange, Mumbai and suspended from trading in National Stock Exchange. The Company has paid annual listing fee to each of the stock exchanges.

Registrar and transfer agents

Intime Spectrum Registry Limited
260, Shanti Industrial Estate
Sarojini Naidu Road
Mulund West
Mumbai - 400 080.

Distribution of shareholding as on 31st March, 2002

| Slab of shareholdings | Shareholders | % | Amount in Rs. | % |
|-----------------------|--------------|---------------|------------------|---------------|
| 1-5000 | 6510 | 83.83 | 9984770 | 9.51 |
| 5001-10000 | 536 | 6.90 | 4667390 | 4.45 |
| 10001-20000 | 314 | 4.04 | 5097960 | 4.86 |
| 20001-30000 | 104 | 1.34 | 2639170 | 2.51 |
| 30001-40000 | 56 | 0.72 | 1956330 | 1.86 |
| 40001-50000 | 57 | 0.74 | 2726830 | 2.60 |
| 50001-100000 | 84 | 1.08 | 6464840 | 6.15 |
| Above 100000 | 105 | 1.35 | 71462710 | 68.06 |
| Total | 7766 | 100.00 | 105000000 | 100.00 |

Shareholding pattern as on 31st March, 2002

| Categories | Number of shares | % |
|--|------------------|---------------|
| Promoters, Directors, relatives and associates | 3542623 | 33.74 |
| Mutual Funds | 110300 | 1.05 |
| Banks and financial Institutions | 99900 | 0.95 |
| FII's | 262100 | 2.50 |
| Private Corporate Bodies | 905033 | 8.62 |
| Indian Public | 4729743 | 45.05 |
| NRI's/OCB's | 847109 | 8.06 |
| Clearing Members | 3192 | 0.03 |
| Total | 10500000 | 100.00 |

Dematerialisation of shares

As on 31st March, 2002, 32,71,600 (31.16%) shares is in dematerialised form. At present company's shares are compulsorily traded in dematerialised form as per the notification issued by the Securities and Exchange Board of India. The company has signed agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to offer depository services to its shareholders.

Share Transfer System

Share holders Grievance Committee also approves share transfers and meets at frequent intervals. M/s Intime Spectrum Registry Limited, Company's Registrars and Share Transfer Agents process these transfers. Share transfers are registered and returned within 15 days from the date of lodgment if documents are complete in all respects.

Auditors' Certificate on Corporate Governance

To the members of Twentyfirst Century Management Services Ltd

We have reviewed the report on the compliance of the mandatory conditions of corporate governance set out above as stipulated in Clause 49 of the Listing Agreement prepared by Twentyfirst Century Management Services Limited with relevant books and records for the year ended 31st March, 2002.

In our opinion and to the best of our information and according to the explanation given to us, the company has complied with the mandatory requirements specified in said clause in the manner so required.

For Shankar & Kishor
Chartered Accountants

S. B. Shetty
Partner

For Carvalho Associates
Chartered Accountants

J.X. Angelo Carvalho
Proprietor

Place: Mumbai
Date : 31-07-2002



AUDITOR'S REPORT

TO THE MEMBERS OF TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED

We have audited the attached Balance Sheet of TWENTYFIRST CENTURY MANAGEMENT SERVICES LTD as at 31st March, 2002 and the Profit and Loss Account on that date annexed thereto for the year ended on that date. These financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 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.

Further to our comments referred to in para 1 above attention is invited to note no.7 of Schedule-N regarding non provision of interest to Banks and Financial Institutions, subject to that we report:

- (i) We have obtained all the information and explanations which to the best our knowledge and belief were necessary for the purpose of 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 of accounts.
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- (iv) The accounts of the Company are prepared in accordance with Accounting Standards prescribed under Sub-Section (3C) of Section 211 of the Companies Act, 1956.
- v) The Company has failed to repay its deposits and interest thereon on due date and redeem its debentures on due date and such failure continued for one year and more, all the directors are disqualified as on 31st March, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with other notes thereon and attached thereto, given 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 the Balance Sheet, of the state of affairs of the company as at 31st March, 2002 and
- b) in the case of Profit & Loss, of the loss of the company for the year ended on that date.

For Shankar & Kishor
Chartered Accountants

S. B. Shetty
Partner

For Carvalho Associates
Chartered Accountants

J. X. Angelo Carvalho
Proprietor

Place: Mumbai
Date : 31-07-2002



ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBERS OF TWENTYFIRST CENTURY MANAGEMENT SERVICES LTD (Referred to in Paragraph 1 of our report of even date)

1. The Company has 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 have 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 (1B) of the Companies Act, 1956.
6. 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 and repayment of such loans are not specified. Steps taken to follow-up over due amount were not adequate considering the circumstances.
7. 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.
8. The Company being a Non Banking Financial Company incorporated prior to January 9, 1997 had applied for registration as provided under Section 45 1A of the Reserve Bank of India Act, 1934 (2 of 1934). A communication rejecting the application has been received from the Reserve Bank of India notifying that fresh deposits should not be accepted and that maturing deposits should not be renewed.
9. The company has an internal audit system, commensurate with its size and nature of business.
10. The Employees Provident Fund dues have not been regularly deposited with the appropriate authorities by the Company. The Company had remitted the contributions as at the year end belatedly in the month of July, 2002.
11. According to the information and explanations given to us there are Rs. 10.85 lakhs in respect of T.D.S. to the Central Government outstanding as on 31st March 2002 for a period of more than six months from the date they became payable.
12. In our opinion and according to the information and explanations given to us, personal expenses of employees or directors have not been charged to revenue account.
13. The Company is not a Sick Industrial Company within the meaning of Clause (O) of sub-section (1) of Section (3) of the Sick Industrial Companies (Special Provisions) Act, 1985.
14. The service activities of the Companies 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 materials does not arise.
15. The Company maintains adequate documents and records, for loans and advances granted on the basis of hypothecation of securities and other loans.
16. As regard daily trading in shares and securities, debentures and other investments, in our opinion proper records have been maintained of the transactions, and contracts and timely entries have been made therein.
17. All other sections of the aforesaid order are not applicable in the case of this company.

For Shankar & Kishor
Chartered Accountants

S. B. Shetty
Partner

For Carvalho Associates
Chartered Accountants

J.X. Angelo Carvalho
Proprietor

Place: Mumbai
Date : 31-07-2002



BALANCE SHEET AS AT 31ST MARCH 2002

(Rupees in Lakhs)

| | SCHEDULE | 31.03.2002 Rs. | 31.3.2001 Rs. |
|---|----------|-------------------|------------------|
| SOURCES OF FUNDS | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | A | 1047.82 | 1047.82 |
| (b) Reserves & Surplus | B | 3509.10 | 3509.10 |
| (2) Loan Funds | | | |
| (a) Secured Loans | C | 990.10 | 1008.65 |
| (b) Unsecured Loans | D | 465.97 | 584.97 |
| TOTAL | | <u>6012.99</u> | <u>6150.54</u> |
| APPLICATION OF FUNDS | | | |
| (1) FIXED ASSETS | | | |
| (a) Gross Block | E | 603.32 | 613.85 |
| (b) Less Depreciation | | 337.99 | 314.73 |
| (c) Net Block | | 265.33 | 299.12 |
| Capital Work in progress | | 180.87 | 180.87 |
| | | 446.20 | 479.99 |
| (2) INVESTMENTS | F | 267.55 | 292.41 |
| (3) CURRENT ASSETS, LOANS & ADVANCES | G | 3132.96 | 3483.34 |
| Less : | | | |
| CURRENT LIABILITIES & PROVISIONS | H | 461.59 | 690.50 |
| NET CURRENT ASSETS | | 2671.37 | 2792.84 |
| (4) MISCELLANEOUS EXPENDITURE (to the extent not written off) | I | 8.24 | 12.38 |
| (5) PROFIT AND LOSS ACCOUNT | | 2619.63 | 2572.92 |
| TOTAL | | <u>6012.99</u> | <u>6150.54</u> |
| NOTES FORMING PART OF ACCOUNTS | N | | |

AS PER OUR REPORT OF EVEN DATE

for SHANKAR & KISHOR
CHARTERED ACCOUNTANTSfor CARVALHO ASSOCIATES
CHARTERED ACCOUNTANTSSUNDAR IYER
CHAIRMANS. B. SHETTY
PARTNERJ. X. ANGELO CARVALHO
PROPRIETORCHANDRAMOULI
DIRECTORPlace : Mumbai
Date : 31.07.2002**Twentyfirst Century Management Services Ltd**

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2002

(Rupees in Lakhs)

| | SCHEDULE | 31.03.2002 Rs. | 31.3.2001 Rs. |
|--|----------|-------------------|------------------|
| INCOME | | | |
| Income from Corporate Finance Division | J | 137.92 | 127.94 |
| Income from Capital Market | K | (146.59) | (627.71) |
| Other Income | | 92.35 | 42.15 |
| TOTAL | | <u>83.68</u> | <u>(457.62)</u> |
| EXPENDITURE | | | |
| Employment cost | L | 38.46 | 32.42 |
| Administrative & Operative Expenses | M | 65.54 | 96.61 |
| Financial Cost | | 0.00 | 10.77 |
| Depreciation | | 26.39 | 32.58 |
| TOTAL | | <u>130.39</u> | <u>172.38</u> |
| Profit for the year | | (46.71) | (630.00) |
| Provision for Tax | | 0.00 | 0.00 |
| Profit after Tax | | (46.71) | (630.00) |
| Surplus brought forward | | (2572.92) | (1942.92) |
| Surplus Transferred to Balance Sheet | | <u>(2619.63)</u> | <u>(2572.92)</u> |
| Notes to Accounts | N | | |

AS PER OUR REPORT OF EVEN DATE
for SHANKAR & KISHOR
CHARTERED ACCOUNTANTS

S. B. SHETTY
PARTNER

for CARVALHO ASSOCIATES
CHARTERED ACCOUNTANTS

J. X. ANGELO CARVALHO
PROPRIETOR

SUNDAR IYER
CHAIRMAN

CHANDRAMOULI
DIRECTOR

Place : Mumbai
Date : 31.07.2002

Twentyfirst Century Management Services Ltd

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