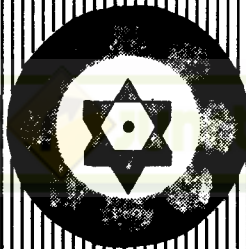


TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED



**18th ANNUAL REPORT
2003 - 2004**



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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

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)

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 18th Annual General Meeting of the Company will be held on Thursday, 30th December, 2004 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 fifteen months ended 30th June, 2004 and to consider the reports of the Directors and Auditors thereon.
2. To appoint Mr. Chandramouli, who is retiring in ensuing General Meeting and offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

By Order of the Board

Place: Mumbai
Date : 01-12-2004

SUNDAR IYER
Chairman

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 28th December, 2004 to 30th December, 2004 (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 18th ANNUAL REPORT of your company together with the Auditors Report for the fifteen months ended 30th June 2004.

FINANCIAL HIGHLIGHTS

The Financial Results for the fifteen months ended 30th June 2004.

	Rupees in lakhs	
	30/06/2004	31/03/2003
Total Income		
(excluding capital market operations)	147.94	171.52
Profit/(Loss) from capital market operations	234.54	(54.10)
Sundry creditors written back	108.70	0.00
Profit before Depreciation, Interest & Tax	354.64	(19.95)
Bad debts and Stocks written off	363.33	1555.03
Interest	13.25	0.00
Loss on sale of Building	0.00	110.92
Depreciation	10.68	16.90
Profit before tax	(32.62)	(1702.80)
Provision for tax	0.00	0.00
Profit after tax	(32.62)	(1702.80)
Balance b/f from previous year	(4322.43)	(2619.63)
(Deficit)/Surplus carries to Balance Sheet	(4355.05)	(4322.43)

BUSINESS & PERFORMANCE

During the year under review, the Company has incurred a net loss of Rs. 32.62 lakhs after writing off bad debts.

DIVIDEND

In the absence of profit during the year, your directors regret their inability to recommend dividend for the financial year 2003-2004.

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's approval for scheme of repayment of deposits. Further the Company has sought extension of the approved scheme till 31.12.2004 and the same is pending before the Bench. However, your directors are strictly complying with the order.



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 auditors of the company retire at the ensuing Annual General Meeting and are eligible for reappointment.

AUDITORS REPORT

In response to the Auditors comments on disqualification of the directors, we state that due to the pendency of the scheme of repayment of fixed deposits with the Company Law Board. Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956 does not apply.

Deferred tax asset has not been created against carried forward losses and unabsorbed depreciation, since there is no virtual certainty supported by convincing evidence with the organisation, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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 fifteen months ended 30th June 2004 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 30th June, 2004 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 Company's Shares are listed on Mumbai and Stock Exchange and suspended from trading in National Stock Exchange for non-appointment of Company secretary. As we have appointed a company secretary in due course, we are taking up the issue with NSE for revoking the suspension order.

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 2004-2005. 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 as also Company's shareholders, auditors, customers and bankers for their continued support.

For and on behalf of the Board

Place : Mumbai
Date : 29-10-2004

CHANDRAMOULI
DIRECTOR



CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2003-2004

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

1. The Board of directors, as on the date of the report, consists of three members, all being the Company non-executive Directors. Out of the three one director is an independent Director.
2. The Composition of the Board: None of the directors to the Board draw any remuneration for the year 2003-2004 and they also do not draw any sitting fees for attending the Board/Committee meetings.

Name	Category	No. of Board Meeting attended	Attendance at the last AGM	Directorship in other Companies
Mr. Sundar Iyer	Chairman	7	Yes	3
Mr. Chandramouli	Director	7	Yes	2
Mr. E. Y. Rangoonwala	Director	6	No	1

3. Board Procedure

During the fifteen months period ended on 30th June 2004, the Board of Directors met nine times on the following dates.

29/04/2003 10/05/2003 31/07/2003
25/08/2003 27/11/2003 21/12/2003
30/01/2004 15/04/2004 14/06/2004

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

4. Audit Committee

The Audit Committee consists of the following non executive directors: Mr. Sundar Iyer, Mr. Chandramouli and Mr. Rangoonwala. The Audit Committee meeting was held on the following dates: 30/04/2003, 25/07/2003, 26/10/03 and 27/01/2004.

5. Remuneration Committee

Since the company is not paying any remuneration to any of its directors, it is not having Remuneration Committee at present. However, it shall constitute the Committee if need arises.

6. Management

- a. During the year, under the review, the company has incurred a net loss of Rs. 32.62 Lakhs after writing off bad debts.
- b. In the absence of profit during the year, your directors regret their inability to recommend dividend for the financial year 2003-2004.
- c. The Company had obtained the Company Law Board's approval for scheme of repayment of deposits. Further the Company has sought extension of the approved scheme till 31.12.2004 and the same is pending before the bench. However, your directors are strictly complying with the order.
- d. Your Directors further plan is to sincerely attempt to settle all the liabilities including Banks/Institutions and Public Deposits.

Non Mandatory

Chairman of the Board: Mr. Sundar Iyer who is a non executive director without any remuneration.

Postal Ballot:

The Company has not given for any postal ballot during the year under review.

Audit Qualification: Nil.

7. Shareholders/Investors Grievance Committee

- a. The above Committee consists of the following directors as its members:

Mr. Chandramouli, the Chairman and Mr. E. Y. Rangoonwala, director. Chairman is a non-executive director.

During the fifteen months period ended 30.06.2004, the Company received nine complaints and the same were resolved and there is no pending complaint. Share transfer applications are normally completed within the period stipulated by SEBI.



b. Details of Directors seeking reappointment at the ensuing Annual General Meeting:

Name of the Director	Chandramouli
Date of appointment	13.03.1986
Expertise	A Chartered Accountant as well as Cost Accountant having wide knowledge in finance and banking activities as also secondary market operations.
List of other Limited directorships held	Twentyfirst Century Shares & Securities Limited Twentyfirst Century Money Growth Fund Limited
Board Committees of other companies in which he is a director	Nil

8. Compliance Certificate

Compliance certificate for Corporate Governance from the auditors of the company is enclosed.

9. 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
2000-2001	Asha Nivas, 9 Rutland Gate, 5th Street, Chennai - 600 006	28/09/2001	10.00 A.M.
2001-2002	Asha Nivas, 9 Rutland Gate, 5th Street, Chennai - 600 006	27/09/2002	10.00 A.M.
2002-2003	Asha Nivas, 9 Rutland Gate, 5th Street, Chennai - 600 006	30/09/2003	10.00 A.M.

10. 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.

11. Means of Communication

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

12. Shareholder Information

Annual General Meeting

The 18th Annual General Meeting of the Company will be held on 30th December, 2004 at 10.00 a.m. at Asha Nivas, 9 Rutland Gate, 5th Street, Chennai - 600 006.

Financial calendar for the year 2004-2005 (Provisional)

1. Results for the second quarter ending 30th September, 2004	By end of October, 2004
2. Results for the first quarter ending 31st December, 2004	By end of January, 2005
3. Results for the first quarter ending 31st March, 2005	By end of June, 2005
4. Annual General Meeting for the year ending 31st March, 2005	By end of September, 2005

Date of Book Closure

The Company's Transfer Books will remain closed from 28th December 2004 to 30th December 2004 (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 for non-appointment of company secretary. As we have appointed a company secretary two months back, we are taking up the issue with NSE for revoking the suspension order. The Company has paid annual listing fee to each of the stock exchanges.

Registrar and transfer agents

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (W)
Mumbai - 400 078.



Distribution of shareholding as on 30th June, 2004

Slab of shareholdings	Shareholders	%	Amount in Rs.	%
1-2500	5268	72.57	6000970	5.72
2501-5000	779	10.73	3190150	3.04
5001-10000	505	6.96	4434950	4.22
10001-20000	306	4.22	5028250	4.79
20001-30000	94	1.30	2388350	2.27
30001-40000	60	0.82	2131390	2.03
40001-50000	54	0.74	2593610	2.47
50001-100000	89	1.23	6849400	6.52
Above 100000	104	1.43	72382930	68.94
Total	7259	100.00	105000000	100.00

Shareholding pattern as on 30th June, 2004

Categories	Number of shares	%
Promoters, Directors, relatives and associates	4429047	42.18
Mutual Funds	37800	0.36
Banks and financial institutions	0.00	0.00
FII's	262100	2.50
Private Corporate Bodies	812993	7.75
Indian Public	4410964	42.01
NRI's/OCB's	544100	5.18
Clearing Members	2996	0.02
Total	10500000	100.00

Dematerialisation of shares

As on 30th June 2004, 46,73,093 (44.51%) 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

We have examined the compliance of Corporate Governance by Twentyfirst Century Management Services Limited for the period ended on 30th June, 2004 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion to the best of our information and according to the explanations given to us, save for the Directors, disqualification under section 274(1)(g) of the Companies Act, 1956, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of information and explanation given to us and as per the records maintained by the Company, we state that no investor grievances is pending for a period exceeding one month against the Company.

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

For Shankar & Kishor
Chartered Accountants

S. B. Shetty
Partner

Place: Mumbai
Date : 29-10-2004



AUDITOR'S REPORT

TO THE MEMBERS OF TWENTYFIRST CENTURY MANAGEMENT SERVICES LTD

We have audited the attached Balance Sheet of TWENTYFIRST CENTURY MANAGEMENT SERVICES LTD for the fifteen months ended 30th June 2004 and also the Profit & Loss Account for the period ended on that date, annexed thereto. 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 Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Subsection (4A) of Sec. 227 of the Companies Act 1956, we enclosed in the Annexure a Statement on the matters specified in paragraphs 4 & 5 of the said Order to the extent applicable.

Further to our comments in the Annexure referred to 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 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 the books.

(iii) In our opinion the Balance Sheet and Profit & Loss Account comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 subject to note no.8 to notes to accounts.

(iv) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;

(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, consequently all the directors are disqualified as on 30th June, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956. Based on the legal opinion, the management is of the opinion that due to the pendency of the scheme of repayment of fixed deposits with the Company Law Board, Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956 does not apply.

(vi) 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 note no. 7 of non provision of income tax liability and note no. 9 of non provision interest payable to Banks and Institutions, read together with other notes 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 30th June, 2004 and

b) in the case of Profit & Loss Account, of the Loss of the company for the period ended on that date.

c) In the case of Cash Flow Statement, of the cash flows for the period ended on that date.

For Shankar & Kishor
Chartered Accountants

S. B. Shetty
Partner

Place: Mumbai
Date : 29-10-2004



ANNEXURE TO THE AUDITOR'S REPORT

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- b. The fixed assets of the company have been physically verified by the Management during the year and no material discrepancies were noticed on such verification. In our opinion the verification is reasonable having regard to the size of the Company and the nature of its assets.
2. a. The stock of shares of the company have been physically verified during the year by the Management. In our opinion, having regard to the nature and location of stock, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. In our opinion and according to the information and explanation given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
3. The Company has not taken any loan from Companies or firms listed in the register maintained under section 301 of the Company's Act 1956 and from the Company under the same management. The company has not given any loan to Companies or firms listed in the register maintained under section 301 of the Companies' Act 1956 and from company under the same management.
4. The Company has adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of shares, fixed assets and for the sale of shares, assets or equipments. We have not come across any major weaknesses in internal control.
5. a. The transaction that are required to be entered into the registrar in pursuance of Section 301 of the act have been so entered.
- b. In our opinion and according to the information and explanation given to us the transactions made in pursuance of contracts or arrangements entered in the register maintain u/s 301 of the companies act 1956 and exceeding the value of Rs.5 Lacs in respect of any party during the year have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time where such market prices are available.
6. During the year under review, the company has not accepted any deposits from the public to which the provisions of Sections 58A of the Companies Act, 1956. 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.
7. The Company is not being a manufacturing company does not have any scrap or by product.
8. In our opinion, the company has an adequate internal audit system, commensurate with the size of the company and nature of its business.
9. We have been informed that Central Government has not prescribed the maintenance of Cost



- Records under Section 209(1)(d) of the Companies Act, 1956, for any product of the Company.
10. The company has to pay Income tax liability of about Rs. 78 lakhs pertaining to the Assessment year 1996-97, the company is discharging the liability in installments as agreed by the department. The company has not regularly deposited the Employees Provident Fund dues with the appropriate authorities, it has been paid subsequently on the date of this report. As the company is sick and due to the company's policy to give priority to the repayment of deposits, the company is not in a position to regularly deposit the EPF/ESIC dues with appropriate authorities.
 11. The company has accumulated losses of Rs. 4322.43 lacs till the immediately preceding financial year and incurred a loss of Rs. 32.62 lacs during the current financial year under this report. The Companies net worth has eroded to the extent of more than fifty percent.
 12. The Company has defaulted in the repayment of dues to the financial institutions, Banks and debenture holders and negotiating with the Banks and Institutions for One Time Settlement of the dues and hoping to clear the dues by the end of next financial year.
 13. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore the provisions of Clause 4 (xii) of the companies (Auditor's Report) Ordered, 2003 are not applicable to the company.
 14. In our opinion the company is not a Chit Fund or a Nidhi/Mutual Fund/Society. Therefore the provisions of clause 4 (ciii) of the companies (Auditor's Report) Ordered, 2003 are not applicable to the company.
 15. The Company is dealing & Trading in shares & proper records have been maintained of the transactions and contracts & timely entries have been made therein & the shares have been held by the Company in its own name.
 16. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
 17. According to the information and explanations given to us, the Company has not obtained any term loans during the year under review.
 18. According the information and explanations given to us no preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act 1956 has been made during the period covered by our audit report.
 19. According the information and explanations given to us the company has debentures which are secured against the floating charge on current assets.
 20. During the period cover by our audit report, the company has not raised any money by public issue.
 21. To the best of knowledge and belief and according to the information and explanations given to us no material fraud on or by the company has been noticed or reported during the course of our audit.

For Shankar & Kishor
Chartered Accountants

S. B. Shetty
Partner

Place: Mumbai
Date : 29-10-2004