

TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED



19th ANNUAL REPORT
2004 - 2005



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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

STATE BANK OF TRAVANCORE
HDFC BANK LTD

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.,
C3, Pannalal Silk Mills Compound,
LBS Marg, Bandup (W)
Mumbai - 400 078.



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting of the Company will be held on Friday, 30th September, 2005 at 4.00 p. m. at Narada Gana Sabha Mini Hall, 314, T. T. K. Road, Chennai-600 018 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statements of accounts for the Nine months ended 31st March, 2005 and to consider the reports of the Directors and Auditors thereon.
2. To appoint Mr. E. Y. Rangoonwala, 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 : 27-06-2005

SUNDAR IYER
Chairman

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 September, 2005 to 30th September, 2005 (both days inclusive).
- c) Members are requested to bring their copy of annual accounts, as no extra copies will be distributed at the meeting.
- d) Information pursuant to Clause 49 of the Listing Agreement for appointment/re-appointment of Directors:

Re-appointment of Mr. E. Y. Rangoonwala
Mr. E. Y. Rangoonwala, aged 48 years is a Chartered Accountant. He has 18 years experience in secondary market operations. He holds directorship in our subsidiary company. i.e Twentyfirst Century Shares & Securities Ltd

By Order of the Board

Place: Mumbai
Date : 27-06-2005

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



DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 19th ANNUAL REPORT of your company together with the Auditors Report for the Nine months ended 31st March 2005.

FINANCIAL HIGHLIGHTS

The Financial Results for the Nine months ended 31st March 2005.

Rupees in lakhs
31/03/2005 30/06/2004

Total Income (excluding capital market operations)	3.84	147.94
Profit/(Loss) from capital market operations	675.55	234.54
Sundry creditors written back	125.96	108.70
Profit before Depreciation, Interest & Tax	770.13	354.64
Bad debts and Stocks written off	7.38	363.33
Interest	23.79	13.25
Depreciation	20.97	10.68
Profit before tax	717.99	(32.62)
Provision for tax	27.42	0.00
Short provision of tax for earlier years	114.51	0.00
Profit after tax	576.06	(32.62)
Balance b/f from previous year	(4355.05)	(4322.43)
(Deficit)/Surplus carries to Balance Sheet	(3778.99)	(4355.05)

BUSINESS & PERFORMANCE

During the year under review, the Company has earned a net Profit of Rs. 576.06 lakhs after writing off bad debts, provision for tax and short provision of tax for earlier years.

DIVIDEND

Directors regret their inability to recommend dividend for the financial year 2004-2005.

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

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 nine months ended 31st March 2005 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, 2005 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.

the respective stock exchanges. Trading in shares of the company is suspended in National Stock Exchange since company does not have a full time company secretary. Now we have appointed a Company Secretary and we are taking up the issue with NSE for revoking the suspension order.

FUTURE PROSPECTS

During the year under review, the company has closed down its operation of Corporate Finance Division due to non-viability of operations and mainly concentrating on Secondary capital market operations. The company has settled most of the liabilities and in the process of settling the remaining liabilities in due course. On settlement of liabilities, the company is planning to approach Reserve Bank of India for restoration of NBFC registration.

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 : 27-06-2005

CHANDRAMOULI
DIRECTOR

COMPULSORY DEMATERIALISATION OF SHARES

Equity shares of the Company have been placed under compulsory demat trading. Members who have not dematerialized their physical holding in the company are advised to avail the facility of dematerialisation of equity shares in the company.

LISTING OF EQUITY SHARES

The Equity Shares of the Company are listed at Mumbai, and National Stock Exchanges. The Company has paid annual listing fees to



CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2004-2005

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 directors, as on the date of the report, consists of three members, all being non-executive Directors. Mr. E. Y. Rangoonwala is an Independent Director, and hence one third of the Board of Directors, is independent.
- None of the directors to the Board draw any remuneration for the year 2004-2005 and they also do not draw any sitting fees for attending the Board/Committee meetings.

Attendance at the Board Meetings and Annual General Meeting were as under:

Name	Category	No. of Board Meeting attended	Attendance at the last AGM	Directorship in other Companies
Mr. Sundar Iyer	Chairman	5	Yes	3
Mr. Chandramouli	Director	5	Yes	2
Mr. E. Y. Rangoonwala	Director	4	No	1

3. Board Procedure

During the financial year 2004-2005 (Nine months), the Board of Directors met five times on the following dates.

30/07/2004 29/10/2004 12/12/2004
31/01/2005 02/03/2005

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: 28/07/2004, 25/10/2004, 25/01/05 and 25/03/2005.

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. Shareholders/Investors Grievance Committee

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

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

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

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

Name of the Director	E. Y. Rangoonwala
Date of appointment	19.03.1991
Expertise	Chartered Accountant, having more than 18 years of experience in Secondary Market operations.
List of other directorships held	Twentyfirst Century Shares & Securities Limited (Subsidiary Company)
Board Committees of other companies in which he is a director	Nil



7. Compliance Certificate

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

8. 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
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.
2003-2004	Asha Nivas, 9 Rutland Gate, 5th Street, Chennai - 600 006	30/12/2004	10.00 A.M.

9. 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.

10. Means of Communication

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

11. Shareholder Information

Annual General Meeting

Annual General Meeting of the Company will be held on 30th September, 2005 at 3.30 p.m. at Narada Gana Sabha Mini Hall, 314, T. T. K. Road, Chennai - 600 018.

Financial calendar for the year 2005-2006 (Provisional)

1. Results for the first quarter ending 30th June, 2005	By end of July, 2005
2. Results for the second quarter ending 30th September, 2005	By end of October, 2005
3. Results for the third quarter ending 31st December, 2005	By end of January, 2006
4. Results for the fourth quarter ending 31st March, 2006	By end of April, 2006
4. Annual General Meeting for the year ending 31st March, 2006	By end of August, 2006

Date of Book Closure

The Company's Transfer Books will remain closed from 28th September 2005 to 30th September 2005 (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 during the year, 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.

Tel: 44555454

Distribution of shareholding as on 31st March, 2005

Slab of shareholdings	Shareholders	%	Amount in Rs.	%
1-2500	4941	72.01	5604590	5.34
2501-5000	747	10.89	3092440	2.95
5001-10000	487	7.10	4300900	4.10
10001-20000	289	4.21	4822630	4.59
20001-30000	92	1.34	2348690	2.24
30001-40000	54	0.79	1920960	1.83
40001-50000	56	0.82	2696200	2.56
50001-100000	87	1.27	6869660	6.54
Above 100000	108	1.57	73343930	69.85
Total	6861	100.00	105000000	100.00



Shareholding pattern as on 31st March, 2005

Categories	Number of shares	%
Promoters, Directors, relatives and associates	4459996	42.48
Mutual Funds	35800	0.34
Banks and financial Institutions	0.00	0.00
FII's	262100	2.50
Private Corporate Bodies	710634	6.77
Indian Public	4378435	42.70
NRI's/OCB's	541826	5.16
Clearing Members	2996	0.24
HUF	85522	0.81
Total	10500000	100.00

Dematerialisation of shares

As on 31st March 2005, 47,92,088 (45.64%) shares are 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 31st March 2005, 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 and to the best of our information and according to the explanations given to us, 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 : 27-06-2005



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 nine months ended 31st March 2005 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 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.
- (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 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956. Due to the pendency of the Scheme with the Company Law Board, in the opinion of the directors, Section 274 (1) (g) will 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 interest payable to Banks and note no. 10 of writing off fixed assets, 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, 2005 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 : 27-06-2005



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.
- c. In our opinion, a substantial part of the fixed assets has been deposited off/written off by the company during the year which in our opinion does not affect the going concern principles.
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.