

TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED



**20th ANNUAL REPORT
2005 - 2006**



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BOARD OF DIRECTORS

Mr. SUNDAR IYER
Chairman

Mr. E. Y. RANGOONWALA

Mr. CHANDRAMOULI

Mr. A. V. M. SUNDARAM

Mr. IYER VISHWANATH

COMPANY SECRETARY

Mr. A. V. M. SUNDARAM

AUDITORS'

M/s. SHANKAR & KISHOR
Chartered Accountants
Mumbai

BANKERS

ICICI BANK LIMITED
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, Bhandup (W)
Mumbai - 400 078.
Phone: (022) 25963838
Fax: (022) 25946969



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of the Company will be held on Friday, 29th September, 2006 at 10.00 a. 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 year ended 31st March, 2006 and to consider the reports of the Directors and Auditors thereon.
2. To appoint Mr. Chandramouli, who retires at the ensuing General Meeting 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 modification the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to provisions of sections 198, 269, 309 read with schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the necessary approvals, the Company be and is hereby ratifies and approves the appointment of Mr. Sundar Iyer, as Executive Chairman, made by the Board of Directors at their meeting held on 14.3.2006 for a period of three years from 1st April 2006 to 31st March 2009, subject to retirement of directors by rotation, on the terms and conditions (including the minimum remuneration to be paid in the event of loss or inadequacy of profit in any financial year), as mentioned in the explanatory statement annexed hereto.

Resolved Further That the Board of directors

be and is hereby authorized to take all such steps as may be necessary for the purpose of giving effect to this resolution and matters incidental thereto.

5. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to provisions of sections 198, 269, 309 read with schedule XIII and all other applicable provisions, if any, of the companies Act, 1956, and subject to the necessary approvals, the Company be and he is hereby ratifies and approves the appointment of Mr. Chandramouli, as Managing Director, made by the Board of Directors at their meeting held on 14.3.2006 for a period of three years from 1st April 2006 to 31st March 2009, on the terms and conditions (including the minimum remuneration to be paid in the event of loss or inadequacy of profit in any financial year), as mentioned in the explanatory statement annexed hereto.

RESOLVED FURTHER THAT the Board of directors be and it is hereby authorized to take all such steps as may be necessary for the purpose of giving effect to this resolution and matters incidental thereto.

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

RESOLVED THAT pursuant to the provisions of the Companies Act, 1956, Mr. A.V.M. Sundaram, be and is hereby appointed as Director of the Company whose period of office shall be subject to retirement of directors by rotation.

FURTHER RESOLVED THAT pursuant to provisions of sections 198, 269, 309 read with schedule XIII and all other applicable provisions, if any, of the companies Act, 1956, and subject to the necessary approvals, the Company be



and is hereby ratifies and approves the appointment of Mr. A.V.M. Sundaram, as Whole Time Director, made by the board of directors at their meeting held on 14.3.2006 for a period of three years from 1st April 2006 to 31st March 2009, subject to retirement of directors by rotation, on the terms and conditions (including the minimum remuneration to be paid in the event of loss or inadequacy of profit in any financial year), as mentioned in the explanatory statement annexed hereto.

"RESOLVED FURTHER THAT pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the article 161 of the Articles of Association of the Company and to all other applicable provisions of the Companies Act, Mr. A. V. M. Sundaram, a member of the Institute of Company Secretaries of India, who has the requisite qualification, as prescribed under the Companies (Secretary's Qualifications) Rules, 1975, and is also one of the Director of the Company, be and is hereby appointed as the Secretary of the Company w.e.f. 1.4.2006, to perform all duties usually performed by the Secretary under the Companies Act, 1956, or any other administrative duties which the Board of directors may assign to him."

RESOLVED FURTHER THAT the Board of directors be and it is hereby authorized to take all such steps as may be necessary for the purpose of giving effect to this resolution and matters incidental thereto.

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

RESOLVED THAT pursuant to the provisions of the Companies Act, 1956, Mr. Iyer Vishwanath, be and is hereby appointed as Director of the Company whose period of

office shall be subject to retirement of directors by rotation.

RESOLVED THAT pursuant to sections 198, 309(4) and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Iyer Vishwanath director of the company be paid commission of an amount not exceeding 1% of the net profits of the company for each financial year or part thereof to be computed in accordance with the provisions of section 198(1) of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of directors be and it is hereby authorized to take all such steps as may be necessary for the purpose of giving effect to this resolution and matters incidental thereto.

By Order of the Board

Place: Mumbai

SUNDAR IYER

Date : 16-08-2006

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 27th September, 2006 to 29th September, 2006 (both days inclusive).
- c) Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to Special Business is annexed.
- d) Members are requested to bring their copy of annual accounts, as no extra copies will be distributed at the meeting.



- e) Information pursuant to clause 49 of the Listing agreement for re-appointment of Directors:

Item No. 2 & 5: Mr. Chandramouli, aged about 48 years, the promoter director holds 4.86% of paidup share capital and who is also a cost and chartered accountant, shall devote the whole of his time and attention to the business and affairs of the company and shall perform and discharges all such duties and responsibilities as may from time to time be assigned and entrusted to him and having 25 years of experience in capital market operations.

Particulars of Other Company Directorship is as follows:

Name of the Company	Designation
Twentyfirst Century Shares and Securities Limited	Director
Twentyfirst Century Realty Limited	Director
Twentyfirst Century Moneygrowth Fund Limited	Director

Item No.4: Mr. Sundar Iyer, aged about 55 years, the promoter director holds 23.53% of paid up share capital and has finished his graduation (B.Sc.). He shall devote the whole of his time and attention to the business and affairs of the company and having 30 years of experience in capital market operations.

Particulars of Other Company Directorship is as follows:

Name of the Company	Designation
Twentyfirst Century Shares and Securities Limited	Director
Twentyfirst Century Realty Limited	Director
Twentyfirst Century Moneygrowth Fund Limited	Director
Palani Andavar Holdings Pvt. Limited	Director
Lubricant and Allied Products manufacturing Co. Pvt. Ltd.	Director

Item No. 6: Mr. A.V.M. Sundaram, aged about 53 years, holds Nil paidup share capital, a member of the Institute of company secretaries of India and who is also a cost accountant is appointed as a Company Secretary. He is also one of the Director of the Company. He had served in a banking sector for more than twenty years in various capacities and is having 25 years of experience in Banking and Debt Market operations.

Particulars of Other Company Directorship is as follows:

Name of the Company	Designation
Twentyfirst Century Shares and Securities Limited	Director

Item No.7: Mr. Iyer Vishwanath, aged about 51 years, holds Nil paid up share capital, a member of the Institute of Chartered Accountant of India is a practicing Chartered Accountant is having over 20 years experience in the field of finance, auditing and taxation. His expertise in the field of accounting and auditing continue to be of immense benefit to the company.

Particulars of Other Company Directorship is as follows:

Name of the Company	Designation
SNACO Consulting Private Limited	Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 4

Mr. Sundar Iyer, the Chairman of the Company is one of the main promoters of the Company. He has more than 25 years experience in the field of capital market operations. Having regard to the valuable experience and association with the company, the board of directors had appointed, in the business interest of the company, Mr. Sundar Iyer as the Executive Chairman for a period



of three years commencing from 1.4.2006 to 31.3.2009, at their board meeting held on 14.3.2006, on a monthly remuneration (approved by the remuneration committee) as given hereunder.

- * Salary Rs. 1,75,000/- per month, including all allowances.
- * Commission as percentage of the net profits of the Company as may be decided by the Board, computed in the manner set out in section 309(5) of the Companies Act, 1956, and subject to the overall ceilings laid down under sections 198 and 309 of the Companies act, 1956.

However, the company has proposed to make the payment of above remuneration w.e.f. 1.4.2006 only after obtaining the approval of the shareholders at the ensuing Annual General Meeting.

The information given above may be taken as a statement given under section 302 of the Companies Act, 1956.

None of the Directors is concerned or interested in the resolution except Mr. Sundar Iyer.

Item No. 5

Mr. Chandramouli, the promoter director and who is also a Cost and Chartered Accountant, shall devote the whole of his time and attention to the business and affairs of the company and shall perform and discharges all such duties and responsibilities as may from time to time be assigned and entrusted to him. Considering his vigorous efforts, the Board of Directors at their meeting held on 14.3.2006 had appointed Mr. Chandramouli as the Managing Director, of the Company for a period of three years commencing from 1.4.2006 to 31.3.2009 on a monthly remuneration (approved by the remuneration committee) as given hereunder.

- * Salary Rs. 1,50,000/- permonth, including all allowances.
- * Commission as percentage of the net profits of the Company as may be decided by the Board, computed in the manner set out in section 309(5) of the Companies Act, 1956, and subject to the overall ceilings laid down under sections 198 and 309 of the Companies act, 1956.

However, the company has proposed to make the payment of above remuneration w.e.f. 1.4.2006 only after obtaining the approval of the shareholders at the ensuing Annual General Meeting.

The information given above may be taken as a statement given under section 302 of the Companies Act, 1956.

None of the Directors is concerned or interested in the resolution except Mr. Chandramouli.

Item No. 6

Mr. A. V. M. Sundaram, a member of the Institute of Company Secretaries of India and who is also a Cost Accountant was appointed as a Company Secretary and Additional Director on 30.12.2005. According to the provisions of section 260 of the Companies Act, 1956, Mr. A.V.M. Sundaram, holds office upto the date of this annual general meeting. The company had received a notice in writing from a member together with the deposit amount Rs. 500/- proposing the candidature of Mr. A.V.M. Sundaram for the office of Director of the company under the provisions of section 257 of the Companies Act, 1956.

He had served in a banking sector for more than twenty years in various capacities. Considering his vast experience and expertise the Board of Directors have decided to appoint him as whole time director of the company commencing from



1st April 2006, on a remuneration (approved by the remuneration committee) as given under.

- * Salary Rs. 1,25,000/- permonth, including all allowances.
- * Commission as percentage of the net profits of the Company as may be decided by the Board, computed in the manner set out in section 309(5) of the Companies Act, 1956, and subject to the overall ceilings laid down under sections 198 and 309 of the Companies act, 1956.

However, the company has proposed to make the payment of above remuneration w.e.f. 1.4.2006 only after obtaining the approval of the shareholders at the ensuing Annual General Meeting.

Since Mr. A.V.M. Sundaram, Director was appointed as the Company Secretary, of the company to hold office or place of profit, the approval of shareholders by way of special resolution is required to be obtained from the share holders at the ensuing Annual General Meeting prusuant to the provisions of section 314 of the Companies Act, 1956.

Hence the resolution in item no.6 is placed before the shareholders for approval.

The information given above may be taken as a statement given under section 302 of the Companies Act, 1956.

None of the Directors is concerned or interested in the resolution except Mr. A.V.M. Sundaram.

Item No. 7

Mr. Iyer Vishwanath, was appointed as an additional director at the board meeting held on 31.12.2005. According to the provisions

of section 260 of the companies Act, 1956, Mr. Iyer Vishwanath holds office upto the date of this Annual General Meeting. The Company had received a notice in writing from a member together with the deposit amount of Rs. 500/- proposing the candidature of Mr. Iyer Vishwanath for the office of Director of the company under the provisions of Section 257 of the Companies Act, 1956. Mr. Iyer Vishwanath, a member of the Institute of Chartered Accountant of India is a practicing Chartered Accountant is having over 20 years experience in the field of finance and auditing and taxation. His expertise in the field of accounting and auditing continue to be of immense benefit to the company.

The directors proposed to approve a remuneration (approved by the remuneration committee) to him commencing from 1st April 2006, as under.

- * Commission not exceeding 1% on the net profits of the Company or as may be decided by the Board, computed in the manner set out in section 309(5) of the Companies Act, 1956, and subject to the overall ceilings laid down under sections 198 and 309 of the Companies act, 1956.

None of the Directors is concerned or interested in the resolution except Mr. Iyer Vishwanath.

By Order of the Board

Place: Mumbai
Date : 16-08-2006

SUNDAR IYER
Chairman



DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 20th ANNUAL REPORT of your company together with the Auditors Report for the year ended 31st March 2006.

FINANCIAL HIGHLIGHTS

The Financial Results for the year ended 31st March 2006.

	Rupees in lakhs	
	31/03/2006	31/03/2005
Total Income		
(excluding capital market operations)	65.20	3.84
Profit/(Loss) from capital market operations	1871.35	675.55
Sundry Creditors written back	25.94	125.96
Profit before Depreciation, Interest & Tax	1948.79	770.13
Bad debts written off	0.00	7.38
Interest	8.58	23.79
Depreciation	2.50	20.97
Profit before tax	1937.71	717.99
Provision for tax	163.16	27.42
Short provision of tax for earlier years	0.00	114.51
Profit after tax	1774.55	576.06
Balance b/f from previous year	(3778.99)	(4355.05)
(Deficit)/Surplus carries to Balance Sheet	(2004.44)	(3778.99)

BUSINESS & PERFORMANCE

During the year under review, the Company has earned a net Profit of Rs. 1774.55 lakhs after providing for tax.

DIVIDEND

The Directors regret their inability to recommend dividend for the financial year 2005-2006, in view of the accumulated losses.

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

As at 31st March 2006, a sum of Rs. 48.91 lakhs only is outstanding, being unclaimed deposits. Necessary arrangements are being made to repay the entire deposits at the earliest.

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.

DIRECTORS

Mr. A.V.M. Sundaram & Mr. Iyer Vishwanath were appointed as Additional Directors at the board meeting held on 30.12.2005 to hold office till the date of next Annual General Meeting. The Company had received notices in writing from two members together with the requisite deposit proposing the names of above persons for the office of Directors of the company under the provisions of Section 257 of the Companies Act, 1956. The resolutions appointing the aforesaid persons as directors of the company are placed before the shareholders for their approval.

Mr. Chandramouli, is retiring at this meeting by rotation and being eligible, offer themselves for reappointment. The resolution for the same is placed before the shareholders for their approval.

Further four resolutions, one for appointing Mr. Chandramouli as Managing Director and the other three for appointing Mr. Sundar Iyer, Mr. A.V.M. Sundaram and Mr. Iyer Vishwanath as Whole Time Directors, are also placed before the shareholders for their approval.

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 year ended 31st March 2006 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, 2006 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

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 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

For the year ended 31st March, 2006 the company had earned a profit after tax of Rs. 17.75 crores, which is the highest ever profit made since the inception of the company. During the current year also the company is expected to do well since the company is holding robust investments in its portfolio. The company has a stock broking subsidiary, namely Twentyfirst Century Shares & Securities Limited, wherein its holding is 86.58%. The company has initiated the process to acquire the balance shares, in order to make it 100% subsidiary. The company has aggressive plans to expand the stock broking business through its wholly owned subsidiary in the months to come. The company plans to have a footprint of more than fifty locations in the next twelve months.

ACKNOWLEDGEMENTS

Mr. E. Y. Rangoonwala, director of the company has expressed his desire to step down from the board at the end of this annual general meeting. The board of directors acknowledges with thanks the valuable contributions made by Mr. E. Y. Rangoonwala to the company during his tenure.

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

For and on behalf of the Board

Place : Mumbai
Date : 16-08-2006

CHANDRAMOULI
DIRECTOR



ANNEXURE TO DIRECTORS REPORT - REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

The Company defines Corporate Governance as a Systematic Process by which companies are Directed and controlled to enhance their wealth generating capacity. Since large corporations employ vast Quantum of social resources, we believe that the governance Process should ensure that these companies are managed in a manner that meets stakeholders' aspirations and social expectations.

The basic objective of corporate governance Policies adopted by the companies is to attain the highest levels of transparency, accountability and integrity. This objective extends not merely to meet with statutory requirements but also go beyond them by putting into place procedures and systems, which are in accordance with best practice of governance. Your company believes that good corporate governance enhances the trust and confidence of all the stakeholders. Good practice in corporate behaviour helps to enhance and maintain Public trust in companies and stock market.

2. Board of Directors

Composition and category of Board of Directors

The Board of Directors of the company comprises of five Non-executive Directors. Your company is in the process of evaluating the

candidature of prospective references to include in the board of Directors, as independent directors, in place of Mr. E. Y. Rangoonwala who will be retiring from the Board at the end of forth coming Annual General Meeting.

None of the directors to the Board draw any remuneration for the year 2005-2006 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:

Dates of Board Meeting

During the financial year 2005-2006 Six (6) meetings were held viz., from 1st April 2005 to 31st March 2006, six Board Meetings were held on the following dates: 27/06/2005/ 27/07/2005, 14/10/2005, 30/12/2005, 31/01/2006, 14/03/2006. The Annual General Meeting was held on 30th September 2005.

The composition and membership on other Boards, Committees of Directors and attendance of Directors at the Board of Directors Meetings held during the Financial Year 2005-2006 and the last AGM held on 30.9.2005 is given below. The Board comprises of two Independent Directors out of Present Strength of Five Directors is in Conformity with Clause 49 of the listing Agreement.

Composition, Attendance of each director at the Board Meetings and at the Last AGM and the number of other directorship, committee memberships are set out below: