

# **TWENTYFIRST CENTURY MANAGEMENT SERVICES LTD**

**21st  
Annual Report  
2006-2007**



## CONTENTS

NOTICE TO SHAREHOLDERS	3
DIRECTOR'S REPORT	5
AUDITOR'S REPORT	7
BALANCE SHEET	18
PROFIT & LOSS ACCOUNT	19
SCHEDULES	20
CASH FLOW STATEMENT	25
BALANCE SHEET ABSTRACT	26
SUBSIDIARY COMPANY FINANCIAL STATEMENT	29-43
CONSOLIDATED FINANCIAL STATEMENT	44-53

### BOARD OF DIRECTORS

Mr. SUNDAR IYER  
Executive Chairman

Mr. CHANDRAMOULI  
Managing Director

Mr. A. V. M. SUNDARAM  
Wholtime Director & Company Secretary

Mr. IYER VISHWANATH

Mr. VIVEK BHARGAVA

### 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,  
Alwarpet, 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.,  
C-13, 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 21<sup>st</sup> Annual General Meeting of the Company will be held on Saturday, 29<sup>th</sup> September, 2007 at 10.30 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 account for the year ended 31<sup>st</sup> March, 2007 and to consider the reports of the Directors and Auditors thereon.
2. To declare the final dividend on Equity Shares for the year ended 31<sup>st</sup> March 2007.
3. To appoint Mr. Sundar Iyer, who retires at the ensuing General Meeting and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Vivek Bhargava, who was appointed by the Board of Directors of the Company as Independent director on 30.10.2006 to hold office as such, upto the conclusion of the ensuing annual general meeting and in respect of whom the company has received a notice in writing from a member signifying his intention to propose the candidature of Mr. Vivek Bhargava, for the office of director, as required by Section 257 of the Companies Act, 1956, be and is hereby appointed a director of the Company, liable to retire by rotation."

"RESOLVED FURTHER THAT pursuant to Section 198, 309 (4) and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Vivek Bhargava, 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 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. "RESOLVED THAT the fee of a Director for each meeting of the Board of Directors or any Committee thereof attended by him or her shall be such sum as may be fixed by the board of directors in accordance with the provisions of section 310 of the Companies Act, 1956, read with Companies (Central Government) General Rules and Forms, 1956 as amended from time to time"

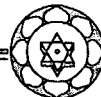
By Order of the Board

Place: Mumbai  
Date : 27-08-2007

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 relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item No.5 is enclosed herewith.
- c) The Register of Members and Share Transfer books of the Company will remain closed from 27<sup>th</sup> September, 2007 to 29<sup>th</sup> September, 2007 (both days inclusive).
- 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 appointment/reappointment of Directors.
  - i. Re-appointment of Mr. Sundar Iyer, Director retiring by rotation:  
Item No. 3: Mr. Sundar Iyer, aged about 56 years, a B. Sc. Graduate, is a promoter director holds 23.53% of paidup share capital. He will devote the whole of his time and attention to the business and affairs of the company.  
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. Ltd.	Director
Lubricants and Allied Industries Pvt. Ltd.	Director

**Note:**

He shall continue as Executive chairman till the expiry of his term as on 31.3.2009 subject to the above item.

**ii. Appointment of Mr. Vivek Bhargava as Director:**

**Item No.5:** Mr. Vivek Bhargava, aged about 43 years, is a management graduate from Indian Institute of Management, Calcutta with 20 years of varied experience in the field of financial analysis, treasury operations, merchant banking, investment management and corporate finance. He had started his career with Nagarjuna Finance Limited in 1987. In 1993, he moved to join Margadarshi Financial Services Private Limited where he was Chief Executive, handling financial services, merchant banking and investment operations. In 2001 he moved to MosChip Semiconductor Technology Limited as the Chief Financial Officer. His expertise in the field of financial services is of immense benefit to the company. He has no shareholding in the company.

**Particulars of Other Company Directorship is as follows:**

Name of the Company	Designation
Wealth Bridge Capital Advisors Private Limited	Director
Intense Technologies Limited	Director

By Order of the Board

Place: Mumbai  
Date : 27-08-2007

SUNDAR IYER  
Chairman

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 Item No. 5**

Mr. Vivek Bhargava, was appointed as an Independent Director of the Company at the Board Meeting held on 30.10.2006 and he holds office only upto the date of this Annual General Meeting. Notice in writing under Section 257 of the Companies Act, 1956 has been received from a Shareholder of the Company signifying his intention to propose Mr. Vivek Bhargava as a candidate for the office of Director.

Mr. Vivek Bhargava, aged about 43 years, is a management graduate from Indian Institute of Management, Calcutta with 20 years of varied experience in the field of financial analysis, treasury operations, merchant banking, investment management and corporate finance. He had started his career with Nagarjuna Finance Limited in 1987. In 1993, he moved to join Margadarshi Financial Services Private Limited where he was Chief Executive, handling financial services, merchant banking and investment operations. In 2001 he moved to MosChip Semiconductor Technology Limited as the Chief Financial Officer. His expertise in the field of financial services is of immense benefit to the company. He has no shareholding in the company.

The directors propose to approve a remuneration (approved by the remuneration committee) to him commencing from 1.4.2007 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 & 309 of the Companies Act, 1956.

The Board recommends the above appointment of Mr. Vivek Bhargava.

Except Mr. Vivek Bhargava, none of the Directors are concerned or interested in the passing of this resolution.

**Item No. 6**

Article 121 of the Articles of Association of the Company provides for the remuneration payable to the directors by way of sitting fees for attending the Board and Committee meetings of the Company. Hence Board recommends sitting fees for the directors attending each meeting of the Board of Directors or Committee thereof attended by him or her shall be such sum as may be fixed by the Board in accordance with the provisions of section 310 of the Companies Act, 1956, read with Companies (Central Government) General Rules and Forms, 1956 as amended from time to time.

All Directors except Wholetime Director of the Company are interested or concerned in the said resolution.

By Order of the Board  
SUNDAR IYER  
Chairman

Place: Mumbai  
Date : 27-08-2007



## DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 21st ANNUAL REPORT of your company together with the Auditors Report for the year ended 31<sup>st</sup> March 2007.

## FINANCIAL HIGHLIGHTS

The Financial Results for the year ended 31<sup>st</sup> March 2007.

	Rupees in Lakhs	
	31/03/2007	31/03/2006
Profit from capital market operations	2474.79	1871.35
Other Income	122.23	93.57
Profit before Depreciation & Tax	2515.04	1948.79
Interest	0.00	8.58
Depreciation	1.94	2.50
Profit before tax	2513.10	1937.71
Provision for tax	396.10	163.16
Profit after tax	2117.00	1774.55
Proposed dividend	94.50	0.00
Tax on proposed dividend	16.07	0.00
Balance b/f from previous year	(2004.44)	(3778.99)
(Deficit)/Surplus carries to Balance Sheet	1.99	(2004.44)

## BUSINESS & PERFORMANCE

During the year under review, the Company has earned a net Profit before tax of Rs. 2513 Lakhs. After deducting Rs. 396 Lakhs as provision for taxation, the Company has earned net profit of Rs. 2117 Lakhs. The current years performance has fully absorbed the earlier years brought forward losses, leaving surplus of Rs. 1.99 Lakhs.

## DIVIDEND

Your Directors take the pleasure in recommending final dividend of 9 per cent on the paid-up capital for the approval of members.

## 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 31<sup>st</sup> March 2007 the company has paid all the fixed deposits, including a sum of Rs. 6.28 Lakhs being unclaimed deposits and transferred to Investor Education and Protection Fund.

## 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. Vivek Bhargava has been appointed as an Independent Director at the board meeting held on 30.10.2006. The Company has received a notice in writing from a member proposing his candidature as a director, liable to retire by rotation in terms of section 257 of the Companies Act, 1956.

Mr. Sundar Iyer, is retiring at this meeting by rotation and being eligible, offer himself 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 year ended 31<sup>st</sup> March 2007 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:

- \* In the preparation of the annual accounts, the applicable accounting standards have been followed.
- \* 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 31<sup>st</sup> March, 2007 and of the profit or loss of the Company for the year ended on that date.
- \* 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.
- \* 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 on the Mumbai, and National Stock Exchanges. The Company has paid annual listing fees to the respective stock exchanges. Trading in shares of the company in National Stock Exchange was suspended since the company did not have a full time Company Secretary. This requirement has since been met and the Company has taken up the issue with NSE for revoking the suspension order.

### FUTURE PROSPECTS

For the year ended 31<sup>st</sup> March, 2007 the company had earned a profit after tax of Rs. 21.17 crores, which is the highest ever profit made by the Company since its inception. During the current year also the company is expected to do well. The company is holding a robust investment portfolio. The company's 100% stock broking subsidiary, Twentyfirst Century Shares & Securities Limited, has aggressive plans to enlarge the stock broking business in the months to come through expansion in the retail broking segment and institutional broking business.

### 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 : 27-08-2007

SUNDAR IYER  
CHAIRMAN



## AUDITOR'S REPORT

### TO THE MEMBERS OF TWENTYFIRST CENTURY MANAGEMENT SERVICES LTD

We have audited the attached Balance Sheet of TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED for the year ended 31<sup>st</sup> March 2007 and also the Profit & Loss Account for the year 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 enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said Order to the extent applicable.

Further to our comments in the Annexure referred to above, we report that:

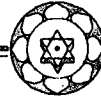
- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.

- (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 A/c dealt with by this report are in agreement with the books of account.
- (v) Based on the representations made by the directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31<sup>st</sup> March, 2007 prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principle generally accepted in India:
  - a) in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2007 and
  - b) In the case of Profit & Loss Account, of the Profit of the company for the year ended on that date.
  - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Shankar & Kishor  
Chartered Accountants

S. B. Shetty  
Partner

Place: Mumbai  
Date : 27-04-2007



## ANNEXURE TO THE AUDITOR'S REPORT

1. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.

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.

No substantial part of the fixed assets has been disposed off by the company during the year.

2. The stock of shares of the company held in physical form 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. Most of the Shares are held in the dematerialised form.

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.

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. The transaction that are required to be entered into the registrar in pursuance of Section 301 of the act have been so entered.

In our opinion and according the information and explanation given to us the transactions made in pursuance of contracts or arrangements entered in the register maintained 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 Section 58A of the Companies Act, 1956. As at 31st March 2007 the company has paid all the fixed deposits, including a sum of Rs. 6.28 lakhs, being unclaimed deposits and the same has been transferred to Investor Education and Protection Fund.

7. 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.

8. The Company is not being a manufacturing company does not have any scrap or by product.





9. In our opinion, the Company has an adequate internal audit system commensurate with the size of the company and nature of its business.
10. 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.
11. The company has to pay Income tax liability, which is not quantified by the Department, pertaining to the Assessment Year 1996-97, the company is discharging the liability in installments as agreed by the department. The company has regularly deposited the Employees Provident Fund dues with the appropriate authorities.
12. The company has no accumulated losses at the end of the financial year and the Company has not incurred any cash losses in the current or in the immediately preceding financial year.
13. On the basis of records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
14. 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.
15. In our opinion the company is not a Chit Fund or a Nidhi/Mutual Fund/Society. Therefore the provisions of clause 4 (xiii) of the companies (Auditor's Report) Ordered, 2003 are not applicable to the company.
16. 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.
17. 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.
18. According to the information and explanations given to us, the Company has not obtained any term loans during the year under review.
19. According to 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.
20. According to the information and explanations given to us the company has not issued any debentures during the year hence creation of security is not applicable.
21. During the period covered by our audit report, the company has not raised any money by public issue.
21. To the best of our 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 : 27-04-2007



## ANNEXURE TO DIRECTORS REPORT - REPORT ON CORPORATE GOVERNANCE

### 1. *Company's Philosophy on 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 goes 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 three Executive Directors and two Independent Directors.

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

#### **Dates of Board Meeting**

During the financial year 2006-2007 Five (5) meetings were held viz., from 1st April 2006 to 31st March 2007, Board Meetings were held on the following dates: 24/04/2006/ 14/07/2006, 24/08/2006, 30/10/2006, 24/01/2007. The Annual General Meeting was held on 29<sup>th</sup> September 2006.

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 2006-2007 and the last AGM held on 29.9.2006 is given below. The Board comprises of two Independent Directors out of Present Strength of Five Directors.

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:

Name	Category	No. of Board Meeting	Attendance at the Last AGM	Directorship in Other Companies	Other Companies Committee Chairmanships	Other Companies Committee Memberships
Mr. Sundar Iyer	Chairman-Executive Director	5	Yes	5	Nil	Nil
Mr. Chandramouli	Managing Director-Executive Director	5	Yes	3	Nil	Nil
Mr. A. V. M. Sundaram	Whole Time Director - Executive Director	5	Yes	1	Nil	Nil
Mr. Iyer Vishwanath	Director Independent Non-Executive Director	5	Yes	1	Nil	Nil
Mr. Vivek Bhargava	Director Independent Non - Executive Director	2	No	2	Nil	Nil