

TWENTYFIRST CENTURY MANAGEMENT SERVICES LTD

**22nd
Annual Report
2007-2008**


TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED

Regd. & Admn. Office : No. 158, 1st Floor, Eldams Road, Alwarpet, Chennai - 600 018.

ATTENDANCE SLIP

| |
|------------------------------|
| Name of the Attending Member |
| * Folio No. |
| DP ID No. |
| Client ID No. |
| No. of Shares held |
| Name of Proxy |

I, hereby record my presence at the Annual General Meeting of the Company at Bharatiya Vidya Bhavan Mini Hall, New No. 18,20,22 (Old No. 37-39) East Mada Street, Mylapore, Chennai - 600 004 on 27th September, 2008 at 11.00 a.m.

*Applicable in case of shares held in physical Form

Signature of the Member/Proxy

| |
|--|
| |
|--|

TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED

Regd. & Admn. Office : No. 158, 1st Floor, Eldams Road, Alwarpet, Chennai - 600 018.

FORM OF PROXY

| |
|---------------|
| Dp ID : |
| Client ID : |
| No. of Shares |

Regd. Folio No. :

(in case of shares held in Physical Form)

I/We
 of in the district of being member /
 member of Twentyfirst Century Management Serices Limited, hereby appoint
 of in the district
 of of failing him
 of in the district
 of as my own/our proxy in my/our absence to attend and vote for me/us
 on my/our behalf, at the Annual General Meeting of the Company to be held on 27th
 September 2008 and at any adjournment thereof.

Signed this day of 2008

Signature



Note: 1. The Proxy form must be deposited at the Registered Office at No. 158, 1st Floor, Eldams Road, Alwarpet, Chennai - 600 018 not less than 48 Hours before the time fixed for holding the meeting.

2. Proxy need not be a member of the Company.



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BOARD OF DIRECTORS

Mr. SUNDAR IYER
Executive Chairman

Mr. CHANDRAMOULI
Managing Director

Mr. A. V. M. SUNDARAM
Wholtime Director

Mr. IYER VISHWANATH
Mr. VIVEK BHARGAVA
MR. SHASHIKANT TULSIAN

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.,
C13, 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 22nd Annual General Meeting of the Company will be held on Saturday, 27th September, 2008 at 11.00 a. m. at Bharatiya Vidya Bhavan Mini Hall, New No.18,20,22(Old No.37-39) East Mada Street, Mylapore, Chennai - 600 004 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet for the year ended 31st March, 2008, the Profit & Loss account as on that date and the Report of the Directors and Auditors thereon.
2. To declare final dividend of Rs.0.90 per share and confirm interim dividend of Rs. 1.20 per share already paid for the financial year 2007-08.
3. To appoint Mr. A.V.M. Sundaram, who retires at the ensuing General Meeting and being eligible, offers himself for reappointment.
4. To appoint Mr. Iyer Vishwanath, who retires at the ensuing General Meeting and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Shashikant Tulsian, who was appointed by the Board of Directors of the Company as Additional director on 02.01.2008 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. Shashikant Tulsian, 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 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.

By Order of the Board

Place: Mumbai
Date : 25-08-2008

A.V.M. SUNDARAM
Wholtime Director cum
Company Secretary

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.6 is enclosed herewith.
- c) The Register of Members and Share Transfer books of the Company will remain closed from 25th September, 2008 to 27th September, 2008 (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.A.V.M. Sundaram,
Director retiring by rotation:

Item No. 3: Mr. A.V.M. Sundaram aged about 56 years, holds Nil paidup Share Capital, a member of the Institute of Company Secretaries of India and is also a member of the Institute of Cost and Works Accountants of India is appointed as Whole time Director cum Company Secretary. He had served in the Banking Sector for more than twenty years in various capacities and is having 35 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 |

He is not a Chairman or member of any of the committees of the companies in which he is a Director.

- ii. Re-appointment of Mr. Iyer Vishwanath,
Director retiring by rotation:

Item No.4: Mr. Iyer Vishwanath, aged about 52 years, holds Nil paid up Share Capital, a member of the Institute of Chartered Accountants of India is practicing Chartered Accountant having over 20 years of experience in the field of finance, auditing and taxation. His experience in the field of accounting and auditing continue to be of immense benefit of the company.

Particulars of Other Company Directorship is as follows:

| Name of the Company | Designation |
|---------------------------|-------------|
| SNACO Consulting Pvt. Ltd | Director |

Particulars of membership of the committees of the companies in which he is a Director.

| Name of the Company | Name of the Committee | Position |
|---|------------------------|----------|
| Twentyfirst Century Management Services Limited | Audit Committee | Chairman |
| Twentyfirst Century Management Services Limited | Remuneration Committee | Chairman |

- iii. Re-appointment of Mr. Shashikant Tulsian as
Director:

Item No.6: Mr. Shashikant Tulsian, 50 years, is B.Com. (Hons.) LL.B., F.C.A., F.C.S. and presently working as CEO and Editor of sptulsian.com a web based portal, catering to the investors by advising on stock market. Having an experience of over 32 years in Indian stock market, is giving his expert view on sugar, cement, infrastructure, fertilizer industries as also on various corporates and groups including Reliance Group on CNBC TV 18, CNBC Awaaz and CNN IBN. He is also advising corporates and business houses on various financial corporate and strategic matters.

Particulars of Other Company Directorship is as follows:

| Name of the Company | Designation |
|--|-------------|
| Narmada Prakashan P. Ltd. | Director |
| Narmada Appliances P. Ltd. | Director |
| Narmada Publishing House (India) P. Ltd | Director |
| Keyscrip Investment & Trading P. Ltd. | Director |
| Uptrend Securities P. Ltd. | Director |
| Saptarung Securities P.Ltd. | Director |
| Premium Narmada Securities & Broking P. Ltd. | Director |
| Bhageria Dye Chem Ltd. | Director |

He is not a chairman or member of any of the committees of the companies in which he is a Director.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Mr. Shashikant Tulsian was appointed as an Additional Director of the Company at the Board Meeting held on 02.01.2008 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. Shashikant Tulsian, as a candidate for the office of Director.

Mr. Shashikant Tulsian, 50 years, is B.Com. (Hons.) LL.B., F.C.A., F.C.S. and has experience of over 32 years in Indian Stock market and is currently working as CEO and Editor of sptulsian.com a web based portal catering to the investors by advising on stockmarket. His rich and varied experience will benefit the company in many ways. Hence the Board recommends the above appointment of Mr. Shashikant Tulsian.

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

By Order of the Board

Place: Mumbai
Date : 25-08-2008

A.V.M. SUNDARAM
Wholetime Director cum
Company Secretary

DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 22nd ANNUAL REPORT of your company together with the Auditors Report for the year ended 31st March 2008.

FINANCIAL HIGHLIGHTS

The Financial Results for the year ended 31st March 2008.

| | Rupees in Lacs | |
|--|----------------|------------|
| | 31/03/2008 | 31/03/2007 |
| Profit from capital market operations | 2379.72 | 2474.79 |
| Other Income | 65.31 | 122.23 |
| Profit before Depreciation & Tax | 2342.92 | 2515.04 |
| Interest | 0.00 | 0.00 |
| Depreciation | 1.52 | 1.94 |
| Profit before tax | 2341.40 | 2513.10 |
| Provision for tax | 265.28 | 396.10 |
| Profit after tax | 2076.12 | 2117.00 |
| Interim dividend | 126.00 | 0.00 |
| Proposed dividend (Final) | 94.50 | 94.50 |
| Tax on dividend | 37.48 | 16.07 |
| Transferred to general reserve | 207.61 | 0.00 |
| Balance b/f from previous year | 1.99 | (2004.44) |
| (Deficit)/Surplus carries to Balance Sheet | 1612.52 | 1.99 |

BUSINESS & PERFORMANCE

During the year under review, the Company had earned Profit before tax of Rs. 2341.40 Lakhs. After deducting Rs. 265.28 Lakhs as provision for taxation, the Company has earned net profit of Rs. 2076.12 Lakhs.

DIVIDEND

Your Directors take the pleasure in recommending final dividend of 9% per equity share of Rs.10/- each for the approval of members, in addition to the interim dividend of 12% per equity share of Rs.10/- each declared on 27th April 2007.



PREFERENTIAL ISSUE OF SHARES/ WARRANTS:

As you are aware, an Extra Ordinary General meeting, was held on 6th February 2008 for obtaining the shareholders' approval for preferential issue of shares to Promoter group/ Bodies corporate/ Individuals, but was rescinded and deferred as one of the allottees became ineligible for such preferential allotment, having traded in shares during the six months preceding the relevant date.

Later at the Extra Ordinary General Meeting held on 10.3.2008, the shareholders approved the proposed preferential issue of 12,00,000 Warrants convertible into equity shares of face value of Rs.10/- each with a premium of Rs.72/- aggregating to Rs. 9,84,00,000/- to Promoters and their group associates, Bodies Corporate/ Individuals. The allotment of warrants on preferential basis has been pending for the approval from National Stock Exchange of India Limited.

Considering the current state of equity market and as the proposed preferential issue has been pending for a considerable time, it is Suggested that the proposal be dropped.

FUTURE PROSPECTS

For the year ended 31st March 2008, the company had earned a profit after tax of Rs. 2076.12 lacs. Considering the high crude oil prices and associated with that of high rate of inflation, there has been a slowdown of the economy around the world and India is not an exception to the slow down. Hence the outlook for the current year is cautiously optimistic.

CORPORATE GOVERNANCE

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

DÉPOSITS

Your company has not accepted any deposits from the public during the year under review and hence there are no outstanding deposits as on 31st March 2008.

PARTICULARS OF EMPLOYEES

The Company has no employees, who are in receipt of remuneration, 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. Shashikant Tulsian was appointed as Additional Director with effect from 02.01.2008. The Company has received notice under Section 257 of the Companies Act, 1956 along with requisite deposit from a member, proposing his appointment as a Director of the company.

Mr. Iyer Vishwanath, Director and Mr. A.V.M. Sundaram, Wholetime Director cum Company Secretary are retiring at this meeting by rotation and being eligible, offer themselves 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 31st March 2008 in respect of the Company's subsidiary



Twentyfirst Century Shares & Securities Ltd. is attached.

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 along with proper explanation relating to material departures;
- * 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, 2008 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.

ACKNOWLEDGEMENTS

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

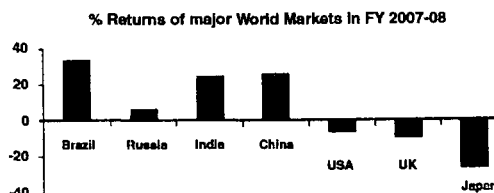
For and on behalf of the Board

Place : Mumbai
Date : 25-08-2008

SUNDAR IYER
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Global Scenario:



The sub-prime mortgage crisis caused by a slump in the US housing market was the cornerstone of the majority financial ripples across world economies in FY 2007-08. The looming US slowdown saw the US Federal Reserve lower the benchmark rates by 300 basis points over just 6 months. The rate was lowered from 5.25% in Sep 2007 to 2.25% by March 2008. Although experts argue that emerging markets would witness a decoupling from the US slowdown, a substantial moderation in the growth prospects cannot be ruled out. However, economies like India where domestic consumption accounts for more than 65% of the GDP are expected to have a less severe impact of a potential US "recession".

Crude oil prices hit an all-time high and continue to remain high at over \$115 a barrel in the international market. The rising crude prices have encouraged capex in E&P activities around the world and have brought windfall profits to oil exploration companies.

Indian Economy:

India's GDP crossed \$1 trillion mark during the year and witnessed a healthy growth of around 8% for the year, a little moderate as compared to



the growth witnessed in the recent past. However, a CAGR of 8.2% in GDP in the last 4 years is by no means a moderate feat. The country's foreign exchange reserves increased by over 100% Y-o-Y to cross \$ 305 billion in March 2008.

The Indian Rupee appreciated by 12% against the US Dollar during the year which caused margin pressures for export oriented industries like textiles, IT-BPO, gems & jewellery and auto-components. However, most Indian companies now have commenced active treasury operations to hedge against such adverse currency fluctuations.

The rising crude prices has brought inflation figure to dangerously high levels and as a measure, money supply has been hardened by the RBI by raising the CRR and Repo rates on multiple occasions. The real estate sector which saw an unprecedented boom during the past few years has been most severely affected by the rate hikes and credit crunch.

Industry Structure and developments:

The Indian Economy is one of the largest in the world with the GDP at the current prices of Rs. 32,509.32bn. (US \$754.28bn) it is amongst the fastest growing economies in the world with the real GDP growth of 8.7% for the year 2007-08. In recent years India has become a global preferred destination for FDI, owing to its large consumer market and efforts by the government to position it as one of the front runners of the rapidly growing Asia Pacific region.

Corporate India continued its healthy performance with some moderation in growth and an increase on an absolute basis, which was backed by strong domestic led demand caused by increased disposable income.

The Union budget 2008 went a step ahead in providing a thrust to the overall economic growth in the country. The modification in the threshold limits for exemption of personal income tax and reduction in duties for industrial

sector are some of the major proposals which will help in providing impetus to the overall economic growth in the country.

All these factors facilitate the development and growth of the Capital Market Segment in India.

Opportunities and threats:

Strong secondary market helped Indian Corporates to raise a record amount of Rs. 165592 Crores as Capital through domestic and overseas issuances registering a growth of 133% over the previous year. This provided ample opportunities for investors in the Capital Market.

However, the volatility in the Global Financial markets during 2007-08 spilled over to market for other assets, as the crises of US Sub-Prime Mortgage market and other credit market exposures deepened. The rising Crude prices in the first Quarter of 2008 and the Global market volatility spread to the Indian market from the 2nd week of January 2008 onwards. Market is presently consolidating and needs a careful and systemic analysis of investment in the market. The sentiment was further dampened by the increasing interest rate scenario.

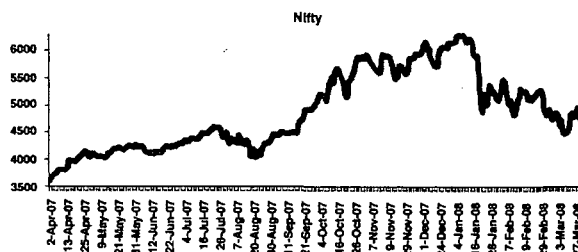
Indian Capital Market:

2007-08 was an eventful year as diversified financial services companies viz Motilal Oswal Securities and Edelweiss Capital got listed on the bourses. The broking industry in India has witnessed a gradual consolidation process where the market share of the top 10 brokers has increased from around 16% in FY04 to almost 25% in FY08. The consolidation is even more magnified in the online-trading segment.

The Indian stock markets witnessed fifth consecutive year of positive returns as the Nifty closed at 4795 on March 31, 2008, up 24%



during the year. However, the moderation in economic growth towards the end of the fourth quarter had an impact on the Nifty as it shed 25% from an all-time high of 6357 recorded on January 8, 2008.



The average daily turnover on NSE cash segment was up 81% to Rs. 14,148 crores in 2007-08 as against Rs. 7,846 crores in 2006-07. The average daily turnover in NSE Derivatives segment which reached a high of 83,350 crores in October 2007 had come down to 45,600 crores in March 2008.

Although the number of trades in the wholesale debt market (WDM) were down from 19,575 in 2006-07 to 16,179 in 2007-08, the Net Traded Value was up from 219,106 to 282,317 crores during the period, and the average trade size was up from 11.19 crores to Rs. 17.45 crores.

Risks and concerns:

Volatility in the Global Market and the crisis in the Credit Market across the globe may dampen the flow of funds into the Emerging Markets. However strong fundamentals of the Indian Corporate and the vast potential for progress and growth will definitely aid improvement in investment climate in India compared to other emerging markets.

Financial Performance & Overview of Operations:

Your company is a board managed company.

The business structure includes:

- ★ Capital market operations; and
- ★ Stock broking services

Your company continues to rely heavily on capital market operations, which accounts for bulk of the consolidated revenues. However, the management is aggressively pursuing all steps to expand the broking business which is currently being conducted by Twentyfirst Century Shares & Securities Limited, which is a 100% subsidiary of your company. As such, the performance and results of your company have a direct correlation to the conditions prevailing in the Indian capital market.

The total income for the year ended March 31, 2008 on a Standalone basis stood at Rs. 24.45 crores while the profit after tax was Rs. 20.76 crores. The Consolidated income of the group stood at Rs. 37.69 crores, while the profit after tax for the year was Rs. 24.52 crores.

Several initiatives were taken during the year to enhance the brokerage services offered to clients. Depository services were commenced from May 2008 by TCSS and will assist in the integration of broking operations. The portal tcssdirect.com will be providing on-line share trading facility to the clients and is expected to commence operations by the end September 2008.

Human resources:

We understand that quality research is the most crucial element for the development of our business and accordingly, the management continues to take steps to build a robust research team and devise strategies and policies to attract and retain best industry talent for the same. The total manpower strength of the company including employees of the subsidiary is 60.