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### **BOARD OF DIRECTORS**

Mr. SUNDAR IYER  
Executive Chairman

Mr. CHANDRAMOULI  
Managing Director

Mr. IYER VISHWANATH  
Independent Director

Mr. S. HARIHARAN  
Independent Director

### **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**

LINK INTIME INDIA 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 24<sup>th</sup> Annual General Meeting of the Company will be held on Monday, 27<sup>th</sup> September, 2010 at 3.30 p. m. at Bharatiya Vidya Bhavan Mini Hall, 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 31<sup>st</sup> March, 2010, the profit & loss account as on that date and the report of the directors and auditors thereon.
2. To appoint Mr. Iyer Vishwanath, who retires at the ensuing General Meeting and being eligible, offers himself for reappointment.
3. To appoint Mr. S. Hariharan, who retires at the ensuing General Meeting and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

### **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.**
- b) The instrument appointing proxy, in order to be effective must be deposited at the registered office of the company not less than 48 hours before the commencement of the twenty-fourth annual general meeting of the company.
- c) The Register of Members and Share Transfer books of the Company will remain closed from 24<sup>th</sup> September, 2010 to 27<sup>th</sup> September, 2010 (both days inclusive).
- d) Profile of Directors seeking re-appointment as stipulated in terms of Clause 49 of the listing agreement with the stock exchanges is provided in the report on corporate governance, which forms an integral part of this annual report.
- e) Members are requested to bring their copy of annual accounts, as no extra copies will be distributed at the meeting.

By Order of the Board

Place: Mumbai  
Date : 09-08-2010

A. V. M. SUNDARAM  
Company Secretary

By Order of the Board

Place: Mumbai  
Date : 09-08-2010

A. V. M. SUNDARAM  
Company Secretary



## DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 24<sup>th</sup> ANNUAL REPORT of your company together with the Auditor's Report for the year ended 31<sup>st</sup> March 2010.

### FINANCIAL HIGHLIGHTS

The Financial Results for the year ended 31<sup>st</sup> March 2010.

	Rupees in Lacs	
	31/03/2010	31/03/2009
Profit from capital market operations	98.74	(1859.70)
Other Income	53.28	40.11
Profit before Depreciation & Tax	61.00	(1894.24)
Interest	0.00	0.00
Depreciation	0.96	1.20
Profit before tax	60.04	(1895.44)
Provision for tax / Deferred tax	0.09	0.00
Profit after tax	59.95	(1895.44)
Balance b/f from previous year	(282.92)	1612.52
Surplus carried to Balance Sheet	<b>(222.97)</b>	<b>(282.92)</b>

### BUSINESS & PERFORMANCE

During the year under review, the Company turned the corner by making a profit of Rs.60.04 Lakhs, (though a small amount) as against the net loss of Rs.1895.44 lacs in the last financial year. Further the directors are confident that the company shall improve its performance and the profit of the company in the financial year 2010-11, considering the present market conditions and economic revival of the country and the confidence given by the growth prospects of the Indian Economy.

## DIVIDEND

In the absence of adequate profit for the year, your Directors regret their inability to recommend dividend for the financial year 2009-2010.

### FUTURE PROSPECTS

The year ended 31st March 2010, witnessed several new highs in the Capital Markets. Signs of global recovery, record FII net inflows and turnaround in corporate profits have contributed favourably to this recovery. Your company took several conscious decisions in churning the portfolio of investments by reducing the non-performing stocks and investing in growth stocks. Though the company could make a small profit of Rs. 60.04 lacs during this financial year, we are confident that the growth stocks, which we have identified and added to our portfolio will boost the value of our investments and may help us in posting a decent profit during the financial year 2010-11. There are signs of recovery across the globe and in the Indian Securities Market. We expect to post better performance this year, barring unforeseen circumstances, and would be making profits.

### ALLOTMENT OF PREFERENCE SHARES

During the year 2009-10, the company allotted 1,50,000 - 12% redeemable non convertible preference shares of Rs.100/- each to the promoters and their group associates in addition to the 6,00,000 - 12% redeemable non-convertible preference shares of Rs.100/- each to the promoters and their group associates allotted in the year 2008-09.



## **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.

## **DEPOSITS**

Your company has not accepted any deposits from the public during the year under review and there are no outstanding deposits as on 31<sup>st</sup> March 2010.

## **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. Iyer Vishwanath and Mr. S. Hariharan, both Independent Directors on the Board of the company shall retire by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment. As stipulated in terms of

Clause 49 of the listing agreement with the stock exchanges, the brief resume of Mr. Iyer Vishwanath and Mr. S. Hariharan, is provided in the report on corporate governance, which forms an integral part of this annual report.

## **PARTICULARS AS REQUIRED UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

### **Conservation of Energy**

The Company has taken steps to conserve energy in its office use, consequent to which energy consumption has been minimized. No additional Proposals/Investments were made to conserve energy. Since the company has not carried on industrial activities, disclosures regarding impact of measures on cost of production of goods, total energy consumption, etc., are not applicable.

### **Technology Absorption:**

The company has neither adopted nor intends to adopt any technology for its business and hence no reporting is required to be furnished under this heading.

### **Foreign Exchange Inflow & Outflow:-**

Foreign Exchange inflow and outflow during the year is Nil.



### **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 2010 in respect of the Company's subsidiary Twentyfirst Century Shares & Securities Ltd. is annexed hereto.

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.

### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

- \* Applicable accounting standards have been adopted in the preparation of annual accounts 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 31<sup>st</sup> March, 2010 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

### **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 : 24-05-2010

SUNDAR IYER  
CHAIRMAN



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Macro-Economic Scenario:

#### MARC FABER'S GLOBAL VIEW

Marc Faber, Editor & Publisher of The Gloom, Bloom & Doom Report, warns, following the Treasury Department's report that year, that investors should stay clear of 10 and 30-year U.S. government bonds." I think eventually inflation will accelerate," he said. "Whenever food prices go up, and grains have been very strong recently, with the sum delay, you get inflationary pressures." 10-year treasury yields fell to 2.570% the weakest level since March 2009. While, the 30-year bond's yield reached 2.719% the lowest level in 16 months. Faber cited a weakening U.S. dollar as a second reason to decrease holdings in the country's debt. "(The) U.S. dollar will weaken, that's the policy of the U.S. government to weaken the dollar in order to cushion the downturn in the American economy."

#### Looking Beyond the Asian Titans

**"I'm not so keen on Chinese companies... I'm not a great investor in China," Faber said.** However, he recommends investing in companies that do business with China, or currencies that benefit from China's growth. **Faber is bullish on India** though, believing investors building a portfolio "must" park some of their money in the South Asian

Economy. "If I look at the long-term potential... there is an emerging middle class and capitalism has now been truly endorsed by everybody," he said, adding that India also has some "very well run" companies.

In addition to the Asian titans, Faber says Myanmar, Cambodia and Mongolia offer "a lot of potential".

#### GLOBAL EQUITY MARKET PERFORMANCE IN LAST 12 MONTHS (CHANGE IN %)

	Index Value	One Month	Three Months	Six Months	One Year
BRIC ECONOMIES 31-Mar-10					
Brazil	70372	5.8	2.6	14.4	71.9
Russia	1450	8.8	5.9	21.1	87.6
India	5249	6.6	0.9	3.2	73.8
China	3109	1.6	(4.7)	11.9	(13.2)
EMERGING ECONOMIES					
Argentina	2374	7.3	2.4	14.4	110.8
Mexico	33266	5.2	3.6	13.0	70.3
Thailand	788	9.2	7.3	9.9	83.4
Korea	1693	6.2	0.6	1.2	40.3
DEVELOPED ECONOMIES					
USA	10857	5.1	4.1	11.8	42.7
UK	5680	6.1	4.9	10.6	44.7
Japan	11090	9.5	5.2	9.4	36.8

2. **The Indian Economy**, which had managed to emerge out of the global turmoil in the year 2008-09 relatively unscathed, witnessed a quick rebound



in the year 2009-10. The global growth momentum also saw a rise following unprecedented boost of liquidity by Federal Governments across countries, especially in developed economies. Against a decline of -0.6% during the previous year. IMF projects world GDP to expand by 4.2% during CY10. This momentum saw a wide divergence - a moderate revival for the developed world, but a notch faster for the emerging economies. While recovery in real economy remained on track, the returns from stock markets, especially in Emerging Markets were much more. The rally in Emerging Markets was led by the revival in risk appetite and inflows from developed countries, especially the US, aided by a dollar funded carry trade. The markets were clearly achieving what they were intended to. However the ongoing spectra of sovereign default risks in Greece and parts of South Europe have recently started showing signs of cynicism. Whilst the Euro Zone governments have come out with a massive bail-out programme, the emerging situation requires careful monitoring as it has the potential to cause a double dip recession in some economies.

**The growth story for India** has always looked robust compared to its peers, given the long-term dynamics in its favour. A lower export dependence and high domestic demand saw India emerge relatively unharmed from the global turbulence. India, along with China, was the only major economy to have registered a 5%+ growth in every quarter even during recession. As demand improved, India's economy saw a sharp surge in factory output undeterred by a poor monsoon. Growth

estimates began getting revised upwards, mid CY09 onwards. Stock Markets started riding on a wave of exuberance on prospects of better growth and easy liquidity. Moreover the mid-year elections turned the tide for the Indian Markets. A stellar rally set-in as the newly elected government gave a boost to growth expectations. During the phase of recovery, the challenge before India was striking the right balance amongst a host of macro issues-containing fiscal deficit, smooth roll back of stimulus programmes without affecting the growth momentum, yet maintaining adequate liquidity for enabling credit. Growth without leading to inflation would be impossible and RBI was quick and proactive in tackling inflation and inflationary expectations by increasing the key benchmark rates gradually and in a calibrated pace so as to ensure that the process of growth recovery is unaffected.

#### CRISIL'S MACROECONOMIC VIEW

	Parameter	Forecast (2010-11)
Growth (%)	Agriculture	5.5
	Industry	8.6
	Services	8.4
	Total GDP	8.0
Inflation (%)	WPI Average	8.5-9.0
Interest Rate (%)	10-Year G-sec (Year-end)	8.3-8.5
Exchange Rate	Re/US\$ (Year-end)	43.5-44.0
Fiscal deficit	Fiscal Deficit (as a % of GDP)	5.0





## Capital Markets

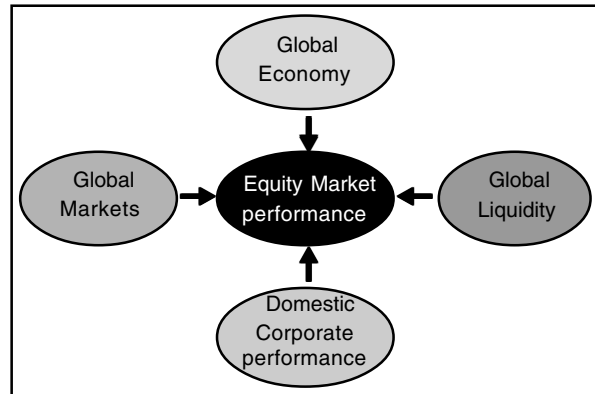
The Indian capital markets have performed better than most others during this financial year. The markets went through some testing times during the second half even as we buried the fears of a global slowdown. We see the year ahead of us as one of consolidation. We are likely to witness a lot of activity in all the verticals of the capital markets. The penetration of asset classes like bonds and currencies remain low. However as Indian investors become more sophisticated, they are bound to start branching out into various asset classes and this will boost the markets. Also the markets will further develop with greater efficiency owing to the forward looking policies of the regulators and the government. The projected growth of the Indian economy with the resultant growth in the capital markets compels us to identify the enabling factors and to work towards putting them in place at the earliest.

## Debt Markets

Growth in the corporate debt markets was stunted during the second half of FY09 by a severe liquidity crunch, higher interest and counter party fears. The corporates as yet do not seem to view the debt markets as a credible alternative to equity capital markets in raising capital. But as the government and regulators seem inclined to taking steps to develop bond markets in India with an objective of reducing the cost of raising debt capital. We believe the segment will grow faster than other segments in the future and gradually will become a major source of

capital required by corporates supplementing traditional bank credit.

### DRIVERS OF EQUITY MARKET PERFORMANCE



## 3. Broking Industry

The broking industry had recorded its highest quarterly average daily traded volumes of approximately Rs. 1020 bln in the third quarter of FY08. However it started witnessing an immediate decline in its volumes due to apprehension about high inflation, slowdown in industrial production in the country and overall weakness in global sentiments. The decline in volumes continued for almost five quarters with the lowest volumes falling close to half, at Rs. 550 bln per day in the last quarter of FY09. The retail investors were hesitant to return to the market as they were still not out of the fear psycho due to their worst experience in the market in the year 2008.

The volumes however started improving since the beginning of FY10 due to the unexpected global rebound and the Indian election results which spelt stability. This was due to high institutional participation both domestic and foreign institutional investors. This is quite evident from the fact that the Options volumes increasing much faster compared to cash and futures. Even the statistical data available indicate that the proprietary trading volumes have increased considerably since the retail





participation was absent and the broking industry have to deploy their resources in a profitable manner and they were into arbitrages and hedging. In other words while the average daily volumes appear to have grown about 55% over FY09, the same has not resulted in a corresponding increase in the broking income. Volumes also remained flat during the last two quarters of the year.

#### **4. Opportunities and Threats**

##### **Opportunities**

- Economy is growing at healthy rate leading to investment/capital requirement.
- Growing Financial Services industry's share of wallet for disposable income.
- Huge market opportunity for wealth management service providers as Indian wealth management business is transforming from mere wealth safeguarding to growing wealth.
- Regulatory reforms would aid greater participation by all class of investors.
- Leveraging technology to enable best practices and processes.
- Corporates looking at consolidation/ acquisitions/ restructuring opens out opportunities for the corporate advisory business.

##### **Threats**

- Execution risk
- Cautiously optimistic approach due to global slowdown
- Increased intensity of competition from local and global players

#### **5. Our Business Streams and Outlook:**

Your company is an Investment Company and the standalone operations have two critical elements:

- (i) Build on a sound portfolio with deeper analysis and a constant churning of the same to adapt to the changing dynamics of the prevalent Indian Capital Market.
- (ii) Your company continues to rely heavily on capital market operations, which accounts for bulk of the consolidated revenues. As such, the performance and results of your company have a direct correlation to the conditions prevailing in the Indian capital market.
- (iii) We recognize the fact the retail investors are still hesitant and averse to investment in the capital market. Hence the retail business is yet to pick up. Based on our past experience we have initiated business in future.
- (iv) Since the institutional business has progressed we have focused on the growth of institutional broking business during this year.

#### **6. Human resources:**

We have recognized that the execution skills are a key factor in giving it a decisive edge over its peers. The challenges which lie ahead in achieving the goals of the organization can be faced only by the human resources capital within the company. Hence we have attached great emphasis to the growth and enhancement of its human resources capital. After the turbulent times in FY08-09 where cost control occupied the centre stage along with risk management the current year has been a year of progress. We have retained the best business talents in the organization who have faced bravely the challenges so far and are striving to give their best. We are committed to face the challenges of market dynamics in human resources in the competitive industry and devise appropriate strategies to take the organization to the next level by raising the organizational bar.



## REPORT ON CORPORATE GOVERNANCE

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

### 1. Company's Philosophy on Corporate 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 company is to attain the highest levels of transparency, accountability and integrity. This objective extends not merely meeting with statutory requirements but also goes beyond them by putting in place procedures and systems, which are in accordance with best practices of governance. Your company believes that good corporate governance will enhance 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 two Executive Directors and two Independent (non executive) Directors. None of the Directors are related to each other.

### Dates of Board Meeting

During the financial year 2009-2010 Five (5) meetings were held on the following dates: 29<sup>th</sup> June 2009, 30<sup>th</sup> July 2009, 17<sup>th</sup> August 2009, 30<sup>th</sup> October 2009 and 30<sup>th</sup> January 2010.

The last Annual General Meeting was held on 14<sup>th</sup> September 2009. The Board comprises of two independent directors out of present strength of four 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 attended	Attendance at the Last AGM	Directorship in Other Companies	Other Companies Committee Chairmanships	Other Companies Committee Memberships
Mr. Sundar Iyer	Chairman-Executive Director	5	No	3	Nil	Nil
Mr. Chandramouli	Managing Director	5	Yes	3	Nil	Nil
Mr. Iyer Vishwanath	Independent Non-Executive Director	5	Yes	1	Nil	Nil
Mr. S. Hariharan	Independent Non-Executive Director	5	Yes	Nil	Nil	Nil

### 3. Board Committees:

#### A. Audit Committee

##### Charter:

The primary object of the Audit Committee of the company is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and



proper disclosures and transparency, integrity and quality of financial reporting.

**Composition:**

The company derived immense benefit from the deliberations of audit committee comprising of the following directors of the company:

Name of the Director	Category of Membership
Mr. Iyer Vishwanath	Chairman
Mr. S. Hariharan	Member
Mr. Chandramouli	Member

The major terms of reference of this committee are as under:

- \* Reviewing with management, the financial statements before submission of the same to the Board.
- \* Overseeing of company's financial reporting process and disclosures of its financial information.
- \* Reviewing the adequacy of the internal audit function.
- \* Recommendation for appointment and fixing remuneration of statutory auditors.
- \* Reviewing the reports furnished by the internal auditors and statutory auditors and ensuring suitable follow up thereon.

**Meeting and Attendance of the Committee:**

During the financial year Four (4) Audit Committee meetings were held on the following dates: 29.06.2009, 30.07.2009, 30.10.2009 and 30.01.2010. The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreements with the Stock Exchanges.

**The attendance of directors at the Audit Committee meetings held during the year 2009-2010 is given below:**

Name of the Director	Category of Membership	Meetings Held	Meetings Attended
Mr. Iyer Vishwanath	Chairman	4	4
Mr. S. Hariharan	Member	4	4
Mr. Chandramouli	Member	4	4

**B. Remuneration Committee**

**Composition:**

The Remuneration Committee comprises of Mr. Iyer Vishwanath, Mr. Hariharan and Mr. Chandramouli. Mr. Iyer Vishwanath is the Chairman of the Remuneration Committee.

**Meeting and Attendance of the Committee:**

One meeting of the Remuneration Committee was held on July 30, 2009, which was attended by all the members.

**Terms of Reference:**

The terms of reference of the Remuneration Committee are as per the guidelines set out in the Listing Agreement with the stock exchanges that include determination of the Company's policy on specific remuneration packages for Directors.

**Remuneration Policy:**

The remuneration of the Executive Directors is recommended by the Remuneration committee, based on criteria such as industry benchmarks, the Company's performance vis-a-vis the industry and responsibilities shouldered. The Company pays remuneration by way of salary and perquisites to its Executive Directors.



### Remuneration of Directors:

The remuneration paid as per the terms recommended by the Remuneration Committee approved by the Board and confirmed by the shareholders of the Company.

Name of the Director	Salary (Rs.)	No. of shares held
Mr. Sundar Iyer	1,75,000	27,44,716
Mr. Chandramouli	1,50,000	5,09,800
Mr. Iyer Vishwanath	Nil	Nil
Mr. Hariharan	Nil	Nil

No fees/remuneration was paid to the Non-executive Directors. Further the company has not entered into any pecuniary relationship or transactions with the Non-executive directors. No sitting fee has been paid to the directors.

### C. Shareholders/Investors Grievance and Share Transfer Committee

#### Composition:

The Shareholders/Investors Grievance and Share Transfer Committee comprises of:

1. Mr. S. Hariharan, Chairman of the Committee.
2. Mr. Sundar Iyer, Member.
3. Mr. Chandramouli, Member.

Chairman of the Committee is a Non-Executive director.

#### Terms of reference:

The shareholders/investor grievances committee specifically looks into redressing of shareholder's and investor's complaints such as transfer of shares, non-receipt of shares, non-receipt of declared dividend, conversion of shares and to ensure expeditious share transfers.

### Meeting and Attendance of the Committee

The Committee oversees the process of share transfer and recommends measures to improve the shareholders/investors service. The said committee met Four (4) times during the year 2009-2010. The Company Secretary is the compliance officer.

### Shareholders queries received and replied in 2009-2010

During the financial year 2009-10, 31 complaints were received from shareholders and were replied/redressed to the satisfaction of the investors. There are no complaints pending as on date of this report. There were no share transfers pending registration as at 31<sup>st</sup> March 2010.

### D. Compliance Certificate

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

### 4. General Body Meetings

The particulars of Annual General Meeting held during the last three years is as under:

Year	Location	Date	Time
2006-2007	Narada Gana Sabha Mini Hall, 314, T.T.K Road, Chennai-600 018	29/09/ 2007	10.30 A.M.
2007-2008	Bharatiya Vidya Bhavan Mini Hall, New No. 18,20,22 (Old No. 37-39) East/Mada Street, Chennai-600 004.	29/09/ 2008	11.00 A.M.
2008-2009	Narada Gana Sabha Mini Hall, 314, T.T.K Road, Chennai-600 018	14/09/ 2009	04.00 P.M.

### Special Resolution Passed in the Past three EGMs:

#### EGM held on 6<sup>th</sup> February 2008:

- a. Preferential issue of Equity shares/warrants to Promoters/Group Associates, Bodies Corporate/Individuals. Proposal was



rescinded and deferred as one of the proposed allottees became ineligible to participate in the issue as per SEBI (Disclosure & Investor Protection) Guidelines, 2000, having traded in the securities within 6 months before relevant date.

- b. Alteration of clause 121 (3) in the Articles of Association regarding fees payable to a Director (including Chairman/managing or whole time director, if any) for attending a meeting of the Board or Committee thereof, shall be fixed by the Board of Directors, subject to the overall limit as may be prescribed by the Central Government, from time to time.

#### **EGM held on 10th March 2008**

Preferential issue of Equity shares/warrants to Promoters/Group Associates, Bodies Corporate/Individuals.

#### **EGM held on 23<sup>rd</sup> March 2009:**

Issue of 10,00,000 - 12% Redeemable Non-Convertible Preference Shares of Rs.100 each aggregating Rs.10 Crore for cash at par on a private placement and / or preferential basis, to Promoters and their group associates.

#### **Special Resolution Passed in the Past three AGMs:**

##### **AGM held on 29th September 2007**

- a. Appointment of Mr. Vivek Bhargava as an Independent Director and approving payment of commission.
- b. Recommending 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. (This resolution was dropped, as it needed alteration in the A/A.)

##### **AGM held on 27th September 2008**

Appointment of Mr. S. P. Tulsian as an Independent Director.

##### **AGM held on 14<sup>th</sup> September 2009**

- a. Appointment of Mr. Sundar Iyer as Executive chairman and approving payment of remuneration.
- b. Appointment of Mr. Chandramouli as Managing Director and approving payment of remuneration.
- c. Appointment of Mr. S. Hariharan as an Independent Director and approving payment of commission.

##### **Postal Ballot:**

No Special resolution were passed last year through Postal Ballot.

##### **5. 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 Exchange or SEBI or any statutory authority on any matter related to capital market.

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

The Company has no Whistle Blower Policy and further no personnel has been denied access to the audit committee.



No money has been raised through public/right/preferential issue during the year.

#### **Profile of directors seeking re-appointment**

(i) **Mr. Iyer Vishwanath**

Mr. Iyer Vishwanath, aged about 54 years, holding Nil paid up share capital is a member of The Institute of Chartered Accountants of India. He is a practicing Chartered Accountant having over 22 years of experience in the field of finance, auditing and taxation. His experience in the field of accounting and taxation continue to be of immense benefit for the company. He does not hold any shares in the company.

Particulars of other company directorship is as follows:

Name of the Company	Designation
SNACO Consulting Pvt Ltd	Director

(ii) **Mr. S. Hariharan**

Mr. S. Hariharan, aged about 59 years, holding Nil paid up share capital is a qualified Company Secretary and Cost Accountant having more than 25 years of experience in the field of finance and company affairs and retired as a Company Secretary from Atlas Copco (I) Limited. His rich and varied experience will benefit the company in many ways. He does not hold any shares in the company.

He does not hold any directorship or any committee membership in any other company.

#### **6. Means of Communication**

The annual, half-yearly and quarterly results are regularly submitted to the

stock exchanges in accordance with the listing agreement and are published in Trinity Mirror (English) and Makkal Kural (Tamil) newspapers.

#### **7. Management Discussion and Analysis Report**

Management Discussion and Analysis Report forms a part of the Director's Report. (Given in Annexure)

#### **8. General Shareholders Information**

##### **Annual General Meeting**

The 24<sup>th</sup> Annual General Meeting of the Company will be held on Monday, 27<sup>th</sup> September 2010 at 3.30 p.m. at Bharatiya Vidya Bhavan Mini Hall, New No. 18,20,22 (Old No. 37-39) East Mada Street, Mylapore, Chennai - 600 004.

#### **Financial Calendar for the year 2010-2011 (Provisional)**

Results for the first quarter ending 30th June, 2010	Second week of August, 2010
Results for the second quarter ending 30th September, 2010	Second week of November, 2010
Results for the third quarter ending 31st December, 2010	Second week of February, 2011
Results for the fourth quarter ending 31st March, 2011	Second week of May, 2011
Annual General Meeting for the year ending 31st March, 2011	By the end of August, 2011

#### **Listing on the Stock Exchanges**

The Equity shares of the Company are listed on the Bombay Stock Exchange 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 in the year 2003-2004, since the company did not have full time Company Secretary. This requirement has been since met and the Company has taken up the issue with NSE for revoking the suspension order. The matter is pending with NSE.





**BSE Stock Code: 526921**

**Market price data:**

High/Low during each month in the financial year 2009-10 at the Bombay stock exchange

Month	Share Prices (Rs.)	
	High	Low
April 2009	10.25	6.00
May 2009	18.00	8.02
June 2009	16.90	11.45
July 2009	12.91	9.40
August 2009	15.08	11.95
September 2009	16.50	12.85
October 2009	15.70	13.05
November 2009	14.58	11.25
December 2009	25.92	13.07
January 2010	34.65	21.15
February 2010	29.90	20.65
March 2010	30.25	23.55

**Registrar and transfer agents**

Link Intime India Pvt. Limited  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (W)  
Mumbai - 400 078.  
Tel: 25963838, Fax: 25946969

**Address for communication**

No. 158, 1st Floor, Eldams Road,  
Alwarpet,  
Chennai - 600 018.  
Tel: 24328452, Fax: 24328252

**Share Transfer System**

Presently the share transfer documents, which are received by the Company, are processed, approved and kept ready for despatch within 15 days from the date of the receipt.

**Distribution of shareholding as on 31st March, 2010**

Slab of Shareholders (Rs.)	Shareholders	%	Amount in Rs.	%
1-5000	5147	82.38	7629430	7.27
5001-10000	464	7.43	3985200	3.80
10001-20000	259	4.14	4183370	3.98
20001-30000	95	1.52	2459720	2.34
30001-40000	47	0.75	1701570	1.62
40001-50000	49	0.78	2374520	2.26
50001-100000	81	1.30	6255170	5.96
Above 100000	106	1.70	76411020	72.77
Total	6248	100.00	105000000	100.00

**Shareholding pattern as on 31st March, 2010**

Categories	Number of shares	%
Promoters, Directors, relatives and associates	4585440	43.67
Mutual Funds	16200	0.15
FII's	181300	1.73
Private Corporate Bodies	855756	8.15
Indian Public	4425929	42.16
NRI's/OCB's	250239	2.38
Clearing Members	185136	1.76
Total	10500000	100.00

**Dematerialisation of shares**

The equity shares of the company has been admitted for dematerialization with NSDL and CDSL and 69.50% of the company's paid up Equity share capital has been dematerialised up to March 31, 2010.



**E-mail ID of Investor Grievance Redressal Cell**

E-mail ID: investors@tcms.bz

**9. Non-Mandatory Requirements**

- a. Chairman of the Board: The company maintains the office of the Chairman at its Corporate Office/Registered Office and also reimburses the expenses incurred in performance of duties.
- b. The Board has duly constituted a Remuneration Committee under the Chairmanship of Mr. Iyer Vishwanath, which determines the remuneration package for Executive Directors.
- c. Shareholder Rights: The quarterly financial results are regularly submitted to the stock exchanges
- d. Audit qualifications: The company has unqualified financial statements.
- e. Training of Board members: Periodical meetings are held with skilled consultancy agencies for the Board members to update them with recent developments and existing laws and practices.
- f. Mechanism of evaluating Non-executive directors: Same as above.
- g. Whistle Blower Policy: The Company does not have a Whistle blower policy.

**DECLARATION**

As provided under Clause 49 of the Listing agreement with the Stock Exchanges, this is to confirm that all the members of the board and the senior Management have affirmed compliance with the Code of conduct for the year ended 31<sup>st</sup> March, 2010.

For Twentyfirst Century Management Services Ltd.

Sundar Iyer  
Chairman

Place: Mumbai  
Date: 24.05.2010

**Auditor's Certificate on Corporate Governance**

We have examined the compliance of Corporate Governance by Twentyfirst Century Management Services Limited for the year ended on 31<sup>st</sup> March 2010, 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 grievance(s) 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 (M.No.38139)  
Partner

Place: Mumbai  
Date : 24-05-2010



## CEO/CFO CERTIFICATION

To

**The Board of Directors**

TWENTYFIRST CENTURY MANAGEMENT  
SERVICES LIMITED

Chennai

We, Sundar Iyer, Chairman and Chandramouli, Managing director of Twentyfirst Century Management Services Limited, on the basis of the review of the financial statements and cash flow statement for the year ended 31<sup>st</sup> March, 2010 and to the best of our knowledge and belief, hereby certify that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year ended 31<sup>st</sup> March 2010 are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting, We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the

auditors and the Audit Committee those deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

5. We have indicated to the Auditors and the Audit Committee that:

- \* There have been no significant changes in internal controls over financial reporting during the year covered by this report.
- \* There have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
- \* There have been no instances of significant fraud of which we have become aware, and the involvement therein, of management or an employee having significant role in the company's internal controls system over financial reporting.

SUNDAR IYER  
Chairman

CHANDRAMOULI  
Managing Director

Place: Mumbai  
Date : 24-05-2010



## 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 2010 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, the Company has kept proper books of account as required by law so far as appears from our examination of the books.

(iii) In our opinion the Balance Sheet and Profit & Loss Account comply with the accounting standards referred to in Sub section (3C) of Section 211 of the Companies Act, 1956, subject to note no. 1(b) of schedule - J in respect of no provision for gratuity and leave encashment.

(iv) The Balance Sheet and Profit & Loss A/c dealt with by this report are in agreement with the books of account.

(v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March, 2010 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 principles 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 2010.
- 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 (M.No.38139)  
Partner

Place: Mumbai  
Date : 24-05-2010



## **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 has 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 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 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 taken loan from Companies or firms listed in the register maintained under section 301 of the Company's Act 1956 and from Company

under the same management. The maximum balance and the year end balance is Rs. 5,50,000/-. 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 its size and nature of business with regard to purchase of shares, fixed assets and for the sale of shares, assets or equipments. We have not observed any continuing failure to correct such internal control systems.
5. The transaction that are required to be entered into the register 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 are applicable.
7. The Company is not a manufacturing company and does not have any scrap or by product.
8. In our opinion, the Company has an adequate internal audit system commensurate with the size of the company and nature of its business.
9. We have been informed that Central Government has not prescribed the maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956, for any product of the Company.



10. According to the information and explanations given to us, the company been regular in depositing Employees Provident Fund dues and has been also been regular in depositing undisputed income tax and other applicable statutory dues with appropriate authorities.

No undisputed amount payable in respect of income tax, cess and other material statutory dues, are in arrears as at 31<sup>st</sup> March, 2010 for period exceeding six months except in respect of assessment year 2003-04, the Company has a disputed tax liability arising out of addition of Rs. 1,292.48 Lakhs made by the Income-tax Officer and the matter is pending before the Honble High Court of Madras. No provision towards tax liability is considered necessary as this addition, which is disputed, has not resulted in any additional tax liability and the Company has been advised about favourable decisions.

11. The company has accumulated losses of Rs. 282.92 Lakhs till the immediately proceeding financial year and has not incurred any loss during the current financial year under this report.

12. 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.

13. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore the provisions of clause 4 (xii) of the companies (Auditor's Report) Ordered, 2003 are not applicable to the company.

14. In our opinion the company is not a Chit Fund or a Nidhi/Mutual Fund/Society. Therefore the provisions of clause 4 (xiii) of the companies (Auditor's Report) Ordered, 2003 are not applicable to the company.

15. The Company is dealing in shares and proper records have been maintained for the transactions and contracts & timely entries have been made therein & the shares have been held by the Company in its own name.

16. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.

17. According to the information and explanations given to us, the Company has not obtained any term loans during the year under review.

18. According 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.

19. 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.

20. 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 (M.No.38139)  
Partner

Place: Mumbai  
Date : 24-05-2010



## BALANCE SHEET AS ON 31st MARCH 2010

(Rupees in Thousands)

	SCHEDULE	31.03.2010 Rs.	31.03.2009 Rs.
<b>I SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	179786	164786
Reserves & Surplus	B	349397	343402
<b>Loan Funds</b>			
Secured Loans		0	0
Unsecured Loans		550	0
Deferred Tax Liability		9	0
<b>TOTAL</b>		<b>529742</b>	<b>508188</b>
<b>II APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	C	32084	32084
Less Depreciation		31668	31572
Net Block		<b>416</b>	<b>512</b>
<b>INVESTMENTS</b>	D	<b>500651</b>	<b>282525</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	E	94353	248846
Less : CURRENT LIABILITIES & PROVISIONS	F	65678	23695
<b>NET CURRENT ASSETS</b>		28675	225151
<b>TOTAL</b>		<b>529742</b>	<b>508188</b>
NOTES FORMING PART OF ACCOUNTS	J		
PER OUR REPORT ATTACHED for SHANKAR & KISHOR CHARTERED ACCOUNTANTS		FOR AND ON BEHALF OF THE BOARD SUNDAR IYER CHAIRMAN	
S. B. SHETTY (M.No.38139) PARTNER		A.V.M. SUNDARAM COMPANY SECRETARY	
Place : Mumbai Date : 24.05.2010		CHANDRAMOULI MANAGING DIRECTOR	



# **PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010**

(Rupees in Thousands)

	SCHEDULE	31.03.2010 Rs.	31.03.2009 Rs.
<b>INCOME</b>			
Income from Capital Market operations	G	9874	(185970)
Other Income	H	5328	4011
<b>TOTAL</b>		<b>15202</b>	<b>(181959)</b>
<b>EXPENDITURE</b>			
Employment cost		6790	6665
Administrative & Operative Expenses	I	2312	800
Depreciation		96	120
<b>TOTAL</b>		<b>9198</b>	<b>7585</b>
<b>PROFIT BEFORE TAX</b>		6004	(189544)
Provision for Tax		0	0
Deferred Tax Liability		(9)	0
<b>PROFIT AFTER TAXATION</b>		5995	(189544)
Surplus brought forward		(28292)	161252
Surplus Transferred to Balance Sheet		<b>(22297)</b>	<b>(28292)</b>
Earning per share of Rs.10/- each(in Rs.)			
Basic and Diluted		0.57	(18.09)
Notes to Accounts	J		

PER OUR REPORT ATTACHED  
for SHANKAR & KISHOR  
CHARTERED ACCOUNTANTS

S. B. SHETTY (M.No.38139)  
PARTNER

Place : Mumbai  
Date : 24.05.2010

A.V.M. SUNDARAM  
COMPANY SECRETARY

FOR AND ON BEHALF OF THE BOARD  
SUNDAR IYER  
CHAIRMAN

CHANDRAMOULI  
MANAGING DIRECTOR





(Rupees in Thousands)

## SCHEDULE - A

### SHARE CAPITAL

#### AUTHORISED CAPITAL

2,00,00,000 Equity Shares of Rs.10/- each

10,00,000 Redeemable Preference  
Shares of Rs. 100/- each

#### ISSUED , SUBSCRIBED AND PAID UP

1,05,00,000 Equity shares of Rs.10/-each  
Less: Calls in arrears (other than directors)

7,50,000 12% redeemable preference  
Shares of Rs. 100/- each  
(P.Year:6,00,000 12% redeemable preference shares of Rs.100/- each)

TOTAL

**As on  
31.03.2010**

**As on  
31.03.2009**

**200000**

200000

**100000**

100000

**300000**

300000

**105000**

105000

**214**

214

**104786**

104786

**75000**

60000

**179786**

164786

## SCHEDULE - B

### RESERVES & SURPLUS

Share Premium Account  
General Reserve  
Profit and Loss Account

TOTAL

**335933**

335933

**35761**

35761

**(22297)**

(28292)

**349397**

343402

## SCHEDULE -C

### FIXED ASSETS & DEPRECIATION

(Rupees in Thousands)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	ASON 31.03.2009	ADDITIONS	DELETIONS	ASON 31.03.2010	ASON 31.03.2009	ADDITIONS	DELETIONS	ASON 31.03.2010	ASON 31.03.2010	ASON 31.03.2009
I. FURNITURE	6385	0	0	6385	5889	89	0	5978	407	496
II. OFFICE EQUIPMENTS	4884	0	0	4884	4884	0	0	4884	0	0
III. COMPUTERS	14098	0	0	14098	14082	7	0	14089	9	16
IV. MOTOR CAR	5298	0	0	5298	5298	0	0	5298	0	0
V. AIRCONDITIONER	1419	0	0	1419	1419	0	0	1419	0	0
<b>TOTAL</b>	<b>32084</b>	<b>0</b>	<b>0</b>	<b>32084</b>	<b>31572</b>	<b>96</b>	<b>0</b>	<b>31668</b>	<b>416</b>	<b>512</b>
<b>PREVIOUS YEAR</b>	<b>32084</b>	<b>0</b>	<b>0</b>	<b>32084</b>	<b>31452</b>	<b>120</b>	<b>0</b>	<b>31572</b>	<b>512</b>	



(Rupees in Thousands)

#### SCHEDULE - D

##### INVESTMENTS (At Cost)

(Market Value of Investments - 6017.51 Lacs - Refer note no.8)

##### Investment with subsidiary

Investments in Twentyfirst Century Shares & Securities Ltd  
(55,89,500 equity shares Rs.10/- each fully paid up)

7,50,000 12% redeemable preference shares of Rs.100/- each  
(P.year - 6,00,000 12% redeemable preference shares of Rs. 100/- each)

TOTAL

**As on  
31.03.2010**

**As on  
31.03.2009**

**363756**

160630

**61895**

61895

**75000**

60000

**500651**

282525

#### SCHEDULE - E

##### CURRENT ASSETS, LOANS AND ADVANCES

##### A) CURRENT ASSETS

Sundry Debtors

(Unsecured considered good Outstanding  
less than six months)

Cash on hand

Balances in current accounts with scheduled banks

Balances in fixed deposit accounts with banks

TOTAL

**0**

208252

**225**

200

**954**

1289

**564**

522

**1743**

210263

##### B) LOANS & ADVANCES

Loans & Advances

Advance payment of taxes

Deposits

TOTAL

**69569**

15547

**21978**

21973

**1063**

1063

**92610**

38583

**94353**

248846

A + B



(Rupees in Thousands)

**SCHEDULE - F**

**CURRENT LIABILITIES AND PROVISIONS**

**CURRENT LIABILITIES**

Sundry Creditors	42762	0
Other Liabilities	339	1118
Unpaid dividend	511	511

**PROVISIONS**

Provision for Income Tax	22066	22066
<b>TOTAL</b>	<b>65678</b>	<b>23695</b>

**SCHEDULE - G**

**INCOME FROM CAPITAL MARKET OPERATIONS**

Profit from cash segment	(22502)	(163213)
Profit from derivative segment	32376	(22757)
<b>TOTAL</b>	<b>9874</b>	<b>(185970)</b>

**SCHEDULE - H**

**OTHER INCOME**

Dividend received	1908	3934
Interest on fixed deposit	46	65
Service Charges	12	12
Other Income	3362	0
<b>TOTAL</b>	<b>5328</b>	<b>4011</b>

**SCHEDULE - I**

**ADMINISTRATION & OPERATIVE EXPENSES**

Advertisement	72	128
Audit Fees	99	83
Dividend processing charges	103	0
Depository charges	148	94
Issuer charges	66	45
Legal fees	454	50
Listing fees	87	80
Professional fees	199	281
Miscellaneous expenses	1084	39
<b>TOTAL</b>	<b>2312</b>	<b>800</b>



## SCHEDULE - J

### NOTES TO ACCOUNTS

#### 1. Significant Accounting Policies

##### a) *Basis of Accounting*

The Company's accounts are maintained under the historical cost convention on an accrual basis. These financial statements comply with relevant provisions of the Companies Act, 1956, and the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

##### b) *Revenue Recognition*

- Profit/Loss from trading activity is recognised on trade dates on first in first out basis. In respect of completed transactions pending settlement process, necessary treatment is given in the accounts for the Profits/Losses arising from these transactions.
- Dividend income is accounted for on receipt basis.

##### c) *Fixed Assets*

Assets are capitalised at cost inclusive of cost of installation and incidental charges if any.

##### d) *Depreciation*

Assets are depreciated under the written down value method at the rates prescribed in Schedule XIV to the companies Act.

##### e) *Investments*

Investments of the Company are valued at cost.

##### f) *Income Tax*

In view of the brought forward losses no tax provision has been made for the Year ended 31<sup>st</sup> March, 2010. The Company is disputing tax liability arising out of addition of Rs. 1,292.48 lakhs made by the Income-tax Officer for the assessment year 2003-04 and the matter is pending

before the Hon'ble High Court of Madras. No provision towards tax liability is considered necessary as this addition, which is disputed, has not resulted in any additional tax liability for the assessment year 2003-04.

##### g) *Deferred Tax (AS - 22)*

Deferred Tax Liability has been created against unabsorbed depreciation as per (AS -22), accordingly an amount of Rs. 0.09 Lacs has been charged to Profit and Loss Account. Deferred tax asset has not been created against carried forward losses and unabsorbed depreciation, since there is no virtual certainty supported by convincing evidence with the organisation, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

##### h) *Gratuity and Employment Benefits*

No provision for Gratuity has been made in accounts, however in the event of any employee leaving the services by reason of death or incapability, gratuity for the period of the services shall be paid and accounted for on cash basis.

The company does not have a policy of leave encashment in respect of its employees and no provision for encashment of unavailed leave on their retirement or separation.

#### 2. Contingent Liabilities

Contingent liabilities not provided for - Nil

#### 3. Auditors Remuneration

Particulars	31/03/2010	31/03/2009
	Rs.	Rs.
Audit Fees	50,000	50,000
Certification & Company Law matters	10,000	10,000
Tax Audit Fees	30,000	15,000
Service tax	9,270	7,725
<b>Total</b>	<b>99,270</b>	<b>82,725</b>



4. During the year company has made allotment of 1,50,000 12% preference shares of Rs.100/- each to the promoters in addition to the issue of 6,00,000 12% preference shares of Rs.100/- each made last year to the promoters.

5. There was no employee, getting salary in excess of Rs. 2,00,000/- per month or more throughout or part of the financial year under review.

6. Related party disclosures as required under AS-18 (Related Party Disclosures)

**Wholly owned subsidiary**

*Twentyfirst Century Shares & Securities Limited*

**Companies in which Directors are interested**

Twentyfirst Century Money Growth Fund Limited

SI Investment & Broking Private Limited

**Key Management personnel**

Mr. Sundar Iyer

Mr. Chandramouli

**Transactions with subsidiary & Related Parties**

Due from Subsidiary for trading activity - 624.08 Lakhs.

Due from SI Investment and Broking Pvt. Ltd - 227.86 Lakhs

**Remuneration paid to directors**

Sundar Iyer - 21.00 Lacs

Chandramouli - 18.00 Lacs

**7. Earning Per Share**

Net Profit/(Loss) After Tax (Rs. in Lacs)	59.95	(1895.44)
Weighted average number of outstanding shares (In Lacs)	105	105
Basic/Diluted EPS (in Rs.) (Face Value of Rs.10 each)	0.57	(18.05)

**8. Details of Investments**

Scrip	Qty	Cost	Mkt Value
Akshay Software	418000	12620640	Unquoted
Accentia Technology	324958	66222020	98121068
Amaraja Battery	10000	1662633	1636500
Glodyne Technology	647815	254369905	473002122
Modern Dairies	10000	596200	415500
Nelco	50000	6434194	7382500
Puneet Resins	12500	172540	143625
Zylog Systems	50000	21678285	21050000
Total		363756417	601751315

9. There are no reported Micro, Small and Medium enterprises as defined in Micro, Small & Medium Enterprises Act 2006 to whom the company owes dues.

10. Previous year figures have been rearranged and regrouped wherever necessary to facilitate the comparison.

As per our Report of even Date

For and on behalf of Board

For Shankar & Kishor  
Chartered Accountants

S.B. Shetty (M.No.38139)  
Partner

Sundar Iyer  
Chairman

Chandramouli  
Director

Place : Mumbai  
Date : 24-05-2010

A.V.M. Sundaram  
Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

(Rupees in Thousands)

	31.03.2010		31.03.2009	
	Rs.	Rs.	Rs.	Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax		6004		(189544)
Add: Depreciation	96		120	
Interest received	(46)		(65)	
Dividend received	(1908)	(1858)	(3934)	(3879)
<b>Operating Profit before working capital changes</b>		4146		(193423)
Trade and other receivables	154230		(83827)	
Trade payables and other liabilities	41983	196213	1330	(82497)
Cash generated from operations		200359		(275920)
Direct Taxes paid		(5)		0
Net cash flow from operating activities (A)		<b>200354</b>		<b>(275920)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment in subsidiary		(15000)		(60000)
Other investments		(203126)		278275
Interest received		46		65
Dividend received		1908		3934
Bank deposits		(42)		5255
Net cash flow from investing activities (B)		<b>(216214)</b>		<b>227529</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Issue preference shares		15000		60000
Unsecured loans		550		
Dividend including dividend tax		0		(11057)
Net cash flow from financing activities (C)		<b>15550</b>		<b>48943</b>
Net increase/(decrease) in cash & cash equivalents (A+B+C)		(310)		552
Cash & cash equivalents - Opening Balance		14.89		9.37
Cash & cash equivalents - Closing Balance		11.79		14.89

PER OUR REPORT ATTACHED  
for SHANKAR & KISHOR  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD  
SUNDAR IYER  
CHAIRMAN

S. B. SHETTY (M.No.38139)  
PARTNER

A.V.M. SUNDARAM  
COMPANY SECRETARY

CHANDRAMOULI  
MANAGING DIRECTOR

Place : Mumbai  
Date : 24.05.2010



**ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND BUSINESS PROFILE**

**1. REGISTRATION DETAILS**

Registration No.

State Code

Balance Sheet Date

Date Month Year

**2. Capital raised during the year (Rs. in Thousands)**

Public Issue

Rights Issue

Bonus Issue

Private Placement

**3. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)**

Total Liabilities

Total Assets

**Sources of Funds**

Paid-up capital

Reserves & Surplus

Secured Loans

Unsecured Loans

**Application of Funds**

Net Fixed Assets

Investments

Net Current Assets

Miscellaneous Expenditure

Accumulated Loss

**4. Performance of the Company (Rs. in Thousands)**

Total Revenue

Total Expenditure

+ -  
☒ ☐

Profit/( Loss) Before Tax

+ -  
☒ ☐

Profit/( Loss) After Tax

Earnings Per Share (Rs)

Dividend Rate %

**5. Generic Names of Three Principal Products/Service of the Company (as per monetary terms)**

Item Code No. :

Product Description :





**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

- |    |   |   |   |
|----|---|---|---|
| 1. | Name of the Company   | : | <b>Twentyfirst Century Shares &amp; Securities Ltd.</b>   |
| 2. | Financial year ending   | : | <b>31st March, 2010</b>   |
| 3. | Shares of the Subsidiary held on above date   |   |   |
|    | Number and face value   | : | <b>55.89,500 equity shares of Rs.10/- each fully paid up 7,50,000 12% redeemable preference shares of Rs.100/- each</b> |
|    | Extent of holding Company   | : | <b>100%</b>   |
| 4. | Net aggregate amount of the Subsidiary profit and losses not dealt within the Holding Company's Account |   |   |
|    | a. Current Year   | : | <b>Rs. (25208) Thousands</b>  |
|    | b. Previous years since it became Subsidiary  | : | <b>Rs. 67843 Thousands</b>  |
| 5. | Net aggregate amount of the Subsidiary profit and losses dealt within the Holding Company's Account     |   |   |
|    | a. Current Year   | : | <b>Nil</b>  |
|    | b. Previous years since it became Subsidiary  | : | <b>Nil</b>  |

For and on behalf of the Board

SUNDAR IYER  
Chairman

A.V.M. SUNDARAM  
Company Secretary

CHANDRAMOULI  
Managing Director

Place: Mumbai  
Date : 24/05/2010





































## AUDITOR'S REPORT

### AUDITORS REPORT TO THE BOARD OF DIRECTORS OF TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED AND ITS SUBSIDIARY

We have examined the attached consolidated Balance Sheet of TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED and its subsidiary, TWENTYFIRST CENTURY SHARES AND SECURITIES LIMITED as at 31<sup>st</sup> March 2010 and the consolidated Profit & Loss Account for the Year then ended.

These financial statements are the responsibility of the management of the Twentyfirst Century Management Services Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements, we believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements

of Accounting Standard (AS) 21, subject to note no. 2(g) of schedule - M, in respect of no provision for gratuity and leave encashment. Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Twentyfirst Century Management Services Limited and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Twentyfirst Century Management Services Limited and its aforesaid subsidiary, we are of the opinion that:

- (a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Twentyfirst Century Management Services Limited and its subsidiary as at 31st March 2010.
- (b) the Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of Twentyfirst Century Management Services Limited and its subsidiary for the year then ended.
- (c) In case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Shankar & Kishor  
Chartered Accountants

S. B. Shetty (M.No.38139)  
Partner

Place: Mumbai  
Date : 24-05-2010



# **CONSOLIDATED BALANCE SHEET AS ON 31st MARCH 2010**

(Rupees in Thousands)

SCHEDULE	31.03.2010	31.03.2009
<b>I SOURCES OF FUNDS</b>		
<b>Shareholders' Funds</b>		
Share Capital A	179786	164786
Reserves & Surplus B	389491	408704
<b>Loan Funds</b>		
Secured Loans C	235905	163530
Unsecured Loans	550	0
<b>TOTAL</b>	<b>805732</b>	<b>737020</b>
<b>II APPLICATION OF FUNDS</b>		
<b>Goodwill on Consolidation</b>	<b>2939</b>	<b>2939</b>
<b>FIXED ASSETS</b>		
Gross Block D	68202	65436
Less Depreciation	46745	44269
Net Block	<b>21457</b>	<b>21167</b>
Capital work in progress	10967	10967
	<b>32424</b>	<b>32134</b>
<b>Investments E</b>	365049	176572
<b>CURRENT ASSETS, LOANS &amp; ADVANCES F</b>	484384	564166
Less : Current Liabilities & Provisions G	79064	38791
<b>NET CURRENT ASSETS</b>	<b>405320</b>	<b>525375</b>
<b>TOTAL</b>	<b>805732</b>	<b>737020</b>
NOTES FORMING PART OF ACCOUNTS M		

PER OUR REPORT ATTACHED  
for SHANKAR & KISHOR  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD  
SUNDAR IYER  
CHAIRMAN

S. B. SHETTY (M.No.38139)  
PARTNER

A.V.M. SUNDARAM  
COMPANY SECRETARY

CHANDRAMOULI  
MANAGING DIRECTOR

Place : Mumbai  
Date : 24.05.2010



# **CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010**

(Rupees inThousands)

	SCHEDULE	31.03.2010	31.03.2009
<b>INCOME</b>			
Brokerage & Service Charges	H	48512	41153
Trading Profit in Capital Market		5509	(198600)
Other Income	I	9298	13711
<b>TOTAL</b>		<b>63319</b>	<b>(143736)</b>
<b>EXPENDITURE</b>			
Employment cost	J	28712	31000
Administrative & Operative Expenses	K	23215	27416
Financial Cost	L	28161	43289
Depreciation		2476	3511
<b>TOTAL</b>		<b>82564</b>	<b>105216</b>
Profit for the year		(19245)	(248952)
Current Tax		0	0
Fringe Benefit Tax		(11)	(506)
Deferred Tax		43	326
Profit after Tax		(19213)	(249132)
Surplus brought forward		36490	285622
Surplus Transferred to Balance Sheet		17277	36490
Earning per share of Rs. 10/- each (in Rs.)			
Basic and Diluted		(1.83)	(23.73)
Notes to Accounts	M		
PER OUR REPORT ATTACHED for SHANKAR & KISHOR CHARTERED ACCOUNTANTS		FOR AND ON BEHALF OF THE BOARD SUNDAR IYER CHAIRMAN	
S. B. SHETTY (M.No.38139) PARTNER	A.V.M. SUNDARAM COMPANY SECRETARY	CHANDRAMOULI MANAGING DIRECTOR	
Place : Mumbai Date : 24.05.2010			



(Rupees inThousands)

**SCHEDULE - A**

**SHARE CAPITAL**

**AUTHORISED CAPITAL**

2,00,00,000 Equity Shares of Rs.10/- each

**200000**

200000

10,00,000 Redeemable Preference  
Shares of Rs. 100/- each

**100000**

100000

**TOTAL**

**300000**

300000

**ISSUED , SUBSCRIBED AND PAID UP**

1,05,00,000 Equity shares of Rs.10/-each

**104786**

104786

7,50,000/- 12% Redeemable Preference  
Shares of Rs. 100/- each

**75000**

60000

**TOTAL**

**179786**

164786

**SCHEDULE - B**

**RESERVES & SURPLUS**

Share Premium Account

**335933**

335933

General Reserve

**35861**

35861

Capital Reserve

**224**

224

Revaluation Reserve

**196**

196

Profit and Loss Account

**17277**

36490

**TOTAL**

**389491**

408704

**SCHEDULE - C**

**SECURED LOANS**

Cash Credit and Overdraft from Banks

**235905**

163530

**TOTAL**

**235905**

163530



## SCHEDULE - D

### FIXED ASSETS & DEPRECIATION

(Rupees in Thousands)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	ASON 31.03.2009	ADDITIONS	DELETIONS	ASON 31.03.2010	ASON 31.03.2009	ADDITIONS	DELETIONS	ASON 31.03.2010	ASON 31.03.2010	ASON 31.03.2009
I. BUILDING	11542	0	0	11542	0	0	0	0	11542	11542
II. FURNITURE	9048	53	0	9101	7097	357	0	7454	1647	1951
III. OFFICE EQUIPMENTS	9410	52	0	9462	6616	392	0	7008	2454	2794
IV. COMPUTER	24855	178	0	25033	21740	1270	0	23010	2023	3115
V. MOTOR CAR	9162	2483	0	11645	7397	457	0	7854	3791	1765
VI. AIR CONDITONER	1419	0	0	1419	1419	0	0	1419	0	0
<b>TOTAL</b>	<b>65436</b>	<b>2766</b>	<b>0</b>	<b>68202</b>	<b>44269</b>	<b>2476</b>	<b>0</b>	<b>46745</b>	<b>21457</b>	<b>21167</b>
PREVIOUS YEAR	64786	650	0	65436	40758	3511	0	44269	21167	

(Rupees in Thousands)

## SCHEDULE - E

### INVESTMENT

Investment (at cost)  
(Market Value of Investment Rs. 6017.51 Lacs)

**As on  
31.03.2010**

**As on  
31.03.2009**

**365049**

**176572**

**365049**

**176572**

## SCHEDULE - F

### CURRENT ASSETS, LOANS & ADVANCES

#### A) CURRENT ASSETS

Sundry Debtors

**269126**

**447643**

Cash on hand

**1708**

**1660**

Balances in Current Accounts

**21475**

**5189**

Balances in Fixed Deposits

**41798**

**21352**

Other Receivables

**11136**

**1169**

**345243**

**477013**



(Rupees in Thousands)

## B) LOANS & ADVANCES

(Recoverable in cash or kind or for value to be received, unsecured, considered good)

Loans & Advances

Advance Payment of Tax

Deposits

TOTAL

A+B

**As on  
31.03.2010**

**As on  
31.03.2009**

**72924**

27428

**44933**

41112

**21284**

18613

**139141**

**87153**

**484384**

**564166**

## SCHEDULE - G

### CURRENT LIABILITIES AND PROVISIONS

#### CURRENT LIABILITIES

Sundry creditors

**42762**

0

Unpaid dividend

**511**

511

Other Liabilities

**4511**

6494

#### PROVISIONS

Provision for Taxation

**31280**

**31786**

TOTAL

**79064**

**38791**

## SCHEDULE - H

### BROKERAGE & SERVICE CHARGES RECEIVED

From wholesale debt market

**12567**

5521

From capital market

**35657**

35449

Mutual fund brokerage

**288**

183

TOTAL

**48512**

**41153**



(Rupees in Thousands)

#### **SCHEDULE - I**

##### **OTHER INCOME**

Miscellaneous Income	<b>6485</b>	9697
Interest on fixed deposits	<b>2813</b>	4014
<b>TOTAL</b>	<b>9298</b>	<b>13711</b>

#### **SCHEDULE - J**

##### **EMPLOYMENT COST**

Salaries & Bonus	<b>27357</b>	29185
Employer's contribution to Provident fund	<b>1089</b>	1466
Staff Welfare expenses	<b>266</b>	349
<b>TOTAL</b>	<b>28712</b>	<b>31000</b>

#### **SCHEDULE - K**

##### **ADMINISTRATIVE & OPERATIVE EXPENSES**

Communication Expenses	<b>5370</b>	6146
Travel & Conveyance	<b>735</b>	995
Rent	<b>2792</b>	5031
Business Promotion expenses	<b>210</b>	146
Printing & Stationery	<b>287</b>	293
Professional Fees	<b>231</b>	1334
Electricity charges	<b>1090</b>	1246
Repairs & Maintenance	<b>2072</b>	2755
Other Expenses	<b>5212</b>	3199
Broker notes	<b>1297</b>	597
N. S. E. annual subscription	<b>110</b>	100
Service charges	<b>1576</b>	2122
Software development expenses	<b>0</b>	560
Insurance	<b>1147</b>	1151
Service tax paid	<b>1086</b>	1741
<b>TOTAL</b>	<b>23215</b>	<b>27416</b>

#### **SCHEDULE - L**

##### **FINANCIAL COST**

Interest charges	<b>26363</b>	40961
Depository charges	<b>564</b>	658
Other financial expenses	<b>1234</b>	1670
<b>TOTAL</b>	<b>28161</b>	<b>43289</b>





## **SCHEDULE - M**

### **SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

#### **Basis of Consolidation, Significant Accounting Policies and notes to accounts**

##### **1. Principles of Consolidation:**

The consolidated financial statements relate to Twentyfirst Century Management Services Limited and its 100% subsidiary, Twentyfirst Century Shares and Securities Limited.

The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expense. The intra-group balances and intra-group transactions and unrealised profits or losses are fully eliminated as per AS-21 (Consolidated Financial Statement) issued by Institute of Chartered Accountants of India.

The excess of cost to the Company of its investment in the subsidiary over the Company's portion of equity of the subsidiary as at the date of investment is recognized in the consolidated financial statement as goodwill.

##### **2. Significant Accounting Policies**

###### **a) Basis of Accounting**

The financial statements of the Subsidiary Company used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended 31<sup>st</sup> March 2010.

The financial statement of the Company and its subsidiary company are maintained under the historical cost convention on an accrual basis unless otherwise stated and have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and generally accepted accounting principles.

###### **b) Revenue Recognition**

All operating Revenues are recognized as income on completion of transactions and as per the terms of the agreement with parties and in accordance with RBI guidelines on income recognition for Non Banking Financial Services, subject to this:

- i) Profit/Loss from trading activity is recognised on trade dates on first in first out basis. In respect of completed transactions pending settlement process, necessary treatment is given in the accounts for the Profits/Losses arising from these transactions.
- ii) Dividend income is accounted for on receipt basis.

###### **c) Fixed Assets**

All assets are capitalised at cost including installation expenses if any.

###### **d) Depreciation**

Assets are depreciated under the written down value method at the rates prescribed in Schedule XIV to the companies Act.

###### **e) Deferred Tax Asset**

The company has recognized deferred tax arising due to timing difference on depreciation which is in compliance with accounting standard (AS-22) - accounting for tax on income.

###### **f) Investments**

Investments of the Company are valued at cost.

###### **g) Gratuity and Employment Benefits**

No provision for gratuity has been made in accounts, however in the event of any employee leaving the services by reason of death or incapability, gratuity for the period of the services shall be paid and accounted for on cash basis.

However subsidiary company has a policy of leave encashment in respect of its employees but no provision has been made for encashment of unavailed leave by employees.



3. Confirmations of balances were not obtained, as at 31<sup>st</sup> March 2010 from the parties.
4. Previous year figures have been regrouped and rearranged wherever necessary to facilitate comparison.
5. Related party disclosures as required under AS - 18, "Related Party Disclosures".

**Related party and their relationship**

**Directors and their relatives**

Name	Relationship
Mr. Sundar Iyer	Director
Mr. Chandramouli	Director
Mr. A. V. M. Sundaram	Company Secretary and director in subsidiary
Mr. Siddharth S. Iyer	Director
Vasudhara Trading Pvt. Ltd.	Company owned by relative of director
SI Investment & Broking Pvt. Ltd.	Company owned by relative of director
SI Family Trust	Entity owned by relative of director
Mrs. Vanaja Sundar	Relative of a director
Mr. Sridhar Iyer	Relative of a director
Mrs. Shobana Chandramouli	Relative of a director
Twentyfirst Century Money Growth Fund Ltd.	Company in which directors are interested
Mrs. Vimala Sundaram	Relative of a director
Palani Andavar and Holdings Pvt. Ltd.	Company in which directors are interested
Lubricants and Allied products Mfg. Co. P Ltd	Company in which directors are interested

**Transactions with the related parties**

Sundry Debtors/Creditors for Trading Activity	Dr/Cr	Rs. in Lacs
Mrs. Vimala Sundaram	Dr	26.96
Vasudhara Trading Pvt. Ltd.	Cr	52.36
Mrs. Shobana Chandramouli	Dr	45.03
Mr. Sundar Iyer	Cr	205.75
Mr. A.V.M. Sundaram	Dr	1.10
SI Family Trust	Cr	890.00
Palani Andavar Holdings Pvt Ltd.	Cr	267.90
Mr. Siddharth S. Iyer	Cr	12.16
Lubricants and Allied products Mfg. Co. P Ltd	Dr	0.02
Mrs. Vanaja Sundar Iyer	Cr	583.51
Mr. Shridhar Iyer	Dr	1.04
SI Investment & Broking Pvt. Ltd.	Cr	227.86

**Remuneration paid to Directors**

Sundar Iyer	-	21.00 Lacs
Chandramouli	-	18.00 Lacs

**6. Earning Per Share**

Net Profit/(Loss) After tax (Lacs)	(192.13)	(2491.32)
Weighted average number of shares outstanding (lacs)	105.00	105.00
Basic/Diluted EP S(Rs.)	(1.83)	(23.73)

**7. Contingent liability towards Bank Guarantee of Rs. 7.50 crores not provided in accounts.**

As per our Report of even Date

For and on behalf of Board

For Shankar & Kishor  
Chartered Accountants

S.B. Shetty (M.No.38139)  
Partner

Sundar Iyer  
Chairman

Place: Mumbai  
Date: 24.05.2010

Chandramouli  
Managing Director



**TWENTYFIRST CENTURY MANAGEMENT SERVICES LTD**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010**

	31.03.2010		(Rupees in Thousands) 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax		(19245)		(248952)
Add: Depreciation	2476		3511	
Interest paid	26363		43195	
Interest Received	(2859)		(4079)	
Dividend received	(1908)	24072	(8907)	33720
<b>Operating Profit before working capital changes</b>		4827		(215232)
Trade and other receivables	111848		(82372)	
Loans & advances	8526		3852	
Trade payables and other liabilities	40779	161153	129	(78391)
Cash generated from operations		165980		(293623)
Less: Taxes Paid		(4286)		(3049)
<b>Net cash flow from operating activities (A)</b>		<b>161694</b>		<b>(296672)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Bank deposits		(20446)		64956
Issue of preference shares		15000		60000
Other Investments		(203126)		278275
Redemption of Investments		14649		121548
Purchase of fixed assets		(2766)		(650)
Interest received		2859		4079
Dividend received		1908		8907
Capital work in progress		0		(5895)
<b>Net cash flow from investing activities (B)</b>		<b>(191922)</b>		<b>531220</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Temporary overdraft & loan against shares		78126		(194808)
Repayment of short term loans		(5751)		0
Unsecured Loans		550		0
Dividend including dividend tax for last year		0		(11057)
Interest paid		(26363)		(43195)
<b>Net cash flow from financing activities (C)</b>		<b>46562</b>		<b>(249060)</b>
Net increase/(decrease) in cash & cash equivalents (A+B+C)		16334		(14512)
Cash & cash equivalents - Opening Balance		6849		21361
Cash & cash equivalents - Closing Balance		<b>23183</b>		<b>6849</b>

PER OUR REPORT ATTACHED  
for SHANKAR & KISHOR  
CHARTERED ACCOUNTANTS

S. B. SHETTY (M.No.38139)  
PARTNER

A.V.M. SUNDARAM  
COMPANY SECRETARY

FOR AND ON BEHALF OF THE BOARD  
SUNDAR IYER  
CHAIRMAN

CHANDRAMOULI  
MANAGING DIRECTOR

Place : Mumbai  
Date : 24.05.2010

**TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED**

Regd. &amp; 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, Chennai - 600 004 on 27th September, 2010 at 3.30 p.m.

\*Applicable in case of shares held in physical Form

Signature of the Member/Proxy

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**TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED**

Regd. &amp; 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 2010 and at any adjournment thereof.

Signed this ..... day of ..... 2010

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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