

**TWENTYFIRST CENTURY  
MANAGEMENT SERVICES LTD**



**27<sup>th</sup> ANNUAL REPORT  
2012 - 2013**




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### **BOARD OF DIRECTORS**

Mr. SUNDAR IYER  
Non - Executive Chairman

Mr. CHANDRAMOULI  
Managing Director  
(RESIGNED w.e.f 31.05.2013)

Mr. IYER VISHWANATH  
Independent Director

Mr. S. HARIHARAN  
Independent Director

Mr. KRISHNAN MUTHUKUMAR  
Director  
(APPOINTED w.e.f 06.02.2013)

### **COMPANY SECRETARY**

Mr. A. V. M. SUNDARAM

### **AUDITORS**

M/s. M. B. LADHA & COMPANY  
Chartered Accountants  
Mumbai

### **BANKERS**

ICICI BANK LIMITED  
HDFC BANK LTD

### **REGISTERED OFFICE**

No. 158, 1st Floor, Eldams Road,  
Alwarpet, Chennai - 600 018.

### **CORPORATE OFFICE**

1st Floor, Grease House,  
Zakaria Bundar Road, SEWREE,  
Mumbai - 400 015.

### **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 27<sup>th</sup> Annual General Meeting of the Company will be held on Monday, 30<sup>th</sup> December, 2013 at 11.30 a. m. at Asha Nivas, No. 9, Rutland Gate 5th Street, Chennai - 600 006 to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2013 and the Statement of profit & loss account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To appoint Mr. Sundar Iyer, who retires at the ensuing General Meeting and being eligible, offers himself for reappointment.
3. To appoint Mr. Iyer Vishwanath, who retires at the ensuing General Meeting and being eligible, offers himself for reappointment.
4. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT subject to the provisions of Section 225 and other applicable provisions, if any, of the Companies Act 1956, M/s.LAKHANI & LAKHANI, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting in place of the retiring Auditors, M/s. M. B. Ladha & Company, Chartered Accountants, to audit the accounts of the Company for the financial year 2013-14 at a remuneration to be fixed by the Board of Directors on the recommendation of the Audit Committee of Directors.”

By Order of the Board

Place: Mumbai  
Date : 4.12. 2013

A. V. M. SUNDARAM  
Company Secretary

### NOTES:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE, AT THE MEETING 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 27<sup>th</sup> annual general meeting of the company.
- c) Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a duly certified copy of Board Resolution on the letterhead of the Company, signed by one of the Directors or Company Secretary or any other authorized signatory and / or duly notarized Power of Attorney, authorizing their representatives to attend and vote on their behalf at the Meeting.
- d) The Register of Members and Share Transfer books of the Company will remain closed from 25<sup>th</sup> December, 2013 to 30<sup>th</sup> December, 2013 (both days inclusive).
- e) The Members / Proxies are requested to bring their copy of Annual Report and duly filled Attendance Slips for attending the Meeting.
- f) Members holding shares in physical form are requested to immediately notify change in their address, if any, to the Registrar and Share Transfer Agents, Link Intime India Private Limited, C - 13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078, quoting their Folio Number(s).
- g) Members desirous of obtaining any information concerning the accounts of the Company are requested to address their queries to the Company Secretary at least



seven days in advance of the Meeting so that the information required can be readily made available at the Meeting.

- h) All documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company during anytime between 1000 Hours to 1200 Hours on all days except Saturdays, Sundays and Public holidays, up to the date of Annual General Meeting.
- i) 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.

By Order of the Board

Place: Mumbai  
Date : 4.12.2013

A. V. M. SUNDARAM  
Company Secretary

Item No. 4

**Note on appointment of M/s. LAKHANI & LAKHANI Chartered Accountants, as Statutory Auditors of the Company.**

M/s. M. B. Ladha & Company, Chartered Accountants have expressed their inability to continue as Statutory Auditors for the financial year ending 31st March 2014 due to their prior commitment and have requested the Board of Directors of our company to consider

their inability to be Statutory Auditors for the year ending 31st March 2014.

The Audit Committee felt that it would be appropriate to accept their request and to appoint M/s. LAKHANI & LAKHANI Chartered Accountants. Based on the recommendation of the Audit Committee, the Board of Directors, has at its meeting held on 4th December 2013 recommended the appointment of M/s. LAKHANI & LAKHANI Chartered Accountants as statutory auditors of the Company for the financial year 2013-14 in place of M/s. M. B. Ladha & Company, Chartered Accountants.

The Company has received special notice of a resolution from a Member of the Company, in terms of the applicable provisions of the Act, signifying his intention to propose the appointment of M/s. LAKHANI & LAKHANI Chartered Accountants as the statutory auditors of the Company from the conclusion of this AGM till the conclusion of the next AGM of the Company.

M/s. LAKHANI & LAKHANI Chartered Accountants has expressed its willingness to act as Statutory Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Act.

The Members' approval is being sought for the appointment of M/s. LAKHANI & LAKHANI Chartered Accountants as the Statutory Auditors and to authorise the Board of Directors, on the recommendation of the Audit Committee, to determine the remuneration payable to them.

None of the Directors is concerned or interested in this resolution.

Your Directors recommend the resolution for your approval.

**Important Communication to Members** The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies through electronic mode. The Companies are now permitted to send various notices / documents including annual reports to its Members through electronic mode to their registered e-mail address. To support this initiative of the Government, the Members are requested to notify their e-mail address, including any change thereof, to their DPs (for shares held in dematerialised form) or to the RTA (for shares in physical form) of the Company viz., Link Intime India Pvt. Limited in order to enable the Company to send all the future notices and documents.



## DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 27<sup>th</sup> ANNUAL REPORT of your company together with the Auditor's Report for the year ended 31<sup>st</sup> March 2013.

### FINANCIAL HIGHLIGHTS

The Financial Results for the year ended 31<sup>st</sup> March 2013.

	Rupees in Lacs	
	31/03/2013	31/03/2012
Profit / (Loss) from capital market operations	5.32	(447.99)
Other Income	7.06	28.23
Profit / (Loss) before Depreciation & Tax	(45.96)	(746.40)
Interest	0.00	0.00
Depreciation	14.65	19.71
Profit / (Loss) before tax	(60.61)	(766.11)
Provision for tax	0.00	0.00
Less: Deferred tax liability (asset)	(1.48)	(2.52)
Profit / (Loss) after tax	(59.13)	(763.59)
Excess provisions written back	199.40	0.00
Balance b/f from previous year	216.41	216.41
Surplus / (Deficit) carried to Balance Sheet	<b>140.27</b>	<b>(763.59)</b>

### BUSINESS & PERFORMANCE

During the year under review, the Company has incurred a loss of Rs.59.13 Lacs, against the net loss of Rs.763.59 Lacs, in the last financial year. Our company had shifted the focus on core business of investments. Further the decreasing volume of business income namely broking income by subsidiary company - Twentyfirst

Century Shares and Securities Limited (due to reduction in number of clients of capital market segment) was a concern. This has made the Board of Directors to rethink on the composition of business and accordingly it was decided to wind up the business of Institutional Broking with effect from 1st July 2013. Further the expenditure on account of personnel and administration expenses have also been reduced considerably.

### DIVIDEND

In the absence of profit during the year, directors regret their inability to recommend dividend for the financial year 2012-13.

### FUTURE PROSPECTS

The global environment is likely to continue to be an area of concern, although conditions have improved since the beginning of the last financial year. Growth is likely to improve in the second half of 2013-14.

Since our company is directly related to Equity Market we hope that the sentiment in the market will improve and our company will have an opportunity to increase the market operations in improving the profitability of the company.

### 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. There are no outstanding deposits as on 31<sup>st</sup> March 2013.

**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.B. Ladha & Company, Chartered Accountants, Auditors of the company retire at the ensuing Annual General Meeting and have expressed their inability to consider reappointment.

Auditors of the company in their report made an observation that, the company has no internal audit department, commensurate with the size of the company and nature of its business. Also they have made comment on non provision of gratuity in the accounts in the event of any employee leaving services by reason of death or incapability.

Regarding internal audit system, management is of the opinion that (as the company does not have volume of transaction - other than investments in Equities - which are directly under supervision of the Chairman) the decision to have the internal audit system be deferred and can be considered later.

Regarding non provision of gratuity, the management opines that, gratuity for the period of services rendered by the employees, is being paid to the employees leaving services by reason of resignation, and due to death or incapability, to the legal heirs of the deceased or to the employee disabled and accounted for on cash basis. Hence no provision is made in the books of the company.

**DIRECTORS**

Mr. Sundar Iyer and Mr. Iyer Viswanath, Directors 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. Sundar Iyer and Mr. Iyer Vishwanath, is provided in the report on corporate governance, which forms an integral part of this annual report.

Mr. Chandramouli, Managing Director of the company has submitted his resignation as a Director and Managing Director on 29th May 2013 for personal reasons. Our Board accepted his resignation with effect from 31st May 2013 and has decided to appoint a suitable person in due course.

**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 had taken steps to conserve the use of energy in its office, 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**

Company's business does not require any technology absorption 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 Company has a subsidiary TWENTYFIRST CENTURY SHARES & SECURITIES LIMITED. The Company is not attaching copies of the balance sheet and profit and loss account, reports of Board of Directors and Auditors thereon, in respect of the subsidiary as required under Section 212(1) of the Companies Act, 1956 ("the Act") to its accounts as per the dispensation available pursuant to the directions issued by the Ministry of Corporate Affairs vide general circular no. 2/2011. However, as required under the aforesaid circular and pursuant to Clause 32 of the Listing Agreement, the consolidated financial statement of the Company duly audited by the statutory auditors forms part of this Annual Report. The Company shall make available, the annual accounts and related information of its subsidiary, to those shareholders who wish to have the copies of the same. Further, these documents shall be available for inspection by a shareholder at the registered office of the Company as well as its subsidiary on any working day, except Saturdays, between 11.00 a.m. and 3.00 p.m.

**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 31<sup>st</sup> March, 2013 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 as also Company's shareholders, auditors, customers and bankers for their continued support.

For and on behalf of the Board

Place : Mumbai  
Date : 30.5.2013

SUNDAR IYER  
CHAIRMAN





## MANAGEMENT DISCUSSION AND ANALYSIS

### GLOBAL ENVIRONMENT

After a weak 2011, global prospects improved in 2012 especially in the latter half of the year as activity stabilised in advanced economies while the emerging market and developing economies saw renewed vigour supported by policy stimulus. This pickup followed the slowdown in the first half of 2012, which was manifested in industrial production and global trade. Investment in major economies dipped while consumption varied with sluggishness in many advanced economies constrained by high unemployment and buoyancy in many emerging and developing markets with labour continuing to perform well. However, since mid 2012 strong actions by European policymakers and the avoidance of the “fiscal cliff” in US helped to improve confidence and financial conditions. Japan adopted more expansionary macroeconomic policies in response to a larger-than-expected slowdown. In the meantime, emerging markets also eased policy supporting internal demand.

Financial markets have driven this reacceleration in activity, though markets may have moved ahead of the real economy. Fiscal consolidation was broadly on expected lines in 2012. In advanced economies, general government deficits as a percent of Gross Domestic Product (GDP) were brought down below 6% in 2012, despite weak activity. However, debt-to-GDP ratios continued to rise. In emerging markets, deficit ratios rose modestly in response to weaker activity, while debt ratios fell. Inflationary expectations remain well

anchored with no excess demand pressures in the major advanced economies and inflation rates broadly under control in emerging markets. According to the International Monetary Fund (IMF), global inflation has fallen to about 3.25% from 3.75% in early 2012, and it is projected to stay around these levels through 2014. Food and fuel supply developments will help contain upward pressure on prices of major commodities despite the expected reacceleration in global activity. In advanced economies, inflation will ease though Japan should come out of deflation on the back of Bank of Japan’s new quantitative and qualitative easing framework to support a steady acceleration of inflation. Inflationary pressures are expected to remain contained in emerging markets, supported by the recent slowdown and lower food and energy prices. However in certain pockets, inflationary pressures are still fairly high, spurred by food prices in some cases. The IMF in its World Economic Outlook expects world economy to grow at 3.25% in 2013 and 4% in 2014. Growth is likely to be led by emerging and developing economies again, which are seen growing at 5.3% in 2013 and 5.7% in 2014. Advanced economies are expected to grow only by 1.2% in 2013 and 2.2% in 2014. However, divergences in the pace of growth exist. In the euro area, balance sheet repair and still tight credit conditions will continue to weigh on growth prospects, whereas underlying conditions in the United States are more supportive of a recovery, even with the sequester inducing a larger-than-expected fiscal consolidation. In many developing economies, activity has already picked up following the sharper-than-expected slowdown in the middle of 2012. The short-term risk picture has improved as





policy action has lowered some immediate risks especially those relating to the breakup of the euro area and an economic contraction resulting from the U.S. fiscal cliff. In addition, risks for a hard landing in key emerging economies have abated. Stock markets of advanced nations had strong returns for FY 2013, closing the year close to their highs. The Dow Jones Industrial Average closed the year on a high of 14,579 after touching a low of 12,101 during FY 2013, up to 10.34% YoY. Japan's Nikkei 225 rose 22.95% YoY, touching a high 12,636 and a low of 8,296 during FY 2013. UK's FTSE 100 Index rose 11.15% YoY, touching a high of 6,529 and a low of 5,260 during FY 2013. India's BSE Sensex touched a high of 20,104 and a low of 15,948 during FY 2012, closing at 18,836 on March 31, 2013, up 8.23% YoY and Nifty touched a high of 6,082 and a low of 4,836 during FY 2012, closing at 5,683 on March 31, 2013, up 7.31% YoY.

## INDIAN ECONOMY

The Indian economy witnesses a sharper than expected slowdown in FY 2013. After GDP growth averaging 8.5% for the period FY 2005-2011, growth decelerated to 6.2% in FY 2012. However the worst was not over, with FY 2013 first quarter GDP growth slowing down to 5.5%, and falling below 5% for the first time since March 2009 to 4.5% in third quarter of FY 2013. For the full year, official advance estimates indicate growth to be a decade low of 5.0%. The slowdown has been across all components. Disappointing monsoon season dragged agriculture growth down with sector growth at 1.7% for the first three quarters compared to 3.6% in FY 2012. Services sector which held up in FY 2012 has slowed down

sharply in FY 2013, with growth at 6.7% in the first three quarters compared to 8.2% in FY 2012. Industrial sector growth continues to be lackluster with growth in the first three quarters averaging at 3.2% vis-a-vis 3.5% for FY 2012. Manufacturing sector grew at 1.2%, while mining grew only 0.1% despite favourable base (-1.4% in FY 2012). The index of industrial production indicates only a modest pickup in manufacturing in the fourth quarter of FY 2013. The eight item core sector (which includes coal, steel, cement, natural gas, refinery production, electricity, fertilisers and crude oil) with a 37.8% weightage in the Index of Industrial Production (IIP) continues to be a drag on the economy with cumulative growth of 2.6% up to February 2013 compared to 5.0% in FY 2012. As per the use-based classification of Industrial production, cumulative growth in the consumer segment was only at 2.5% up to February 2013 compared to 4.4% in FY 2012 with consumer durables growth at 2.7%, similar to FY 2012, but there was a sharper slowdown in non-durables, growing 2.3% vs 5.9% in FY 2012. Investment demand was weak with capital goods segment under the IIP contracting by 7.6% in FY 2013 compared to a contraction of 4% in FY 2012. Fiscal balance improved with Government's fiscal deficit falling to 5.2% of GDP in FY 2013 from 5.8% of GDP in FY 2012, this was marginally higher than the budgeted 5.1% FY 2013 deficit slippage curtailed to 10bps on account of savings through plan expenditure cuts (+90bps) despite weaker revenue receipts (-63bps) and higher non plan expenditure (-32bps) on larger than expected subsidy burden. The fiscal situation is budgeted to improve in FY 2014 to 4.8% of GDP. However, it is important to note that fiscal consolidation as envisaged is subject to risks; especially



with respect to lower tax revenues if the economy does not grow on expected lines. The bigger pressure point for India in FY 2013 was the sharp widening of current account deficit and its emergence as a significant policy concern. According to Reserve Bank of India's (RBI) official data, Current Account Deficit (CAD) for the first three quarters of FY 2013 was around US\$ 72.5 billion. CAD as a proportion of GDP has widened from -1.3% in fourth quarter of FY 2011 to -6.7% in the third quarter of FY 2013. Full year data on merchandise trade shows export growth falling by 1.76% to US\$ 300 billion, while imports held up, growing 0.44% to US\$491 billion. Oil imports continue to be the biggest driver for imports, growing 9.2% in FY 2013 to touch US\$169 billion. Despite the high CAD, Balance of Payment deficit for the first three quarters of FY 2013 was US\$ 0.3 billion, compared to a deficit of US\$12.8 billion in FY 2012, as reforms initiated by the government from September 2012 coupled with a being global environment led to a surge in portfolio inflows in FY 2013 (US\$ 25 billion). The exchange rate was relatively stable averaging '54.23 per US\$ after touching an all-time low of '57.2 per US\$ on June 24, 2012. Foreign exchange reserves were US\$ 292.6 billion at the end of March 2013. FY 2014 is likely to be a year when the economy recovers from a lower base. However, with agriculture growth contingent on a normal monsoon and government spending expected to slow down on account of fiscal consolidation, sustainable recovery hinges on improvement in investment cycle. Reforms are essential both for a revival of the investment cycle and financing of our high deficits.

## INFLATION

FY 2013 saw diverging trends emerging from inflation indices. Wholesale Price Index moderated over the course of the year, averaging 7.35% in FY 2013 compared to 8.8% in FY 2012. Core inflation moderation was even sharper, averaging 4.8% in FY 2013 compared to 7.2% in FY 2012. This was despite increases in administered prices coupled with increases in freight rates, service and excise taxes indicating weak pricing power. However, retail price acceleration continued unabated with Consumer Price Index averaging 10% in FY 2013. Latest data shows that wage pressures remain. RBI expects the headline inflation to be range-bound around current levels over FY 2014 as (a) sectoral demand-supply imbalances remain, and (b) the ongoing correction in administered prices coupled with its second-round effects plays out on inflation. Also, the risk of elevated food prices stemming from Minimum Support Price increases and the wedge between wholesale and retail inflation are having adverse implications for inflationary expectations. External balances remain high notwithstanding the likely improvement in fourth quarter of FY 2013 over an expected sharp deterioration in third quarter of FY 2013. Given the above macro setup, RBI's guidance emphasises limited headroom on further policy easing.

## MONETARY CONDITIONS

After raising the policy rate by 375 basis points during March 2010- October 2011, with inflation moderating and growth slowing down sharply, the RBI eased policy rates by 100 bps in FY 2013, cutting the repo rate by 50bps in April 2012 and further 25bps each in January 2013 and March 2013. The RBI also cut Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) by 75bps and 100bps in FY 2013 to ease



liquidity tightness. However, liquidity conditions remained in a deficit mode throughout FY 2013 preventing the transmission of rate cuts. This deficit was largely structural caused by the divergence between deposits mobilised and credit extended by commercial banks. During FY 2013, RBI injected primary liquidity through OMO purchases, aggregating around '1.5trn, and '0.5trn through CRR cuts. Broad money (M3) growth fell sharply to 12.4% which could be attributed to strained external balances of India. As on March 31, 2013, CRR was at 4%, SLR at 23%, repo rate at 7.5%, reverse repo at 6.5% and MSF/bank rate at 8.5%.

## CAPITAL MARKETS

### SECONDARY EQUITY MARKET

With the government initiating reforms towards the end of 2012 coupled with improvement in global sentiment, sentiment improved domestically. Indian markets were also affected with the Foreign Institutional Investors (FIIs) inflows. FIIs invested US \$31 billion in the Indian markets including debt instruments during FY 2013, up 64% from US\$19 billion in FY 2012. The total market capitalisation of the companies listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) as on March 31, 2013, stood at '6,387,887 Crore and '6,239,035 Crore respectively as compared to '6,214,941 Crore and '6,096,518 Crore as on March 31, 2012. The average daily turnover on the cash segment of BSE and NSE further dropped to '2,195 Crore and '10,833 Crore during FY 2013 as compared to '2,681 Crore and '11,289 Crore respectively during FY 2012. However, there was a marginal

improvement in the volumes on the derivatives segment of NSE where the average daily turnover increased to '126,639 Crore during FY 2013 as compared to '125,903 Crore during FY 2012. Whereas the volumes of derivatives segment on BSE increased substantially from '3,247 Crore in FY 2012 to '28,769 Crore in FY 2013.

Average Daily Turnover (in crore)	2012-13	2011-12
<b>Cash</b>		
BSE	2,195	2,681
NSE	10,833	11,289
<b>Derivatives</b>		
BSE	28,769	3,247
NSE	1,26,639	1,25,903

### PRIMARY MARKETS

The capital raising activity remained subdued during the year as in the previous year. The Initial/Follow-on Public Offer (IPO/ FPO) market witnessed 33 IPOs of equity for a total amount of '6,529 Crore and 11 Debt issuances raising '15,386 Crore in FY 2012-13 as against 35 IPO/ FPO of equity aggregating '10,482 Crore and 20 Debt issuances aggregating '35,611 Crore in FY 2011-12. The corporates preferred to raise funds through qualified institutional placement raising '15,996 Crore from 45 issuances in FY 2012-13 as against '2,163 Crore from 16 issuances in FY 2011-12. The corporates also raised '8,945 Crore through Rights Issues in FY 2012-13 as against '2,375 Crore in FY 2011-12.



## 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

- \* Rising inflationary expectations on account of increase in fuel prices and supply concerns.
- \* Cautiously optimistic approach due to global slowdown .
- \* Increased intensity of competition from local and global players.

## 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. Based on our past experience we have decided to withdraw the broking services offered by our subsidiary Twentyfirst Century Shares and Securities Limited and to surrender the Trading Membership of National Stock Exchange of India Limited.



## REPORT ON CORPORATE GOVERNANCE

### 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 to meet with statutory requirements but also goes beyond them by putting in to place procedures and systems, which are in accordance with best practice of governance. Your company believes that good corporate governance 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.

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

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

During the financial year 2012-2013 Five (5) meetings were held on the following dates: 30<sup>th</sup> May 2012, 14<sup>th</sup> August 2012, 21<sup>st</sup> November 2012, 6<sup>th</sup> February 2013 and 14<sup>th</sup> February 2013.

The last Annual General Meeting was held on 14<sup>th</sup> March 2013. 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	Yes	4	Nil	Nil
Mr. Chandramouli	Managing Director Executive	5	No	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
Mr. Krishnan Muthukumar	Director	2	Yes	2	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 statutory auditors and ensuring suitable follow up thereon.

### Meeting and Attendance of the Committee:

During the financial year four Audit Committee meetings were held on the following dates: 30.05.2012, 14.08.2012, 21.11.2012 and 14.02.2013. 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 2012-2013 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

Since the company is not paying remuneration to any of its Directors, it is not having Remuneration Committee at present. However, it shall constitute committee if need arises.

### 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. Iyer Vishwanath, Member.
3. Mr. Sundar Iyer, Member.

Chairman 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 2012-2013. The Company Secretary is the compliance officer.





### Shareholders queries received and replied in 2012-13

During the financial year 2012-13, six (6) 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 2013.

**Note: All the committees will be revamped due to the resignation of Director - Mr.Chandramouli with effect from 31st May 2013.**

#### D. Compliance Certificate

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

#### 4. General Body Meetings

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

Year	Location	Date	Time
2009-2010	Bharatiya Vidya Bhavan Mini Hall, New No. 18,20,22 (Old No. 37-39) East Mada Street, Chennai-600 004.	27/09/2010	3.30 P.M.
2010-2011	Bharatiya Vidya Bhavan Mini Hall, New No. 18,20,22 (Old No. 37-39) East Mada Street, Chennai-600 004.	23/09/2011	3.30 P.M.
2011-2012	Asha Nivas, No.9, Rutland gate, 5th Street, Chennai-600 006.	14/03/2013	12.30 P.M.

#### Special Resolution Passed in the Past three EGM's

##### EGM held on 11<sup>th</sup> March 2011:

Approving Appointment of auditors – M/s M.B.Ladha & Company, chartered accountants as auditors of the company for the financial year 2010-11.

#### Special Resolution Passed in the Past three AGM's

##### AGM held on 14<sup>th</sup> March 2013:

1. Appointment of Mr.Iyer Vishwanath as an Independent Director and approving payment of commission.

2. Appointment of Mr.S.Hariharam as an Independent Director and approving payment of commission.
3. Appointment of Mr.Krishnan Muthukumar as Director and approving payment of commission.

#### Postal Ballot

No Special resolutions were passed last year through Postal Ballot.

#### Disclosures

No transaction of material nature has been entered into by the Company with its promoters, Directors or the management, their subsidiaries or relative 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.

Company has extended the maturity of 12% Redeemable Preference Shares of the face value of Rs.750 lacs, which were due for payment on 30<sup>th</sup> March 2012 to 30<sup>th</sup> March 2015 with the consent of all the preference shareholders at their EGM held on 28<sup>th</sup> March 2012. Company could not redeem the Preference Shares due to inadequate profits.





### Profile of directors seeking re-appointment

#### (i) Mr. Iyer Vishwanath

Mr. Iyer Vishwanath, aged about 57 years, holds Nil paid up share capital, is a member of Institute of Chartered Accountants of India and is a practicing Chartered Accountant having over 27 years of experience in the field of finance, auditing and taxation. His experience in the field of accounting and finance continue to be of immense benefit for the company. He is not holding any shares in the company.

Particulars of other company directorship are as follows:

Name of the Company	Designation
SNALCO Consulting Pvt. Ltd	Director

#### (ii) Mr. Sundar Iyer

Mr. Sundar Iyer, the Chairman of the Company, is the main promoter of the Company. He has more than 30 years of rich experience in the field of capital market operations.

Mr. Sundar Iyer, aged about 63 years, is a promoter director and holds 26.09% of paid up share capital. He will devote the whole of his time and attention to the business and affairs of the company.

Particulars of other company directorship are as follows:

Name of the Company	Designation
Twentyfirst Century Shares and Securities Limited	Director
Twentyfirst Century Money Growth Fund Limited	Director
Palani Andavar Holdings Pvt. Ltd	Director
Lubricants and Allied Product mfg. Co. Pvt. Ltd	Director

### 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 and the Corporate Governance report for the year forms a part of the Director's Report. (Given in Annexure)

### 8. General Shareholders Information

#### Annual General Meeting

The 27<sup>th</sup> Annual General Meeting of Company will be held on Monday, 30<sup>th</sup> December 2013 at 11.30 a.m. at Asha Nivas, No. 9 Rutland gate, 5th Street, Chennai - 600 006.

### Financial Calendar for the year 2013-2014 (Provisional)

Results for the first quarter ending 30th June, 2013	Second week of August, 2013
Results for the second quarter ending 30th September, 2013	Second week of November, 2013
Results for the third quarter ending 31st December, 2013	Second week of February, 2014
Results for the fourth quarter ending 31st March, 2014	Last week of May, 2014
Annual General Meeting for the year ending 31st March, 2014	Second week of September, 2014

### 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 2001-2002, since the company did not have full time Company Secretary. This requirement has been since met. Considering the market environment and the business of the company the Company has decided not to pursue the process for revoking the suspension order.

**BSE Stock Code: 526921****Market price data:**

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

Month	Share Prices (Rs.)	
	High	Low
April 2012	9.84	7.56
May 2012	8.81	6.23
June 2012	6.54	5.16
July 2012	7.45	5.30
August 2012	6.28	5.41
September 2012	6.10	5.01
October 2012	7.05	4.70
November 2012	5.46	4.34
December 2012	5.51	3.38
January 2013	4.73	3.22
February 2013	6.27	4.05
March 2013	5.05	3.80

**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, 2013**

Slab of Shareholdings (Rs.)	Shareholders	%	Amount in Rs.	%
1-5000	5138	80.24	744120	7.09
5001-10000	508	7.93	436954	4.16
10001-20000	313	4.89	502553	4.79
20001-30000	116	1.81	298117	2.84
30001-40000	51	0.80	181599	1.73
40001-50000	55	0.86	262920	2.50
50001-100000	112	1.75	871425	8.30
Above 100000	109	1.72	7202312	68.59
Total	6402	100.00	105000000	100.00

**Shareholding pattern as on 31st March, 2013**

Categories	Number of shares	%
Promoters, Directors, relatives and associates	4267904	40.65
Mutual Funds	15800	0.15
FII's	181300	1.73
Private Corporate Bodies	613718	5.84
Indian Public	4957576	47.22
HUF	135647	1.29
NRI's/OCB's	232482	2.21
Clearing Members	95573	0.91
Total	10500000	100.00

**Dematerialisation of shares**

The equity shares of the company has been admitted for dematerialization with NSDL and CDSL and 89.05% of the company's paid up Equity share capital has been dematerialised up to March 31, 2013.


**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 Board has explained in the directors report appended to this report on audit qualifications.
- e. Training of Board members: Periodical meetings are held with skilled consultancy agencies for the Board members to appraise them of recent developments and existing laws and practices.
- f. Mechanism of evaluating Non-executive directors: Same as above.
- g. Whistle Blower Policy: As mentioned earlier, 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, 2013.

For Twentyfirst Century Management Services Ltd.

Sundar Iyer  
Chairman

Place: Mumbai  
Date: 30.05.2013

**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 2013, 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 M.B. Ladha & Company  
Chartered Accountants  
(Firm Registration No.105503W)

Mukesh Ladha (M.No.35544)  
Proprietor

Place: Mumbai  
Date : 30-05-2013



## CEO/CFO CERTIFICATION

**To**

**The Board of Directors**

TWENTYFIRST CENTURY MANAGEMENT  
SERVICES LIMITED

Chennai

We, Sundar Iyer, Chairman and Krishnan Muthukumar, 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, 2013 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 2013 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:

- \* 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.

For Twentyfirst Century Management Services Ltd

SUNDAR IYER  
Chairman

KRISHNAN MUTHUKUMAR  
Director

Place: Mumbai  
Date : 30-05-2013



## **INDEPENDENT AUDITOR'S REPORT**

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED ("the Company"), which comprise the Balance Sheet as 31<sup>st</sup> March, 2013 and the Statement of Profit and Loss for the year then ended, and a summary of at the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance

with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Company has not made any provision of Rs. 789.21 lacs being shortfall in the market value of quoted investment as on 31.03.2013, because



in the opinion of the management, the shortfall is temporary in nature and investment is held for long term period.

The Financial statements are subject to Non Provision of Shortfall in the value of investments amounting to Rs. 789.21 lacs,

We further report that, had the observation made by us in Para above been considered, the loss for the year would have been Rs. 1013.34 lacs (as against the reported loss figures of Rs. 224.13 lacs) and accumulated loss would have been Rs.947.51 Lacs (as against reported figure of accumulated Loss of Rs. 158.30 Lacs) and the balance of quoted investments would have been Rs. 636.15 lacs (as against the reported figure of Rs. 1425.36 lacs),

The aforesaid financial statements give the information required by the Companies Act in the manner so required and give 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 2013 and
- b) In the case of Profit & Loss Account, of the Loss of the company for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- (c) The Balance Sheet and the Statement of Profit and Loss dealt with by this report are in agreement with the books of account.
- (d) In our opinion the Balance Sheet and the Statement of Profit & Loss comply with the Accounting Standards referred to in Section 211(3C) of the Act, subject to:

**Note 2(h)**, in respect of non provision for Employees Benefif has been made in accounts, in the event of any employee leaving the services by reason of death / incapability / retirement or resignation. Amount not ascertained.

- (e) On the basis of the written representations received from the directors, as on 31<sup>st</sup> March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms section 274(1)(g) of the Act.

For M.B. Ladha & Company  
Chartered Accountants  
(Firm Registration No.105503W)

Mukesh Ladha (M.No. 35544)  
Proprietor

Place: Mumbai  
Date : 30-05-2013





## 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.

As per the information and explanations given to us, during the year, the company has not disposed off any substantial part of the fixed assets that would affect the going concern.

2. The company is primarily engaged in investing activities. Accordingly, it does not hold any physical inventories. Thus paragraph 4(ii) of the Order is not applicable to the company.
3. The company has taken interest free loans 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 company has granted interest free loans of Rs. 1955.83 lacs to its subsidiary company listed in the register maintained under section 301 of the companies act, 1956 and from companies 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 transactions 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 explanations 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 apply.
7. Company does not have any internal audit department, commensurate with the size of the company and nature of its business.
8. 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, in respect of any activities carried on by the Company.
9. According to the information and explanations given to us, the company has been regular in depositing Employees Provident Fund dues and has also been regular in depositing undisputed income tax and other applicable statutory dues with appropriate authorities.

According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax as at 31<sup>st</sup> March 2013 which have not been deposited on account of a dispute pending are as under:





Name of the Statute	AY	Nature of Dispute	Forum where the disputes are pending	Amount Disputed
Income tax Act, 1961	1995 - 96	Demand raised subject to rectification by ACIT	ACII Company Circle III (2)	Rs.4.81 lacs
Income tax Act, 1961	1996 - 97	Rectification by AO raised a demand Company has to file rectification for the interest working 234B waiver petition filed by the company, Expecting a relief of Rs. 45 lacs	ACIT Company Circle III (2)  CCIT I, Chennai	Rs. 104.96 lacs
Income tax Act, 1961	2005 - 06	Assessment was re-opened for third time and order dated 28.03.2013 AO rejected the Excess relief u/s 115 JB Jurisdiction is questioned	CIT(A) III	Rs. 35.15 lacs
Income tax Act, 1961	2006 - 07	B/F loss not considered, rectification filed	ACIIT Company Circle III (2)	Rs. 1.33 lacs
Income tax Act, 1961	2007 - 08	Department has filed appeal before Hon'ble ITAT on the issue of Short Term Capital gains @ 30.99% instead of 15% company. Revision order by AO has not considered the Rebate which is pending.	ITAT	Rs.55.45 lacs
Income tax Act, 1961	2010 - 11	Credit for Self Assessment Tax of Rs. 7.02 Lacs has not been given, rectification filed	ACII Company Circle III (2)	Rs. 13.28 lacs
Income tax Act, 1961	2011 - 12	Intimation u/s 143 (1) wrongly passed, Credit for Self Assessment Tax of Rs.182.04 Lacs has not been given, Rectification yet to be filed	ACII Company Circle III (2)	Rs. 830.20 lacs

10. The company has accumulated loss of Rs. 133.57 lacs till the immediately preceding financial year, has incurred a loss of Rs. 224.13 lacs during the current financial year under this report.

11. 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.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. 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) Order, 2003 are not applicable to the company.

14. The Company has maintained proper records of transactions and contracts in respect of trading in shares, debentures and other investments and timely entries have been made therein.

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

16. According to the information and explanations given to us the company has not obtained any term loans during the year under review.

17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, funds raised on short term basis, have not been used for long term investments.

18. The company has not made any preferential allotment of shares during the year.

19. There are no secured debentures issued during the year.

20. The company has not raised any money by public issue during the year.

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 M.B. Ladha & Company  
Chartered Accountants  
(Firm Registration No.105503W)  
Mukesh Ladha (M.No.35544)  
Proprietor

Place: Mumbai  
Date : 30-05-2013

**BALANCE SHEET AS ON 31st MARCH 2013**

(Rupees in Thousands)

	SCHEDULE	31.03.2013	31.03.2012
<b>I Equity &amp; Liabilities</b>			
<b>1 Shareholders' Funds</b>			
a Share Capital	3	179786	179786
b Reserves & Surplus	4	320103	322576
<b>2 Non-Current Liabilities</b>			
Deferred Tax Liabilities		0	0
<b>3 Current Liabilities</b>			
a Short-term borrowings	5	550	550
b Trade payables	6	0	175951
c Other Current liabilities	7	2899	777
d Short-term provisions	8	0	19940
<b>TOTAL</b>		<b>503338</b>	<b>699580</b>
<b>II Assets</b>			
<b>4 Non-Current Assets</b>			
a <b>Fixed Assets</b>	9		
Tangible assets		4275	5741
b Non-Current investments	10	292051	364754
c Deferred tax asset		273	125
d Long-term loans & advances	11	8284	8272
<b>5 CURRENT ASSETS</b>			
a Current investments	12	0	75000
b Trade receivables	13	0	230713
c Cash and bank balances	14	1727	1636
d Short-term loans and advances	15	196728	13339
<b>TOTAL</b>		<b>503338</b>	<b>699580</b>

See accompanying notes forming part of the financial statements

AS PER OUR REPORT ATTACHED

for M.B. LADHA & COMPANY  
CHARTERED ACCOUNTANTS (Firm Registration No.105503W)MUKESH LADHA (M.No.35544)  
PROPRIETORA.V.M. SUNDARAM  
COMPANY SECRETARY

FOR AND ON BEHALF OF THE BOARD

SUNDARIYER  
CHAIRMANKRISHNAN MUTHUKUMAR  
DIRECTORPlace : Mumbai  
Date : 30.05.2013

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013**

(Rupees in Thousands)

	NOTES	31.03.2013	31.03.2012
<b>Revenue</b>			
Revenue from operations	16	532	(44799)
Other Income	17	706	2823
<b>Total Revenue</b>		<b>1238</b>	<b>(41976)</b>
<b>Expenses</b>			
Employee benefits expense	18	3815	5582
Depreciation and amortisation expenses	9	1465	1971
Other expenses	19	2019	27082
<b>Total expenses</b>		<b>7299</b>	<b>34635</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax</b>		(6061)	(76611)
<b>Exceptional items</b>		0	0
<b>Profit / (Loss) before extraordinary items and tax</b>		(6061)	(76611)
<b>Extraordinary items</b>		0	0
<b>Profit / (Loss) before tax</b>		(6061)	(76611)
<b>Tax expense</b>			
Current tax	20	0	0
Tax for earlier years		16500	0
Deferred tax	21	(148)	(252)
		(16352)	(252)
<b>Profit / (Loss) for the year</b>		<b>(22413)</b>	<b>(76359)</b>
<b>Profit/ (Loss) transferred to Balance Sheet</b>		<b>(22413)</b>	<b>(76359)</b>
Earning per equity share of Rs.10/- each(in Rs.)			
Basic and Diluted	22	(2.14)	( 7.29)

**See accompanying notes forming part of the financial statements**

AS PER OUR REPORT ATTACHED

for M.B. LADHA & COMPANY  
CHARTERED ACCOUNTANTS (Firm Registration No.105503W)MUKESH LADHA (M.No.35544)  
PROPRIETORA.V.M. SUNDARAM  
COMPANY SECRETARY

FOR AND ON BEHALF OF THE BOARD

SUNDARIYER  
CHAIRMANKRISHNAN MUTHUKUMAR  
DIRECTORPlace : Mumbai  
Date : 30.05.2013



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR END 31<sup>st</sup> MARCH 2013

### 1. **General information**

Twentyfirst Century Management Services Limited (TCMSL) is a listed company engaged in investments in Capital Market segment and Debt Instruments. The company has a wholly owned subsidiary which is a trading member of the National Stock Exchange of India Limited.

Our Company has been incorporated in the year 1986 to:

- \* Deploy the investible surplus funds in the Capital Market.
- \* Act as Intermediaries in the Financial Market.
- \* Assist Corporates for Mobilisation and Deployment of Resources (funds)
- \* Be a Trading Member of Fully Automated Stock Exchange - National Stock Exchange of India Limited (NSEIL) through our SUBSIDIARY COMPANY - TWENTYFIRST CENTURY SHARES AND SECURITIES LIMITED.

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

#### a) **Basis of preparation of financial Statements**

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles in India, the applicable Accounting Standards and the relevant provisions of the Companies Act 1956 of India.

#### b) **Use of Estimates**

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based upon

management's best knowledge of current events and actions, actual results could differ. Differences between the actual results and estimates are recognized in the period in which the results are known or materialized.

#### c) **Revenue Recognition**

Revenue Income and Expenditure are generally accounted on accrual or as they are earned or incurred except in case of significant uncertainty. Profit/Loss from trading activity is recognized 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 recognized when right to receive the payment is established.

#### d) **Fixed Assets**

Fixed asset is stated at cost less depreciation and impairment losses.

#### e) **Depreciation**

Assets are depreciated under the written down value method at the rates prescribed in Schedule XIV to the companies Act and on the revised carrying amount of the asset, identified as impaired on which depreciation has been provided over the residual life of the respective assets.

#### f) **Investments**

Current investments are carried at cost. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary.

#### g) **Current and Deferred Tax**

Provision for current income tax is made in accordance with the Income tax act 1961. Deferred Tax Liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence on timing difference, being the difference between taxable incomes and accounting income that originate in one



period and are capable of reversal in one or more subsequent periods. No deferred tax asset has been created on carried forward losses as per income tax, as there is no reasonable certainty of reversal of the same in one or more subsequent year.

#### ***h) 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 / incapability / retirement or resignation, gratuity for the period of the services shall be paid and accounted for on cash basis.

No provision for leave encashment has been made in the accounts. However encashment of leave can be availed by the employee for balance in the earned account as of preceding financial year.

All carry forward earned leaves with maximum limit of 10 days are available for availment but not for encashment.

Provident fund is a defined contribution scheme and the company has no further obligation beyond the contribution made to the fund. Contributions are charged to profit and loss account in the year in which they accrue.

#### ***i) Contingent Liabilities***

Provision is recognized when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible

obligation or present obligation that may, but probably will not require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote.

#### ***j) Impairment of assets***

The carrying amount of assets is reviewed at each Balance Sheet date for indication of any impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of an asset exceeds its recoverable value and impairment loss is charged to the Profit & Loss account. The impairment of loss recognized in the prior accounting period is reversed if there has been a change in estimates of recoverable amount.

#### ***k) Current assets, loans & advances***

The current assets, Loans and Advances have a value on realization at least equal to the amount at which they are stated in the balance sheet.

#### ***l) Borrowing costs***

Borrowing costs that are attributable to the acquisition of assets are capitalized as part of cost of the asset. All other borrowing costs are charged to statement of Profit and Loss.

#### ***m) segment reporting***

The Company operates in only one segment i.e., Capital Market operations, hence segment reporting in accordance with Accounting Standard-17 is not applicable.



(Rupees in Thousands)

**NOTE - 3****SHARE CAPITAL****AUTHORISED CAPITAL**

2,00,00,000 Equity Shares of Rs.10/- each  
 10,00,000 12% cumulative Redeemable Preference  
 Shares of Rs. 100/- each

<b>As on 31.03.2013</b>	As on 31.03.2012
<b>200000</b>	200000
<b>100000</b>	100000
<b>300000</b>	300000

**ISSUED , SUBSCRIBED AND PAID UP**

1,05,00,000 Equity shares of Rs.10/-each  
 Less: Calls in arrears (other than directors)  
 (42700 shares at Rs. 5 per share)  
 7,50,000 12% redeemable cumulative preference  
 Shares of Rs. 100/- each

<b>105000</b>	105000
<b>214</b>	214
<b>104786</b>	104786
<b>75000</b>	75000
<b>179786</b>	179786

Disclosure:

1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

<b>Equity Shares</b>	31.03.2013		31.03.2012	
	Qty	Rs. In Lacs	Qty	Rs. In Lacs
At the beginning of the period	10500000	1050.00	10500000	1050.00
Issued during the period	Nil	Nil	Nil	Nil
Outstanding at the end of the period	10500000	1050.00	10500000	1050.00

<b>Preference Shares</b>	31.03.2013		31.03.2012	
	Qty	Rs. In Lacs	Qty	Rs. In Lacs
At the beginning of the period	750000	750.00	750000	750.00
Issued during the period	Nil	Nil	Nil	Nil
Outstanding at the end of the period	750000	750.00	750000	750.00

2. Rights, preferences and restrictions attached to shares:

**Equity Shares:**

The company has one class of equity shares having face value of Rs. 10 per share. Every shareholder is entitled to one vote for every one share held. In the event of liquidation, the equity shareholders shall be entitled to receive remaining assets of the company after distribution of all dues in proportion to their share holdings.


**Cumulative Redeemable Preference Share (CRPS) :**

The company has issued 7,50,000 12% CRPS of Rs. 100 each. Each CRPS will be redeemable at par on 30th March 2015 together with arrears of dividend if any

3. Details of Shareholders holding more than 5% shares in the company.

**Equity shares of Rs.10/- each fully paid up**

Name	31.03.2013		31.03.2012	
	Qty	% of holding	Qty	% of holding
Mr. Sundar Iyer	2739716	26.09	2739716	26.09

**Preference shares of Rs.100/- each fully paid up**

Name	31.03.2013		31.03.2012	
	Qty	% of holding	Qty	% of holding
Mr. Sundar Iyer	400000	53.33	400000	53.33
Mrs. Vanaja Sundar Iyer	200000	26.67	200000	26.67
Mr. Chandramouli	100000	13.33	100000	13.33
Mrs. Shobana Chandramouli	50000	6.67	50000	6.67

**4. Details of Unpaid Calls**

Particulars	31.03.2013		31.03.2012	
	Qty	% of holding	Qty	% of holding
Equity shares with voting rights Aggregate of calls unpaid				
- by directors	0	0.00	0	0.00
- by officers	0	0.00	0	0.00
- by others	42700	2.14	42700	2.14

5. The Unpaid Calls are not forefeited during the year.





(Rupees in Thousands)

**NOTE - 4****RESERVES & SURPLUS**

	<b>As on 31.03.2013</b>	As on 31.03.2012
<b>Securities Premium Account</b>	<b>335933</b>	335933
<b>General Reserve</b>	<b>0</b>	41361
Add: Transferred from profit & Loss Account	<b>0</b>	<u>0</u>
	<b>0</b>	41361
Transferred to Profit & Loss Account	<b>0</b>	<u>0</u>
	<b>0</b>	<u>41361</u>
<b>Surplus/ (Deficit)</b>		
Balance brought forward from previous year	<b>(13357)</b>	21641
Profit / (Loss) for the period	<b>(22413)</b>	(76359)
<b>Balance available for appropriations</b>	<b>(35770)</b>	(54718)
Transferred from General Reserves	<b>0</b>	41361
	<b>(35770)</b>	<u>(13357)</u>
Provision for performance dividend and tax thereon written back	<b>19940</b>	0
Balance carried forward to next year	<b>15830</b>	(13357)
	<b>320103</b>	<u>322576</u>

**NOTE - 5****SHORT TERM BORROWINGS**

<b>Loans and advances from related parties</b>	<b>550</b>	550
Unsecured loans from company	<b>550</b>	<u>550</u>

**NOTE - 6****TRADE PAYABLES**

Sundry creditors	<b>0</b>	175951
	<b>0</b>	<u>175951</u>



(Rupees inThousands)

**NOTE - 7****OTHER CURRENT LIABILITIES**

	<b>As on 31.03.2013</b>	As on 31.03.2012
Other Payables		
Unpaid dividend (2007-08)	<b>533</b>	533
Statutory remittance	<b>185</b>	72
Others	<b>2181</b>	172
	<hr/> <b>2899</b> <hr/>	<hr/> <b>777</b> <hr/>

Disclosure:

Unpaid dividend figure does not include any amount due and outstanding to be credited to Investor Education & Protection Fund.

(Rupees inThousands)

**NOTE - 8****SHORT TERM PROVISIONS**

	<b>As on 31.03.2013</b>	As on 31.03.2012
Preference dividend	<b>0</b>	17100
Dividend tax	<b>0</b>	2840
	<hr/> <b>0</b> <hr/>	<hr/> <b>19940</b> <hr/>



**NOTE -9**  
**TANGIBLE FIXED ASSETS & DEPRECIATION**  
**(Rupees in Thousands)**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS ON 31.03.2012	ADDITIONS	DELETIONS	AS ON 31.03.2012	ADDITIONS	DELETIONS	AS ON 31.03.2013	AS ON 31.03.2012
I. FURNITURE	6385	0	0	6111	49	0	6160	274
II. OFFICE EQUIPMENTS	4884	0	0	4884	0	0	4884	0
III. COMPUTERS	14098	0	0	14095	2	0	14097	3
IV. MOTOR CAR	12909	0	0	7445	1415	0	8860	5464
V. AIRCONDITIONER	1419	0	0	1419	0	0	1419	0
<b>TOTAL</b>	<b>39695</b>	<b>0</b>	<b>0</b>	<b>39694</b>	<b>1466</b>	<b>0</b>	<b>35420</b>	<b>4275</b>
<b>PREVIOUS YEAR</b>	<b>32084</b>	<b>0</b>	<b>0</b>	<b>31983</b>	<b>1971</b>	<b>0</b>	<b>33954</b>	<b>5741</b>



(Rupees in Thousands)

**NOTE - 10****NON CURRENT INVESTMENTS****A. Trade Investments (At cost)**

- i. Investments in Equity Instruments of Subsidiary Company (Unquoted)  
(55,89,500 equity shares of face value Rs.10/- each fully paid up)
- ii. Investments in preference shares of Subsidiary Company (Unquoted)  
(750000 12% Cumulative redeemable preference shares of Rs. 100/- each redeemable by the end of 30.03.2015)

**B. Other Investments (At cost)**

- Investments in Equity Instruments of others (Quoted)
- Investments in shares (Unquoted)  
Akshay Software Technologies Ltd (418000 shares)

**Aggregate amount of Quoted Investments**

Aggregate Market Value of Listed and Quoted Investments

	<b>As on 31.03.2013</b>	As on 31.03.2012
	<b>61895</b>	61895
	<b>75000</b>	0
	<b>142536</b>	290239
	<b>12620</b>	12620
	<b>292051</b>	<b>364754</b>
	<b>63615</b>	325310
	<b>63615</b>	<b>325310</b>

Disclosure:

**Details of Investments (Quoted)**

Scrip	Qty	Cost	Mkt Value
DB Realty Ltd	250000	317.05	0.00
Glodyne Technoservice	57663	148.73	1977.25
Jet Airways	60000	328.89	0.00
Puneet Resins	12500	1.73	1.73
Zylog Systems	383725	628.97	907.53
Modern Dairies		0	5.96
Vindhya Telelink		0	1.05
Repro India		0	8.87
Total		<b>1425.36</b>	<b>2902.39</b>

**NOTE - 11****LONG TERM LOANS & ADVANCES****Unsecured Considered Good**

- Loans and advances to related parties
- Other Loans and advances
- Advance payment of taxes
- \* Income Tax A - Y 2006-07
- \* Interest on FD - TDS

	<b>As on 31.03.2013</b>	As on 31.03.2012
	<b>1786</b>	1786
	2946	2946
	3540	3540
	12	0
	<b>8284</b>	<b>8272</b>



Disclosure: Particulars	(Rupees in Lakhs)	
	<b>31.03.2013</b>	31.03.2012
<b>Unsecured considered good</b>		
Loans and Advances to Twenty First Century Realty Ltd	<b>17.86</b>	17.86
Advances to Gujarat Industrial Investment Corporation	<b>29.46</b>	29.46

NOTE - 12	(Rupees in Thousands)	
	<b>As on 31.03.2013</b>	As on 31.03.2012
<b>CURRENT INVESTMENTS</b>		
<b>Other current investments</b>		
Investment in preference shares of Subsidiary Company (Unquoted) 7,50,000 12% Cumulative redeemable preference shares of Rs.100/- each redeemable by the end of 16.09.2012	<b>0</b>	75000
	<b>0</b>	<b>75000</b>

**NOTE - 13****TRADE RECEIVABLES**

Sundry debtors	0	230713
	<b>0</b>	<b>230713</b>

**NOTE - 14****CASH & BANK BALANCES****Cash and cash Equivalent**

Cash on hand	<b>162</b>	111
Balances in current accounts with scheduled banks	<b>311</b>	318
Balances in earmarked accounts for Unpaid Dividend (2007-08)	<b>533</b>	533
Balances in fixed deposit accounts with scheduled banks	<b>721</b>	674
	<b>1727</b>	<b>1636</b>

Disclosure:

- Balance with the banks includes Unclaimed Dividend of Rs. 5.33 lacs (Previous year: Rs. 5.33 lacs)
- Fixed deposits with banks is having maturity period of more than 12 months.

**NOTE - 15****SHORT TERM LOANS & ADVANCES****Unsecured considered good**

Advance for property	<b>1000</b>	0
Margin paid for derivative segment	<b>0</b>	13234
Due from Subsidiary	<b>195583</b>	0
Prepaid Insurance	<b>60</b>	105
Others	<b>85</b>	0
	<b>196728</b>	<b>13339</b>



(Rupees in Thousands)

**NOTE - 16****REVENUE FROM OPERATIONS****Income from capital market operations**

Profit / (Loss) from cash segment

Profit / (Loss) from derivative segment

**As on  
31.03.2013****As on  
31.03.2012****(125761)****(61213)****126293****16414****532****(44799)**

Disclosure:

The company is primarily engaged in investing activities, hence profit and loss from the activity is shown as revenue from operations.

**NOTE - 17****OTHER INCOME**

Interest on fixed deposit

(Tax deducted at source Rs.0.11 lacs, Previous year: 0.10 lacs)

Dividend received

Service Charges

**59****81****647****2730****0****12****706****2823****NOTE - 18****EMPLOYMENT COST**

Directors remuneration

Salaries and bonus

Employers contribution to provident fund

**0****2475****3618****2937****197****170****3815****5582****NOTE - 19****OTHER EXPENSES**

Audit Fees

\* Auditor Remuneration

\* Other expenses

Advances/Bad debts irrecoverable written off

Communication expenses

Depository charges

Car insurance

Issuer charges

Legal fees

Listing fees

Other expenses

Printing &amp; Stationary

Professional fees

**112****55****78****0****0****25571****0****55****141****77****113****14****68****66****100****50****110****112****488****227****225****296****584****559****2019****27082**



20. In view of the loss during the year, no tax provision has been made in the accounts for the year ended 31<sup>st</sup> March 2013.

21. No deferred tax asset has been created on carried forward losses as per income tax, as there is no reasonable certainty of reversal of the same in one or more subsequent year.

Deferred tax asset of Rs. 1.48 lacs has been created for difference in written down value of fixed assets between books and tax accounts, detailed as under:

Rs. in Lacs

Particulars	31/03/2013	31/03/2012
On timing differences on depreciation on fixed assets	(4.77)	(8.15)
Deferred tax thereon	(1.48)	(2.52)

## 22. Earning Per Share

Rs. in Lacs

Particulars	31.03.13	31.03.12
Net Profit/(Loss) After Tax (Rs. in Lacs)	(224.13)	(763.59)
Weighted average number of outstanding shares (In Lacs)	105	105
Basic/Diluted EPS (in Rs.) (Face Value of Rs.10 each)	(2.14)	(7.29)

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

### ***Wholly owned subsidiary***

*Twentyfirst Century Shares & Securities Limited*

### ***Key Management personnel***

Mr. Sundar Iyer

Mr. Chandramouli

### ***Entities owned by director/relative of a director***

SI Investment & Broking Pvt Limited

Twentyfirst Century Realty Limited

## **Transactions with Subsidiary & Related Parties**

Interest free short term loans due from Subsidiary Company, Twentyfirst Century Shares & Securities Ltd. Amounting to Rs. 1955.83 lacs.

Furthermore, the company has the balance Loans and Advances to Twentyfirst Century Realty amounting to Rs. 17.86 lacs.

24. Company has not provided income tax liability of Rs. 1045.18 lacs for the Assessment years 1995- 96, 1996-97 and 2007-08 that may arise in respect of income tax matters pending in appeal. It is not practicable to estimate the timing of cash outflows in respect of this matter. However, the company has been advised that it has fair chance of winning the appeal.

25. In view of loss during the year under review Rs. 90 lacs preference dividend for preference share capital has not been provided in the accounts.

26. Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October, 2 2006 certain disclosure are required to be made relating to Micro, Small & Medium Enterprises. There have been no reported cases of delays in payments to Micro and Small Enterprises or of interest payments due to delays in such payments.

27. 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 M.B. Ladha & Company  
Chartered Accountants  
(Firm Registration No.105503W)

Sundar Iyer  
Chairman

Mukesh Ladha (M.No.35544)  
Proprietor

Krishnan Muthukumar  
Director

Place : Mumbai  
Date : 30-05-2013

A.V.M. Sundaram  
Company Secretary



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013**

(Rupees in Thousands)

	31.03.2013	31.03.2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before tax</b>	(6061)	(76611)
Add : Depreciation	1465	1971
Interest received	(59)	(81)
Dividend received	(647)	759
		(2730)
		(840)
<b>Operating Profit before working capital changes</b>	(5302)	(77451)
Trade and other receivables	230713	(30345)
Loans & advances	(183389)	7064
Trade payables and other liabilities	(173828)	(126504)
		175865
		152584
<b>Cash generated from operations</b>	(131806)	75133
Direct Taxes paid	(16512)	(20415)
<b>Net cash flow from operating activities (A)</b>	<b>(148318)</b>	<b>54718</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Other investments	147703	(2932)
Interest Received	59	81
Dividend received	647	2730
Bank deposits	(47)	(70)
<b>Net cash flow from investing activities (B)</b>	<b>148362</b>	<b>(191)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Unsecured loans	0	(54450)
<b>Net cash flow from financing activities (C)</b>	<b>0</b>	<b>(54450)</b>
Net increase/(decrease) in cash & cash equivalents (A+B+C)	44	77
Cash & cash equivalents - Opening Balance	962	885
Cash & cash equivalents - Closing Balance	1006	962

PER OUR REPORT ATTACHED  
for M.B. LADHA & COMPANY  
CHARTERED ACCOUNTANTS (Firm Registration No.105503W)

FOR AND ON BEHALF OF THE BOARD  
SUNDARIYER  
CHAIRMAN

MUKESH LADHA (M.No.35544)  
PROPRIETOR

A.V.M. SUNDARAM  
COMPANY SECRETARY

KRISHNAN MUTHUKUMAR  
DIRECTOR

Place : Mumbai  
Date : 30.05.2013



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

1.	Name of the Subsidiary Company	:	<b>Twentyfirst Century Shares &amp; Securities Ltd.</b>
2.	Financial year ending	:	<b>31st March, 2013</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. (351.20) Lacs</b>
	b. Previous years since it became Subsidiary	:	<b>Rs. 84.61 Lacs</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

KRISHNAN MUTHUKUMAR  
Director

Place: Mumbai  
Date : 30/05/2013



## 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 2013 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 subject to following qualification.

1. **Non provision for gratuity has been made in accounts, in the event of any employee leaving the services by reason of death / incapability / retirement or resignation.**
2. **Non provision of sundry debtors amounting to Rs. 3433.66 lacs, which are considered doubtful debts.**

3. **Non provision of Shortfall in market value of Investment of Rs. 789.21 lacs, as the shortfall is considered as temporary nature.**

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, 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 2013.
- (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 M.B. Ladha & Company  
Chartered Accountants  
(Firm Registration No.105503W)

Mukesh Ladha (M.No.35544)  
Proprietor

Place: Mumbai  
Date : 30-05-2013



### CONSOLIDATED BALANCE SHEET AS ON 31st MARCH 2013

(Rupees in Thousands)

	NOTE NO	31.03.2013	31.03.2012
<b>I Equity &amp; Liabilities</b>			
<b>Shareholders' Funds</b>			
a. Share Capital	3	179786	179786
b. Reserves & Surplus	4	293444	331037
c. Money reced against share warrant		0	0
<b>Share application money pending allotment</b>			
		0	0
<b>Non-Current Liabilities</b>			
a. Long- term borrowings		0	0
b. Deferred tax Liabilities		0	0
c. Long-term provisions		0	0
<b>Current Liabilities</b>			
a Short-term borrowings	5	550	190536
b. Trade payables	6	212286	75921
c. Other Current liabilities	7	4959	2150
d. Short-term provisions	8	0	19940
<b>TOTAL</b>		<b>691025</b>	<b>799370</b>
<b>II Assets</b>			
<b>Non-Current Assets</b>			
a. <b>Fixed Assets</b>	9		
Tangible assets		23471	28285
Intangible assets-Goodwill on consolidation		6000	6000
b. Non-Current investments	10	155156	329859
c. Deferred tax asset		1235	869
d. Long-term loans & advances	11	28966	28247
<b>CURRENT ASSETS</b>			
a. Current investments		0	0
b. Trade receivables	12	373392	288949
c. Cash and bank balances	13	89035	95397
d. Short-term loans and advances	14	12615	21335
e. Other current assets	15	1155	429
		<b>691025</b>	<b>799370</b>

**See accompanying notes forming part of the financial statements**

AS PER OUR REPORT ATTACHED

for M.B. LADHA & COMPANY

CHARTERED ACCOUNTANTS (Firm Registration No.105503W)

MUKESH LADHA (M.No.35544)

PROPRIETOR

Place : Mumbai

Date : 30.05.2013

FOR AND ON BEHALF OF THE BOARD

SUNDARIYER

CHAIRMAN

KRISHNAN MUTHUKUMAR

DIRECTOR

A.V.M. SUNDARAM

COMPANY SECRETARY



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013**  
(Rupees in Thousands)

	NOTES	31.03.2013	31.03.2012
<b>Revenue</b>			
Revenue from operations	16	37420	(2482)
Profit / (Loss) on sale of investments		(33650)	0
Other Income	17	7612	9789
<b>Total Revenue</b>		<b>11382</b>	<b>7307</b>
<b>Expenses</b>			
Employee benefits expense	18	18214	22894
Finance costs		7935	17582
Depreciation and amortisation expenses		4818	6269
Other expenses	19	21814	56304
<b>Total expenses</b>		<b>52781</b>	<b>103049</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax</b>		<b>(41399)</b>	<b>(95742)</b>
<b>Exceptional items</b>			
Profit / (Loss) on sale of motor car		0	355
<b>Profit / (Loss) before extraordinary items and tax</b>		<b>(41399)</b>	<b>(95387)</b>
<b>Extraordinary items</b>		<b>0</b>	<b>0</b>
<b>Profit / (Loss) before tax</b>		<b>(41399)</b>	<b>(95387)</b>
<b>Tax expense</b>			
Current tax		0	0
Tax pertaining to earlier years		16500	15013
Deferred tax	20	(366)	(501)
		16134	14512
<b>Profit / (Loss) for the year</b>		<b>(57533)</b>	<b>(109899)</b>
Earning per equity share of Rs.10/- each(in Rs.)			
Basic and Diluted	21	( 5.49)	(10.49)

**See accompanying notes forming part of the financial statements**

AS PER OUR REPORT ATTACHED

for M.B. LADHA & COMPANY

CHARTERED ACCOUNTANTS (Firm Registration No.105503W)

MUKESH LADHA (M.No.35544)  
PROPRIETOR

A.V.M. SUNDARAM  
COMPANY SECRETARY

FOR AND ON BEHALF OF THE BOARD

SUNDARIYER  
CHAIRMAN

KRISHNAN MUTHUKUMAR  
DIRECTOR

Place : Mumbai  
Date : 30.05.2013



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of Consolidation

The consolidated financial statements relate to Twentyfirst Century Management Services Limited and its subsidiary Company.

#### 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 2013. Consolidated financial statements have been prepared in accordance with the applicable Accounting Standards in India and other generally accepted accounting principles.

#### b) *Principles of Consolidation*

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 unrealized profits or losses are fully eliminated as per AS-21 (Consolidated Financial Statement) issued by Institute of Chartered Accountants of India.

#### c) *Goodwill / Capital Reserve on consolidation*

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.

#### d) *Particulars of Subsidiaries*

Name of the Company	Country of Incorporation	Proportion of ownership interest
Twentyfirst Century Shares & Securities Ltd	India	100%

## 2. Significant Accounting Policies

### a) *Basis of Accounting*

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) *Use of Estimates*

The preparation of financial statements are in conformity with the Generally Accepted Accounting Principles, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ. Differences between the actual results and estimates are recognized in the period in which the results are known or materialized.

### c) *Revenue Recognition*

Revenue Income and Expenditure are generally accounted on accrual or as they are earned or incurred except in case of significant uncertainty. Profit/Loss from trading activity is recognized 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.

### d) *Fixed Assets*

Fixed asset is stated at cost less depreciation and impairment losses.

### e) *Depreciation*

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



the revised carrying amount of the asset, identified as impaired on which depreciation has been provided over the residual life of the respective assets.

**f) Investments**

Current Investments are carried at lower of cost and quoted value, computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary.

**g) Current and Deferred Tax**

Provision for current income tax is made in accordance with the Income tax act 1961. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**h) 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 / incapability / retirement or resignation gratuity for the period of the services shall be paid and accounted for on cash basis.

No provision for leave encashment has been made in the accounts. However encashment of leave can be availed by the employee for balance in the earned account as of preceding year. All carry forward earned leaves with maximum limit of 10 days are available for availment but not for encashment.

Provident fund is a defined contribution scheme and the company has no further obligation beyond the contribution made to the fund. Contributions are charged to profit and loss account in the year in which they accrue.

**i) Contingent Liabilities**

Provision is recognized when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or present obligation that may, but probably will not require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote.

**j) Impairment of assets**

The carrying amount of assets is reviewed at each Balance Sheet date for indication of any impairment based on internal / external factors. An asset is treated as impaired when the carrying cost of an asset exceeds its recoverable value and impairment loss is charged to the Profit & Loss account. The impairment of loss recognized in the prior accounting period is reversed if there has been a change in estimates of recoverable amount.

**k) Current assets, loans & advances**

The current assets, Loans and Advances have a value on realization at least equal to the amount at which they are stated in the balance sheet.

**l) Borrowing costs**

Borrowing costs that are attributable to the acquisition of assets are capitalized as part of cost of the asset. All other borrowing costs are charged to statement of Profit and Loss.

**m) Segment reporting**

The Company operates in only one segment i.e., Capital Market operations, hence segment reporting in accordance with Accounting Standard-17 is not applicable.





(Rupees in Thousands)

**NOTE - 3****SHARE CAPITAL****AUTHORISED CAPITAL**

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

**200000**

200000

10,00,000 12% Cumulative Redeemable Preference Shares of Rs. 100/- each

**100000**

100000

**300000****300000****ISSUED , SUBSCRIBED AND PAID UP**

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

**105000**

105000

Less: Calls in arrears

**214**

214

**104786**

104786

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

**75000**

75000

**179786**

179786

Disclosure:

1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

<b>Equity Shares</b>	31.03.2013		31.03.2012	
	Qty	Rs. In Lacs	Qty	Rs. In Lacs
At the beginning of the period	10500000	1050.00	10500000	1050.00
Issued during the period	Nil	Nil	Nil	Nil
Outstanding at the end of the period	10500000	1050.00	10500000	1050.00

<b>Preference Shares</b>	31.03.2013		31.03.2012	
	Qty	Rs. In Lacs	Qty	Rs. In Lacs
At the beginning of the period	750000	750.00	750000	750.00
Issued during the period	Nil	Nil	Nil	Nil
Outstanding at the end of the period	750000	750.00	750000	750.00

2. Rights, preferences and restrictions attached to shares:

**Equity Shares:**

The company has one class of equity shares having face value of Rs. 10 per share. Every shareholder is entitled to one vote for every one share held. In the event of liquidation, the equity shareholders shall be entitled to receive remaining assets of the company after distribution of all dues in proportion to their share holdings.



**Cumulative Redeemable Preference Share (CRPS) :**

The company has issued 7,50,000 12% CRPS of Rs. 100 each. Each CRPS will be redeemable at par on 30th March 2015 together with arrears of dividend if any

3. Details of Shareholders holding more than 5% shares in the company.

**Equity shares of Rs.10/- each fully paid up**

Name	31.03.2013		31.03.2012	
	Qty	% of holding	Qty	% of holding
Mr. Sundar Iyer	2739716	26.09	2739716	26.09

**Preference shares of Rs.100/- each fully paid up**

Name	31.03.2013		31.03.2012	
	Qty	% of holding	Qty	% of holding
Mr. Sundar Iyer	400000	53.33	400000	53.33
Mrs. Vanaja Sundar Iyer	200000	26.67	200000	26.67
Mr. Chandramouli	100000	13.33	100000	13.33
Mrs. Shobana Chandramouli	50000	6.67	50000	6.67

4. Details of Unpaid Calls

Particulars	31.03.2013		31.03.2012	
	Qty	% of holding	Qty	% of holding
Equity shares with voting rights Aggregate of calls unpaid				
- by directors	0	0.00	0	0.00
- by officers	0	0.00	0	0.00
- by others	42700	2.14	42700	2.14

5. The Unpaid Calls are not forfeited during the year.



(Rupees in Thousands)

**NOTE - 4****RESERVES & SURPLUS**

	<b>As on 31.03.2013</b>	As on 31.03.2012
Securities Premium Account	<b>335933</b>	335933
Capital reserve	<b>224</b>	224
Revaluation reserve	<b>196</b>	196
<b>General Reserve</b>	<b>9697</b>	41461
Add: Transferred from profit & Loss Account	<b>0</b>	0
	<b>9697</b>	41461
Transferred to Profit & Loss Account	<b>0</b>	31764
	<b>9697</b>	9697
<b>Surplus/ (Deficit)</b>		
Balance brought forward from previous year	<b>(15013)</b>	63122
Profit / (Loss) for the period	<b>(57533)</b>	(109899)
<b>Balance available for appropriations</b>	<b>(72546)</b>	(46777)
Transferred from General Reserves	<b>0</b>	31764
	<b>(72546)</b>	(15013)
Provision for preference dividend and tax thereon written back	<b>19940</b>	0
<b>Balance carried forward to next year</b>	<b>(52606)</b>	(15013)
	<b>293444</b>	<b>331037</b>

**NOTE - 5****SHORT TERM BORROWINGS****Loan repayable on demand****From Banks (Secured)**

CITI Bank (Loan against shares)	<b>0</b>	93694
ICICI Bank (Loan against shares)	<b>0</b>	96292
Unsecured loans from company	<b>550</b>	550
	<b>550</b>	<b>190536</b>



Disclosure:

1. Loan against shares secured by pledge of shares held by holding company and directors.

Particulars	Nature of the Security	Rupees in lakhs	
		31/03/2013	31/03/2012
<b>Loan repayable on demand From Banks (Secured)</b>			
CITI Bank (Loan against shares)	Shares	<b>0.00</b>	2539.98
ICICI Bank (Loan against shares)	Shares	<b>0.00</b>	2226.03

2. The Company has not defaulted in repayment of loans and interest in respect the Short Term Borrowings.

#### NOTE - 6

TRADE PAYABLES	Rupees in Thousands	
	31/03/2013	31/03/2012
Sundry creditors	<b>212286</b>	75921
	<b>212286</b>	<b>75921</b>

Disclosure:

Balance of trade payables are subject to confirmation by the parties.

#### NOTE - 7

OTHER CURRENT LIABILITIES	Rupees in Thousands	
	31/03/2013	31/03/2012
Unpaid dividend (2007-08)	<b>533</b>	533
Statutory remittance	<b>1492</b>	881
Others	<b>2934</b>	736
	<b>4959</b>	<b>2150</b>

Disclosure:

Unpaid dividend figure does not include any amount due and outstanding to be credited to Investor Education & Protection Fund.

#### NOTE - 8

SHORT TERM PROVISIONS	Rupees in Thousands	
	31/03/2013	31/03/2012
Preference dividend	<b>0</b>	17100
Dividend tax	<b>0</b>	2840
	<b>0</b>	<b>19940</b>

**NOTE - 9****TANGIBLE FIXED ASSETS & DEPRECIATION****(Rupees in Thousands)**

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS ON 31.03.2012	ADDITIONS	DELETIONS	AS ON 31.03.2013	AS ON 31.03.2012	ADDITIONS	DELETIONS	AS ON 31.03.2013	AS ON 31.03.2013	AS ON 31.03.2012
I. BUILDING	11542	0	0	11542	3057	1661	0	4718	6824	8485
II. FURNITURE	20257	0	0	20257	10808	294	0	11102	9155	9449
III. OFFICE EQUIPMENTS	9330	0	0	9330	7571	607	0	8178	1152	1759
IV. COMPUTER	26251	5	0	26256	24732	418	0	25150	1106	1519
V. MOTOR CAR	16280	0	0	16280	9207	1839	0	11046	5234	7073
VI. AIR CONDITIONER	1419	0	0	1419	1419	0	0	1419	0	0
<b>TOTAL</b>	<b>85079</b>	<b>5</b>	<b>0</b>	<b>85084</b>	<b>56794</b>	<b>4819</b>	<b>0</b>	<b>61613</b>	<b>23471</b>	<b>28285</b>
<b>PREVIOUS YEAR</b>	<b>86935</b>	<b>1172</b>	<b>3028</b>	<b>85079</b>	<b>50345</b>	<b>8880</b>	<b>2431</b>	<b>56794</b>	<b>28285</b>	

**(Rupees in Thousands)****NOTE - 10****NON CURRENT INVESTMENTS****Other Investments (At cost)****Investments in Equity Instruments of others (Quoted)****142536**

317239

**Investments in shares (Unquoted)**

Akshay Software Technologies Ltd (418000 shares)

**12620**

12620

**155156****329859****Aggregate Market Value of Listed and Quoted Investments****63615**

230822



Disclosure:

**Details of Investments (Quoted)**

Scrip	Qty	Cost	Mkt Value
D B Realty	250000	317.05	149.00
Glodyne Technoserve	57663	148.73	6.34
Jet Airways	60000	328.89	310.74
Puneet Resins	12500	1.73	2.57
Zylog Systems	383725	628.97	167.50
Total		<b>1425.37</b>	<b>636.15</b>

(Rupees in Thousands)

**NOTE - 11****LONG TERM LOANS & ADVANCES****Unsecured considered good**

Security deposit with NSE	<b>15510</b>	15510
Security deposit with NSCCL	<b>1900</b>	1900
Loans and advances related parties	<b>1786</b>	1786
Advance payment of taxes (net of provisions)	<b>5809</b>	5090
Other Loans and advances	<b>2946</b>	2946
Other deposits	<b>1015</b>	1015
	<b>28966</b>	<b>28247</b>

**NOTE - 12****TRADE RECEIVABLES****Sundry debtors**

Unsecured considered bad outstanding more than six months	<b>343366</b>	230713
Unsecured considered good outstanding less than six months	<b>30026</b>	58236
	<b>373392</b>	<b>288949</b>

Disclosure:

Balances of trade receivables are subject to confirmation by the parties amounting to Rs. 1846.23 excluding, from the related parties amounting to Rs. 1887.69 Lacs.

The Unsecured Debt considered to be bad amounts to Rs. 3433.66 Lacs out of which Vasudhara Trading Pvt. Ltd, (Related Party) owes Rs. 1675.55 Lacs.



(Rupees in Thousands)

<b>Particulars</b>	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
Directors	2125	0
Relative of Directors	792	0
<b>Private companies in which any director is a director or member</b>		
SI Investment & Broking Pvt. Ltd.	18293	0
Vasudhara Trading Pvt. Ltd.	167555	0
Lubricants & Allied Products Mfg. Co. Ltd.	4	0
	<u>188769</u>	<u>0</u>

**NOTE - 13****CASH & BANK BALANCES****Cash and cash Equivalents**

Cash on hand	1343	3018
Balances in current accounts with scheduled banks	12888	21788
Balances in earmarked accounts for Unpaid Dividend (2007-08)	533	533
Balances in fixed deposit accounts with scheduled banks	74271	70058
	<u>89035</u>	<u>95397</u>

Disclosure:

1. Fixed deposits with banks includes deposits of Rs.7.21 lacs with maturity period of more than 12 months.
2. Fixed deposits includes Rs. 362.50 lacs given as collateral to ICICI Bank (Professional Clearing Member for Futures & Options segment) for Initial Margin requirement.

**NOTE - 14****SHORT TERM LOANS & ADVANCES****Unsecured considered good**

Advance against property	1000	0
Loans and advances to employees	0	260
Margin paid for derivative segment	0	13234
Additional base capital with NSE	11402	7500
Service tax rebate c/f	38	0
Prepaid Insurance	90	341
Others	85	0
	<u>12615</u>	<u>21335</u>





(Rupees in Thousands)

**NOTE - 15****OTHER CURRENT ASSETS**

Interest receivable on fixed deposits

1136

429

Others

19

0

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 1155

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 429
**NOTE - 16****REVENUE FROM OPERATIONS****i. Income from capital market operations**

Profit / (Loss) from cash segment

(125761)

(61213)

Profit from derivative segment

126293

16414

532

(44799)

**ii. Brokerage received**

From wholesale debt market

10081

12678

From capital market

26565

28479

Mutual fund brokerage

55

173

36701

41330

iii. Depository charges received

187

1313

iv. Profit / (Loss) on trading in Govt. securities

0

(326)

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 37420

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 (2482)

Disclosure:

The company is primarily engaged in investing activities, hence profit and loss from the activity is shown as revenue from operations.

**NOTE - 17****OTHER INCOME**

Dividend received

647

2730

Interest on fixed deposit

6738

5478

(TDS: Rs. 5.53 lacs, Previous year Rs.5.30 lacs)

Miscellaneous Income

227

729

Miscellaneous written back

0

840

Services charges

0

12

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 7612

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 9789



(Rupees in Thousands)

**NOTE - 18****EMPLOYMENT COST**

	<b>As on 31.03.2013</b>	As on 31.03.2012
Directors remuneration	0	2475
Salaries & Bonus	16776	19034
Gratuity	413	161
Employer's contribution to Provident fund	912	1068
Staff Welfare expenses	113	156
	<u>18214</u>	<u>22894</u>

**NOTE - 19****ADMINISTRATIVE & OPERATIVE EXPENSES**

Audit fees	218	110
Advances/Bad debts irrecoverable written off	0	29729
Advisory charges paid - WDM	493	0
Bank guarantee charges	871	960
Bank processing charges	0	276
Business promotion expenses	13	420
Charges paid for institutional trade	474	594
Clearing member charges	1317	1381
Communication Expenses	4283	4377
Depository charges	657	559
Donations	0	110
Electricity charges	1397	1194
Insurance	363	537
Issuer charges	68	66
Legal fees	100	50
Listing fees	110	112
Membership fees	17	535
NSE annual subscription	100	110
NSE charges	2146	696
Office expenses	123	201
Other expenses	1488	713
Printing & Stationery	352	541
Prior period depreciation on Building	0	2611
Professional Fees	1142	2345
Rent	1650	2721
Repairs & Maintenance	1917	2018
SEBI turnover fees	207	217
Service tax paid	1043	1101
Stamp charges	1008	950
Travel & Conveyance	257	1070
	<u>21814</u>	<u>56304</u>



20. No deferred tax asset has been created on carried forward losses as per income tax, as there is no reasonable certainty of reversal of the same in one or more subsequent year.

Deferred tax asset of Rs. 3.66 lacs has been created for difference in written down value of fixed assets between books and tax accounts, detailed as under:

Particulars	31.03.2013	31.03.2012
On timing differences on depreciation on fixed assets	(11.82)	(16.21)
Deferred tax thereon	(3.66)	(5.01)

#### 21. Earning Per Share

Particulars	31.03.13	31.03.12
Net Profit/(Loss) After Tax (Rs. in Lacs)	(575.33)	(1098.99)
Weighted average number of outstanding shares (In Lacs)	105	105
Basic/Diluted EPS (in Rs.) (Face Value of Rs.10 each)	(5.49)	(10.49)

22. The company operates in only one segment i.e., Capital Market operations, hence segment reporting in accordance with Accounting Standard-17 is not applicable.

23. There was no employee, getting salary in excess of Rs. 5 lacs per month or more throughout or part of the financial year under review.

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

#### **Wholly owned subsidiary**

*Twentyfirst Century Shares & Securities Limited*

#### **Key Management personnel**

Mr. Sundar Iyer  
Mr. Chandramouli  
Mr. A. V. M. Sundaram

#### **Related party and their relationship**

Related party	Relationship
Mr. Sundar Iyer	Director
Mr. Chandramouli	Director
Mr. A. V. M. Sundaram	Company Secretary / Director
Vasudhara Trading Pvt. Ltd.	Company owned by relative of director
SI Family Trust	Entity owned by relative of director
SI Investment & Broking Pvt. Ltd.	Company owned by relative of director
Mrs. Vanaja Sundar Iyer	Relative of a director
Mr. Siddharth Iyer	Director
Mrs. Vimala Sundaram	Relative of a director
Palani Andavar and Holdings Pvt. Ltd.	Company in which directors are interested
Twentyfirst Century Realty Limited	Company in which directors are interested
Lubricants and Allied Products Mfg. Co. Pvt. Ltd.	Company in which directors are interested
Mrs. Shobana Chandramouli	Relative of a director



## a. Transactions with the related parties for trading activity

Rs. in Lacs

Name of the party	Debtors/Creditors		Turnover	Brokerage recd	Considered Good / Bad
Vasudhara Trading Pvt. Ltd.	Debtors	1675.54	0.01	0.00	Bad
Sundar Iyer	Creditors	1495.65	2367.63	1.65	Good
SI Family Trust	NA	0.00	3000.36	3.08	Good
Palani Andavar Holdings Pvt Ltd	NA	0.00	25592.23	6.72	Good
Siddharth Iyer	Creditors	55.86	194987.84	40.16	Good
Vanaja Sundar Iyer	Creditors	489.37	7952.68	8.28	Good
SI Investments & Broking Pvt Ltd	Debtors	182.93	209137.16	50.85	Good

b. Rentpaid to Lubricants and Allied Products Mfg. Co. Pvt. Ltd. - 10.50 Lacs.

c. The company has the balance Loans and Advances to Twentyfirst Century Realty amounting to Rs. 17.86 Lacs.

25. In view of loss during the year under review preference dividend of Rs.90 lacs has not been provided in the accounts.

26. Also Company has not provided income tax liability of Rs. 1410.80 Lacs that may arise in respect of income tax matters pending in appeal. It is not practicable to estimate the timing of cash outflows in respect of this matter. However, the company has been advised that it has fair chance of winning the appeal.

27. Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October, 2 2006 certain disclosure are required to be made relating to Micro, Small & Medium Enterprises. There have been no reported cases of delays in payments to Micro and Small Enterprises or of interest payments due to delays in such payments.

28. 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 M. B. Ladha & Company  
Chartered Accountants  
(Firm Registration No.105503W)

Mukesh Ladha (M.No.35544)  
Proprietor

Sundar Iyer  
Chairman

Krishnan Muthukumar  
Director

Place: Mumbai  
Date: 30.05.2013

A.V.M. Sundaram  
Company Secretary



**TWENTYFIRST CENTURY MANAGEMENT SERVICES LTD**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013**

(Rupees in Thousands)

	31.03.2013	31.03.2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before tax</b>	(41399)	(95387)
Add : Depreciation	4818	8880
Bad debts written off	0	0
Profit on sale of motor car	0	(355)
Interest paid	7935	17582
Interest Received	(6738)	(5478)
Dividend received	(647)	(2730)
	<u>5368</u>	<u>17899</u>
<b>Operating Profit before working capital changes</b>	(36031)	(77488)
Trade and other receivables	(85168)	132713
Trade payables and other liabilities	139174	(22361)
Loans & advances	8720	22633
	<u>62726</u>	<u>132985</u>
Cash generated from operations	26695	55497
Direct Taxes Paid	(17219)	(22679)
	<u>(17219)</u>	<u>(22679)</u>
<b>Net cash flow from operating activities (A)</b>	<b>9476</b>	<b>32818</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Bank deposits	(4213)	14575
Investments	174703	(28639)
Purchase of fixed assets	(5)	(1172)
Disposal of fixed assets	0	952
Interest received	6738	5478
Dividend received	647	2730
	<u>647</u>	<u>2730</u>
<b>Net cash flow from investing activities (B)</b>	<b>177870</b>	<b>(6076)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan against shares	(189986)	(10071)
Unsecured Loans	0	(54450)
Interest paid	(7935)	(17582)
	<u>(7935)</u>	<u>(17582)</u>
<b>Net cash flow from financing activities (C)</b>	<b>(197921)</b>	<b>(82103)</b>
Net increase/(decrease) in cash & cash equivalents (A+B+C)	(10575)	(55361)
Cash & cash equivalents - Opening Balance	25339	80700
Cash & cash equivalents - Closing Balance	<b>14764</b>	<b>25339</b>

PER OUR REPORT ATTACHED  
for M. B. LADHA & COMPANY  
CHARTERED ACCOUNTANTS (Firm Registration No.105503W)

MUKESH LADHA (M.No.35544)  
PROPRIETOR

A.V.M. SUNDARAM  
COMPANY SECRETARY

FOR AND ON BEHALF OF THE BOARD  
SUNDAR IYER  
CHAIRMAN

KRISHNAN MUTHUKUMAR  
DIRECTOR

Place : Mumbai  
Date : 30.05.2013



**TWENTYFIRST CENTURY MANAGEMENT SERVICES LTD**

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 Asha Nivas, No.9, Rutland Gate, 5th Street, Chennai - 600 006 on 30th December, 2013 at 11.30 a.m.

- Notes: 1. Shareholder/Proxy holder desiring to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
2. Shareholder /Proxy holder desiring to attend the meeting should bring his copy of the notice for reference at the meeting.

Signature of the Member/Proxy

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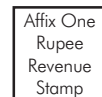
**FORM OF PROXY**

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 Ltd, 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 at Asha nivas, No.9, Rutland Gate, 5th Street, Chennai - 600 006  
on 30th December 2013 and at any adjournment thereof.

Signed this ..... day of ..... 2013



Signature

Note: 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.

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