



INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF
TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED**

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016 and the Statement of Profit and Loss and the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies ; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate Internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 nature, timing and extent of the





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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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Basis of Opinion

Non Provision of Doubtful Loans & Advances amounting to Rs.2951.16 lacs advanced to its subsidiary company.

We further report that, had the observation made by us above been considered, the loss for the year would have been Rs.2922.55 lacs (as against the reported profit figures of Rs. 28.61 lacs) and loss after considering accumulated figures of previous years would have been Rs. 2361.56 lacs (as against reported figure of profit of Rs. 589.60 Lacs) and the balance of amount due from subsidiary company would have been Rs. Nil (as against the reported figure of Rs. 2951.16 lacs).

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph above and Notes to Accounts, the aforesaid standalone financial statements give the information required by the 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 the Balance Sheet, of the state of affairs of the Company as at 31st March, 2016,
- (b) in the case of the statement of Profit and Loss, of the profit of the Company for the year ended on that date
- (a) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 & 4 of the Order.

As required by Section 143(3) of the Act, we report that:



(a) We have sought and obtained all the information and explanations which to the best of our




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- (b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- (e) The matter described in the basis of qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
- (f) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) In our opinion the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"
- (h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion Paragraph above.
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has not disclosed the impact of pending litigations of Income Tax Act, 1961 on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor's Education and Protection fund by the company.

For Lakhani & Lakhani
Chartered Accountants
Firm Registration No. 115728W


Suhas Shinde
Partner
Membership No. 117107



Place: Mumbai
Date: 19.05.2016



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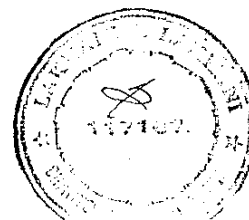
"ANNEXURE A" TO INDEPENDENT AUDITOR'S REPORT

1. The company has maintained proper records showing full particulars, including quantitative details and situation 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.

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 granted interest free loans of Rs. 2951.16 lacs to the company listed in the register maintained under section 189 of the Companies Act 2013. But the said Loan advanced to subsidiary company amounting to Rs.2951.16 lacs is doubtful in recovery.
4. During the year under audit, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.
5. During the year under audit, the company has not accepted any deposits from the public to which the directives issued by Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under apply.
6. We have been informed that Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013, in respect of any activities carried on by the company.
7. 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 31st March 2016 which have not been deposited on account of a dispute pending are as under:





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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	ACIT 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. 104.96lacs
Income tax Act, 1961	2003-04	Diminution in the value of stock Rs. 1289 lacs (value written off) However there will not be any demand on this issue only carried forward loss will be reduced. However the Carried forward loss will be useful for AY 2007-2008 demand.	Madras High Court	NIL
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 115JB CIT(A) has ordered in ITA No. No.646/2013-14/CIT(A)-11 rejecting the the Jurisdictions and on facts remanded back to AO	CIT(A)-III	Rs. 35.15 lacs
Income tax Act 1961	2006-07	B/F loss not considered, rectification filed	ACIT 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% Revision order by AO has not considered the Rebate which is pending The Hon'ble ITAT vide order	ITAT	Rs.55.45 lacs



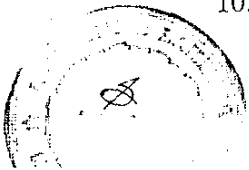


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		datedremanded back to Ld CIT(A) to adjudicate the same Ld CIT(A) has remanded back the matter to AO and it is pending with AO		
Incomet tax 1961	2007-08	Department issued 148 notice and the assesement got completed The same issue of STCG @ 30.99 instead of 15%, assessment completed. Company had filed appeal before Commissioner Appeal-III Further to ITAT remanding back to Ld CIT(A),. Ld CIT(A) clubbed both the appeals and since the issue is common and had remanded the matter to AO on the issue on whether sale of shares is Business or Capital gains	CIT-Appeal -III	Rs 68.69 lacs
Income tax Act 1961	2010-11	The Assessment was reopened u/s 148 on the issue of Client Modification code The Company has filed appeal against the order.	ACIT Corporate Circle-3(1), chenani	Rs 4.57lacs

8. 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.
9. According to the information and explanations given to us, the company has not raised any moneys by way of initial public offer or further public offer or any term loans during the year under review
10. To the best of our knowledge and belief and according to the information and explanations given to us we have not come across any fraud by the company or any fraud on the Company by its officers or employees during the course of our audit during the period under review.



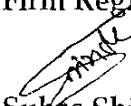


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11. During the year under audit, the company has not paid any managerial remuneration. Thus paragraph 3(xi) of the order is not applicable to the company.
12. In our opinion and according to information and explanations given to us, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.
13. According to the information and explanations given to us and the records examined by us, the transaction with the related parties are in compliance with the provisions of section 177 and section 188 of the Companies Act, 2013 and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and the records examined by us, the company has not made any preferential allotment and private placement of shares during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.
15. According to the information and explanations given to us and the records examined by us, the company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Lakhani & Lakhani
Chartered Accountants
Firm Registration No. 115728W


Suhās Shinde
Partner
Membership No. 117107



Place: Mumbai
Date: 19-05-2016



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"ANNEXURE B" TO INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the companies act, 2013 ("the act")

We have audited the internal financial controls over financial reporting of **TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED** ("the Company") as of **31st March 2016** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

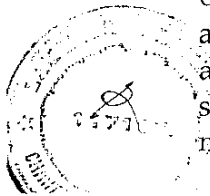
Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.





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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.





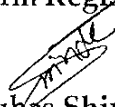
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Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Lakhani & Lakhani
Chartered Accountants
Firm Registration No. 115728W


Suhas Shinde
Partner
Membership No. 117107



Place: Mumbai
Date: 19-05-2016



TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED

Regd. Office: G-3, Old No. 28A, New No. 67, Eldams Road, Alwarpet, Chennai-600018

Website: www.tcms.bz, E-mail: investors@tcms.bz, Tel: 044-24330006, Fax: 044-24328252

CIN: L74210TN1986PLC012791

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - *Standalone*

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total income	288.52	288.52
2.	Total Expenditure	249.35	3200.51
3.	Net Profit/(Loss)	28.61	2922.55
4.	Earnings Per Share	0.27	(27.83)
5.	Total Assets	6960.62	4009.46
6.	Total Liabilities	6960.62	4009.46
7.	Net Worth	5861.73	2910.57
8.	Any other financial item(s) (as felt appropriate by the management)	NIL	NIL

II. Audit Qualification (each audit qualification separately:

a. Details of Audit Qualification:

Non Provision of Doubtful Loans & Advances amounting to Rs.2951.16 lacs advanced to its subsidiary company.

b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

Qualified Opinion

c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing

Repetitive and since financial year 2011-12

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

The subsidiary company is making efforts to repay the dues to the holding company through improved profitability by them in the next few years.

The company is making efforts to resolve the pending cases of its subsidiary company, where the amounts are recoverable from their clients, which are very old and are under dispute.

e. For Audit Qualification(s) where the impact is not quantified by the auditor: **Quantified**

(i) Management's estimation on the impact of audit qualification:

(ii) If management is unable to estimate the impact, reasons for the same:

(iii) Auditors' Comments on (i) or (ii) above:

III. Signatories:

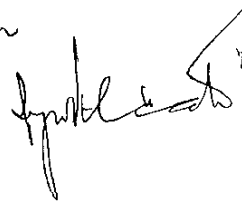
CEO/Managing Director



CFO



Audit Committee Chairman



Statutory Auditor



Place: Mumbai

Date: 01-07-2016



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary -TWENTYFIRST CENTURY SHARES & SECURITIES LIMITED, (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "The Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.





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Auditor's Responsibility:

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

The Trade Receivables are carried in the Consolidated Balance Sheet as at 31st March, 2016 at Rs.3,273.84 lakhs. In case of the Subsidiary company, the other auditor who audited the financial statements / financial information of the Subsidiary has reported that the Management has not provided for Trade receivables of Rs.3,273.84 lakhs as they are doubtful in recovery. Accordingly loss for the year would have been Rs.3968.47 lakhs; minority interest and shareholders' funds would have been reduced by Rs.3273.84 lakhs. This matter was also qualified in our report on the Consolidated Financial Statements for the year ended 31st March, 2015. (Previous Year Doubtful Debts - Rs.3,277.62 lakhs).





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CHARTERED ACCOUNTANTS

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2016, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements / financial information of the Subsidiary Company whose financial statements / financial information reflect total assets of Rs.4,018.03 as at 31st March, 2016, total revenues of Rs.(898.2) lakhs and net cash flows amounting to Rs.(5.40) lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary company and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary company, is based solely on the reports of the other auditors. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary company, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and, except for the possible effect of the matter described in paragraph of the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.





LAKHANI & LAKHANI

CHARTERED ACCOUNTANTS

- (b) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) Except for the matter described in paragraph of the Basis for Qualified Opinion paragraph above, the reports on the accounts of the Holding company and subsidiary company, audited under Section 143 (8) of the Act by other auditors have been sent to us and have been properly dealt with in preparing this report.
- (d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report is in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (e) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (f) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- (g) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary company, none of the other directors of the Group's companies are disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (h) In our opinion the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (i) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.



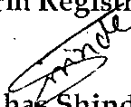


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- (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. Except for the possible effect of the matter described in paragraph of the Basis of Qualified Opinion above, the consolidated financial statements does not disclose the impact of pending litigations of the Income Tax Act, 1961 on the consolidated financial position of the Group.
 - ii. Except for the possible effect of the matter described in paragraph of the Basis of Qualified Opinion above, the Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

For Lakhani & Lakhani
Chartered Accountants
Firm Registration No. 115728W


Suhas Shinde
Partner
Membership No. 117107



Place: Mumbai
Date: 19-05-2016



"ANNEXURE A" TO THE AUDITOR'S REPORT

Our reporting on the order includes a subsidiary company, to which the order is applicable, which have been audited by the other auditor and our report in respect of this entity is based solely on the reports of the other auditor, to the extent applicable for reporting under the order in case of the consolidated financial statement.

1. In respect of the fixed assets of 'the group' the respective entities has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

The fixed assets of these entities 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.

2. The 'the group' 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 Holding company has granted interest free loans of Rs. 2951.16 lacs to the company listed in the register maintained under section 189 of the Companies Act 2013. But the said Loan advanced to subsidiary company amounting to Rs. 2951.16 lacs is doubtful in recovery.
4. In our opinion and in the opinion of other auditors and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the respective Company and the nature of its business for the purchase of fixed assets and Sale of services. The nature of the 'the group' activities is such that it does not involve purchase of inventories and sale of goods. During the course of our audit, we have not observed any major weaknesses in the internal control system of the Company and hence, the question of any continuing failure to correct the same does not arise.
5. In our opinion and in the opinion of other auditors and according to the information and explanations given to us, during the year under audit, the company has not accepted any deposits from the public to which the directives issued by Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under apply.
6. We have been informed that Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013, in respect of any activities carried on by the company.





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CHARTERED ACCOUNTANTS

7. 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 31st March 2016 which have not been deposited on account of a dispute pending are as under:

i) Holding Company:

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	ACIT 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. 104.96lacs
Income tax Act, 1961	2003-04	Diminution in the value of stock Rs. 1289 lacs (value written off) However there will not be any demand on this issue only carried forward loss will be reduced. However the Carried forward loss will be useful for AY 2007-2008 demand.	Madras High Court	NIL
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 115JB Jurisdiction is questioned	CIT(A)-III	Rs. 35.15 lacs
Income tax Act 1961	2006-07	B/F loss not considered, rectification filed	ACIT Company Circle III (2)	Rs.1.33 lacs





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CHARTERED ACCOUNTANTS

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 1961	2007-08	Department issued 148 notice and the assesment got completed The same issue of STCG @ 30.99 instead of 15%, assesment completed. Company had filed appeal before Commissioner Appeal-III	CIT-Appeal -III	Rs 68.69 lacs
Income tax 1961	2009-2010	No demand, However penalty has been initiated for addition u/s 14A As penalty initiated the company has filed Appeal before Commissioner Appeal -III it is pending	CIT Appeal -III	NIL
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. 4.57 lacs





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ii) Subsidiary Company

Name of the Statute	AY	Nature of Dispute	Forum where the disputes are pending	Amount Disputed
Income tax Act, 1961	2009-10	Disallowance on account of transaction charges of Rs. 21.21 lacs	CIT (Appeals)-8 Mumbai	NA
Income tax Act, 1961	2010-11	Disallowance u/s 14A of Rs. 2,3348,520/- Addition U/s 69 of Rs. 2,29,13,387/- Addition U/s 68 of Rs. 7,50,00,000/-	CIT (Appeals)-8 Mumbai	Rs.365.62 Lacs
Income tax Act, 1961	2012-13	Penalty u/s 271(1)(c)	CIT (Appeals)-9 Mumbai	Rs. 14.96 Lacs

8. In our opinion and in the opinion of other auditors and according to the information and explanations given to us and records examined by us, 'the group' has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
9. In our opinion and in the opinion of other auditors and according to the information and explanations given to us, 'the group' has not raised any moneys by way of initial public offer or further public offer or any term loans during the year under review
10. To the best of our knowledge and belief and according to the information and explanations given to us and the other auditors we have not come across any fraud by 'the group' or any fraud on 'the group' by its officers or employees during the course of our audit during the period under review.
11. During the year under audit, 'the group' has not paid any managerial remuneration. Thus paragraph 3(xi) of the order is not applicable to the company.



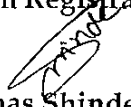


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CHARTERED ACCOUNTANTS

12. In our opinion and in the opinion of other auditors and according to information and explanations given to us and the other auditors, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.
13. In our opinion and in the opinion of other auditors and according to information and explanations given to us and the other auditors and records examined by us and other auditors, the transaction with the related parties are in compliance with the provisions of section 177 and section 188 of the Companies Act, 2013 and details of such transactions have been disclosed in the respective financial statements as required by the applicable accounting standards.
14. In our opinion and in the opinion of other auditors and according to information and explanations given to us and the other auditors and records examined by us and the other auditors, the company has not made any preferential allotment and private placement of shares during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.
15. In our opinion and in the opinion of other auditors and according to information and explanations given to us and the other auditors and records examined by us and the other auditors, the company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the order is not applicable.
16. In our opinion and in the opinion of other auditors and according to information and explanations given to us and the other auditors and records examined by us and the other auditors, neither the holding company nor the subsidiary company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Lakhani & Lakhani
Chartered Accountants
Firm Registration No. 115728W


Suhas Shinde
Partner
Membership No. 117107

Place: Mumbai
Date: 19-05-2016





Annexure - B to the Auditor's Report

Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the companies act, 2013 ("the act")

In conjunction with our audit of the consolidated financial statements of the Company as of for the year ended **March 31, 2016**, we have audited the internal financial controls over financial reporting of **TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED** (hereinafter referred to as "the holding Company") and its subsidiary company, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included





LAKHANI & LAKHANI

CHARTERED ACCOUNTANTS

obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.





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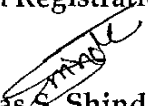
Opinion

In our opinion, the Holding Company and its subsidiary company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to its subsidiary company is based on the corresponding reports of the auditors of such company.

For Lakhani & Lakhani
Chartered Accountants
Firm Registration No. 115728W


Suhás S. Shinde
Partner
Membership No. 117107



Place: Mumbai
Date: 19-05-2016



TWENTYFIRST CENTURY MANAGEMENT SERVICES LIMITED

Regd. Office: G-3, Old No. 28A, New No. 67, Eldams Road, Alwarpet, Chennai-600018

Website: www.tcms.bz, E-mail: investors@tcms.bz, Tel: 044-24330006, Fax: 044-24328252

CIN: L74210TN1986PLC012791

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - Consolidated

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total income	(612.68)	(612.68)
2.	Total Expenditure	300.55	3574.39
3.	Net Profit/(Loss)	(694.63)	(3968.47)
4.	Earnings Per Share	(6.62)	(37.79)
5.	Total Assets	6718.54	3444.70
6.	Total Liabilities	6718.54	3444.70
7.	Net Worth	4764.96	1491.12
8.	Any other financial item(s) (as felt appropriate by the management)	NIL	NIL

II. Audit Qualification (each audit qualification separately:

a. Details of Audit Qualification:

Non Provision of Doubtful Debts amounting to Rs. 3273.84 lacs.

b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

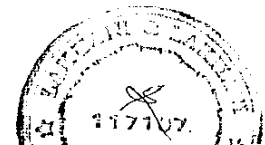
Qualified Opinion

c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing

Repetitive and since FY 2011-12

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

The Subsidiary Company is making all efforts to try and recover the debts recoverable from their clients which are very old and under dispute. The outcome of the subsidiary company's efforts are uncertain.



e. For Audit Qualification(s) where the impact is not quantified by the auditor: **Quantified**

(i) Management's estimation on the impact of audit qualification:

(ii) If management is unable to estimate the impact, reasons for the same:

(iii) Auditors' Comments on (i) or (ii) above:

III. Signatories:

CEO/Managing Director



CFO



Audit Committee Chairman



Statutory Auditor



Place: Mumbai

Date: 01-07-2016