



ANNUAL REPORT
For the year ended 31st March, 2000



REPORT AND ACCOUNTS

For the year ended 31st March, 2000

DIRECTORS

Shri C.R. Balasubramanian

Chairman

Shri Raman Kaicker

Vice Chairman and Managing Director

Shri Dinesh Vyas

Shri D.N. Shukla

Shri Ranjan Garg

Shri S. Sivakumar

BANKERS

United Bank of India

Times Bank

STATUTORY AUDITOR

M/s. Haribhakti & Co.

Chartered Accountants

REGISTRAR AND TRANSFER AGENTS

M/s. Sharepro Services, Satam Estate, Above
Bank Of Baroda, Chakala, Andheri (E),
Mumbai - 400 099.

TIMES GUARANTY LIMITED

Registered Office

The Times of India Building,
Dr. D.N. Road,
Mumbai - 400 001.

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DIRECTORS' REPORT

The Director present their report with the audited accounts of your Company for the year ended 31st March, 2000.

Review of the Year

The table given below compares the performance of the company for the year 1999 - 2000 vis-a-vis the previous year. Some of the key performance parameters have been explained below to gain a better understanding of the performance of the Company.

	Year ended 31.03.2000	Year ended 31.03.1999
Net financing & investment income	34	226
Recovery from amounts written off	168	153
Fee Income	134	173
Expenses	(245)	(340)
Operating profit / (loss)	91	212
Release from General Provision	38	631
Provision for bad debts	(2)	(1)
Provision for tax and deferred tax	(2)	(453)
Profit / (Loss) for the year after tax	125	389
Total Assets	6348	7012
Net Interest Margin %	3.2	5.5
Net worth	1709	1582

Continuing from the previous year, the focus in this year too was primarily on recovery of our lending portfolio in terms of both exposure and number of clients. The total income for the year under consideration amounting to Rs.336 lac is lower as compared to the previous year by Rs. 216 lac. However, this is mainly on account of reduction in portfolio of lease and hire purchase clients.

In pursuance of its objective for recovery of dues, your Company has filed over 422 legal cases in various courts for winding up, criminal complaints for dishonour of cheques, civil suit for recovery of monies owed, etc. These cases are in various stages of completion and, while some have resulted in recovery of substantial dues, positive results in the bulk of the legal cases are expected in the ensuing years.

During the year, various strategies were employed for recovery of dues including restructuring, asset substitution /collateralisation, foreclosures, repossession, reschedulement and initiation of legal action.

This resulted in recoveries to the extent of Rs. 990 lac during the year, including Rs. 169 lac from impaired assets which is higher than the previous year's recoveries by Rs. 15 lac.

Your Company has also made a significant effort in lowering its costs. This has been mainly by repayment of unsecured loan amounting to Rs. 600 lac resulting in a reduction of interest cost to your company. In addition to this, your company has also managed to significantly reduce its operational costs. All this has resulted in an overall reduction in costs by Rs. 95 lac as compared to the previous year.

The losses incurred on account of Non-Performing Assets of the previous years have resulted in carry forward losses of Rs. 4296.53 lac. On the other hand your company has in its reserves a sum of Rs. 3605.52 lac. To set-off the effect of these losses appearing in the balance sheet, your company proposes to adjust the losses against the reserves and capital reduction.



As per the guidelines laid down by RBI on capital adequacy, a minimum of 15% is required to be maintained by the non - banking financial companies and your Company has a Capital Adequacy Ratio of 35% as on 31st March, 2000.

Auditor's Observations

1. Confirmation from lessee regarding existence of assets given on lease:

With reference to para II (e)(i) of the Auditor's Report regarding confirmation from lessees of physical existence of assets given on lease, the Company has received confirmation from some lessees and has not received confirmation from others.

2. The Company had sent letters for confirmation of balances to overdue clients with a stipulation to confirm the balance by a given date. Clarifications were sought for by a few clients, which are in the process of being resolved. Letters for confirmation of balances are sent on a yearly basis.

Statutory Declarations

Subsidiary Company

The accounts of your Company's subsidiary, Bennett Securities Limited, is attached to this report.

Fixed Deposits

An amount of Rs. 5.22 lac representing 57 fixed deposits matured at the end of the year and was not claimed by the depositors. Your Company has issued letters reminding the depositors to collect their deposits.

Particulars of conservation of energy, technology absorption and foreign exchange earnings

This being a Loan Company, there are no particulars to be furnished for conservation of energy and technology absorption. There was no foreign exchange outgo on account of foreign travel, books, etc. during the year. There was also no foreign exchange earning during the year.

Stock Exchanges

The Company is listed with The Stock Exchange, Mumbai, The National Stock Exchange of India Ltd., The Stock Exchange, Ahmedabad, The Delhi Stock Exchange Association Ltd. and the Madras Stock Exchange Ltd. The necessary listing fees for the financial year 2000-2001 have been paid for all of the above.

Year 2000 Compliance

Your Company had put up a comprehensive program to address the Y2K issue well in advance. The computer systems and all other hardware that would have an adverse effect due to the year 2000 problem had been identified, inventoried and made compliant by either upgrading the system or by installing Y2K patches. The cost of the entire exercise was around Rs.10 lacs. Till date into the current, no system problems have been encountered on account of the Year 2000.

Section 217 (2A)

The statement of employees referred to in Section 217 (2A) of the Companies Act, 1956, forms part of this report.

Directors

Shri D.N. Shukla and Shri S. Sivakumar retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

Appointment of Auditors

The shareholders are requested to appoint Auditors, till the conclusion of the next Annual General Meeting and fix their remuneration.

Appointment of new share transfer agents :

The Company has appointed M/s. Sharepro Services, Satam Estate, 3rd Floor, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (East), Mumbai 400 099 as the new Registrar and Share Transfer Agents. Members are requested to notify change in address, if any, immediately to the new Registrars of the Company.

Classification of the Company :

RBI has reclassified the Company from Hire Purchase and Leasing to Loan Company since the income derived from Hire Purchase and Leasing activities is less than sixty percent of total income.

Change of Name :

The Company vide special resolution passed at the Annual General Meeting on 25th September, 1998 has changed the name from Times Guaranty Financials Limited to Times Guaranty Limited. The new certificate of incorporation with the changed name has been granted by Registrar of Companies on 11th December, 1998.

Acknowledgment

The Board of Directors thank the Company's promoters, customers, bankers and employees for their continued support.

For and on behalf of the Board of Directors,

C. R. Balasubramanian
Chairman

Mumbai

Dated: 27th April, 2000

ANNEXURE TO THE DIRECTORS' REPORT

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time;

Sr. No.	Name	Designation	Age (yrs.)	Qualification	Experience (in yrs.)	Date of commencement of service	Remuneration (Rs.)	Last employment held and designation
Employed throughout the year								
1.	Mr. Raman Kaicker	Vice Chairman & Managing Director	45	B.Com., FCA (England & Wales), ACA (India) DBM (Norwich, England) SI Aff. (London)	22	04.08.95	41,99,086	Senior Management Strategist, Bennett, Coleman & Co. Ltd.

Notes :

1. Remuneration includes salary, commission, house rent allowance, company's contribution to provident fund, wherever applicable, other sums actually received by the employees during the finance year (including arrear salary) and perquisites valued in accordance with the Income Tax Act, 1961 and rules made thereunder.



TIMES GUARANTY

AUDITORS' REPORT TO THE SHAREHOLDERS OF TIMES GUARANTY LIMITED

We have audited the attached Balance Sheet of TIMES GUARANTY LIMITED as at 31st March, 2000 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto.

We report as follows:

- I. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, on the basis of such checks of the books and records as we considered appropriate and the information and explanations given to us during the course of the audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- II. Further to our comments in the Annexure referred to in paragraph I above, we report as follows :
 - a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b) 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 the books;
 - c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report are prepared in compliance of the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e) subject to :
 - (i) Note no. 3(d) regarding confirmations from lessees regarding existence of assets given on lease.
 - (ii) Note no. 7 regarding non-confirmation of various balances, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000 and
 - ii) in case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For Haribhakti & Co.,
Chartered Accountants

Place: Mumbai

Dated: 27th April, 2000

Sushil Shah
Partner

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph I of our report of even date)

- 1 The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets. All fixed assets have been physically verified by the Management during the year, except for assets given on lease. No material discrepancies were noticed in the assets so verified.
2. None of the fixed assets were revalued during the year.
3. The Stock-in-Trade (Shares/Debenture/Other Securities) has been verified by the Management at reasonable intervals. Discrepancies which were noticed on such verification have properly been adjusted in the books of account. In our opinion, the method of valuation of such stocks is fair and proper and in accordance with normally accepted accounting principles and is on the same basis as in the previous year.
4. The Company has neither taken any loans from nor granted any loans to companies, firms or other parties listed in the register maintained under Section 301 nor has it granted any loans to Companies under the same management as defined under Section 370 (1-B) of the Companies Act, 1956 .

The Company has taken loans from its holding company, a company listed in the register maintained under Section 301 which is also Company under the same management as defined under Section 370 (1-B) of the Companies Act, 1956, terms and conditions of which are, prima facie, not prejudicial to the interest of the Company.

5. a) Loans and advances have been given by the Company to its employees and other parties, in the course of its business, are generally repaying the principal amount alongwith the interest due thereon, wherever applicable, as stipulated. In case of delays in repayment of principal or interest, the Company is taking reasonable steps for recovery of the same.
- b) In respect of monies due on account leasing and hire purchase transactions and loans against hypothecation, where instalments are overdue, we are of the opinion that reasonable steps are being taken by the Company for recovery of the same.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of Plant and Machinery, Equipment, Shares and Securities and other assets and for the sale of shares.
7. The Company has not purchased during the year any goods or materials or sold during the year any goods, materials or services exceeding Rs. 50,000/- in value from any party pursuant to contracts or arrangements entered in the register maintained under Section 301, except for sale and purchase of certain securities to such parties which have been made at prices which, in our opinion, are reasonable compared to the then prevailing market prices thereof.
8. The Company has complied with the provisions of Section 58A of the Companies Act, 1956, the Companies (Acceptance of Deposits) Rules 1975 (to the extent applicable) and the Non-Banking Financial Companies (Reserve Bank) Directions, 1977, in respect of the deposits accepted from the public during the year.
9. The Company has an Internal Audit System commensurate with the size and nature of its business.
10. Provident Fund, Family Pension Fund and Employees State Insurance dues have generally been deposited within stipulated time with appropriate authorities during the year. There are, however, no arrears at the end of the year.
11. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, customs duty and excise duty were outstanding as at 31st March, 2000 for a period of more than six months from the date they became payable.
12. According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
13. The Company is not a "sick industrial company" within the meaning of clause (O) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
14. In our opinion, the Company has maintained adequate documents and records in cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
15. In our opinion, in relation to the Company's dealings in shares, securities, debentures and other investments, proper records have been maintained of the transactions and contracts and timely entries have been made therein. Shares, debentures and other securities are held by the Company in its own name, except to the extent of exemptions, if any, granted under Section 49 of the Companies Act, 1956, save for shares and debentures which are either lodged for transfer in the name of the Company or are held with valid transfer forms in the name of the Company to be transferred only at the time of book closure/record date of the Company in which investments are made.

In our opinion, the other paragraphs of Clauses 4(A) and 4(D) of the aforesaid Order are not applicable to the Company and hence, are not commented upon.

For Haribhakti & Co.
Chartered Accountants

Sushil Shah
Partner

Place : Mumbai
Dated : 27th April, 2000



TIMES GUARANTY

BALANCE SHEET AS ON MARCH 31, 2000

	Schedule No.	As at 31.03.00 Rs. lac	As at 31.03.99 Rs. lac
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
a. Share capital	1	2399.53	2399.51
b. Reserves and surplus	2	3605.52	3605.43
		<u>6005.05</u>	<u>6004.94</u>
LOAN FUNDS			
a. Unsecured loans	3	342.62	1007.98
TOTAL		<u>6347.67</u>	<u>7012.92</u>
APPLICATION OF FUNDS			
FIXED ASSETS & ASSETS PENDING CAPITALISATION 4			
a. Gross block		847.88	5389.42
b. Less : Depreciation		298.75	2265.32
c. Less : Lease adjustment		139.65	1174.94
d. Less : Additional depreciation		10.11	1221.31
e. Net block		<u>399.37</u>	<u>727.85</u>
INVESTMENTS	5	185.78	219.44
CURRENT ASSETS, LOANS & ADVANCES			
a. Current assets			
Stocks	6A	172.16	484.09
Debtors	6B	95.41	196.13
Cash and Bank	6C	129.56	273.50
b. Loans and advances	6D	1520.20	1697.58
		<u>1917.33</u>	<u>2651.30</u>
Less : CURRENT LIABILITIES & PROVISIONS	7		
a. Current liabilities		178.28	452.18
b. Provisions		273.06	555.53
		<u>451.34</u>	<u>1007.71</u>
Net Current Assets		<u>1465.99</u>	<u>1643.59</u>
MISCELLANEOUS EXPENDITURE			
Profit and loss account		4296.53	4422.04
TOTAL		<u>6347.67</u>	<u>7012.92</u>
NOTES FORMING PART OF ACCOUNTS	13		

As per our report of even date attached

For **HARIBHAKTI & CO.**
Chartered Accountants**C.R. BALASUBRAMANIAN**
Chairman**RAMAN KAICKER**
Vice Chairman**SUSHIL SHAH**
PartnerMumbai
Dated : 27th April, 2000

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2000

	Schedule No.	For the year ended 31.03.00 Rs. lac	For the year ended 31.03.99 Rs. lac
INCOME			
Income from loans and advances			
– Leasing		206.09	407.40
– Hire purchase		59.76	135.14
– Loan against security		49.12	115.61
– Others	8	181.07	156.87
Interest on bonds and government securities		35.88	73.51
Income from advisory services		133.64	173.24
Income from trading in securities	9	-9.35	21.98
Miscellaneous income	10	35.82	3.31
TOTAL INCOME		692.03	1087.06
EXPENDITURE			
Personnel and administration	11	-253.89	-340.34
Interest and other financial costs	12	-81.14	-238.65
TOTAL EXPENDITURE		-335.03	-578.99
GROSS PROFIT		357.00	508.07
Provision for bad and doubtful debts		-1.55	-1.11
Loss on sale of assets		-22.83	-87.86
Release from general provision		37.51	784.39
Depreciation		-114.59	-200.70
Lease equalisation		-127.95	-208.61
PROFIT BEFORE TAX		127.59	794.18
Provision for taxation		-2.08	-584.48
Deferred tax liability		–	131.98
PROFIT AFTER TAX		125.51	341.68
Prior period adjustments		–	47.79
PROFIT AFTER ADJUSTMENTS		125.51	389.47
Loss brought forward		-4422.04	-4811.51
NET LOSS CARRIED TO BALANCE SHEET		-4296.53	-4422.04
TOTAL		-4296.53	-4422.04

NOTES FORMING PART OF ACCOUNTS **13**

As per our report of even date attached

For **HARIBHAKTI & CO.**
Chartered Accountants

C.R. BALASUBRAMANIAN
Chairman

RAMAN KAICKER
Vice Chairman

SUSHIL SHAH
Partner

Mumbai
Dated : 27th April, 2000