



TIMES GUARANTY LIMITED
11th ANNUAL REPORT
For the year ended March 31, 2001



REPORT AND ACCOUNTS

For the year ended March 31, 2001

BOARD OF DIRECTORS

Mr. Ranjan Garg, *Chairman*

Mr. S. Sivakumar, *Director*

Mr. P. M. Rao, *Director*

BANKERS

HDFC Bank Ltd

United Bank of India

AUDITORS

M/s. Haribhakti & Co

Chartered Accountants

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REGISTRAR & TRANSFER AGENTS

M/s. Sharepro Services,

Satam Estate,

Chakala, Andheri (E),

Mumbai - 400 099.

REGISTERED OFFICE

The Times of India Building,

Dr. D. N. Road,

Mumbai - 400 001.

DIRECTORS' REPORT

The Directors present their report with the audited accounts of your Company for the year ended March 31, 2001.

Operational Review

The summary financial results, as indicated below, compares the financial performance of the Company for the year ended March 31, 2001 with the results of year ended March 31, 2000.

(Rs. in lacs)

Particulars	Year ended 31.03. 2001	Year ended 31.03. 2000
Total Income	312.36	701.38
Total Expenses	(280.85)	(344.38)
Gross Profit	31.51	357.00
Bad Debts, Provisions for Diminution of Value of Assets and Impairment of Loans & Advances	(179.52)	(1.55)
Loss on Sale of Assets	(27.14)	(22.83)
Release from General Provision and Excess Provision Written-back	90.27	37.51
Depreciation and Lease Equalisation	(42.83)	(242.54)
Profit / (Loss) Before Tax	(127.71)	127.59
Provision for Tax and Adjustments for Deferred Tax	57.18	(2.08)
Profit / (Loss) for the Year after Tax	(70.53)	125.51
Prior Period Tax Adjustments	(120.72)	0.00
Profit / (Loss) for the Year after adjustments	(191.25)	125.51

The total income declined from Rs. 701.38 lacs for the year ended March 31, 2000 to Rs. 312.36 lacs for the year ended March 31, 2001. The reduction in the total income has been primarily due to completion of the tenure of old lease and hire purchase agreements and no fresh fund-based activities being undertaken by the Company during this year also.

During the current year, your Company focused primarily on the recovery of the asset portfolio. The Company has taken various legal and remedial actions for asset recoveries including recovery suits, winding up petitions and criminal complaints for dishonour of cheques. These cases are in various stages of completion. The legal recourse has resulted in recovery of substantial dues while favourable results in most of the legal cases are expected in the subsequent years. The remedial actions for recoveries include restructuring, reschedulements, asset substitution / collateralization, foreclosures and reposessions.

The various steps taken by the Company for asset recoveries has resulted in recoveries to the extent of Rs. 768 lacs during the year ended March 31, 2001 as against Rs. 990 lacs in the previous year.

Classification of the Company:

Based on an organizational assessment in 1995, your Company made a conscious move to exit from all fund-based activities including leasing and hire-purchase. As part of this move, your Company has discontinued the public fixed deposit scheme from the year 1997 and, after seeking the requisite approval from the Reserve Bank of India, had offered a prepayment of deposits at the contracted rate of payment. Subsequently, the Company approached Reserve Bank of India for exiting from the non-banking finance (NBFC) business. As per the direction of the Reserve Bank of India, the outstanding fixed deposits including interest of Rs. 10,28,039 have been transferred to an escrow account with Global Trust Bank in order to protect the overall interests of the fixed deposit holders. On satisfactory compliance of all statutory requirements, the Reserve Bank of India deregistered the Company as a non-banking finance company.

Auditor's Observations:

With reference to paragraph II (f) of the Auditor's Report relating to recoverability of inter-corporate deposit, your Company expects to recover the amount stated in the balance sheet in view of the realizable value of the underlying security against the advance. The recoverability of this advance is further enhanced in view of the various legal steps initiated for the purpose.

With reference to the value of the property (acquired from a client in lieu of dues), your Company is reasonably confident of recovering the amount stated in the balance sheet from sale of the property in future.



Subsidiary Company

Your Company held 99.94% of the Equity Share Capital of its subsidiary, Bennett Securities Limited as at March 31, 2000. In respect of the balance share capital, the Company has become a joint shareholder and, consequently, Bennett Securities Limited is now a wholly-owned subsidiary of the Company.

The accounts of your Company's subsidiary, Bennett Securities Limited are attached to this Report. The statement required under Section 212 of the Companies Act, 1956 is also attached to this Report.

Fixed Deposits

An amount of Rs. 5.28 lacs representing 49 (forty nine) fixed deposits matured during 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

As your company is not engaged in any manufacturing activities, there are no particulars to be furnished for conservation of energy and technology absorption. The foreign exchange outgo on account of foreign travel is Rs. 2.66 lacs during the year. There were no foreign exchange earnings during the year.

Personnel

The statement of employees referred to in Section 217 (2A) of the Companies Act, 1956 is set out in the Annexure to this Report. However, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956 the Report and the Accounts is being sent to all Shareholders of the Company excluding the aforesaid information. Any Shareholder interested in obtaining such particulars may write to the Company at the Registered Office.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 as inserted vide the Companies Amendment Act, 2000 your Directors' confirm that:-

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) The Directors had selected such accounting policies and applied them consistently and 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 on March 31, 2001 and of the loss of the Company for the year ended March 31, 2001.
- (iii) The Directors have taken proper and sufficient care 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.
- (iv) The Directors have prepared the annual accounts on a going concern basis.

Stock Exchanges

Your 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 2001-2002 have been paid to all the above stock exchanges.

Audit Committee:

Pursuant to the provisions of Section 292A of the Companies Act, 1956 as inserted vide the Companies Amendment Act, 2000, the Board of Directors has constituted an Audit Committee of its Directors. Mr. Ranjan Garg, Mr. S. Sivakumar and Mr. P. M. Rao, Directors of the Company, have been appointed as the members of the Audit Committee.

Corporate Governance

The Company will take necessary steps in line with the corporate governance requirements laid down under the Listing Agreements by March 2002.

Directors

Mr. P. M. Rao was appointed as Additional Director of your Company on June 28, 2001 to hold office till the conclusion of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director of your Company in the ensuing Annual General Meeting.

Mr. Ranjan Garg, Chairman and Director of your Company, retires by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offers himself for re-appointment.

Resignation of Directors:

Mr. D. N. Shukla and Mr. Dinesh Vyas resigned as Directors of the Company with effect from September 14, 2000 and September 15, 2000 respectively.

Mr. Raman Kaicker resigned as the Vice – Chairman & Managing Director and Director of the Company with effect from September 30, 2000.

Mr. C. R. Balasubramanian resigned as the Chairman & Director of the Company with effect from June 28, 2001.

Your Directors take this opportunity to place on record their appreciation for the valuable contributions made by Mr. Shukla, Mr. Vyas, Mr. Kaicker and Mr. Balasubramanian.

Appointment of Auditors

M/s. Haribhakti & Co., Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

OTHER INFORMATION:

Dematerialization of Shares

Your Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable shareholders to hold shares in dematerialised form. Your Company has also made arrangements for simultaneous dematerialisation of share certificates lodged for transfer. Since dematerialisation facilitates quick share transfers and prevents forging of documents, those shareholders who have not opted for this facility are advised to dematerialise their shares with either of the depositories. The Equity Shares of your Company can be traded on the stock exchanges only through the "Demat" mode with effect from April 30, 2001.

Sale of Controlling Interest

During the year, we have been informed by the principal shareholder of the Company, Bennett, Coleman & Company Limited, that it has entered into an agreement with Devonshire Capital (Mauritius) Limited, a company incorporated in Mauritius, for sale of its controlling interest and management of the Company.

As required by the Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and subsequent amendments thereto, Devonshire Capital (Mauritius) Limited made an Open Offer to the remaining Shareholders of the Company to acquire up to 20% of the Equity Share Capital of the Company.

As of the date of this Report, the Equity Shares acquired by Devonshire Capital (Mauritius) Limited under the Open Offer as well as the Equity Shares agreed to be acquired by Devonshire Capital (Mauritius) Limited from Bennett, Coleman & Company Limited have not been lodged for registration.

Reduction of Capital:

The Company vide shareholders approval in the previous Annual General Meeting of the Company held on June 1, 2000 had resolved to reduce the paid up capital of the Company. Pursuant to Section 100 of the Companies Act, 1956 the Company has filed a petition with Bombay High Court, for the approval of the said reduction of capital. The hearing for the said petition is awaited.

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,

Place : Mumbai
Dated: June 28, 2001

Ranjan Garg
Chairman



TIMES GUARANTY

AUDITORS' REPORT TO THE MEMBERS OF TIMES GUARANTY LIMITED

We have audited the attached Balance Sheet of TIMES GUARANTY LIMITED, as at 31st March, 2001 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, to the extent applicable to the Company.
- II. Further to our comments in the Annexure referred to in paragraph I above:
 - (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, the Company as required by Law, has kept proper books of account, so far as appears from our examination of these books;
 - (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account dealt with by this report are prepared in compliance with the applicable Accounting Standards referred to in terms of clause (c) of sub-section (3) of Section 211(3C) of the Companies Act 1956;
 - (e) In the basis of the written representations received from all companies as on 31st March 2001 in which the Company's directors are directors and taken on record by the Board of Directors of the Company, we report that prima facie none of the directors is disqualified as on 31st March, 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) We are unable to express our opinion on full recoverability of inter corporate deposit with a joint stock company amounting to Rs. 365 lacs and on permanent diminution, if any, in the value of investment in property amounting to Rs. 54.64 lacs.
 - (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and subject to our observations in para (f) above, give a true and fair view:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001 and
 - ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

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For Haribhakti & Co.,
Chartered Accountants

Place: Mumbai

Dated: June 28, 2001

Chetan Desai
Partner

ANNEXURE TO THE AUDITORS' REPORT

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

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the 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 has been revalued during the year.
3. The stock-in-trade (shares/ debentures/ other securities) has been verified by the management at reasonable intervals. Discrepancies, which were noticed on such verification, have been properly 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 not taken any loans (secured or unsecured) from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or Companies under the same management, as defined under sub-section (1-B) of section 370 of the Companies Act, 1956.
 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 along with the interest due thereon, wherever applicable, as stipulated. In case of delay in repayment of principal or interest, the Company is taking reasonable steps for recovery of the same, except for inter-corporate deposit given to a Company amounting to Rs. 365 lacs.
 - b) In respect of monies due on account leasing and hire purchase transactions and loan against hypothecation, where instalments are overdue, we are of 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 explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to the purchase and sale of plant and machinery, equipment, shares and securities and other assets and for the sale of shares and securities.
 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 of the Companies Act, 1956, 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 provision of section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules 1975.
 9. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the 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 on 31st March, 2001 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 document and record 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 dealing in shares, securities, debenture and other investments, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, debentures, and other securities are held by the Company in its own name, except to the extent exemption is granted under section 49 of the Companies Act, 1956 and save for shares and debentures which are either lodged for transfer only at the time of book closure/record date of the Company in which investments are made.
 16. In our opinion, the provisions of sub-clause Nos. (xii), (xiv) and (xvi) of clause (A) to para 4 and 5 are not applicable to the company and hence, not commented upon.

For Haribhakti & Co.,
Chartered Accountants

Place: Mumbai
Dated: June 28, 2001

Chetan Desai
Partner



TIMES GUARANTY

BALANCE SHEET AS ON MARCH 31, 2001

	Schedule No.	As at 31.03.01 Rs. lac	As at 31.03.00 Rs. lac
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
a. Share capital	1	2399.53	2399.53
b. Reserves and surplus	2	3605.52	3605.52
		6005.05	6005.05
LOAN FUNDS			
a. Unsecured loans	3	0.25	342.62
		6005.30	6347.67
APPLICATION OF FUNDS			
FIXED ASSETS & ASSETS PENDING CAPITALISATION 4			
a. Gross block		321.07	785.75
b. Less : Depreciation		93.80	298.75
c. Less : Lease adjustment		-	139.65
d. Less : Additional depreciation		-	10.11
e. Net block		227.27	337.25
INVESTMENTS	5	65.10	240.42
CURRENT ASSETS, LOANS & ADVANCES			
a. Current assets			
Inventories	6A	3.66	172.16
Sundry Debtors	6B	11.52	95.41
Cash and bank balances	6C	504.38	129.56
b. Loans and advances	6D	1080.54	1527.68
		1600.10	1924.81
Less : CURRENT LIABILITIES & PROVISIONS	7		
a. Current liabilities		108.64	178.28
b. Provisions		266.31	273.06
		374.95	451.34
Net Current Assets		1225.15	1473.47
PROFIT AND LOSS ACCOUNT			
TOTAL		6005.30	6347.67
NOTES FORMING PART OF ACCOUNTS			
	13		

As per our report of even date attached

For **HARIBHAKTI & CO.**
Chartered Accountants**RANJAN GARG**
Chairman**S. SIVAKUMAR**
Director**CHETAN DESAI**
PartnerPlace : Mumbai
Dated : June 28, 2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2001

	Schedule No.	For the year ended 31.03.01 Rs. lac	For the year ended 31.03.00 Rs. lac
INCOME			
Income from loans and advances			
- Leasing		15.49	206.09
- Hire purchase		20.03	59.76
- Interest on loan against security		48.09	49.12
- Others	8	187.85	181.07
Interest on bonds and government securities		7.22	35.88
Income from placement		15.18	133.64
Miscellaneous income	9	18.50	35.82
TOTAL INCOME		312.36	701.38
EXPENDITURE			
Personnel and administration	10	-261.68	-253.89
Loss from trading in securities	11	-3.44	-9.35
Interest and other financial costs	12	-15.73	-81.14
TOTAL EXPENDITURE		-280.85	-344.38
GROSS PROFIT/LOSS		31.51	357.00
Bad debts		-22.86	-1.55
Provision for diminution in value of assets		-150.35	-
Impairment of loans and advances		-6.31	-
Loss on sale of assets		-27.14	-22.83
Excess provision written back		37.07	-
Release from general provision		53.20	37.51
Depreciation		-35.24	-114.59
Lease equalisation		-7.59	-127.95
PROFIT/LOSS BEFORE TAX		-127.71	127.59
Provision for taxation		-3.28	-2.08
Deferred tax liability		60.46	-
PROFIT/LOSS AFTER TAX		-70.53	125.51
Prior year tax adjustments		-120.72	-
PROFIT/LOSS AFTER ADJUSTMENTS		-191.25	125.51
Loss Brought forward		-4296.53	-4422.04
NET LOSS CARRIED TO BALANCE SHEET		-4487.78	-4296.53
TOTAL		-4487.78	-4296.53
NOTES FORMING PART OF ACCOUNTS	13		

As per our report of even date attached

For **HARIBHAKTI & CO.**
Chartered Accountants**RANJAN GARG**
Chairman**S. SIVAKUMAR**
Director**CHETAN DESAI**
PartnerPlace : Mumbai
Dated : June 28, 2001