



# **TIMES GUARANTY LIMITED**

## **14th ANNUAL REPORT**

**For the year ended March 31, 2004**

**REPORT AND ACCOUNTS***For the year ended March 31, 2004***CONTENTS**

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**BOARD OF DIRECTORS**Mr. Ranjan Garg, *Chairman*Mr. D. N. Shukla, *Director*Mr. S. Sivakumar, *Director*Mr. P. M. Rao, *Director*Mr. Avinash Jain, *Director***BANKERS**

HDFC Bank Ltd

United Bank of India

**AUDITORS**

M/s. Haribhakti &amp; Co.

Chartered Accountants

**INTERNAL AUDITORS**

M/s. V. B. Goel &amp; Co.

Chartered Accountants

**REGISTRAR & TRANSFER AGENTS**M/s. Sharepro Services, Satam Estate,  
Chakala, Andheri (E), Mumbai - 400 099.**REGISTERED OFFICE**Ground Floor, Matulya Mills Compound,  
S. B. Marg, Lower Parel (W),  
Mumbai - 400 013.

Tel. : 2273 1386

**Annual Report 2003-2004****NOTICE OF THE ANNUAL GENERAL MEETING****TIMES GUARANTY LIMITED**

**Registered Office :** Ground Floor, Matulya Mills Compound, S. B. Marg, Lower Parel (W), Mumbai – 400 013.

**NOTICE** is hereby given that the Fourteenth Annual General Meeting of the members of Times Guaranty Limited will be held at 9.30 a.m. on September 16, 2004 at Convention Hall, 4th Floor, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021 to transact the following business :

**Ordinary Business :**

1. To receive, consider and adopt the Profit and Loss Account for the financial year ended March 31, 2004, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. D N Shukla, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Avinash Jain, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. M/s. Haribhakti and Co., Chartered Accountants, whose term expires at this Annual General Meeting, are eligible for re-appointment.

By Order of the Board  
For Times Guaranty Limited

Mumbai  
June 18, 2004

**Ranjan Garg**  
Chairman

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE

INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. THE PROXY FORMS SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME OF THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and the Share Transfer Book of the Company will remain closed from September 10 to September 16, 2004 (both days inclusive).
3. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.

***Brief Details of Directors Seeking Re-Appointment as required under the Listing Agreement***

**Mr. D. N. Shukla**, 77, is a Commerce Graduate and has 37 years of experience in the Banking Industry with international exposure. He retired as Executive Director of Bank of India. He was appointed as additional Director of the Company on November 26, 2001. He is the Chairman of the Audit Committee of the Company. He is also Director of Jaysynth Anthraquinones Ltd., Simco Trading & Finance Co. Ltd., Smita Medical Products Ltd., Shree Vindhya Paper Mills Ltd., Homi Mehta & Sons Pvt. Ltd., Bharti Polytex Pvt. Ltd., Trichromy Enterprises Pvt. Ltd. He is member of Audit Committee of Jaysynth Anthraquinones Ltd.

**Mr. Avinash Jain**, 39, B.Com (Hons.), FCA, is a practising Chartered Accountant and has over 16 years experience in the field of taxation and auditing. He was appointed as additional Director of the Company on March 30, 2002. He is a member of the Audit Committee of the Company. He is also Director of Pranali Financial Services Pvt. Ltd. and Karma Network Ltd.

## **TIMES GUARANTY LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report with the audited accounts of your Company for the year ended March 31, 2004.

### **Operational Review and Management Discussion**

The summary financial results, as indicated below, compares the financial performance of the Company for the year ended March 31, 2004 with the results for the year ended March 31, 2003 :

[Rs. in lacs]

Particulars	Year ended March 31, 2004	Year ended March 31, 2003
Total Income	167.60	149.42
Total Expenses	(62.75)	(91.70)
Gross Profit	104.84	57.72
Bad Debts and Provision for Diminution in Value of Investments and Impairment of Loans and Advances	(12.13)	(139.63)
Loss on Sale of Assets	(0.03)	(12.87)
Release from General Provision and Excess Provision Written-Back and Liability Written Back	35.12	152.37
Depreciation	(3.14)	(12.26)
Profit / (Loss) Before Tax	124.66	45.33
Provision for Tax and Adjustments for Deferred Tax	(2.07)	(0.82)
Profit / (Loss) for the Year after Tax	122.59	44.52
Prior Period Adjustments	(0.15)	(20.67)
Profit / (Loss) for the Year after Adjustments	122.45	23.85

The total income increased to Rs. 167.60 lacs for the year ended March 31, 2004 from Rs. 149.42 lacs for the year ended March 31, 2003. The increase in the total income has been primarily due to optimal and effective deployment of your Company's surpluses in Mutual Fund units and bank fixed deposits.

During the current year also, 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 dues amounting to Rs. 97.66 lacs 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.

Expenses have decreased substantially from Rs. 91.52 lacs for the year ended March 31, 2003 to Rs. 62.75 lacs for the year ended March 31, 2004. This was achieved through further rationalization of costs and reduction in overheads.

Finally, after providing for taxation (MAT) of Rs. 2.07 lacs, Profit After Tax and Adjustments has increased to Rs. 122.45 lacs for the year ended March 31, 2004 from Rs. 23.85 lacs for the year ended March 31, 2003.

In order to conserve resources, the Board of Directors does not propose to declare dividend on Preference Shares and Equity Shares.

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The major constituents of the financial services sector are primarily engaged in recovery of dues. Recovery of assets depends to a large extent on the continued revival in manufacturing activities as well as on the outcome of the legal process. Though there has been a stimulation in economic activity and a revival of the capital market, the major part of our recovery efforts are mainly an outcome of the legal actions initiated by us. Though there have been reforms in the judicial process, much more requires to be done in this direction. The falling interest rate scenario would affect returns from deployment of your Company's funds. In the forthcoming year, your Company expects to recover amount similar to the amount recovered during the current year.

Your Company continuously reviews the internal control systems and thereby ensures adequate and appropriate checks and balances in transaction management.

The current employee strength is considered adequate to handle the business of your 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 realisable 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.

**Subsidiary Company**

Your Company's subsidiary, Bennett Securities Limited, has been sold as part of the optimisation

of the business processes and rationalization of costs. Your Company has no other subsidiaries.

**Fixed Deposits**

The depositors have not claimed principal amount of Rs. 1.24 lacs representing 12 fixed deposits, which have matured. Your Company has vigorously pursued the matter of reminding the depositors to collect their deposits, which has yielded helpful results.

**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. There were no foreign exchange earnings or outgo during the year.

**Personnel**

There are no employees covered by Section 217 (2A) of the Companies Act, 1956.

**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

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fair view of the state of affairs of the Company as on March 31, 2004 and of the profit of the Company for the year ended March 31, 2004.

- (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**

The equity shares of your Company are currently listed with The Stock Exchange, Mumbai [BSE] and The National Stock Exchange of India Ltd. [NSE]. The listing fees for the financial year 2004-2005 have been paid to the BSE and the NSE. In the previous year, your Company had proposed to delist its Equity Shares from The Stock Exchange, Ahmedabad, The Delhi Stock Exchange Association Ltd. and the Madras Stock Exchange Ltd. as the Equity Shares were rarely traded at these Exchanges and the continued listing did not provide any benefit to the members of the Company. Thus, during the year, your Company's Equity Shares were delisted from the aforementioned Stock Exchanges.

**Corporate Governance**

Your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the Listing Agreement of the Stock Exchanges, are complied with.

A separate report on Corporate Governance is attached as annexure to this Report, alongwith the auditor's certificate of the compliance.

**Directors**

Mr. D.N. Shukla and Mr. Avinash Jain, Directors of your Company, retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

**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.

**Appointment of Internal Auditors**

M/s. V.B. Goel & Co., Chartered Accountants, have been reappointed as internal auditors of the Company.

**Transfer of Unclaimed Fixed Deposit money**

As required under Sec 205C of the Companies Act 1956, the Company has transferred matured fixed deposit along with accrued interest thereon, unclaimed for more than seven years, to the Investor Education & Protection Fund established by the Central Government.

**Acknowledgments**

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,**

Mumbai  
June 18, 2004

**Ranjan Garg  
Chairman**

**Report On Corporate Governance**

(Pursuant to Clause 49 of the Listing Agreement)

**1. Company's Philosophy on Code of Governance**

The Company's philosophy on Corporate Governance is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting its obligations to shareholders. The Company fully understands the rights of its shareholders to information on the performance of the Company.

**2. Board of Directors***Composition and Size of the Board*

The present strength of the Board is five. All the Directors are non-executive Directors. Two Directors are independent Directors.

Directors	Executive / Non-Executive/ Independent	No. of Outside Directorship(s)/Board Committees (Other than Times Guaranty Ltd)	
		Directorship	Committee
Mr. Ranjan Garg	Chairman, Non-Executive	5	1
Mr. S. Sivakumar	Non-Executive	7	2
Mr. P.M. Rao	Non-Executive	3	1
Mr. D.N. Shukla	Non-Executive and Independent	7	1
Mr. Avinash Jain	Non-Executive and Independent	2	—

**Number of Board Meetings**

Five Board Meetings were held during the financial year 2003-2004. The dates on which the Board Meetings were held were as follows :

June 25, 2003, July 29, 2003, September 22, 2003, November 28, 2003, January 30, 2004.

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*Attendance of each Director at the Board Meeting held during the financial year 2003-04 and at the last Annual General Meeting :*

Directors	No. of Board Meetings held after the appointment of respective Directors / till resignation of the Directors		Attendance at the Last AGM
	Held	Attended	
Mr. Ranjan Garg	5	3	No
Mr. S. Sivakumar	5	4	Yes
Mr. P.M. Rao	5	3	Yes
Mr. D.N. Shukla	5	4	Yes
Mr. Avinash Jain	5	5	Yes

Details of Directors seeking re-appointment

**Mr. D.N.Shukla**, 77, is a Commerce Graduate and has 37 years of experience in the Banking Industry with international exposure. He retired as Executive Director of Bank of India. He was appointed as additional Director of the Company on November 26, 2001. He is the Chairman of the Audit Committee of the Company. He is also Director of Jaysynth Anthraquinones Ltd., Simco Trading & Finance Co. Ltd., Smita Medical Products Ltd., Shree Vindhya Paper Mills Ltd., Homi Mehta & Sons Pvt. Ltd., Bharti Polytex Pvt. Ltd., Trichromy Enterprises Pvt. Ltd. He is member of Audit Committee of Jaysynth Anthraquinones Ltd.

**Mr. Avinash Jain**, 39, B.Com(Hons.), FCA, is a practising Chartered Accountant and has over 16 years experience in the field of taxation and auditing. He was appointed as additional Director of the Company on March 30, 2002. He is a member of the Audit Committee of the Company. He is also Director of Pranali Financial Services Pvt. Ltd. and Karma Network Ltd.

### 3. Audit Committee

#### Terms of Reference and Composition :

The terms of reference of this Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956.



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During Financial Year 2003-2004, the Audit Committee met five times. The Statutory auditors and Internal auditors were invitees to the Meeting. Details of members of the committee and their attendance are given below :

<b>Name</b>	<b>Number of meeting attended</b>
Mr. D. N. Shukla, Chairman of the Audit Committee (Non-executive and Independent Director)	5
Mr. Avinash Jain (Non-executive and Independent Director)	5
Mr. S. Sivakumar (Non-executive Director)	4

**4. Remuneration Committee**

No remuneration has been paid to any of the Directors, except sitting fees paid to Mr. D. N. Shukla. Hence, Remuneration Committee, being a non-mandatory requirement has not been constituted.

**5 Shareholders Committee***Composition*

The Company has a Shareholders' Grievance Committee comprising of its Directors, Mr. Ranjan Garg, Mr. S. Sivakumar and Mr. P. M. Rao to consider transfer of shares and redressing shareholders' and investors' complaints. Mr. Ranjan Garg, a non-executive Director, is the Chairman of the Committee.

*Name and Designation of Compliance Officer :*

Mr. G. Ramaswamy, Assistant General Manager & Company Secretary

*Number of Complaints :*

During the year 2003-04, Company's Registrar & Share transfer agent, M/s. Sharepro Services received 97 complaints and all the complaints have been resolved. There were no transfer of shares pending as on March 31, 2004.

**6. General Body Meetings**

<b>AGM/ EGM</b>	<b>Date</b>	<b>Venue</b>	<b>Time</b>	<b>No. of Special Resolutions passed</b>
AGM	September 18, 2003	Convention Hall, 4th Floor, Y. B.Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021.	9.30 A.M.	3