



**TIMES GUARANTY LIMITED**  
**15th ANNUAL REPORT**  
**For the year ended March 31, 2005**

**TIMES GUARANTY LIMITED**

## **REPORT AND ACCOUNTS**

*For the year ended March 31, 2005*

### **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 & Co.

Chartered Accountants

### **INTERNAL AUDITORS**

M/s. V. B. Goel & 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

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**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 Fifteenth Annual General Meeting of the members of Times Guaranty Limited will be held at 9.30 A.M. on September 15, 2005, at Convention Hall, 4<sup>th</sup> 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 & Loss Account for the financial year ended March 31, 2005, 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. S. Sivakumar, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. P.M. Rao, 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 29, 2005**

**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 CORPORATE 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 9 to September 15, 2005 (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. S. Sivakumar**, 39 is a M.Com. FCA & FICWA and has over 13 years experience in Finance and Accounts and is at present Deputy Director, Private Treaties in Bennett, Coleman & Co. Ltd. He is Director of your Company from July 30, 1998. He is also Director of Bennett Securities Limited, Times Infotainment Media Limited, Times Online Money Ltd. and Times Internet Ltd. He is a member of Audit Committee of Times Online Money Ltd. He is also Chairman of Audit Committee of Times Infotainment Media Ltd.

**Mr. P. M. Rao**, 52 is a B. Com., LLB (Gen) and FCS. He has over 27 years experience in the Secretarial & Legal functions in several industries. He is the Company Secretary of Bennett, Coleman & Co., Ltd. He was appointed Director of your Company on June 28, 2001. He is also Director of Dharmayug Investments Ltd, Bennett Securities Ltd. and Banhem Financial & Investments Consultants Ltd. He is also member of the Audit Committee of Dharmayug Investments Ltd.

**TIMES GUARANTY LIMITED****DIRECTORS' REPORT**

The Directors present their report with the audited accounts of your Company for the year ended March 31, 2005.

**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, 2005 with the results for the year ended March 31, 2004 :

[Rs. in lacs]

| Particulars   | Year ended<br>March 31,<br>2005 | Year ended<br>March 31,<br>2004 |
|---|---------------------------------|---------------------------------|
| Total Income  | <b>124.79</b>                   | 167.60                          |
| Total Expenses  | <b>(65.24)</b>                  | (62.75)                         |
| Gross Profit  | <b>59.55</b>                    | 104.84                          |
| Bad Debts and Provision for Diminution in Value of Investments and Impairment of Loans and Advances | <b>0.00</b>                     | (12.13)                         |
| Loss on Sale of Assets  | <b>0.00</b>                     | (0.03)                          |
| Loss on Sale of Investment  | <b>(5.18)</b>                   | 0.00                            |
| Release from General Provision and Excess Provision Written-Back and Liability Written Back         | <b>30.50</b>                    | 35.12                           |
| Depreciation  | <b>(2.89)</b>                   | (3.14)                          |
| Profit / (Loss) Before Tax  | <b>81.98</b>                    | 124.66                          |
| Provision for Tax and Adjustments for Deferred Tax  | <b>(3.59)</b>                   | (2.07)                          |
| Profit / (Loss) for the Year after Tax  | <b>78.39</b>                    | 122.60                          |
| Prior Period Adjustments  | <b>(4.58)</b>                   | (0.15)                          |
| Profit / (Loss) for the Year after Adjustments  | <b>73.80</b>                    | 122.45                          |

The total income decreased to Rs. 124.79 lacs for the year ended March 31, 2005 from Rs. 167.60 lacs for the year ended March 31, 2004. The

decrease in the total income has been primarily due to lower returns on your Company's surpluses in Mutual Fund units and bank fixed deposits, on account of the prevailing soft interest rates regime.

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. 88.65 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. We have also received a refund of the sum of Rs. 41.70 lacs from the Income Tax Department on the income tax paid by your Company under protest.

Expenses have increased marginally from Rs. 62.75 lacs for the year ended March 31, 2004 to Rs. 65.24 lacs for the year ended March 31, 2005 mainly on settlement and closure of all matters relating to Bombay Sales Tax.

Finally, after providing for taxation (MAT) of Rs. 3.53 lacs, and Wealth Tax of Rs. 0.06 lacs, Profit After Tax and Adjustments has decreased to Rs. 78.39 lacs for the year ended March 31, 2005 from Rs. 122.60 lacs for the year ended March 31, 2004.

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

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.

We are confident that the recent reversal in the falling interest rate scenario would favourably affect the 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**

There are no subsidiaries of your Company.

#### **Fixed Deposits**

The depositors have not claimed principal amount of Rs. 0.96 lacs representing 9 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 fair view of the state of affairs of the Company as on March 31, 2005 and of the profit of the Company for the year ended March 31, 2005.
- (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

## **TIMES GUARANTY LIMITED**

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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 2005 - 06 have been paid to the BSE and the NSE.

### **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, along with the auditor's certificate of the compliance.

### **Directors**

Mr. S. Sivakumar and Mr. P. M. Rao, 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 29, 2005

**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 /                   | No. of Outside Directorship(s)/Board Committees |           |
|------------------|-------------------------------|---|-----------|
|                  | Non-Executive/<br>Independent | (Other than Times Guaranty Ltd)<br>Directorship | Committee |
| Mr. Ranjan Garg  | Chairman, Non-Executive       | 5   | 1         |
| Mr. S. Sivakumar | Non-Executive                 | 4   | 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 | -   | -         |

**Number of Board Meetings**

Six Board Meetings were held during the financial year 2004-05. The dates on which the Board Meetings were held were as follows :

May 5, 2004, June, 18, 2004, July 30, 2004, September 16, 2004, November 30, 2004, January 31, 2005.

**TIMES GUARANTY LIMITED**

*Attendance of each Director at the Board Meeting held during the financial year 2004-05 and at the last Annual General Meeting :*

| Directors        | No. of Board Meetings held after the<br>appointment of respective Directors / till<br>resignation of the Directors |          | Attendance at the Last<br>AGM |
|------------------|--|----------|-------------------------------|
|                  | Held   | Attended |                               |
| Mr. Ranjan Garg  | 6  | 2        | No                            |
| Mr. S. Sivakumar | 6  | 4        | Yes                           |
| Mr. P.M. Rao     | 6  | 5        | Yes                           |
| Mr. D.N. Shukla  | 6  | 5        | Yes                           |
| Mr. Avinash Jain | 6  | 5        | Yes                           |

**Details of Directors Seeking Re-Appointment**

**Mr. S Sivakumar**, 39, is a M.Com, FCA & FICWA and has over 13 years experience in Finance and Accounts and is at present Deputy Director, Private Treaties in Bennett, Coleman & Co. Ltd. He is Director of your Company from July 30, 1998. He is also Director of Bennett Securities Limited, Times Infotainment Media Limited, Times Online Money Ltd. and Times Internet Ltd. He is a member of Audit Committee of Times Online Money Ltd. He is also Chairman of Audit Committee of Times Infotainment Media Ltd.

**Mr. P. M. Rao**, 52, is a B.Com., LLB. (Gen) and FCS. He has over 27 years experience in the Secretarial & Legal functions in several industries. He is the Company Secretary of Bennett, Coleman & Co. Ltd. He was appointed Director of your Company on June 28, 2001. He is also Director of Dharmayug Investments Ltd., Bennett Securities Ltd. and Banhem Financial & Investments Consultants Ltd. He is also member of the Audit Committee of Dharmayug Investments 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.