



# **TIMES GUARANTY LIMITED**

## **17th ANNUAL REPORT**

**For the year ended March 31, 2007**

**TIMES GUARANTY LIMITED****REPORT AND ACCOUNTS***For the year ended March 31, 2007***CONTENTS**

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**BOARD OF DIRECTORS**Mr. Ranjan Garg, *Chairman (Upto 28/06/07)*Mr. D. N. Shukla, *Director*Mr. S. Sivakumar, *Director*Mr. P. M. Rao, *Director*Mr. Avinash Jain, *Director*Mr. Bhaskar Das, *Additional Director*  
(w.e.f. 28/06/2007)**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 (India) Pvt. Ltd.  
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 2006-2007****NOTICE OF THE ANNUAL GENERAL MEETING****TIMES GUARANTY LIMITED**

**Registered Office:** Ground Floor, Matulya Mills Compound, S. B. Marg, Lower Parel [West], Mumbai 400013

**NOTICE** is hereby given that the Seventeenth Annual General Meeting of the members of Times Guaranty Limited will be held at 11.00 A.M. on Wednesday, September 12, 2007, at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, 'Oricon House', 6th Floor, 12, K. Dubash Marg, Fort, Mumbai 400001 to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Profit & Loss Account for the financial year ended March 31, 2007, 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, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Avinash Jain, who retires by rotation and, being eligible, offers himself 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.

**Special Business:**

To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Bhaskar Das, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and whose term of office expires at the ensuing Annual General Meeting, and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company, liable to retire by rotation.

FURTHER RESOLVED THAT any of the Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be required to give effect to the aforesaid Resolution."

By Order of the Board of Directors  
For Times Guaranty Limited  
**Bhaskar Das**  
Chairman

June 28, 2007

**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 'THE TIMES OF INDIA BUILDING,' DR. D. N. ROAD, MUMBAI - 400 001, 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 6 to September 12, 2007 (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**, 41, is a M.Com, FCA & FICWA and has over 15 years experience in Finance and Accounts and is at present Director, Private Treaties in Bennett, Coleman & Co. Ltd. He is Director of your Company from July 30, 1998. He is also Director of Times Infotainment Media Limited, Times of Money Ltd., Times Innovative Media Pvt. Ltd. and Mirchi Movies Ltd. He is a member of Audit Committee of Times of Money Ltd. He is also Chairman of Audit Committee of Times Infotainment Media Ltd.

**Mr. Avinash Jain**: 42, B.Com (Hons), FCA, is a practising Chartered Accountant and has over 19 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.

Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956

**Mr. Bhaskar Das** was appointed as an Additional Director of the Company in the meeting of the Board of Directors held on June 28, 2007. His term of office expires at the ensuing Annual General Meeting of the Company. The Company has received notice under Section 257 of the Act, proposing his appointment as a Director of the Company, along with the requisite deposit.

Mr. Das, 54, has done his Masters in Business Administration with specialization in Marketing. He has been with Bennett, Coleman & Co. Ltd. for the last 27 years and has held several important positions and is currently the Executive President. He also holds several crucial posts in bodies like the Advertising Standards Council of India, Media Research Users' Council, The Ad Club, etc.

Keeping in view the experience and expertise of Mr. Das, his appointment as Director of the Company is recommended.

None of the Directors except Mr. Bhaskar Das is in any way concerned or interested in the resolution pertaining to his appointment as a Director of the Company.

By Order of the Board of Directors

For Times Guaranty Limited  
**Bhaskar Das**  
Chairman

June 28, 2007

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

Your Directors are pleased to present the Seventeenth Annual Report along with the audited accounts for the financial year ended March 31, 2007.

**Management Discussion & Analysis**

The summary of financial results, as indicated below, compares the financial performance of the Company for the year ended March 31, 2007 with the results for the year ended March 31, 2006:

Particulars	[Rs. in lacs]	
	Year ended March 31, 2007	Year ended March 31, 2006
Total Income	202.51	194.27
Total Expenses	(61.92)	(310.05)
Gross Profit / (Loss)	140.59	(115.78)
Loss on Sale of Assets	(0.52)	(0.97)
Loss on Sale of Investment	(0.19)	—
Depreciation	(1.91)	(2.30)
Excess Provision Written Back	7.32	495.55
Profit Before Tax	145.29	376.50
Provision for Taxation	(15.51)	(30.59)
Profit for the Year after Tax	129.78	345.91
Prior Period Adjustments	(22.38)	(0.06)
Profit for the Year after Adjustments	107.40	345.85

During the year under review, your Company focused primarily on the recovery of the asset portfolio. Your 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. 110.43 lacs during 2006-07 while favourable results in the other legal cases are expected in the subsequent years. The remedial actions for recoveries include restructuring, reschedulements, asset substitution/collateralisation, foreclosures and repossession.

Total Income increased to Rs. 202.51 lacs for the year ended March 31, 2007 from Rs. 194.27 lacs for the previous year. Your Company has also received refunds amounting to Rs. 160 lacs from the Income Tax Department on the income tax paid by your Company under protest.

For the year ended March 31, 2007 there were no bad debts written-off and, hence, expenses declined significantly to Rs. 61.92 lacs, compared to Rs. 310.05 lacs for the previous year. Gross Profit has increased to Rs. 140.59 lacs for the year ended March 31, 2007 from a loss of Rs. 115.78 lacs for the previous year.

After providing for taxation of Rs. 15.51 lacs, Profit After Tax, was Rs. 129.78 lacs for the year ended March 31, 2007. It may be noted that in the previous year the Profit After Tax was higher at Rs. 345.91 lacs on account of the settlement of a large debt owed to your Company and, as the Director had reported then, expectations of same quantum of profits was untenable.

The balance Preference Shares to the extent of Rs. 100 lacs were redeemed during the year ended March 31, 2007. In order to conserve resources, the Board of Directors does not propose to declare dividend on the 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 considerable 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 continued hardening of the 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 is examining various options of commencing new activities. In line with this proposal, your Company has obtained registration as a Non Banking Financial Institution from the Reserve Bank of India.

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

In view of the volume of the Company's business, the current employee strength is considered adequate.

**Auditor's Observations**

There are no adverse observations made by the Auditors in their Report to the Members.

**Annual Report 2006-2007****Subsidiary Company**

There are no subsidiaries of your Company.

**Fixed Deposits**

One fixed deposit amounting to Rs. 0.10 lacs has matured and the depositor has not claimed the same. Your Company has vigorously pursued the matter of reminding the depositor to collect the 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. 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, 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, 2007 and of the profit of the Company for the year ended March 31, 2007.
- (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 Bombay Stock Exchange Ltd. and The National Stock Exchange of India Ltd. The listing fees for the financial year 2007-08 have been paid to both the 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.

**Directors**

Mr. Ranjan Garg, Chairman of the Board of Directors of your Company resigned from the Board on June 28, 2007. The Board has accepted his resignation and placed on record its appreciation of the sterling contribution made by Mr. Garg during his tenure as a Director of your Company.

Mr. S. Sivakumar, 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.

Mr. Bhaskar Das was appointed as Additional Director of your Company, designated as Chairman, till the date of the ensuing Annual General Meeting of the members. Your Company has received notice under Section 257 of the Companies Act, 1956 along with the requisite deposit in respect of Mr. Bhaskar Das, proposing his appointment as a Director of the Company. The Board recommends that members confirm his appointment as Director of your Company.

**Appointment of Auditors**

M/s Haribhakti & Co., Chartered Accountants, Statutory 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 Section 205C of the Companies Act 1956, your 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 28, 2007

**Bhaskar Das  
Chairman**

**TIMES GUARANTY LIMITED****Report On Corporate Governance**

(Pursuant to Clause 49 of the Listing Agreement)

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

Your Company is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices stems from an inherent desire to improve and innovate and reflect the culture of trusteeship that is ingrained in our value system and forms part of the strategic thought process. Our governance philosophy rests on five basic tenets: Board accountability to the Company and shareholders; strategic guidance and effective monitoring by the Board; protection of minority interests and rights; equitable treatment of all shareholders as well as superior transparency; and, timely disclosure.

In line with this philosophy, your Company continuously strives for excellence through adoption of best governance and disclosure practices. Your Company is fully compliant with all the provisions of the revised Clause 49 of the Listing Agreement with the Stock Exchanges dealing with the Code of Corporate Governance.

**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/ Independent	(Other than Times Guaranty Ltd) Directorships	Committees
Mr. Ranjan Garg	Chairman		
(upto June 28, 2007)	Non-Executive	13	1
Mr. S. Sivakumar	Non-Executive	4	2
Mr. P.M. Rao	Non-Executive	13	1
Mr. D.N. Shukla	Non-Executive and Independent	9	-
Mr. Avinash Jain	Non-Executive and Independent	-	-
Mr. Bhaskar Das	Chairman,	8	1
(w.e.f June 28, 2007)	Non-Executive		

**Number of Board Meetings**

Five Board Meetings were held during the financial year 2006-2007. The dates on which the Board Meetings were held were as follows:

June, 26, 2006, July 20, 2006, October 20, 2006, December 12, 2006 and January 23, 2007.

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*Attendance of each Director at the Board Meetings held during the financial year 2006-07 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	4	No
Mr. S. Sivakumar	5	5	No
Mr. P.M. Rao	5	5	Yes
Mr. D.N. Shukla	5	4	Yes
Mr. Avinash Jain	5	5	No

*Details of Directors Seeking Re-Appointment*

**Mr. S Sivakumar**, 41, is a M.Com, FCA & FICWA and has over 15 years experience in Finance and Accounts and is at present Director, Private Treaties in Bennett, Coleman & Co. Ltd. He is Director of your Company from July 30, 1998. He is also Director of Times Infotainment Media Limited, Times of Money Ltd., Times Innovative Media Pvt. Ltd. and Mirchi Movies Ltd. He is a member of Audit Committee of Times of Money Ltd. He is also Chairman of Audit Committee of Times Infotainment Media Ltd.

**Mr. Avinash Jain**: 42, B.Com (Hons), FCA, is a practising Chartered Accountant and has over 19 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.

### **3. Code of Conduct**

The Board of Directors plays an important role in ensuring good governance and has laid down the following Code of Conduct applicable to all Board members and senior executives of your Company.

The Board of Directors vide their Resolution dated January 24, 2006 adopted and approved the Code of Conduct. All Board members and senior executives have confirmed compliance of the Code of Conduct.

The Board Members and Senior Managers shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgment.

In particular, the Board Members and the Senior Managers shall:

- i. Maintain and help the Company in maintaining the highest degree of Corporate Governance practices;
- ii. Act in utmost good faith and exercise due care, diligence and integrity in performing their official duties;



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- iii. Ensure that they use the Company's assets, properties, information and intellectual rights for official purposes only or as per the terms of their appointment;
- iv. Not seek, accept or receive, directly or indirectly, any gift, payment or favour in whatsoever form from the Company's business associates, which can be perceived as being given to gain favour in dealings with the Company and shall ensure that the Company's interests are never compromised;
- v. Maintain confidentiality of information entrusted by the Company or acquired during performance of their duties and shall not use it for personal gain or advantage;
- vi. Not commit any offence involving moral turpitude or any act contrary to law or opposed to public policy;
- vii. Not communicate with any member of the press or publicity media or any other outside agency on matters concerning the Company except through the designated spokesman or as authorised otherwise;
- viii. Not, without the prior approval of the Board, accept employment or a position of responsibility with any other organisation for remuneration or otherwise that are prejudicial to the interests of the Company and shall not allow personal interests to conflict with the interests of the Company;
- ix. In conformity with applicable legal provisions, disclose personal and/or financial interests in any business dealings concerning the Company and shall declare information about their relatives (spouse, dependent children, dependent parents) including transactions, if any, entered into with them;
- x. Ensure compliance of the prescribed safety and environmental related norms and other applicable codes, laws, rules, regulations and statutes, which if not complied with may, otherwise, disqualify him/her from his/her association with the Company; and
- xi. Ensure compliance with all SEBI Regulations as also regulations issued and set by other statutory and regulatory bodies as may be applicable from time to time.

The Chairman of the Company has confirmed and certified that all the members of the Board of Directors and Senior Management have affirmed that they have complied with the Code of Conduct for Directors and Senior Managers in respect of the financial year 2006-2007.

**4 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.

During the financial year 2006-2007, the Audit Committee met four 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 meetings attended</b>
Mr. D. N. Shukla, Chairman of the Audit Committee (Non-executive and Independent Director)	4
Mr. Avinash Jain (Non-executive and Independent Director)	4
Mr. S. Sivakumar (Non-executive Director)	4



**5. 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.

**6 Shareholders Grievance Committee***Composition*

The Company has a Shareholders' Grievance Committee comprising of its Directors, Mr. Ranjan Garg (up to June 28, 2007), Mr. Bhaskar Das (w.e.f June 28, 2007), 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, was the Chairman of the Committee upto June 28, 2007. Mr. Bhaskar Das, a non-executive Director, is the Chairman w.e.f June 28, 2007.

*Name and Designation of Compliance Officer:*

Mr. Aniruddh Patankar, Assistant Vice President

*Number of Complaints:*

During the year 2006-2007, Company's Registrar & Share Transfer agent, M/s. Sharepro Services received 157 complaints, and all have been resolved. There were no transfers of shares pending as on March 31, 2007.

**7. Disclosures**

- (A) There are no materially significant related party transactions made by the Company with its Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The transactions with the related parties are disclosed in Note No. 7 of Schedule 12 to the Accounts.
- (B) Your Company has followed all relevant Accounting Standards while preparing the financial Statements.
- (C) Your Company has a comprehensive risk management policy and the Board of Directors periodically reviews the same.
- (D) During the last three years no penalty/strictures have been imposed on the Company by either SEBI or the Stock Exchanges or any statutory authority on any matter relating to the capital markets for non-compliance of any laws.

**8. Finance Function Head's Certificate**

The Senior Manager and Head – Financial Management & Treasury of your Company has certified to the Board of Directors that:

- a) She has reviewed the financial statements and the cash flow statement for the year and to the best of her knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

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- ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of her knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) She accepts responsibility for establishing and maintaining internal controls for financial reporting and that she has evaluated the effectiveness of the internal control systems of the Company, pertaining to financial reporting and she has disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which she is aware and the steps she has taken or proposes to take to rectify these deficiencies.
- d) She has indicated to the Auditors and the Audit Committee:
  - i. Significant changes in internal control over financial reporting during the year;
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the financial statements; and,
  - iii. Instances of significant fraud of which she has become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

The above Certificate was placed before the meeting of the Board of Directors held on June 28, 2007.

**9. General Body Meetings:**

AGM / EGM	Date	Venue	Time	No. of Special Resolutions passed
AGM	September 15, 2006	Convention Hall, 4th Floor, Y.B.Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021.	10.00 A.M	Nil
AGM	September 15, 2005	Convention Hall, 4th Floor, Y.B.Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400021	9.30 A.M.	Nil
AGM	September 16, 2004	Convention Hall, 4th Floor, Y.B.Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400021	9.30 A.M.	Nil

The Special Resolutions were passed on show of hands and polls were not asked for. No postal ballots were used for voting at these meetings. At the forthcoming Annual General Meeting, there is no item on the agenda that needs approval by postal ballot.