



# **TIMES GUARANTY LIMITED**

## **18th ANNUAL REPORT**

**For the year ended March 31, 2008**

TIMES GUARANTY LIMITED

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**BOARD OF DIRECTORS**Mr. Bhaskar Das, *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 (India) Pvt. Ltd.

Satam Estate, Chakala,  
Andheri (E), Mumbai - 400099.**REGISTERED OFFICE**Ground Floor, Matulya Mills Compound,  
S. B. Marg, Lower Parel (W),  
Mumbai - 400013.

Tel. : 22731386

**Annual Report 2007-2008****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 Eighteenth Annual General Meeting of the members of Times Guaranty Limited will be held at 11.00 A.M. on Tuesday, September 23, 2008, at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, 'Oricon House', 6<sup>th</sup> Floor, 12, K. Dubhash 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, 2008, 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. 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 of Directors

For Times Guaranty Limited

Mumbai

S. Sivakumar

May 29, 2008

Director

**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 17 to September 23, 2008 (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**, 81, B.Com, C.A.I.I.B. has 41 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., Shree Vindya Paper Mills Ltd., Jaysynth Impex Ltd., Jaysynth Dyestuff Ltd., Homi Mehta & Sons Pvt. Ltd., Bharti Polytex Pvt. Ltd.

**Mr. P. M. Rao**, 55, is a B.Com. LLB.(Gen) and FCS. He has over 30 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 the Company on June 28, 2001. He is also Director of Aadidev Properties Limited, Anagha Estates Limited, Aryabhata Properties Limited, Ashoka Marketing Limited, Banhem Estates & IT Parks Limited, Dharmayug Investments Limited, Mirchi Movies Limited, Shubhan Properties Limited, Suryashankar Properties Limited, Sushena Properties Limited, Vaidehi Estates Limited, Vardhaman Publishers Limited, Times Business Solutions Limited. He is a member of Shareholders' Grievance Committee of your Company. He is a member of the Audit Committee of Dharmayug Investments Ltd., Times Business Solutions Limited. He is the Chairman of the Audit Committee of Vardhaman Publishers Limited. He is a member of Remuneration Committee of Times Business Solutions Ltd. and member of the Investment & Loan Committee of Bennett, Coleman & Co. Limited.

By Order of the Board of Directors

For Times Guaranty Limited

S. Sivakumar

May 29, 2008

Director

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

Your Directors are pleased to present the Eighteenth Annual Report along with the audited accounts for the financial year ended March 31, 2008.

**Management Discussion & Analysis**

The summary of financial results, as indicated below, compares the financial performance of the Company for the year ended March 31, 2008 with the results for the year ended March 31, 2007:

Particulars	[Rs. in lacs]	
	Year ended March 31, 2008	Year ended March 31, 2007
Total Income	76.38	202.32
Total Expenses	73.71	61.92
Gross Profit	2.67	140.40
Loss on Sale of Assets	(4.84)	(0.52)
Excess Provision Written-Back	62.50	7.32
Depreciation	(0.47)	(1.91)
Profit Before Tax	59.86	145.29
Provision for Taxation	(8.02)	(15.51)
Profit for the Year after Tax	51.84	129.78
Prior Period Adjustments	(0.35)	(22.38)
Profit for the Year after Adjustments	51.49	107.40

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. 58.95 lacs during 2007-08 while favourable results in the other legal cases are expected in the subsequent years. The remedial actions for recoveries include restructuring, reschedulments, asset substitution/collateralisation, foreclosures and reposessions.

Total Income decreased to Rs. 76.38 lacs for the year ended March 31, 2008 from Rs. 202.32 lacs for the previous year. While the main business of your Company continues to be Recovery from Impaired Assets, the main sources of income during the year were Profit from Sale

of Investments and Dividends from placement of amounts recovered in settlement of client's debts with reputed mutual funds. With the decline in the total number of clients from whom recoveries need to be affected, the decline in income from recovery from impaired assets will accentuate.

For the year ended March 31, 2008 bad debts written-off amounted to Rs. 18.11 lacs and, hence, expenses increased to Rs. 73.71 lacs, compared to Rs. 61.92 lacs for the previous year. Profit Before Tax has decreased to Rs. 59.86 lacs for the year ended March 31, 2008 from Rs. 145.29 lacs for the previous year.

After providing for taxation of Rs. 8.02 lacs, Profit After Tax has decreased to Rs. 51.84 lacs for the year ended March 31, 2008 from Rs. 129.78 lacs for the previous year.

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 2007-2008****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, 2008 and of the profit of the Company for the year ended March 31, 2008.
- (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 2008-09 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. D. N. Shukla 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, 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 re-appointed as Internal Auditors of the Company.

**Transfer of Unclaimed Fixed Deposit money**

As required under Sec 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  
May 29, 2008

**S. Sivakumar  
Director**

**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 / Non-Executive/ Independent	No. of Outside Directorship(s)/Board Committees (Other than Times Guaranty Ltd)	
		Directorships	Committees
Mr. Bhaskar Das	Chairman Non-Executive	9	2
Mr. S. Sivakumar	Non-Executive	12	2
Mr. P.M. Rao	Non-Executive	13	4
Mr. D.N. Shukla	Non-Executive and Independent	4	-
Mr. Avinash Jain	Non-Executive and Independent	-	-

**Number of Board Meetings**

Five Board Meetings were held during the financial year 2007-08 on May 22, 2007, June 28, 2007, July 30, 2007, October 30, 2007 and January 30, 2008.

**Annual Report 2007-2008**

*Attendance of each Director at the Board Meetings held during the financial year 2007-08 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. Bhaskar Das	3	3	Yes
Mr. S. Sivakumar	5	5	No
Mr. P.M. Rao	5	5	Yes
Mr. D.N. Shukla	4	4	Yes
Mr. Avinash Jain	5	5	Yes

*Details of Directors Seeking Re-Appointment*

**Mr. D.N. Shukla**, 81, B.Com, C.A.I.I.B. and has 41 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 your Company. He is a Director of Jaysynth Anthraquinones Ltd., Shree Vindya Paper Mills Ltd., Jaysynth Impex Ltd., Jaysynth Dyestuff Ltd., Homi Mehta & Sons Pvt. Ltd., Bharti Polytex Pvt. Ltd.

**Mr. P. M. Rao**, 55, is a B.Com. LLB. (Gen) and FCS. He has over 30 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 Aadidev Properties Limited, Anagha Estates Limited, Aryabhata Properties Limited, Ashoka Marketing Limited, Banhem Estates & IT Parks Limited, Dharmayug Investments Limited, Mirchi Movies Limited, Shubhan Properties Limited, Suryashankar Properties Limited, Sushena Properties Limited, Vaidehi Estates Limited, Vardhaman Publishers Limited, Times Business Solutions Limited. He is a member of Shareholders' Grievance Committee of your Company. He is a member of the Audit Committee of Dharmayug Investments Ltd., Times Business Solutions Limited. He is a Chairman of the Audit Committee of Vardhaman Publishers Limited. He is a member of Remuneration Committee of Times Business Solutions Ltd. and member of the Investment & Loan Committee of Bennett, Coleman & Co. Limited.

### **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:

- Maintain and help the Company in maintaining the highest degree of Corporate Governance practices;
- 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 to them 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 2007-08.

**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 2007-08, the Audit Committee met five times. The Statutory Auditors and Internal Auditors were invitees to the Meetings. 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)	5
Mr. S. Sivakumar (Non-executive Director)	5



**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 (upto 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  
Email: aniruddh.patankar@timesgroup.com

*Number of Complaints:*

During the year 2007-08, your Company's Registrar & Share transfer agent, M/s. Sharepro Services (India) Pvt. Ltd. received 174 complaints, and have been resolved. There were no transfers of shares pending as on March 31, 2008.

**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 at Note No. 10 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 Board of Directors at their meeting held on May 29, 2008.

**9. General Body Meetings:**

AGM / Date EGM	Venue	Time	No. of Special Resolutions passed
AGM September 12, 2007	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, 'Oricon House', 6 <sup>th</sup> Floor, 12, K. Dubash Marg, Fort, Mumbai 400001	11.00 A.M	Nil
AGM September 15, 2006	Convention Hall, 4th Floor, Y.B.Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400021	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

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.