

TRIUMPH INTERNATIONAL FINANCE INDIA LTD.



ANNUAL REPORT 1998 - 99

BOARD OF DIRECTORS

Kartik Parekh
Vipul Parekh
Dharmen Shah
A. R. Kapadia
Dharmesh Doshi - Managing Director
Jatin Sarvaiya - Managing Director

COMPANY SECRETARY

Shishir Karnik

BANKERS

Global Trust Bank Limited
Centurion Bank Limited
The Madhavpura Mercantile Co-op. Bank Limited

AUDITORS

M/s. Pravin P. Shah & Co.
Chartered Accountants

REGISTERED AND CORPORATE OFFICE

Oxford Centre, 10, Shroff Lane,
Colaba Causeway,
Mumbai - 400 005.

REPRESENTATIVE OFFICES

Triumph Finsec (Ahmedabad) Pvt. Ltd.
802, Abhijeet,
Near Mithakali Six Road,
Ellisbridge,
Ahmedabad 380 006.

Oxford Finsec (Bangalore) Ltd.
702, Barton Centre, 84, M. G. Road,
Bangalore - 560 001.

Triumph Finsec (Chennai) Pvt. Ltd.
715-A, 7th Floor,
Spencer Plaza, Phase II,
769, Anna Salai,
Chennai - 600 002.

CO-OPERATION PARTNER

Standard Bank London Ltd.

TRiUMPH**DIRECTORS' REPORT 1998-99**

To the Members,

The directors herewith submit their report on the business and operations, alongwith audited financial statements for the year ended March 31, 1999.

FINANCIAL RESULTS

Rs. in thousand

	Year ended March 31, 1999	Year ended March 31, 1998
Profit Before Depreciation & Tax	32,271	3,987
Less : Depreciation	553	265
Profit Before Taxation	31,718	3,722
Less : Provision for Taxation	6,500	Nil
Profit After Tax	25,218	3,722
Less : Prior Period Adjustment	444	642
Profit After Adjustment	24,774	3,080
Add : Profit/(Loss) b/f from last year	(10,020)	(13,100)
Amount available for appropriation	14,754	(10,020)
Proposed Dividend	8,136	Nil
Tax on Dividend	814	Nil
Carried to Profit and Loss Account	5,804	(10,020)

DIVIDEND

Your Directors recommend to pay dividend on preference shares for previous year and current year. However no dividend is recommended on equity shares since the company requires to conserve its resources for future growth.

CHANGE OF NAME

The name of your company was changed to Triumph International Finance India Ltd as approved in the previous Annual General Meeting.

SHARE CAPITAL

During the year the Company had issued 15% Cumulative Preference Shares amounting to Rs.5.00 million and 1,688,603 equity shares at Rs.11/- as preferential issue to augment the long term working capital resources.

ECONOMY AND BUSINESS ENVIRONMENT

The slowdown in economy continued subsequent to Pokhran blast without any significant sign of recovery. Our economic condition would have further deteriorated, had the crude oil markets not witnessed drop in prices. The budget for 1999-2000 has been well accepted by the industry and capital markets. The markets are presently experiencing the feel good factor. India is once again emerging as destination for many investors and if this gathers momentum alongwith the promises for de-bottlenecking the Infrastructure sector being implemented, there is a good possibility of economic recovery.

REVIEW OF OPERATIONS

Your company achieved income from operations of Rs.77.65 mn for the current year as compared to Rs. 26.72 mn. for the previous year. In the backdrop of overall shrinkage in the number of entities continuing to offer financial services the performance of your company is commendable.

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The securities brokerage operation continues to be the core business where trades amounting to Rs.4.3 bn. bringing in brokerage income of Rs.52.1 mn were executed. This business has grown significantly and your company's strategy to stay focused in this activity has been the prime reason for this commendable performance.

The fixed Income group has been able to establish themselves as important players in the debt market with empanelment by most Banks and Institutions. During the year the trades executed on the WDM segment was Rs.1.6 bn. Your company was also involved in the placement of Resurgent India Bonds issued by the State Bank of India which met with a big success from overseas Indians.

Overall Investment Banking continued to remain inactive due to the lack of confidence amongst investors in Primary market. Your company was involved in various equity placements on preferential offer basis and as the Merchant Banker to the first ever buy-back of shares under the new guidelines prescribed by SEBI.

The continuation of slowdown in economic growth resulted in many medium sized companies witnessing tight liquidity situation. Your company's view to reduce exposure to money market has turned out to be prudent in hindsight. The total volume recorded was Rs.415.54 mn.

Portfolio Management division has been performing better in light of shift in focus towards equity related products. The assets under management are Rs.34 mn. at present. It is envisaged that in years to come this business shall become a major contributor.

The memorandum of understanding signed with Standard Bank London Limited was converted into formal agreement for Co-operation partners in the areas of forfaiting and International trade finance in May last year. This was followed by an extensive marketing and promotional drive, results of which are expected during the current year. The relationship with Standard Bank is getting deep rooted and we expect to get associated with them in many more areas of business.

No lease contracts have been executed during the period reported. However, recovery of rental dues is under process. The company has received favourable judgement for re-possession of excavator earlier leased out. On possession the company shall put efforts to sell the same.

Your Company has been awarded favourable decision in the suit filed for re-possession of assets of Pharma Division. We are now in the process of regaining the possession of the above assets, by seeking execution of the court order. In the meanwhile, the business is continued by engaging in trading activity.

The most commendable achievement is the recognition of our research for its quality and reliability. We recognise the importance of research and it is our endeavour to constantly improve our research capabilities.

SUBSIDIARY COMPANIES

During the year Triumph Forex Management received approval from the Reserve Bank to do money changing business. The company should start its operations during current year.

FUTURE OUTLOOK

The performance in last quarter of 98-99 saw significant improvement. It is expected that this trend shall continue during the current year and your company should benefit out of the steps taken towards positioning the company in the financial and capital markets with the expected turnaround of the economy. We expect that alongwith the brokerage business other activities should also do well during the coming years and therefore we are presently strengthening ourselves in these businesses.

DIRECTORS

During the year Mr. S.J. Marshall resigned from the board of the company. We express our sincere appreciation for the able manner in which he had carried out his duties as Director. Mr. A.R. Kapadia was appointed during the year as a

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director of the company, in place of casual vacancy due to resignation of Mr. S J Marshall.

Notice under section 257 of the Companies Act, 1956 has been received from a member of the company for the appointment of Mr.A.R.Kapadia. The Board also proposes the appointment of Mr Dharmen Shah and Mr. Vipul Parekh who retire by rotation at forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

HUMAN RESOURCES AND INFORMATION TECHNOLOGY

The company has and continues to take various steps to improve the quality of its human resources. The Company continues to invest in technology and people to integrate its IT systems in business processes and to provide enhanced Service Quality.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGOING

The Company is advised that as it is not engaged in manufacturing activity there is no specific disclosure to be made as required under The Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 of the Conservation of Energy and Technology Absorption and other related particulars.

The foreign exchange earning during the year was Nil and the outgo was Rs.30,846.

PARTICULARS REGARDING EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 the Report and Accounts are being sent to all members excluding the statement of particulars of employees under Section 217(2A). Any member, interested in obtaining a copy of this statement, may write to the Company Secretary at the Registered Office of the Company.

AUDITORS

M/s.Pravin P.Shah & Co. Chartered Accountants and Auditors of your Company, retire and are eligible for re-appointment. The members are requested to consider their re-appointment for the financial year 1999-2000.

Y2K COMPLIANCE

The Company is aware of the Y2K problem that it may face for the next millennium. The problem relates to the functioning of the Computer Systems. The Computer Systems are used both by the front office as well as the back office. As far as the front office is concerned the Computer systems are in line with the requirements of the National Stock Exchange of India Limited and are Y2K compliant. As far as the back office is concerned the Company has deputed its own in-house team to handle the said problem. The team consists of qualified computer engineers and we expect to get prepared for any contingency by June 1999. The costs expected in the Y2K Compliance will not be significant.

ACKNOWLEDGEMENTS

The directors wish to place on record their appreciation for the timely support and co-ordination given to the Company by employees at all levels of the Company, its Bankers, Clients all those who have directly/indirectly contributed to the Company's progress and above all you, the Shareholders, of the Company.

On Behalf of the Board of Directors

DHARMESH DOSHI

Managing Director.

Mumbai.

April 7, 1999.

TRIUMPH**AUDITORS' REPORT**

The Members,
TRIUMPH INTERNATIONAL FINANCE INDIA LIMITED
 Mumbai.

We have audited the attached Balance Sheet of **TRIUMPH INTERNATIONAL FINANCE INDIA LIMITED** as at 31st March, 1999 and the attached Profit and Loss Account for the year ended 31st March, 1999 and report as under :

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.
3. The Balance Sheet and the Profit and Loss Account dealt with by this Report are in agreement with the books of account.
4. 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 read with the Notes to Accounts thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - (a) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999, and
 - (b) in case of the Profit and Loss Account, of the profit for the year ended on 31st March, 1999.
5. 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 and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us during the normal course of audit and to the best of our knowledge and belief, we further state that :
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. According to the information and explanations given to us, save and except the Fixed Assets namely, Plant & Machinery, Excavators, Factory Building at Ankleshwar, Office Premises at Baroda, Oil Fired Boiler, Electrical Installations, Laboratory Equipments and Vehicles which are not in possession of the Company, all the other Fixed Assets have been physically verified by the management at the year end, which in our opinion is reasonable having regard to the size of the Company and the nature of the Fixed Assets. We have been informed by the management that no material discrepancies were noticed on such physical verification.
 - (b) None of the Fixed Assets have been revalued during the year under audit.
 - (c) According to the information and explanations given to us, the Trading Stock has been physically verified by the management at the year end. In our opinion, the frequency of verification of the Trading Stock was reasonable.
 - (d) In our opinion, and according to the information and explanations given to us, the procedures for physical verification of the Trading Stock followed by the management is reasonable and adequate having regard to the size of the Company and the nature of its business.
 - (e) According to the information and explanations given to us, no material discrepancies have been noticed on the

physical verification of the Trading Stock as compared to the book records except for some discrepancies in certain items of the stock for which the management is in the process of recovering the same.

- (f) In our opinion, and on the basis of our examination of books of accounts and the stock records, the valuation of the stock-in-trade, is fair and proper and in accordance with the normally accepted accounting principles. The basis of valuation has changed to 'cost or market value whichever is lower' as against the 'average cost basis' in earlier years. The change has resulted in under statement of profit to the extent of Rs. 35,46,160/-
- (g) The company has not taken any loans from companies, firms or other parties listed in the register maintained under section 301 and from companies under the same management as defined under section 370 (1-B) of the Companies Act, 1956.
- (h) According to the information and explanations given to us, the Company has given interest-free Security Deposits to the companies under the same management as defined under sub-section (1-B) of section 370 of the Companies Act, 1956. In our opinion, and according to the information and explanations given to us, the other terms and conditions of such interest-free Security Deposits are not prima facie prejudicial to the interest of the Company. The Company has not given any loans to firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (i) According to the information and explanations given to us, the Company has given loans, or advances in the nature of loans to the parties during the year under audit. The parties are regular in payment of interest and repayment of principal wherever stipulated.
- (j) In our opinion, and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for purchase of equipment and other assets and for the sale of goods.
- (k) In our opinion, and according to the information and explanations given to us, no transactions of purchase of materials and sale of materials, made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 (Rupees fifty thousand only) or more in respect of each party, have been entered into. However, such transaction of purchase of goods and sale of goods and services are made at the prices at which such services are sold to the other parties.
- (l) According to the information and explanations given to us, the company did not carry on any manufacturing activity, during the year under audit, and hence, the question of adequate provision for loss on account of unserviceable or damaged raw materials, finished goods and stores does not arise.
- (m) According to the information and explanations given to us, the Company has not accepted deposits from the public as defined in the directives issued by the Reserve Bank of India and provisions of section 58A of the Companies Act, 1956 and rules framed thereunder, and hence, in our opinion, the other provisions of the same are not applicable to the Company.
- (n) According to the information and explanations given to us, the Company did not have any manufacturing activity during the year under audit, and hence, the question of maintenance of records for the sale and disposal of realisable by-products and scraps does not arise.
- (o) According to the information and explanations given to us, the Company has a formal internal audit system commensurate with the size and nature of its business.
- (p) According to the information and explanation given to us, the Company did not have any manufacturing activity during the period under audit, and hence, the maintenance of Cost records under section 209(1)(d) of the Companies Act, 1956 does not arise.

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- (q) On verification of the records and according to the information and explanations given to us, the Company was generally regular in depositing Provident Fund and ESIC dues with the appropriate authority except for certain cases where there were delay.
- (r) 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 at the last day of the year under audit for a period of more than six months from the date they became payable.
- (s) In our opinion, and according to the information and explanations given to us, no personal expenses other than those payable under contractual obligations or in accordance with the generally accepted business practice have been charged to the revenue account.
- (t) 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.
- (u) According to the information and explanations given to us, the services rendered by the Company do not involve utilisation of materials and stores, and hence, the question of having reasonable system of recording receipts, issues and consumption of materials and stores, and allocating materials and stores consumed to the relative jobs does not arise.
- (v) According to the information and explanations given to us and considering the nature of services rendered by the Company, in our opinion, it is not possible to allocate the man hours utilised to the relative jobs.
- (w) According to the information and explanations given to us the services rendered by the Company does not involve utilisation of materials or stores and allocation of man-hours to the relative jobs and hence, the question of having a reasonable system of authorisation at proper levels and adequate system of internal control commensurate with the size of the Company does not arise.
- (x) According to the information and the explanations given to us, there are no damaged goods in case of trading activities of the Company.
- (y) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (z) According to the information and explanations given to us, the provisions of any special statute applicable to chit fund, nidhi or mutual benefit society are not applicable to the Company.
- (aa) According to the information and explanations given to us, the Company has maintained proper records of the transactions of securities and contracts thereof and timely entries have been made therein. Further, all the investments of the Company are held by the Company in its own name except to the extent allowable under section 49 of the Companies Act, 1956.

For **PRAVIN P. SHAH & COMPANY**
CHARTERED ACCOUNTANTS

PARAG DOSHI
PARTNER
PLACE : MUMBAI.
DATED : APRIL 7, 1999.

BALANCE SHEET AS AT 31ST MARCH, 1999

(In Rs.)

	SCHEDULE	AS AT 31ST MARCH, 1999	AS AT 31ST MARCH, 1998
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS :			
Share Capital	A	90,000,000	68,113,970
Reserves and Surplus	B	13,736,727	6,244,340
LOAN FUNDS :			
Secured Loans	C	68,010,994	53,261,530
Unsecured Loans	D	-	1,314,527
TOTAL SOURCES OF FUNDS		171,747,721	128,934,367
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	E	12,206,213	10,914,319
Less : Depreciation		7,751,696	7,198,886
NET BLOCK		4,454,517	3,715,433
INVESTMENTS	F	32,770,918	18,650,000
CURRENT ASSETS, LOANS & ADVANCES :			
CURRENT ASSETS :			
Stock-in-trade	G	2,730,769	42,356,575
Sundry Debtors		42,404,138	15,214,641
Cash and Bank Balances		43,182,435	17,064,128
LOANS AND ADVANCES		112,298,582	68,918,812
		200,615,924	143,554,156
LESS : CURRENT LIABILITIES & PROVISIONS :			
Current Liabilities	H	50,771,584	47,623,256
Provisions		15,952,695	-
		66,724,278	47,623,256
NET CURRENT ASSETS		133,891,646	95,930,900
MISCELLANEOUS EXPENDITURE :			
(To the extent not written off or adjusted)			
Preliminary Expenses		630,640	617,659
PROFIT AND LOSS ACCOUNT		-	10,020,375
TOTAL FUNDS EMPLOYED		171,747,721	128,934,367
NOTES ON BALANCE SHEET & PROFIT & LOSS ACCOUNT	N		

AS PER OUR REPORT OF EVEN DATE ATTACHED HERewith

FOR PRAVIN P. SHAH & COMPANY
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PARAG DOSHI
PARTNER
PLACE : Mumbai
Dated : April 7, 1999SHISHIR KARNIK
COMPANY SECRETARY
Place : Mumbai
Dated : April 7, 1999DHARMESH DOSHI
MANAGING DIRECTORJATIN SARVATYA
MANAGING DIRECTORVIPUL PAREKH
DIRECTOR