

# ANNUAL REPORT 2003-2004

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**Triumph International Finance India Limited**

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**BOARD OF DIRECTORS**

Jatin Sarvaiya - Managing Director

Dharmesh Doshi

A.R. Kapadia

**BANKERS**

Global Trust Bank Limited

Centurion Bank Limited

The Madhavpura Merchantile Co-op. Bank Limited

ICICI Bank Limited

UTI Bank Limited

**AUDITORS**

M/s. Pravin P. Shah & Co.

Chartered Accountant

**REGISTERED AND CORPORATE OFFICE**

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

**REGISTRAR AND SHARE TRANSFER AGENT**

Intime Spectrum Registry Pvt. Ltd.

C-13, Pannalal Silk Mill Compound,  
L.B.S. Marg, Bhandup (West)  
Mumbai - 400 078.

## DIRECTORS REPORT 2003-04

To the Members,  
TRIUMPH INTERNATIONAL FINANCE INDIA LIMITED

The directors herewith submit their report on the business and operations; along-with audited financial statements for the year ended March 31, 2004.

## FINANCIAL RESULTS

(Rs. in mn)

	Year ended (Audited)	
	31st March, 2004	31st March, 2003
Net Sales	-	98
Cost of Sales	-	69
Income from Operations and Other Income	11	5
Total Expenditure	591	171
Profit / (Loss) Before Depreciation and Tax	(580)	(137)
Tax	-	-
Less Depreciation	1	1
Profit / (Loss) Before Taxation	(581)	(138)
Less Provision for taxation	-	NIL
Profit / (Loss) After Tax	(581)	(138)
Paid up Equity Share Capital	75	75
Dividend ( Equity Shares)	Nil	Nil
Tax on Dividend	Nil	Nil
Reserves	-	-

## DIVIDEND

Our Directors do not recommend any dividend for the current year.

## REVIEW OF OPERATIONS

The company has not carried out any major business during the year.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Securities and Exchange Board of India have, vide order dated May 16, 2002, cancelled the registration of the company as a Stock broker. The company has filed an appeal before the Honourable Security Appellate Tribunal (SAT) against this order. The appeal is pending before SAT. The directors hope that the company will overcome its problems in due course of time and hence the company has prepared the accounts on the going concern basis.

National Stock Exchange of India Limited and National Securities Clearing Corporation Limited have declared the company as defaulter due to failure of the company to resolve the investor complaints filed against the company with effect from May 3, 2002.

## SUBSIDIARY COMPANIES

As required under the provisions of Section 212 of the Companies Act, 1956, the audited Accounts alongwith the Directors' report and Auditors' Report of the subsidiary companies are appended and form part of the Annual Report. The statement pursuant to Section 112 of the Companies Act, 1956 is attached and forms part of this report.

## MANAGEMENT PERCEPTION TO AUDITORS QUALIFICATIONS

The Auditors in clause 4 (vi) & (xiv) of their report have made a comment on the going concern assumption. The company has made an application against the SEBI Order before the Security Appellate Tribunal and the case is yet to be decided. The company is any way into the consultancy and share trading business hence the concept of going concern exist.

The Auditors in Clause 4 (vii) of their report have made a comment on the receivables from Classic Credit Limited (CCL). The company is in the process of negotiation with CCL and hence of the opinion that the positive settlement will take place between the company and CCL, though the exact time period is not determinable at present. The management is sure to recover the amount and securities dues from CCL.

The Auditors in Clause 4 (viii) of their report have made a comment on the receivables from Total Debtors other than Classic Credit limited (CCL). Some of the debtors have not paid as the company has to pay amount to their group companies. Eventually amount recoverable and payable will be adjusted against each other. The Company is making all the effort to recover amount from the remaining debtors and is confident that the amount will be recovered from them in due course.

In Clause 4 (ix) of their report Auditors have made a comment in respect of amount of Rs 34.42 lacs paid by M. Jiggar & Co. to TRO. The Company has received letter dated 30.06.2004 from the M. Jiggar & Co. informing that they have made payment of Rs. 34.32 lacs to the TRO. Accordingly, the debtors account is credited and Income Tax payment is debited by that amount. The company had requested the TRO for the confirmation of above transaction but has not received the same.

**TRIUMPH**

The Auditors in Clause 4(x) of their report have made a comment about Rs. 3.56 crores paid to Panther Investrade Limited (PIL). The Company was to recover amount from the ICICI limited as a refund of earnest money for acquiring property, ICICI Bank paid the entire amount to the Bank of India as per the Instruction of the DRT Order, however The company is in the process of negotiation with PIL and hence of the opinion that the company will recover the amount from PIL.

The Auditors in Clause 4(xi) of their report have made a comment about Rs. 4 crores advance given to Ex-director. The company has paid the advance money as per the option agreement to acquire the 51% stake in Triumph Securities Limited which was the member of the Stock Exchange, Mumbai. The company has not exercised the option and have called back the amount. Notwithstanding the financial and legal matters involving the said Ex-Director, the Management is hopeful of recovering the advances.

The Auditors have made a comment about managerial remuneration in Clause 4(xi) of their report. The company is of the opinion that the with the approval of the shareholder in the General Meeting, permission of the Central Government is not required. However the Company is taking a Special Resolution for the approval of the said remuneration from the shareholders at the Annual General Meeting.

**DIRECTORS**

The Board proposes the re-appointment of Mr. Dharmesh Doshi, who retire by rotation at forthcoming Annual General Meeting and being eligible offer himself for re-appointment.

**DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- that in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- that 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;
- that the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2004 on a 'going concern' basis.

**FIXED DEPOSITS**

Your company did not accept any fixed deposits during the year under review. No deposits were outstanding as on 31<sup>st</sup> March 2004.

**HUMAN RESOURCES AND INFORMATION TECHNOLOGY**

The company has and continues to take various steps to improve the quality of its human resources and 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. NIL (Previous year Earning was Rs. Nil and Outgo Rs. Nil)

**PARTICULARS REGARDING EMPLOYEES**

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended no employee of the company was in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum of Rs. 2,00,000/- per month if employed for the part of the year.

**AUDITORS**

The auditors of the Company M/s. Pravin P. Shah & Co. Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. You are requested to appoint the auditors for the current year to hold office until the next Annual General Meeting and fix their remuneration.

**CORPORATE GOVERNANCE:**

Pursuant to Clause 49 of the Listing Agreement with the stock Exchange Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance is made part of the Annual Report.

**ACKNOWLEDGEMENTS**

Your directors wish to place on record its sincere appreciation for the support and co-operation by its Bankers, Clients, Shareholders and other business constituents Company. Your directors also wish to sincerely appreciate the spirit of dedication and commitment of staff members during the year.

For and on behalf of the Board of Director's

Jatin Sarvaiya  
Managing Director

Mumbai  
June 30, 2004



## Report on Corporate Governance

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below.

## 1. Company's Philosophy

The Company's philosophy on Corporate Governance is to attain high level of transparency and accountability in the functioning of the Company and in its relationship with employees, shareholders, creditors, clients, lenders and ensuring high degree of regulatory compliance's.

## 2. Board of Director

The present Board comprises of 3 members consisting of 1 Executive Director and 2 non executive director, of which one non-executive director is independent director. Name and category of each director is given below.

Name & Designation of the Director	Category
Mr. Jatin Sarvaiya (Managing Director)	Executive Director and Promoter
Mr. Dharmesh Doshi	Non Executive Director and Promoter
Mr. A. R. Kapadia	Non Executive Director Independent

## b) Attendance of each director at the Board meetings and the last Annual General Meeting (AGM)

Name of the Director	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance at last AGM
1. Mr. Jatin Sarvaiya	5	5	Present
2. Mr. Dharmesh Doshi	5	Nil	Absent
3. Mr. A. R. Kapadia	5	5	Present

## c) Number of other Directorship and Chairmanship/ Membership of Committee of each director

Name of the Director	No. of other directorship in other companies (excl. private/foreign Companies)	No. of Chairmanship /membership in other Board Committees
1. Mr. Jatin Sarvaiya	3	-
2. Mr. Dharmesh Doshi	4	-
3. Mr. A. R. Kapadia	-	-

## d) Number of Board Meetings held and the dates of the Board Meetings

The maximum time gap between any two meetings was not more than three months. Five Board meetings were held during the financial year 2003-2004 on the following dates

30th April 2003, 31st July 2003, 25th August 2003, 31st October 2003, 30th January 2004

## 3. Audit Committee

## a) Terms of Reference

The terms of reference stipulated by the Board to the Audit Committee and, as contained under Clause 49 of the Listing Agreement are as follows:

## A. Power of Audit Committee

- to investigate any activity within its terms of reference
- to seek information from any employee
- to obtain outside legal or other professional advice
- to secure attendance of outsiders with relevant expertise, it considers necessary

## B. Role of Audit Committee

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor fixation of audit fee and also approval for payment of any other services.
- Reviewing with the management the annual financial statements before submission to the Board.
- Reviewing with the Management, external and internal auditors,

the adequacy of internal control systems.

- Discussion with internal auditors and significant findings and follow up thereon.
- Discussion with the external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial & risk management policies.

## b) Composition

The Audit committee has been constituted in the year 2000-2001 with the following Directors

Mr. A. R. Kapadia	Chairman
Mr. Dharmesh Doshi	Member
Mr. Jatin Sarvaiya	Member

During the financial year 2003-04, 3 meeting of the Audit Committee were held on 25th April 2003, 24th August 2003, 29th January 2004

Name of the Director	Meetings Held	Meetings Attended
1. Mr. Jatin Sarvaiya	3	3
2. Mr. Dharmesh Doshi	3	Nil
3. Mr. A. R. Kapadia	3	3

## 3. Remuneration Committee

The company has not set up any Remuneration Committee till date. The remuneration paid to the directors for the year ended 31st March 2004 is given below.

Particulars	Mr. Jatin Sarvaiya (Executive Director)	Mr. Dharmesh Doshi (Non-executive Director)	Mr. A. R. Kapadia
Salary and Contribution to PF	2,24,000	—	—
TOTAL	2,24,000	—	—

## c) Details of pecuniary relationship/transactions of Non executive Directors vis-à-vis the company - None

## 4. Shareholders' /Investors Grievance Committee

The Company has set up Share transfer cum Investor Grievance Redressal Committee to which look after share transfer, split, transmission and demat request etc. of all the securities issued by the company. In addition to above, the committee is authorized to look into shareholders complaints like delay in transfer, no receipt of securities, balance sheet, dividend etc.

## Composition

Mr. A. R. Kapadia	Chairman
Mr. Jatin Sarvaiya	Member
Mr. Dharmesh Doshi	Member

Compliance Officer Mr. Jatin Sarvaiya, Managing Director

During the year under review, this committee had 11 meetings. All the complaints relating to transfer, transmission, demat and remat and change of address and others received during the year has been solved and no complaint is pending as on date.

No. of Complaints received	- 82
No. of Complaints solved	- 82
No. of Complaints not solved	- NIL
No. of pending transfers	- NIL

## 5. General Body Meetings

## Previous Annual General Meeting

The previous three Annual General Meetings were held as under

Year	Location	Date	Time
2002-2003	Orchid, MVRDC, World Trade Centre I, Cuffe Parade, Mumbai	30.09.2003	10.00
2001-2002	Sunflower II, MVRDC, World Trade Centre I, Cuffe Parade, Mumbai	28.09.2002	10.00
2000-2001	Sunflower II, MVRDC, World Trade Centre I, Cuffe Parade, Mumbai	15.11.2001	10.00

## Whether special Resolutions :

- |  |      |
|--|------|
| a) Were put through postal ballot last year    | No.  |
| Details of Voting pattern                      | N.A. |
| Person who conducted the postal ballot         | N.A. |
| b) Are proposed to be conducted through postal | No   |
| Procedure for Postal Ballot                    | N.A. |

## 6. Disclosure

Related party transaction statement given with the notes to the accounts (Notes No.27 Schedule P) attached with the Balance Sheet and Profit and Loss Account of the Company.

Securities and Exchange Board of India on May 17, 2002 have cancelled the registration of the company as a Stock Broker. The company has filed an appeal before the Security Appellate Tribunal (SAT) against this order.

The company is a member of the National Stock Exchange of India Limited (NSE). NSE has declared the company as defaulter, with effect from May 3, 2002, due to failure of the company to resolve the investor complaints.

The Department of Company Affairs (DCA) had ordered inspection of books of accounts and other statutory records of the company u/s 209A of the Companies Act, 1956. On the basis of certain findings during the course of above inspection, the Registrar of Companies, Maharashtra has, on 11.04.2002, filed complaint in the court of additional chief metropolitan, Mumbai against the Company, its Directors, Ex-Directors and Ex-Company Secretary of the company. However, to avoid litigation, the Company and the executive Directors have filed petition u/s 621A of the Companies Act, for compounding of alleged violation.

The Department of company Affairs (DCA) had filed petition before Company Law Board (CLB) New Delhi for investigation into affairs of the company u/s 237 (b) of the companies Act, 1956. The company made its representation before CLB through senior advocate.

## 7. Means of Communication

- |   |  |
|---|--|
| Half yearly report sent to each household of shareholders - | No. Result publish in newspapers                           |
| Quarterly Results   | - do -   |
| News papers normally publish in                             | Free Press Journal(English)<br>Navshakti(Marathi/Regional) |

Whether it also displays Official News releases - N.A.

Any website, where displayed - No

The presentations made to institutional Investors or to the analyst - No

Whether Management Discussion Analysis is a part of Annual Report or not Yes

## 8. General Information to Shareholders

## (a) Annual General Meeting

- |               |   |
|---------------|---|
| Date and time | 30.09.2004 at 10.00 a.m.  |
| Venue         | Orchid, World Trade, Centre I,<br>First Floor, Cuffe Parade, Mumbai -05 |

## (b) Financial Calendar (Provisional)

- |   |  |                             |
|---|--|-----------------------------|
| a | Results for the first quarter ending 30th June, 2004       | Held on July 30, 2004       |
| b | Results for the second quarter ending 30th September, 2004 | On or before October, 2004  |
| c | Results for the third quarter ending 31st December, 2004   | On or before January, 2005  |
| d | Results for the forth quarter ending 31st March, 2005      | On or before April 2005     |
| e | Annual General Meeting for year ending March, 2005         | On or before September 2005 |

(c) Dates of Book Closure 23.09.2004 to 29.09.2004 (both days Inclusive)

(d) Dividend Board does not recommend any dividend

(e) Listing on Stock Exchange The Stock Exchange, Mumbai  
Phiroz Jijibhoy Towers,  
Dalal Street, Mumbai 400 001.

(f) Market Price Data and Share Performance of the Company in comparison to BSE SENSEX

## High Low Prices of the Equity Shares

Month and Year	High (Rs.)	Low (Rs.)	BSE SENSEX	
			High	Low
Apr-03	1.10	0.65	3222	2904
May-03	2.60	1.20	3200	2935
Jun-03	7.00	2.45	3633	3170
Jul-03	4.40	3.77	3836	3534
Aug-03	5.40	3.65	4278	3722
Sep-03	5.04	4.07	4474	4098
Oct-03	3.87	3.87	4951	4433
Nov-03	3.70	3.70	5135	4737
Dec-03	3.57	2.82	5921	5083
Jan-04	3.46	3.00	6250	5568
Feb-04	3.40	2.25	6083	5550
Mar-04	3.82	1.00	5951	5325

## (g) Stock Code

Stock Exchange	Script Code
Mumbai Stock Exchange	Demat - 532131 Physical 32131
ISIN Number for NSDL	INE382B01012
CDSL	INE382B01012

(h) Registrar and Transfer Agent Intime Spectrum Registry Pvt. Ltd.  
c-13 Panalal Silk Mill compound  
LBS Marg, Bhandup (West),  
Mumbai-400 078

## (i) Share Transfer System :

Share Transfer requests for transfer in physical form are registered and returned within maximum of 30 days provided all documents are valid and complete in all respect. Demat request by Physical Shareholders received by Share Transfer Agent M/s Intime Spectrum Registry Pvt. Ltd. Mumbai are registered within 21 days from the date of receipt.

## (j) Distribution of Shareholding (As on 31.3.2004)

No of shares From To		Number of Shareholder	Number of Shares	% of Capital
1	5000	8067	373004	4.97
5001	10000	176	147017	1.96
10001	20000	101	155327	2.07
20001	30000	26	67442	0.89
30001	40000	18	64431	0.85
40001	50000	11	50908	0.67
50001	100000	20	152672	2.03
100001	And above	34	6489199	86.52
		8453	7500000	100

## (k) Category of Shareholding As on 31.3.2004

	Category	No. of shares held	Percentage of shareholding
1.	Promoters - Indian Promoters	2,220,090	29.60
2.	Non-Promoters Holding		
a.	Mutual Funds and UTI	Nil	Nil

b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-government Institutions)	2,182,803	29.10
c.	FIs	Nil	Nil
3.	NRIs/OCBs	262,143	3.50
a.	Private Corporate Bodies	12,83,008	17.11
b.	Indian Public	15,51,956	20.69
		75,00,000	100

## (I) Dematerialisation of Shares (As on 31.03.04)

97.23% of the paid up shares Capital has been dematerialised as on 31.3.04. The details of which are as follows.

Particulars	No of Shares	%
No. of Shares held in Physical Mode :	207791	2.77%
No. of Shares held in Demat Mode :	7292209	97.23%
Total	75,00,000	100%

(m) Address for Correspondence Share Department  
Triumph International Finance India Limited  
Oxford Centre, 10 Shroff Lane, Colaba Causeway, Colaba, Mumbai - 400 005.

## (n) Details of Directors seeking re-appointment at the Annual General Meeting

(In pursuance of clause 49 of the listing agreement.)

Name	Mr Dharmesh Doshi
Qualification	B Com, LLB(G), A.C.A
Experience	Mr Doshi a professional Non Executive Director is having a vast experience in the field of finance and Investment.
Other Directorship	Triumph Retail Broking Services Limited Moncon Investment Ltd. Triumph Forex Services Ltd. Mividha Investment Pvt. Ltd. Moneshi Consultancy Pvt. Ltd. Moncon Exports Pvt. Ltd Niyosi Trading & Investments Pvt. Ltd Triumph Finsec (Calcutta) Pvt. Ltd Triumph Finsec (Ahmedabad) Pvt. Ltd
Chairman/Member of the Committee	-

For Triumph International Finance India Limited

Jatin Sarvaiya  
Director

Place : Mumbai  
Date : 30th June, 2004

## CERTIFICATE

To the Members of Triumph International Finance India Limited

We have examined the compliance of conditions of corporate governance by Triumph International Finance India Limited for the year ended March 31, 2004 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange, Mumbai.

The compliance of conditions of corporate governance is the responsibility of the management of the Company. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

The Company has only 3 Directors, including Managing Director, during the year. The company has no whole time company secretary during the year ending 31-03-04. Therefore, the Company was not able to comply with requirements relating to Composition of Board of Directors and Audit Committee.

Subject to above, in our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of mentioned Listing Agreement.

On the basis of the certificate obtained from the Register and Share Transfer Agent of the company & as per the records maintained by the share Transfer & grievance committee of the company, no investor grievances (s) is/ are pending for a period exceeding one month against the company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For & on behalf of  
Pravin P. Shah & Company  
Chartered Accountants

Parag Doshi  
Partner

Place : Mumbai  
Date : 30th June, 2004



## AUDITORS' REPORT

To the Members of  
TRIUMPH INTERNATIONAL FINANCE INDIA LIMITED  
Mumbai

1. We have audited the attached Balance Sheet of TRIUMPH INTERNATIONAL FINANCE INDIA LIMITED, as at 31st March 2004, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto ("the financial statements"). These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("CARO") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) 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;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the two directors, as on 31st March, 2004, and taken on record by the Board of Directors, we report that they are not disqualified as on 31st March 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956. However, as regards the third Director, Mr. Dharmesh Doshi, in absence of the written representation from him, we are unable to comment whether or not he is disqualified under 274(1)(g) as on 31st March, 2004;
  - (vi) We draw your attention to Note 1(b), 4 and 3 in Schedule 'P' to the Balance Sheet regarding preparation of accounts on "Going Concern Basis" and that the Securities and Exchange Board of India has cancelled the registration of the Company as a stock-broker and that National Stock Exchange has declared the Company to be a defaulter and that the Company's ability to continue as a going concern is dependent on vacation of order of cancellation of registration by Securities Appellate Tribunal and recovery of debts. In view of the cancellation of registration and declaration of the Company to be a defaulter, no sizable recovery from debts and sizable accumulated losses, we are unable to comment about the ability of the Company to continue as a going concern and preparation of the accounts on "Going Concern Assumption" and the consequential effect thereof on the loss for the year and on the assets, liabilities and the reserves stated in the Balance Sheet.
  - (vii) We draw your attention to Note 7 in Schedule 'P' to the Balance Sheet about amount of Rs.202 crores and delivery of shares (worth Rs.62.36 crores at the market value as on 15.06.2004) receivable from Classic Credit Limited ("CCL"). Based on the evidence made available to us, we are unable to express an opinion on the recoverability of this amount and the likelihood of the receipt of delivery of those shares from CCL and the consequential effect thereof on the loss for the year and on the asset, liabilities and the reserves, stated in the balance sheet
  - (viii) We draw your attention to the fact that total Debtors other than Classic Credit Limited are Rs. 7.19 crores. In absence of other details about them, we are unable to express an opinion about the recoverability of the amount and the consequential effect thereof on the loss for the year and on the asset, liabilities and the reserves, stated in the balance sheet
  - (ix) We draw your attention to Note 15 in Schedule 'P' to the Balance Sheet about Rs. 34.32 lacs paid by M.Jiggar & Co. to the TRO. In absence of any confirmation from the TRO accepting the payment, we are unable to express an opinion about the receipt of the same by the Income-tax Department and the consequential effect thereof on the loss for the year and on the asset, liabilities and the reserves, stated in the balance sheet
  - (x) We draw your attention to Note 16 in Schedule 'P' to the Balance Sheet about Rs. 3.56 crores paid to Panther Investrade Limited. In view of the fact that DRT matters are pending against Panther Investrade Limited and since other information about them is not made available to us, we are unable to express an opinion about the recoverability of this amount and the consequential effect thereof on the loss for the year and on the asset, liabilities and the reserves, stated in the balance sheet
  - (xi) We draw your attention to Note 18 in Schedule 'P' to the Balance Sheet about Rs. 4 crores advance given to an Ex-director. Based on the available evidence we are unable to express an opinion about the recoverability of this amount and the consequential effect thereof on the loss for the year and on the asset, liabilities and the reserves, stated in the balance sheet.
  - (xii) We draw your attention to Note 28 in Schedule 'P' to the Balance Sheet regarding Managerial Remuneration.
  - (xiii) Except for the matters referred to in para (vii) to (xii) above in respect of which the amount involved is significant and in respect of which we are unable to express an opinion about recoverability of amount and delivery of shares, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the Notes to Accounts appearing in the Schedule 'P', give the information required by the Companies Act, 1956, in the manner so required.
  - (xiv) In view of our inability to comment upon ability of the Company to continue as a going concern stated in para (vi) above, recoverability of amount from CCL and other Debtors / advances / other amount stated in para (vii), (viii), (ix), (x) and (xi) above, Managerial Remuneration in para (xii) above and the fact that the accounts are prepared on "Going concern assumption", we are unable to comment whether the said accounts, read with the Notes to Accounts appearing in the Schedule 'P', give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
    - (b) in case of the Profit and Loss Account, of the loss for the year ended on that date; and
    - (c) in case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

FOR PRAVIN P. SHAH & COMPANY  
CHARTERED ACCOUNTANTS  
(PARAG P. DOSHI)  
PARTNER

Membership Number : 41727

Place : Mumbai

Date : 30th June 2004



**ANNEXURE, GIVING DETAILS 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 REFERRED TO IN PARA (1) OF OUR REPORT OF THE EVEN DATE ON THE ACCOUNTS OF TRIUMPH INTERNATIONAL FINANCE INDIA LIMITED FOZR YEAR ENDED 31ST MARCH 2004.**

**Annexure to the Auditors' Report**

The Annexure Referred to in paragraph 3 of our report to the members of TRIUMPH INTERNATIONAL FINANCE INDIA LIMITED ('the Company') for the year ended March 31, 2004.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information given to us, save and except the Fixed Assets namely, Plant & Machinery, Factory Building at Akleshwar, Oil Fired Boiler, Excavators, Electrical Installations, Laboratory Equipment, Office Premises at Baroda and vehicles which are not in the possession of the company, all other fixed assets have been physically verified by the management at the end of the year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its business. The management has informed us that no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any substantial part of fixed assets.
- (ii) (a) The Inventories of securities in physical form have been physically verified at the end of the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion, and according to the information and explanations given to us, the company is maintaining proper records of inventory. In our opinion, and according to the information and explanations given to us, the discrepancies noticed on physical verification of Inventory as compared with the book records were not material.
- (iii) (a) The company had not taken loans from any company covered in the register maintained under section 301 of the Companies Act, 1956.  
There are 8 parties covered in the register maintained under section 301 of the Companies Act, 1956 to which the company has granted interest - free loans in the past. During the year further loan of Rs. 1500 has been given to one company. The maximum amount involved during the year was Rs. 1500 and the year-end balance of loans granted to that company was Rs. 4000.
- (b) In our opinion, the other terms and conditions on which loans have been granted to the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the company.
- (c) According to the information given to us the company and the parties were regular in repaying the principal amounts where stipulated.
- (d) According to the information given to us, in respect of the above loans, there were no overdue amounts exceeding rupees one lakh.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the year there was no purchase of Inventory, Fixed Asset or Sale of Goods and therefore we have neither come across nor we have been informed of any weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, during the year there were no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of each party.
- (vi) According to the information and explanation given to us, the Company has not accepted any deposits during the year from the public as defined in the Directives issued by the Reserve Bank of India read with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder. Hence, in our opinion, the clause (vi) of the order is not applicable to the Company.
- (vii) The company did not have an internal audit system during the year under audit.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records u/s. 209(1)(d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanation given to us, during the year the company was regular in depositing undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it, with the appropriate authorities. According to the information and explanations given to us, as on 31.3.2004, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of sale tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.

According to the information and explanation given to us, particulars of dues of income tax as on 31.3.2004, which have not been deposited on account of any dispute, are as under.

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum before which the dispute is pending.
I.T.Act, 1961	Income Tax demand	112.67	A.Y. 1997-98	Income Tax Appellant Tribunal (ITAT)
I.T.Act, 1961	Income Tax demand	364.44	A.Y. 1998-99	ITAT
I.T.Act, 1961	Income Tax demand	7117.27	A.Y. 1999-00	ITAT
I.T.Act, 1961	Income Tax demand	259.98	A.Y. 2000-01	ITAT
I.T.Act, 1961	Income Tax demand	68084.56	Block Period	ITAT
I.T.Act, 1961	Income Tax demand	938.29	A.Y. 2001-02	CIT (A)

- (x) In our opinion, the accumulated losses of the company as at 31.3.04 were more than fifty percent of its net worth. The company has incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

- (xi) The Company has not borrowed from any Financial institution or by issue of Debentures. In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues to banks. The details of the same are as under

Sl. No.	Name of the Bank & nature of loan	Principal / Interest	Amount (Rs. In lakhs)	Period of default
1.	The Madhavpura Mercantile Co-op. Bank Limited	1) Principal 2) Interest	1628.56 1008.40	Since 04.04.2001
2	Centurian Bank Limited	1) Principal 2) Interest 3) Bank Guarantee 4) Interest on Bank Guarantee	736.28 458.30 206.12 81.58	Since 14.09.2001 Since 11.04.2002
3	Global Trust Bank Limited	1) Principal 2) Interest 3) Bank Guarantee	2949.43 2392.55 315.00	Since 21.03.01 Since 29.01.2004

Note : All the above loans were Overdraft facilities and were not having any fixed repayment schedules. Therefore, in case of the principal amount, the Period of default is calculated from the date the banks have demanded the repayment. Period of default with respect to interest is not mentioned since provision for the same has been made on various dates.

- (xii) Based on our examination of the records and the information and explanations given to us, the company has not granted loans and / or advances on the basis of security by of pledge of shares, debentures and other securities.
- (xiii) According to the information given to us the provisions of special statute applicable to chit fund /nidhi / mutual benefit fund / societies are not applicable to the Company. Therefore, the provisions of clause 4(xiii) of the CARO are not applicable to the company.
- (xiv) In our opinion and as per the information and explanation given to us, the Company has maintained proper records of transactions and contracts in respect dealing or trading in shares, securities, debentures and other investments and timely entries have generally been made therein. All the shares, securities, debentures and other securities have been held by the Company in its own name, except to the extent of exemption granted under section 49 of the Companies Act, 1956.
- (xv) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- (xvi) The company has not taken any term loan during the year .
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the funds raised on short-term basis have not been used for long term investment. The company has not raised any funds during the year in long term basis.
- (xviii) During the year the Company has not issued any securities, therefore, clause (xviii), (xix) and (xx) of the CARO are not applicable to the Company.
- (xxi) According to the information and explanations given to us, certain clients and banks have lodged complaints against the company with charges relating to cheating by the Company. The details of such complaints are as under :

Complaint by	Stage of Complaint	Charges raised
European Investments Limited	Crime Branch, CID., Mumbai has filed the charge sheet before the Addl. Chief Metropolitan Magistrate, 19th Esplanade Court, Mumbai.	Non receipt of sale proceeds of Rs. 83.22 crores.
Economic offence wing of CBI, Mumbai investigating preferential allotment of shares by Padmini Polymers Limited.	The matter is still under investigation of EOW, CBI. No charge sheet is filed yet.	The Company and its Directors along with other 30 parties were alleged for commission of various offenses relating to cheating and forgery under Indian Penal Code and P.C. Act 1988
The Madhavpura Mercantile Co-op. Bank. Limited CBI has filed the	CBI has filed the chargesheet before the High Court, Gujarat.	Utilisation of loan of Rs.20 crores against sanction limit of Rs. 5 crores.

According to the information and explanations given to us, no other fraud on or by the company has been noticed or reported during the year under audit.

For PRAVIN P. SHAH & COMPANY  
CHARTERED ACCOUNTANTS

(PARAG P. DOSHI)  
PARTNER

Membership Number : 41727

Place : Mumbai  
Date : 30th June, 2004