



TRIUMPH INTERNATIONAL FINANCE INDIA LTD.



Annual Report

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

Report



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REGISTERED AND CORPORATE OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

Intime Spectrum Registry Pvt. Ltd.
260-A, Shanti Industrial Estate,
Sarojini Naidu Road,
Mulund (West), Mumbai 400 080.

CO-OPERATION PARTNER

Standard Bank London Ltd.

DIRECTORS' REPORT 1999-2000

To the Members,

The Directors herewith submit their report on the business and operations, alongwith audited financial statements for the year ended March 31, 2000.

FINANCIAL RESULTS

(Rs. in Million)

Particulars	Year ended 31-Mar-2000	Year ended 31-Mar-1999
Net Sales	5183	688
Cost of Sales	5165	699
Income from Operations	419	78
Total Expenditure	130	35
Profit Before Depreciation & Tax	308	32
Less Depreciation	1	1
Profit Before Taxation	307	31
Less Provision for Taxation	115	6
Profit After Tax	193	25
Paid up Equity Capital	75	55
Preference Share Capital	35	35
Proposed Preference Dividend	5	8
Proposed Equity Dividend	44	NIL
Tax on dividend	5	1
Reserves	432	14

DIVIDEND

Your Directors recommend to pay dividend at the rate of Rs.15/- per share aggregating to Rs. 5.25 million on 3,50,000 - 15 % cumulative redeemable preference shares of Rs.100 each for the current year.

Considering the encouraging performance the Directors recommend payment of dividend on enhanced equity capital of 75,00,000 equity shares (inclusive of 20,00,000 equity shares allotted on preferential basis) for the year ended March 31, 2000 at the rate of Rs.7.5 per equity share, on pro rata basis, aggregating Rs 44.20 million. If approved, the dividend shall be paid to members whose names appear in the Register of Members as on 20th May 2000. No dividend was paid on the equity shares, in previous year.

SHARE CAPITAL

During the year the Company had issued 20,00,000 equity shares at Rs.150/- per share as preferential issue to augment the long-term working capital resources. The allotment of said shares were made on January 20, 2000.

DEMATERIALISATION OF SHARES

The company at its extra ordinary general meeting held on 19th January, 2000 passed a resolution for the option to Dematerialisation of the Shares. The Company has entered into an agreement with the National Securities Depository Limited for the Demat of Shares. Accordingly the Shares of the company can also be traded in the Demat form on the Stock Exchange, Mumbai, on completion of necessary formalities. The company has also appointed the Registrar and Share Transfer Agents for the convenience of the Shareholders for better relationship with the company.

ECONOMY AND BUSINESS ENVIRONMENT

During the previous year we witnessed a steady recovery in the economy with the evolvement of new economy segment, namely Information Technology, Communications and Entertainment. India is increasingly being accepted as the country with great future because of its capability of logical and creative thinking, which is the essence of software development, medical research, biotechnology etc. During the last year we also witnessed the disappearing of clouds of political instability. With stability in political environment and progressive approach towards reforms, India is becoming 'the destination' for direct and portfolio investment. The benefits of 'the feel good factor' were visible in changing business environment.

CAPITAL MARKETS

The Capital Markets reflected the buoyant mood towards the new economy segment. The Capital Market Segment is now comparable and integrated globally. The effect of the happening on the Global Markets is immediately reflected on the Indian Indices. Movement on *NASDAQ*, which is major trendsetter for the Technology Stocks, has its impact on the Technology Stocks listed here. The conservative stock valuation on the EPS and Industry PE ratio is undergone a change with the '*Brick & Mortar Model*' being replaced by '*Dot.Com Model*'. The increased business volumes resulting from small investor coming back to market has increased the volatility in market. The coming year should see continuation of capital market related reforms such as introduction of '*Futures & Options*'.

REVIEW OF OPERATIONS

Your company achieved income from operations of Rs.418.42 mn for the current year as compared to Rs. 77.65 mn for the previous year. In the backdrop of competition with the established and foreign entities offering financial services, the performance of your company is commendable.

Your company has continued to value stock-in-trade on 'Simple Average Cost or Market-Value', whichever is lower basis as done in the preceeding years. This is not in conformity with the recent guidelines issued by ICAI. The system have been put in place to adhere to the new guidelines during current year and henceforth the stock shall be accordingly valued in conformity to these guidelines.

The securities brokerage operations continues to be the core business where trades amounting to Rs.336.82 bn bringing in brokerage income of Rs.350.47 mn were executed. This business has grown significantly and your company's strategy to increase the business base by catering to newer clients and spreading geographically has paid off.

The fixed Income group has further strengthened its position in the market. During the year your company started trading in fixed income instruments as a strategy to penetrate into semi wholesale debt market. It has also established debt desk in some of its offices across the country. The contribution from this business increased from Rs.0.96 mn to Rs.17.79 mn.

Investment Banking business started picking up in the second half and your company was involved in various equity placements on preferential offer basis. We have secured mandates for several Initial Public Offerings to be made in current year. In the coming years this business is expected to contribute significantly to the profits of the company.

Portfolio Management as a service has not received acceptability amongst Indian Investors. The assets under management are Rs.59 mn at present as compared to Rs. 34 mn in the previous year. It is envisaged that in years to come this business shall also grow as the need for professional guidance to investment is realised.

All the above has been achieved because of significant contribution from our research team. It is increasingly recognised that the research engine is eventually going to be responsible for the desired recognition of best broking house.

No lease contracts have been executed during the period reported. However, recovery of rental dues is under process. The company has taken steps to repossess an excavator earlier leased out, for sell thereafter.

Your Company has regained the possession of the assets of pharma division. It is in the process of selling the assets as the company no longer considers beneficial to continue this business.

SUBSIDIARY COMPANIES

Triumph Forex Services Limited commenced full-fledged operations during the year. The company has made a Net Profit of Rs. 82,304/- during the year under review. Triumph Forex has expanded the operations and expects better prospects in future.

The company has a new subsidiary under its umbrella, Triumph Retail Broking Services Private Limited. Triumph Retail has successfully bided for the membership of the Stock Exchange, Mumbai for the Cash & Derivative Segments. On acquiring the BSE membership in the current year it is proposed to start its operations and gradually built its network within the city.

The audited statement of accounts for the year ended March 31, 2000 of Triumph Forex Services Limited together with the report of the Directors and the Auditors, as required under Section 212 of the Companies Act, 1956 is

attached. Triumph Retail Broking Services Private Limited is company incorporated on March 8, 2000 and hence the first financial year will close on March 31, 2001 but statement as required under Section 212 of the Companies Act, 1956 is attached.

FUTURE OUTLOOK

The performance in last quarter of 99-00 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 strongly positioning the company in the financial and capital markets with the expected growth of 6 to 7 % of the economy. We expect that alongwith the brokerage business other business should also contribute significantly.

The company has increased its franchises in the country and has representative offices at 9 centres across the country. The company looks at establishing atleast 25 centres across the country and even venturing for opportunities abroad. The Indian financial system is continuously evolving and new challenges are emerging as markets are being further deregulated.

DIRECTORS

The Board proposes the re-appointment of Mr. Kartik Parekh and Mr. A R Kapadia 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 has and 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 Rs. 86,426/- and the outgo was Rs 368,575/- (Previous year Earning was Nil and 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 2000 - 01.

Y2K COMPLIANCE

The company is Y2K compliant and has successfully entered the millennium with the systems functioning normally.

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 and 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 10, 2000

AUDITORS' REPORT

To the Members of
TRIUMPH INTERNATIONAL FINANCE INDIA LIMITED
 Mumbai

We have audited the attached Balance Sheet of **TRIUMPH INTERNATIONAL FINANCE INDIA LIMITED** as at 31st March, 2000 and the attached Profit and Loss Account for the year ended on 31st March, 2000 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 accounts.
4. Reference is invited to Note No. 3 in Schedule M to the Balance Sheet stating that the Company has not valued the stock in accordance with the Accounting Standard prescribed by the ICAI and that as a result, the value of Inventories and the Profit for the year are overstated by Rs. 2,87,57,651.

Subject to the above, in our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

- 5 Subject to what is stated in para 4 above, in our opinion and 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, 2000, and
 - (b) in case of the Profit and Loss Account, of the profit for the year ended on 31st March, 2000.
- 6 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 which have recently come in the possession of the Company namely, Plant & Machinery, Excavators, Factory Building at Ankleshwar, Oil Fired Boiler, Electrical Installations, Laboratory Equipments and other Fixed Assets namely Office Premises at Baroda 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) Subject to what is stated in para 4 above, 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.
- (g) The company has taken interest free loan from companies listed in register maintained u/s 301. In our opinion and according to the explanations given to us, the other terms and conditions of such interest free loans are not prima facie prejudicial to the interest of the Company. The Company has not taken loans from firms or other parties listed in the register maintained u/s 301 and from companies under the same management as defined u/s 370 (1-B) of the companies Act, 1956.
- (h) According to the information and explanations given to us, the Company has given interest-free loans to firms or other parties listed in the register maintained under section 301 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 loans are not prima facie prejudicial to the interest of the Company. The Company has not given any loans to the companies under the same management as defined under sub-section (1-B) of section 370 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 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 material 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 explanations 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.
- (q) On verification of the records and according to the information and explanations given to us, the Company was regular in depositing Provident Fund and ESIC dues with the appropriate authority.
- (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 P. DOSHI)
 PARTNER
 PLACE : MUMBAI
 DATED : April 10, 2000

BALANCE SHEET AS AT 31ST MARCH, 2000

(In Rs.)

	SCHEDULE	AS AT 31ST MARCH, 2000	AS AT 31ST MARCH, 1999
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS :			
Share Capital	A	110,000,000	90,000,000
Reserves and Surplus	B	432,000,473	13,736,727
LOAN FUNDS :			
Secured Loans	C	2,200,000	68,010,994
TOTAL SOURCES OF FUNDS		544,200,473	171,747,721
APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross Block	D	16,620,871	12,206,213
Less : Depreciation		8,553,268	7,751,696
NET BLOCK		8,067,603	4,454,517
INVESTMENTS	E	71,529,900	32,770,918
CURRENT ASSETS, LOANS & ADVANCES :			
CURRENT ASSETS :			
Stock-in-trade		263,326,484	2,730,769
Sundry Debtors		291,357,804	42,404,138
Cash and Bank Balances		181,237,052	43,182,435
LOANS AND ADVANCES :		260,634,903	112,298,582
		996,556,243	200,615,924
LESS:CURRENT LIABILITIES & PROVISIONS :			
Current Liabilities	G	356,597,411	50,771,584
Provisions		175,899,383	15,952,695
		532,496,794	66,724,278
NET CURRENT ASSETS		464,059,449	133,891,646
MISCELLANEOUS EXPENDITURE :			
(To the extent not written off or adjusted)			
Preliminary Expenses		543,521	630,640
TOTAL FUNDS EMPLOYED		544,200,473	171,747,721

NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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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 10, 2000

SHISHIR KARNIK

COMPANY SECRETARY

PLACE : MUMBAI

DATED : APRIL 10, 2000

DHARMESH DOSHI

MANAGING DIRECTOR

JATIN SARVAIYA

MANAGING DIRECTOR

KARTIK PAREKH

DIRECTOR