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Trade-wings
LIMITED

49TH ANNUAL REPORT 1998-99

TRADE WINGS LIMITED

Annual Report 1998-99

BOARD OF DIRECTORS

Dr. Shailendra P. Mittal – President
Mr. Vinayak Ubhayakar – Managing Director
Mr. Ashok Mittal
Mr. Rajendra Mittal
Mr. Suresh Mittal
Mr. Chhanulal Jhunhunwala

AUDITORS

M/s. N.A. Shah Associates
Chartered Accountants
Mumbai

REGISTERED OFFICE

6, Mascarenhas Bldg.,
Mahatma Gandhi Road,
Panaji, Goa - 403 001.

PRINCIPAL BANKERS

Vijaya Bank
Excelsior Bldg.,
A.K. Nayak Marg,
Mumbai - 400 001.

HEAD OFFICE

30, K. Dubash Marg,
Fort, Mumbai - 400 023.

TRADE WINGS LIMITED**Annual Report 1998-99****DIRECTORS' REPORT**

TO
THE MEMBERS

Your Directors have pleasure in presenting their 49th Annual Report and Audited Accounts of the Company for the year ended 31st March, 1999.

1. FINANCIAL RESULTS

	1998-99	1997-98
Gross Income	15,91,54,751	14,48,85,351
Profit before interest depreciation & Taxation	2,78,13,195	3,36,03,136
Profit/(Loss) after Interest	52,40,172	55,67,315
Profit/(Loss) after Depreciation	94,433	5,38,461
Provision for Taxation	10,000	60,000
Profit/(Loss) after tax	84,433	4,78,461

2. DIVIDEND

Your company has earned net profit after tax to the tune of Rs. 84,433/-.

In order to sustain growth and introduce new profitable projects in future, your Directors wish to conserve the cash resources. Therefore they do not recommend any Dividend.

3. DIRECTORS

Mr. Omprakash Mittal and Mr. Suresh Mittal retire by rotation, and being eligible for re-appointment offer themselves for reappointment. The members are requested to appoint them.

4. SUBSIDIARY COMPANIES

In accordance with the provisions of Section 212 of the Companies Act, 1956 the audited statement of accounts along with the Directors' Report for the year ended 31st March, 1999 of subsidiary companies are annexed hereto.

5. CONSERVATION OF ENERGY, TECHNOLOGY,**ABSORPTION**

The Company is in service industry, hence the provisions of Section 217(1)(e) regarding information on conservation of energy and technology absorption is not applicable.

6. FOREIGN EXCHANGE EARNINGS & OUTGO

The Company has earned foreign exchange to the tune of Rs. 84,07,093/- and has incurred expenditure of Rs. 8,51,127/- during the period under review.

7. AUDITORS

M/s. N.A. Shah Associates, Chartered Accountants, Mumbai retiring Auditors are eligible for re-appointment. The requisite certificate under section 224(1)(b) of The Companies Act, 1956, has been received from the indicating their willingness to continue if appointed.

8. PARTICULARS OF EMPLOYEES

Statement pursuant to section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule, 1975 is not annexed as the company did not have any employee drawing the remuneration in excess of the prescribed limits.

9. Y2K COMPLIANCE

The company has taken necessary steps to make its hardware and software Y2K compliant.

10. FIXED DEPOSITS

The company has not accepted Fixed Deposit from the public during the year.

11. ACKNOWLEDGEMENT

Your Directors wish to place on records their application for the support received by the company from its Bankers, Business Associates, employees and above all the valuable customers.

On behalf of the Board of Directors

Sd/-
DIRECTOR

Date: 1st. September, 1999
Place : Mumbai

TRADE WINGS LIMITED**Annual Report 1998-99****REPORT OF AUDITORS TO THE SHAREHOLDERS**

We have audited the attached Balance Sheet of Trade Wings Limited as at 31st March, 1999 and the Profit and Loss Account of the company for the year ended on that date annexed thereto and in which are incorporated the accounts of the Branches, which have been audited by other auditors and report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief are necessary for the purpose of our audit;
2. In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from examination of the books except that in respect of the non-operational branch at Calcutta, no returns for the year have been received and accordingly, the assets and liabilities as mentioned in note no. 22 of Schedule I is subject to possible adjustments.
3. The reports on the accounts of all the Branches audited by other Auditors have been forwarded to us and all these have been considered by us in preparing our report.
4. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts:
5. In our opinion the Balance Sheet and Profit and Loss account comply with the requirements of accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the accounts subject to:
 - (a) Non provision in accounts of the Sundry Debtors considered doubtful to the extent of Rs. 1,20,68,863/- and Advances considered doubtful to the extent of Rs. 53,58,434/- (Refer note no. 7 - Schedule O)
 - (b) Non compliance with the provisions of section 295 of the Companies Act, 1956 in connection with loans and guarantees given on behalf of a private limited company in which Directors are

interested. Necessary application in this regard is yet to be made to the Central Government (refer note 21 - Schedule O),

- (c) Non provision of probable loss that may arise on account of investments in and loans to subsidiary companies. The net worth of the subsidiary companies has been eroded as a result of substantial accumulated losses. We are, therefore, unable to satisfy ourselves fully that there is no permanent diminution in the value of investments (refer note 19 and 20 - Schedule O),
- (d) Change in method of valuation of balances in foreign currency account referred to in note No. 23 Schedule O resulting in income for the year being higher by Rs. 1,71,510/- and read with the other Notes and Balance Sheet and the Profit and Loss Account, give the information required by the Companies Act 1956, in a manner so required and give a true and fair view of:
 - a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1999 and
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
7. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956 we further report that:
 - a. The Company has generally maintaining proper records to show full particulars including quantitative details and situation of fixed assets. Most of the fixed assets have been physically verified by the management during the year. According to the information and explanation given to us, there is a regular program of verification which in our opinion is reasonable having regard to the size of the company and the nature of the assets. No material discrepancies have been noticed on such verification and the same has been properly dealt with in the books of account.

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- b. The fixed assets have not been revalued during the year.
- c. The stock of foreign currencies of the Full Fledged Money changing division have been physically verified by the management at reasonable intervals.
- d. The procedure followed by the management for physical verification of stock of foreign currencies are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- e. The discrepancies noticed on physical verification of stocks as compared to the book records were not material and have been properly dealt with in the books of accounts.
- f. On the basis of our examination of the stock records, we are of the opinion that the valuation of the stock of currencies is fair and proper and in accordance with the normally accepted accounting principles and are on the same basis as in the preceding year.
- g. The Company has taken unsecured loans from Appease Investment and Finance Ltd., the Holding Company and also from Companies and other parties as listed in the register maintained under section 301 of the Companies Act, 1956 for which no terms and conditions have been specified. The rate of interest of these loans, in our opinion, is not prima facie prejudicial to the interest of the Company. We have been informed that there are no companies under the same management as defined under section 370(1-B) of the Companies Act, 1956.
- h. The Company has granted Unsecured loans to subsidiary companies as also to Companies and other parties as listed in the register maintained under section 301 of the Companies Act, 1956 for which no repayment terms have been specified. The rate of interest, wherever applicable, in our opinion is not prima-facie prejudicial to the interest of the Company. We have been informed that there are no companies under the same management as defined under section 370(1-B) of the Companies Act, 1956.
- i. The employees (except few) and the parties to whom loans or advances in nature of loans have been granted are generally repaying the principal amounts as stipulated and are also regular in payment of interest wherever applicable. In respect of the employees who have left the services, steps are being taken by the company for recovery of the principal amount and interest.
- j. In our opinion and according to the information and explanation given to us the internal control procedures for purchase of goods are generally adequate and commensurate with the size and nature of business. It however needs to be improved/strengthened in respect of some of the activities of the company including cash and bank transactions. The internal control procedure, for sale of goods and services are in the process of being suitably modified and strengthened, so as to be fully adequate and commensurate with the size and nature of business.
- k. Transaction of purchase and sale of goods, materials and services made in pursuance of contracts of arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices of such goods, materials or services, where such market prices are available with the Company or at prices at which transactions for similar goods or services have been made with other parties.
- l. The Company has not accepted any deposits from the public within the meaning of the provision of section 58A of the Companies Act, 1956 and rules framed thereunder.
- m. The operations of the Company do not generate any by-products or scrap.
- n. The Company does not have any formal internal audit system.
- o. The maintenance of cost records has not been prescribed by the central Government under section 209(1)(d) of the Companies Act, 1956 for

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the year under review.

- p. As per the information and explanation given to us, the Company has generally been regular in depositing the Provident Fund and Employees State Insurance dues with appropriate authorities during the year under review.
- q. According to the information and explanations given to us, except Tax Deducted at Source aggregating to Rs. 102360/- no undisputed income-tax, wealth tax, sales tax, custom duty and excise duty were outstanding on the date of Balance Sheet for a period of more than six months from the date they become payable.
- r. According to the information and explanation given to us and the records examined by us no personal expense have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
- s. 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 provision) Act, 1985.
- t. The service activities of the Company are such that the question of recording the receipts, issues and consumption of material and stores and allocation of material and man hours consumed to the relative jobs does not arise. Consequently the authorization and control on the issue of stores and allocation of stores and labour is not applicable.

For N.A. Shah Associates
Chartered Accountants

Sd/-
(Sandeep Shah)
Partner

Place: Mumbai
Dated: 1st December, 1999

TRADE WINGS LIMITED

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BALANCE SHEET AS AT 31ST MARCH 1999

	SCHEDULE	RUPEES	AS AT 31-03-1999 RUPEES	AS AT 31-03-1998 RUPEES
SOURCES OF FUNDS				
Shareholders Funds				
Share Capital	A	30,000,000		30,000,000
Reserves and Surplus	B	<u>40,309,413</u>		<u>40,386,177</u>
			70,309,413	70,386,177
Loan Funds	C			
Secured Loans		105,887,953		53,566,310
Unsecured Loans		<u>92,623,949</u>		<u>95,037,002</u>
			198,311,902	148,603,312
			<u>268,621,315</u>	<u>218,989,489</u>
APPLICATION OF FUNDS				
Fixed Assets	D			
Gross Block		72,597,305		68,928,660
Less: Depreciation		<u>27,576,752</u>		<u>24,614,802</u>
			45,020,553	44,313,858
Investments	E		74,171,601	74,171,601
Current Assets, Loans & Advances				
Current Assets	F			
Inventories		24,099,646		24,046,505
Sundry debtors		146,855,973		144,547,875
Cash bank balances		<u>108,134,076</u>		<u>102,514,734</u>
		279,089,695		271,109,114
Loans & Advances	G	<u>70,791,766</u>		<u>54,250,781</u>
		349,881,461		325,359,895
Less: Current Liabilities & Provisions	H			
Current Liabilities		200,382,300		224,790,865
Provisions		<u>70,000</u>		<u>65,000</u>
		200,452,300		224,855,865
Net Current Assets			149,429,161	100,504,030
TOTAL			<u>268,621,315</u>	<u>218,989,489</u>

Notes forming part of Accounts – Schedule “O”

FOR TRADE WINGS LIMITED

As per our Report of even date
FOR N.A. SHAH ASSOCIATES
Chartered Accountants

Sd/-
SHAIENDRA P. MITTAL
PRESIDENT

Sd/-
V.S. UBHAYAKAR
MANAGING DIRECTOR

Sandeep Shah
Partner

Place : Mumbai
Date: 1st December 1999

Place: Mumbai
Date: 1st December 1999

TRADE WINGS LIMITED**Annual Report 1998-99****PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 1999.**

	SCHEDULE	RUPEES	AS AT 31-03-1999 RUPEES	AS AT 31-03-1998 RUPEES
INCOME				
Income from Operations	I		150,652,079	133,947,037
Other Income	J		7,636,996	10,677,658
Sundry Credit Balance Written Back			865,676	260,656
Total			<u>159,154,751</u>	<u>144,885,351</u>
EXPENSES				
Personnel Expenses	K		24,505,621	22,446,821
Administrative Expenses	L		72,031,516	59,140,123
Selling Expenses	M		34,537,924	28,720,365
Sundry Debit balance Written Off			266,495	974,906
Interest	N		22,573,023	28,035,821
Depreciation		5,306,936		5,190,051
Less: Amount transferred from Revaluation Reserve		<u>161,197</u>		<u>161,197</u>
			5,145,739	5,028,854
Total			<u>159,060,318</u>	<u>144,346,890</u>
Profit / (Loss) for the year			94,433	538,461
Provision for Taxation			10,000	60,000
Profit / (Loss) after Taxation			84,433	478,461
Income Tax for earlier year			—	(29,718)
Profit brought forwards from last year			28,170,509	27,721,766
Balance carried forward to Balance Sheet			<u>28,254,942</u>	<u>28,170,509</u>

Notes forming part of Accounts – Schedule “O”

FOR TRADE WINGS LIMITED

As per our Report of even date
FOR N.A. SHAH ASSOCIATES
Chartered AccountantsSd/-
SHAIENDRA P. MITTAL
PRESIDENTSd/-
V.S. UBHAYAKAR
MANAGING DIRECTORSandeep Shah
PartnerPlace : Mumbai
Date: 1st December 1999Place: Mumbai
Date: 1st December 1999

TRADE WINGS LIMITED**Annual Report 1998-99****SCHEDULE FORMING PART OF THE BALANCE SHEET**

SCHEDULE "A"		AS AT 31-03-1999 RUPEES	AS AT 31-03-1998 RUPEES
	RUPEES		
SHARE CAPITAL			
Authorised			
4,000,000	Equity Shares of Rs. 10/- each	40,000,000	40,000,000
1,000,000	Unclassified shares of Rs. 10/- each	<u>10,000,000</u>	<u>10,000,000</u>
		<u>50,000,000</u>	<u>50,000,000</u>
Issued & Subscribed			
3,000,000	Equity Shares of Rs. 10/- each	<u>30,000,000</u>	<u>30,000,000</u>
TOTAL		<u><u>30,000,000</u></u>	<u><u>30,000,000</u></u>

NOTES:

1. Of the above 9000 shares are allotted to vendors as fully paid-up pursuant to a Contract without payment received in cash.
2. 22,67,341 (Previous Year 22,67,241) equity shares are held by holding company, Appease Investments and Finance Co. Ltd.

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TRADE WINGS LIMITED**Annual Report 1998-99****SCHEDULE FORMING PART OF THE BALANCE SHEET**

SCHEDULE "B"	RUPEES	AS AT 31-03-1999 RUPEES	AS AT 31-03-1998 RUPEES
Capital Reserve			
As per last balance sheet		613,337	613,337
Revaluation Reserve			
As Per last Balance Sheet	8,492,331		8,653,528
Less: Transferred to Profit & Loss A/c. (Refer Note 11)	<u>161,197</u>		<u>161,197</u>
		8,331,134	8,492,331
Reserve as required under Section 80HHD of the Income Tax Act, 1961			
As Per last balance sheet		932,196	932,196
General Reserve			
As per last balance sheet		1,625,000	1,625,000
Reserve under section 80HHD (Utilised) reserve.			
As per last Balance Sheet		552,804	552,804
Surplus in Profit and Loss Account		28,254,942	28,170,509
TOTAL		<u>40,309,413</u>	<u>40,386,177</u>