

TRADE WINGS LIMITED

ANNUAL REPORT

2003 – 2004

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Regd. Office: 6, Mascarenhas Bldg, M G Road, Panjim, Goa – 403001.
Corp. Office: 30, K. Dubash Marg, Kalaghoda, Fort, Mumbai – 400023.

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NOTICE

Notice is hereby given that the 54th Annual General Meeting of the Members of the Company will be held on Thursday, 30th September 2004 at the registered office of the Company at 6, Mascarenhas Building, M G Road, Panjim, Goa-403 001 at 3.00 p.m. to transact the following business as:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2004 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mrs. P A Chotrani, who retires by rotation and being eligible offer herself for re-appointment.
3. To appoint the Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT accounts of the Accounting year beginning from 1st April 2004 of the existing branches of the Company and such other branches as may be opened during the year in India be audited by the Company's Auditors and / or by one or more Auditors of the Company under Section 226 of the Companies Act, 1956 and of any other branch or branches that may be opened during the year in a country outside India, by the Company's Auditor or by a person who is qualified as aforesaid to act as Auditors of the branch office in accordance with the law of the country where the branch office is situated and that the Board of Directors of the Company be and are hereby authorized to appoint such Auditor or Auditors for the aforesaid branches in consultation with


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the Company's Auditors and to fix their respective terms and condition of their appointment."

On behalf of the Board of Directors


Dr. Shailendra Mittal
Chairman

Mumbai: 1st September 2004

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member of the Company. The instrument appointing the proxy should however be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts in respect of the business under Item No. 4 is annexed hereto.
3. The Register of Members and the Share Transfer Register of the company will be closed from Tuesday, 28th September 2004 to Thursday, 30th September 2004 (both days inclusive).
4. Members are informed that in case of joint holders attending the meeting, only such joint-holders who is higher in order of names will be entitled to vote.

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EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 4:

Members will recall that your company is operating a number of branches in India. The Company is required under Section 227(8) of the Companies Act, 1956 to have its books of accounts audited for all such branches, either by its head office auditors or persons other than such auditors. The members are requested to authorise the Board of Directors to appoint such auditors on such terms and conditions as it may consider fit.

None of the Directors is concerned or interested in this resolution.

On behalf of the Board of Directors


Dr. Shailendra Mittal
Chairman

Mumbai : 1st Spetember 2004

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the 54th Annual Report and the Audited Statement of Accounts for the year ended 31st March 2004.

Financial Results:

| | (in Rupees) | |
|--|--------------------|--------------------|
| | 2003-2004 | 2002-2003 |
| Net Sales / Income from Operations | 73,943,578 | 83,996,453 |
| Other Income | 8,212,387 | 9,128,249 |
| Profit/(Loss) before Interest, Depreciation and Taxes | 16,710,953 | 23,529,772 |
| Interest | 12,788,191 | 18,328,503 |
| Depreciation | 3,473,544 | 4,806,791 |
| Profit/(Loss) before Taxes | 449,218 | 394,478 |
| Provision for Taxes: | | |
| Current | 34,533 | 32,000 |
| Deferred | 71,680 | 5,329,758 |
| Provision of taxes for earlier year written back | -- | -- |
| Provision for Loss in Partnership firm | 1,782,921 | -- |
| Profit/(Loss) after Taxes | (1,439,916) | (4,967,280) |
| Profit/(Loss) brought forward | 25,243,324 | 30,210,603 |
| Balance in Profit & Loss Accounts carried forward | 23,803,408 | 25,243,323 |

Dividends:

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.

Conservation of Energy and Technology Absorption

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

Foreign Exchange Earnings and Outgo:

The Company earned foreign exchange to the tune of Rs. 30,23,727/- and the Expenditure incurred during the same period were Rs. 2,01,370 -

Personnel:

Healthy and cordial relations were maintained between the management and employees through out the year and the Board wishes to place its appreciation on the record for the

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same. Presently no employee of the company is drawing remuneration in excess of the limits specified under Section 217(2A) of the Companies Act, 1956.

Directors:

Mrs. P A Chotrani, Director will be retiring by rotation at this Annual General Meeting of the company and being eligible she has offered herself for re-appointment.

Mrs. P A Chotrani has expertise in law.

Directors' Responsibility Statement pursuant to Section 217(2AA):

The Board of Directors of your company hereby states:

1. that in preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure.
2. that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are responsible 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 of the company for that period.
3. that the directors have taken proper and sufficient care for the maintenance of adequate accounting reports in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. that the directors have prepared the annual accounts on a going concern basis.

Auditors:

Mr. Santosh A. Shah, Chartered Accountant, Auditor of the company, will retire at the conclusion of the next Annual General Meeting and is eligible for re-appointment. He has, pursuant to Section 224(1B) of the Companies Act, 1956 furnished the certificate regarding his eligibility for re-appointment as the Auditors of the Company.

Corporate Governance:

The Company is listed on the Bombay Stock Exchange and it has, from time to time, complied with the conditions of Clause 49 of the listing agreement as amended till date. The detailed report on Corporate Governance forms part of the Directors' Report and the same is annexed to the Annual Report.

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The certificate of the auditors in respect of compliance of clause 49 of the Companies Act, 1956 is also attached with the Annual Report for the year 2003-2004.

Acknowledgement:

The Board of Directors wishes to thank the bankers, creditors, employees and all other agencies associated with the company at all levels for their continued co-operation and unstinted support extended to the company.

For and On behalf of the Board of Directors


Dr. Shailendra Mittal
Chairman

Mumbai
1st September 2004

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ANNEXURE TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2003-2004:

The Company strongly believes in enhancing the stakeholder values through good corporate governance. To pursue this objective, the company has constituted various Committees of the Board of Directors such as the Audit Committee, Remuneration Committee, Investors' Grievance Committee and Share Transfer Committee to enhance the value of all the stakeholders of the Company.

The Clause 49 of the listing agreement under SEBI guidelines was to be complied by the Company latest by 31st March 2003. The Company has complied with all the clauses related to Corporate Governance as prescribed under Clause 49 of the listing agreement as amended till date.

COMPOSITION AND CATEGORY OF BOARD OF DIRECTORS:

| Category | Name of the Director |
|-------------------------------------|---|
| Executive Directors | Dr. Shailendra P. Mittal Mr. Vinayak S. Ubhayakar |
| Non-Executive Independent Directors | Mr. Ashok Mittal Mrs. P A Chotrani Mr. R. Vaidhyanathan |

Details of the Board Meetings held during the year April 2003 – March 2004

15 Board of Directors meeting were held during the year, as against the minimum requirement of 4 meetings. The Company has held atleast one meeting in every three months and the maximum time gap between any two meetings was not more than four months. None of the Directors of the company was a member of more than ten Committees nor was the Chairman of more than five Committee across all Companies in which he was a Director.

| Sr. No | Date of Board Meeting | Board Strength | No. of Directors present |
|--------|-----------------------|----------------|--------------------------|
| 1. | 01/04/2003 | 5 | 4 |
| 2. | 22/04/2003 | 5 | 4 |
| 3. | 08/05/2003 | 5 | 4 |
| 4. | 24/05/2003 | 5 | 4 |
| 5. | 26/06/2003 | 5 | 4 |
| 6. | 31/07/2003 | 5 | 4 |
| 7. | 05/09/2003 | 5 | 4 |
| 8. | 06/10/2003 | 5 | 4 |
| 9. | 31/10/2003 | 5 | 4 |

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| | | | |
|-----|------------|---|---|
| 10. | 29/11/2003 | 5 | 4 |
| 11. | 22/12/2002 | 5 | 4 |
| 12. | 31/01/2004 | 5 | 4 |
| 13. | 04/02/2004 | 5 | 4 |
| 14. | 01/03/2004 | 5 | 4 |
| 15. | 17/03/2004 | 5 | 4 |

Attendance of each Director at the Board Meetings and the last AGM

| Name of Director | No. of Board Meetings held | No. of Board Meeting attended | Attendance at the last AGM |
|-----------------------|----------------------------|-------------------------------|----------------------------|
| Dr. Shailendra Mittal | 15 | 15 | Yes |
| Mr. Vinayak Ubhayakar | 15 | 15 | Yes |
| Mrs. P A Chotrani | 15 | 15 | Yes |
| Mr. Ashok Mittal | 15 | 05 | Yes |
| Mr. R. Vaidhyanathan | 15 | 12 | Yes |

Number of other Directorship and Chairmanship / Membership of Committees of each Directors

| Name of Director | No. of Directorship in other Companies* | No. of Committee positions held in other companies |
|-----------------------|---|--|
| Dr. Shailendra Mittal | 5 | NIL |
| Mr. Vinayak Ubhayakar | 1 | NIL |
| Mrs. P A Chotrani | 2 | NIL |
| Mr. Ashok Mittal | 3 | NIL |
| Mr. R. Vaidhyanathan | 2 | NIL |

* Directorship in Private Companies excluded.

AUDIT COMMITTEE

The Audit Committee was constituted on 31st March 2003 consisting of three non-executive independent Directors to assist the members of the Board of Directors in discharging their individual and collective legal responsibilities. The Audit Committee also provides to the Board, Shareholders and other Stakeholders, further assurance by undertaking the following responsibilities as per terms of reference given below:

1. to review reports of the Internal Audit Department.
2. to recommend to the Board the scope of Internal Audit Department's work including examination of major items of expenditure.
3. to meet statutory and internal auditors periodically and discuss their findings, suggestions and other related matters.
4. to review the statutory auditors' report on financial statements and to seek clarifications thereon, if required, from the auditors.

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5. to review weaknesses in internal controls, if any, reported by the internal and statutory auditors and report to the Board the recommendation relating thereto.
6. to act as a link between the statutory and internal auditors and the Board of Directors.
7. to recommend a change in the auditors if in the opinion of the Committee the auditors have failed to discharge their duties adequately

Mr. R. Vaidhyanathan is the Chairman of the Audit Committee.

The Composition of the Audit Committee is given below:

| | | | |
|----------------------|----------|------------------------|-------------|
| Mr. R. Vaidhyanathan | Chairman | Non-Executive Director | Independent |
| Mrs. P A Chotrani | Member | Non-Executive Director | Independent |
| Mr. Ashok Mittal | Member | Non-Executive Director | Independent |

Mr. R. Vaidhyanathan has expertise in the field of finance and accounts.

The Company Secretary acts as a Secretary to the Audit Committee. Audit Committee meeting were attended by the General Manager, Mr. Ajay Vageria.

During the year, the Audit Committee has met 5 times as against the minimum requirement of 3 meetings. The head of finance function and the representative of the Statutory Auditors were invited to be present at the Audit Committee meetings.

Details of the Audit Committee Meeting held during the year (April 2003-March 2004)

| Sr. No | Date of the Meeting | In Attendance | Absent |
|--------|--------------------------------|---|------------------|
| 1. | 22 nd April 2003 | Mr. R. Vaidhyanathan Mrs. P A Chotrani Mr. Ashok Mittal | None |
| 2. | 31 st July 2003 | Mr. R. Vaidhyanathan Mrs. P A Chotrani | Mr. Ashok Mittal |
| 3. | 3 rd September 2003 | Mr. R. Vaidhyanathan Mrs. P A Chotrani Mr. Ashok Mittal | None |
| 4. | 31 st October 2003 | Mr. R. Vaidhyanathan Mrs. P A Chotrani Mr. Ashok Mittal | None |
| 5. | 31 st January 2004 | Mr. R. Vaidhyanathan Mrs. P A Chotrani | Mr. Ashok Mittal |