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ANNUAL REPORT

2004 - 2005

CHAIRMAN SHRI ANAND KUMAR AGARWAL

DIRECTORS SHRI MAHENDRA KUMAR GOYAL
SHRI VIJAY KUMAR JAIN
DR. PADAM CHAND AGARWAL
SHRI ASHOK SURANA

SECRETARY SHRI A. K. THIRANI

AUDITORS M/S. V. N. PUROHIT & COMPANY
Chartered Accountants

SOLICITORS M/S. P. D. HIMMATSINGKA & COMPANY.
KOLKATA

BANKERS UCO BANK
UNITED BANK OF INDIA
INDIAN OVERSEAS BANK
CANARA BANK
STATE BANK OF INDIA

REGISTERED OFFICE KEDAR ROAD
GUWAHATI - 781 001

The logo for Report Junction, featuring the text "Report" in a light blue font, a yellow diamond shape with a black arrow pointing upwards and to the right, and the text "junction.com" in a light green font, all enclosed within a rounded rectangular border.

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NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of **ABC India Limited** will be held on Monday the 26th day of September, 2005 at Ritu Raj Hotel, Kedar Road, Guwahati, Assam at 3.00 PM to transact the following business :

Ordinary Business:

1. To receive, consider and adopt the Directors' Report, Auditors' Report and Profit & Loss Account of the Company for the year ended 31st March 2005 together with the Balance Sheet as at that date.
2. To appoint a Director in place of Sri. Ashok Surana who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company.

For this Purpose to consider and, if thought fit, to pass with or without modification, the following Resolution as Ordinary Resolution:

"RESOLVED that Messers. V. N. Purohit & Company, Chartered Accountants, be and are hereby reappointed as the Auditors of the Company to hold Office from the conclusion of the 32nd Annual General Meeting to the conclusion of the 33rd Annual General Meeting.

FURTHER RESOLVED that the Board of Directors be and are hereby authorised to fix the remuneration of the Auditors".

Special Business:

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

"RESOLVED that pursuant to the provisions of section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, Shri Anand Kumar Agarwal, be and is hereby re-appointed as the Chairman of the Company w.e.f. 01.06.2005 for a period of 5 years ending 31.05.2010, on the terms and conditions given below".

I. Salary :

- a) Rs. 75,000/- per month with Annual increments of Rs. 5,000/- and authority to the Board to grant more than one increment at a time.

II. Perquisites :

1. Housing provision by the Company on the following terms & conditions:
 - a) The Company shall deduct 10% of the salary for providing unfurnished accommodation.
 - b) The expenditure by the Company on hiring furnished accommodation will be subject to the ceilings:
Mumbai, Calcutta, Delhi and Chennai - 60% of the Salary, over and above 10% payable by him.
Other places — 50% of the salary, over and above 10% payable by him.
 - c) If at any time he chooses to make his own arrangements for accommodation and the Company does not have to hire any accommodation for him, he shall be entitled to House Rent Allowance @ 60% of his salary if posted at Mumbai, Calcutta, Delhi and Chennai and @ 50% of his salary if posted at any other place.
2. Reimbursement of Medical expenses incurred for self and family subject to a ceiling of one months salary per year or three months salary in a period of three years.
3. Reimbursement of Soft Furnishing expenses not exceeding Rs. 50,000/- per annum as per Rules of the Company.
4. Leave with full pay and allowances and the right to accumulate in accordance with the Rules of the Company.
5. Leave Travel Concession for self and family once in a year incurred in accordance with the Rules of the Company.
6. Fees of Clubs subject to a maximum of two Clubs, admission and life membership fees not being allowed.
7. Personal Accident Insurance Premium not exceeding Rs. 4,000/- per annum.
8. Premium upto Rs.5000/- per annum for Overseas health & related insurance
9. Contributions by the Company to Provident Fund as per rules of the Company.
10. Payment of Gratuity on his retirement or in the event of his earlier death to his estate, for each completed year of service with the Company, of an amount equal to half of his monthly salary immediately prior to retirement or death, subject to the provisions of the Gratuity Act and as per rules of the company and any other notifications issued by the central government to this effect.
11. No Encashment of leave is allowed.
12. The Company shall provide car with driver and telephone at his residence for use on Company's business.
13. General :
 - i) He shall not be paid any sitting fees for attending meetings of the Board or Committees thereof.

- ii) Subject to the Superintendence, control and directions of the Board, he shall exercise substantial management powers in general and specific powers, as may, from time to time be lawfully entrusted to and conferred upon him by the Board. Provided that the remuneration aforesaid as far as salary is concerned shall be subjected to a cut of 10% in the event of loss or in-adequacy of profits during the tenure of his appointment.

Kolkata,
the 29th day of July, 2005

By Order of the Board
A. K. Thirani
Company Secretary

NOTES:

- A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the Proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
- An explanatory statement pursuant to section 173 of the Companies Act, 1956 relating to special business to be transacted at the meeting is appended hereto.
- Re-appointment of Directors:
At the ensuing Annual General Meeting, Shri Ashok Surana, retire by rotation and being eligible offer themselves for reappointment. The information or details pertaining to the Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the statement on Corporate Governance published in this Annual Report
- The Company has already transferred all unclaimed dividends declared upto the financial year ended 1994-95 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Shareholders who have so far not claimed or collected their dividends upto the aforesaid financial year are requested to claim their dividend from the Registrar of Companies, Shillong, Meghalaya, in the prescribed form which will be furnished on receipt of request by the Registrar and Transfer Agents, M/s. MCS Limited, 77/2A Hazra Road, Kolkata 700029.
- Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year 1995-96 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The Company has already transferred the unclaimed dividend for the year ended 1996-97 to the IEPF. Information in respect of such unclaimed dividend when due for transfer to the said fund is given below:

Financial year ended on	Date of Declaration of dividend	Last date for claiming unpaid dividend	Due date for transfer to IEP fund
31st March 1998	15.10.1998	14.10.2005	14.11.2005
31st March 1999	27.09.1999	26.09.2006	26.10.2006
31st March 2000	07.10.2000	06.10.2007	06.11.2007

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s. MCS Limited immediately. Shareholders are requested to note that no claims shall be against the Company or the said fund in respect of any amount which were unclaimed and unpaid for a period of seven years from the dates that they first become due for payment and no payment shall be made in respect of any such claims.

- Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
- Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares hold by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents M/s. MCS Limited, 77/2A Hazra Road, Kolkata 700 029.
- The Register of Member and Transfer Books in respect of the Equity Shares of the Company will be closed from Friday, the 9th Day of September, 2005 to Friday, the 23rd Day of September, 2005, both days Inclusive.
- Equity shares of the company are available for dematerialization both with the National Security Depository Limited and Central Depository Services India Ltd.
- The Company has appointed M/s. MCS Ltd., 77/2A Hazra Road, Kolkata 700 029 as its Registrar and Transfer Agent. Members holding shares in physical form are requested to notify/send any changes in their address to its Registrar and Transfer Agent to facilitate better service.

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE
COMPANIES ACT, 1956 :**

Sri Anand Kumar Agarwal was reappointed as Chairman for a period of five years from 1.06.2000 to 31.05.2005.

His services are still required by the company and he is being reappointed as Chairman for a further period of five years. The explanation together with the notice be treated as an abstract under section 302 of the Companies Act, 1956. The resolution requires consent of shareholders in general Meeting.

Particulars of Chairman proposed to be appointed:

Name	:	Anand Kumar Agarwal
Age	:	52 years
Qualification	:	B. Com.
Experience	:	Over 30 years' experience in transportation & Logistics
Other Directorships	:	Pro Sports Management Limited

None of the Directors except Shri Anand Kumar Agarwal is in any way concerned or interested in this resolution proposed to be passed.

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Chairman's Communication :

1. We are completing 42 years of continuously servicing the Indian industry, trade and commerce by providing the most basic infrastructure services in the nature of transport and logistics. When we look back into these 42 years we find that our path was full of turnings and hurdles. In spite of these, the journey has been most exciting and it appears that it will be even most exciting in the days to come.
2. The Indian economy is now showing its strengths by displaying the tremendous economic growth after just coming out from a long drawn economic recession. Such economic growth and prosperity across all sectors of industry is possible only due to the fact that our economy is backed by very strong fundamentals. Indian business has always worked in a conservative style building real assets in the process. Such conservative attitude and real assets provide our industry with excellent cushion during the period of recession and economic depression. We are confident that the economic growth and development is now here to stay for coming many years.
3. A very important aspect of current economic boom is that it is in line with global standard of industry. The Indian Industry today is as efficient and as quality oriented as any other industry anywhere in the world. It effectively provides the India Industry with advantages of both the strong fundamentals and global competitiveness. This kind of economic development is very demanding on the resources and the infrastructure. To grow and develop in this scenario everybody has to perform at the best in his core skills. It effectively means that more and more of non-core activities are outsourced or arranged on contractual basis with great emphasis on professionalism and qualitative performance.
4. We are already in the business of providing one of the most basic infrastructure services to the Indian Industry and as such our customers are also demanding more and more professionalism and quality services from us. Our Company has always valued these as basic ingredients of its operations; we have always tried to develop our skills and efficiency to be prepared to face the emerging demands of global business standards.
5. Transport and logistic services are highly affected by regulations and other external factors in its performance. Each such factor adds to the cost of providing our services. We have been demanding amendments to many Government Regulations for providing our services effectively and cost effectively. These included regulations relating to barriers at state border, octroi and toll charges, security on the high ways, over loading, restriction on life of the vehicle, popularizing multi axles vehicles, amendments to the Carriers Act etc. We regret that almost no attention is being given to these issues and rather more and more regulations are being imposed on us, which are only making our job difficult to perform efficiently. The recently imposed Service Tax with its own complications and administrative hassles is one of them. We are very hopeful of getting some relief through VAT (Value Added Tax), but it now appears that there is no relief from procedural aspects in this regulations also.
6. In past few years, the transport and logistic services have seen major developments. The road network and highways in India have seen encouraging developments with improved roads. It is now possible and economically viable to operate multi axles vehicles on our excellent roads. This way it would now be possible to carry higher loads at economical rate in a time effective manner. It shall now redefine the way, large transport Companies in our country have been maintaining their hub and spoke structure.
7. In line with today's industry concentrating more and more on its core competitiveness, the transport operators also have to develop their skills to meet new challenges of today's industry. Rather than being only a transporter carrying cargo from point to point, we have to develop into being complete logistic services providers. We have to plan entire logistic functions of our customer providing him with systematic warehouses, planning his dispatches, receiving his cargo and maintaining the entire supply chain.
8. As mentioned by me last year, we were very hopeful of developing long-term relationship between Railways and Road Transport. I regret to find that the realignment of parcel freight rate made last year by the railways have made coloaded of cargo by rail-road combination almost unviable. Further, several other adverse steps taken by railways authorities against transport operators availing their services have totally shaken our faith in any cooperative intentions of railways to develop our relationship. We are still hopeful of a purposeful, cost effective and long lasting co-loading relationship between railways and roadways. However, it depends on the railways authorities to realize that road transport operators are an integral part of Indian economy and they have their own value and importance in infrastructure. We have to understand that both of us can coexist and grow in overall interest of Indian economy.
9. **Performance :**
Being in transport services business, our performance is highly affected by external constraints and impediments. Thankfully, the Indian economy appears to have come out of long drawn economic recession and is definitely showing signs of robust growth. However, the transport services market has also become much more competitive to the advantage of our customers. We have been able to meet the expectation of our customers both in terms of prices as well as quality of services during the past year. We understand that in present dynamic market trends we shall have to continuously change to meet the challenges of most competitive market situation.

10. Project Division :

Project Division of the Company is reputed for its skills and expertise in its own field. In day's to come, this Division is expected to improve its performance in several ways.

The Project has continued to show remarkable performance in the past year. They have successfully completed major projects involving movement of super odd weight and super odd size consignments over long distance in time bound manner. Performance of Nissin ABC Logistics Private Limited, the joint venture Company floated by our Company in collaboration with Nissin Corporation of Japan has been encouraging with their bagging a large logistics job in Northern India.

11. Organizational transformation :

In our business, change is the way of life. Virtually every day, we find a customer expecting something different or improved in our services. We have to be ready to meet the expectation of our customers. In this endeavor, our employees are our key resources. It is only because of initiative taken by them, we are able to survive in this ever-changing dynamic environment. We have always placed emphasis on development of a teamwork culture, which helps us to keep them highly motivated. Added to it we have a culture of sharing knowledge and information so that our workforce is always reinforced with youthful talent. We highly value the morale and motivation of our employees and to keep it up we challenge them to reach higher peaks of professional and technical abilities.

12. Total quality management, kaizen and staff education – Our efforts to create human assets :

Our management policies are aimed at customer satisfaction through technology and human resource management. Being in service sector requires us to have participative planning and strategy formulation process. To constantly keep the knowledge and skill levels to our employee's upto date in line with customer requirements we provide them with continuous in house training and development programmes. We understand that continuous

learning process is absolutely necessary for getting value from the best talents.

Our training programs are formulated to develop cross-functional skills amongst the workforce, with objective to provide our workforce with an opportunity to acquaint with the areas, not immediately relevant to their job profile, which is important from the perspective of all round development.

We continued to organize in-house training programs regularly for motivation, team building, quality consciousness and overall personality development through quality circle and quality improvement learns. Through these training programs, specific case studies are made relating to our Company and its various projects. Supplementary sessions are also conducted in these matters, which is supervised by our executives. Our staff members are regularly nominated for attending training courses organized externally by reputed organizations/associations.

To develop our Company into a learning organization beside our business activities, our entire team with internal initiative, determination and oneness of purpose continues to redefine the manner in which our Company conducts its business albeit maintaining its values and traditions.

We have immensely benefited by the expert guidance of external faculty invited to our training programs and meetings from time to time and our efforts in this direction shall continue.

I appreciate the services of all our staff members, at all levels, under stress and strain. I extend my thanks to all our customers, who reposed high confidence in us

I deeply thank our Shareholders, who will be our inspiring spirit in the future to come. I also thank the members of the Board, who have guided me at all times.

With my best and warmest wishes to each to you.

Kolkata,
The 29th July, 2005

A.K. Agarwal
Chairman

Financial Highlights for last ten years

(RUPEES IN LAKHS)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
(A) ASSETS OWNED BY THE COMPANY										
1. Net Fixed Assets	2452.33	2368.98	2491.91	2396.28	2588.69	2665.13	2691.20	2715.66	2712.29	2796.04
2. Investments	377.59	395.36	448.29	129.18	160.18	160.02	135.40	56.38	155.13	51.38
3. Current Assets, Loans & Advances and Deposits	4112.94	3787.39	4005.79	3827.03	4036.95	3678.71	3202.32	2861.69	3020.31	2361.88
4. Total Assets	6942.86	6551.73	6945.99	6352.49	6785.82	6503.86	6028.92	5633.73	5887.73	5209.30
(B) DUES TO BE PAID										
1. Loans	2668.79	2119.00	2308.14	2121.89	2244.46	2015.34	1872.90	1771.35	1598.10	1421.23
2. Current Liabilities & Provisions	1624.75	1626.00	1939.35	1619.64	1485.63	1517.43	1213.04	954.76	1476.93	998.41
3. Total Liabilities	4293.54	3745.00	4247.49	3741.53	3730.09	3532.77	3085.94	2726.11	3075.03	2419.64
(C) COMPANY'S NET WORTH REPRESENTED BY SHAREHOLDERS' FUND										
1. Capital	499.70	499.70	499.70	499.70	499.70	499.69	499.69	399.65	399.65	399.63
2. Reserves & Surplus	2149.62	2307.03	2198.80	2111.26	2556.03	2484.16	2443.29	2507.97	2435.96	2390.03
(D) NET WORTH PER EQUITY SHARE OF Rs. 10/- EACH										
	52.96	56.11	53.94	52.19	61.11	59.65	58.89	72.66	70.89	69.72
(E) EARNINGS FROM										
1. Freight Earnings from Transportation of Goods	8320.33	9281.26	9327.59	10675.52	10884.41	11019.58	11501.94	10602.06	8706.59	
2. Rent, Commission, Interest, Dividend & Other receipts	1832.12	1093.03	745.34	627.93	541.03	165.40	259.76	177.48	87.59	137.23
3. Total Income	10152.45	10124.91	10026.60	9955.52	11216.55	11049.81	11279.34	11679.42	10689.65	8843.82
(F) WE PAID AND PROVIDED FOR										
1. Expenses of Transportation of Goods	8410.56	8397.63	8276.10	8099.78	9229.88	9117.88	9175.50	9666.41	8819.94	7264.22
2. Expenditure on Personnel	489.88	474.66	485.98	485.86	533.91	485.81	501.15	479.46	426.49	374.85
3. Establishment, Storage and Other expenses	607.89	636.25	640.38	671.99	719.91	633.77	939.92	786.51	720.98	611.42
4. Interest	334.46	238.29	280.20	358.72	357.50	332.16	310.71	280.51	294.12	124.43
5. Managerial Remuneration	15.71	15.28	16.32	15.47	15.13	16.05	11.99	13.52	12.30	9.63
6. Depreciation	146.61	172.31	149.96	180.92	199.92	194.57	180.10	168.34	160.33	137.62
7. Income Tax	86.85	73.77	92.48	55.77	72.00	80.00	80.50	130.00	118.00	120.00
8. Total Expenses	10091.96	10008.19	9941.42	9868.51	11128.25	10860.24	11199.87	11524.75	10552.16	8642.17
(G) NET SURPLUS										
	60.49	116.72	85.18	87.01	88.30	118.26	79.47	154.67	137.49	201.65
(H) APPROPRIATION OF NET SURPLUS										
1. Dividend	-	-	-	-	-	60.96	49.52	65.93	75.13	79.92
2. Retained in Business	60.49	116.72	85.18	87.01	88.30	57.30	29.95	88.74	62.36	121.73

DIRECTORS' REPORT

The Directors hereby present the 32nd Annual Report of the Company together with Audited Accounts for the year ended 31st March 2005.

FINANCIAL RESULTS

	As on 31.03.2005 (Rs. in lacs)	Previous Year (Rs. in lacs)
Turnover	10152	10125
Profit before Taxation and Depreciation	294	362
Depreciation	147	172
Profit before Taxation	147	190
Provision for Taxation	87	66
Profit after Taxation	60	124
Balance of Profit & Loss Account brought forward	134	83
Tax adjustment for earlier year	(150)	—
Profit available for appropriation	44	207
Appropriation :		
a) General Reserve	—	73
b) Balance carried forward to Balance Sheet	44	134
	44	207

SERVICES AND EARNINGS

Company's total earnings including other income for the year amounted to Rs.10152 lacs as compared with the previous year total earnings of Rs.10125 lacs.

DIVIDEND

The Directors do not recommend payment of dividend for the year ending 31.03.2005.

OUTLOOK

During the year under review, the company has improved its business in transportation of small consignments resulting better business scenario. The performance of Project Cargo Division is also note worthy. Market conditions appear to be improving. We expect the market conditions to improve further during Current financial year 2005-06 with increase in demand for Company's services. The Company expects further improvement in transportation of small consignments and its Project Division, through company's network.

HUMAN RESOURCES

Training and Development of employees at all levels continued to be an area of prime focus.

DIRECTORS

Shri Ashok Surana retire by rotation and being eligible, offer himself for reappointment.

AUDITORS

M/s V.N. Purohit & Co., Chartered Accountants, Kolkata retires at the conclusion of the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment. The Company has received a Certificate from the auditors to the effect that their reappointment, if made, will be in accordance with the provision of Section 224(IB) of the Companies Act. 1956.

PARTICULARS OF EMPLOYEES

None of the employees of the Company were in receipt of remuneration exceeding limits prescribed u/s. 217(2A) of the Companies Act, 1956.