



ANNUAL REPORT
2003 - 2004

CHAIRMAN SHRI ANAND KUMAR AGARWAL

WHOLETIME DIRECTOR SHRI BINOY KRISHNA DHAR

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

SECRETARY SHRI SUNDAR GOPAL DAS

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

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

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

REGISTERED OFFICE KEDAR ROAD
GUWAHATI-781 001

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NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Members of **ABC India Limited** will be held on Friday, the 17th day of September, 2004 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, 2004 together with the Balance Sheet as at that date.
2. To appoint a Director in place of Sri. Vijay Kumar Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Padam Chand Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
4. 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 an Ordinary Resolution:

RESOLVED that Messrs. 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 31st Annual General Meeting to the conclusion of the 32nd Annual General Meeting".

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

Kolkata,
the 29th day of June, 2004

By Order of the Board
S. G. DAS
Secretary

NOTES:

- a. A Member entitled to attend and vote 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.
- b. Re-appointment of Directors:
At the ensuing Annual General Meeting, Shri Vijay Kumar Jain and Dr. Padam Chand Agarwal, 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
- c. 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.
- d. 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 1997 | 27.10.1997 | 26.10.2004 | 26.11.2004 |
| 31st March 1998 | 15.10.1998 | 14.10.2005 | 14.11.2005 |
| 31st March 1999 | 27.9.1999 | 26.9.2006 | 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.

- e) 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.
- f) Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held 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.
- g) The Register of Member and Transfer Books in respect of the Equity Shares of the Company will be closed from Wednesday, the 1st Day of September, 2004 to Friday, the 17th Day of September, 2004, both days inclusive.
- h) Equity shares of the company are available for dematerialization both with the National Security Depository Limited and Central Depository Services India Ltd.
- i) 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.

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Chairman's Communication :

1. This is the 41st year of our working together. During this period we have seen a continuous trend of changing business cycles and market conditions. The Indian Economy has shown signs of Economic Growth in last year. As a result, the transport sector has also started showing good business prospects. We shall definitely have our share and benefit from the growth in Indian Economy. Our survival during the past long period of recession has been possible only because of continuous and untiring efforts by our staff members and the invaluable support and trust of our shareholders and dear customers.
2. A major event of the last year was the General Elections in the country. The election results staging comeback of Indian National Congress to Lok Sabha came as a surprise. The earlier Government has to be given its rightful credit for expansion of National Highways, very important from the point of view of transport sector. Projects like expansion and improvements in National Highways giving emphasis on transport sector, particularly road transport, can provide a developing economy like India the necessary infrastructure backbone for accelerated economic growth. We as transporters are not inclined towards any party. We do not favour in casteism or religion. We have one common faith that we all are one and we support any Government who takes care of the transport sector in the country. We therefore expect the new Government to provide long needed thrust in improving industrial infrastructure in the country including development of road transport sector.
3. For benefit of transport sector with resultant boost to Indian economy, the cost of operation has to be brought down, barriers at state borders have to be removed, diesel prices should be kept stable, toll charges should be made economically viable, and the corruption on the roads must be removed. In addition, there are issues related to insurance, security on the highways, overloading, restriction on life of the vehicle, popularizing multi-axle vehicles, and amendment to Carriers Act. The new Government needs also to look into these issues and address the various problems being faced by the transporters.
4. In the past years the market trends have made it very difficult for the small transporters to survive in the business. The economic slowdown has made it impossible for them to earn economic returns from business. The large transport companies, the group, to which we belong, have initiated various strategies for success and growth. A very important development in the transport sector is growth of logistic business with value added transportation activities. Logistics services provide comforts to customers by giving one point solution at a nominal extra cost. In days and years to come, logistic services are set to form major business prospects of road transport sector.

5. Another important development in transport sector is multimodal movement of cargo by road and Railways. The initiative and co-operation extended by railways for transportation of Cargo to Road Transport by parcel trains on point to point basis in time bound services has supported the transporters to offer value added, regular and time bound services to its customers.

We shall be thankful to the Railway authorities if they can offer more of these services and increase availability of Wagons and Cargo spaces to transporters. The co-existence between Railways and Road Transport shall go a long way in providing quality transport and logistic solution to our customers.

6. We have taken several steps for improving our business performance, cash flow and profitability of our company. We are sure that in the time to come these efforts shall yield desired results with additional benefit to all stakeholders.

7. Performance :

We continued to face several external constraints and impediments adversely affecting the performance of your Company during the year under review. The unprecedented recession did not spare any segment of transport sector. Although our business prospects improved, problems of unremunerative rates, cash crunch and unethical competition coupled with high interest rates continued to depress our margins and consequently the profitability. As in the past, we have taken strategic steps to face these challenges, and I feel, we all united shall come out of these bottlenecks successfully. Let us face the challenge united and win over this situation once again.

8. Project Division :

The Project Division has shown remarkable performance in the past year. They have successfully completed major prestigious projects which involved 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.

9. Organizational transformation :

Your Company is aware of the fact that its employees are its key resources for the reason that the work force has to be kept highly motivated. We continued to emphasis on building up strategic strength by practicing organizational transformation. Initiatives were taken for increased profitability and savings in overhead cost. Our dedicated workforce reinforced with youthful talent is our strong asset in the form of intellectual capital. We have placed substantial emphasis on teamwork culture and development of human resources. A large in-house pool of

intellectual capital is one of our fundamental competitive strengths. To provide proper focus on market requirements and customer orientation, our resources have been dedicated to different market segments particularly the bulk business segments and small consignment segments.

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

We wish to reiterate that Customer focus oriented with total quality management is the key factor that integrate the human resources practices of your Company. Participative planning and strategy formulation process has helped us to improve involvement and alignments amongst the employees. Continuous in house training and development programs and continuous learning process is absolutely necessary for ensuring retention of the best talent, besides providing us with a sustainable platform for overall growth in the business environment.

Our training programs have been formulated to develop cross-functional skills amongst the workforce. The objective is 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.

The Company 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.

In order 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 June, 2004

A.K. Agarwal
Chairman

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Financial Highlights for last ten years

(RUPEES IN LAKHS)

| | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
|--|----------|----------|---------|----------|----------|----------|----------|----------|---------|---------|
| (A) ASSETS OWNED BY THE COMPANY | | | | | | | | | | |
| 1. Net Fixed Assets | 2368.98 | 2491.91 | 2396.28 | 2588.69 | 2665.13 | 2691.20 | 2715.66 | 2712.29 | 2796.04 | 2553.51 |
| 2. Investments | 395.36 | 448.29 | 129.18 | 160.18 | 160.02 | 135.40 | 56.38 | 155.13 | 51.38 | 50.05 |
| 3. Current Assets, Loans & Advances and Deposits | 3787.39 | 4005.79 | 3827.03 | 4036.95 | 3678.71 | 3202.32 | 2861.69 | 3020.31 | 2361.88 | 1681.11 |
| 4. Total Assets | 6551.73 | 6945.99 | 6352.49 | 6785.82 | 6503.86 | 6028.92 | 5633.73 | 5887.73 | 5209.30 | 4284.67 |
| (B) DUES TO BE PAID | | | | | | | | | | |
| 1. Loans | 2119.00 | 2308.14 | 2121.89 | 2244.46 | 2015.34 | 1872.90 | 1771.35 | 1598.10 | 1421.23 | 726.64 |
| 2. Current Liabilities & Provisions | 1626.00 | 1939.35 | 1619.64 | 1485.63 | 1517.43 | 1213.04 | 954.76 | 1476.93 | 998.41 | 874.11 |
| 3. Total Liabilities | 3745.00 | 4247.49 | 3741.53 | 3730.09 | 3532.77 | 3085.94 | 2726.11 | 3075.03 | 2419.64 | 1600.75 |
| (C) COMPANY'S NET WORTH REPRESENTED BY SHAREHOLDERS' FUND | | | | | | | | | | |
| 1. Capital | 499.70 | 499.70 | 499.70 | 499.70 | 499.69 | 499.69 | 399.65 | 399.65 | 399.63 | 399.08 |
| 2. Reserves & Surplus | 2307.03 | 2198.80 | 2111.26 | 2556.03 | 2484.16 | 2443.29 | 2507.97 | 2435.96 | 2390.03 | 2284.84 |
| (D) NET WORTH PER EQUITY SHARE OF Rs. 10/- EACH | 56.11 | 53.94 | 52.19 | 61.11 | 59.65 | 58.89 | 72.66 | 70.89 | 69.72 | 67.00 |
| (E) EARNINGS FROM | | | | | | | | | | |
| 1. Freight Earnings from Transportation of Goods | 9031.88 | 9281.26 | 9327.59 | 10675.52 | 10884.41 | 11019.58 | 11501.94 | 10602.06 | 8706.59 | 8352.93 |
| 2. Rent, Commission, Interest, Dividend & Other receipts | 1093.03 | 745.34 | 627.93 | 541.03 | 165.40 | 259.76 | 177.48 | 87.59 | 137.23 | 336.12 |
| 3. Total Income | 10124.91 | 10026.60 | 9955.52 | 11216.55 | 11049.81 | 11279.34 | 11679.42 | 10689.65 | 8843.82 | 8689.05 |
| (F) WE PAID AND PROVIDED FOR | | | | | | | | | | |
| 1. Expenses of Transportation of Goods | 8397.63 | 8276.10 | 8099.78 | 9229.88 | 9117.88 | 9175.50 | 9666.41 | 8619.94 | 7264.22 | 7140.50 |
| 2. Expenditure on Personnel | 474.66 | 485.98 | 485.86 | 533.91 | 485.81 | 501.15 | 479.46 | 426.49 | 374.85 | 325.54 |
| 3. Establishment, Storage and Other expenses | 636.25 | 640.38 | 671.99 | 719.91 | 633.77 | 939.92 | 786.51 | 720.98 | 611.42 | 559.47 |
| 4. Interest | 238.29 | 280.20 | 358.72 | 357.50 | 332.16 | 310.71 | 280.51 | 294.12 | 124.43 | 104.34 |
| 5. Managerial Remuneration | 15.28 | 16.32 | 15.47 | 15.13 | 16.05 | 11.99 | 13.52 | 12.30 | 9.83 | 7.05 |
| 6. Depreciation | 172.31 | 149.96 | 180.92 | 199.92 | 194.57 | 180.10 | 168.34 | 160.33 | 137.62 | 96.57 |
| 7. Income Tax | 73.77 | 92.48 | 55.77 | 72.00 | 80.00 | 80.50 | 130.00 | 118.00 | 120.00 | 129.56 |
| 8. Total Expenses | 10008.19 | 9941.42 | 9868.51 | 11128.25 | 10860.24 | 11199.87 | 11524.75 | 10552.16 | 8642.17 | 8363.03 |
| (G) NET SURPLUS | 116.72 | 85.18 | 87.01 | 88.30 | 118.26 | 79.47 | 154.67 | 137.49 | 201.65 | 326.02 |
| (H) APPROPRIATION OF NET SURPLUS | | | | | | | | | | |
| 1. Dividend | - | - | - | - | 60.96 | 49.52 | 65.93 | 75.13 | 79.92 | 75.90 |
| 2. Retained in Business | 116.72 | 85.18 | 87.01 | 88.30 | 57.30 | 29.95 | 88.74 | 62.36 | 121.73 | 250.12 |

DIRECTORS' REPORT

The Directors hereby present the 31st Annual Report of the Company together with Audited Accounts for the year ended 31st March 2004.

FINANCIAL RESULTS

| | As on 31.03.2004 (Rs. in lacs) | Previous Year (Rs. in lacs) |
|--|-----------------------------------|--------------------------------|
| Turnover | 10125 | 10027 |
| Profit before Taxation and Depreciation | 362 | 328 |
| Depreciation | 172 | 150 |
| Profit before Taxation | 190 | 178 |
| Provision for Taxation | 66 | 93 |
| Profit after Taxation | 124 | 85 |
| Balance of Profit & Loss Account brought forward | 83 | 21 |
| Profit available for appropriation | 207 | 106 |
| Appropriation: | | |
| a) General Reserve | 73 | 23 |
| b) Balance carried forward to Balance Sheet | 134 | 83 |
| | <u>207</u> | <u>106</u> |

SERVICES AND EARNINGS

Company's total earnings including other income for the year amounted to Rs. 10125 lacs as compared with the previous year total earnings of Rs. 10027 lacs.

DIVIDEND

The Directors do not recommend payment of dividend for the year ending 31.03.2004.

OUTLOOK

During the year under review, the company has substantially increased its business in transportation of small consignments resulting in improved margins and cash flow. The Project Cargo Division also performed excellently. Market conditions appear to be showing growth and improved business conditions. We definitely expect the market conditions to improve during Current financial year 2004-05 with increase in demand for Company's services. The Company expects further improvement in transportation of small consignments through Company's network.

HUMAN RESOURCES

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

DIRECTORS

Shri Vijay Kumar Jain and Dr. Padam Chand Agarwal retire by rotation and being eligible, offer themselves 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, offers 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(1B) 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.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors state:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 that period ;
- (iii) that the directors had 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;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

PUBLIC DEPOSITS

No public deposit were invited or accepted during the year under report.

Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988.

A. Conservation of Energy :

The Company's operation involve no energy consumption.

B. Form of Disclosure of particulars with respect to Absorption of Technology and Development of R & D.

- i) Research and Development: The Company does not have any R&D Division and Company's Operations does not require this type of establishment.
- ii) Technology absorption, adoption and innovation: The Company has not imported any technology due to its nature of operation.
- iii) Foreign Exchange earnings and outgoing: The Company has no activities related to export of its services. The Company earned Foreign Exchange worth Rs. 3382720/- during the year. The Company has remitted foreign exchange worth Rs.82159/- on account of freight paid by overseas constituents on our behalf and / or freight collected by the Company on their behalf. The Company has also incurred Rs.787425/- by way of foreign tours for business purpose, Rs.582224/- by way of subscription and other expenses.

AUDIT REPORT

The board of directors wish to state about the observations made by auditors in their report as below :

- (i) Regarding Clause 4(V) of the Auditors' Report, the matter has been explained by way of Clause 14 of notes to accounts in Schedule No.14.
- (ii) Regarding clause (iii), (ix) and (xi) of Annexure to Audit Report; and clause 2,4,11 and 12 of notes to accounts in Schedule No. 14 are self explanatory.

CORPORATE GOVERNANCE

Your company has always striven to incorporate appropriate standards for good corporate governance. It has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the Listing Agreements of the Stock Exchanges, with which the Company is listed, are complied with.

A certificate of compliance from the Auditors together with a report on Corporate Governance forms part of this Report.

CAUTIONARY NOTE

The statements forming part of the Directors' Report may contain certain forward looking statements within the meaning of applicable securities laws and regulations. Many factors could cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements that may be expressed or implied by such forward looking statements.

ACKNOWLEDGEMENTS

Your Directors wish to record their sincere appreciation of the efforts put in by all the staff members of your Company and of their commitment in this difficult period.

Your Directors also take this opportunity to acknowledge the cooperation and assistance of Financial Institutions, Banks and various Central and State Government Departments and Agencies.

Finally, your Directors owe their gratitude to all the Customers and Shareholders for their continued support to the Company.

By order of the Board

A. K. Agarwal

CHAIRMAN

B.K. Dhar

Wholtime Director

Kolkata, the 29th day of June, 2004