

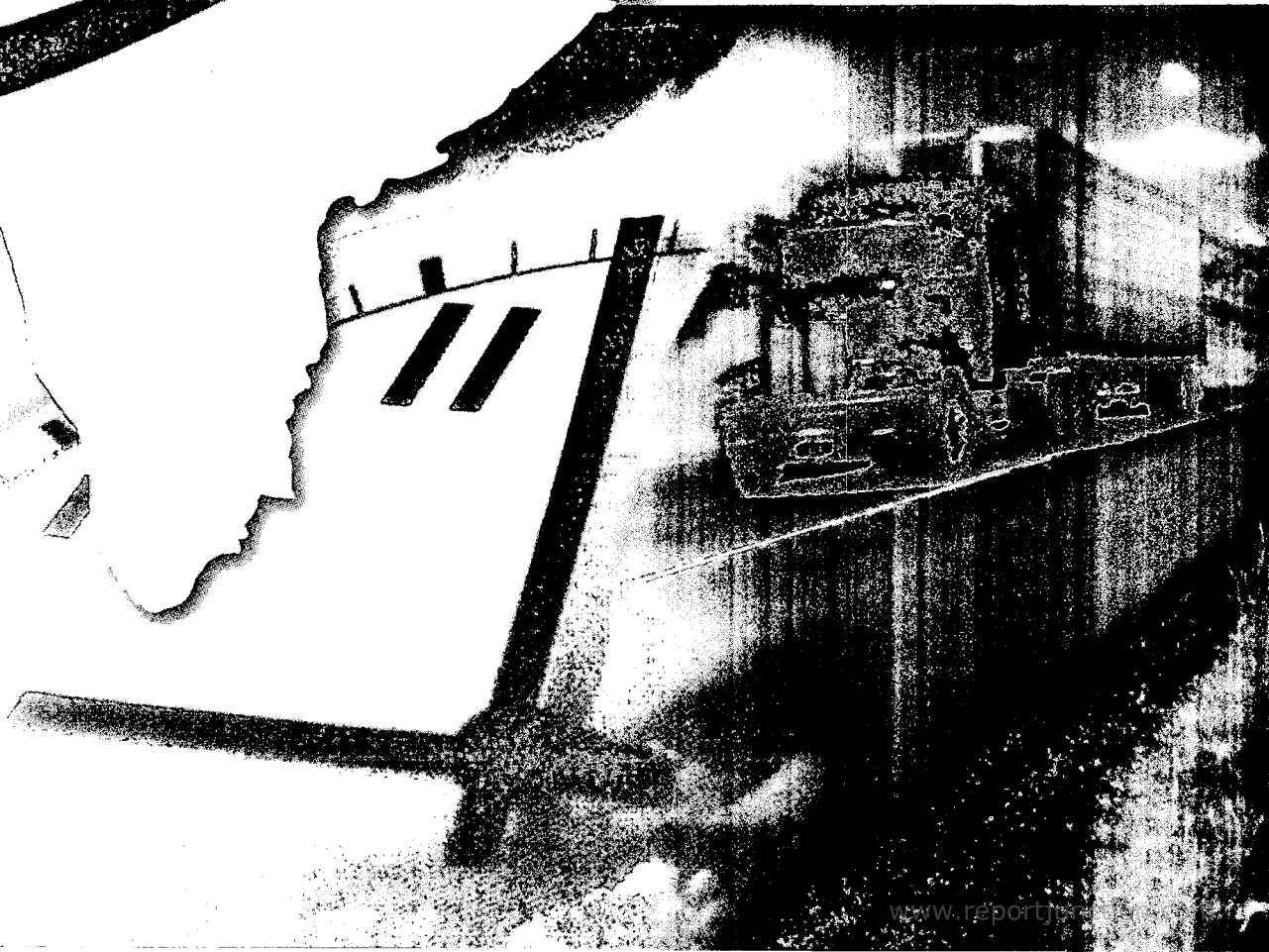
**PATEL
ROADWAYS
LIMITED**

THE SYMBOL OF TRUST

36TH ANNUAL REPORT 1997-98

MD			RKC	
CS			DPY	24/12
RO			DIV	24/12
TRA			AC	✓
AGM	✓		SG	✓
YE	✓			

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BOARD OF DIRECTORS



A. S. PATEL
Chairman



ARIF A. PATEL
Managing Director



RAVI A. PODDAR
Director

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J. J. GANDEVIA
Director



FARROKH S. WADIA
Additional Director



NOTICE

NOTICE is hereby given that the 36TH ANNUAL GENERAL MEETING of the members of PATEL ROADWAYS LIMITED will be held at the Sheila Raheja Hall, Rotary Service Centre, Juhu Tara Road, Santacruz (West), Mumbai 400 049 on Tuesday, the 29th day of September, 1998 at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet, and the Profit and Loss Account as at and for the year ended 31st March, 1998, and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on Cumulative Convertible Preference Shares.
3. To appoint a Director in place of Mr. Ravi A. Poddar who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution :

"RESOLVED that Mr. Farrokh S. Wadia, an Additional Director of the Company who, under Section 260 of the Companies Act, 1956, holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 257 and other applicable provisions, if any, of the said Act proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution :

"RESOLVED that consent of the members be and is hereby accorded, pursuant to the provisions of section 269, 309, 198 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") to the appointment of Mr. Arif A. Patel as Managing Director of the Company for a period of 2 (two) years and 321 (Three Hundred and Twenty One) days with effect from 15th May, 1998 to 31st March, 2001 on the terms and conditions, including expressly the remuneration payable to him as the Managing Director and the minimum remuneration payable to him in case of absence or inadequacy of profits in any year, set out in the draft agreement between the Company and Mr. Arif Patel produced at this meeting and, for the purpose of identification initialled by the Chairman hereof."

"FURTHER RESOLVED that the Directors be and are hereby authorised to execute the Agreement, in terms of the said draft, with such alterations, changes and/or variations in the remuneration payable to Mr. Arif Patel as may be agreed between the Directors and Mr. Arif Patel provided that the said remuneration as altered, changed or varied shall be within the limits prescribed therefor under Schedule XIII of

the Act for the time being and from time to time in force."

7. To consider and, if thought fit, to pass, the following resolution as a Special Resolution :

"RESOLVED that subject to all applicable provisions of the Companies Act, 1956, (including any Statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board"), the consent of the Company be and is hereby accorded to the Board to buy-back, from the existing holders of shares and/or other securities giving right to subscribe for shares of the Company, on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the Securities (odd lots) and/or by purchasing the securities issued to the employees pursuant to a scheme of stock option, the shares or such other securities or securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as "the Securities"), of the Company, from out of its Free Reserves or out of the Securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, on such terms, conditions and in such manner as may be prescribed by law from time to time."

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

By Order of the Board

For **PATEL ROADWAYS LIMITED**

Registered Office :

Patel House,
100, Sheriff Deoji Street,
Mumbai 400 003

(NAVIN P. JOSHI)

Dated : 19th August, 1998

ASST. COMPANY SECRETARY

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.
2. The relevant Explanatory Statement as required by Section 173 of the Companies Act, 1956, is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd September, 1998 to 29th September, 1998 (both days inclusive).

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT

(As required by Section 173 of the Companies act, 1956)

Item No. 5

Mr. Farrokh S.Wadia was appointed as an Additional Director of the Company at the meeting of the Board of Directors of the Company held on 6th May, 1998, and holds the office of the Director only upto the conclusion of this Annual General Meeting.

The Company has received a notice along with a deposit of Rs.500/- from one of the Shareholders of the Company proposing the candidature of Mr. Farrokh S. Wadia for the office of the Director of the Company under section 257 of the Companies Act, 1956.

Mr. Farrokh Wadia is a young and dynamic businessman and is very well connected in the business circles. Your Directors feel that his association with the Company as the Director will surely prove fruitful to the Company and thus recommend the passing of the resolution at item No. 5 of the Notice.

Item No.6

Mr. Arif A. Patel was appointed as the Managing Director of the Company by the Board of Directors, subject to the approval of the Shareholders, at their meeting held on 12th May, 1998 with effect from 15th May, 1998, for a period of 2 years and 321 days.

The appointment of Mr. Arif A. Patel as the Managing Director of the Company, was made subject to the terms and conditions, including the remuneration, as mentioned in the draft agreement between Mr.Arif A.Patel and the Company.

The terms and conditions, subject to which the appointment of Mr. Arif A. Patel as the Managing Director of the Company, was made are briefed below :

1. **Period of Appointment :** 2 years and 321 days with effect from 15th May, 1998 to 31st March, 2001.
2. **Powers and Duties :** The Managing Director shall exercise and perform such powers and duties as the Board of Directors (hereinafter called "the Board") shall from time to time determine and, subject to any directions and restrictions from time to time given or imposed by the Board, he shall have the general control, management, administration and superintendence of the business of the Company with power to appoint and dismiss officers, clerks and servants and to enter into contracts on behalf of the company in the Ordinary course of business and to do and perform all other acts and things which in the ordinary course of business he is expected to carry out and which he may consider necessary or proper or in the interest of the Company.
3. **Remuneration :**
 - (i) a salary of Rs. 70,000/ (Rupees Seventy Thousand Only) per month with liberty to the Board to give increment not exceeding Rs.10,000/- per month at the end of Financial year ending 31st March, 1999 and thereafter similar increments at the end of each subsequent financial year.

- (ii) Benefit of the Company's Provident fund scheme in force, for the time being and as per revised terms from time to time ;
- (iii) Medical benefits as under :
 - a) Reimbursement of expenditure actually incurred by the Managing Director on his medical treatment or treatment of any member of his family —
 - i) In any hospital maintained by the Government or any local authority or an approved hospital under Central Health Scheme or a similar scheme of any State Government.
 - ii) In respect of the prescribed diseases or ailments in any hospital approved by the Commissioner of Income Tax subject to the conditions specified by the Income Tax Department for exemption from tax.
 - b) Group Medical Insurance Scheme premium or reimbursement of Medical Insurance premium paid by the Managing Director on his health or on the health of any member of his family under scheme approved under section 80D of the Income Tax Act.
 - c) Reimbursement of actual expenditure incurred by the Managing Director for medical treatment from any doctor including cost of medicines in respect of the Managing Director or any member of his family not exceeding Rs.10,000/- in any financial year.
 - d) Actual expenditure incurred by the Managing Director for medical treatment of himself or any member of his family outside India including the expenditure of one attendant.
- (iv) Consolidated leave of 40 (forty) days including Privilege leave, Casual Leave and Sick Leave with full pay for the financial year ending 31st March, 1999 and at the rate of 45 days for the subsequent years ending on 31st March, each year with right of accumulation and encashment of unavailed leave at the end of the term of this contract.
- (v) Leave Travel Concession for self and family once for each financial year subject to a maximum amount equivalent to one months' Salary as specified in clause 3 (i) above.
- (vi) Personal accident insurance cover at the cost of the Company provided that the actual premium thereof does not exceed Rs. 3,000/ per annum for each of the three financial years ending on 31st March, 1999, 31st March, 2000 and 31st March, 2001 respectively.
- (vii) Use of a telephone for the Company's business at the Managing Director's Residence and a Mobile phone, Provided that the cost of personal long distance calls,

if any, shall be reimbursed by the Managing Director to the Company.

- (viii) Fees including subscription of Clubs, wherein the Managing Director is, or may become, a member of subject to a maximum of two clubs.
4. The remuneration including perquisites shall be paid and allowed to him as minimum remuneration in the case of absence or inadequacy of profits, subject to the condition that such remuneration shall not exceed the limits prescribed in the Schedule XIII computed on the basis of effective capital, without the approval of the Central Government.
 5. The Managing Director is authorised and entitled to incur expenses for the business of the Company in the performance of his duties which shall be directly paid by the Company or reimbursed to the Managing Director and without restricting the generality thereof shall include the following :
 - a) All expenses for running and maintenance of Car owned by the Company including chauffeur's pay for the exclusive use of the Managing Director for the purpose of business.
 - b) All entertainment and business Promotion Expenses.
 - c) Entrance fees and Subscription of credit cards in the name of the Company or in the name of the Managing Director.
 - d) All expenses of travel within and outside India on tours undertaken by the Managing Director for business purpose including hotel charges and incidental expenses.
 - e) subscription and Membership fees of all associations and cost of books, magazines, literature, newspapers etc. required for business purposes by the Managing Director.
 6. The Managing Director shall not be liable to retire by rotation.
 7. The Managing Director shall not be entitled to Sitting fees for attending meetings of the Board of Directors and/or any Committee thereof.
 8. The Managing Director shall not, directly or indirectly, engage himself in any business, occupation or employment similar to or competing with, the Company's business.
 9. The Managing Director shall not, divulge or disclose to any person or make any use whatever, of any confidential information or knowledge as to the business affairs or trade secrets of the Company.
 10. The Managing Director confirms that he is not disqualified as per provisions of section 267 or as per provisions of Part I of Schedule XIII to the Companies Act, 1956 and in the event of any default is committed as stated above, he shall cease to be the Managing Director of the Company. Provided that if he becomes disqualified to act as a Director for any reason other than an inadvertent breach of section 283 of the Act, or failure through absence from attending 3 consecutive meetings of Directors, without obtaining leave of absence, he shall be re-appointed as Managing Director of the Company.

11. In case the Managing Director shall die during the course of his employment hereunder, the Company shall pay to his legal heirs all amounts due including salary and other emoluments payable hereunder for the then current month and for three months thereafter.

12. The appointment may be terminated by either party giving to the other party ninety day's notice in writing in that behalf under extraneous circumstances beyond the control of either party or by mutual agreement and, on the expiry of the period of such notice, the Agreement shall stand terminated.

The draft Agreement between the Company and Mr. Arif Patel referred to in the said resolution at item No. 6 is available for inspection of members at the Registered Office of the Company between the hours of 10.30 a.m. and 12.30 p.m. on all working days (except Saturdays).

Mr. Arif A. Patel is interested in the resolution at item No. 6 of the Notice, as the resolution concerns his own appointment as the Managing Director and Mr. Asgar S. Patel is interested in the resolution as the relative of Mr. Arif A. Patel. No other Director of the Company is concerned or interested in the Resolution.

Item No. 7

The Companies Bill, 1997 provides for buy-back of the Company's own shares which is not allowed under the Companies Act, 1956 as it stands today. Barring unforeseen changes, upon the notification of the said Bill, a Company would be able to buy-back its own shares as provided therein. Accordingly, it is proposed to authorise the Board of Directors to buy-back the Equity shares and other securities (as defined in the resolution) of the Company upon the enactment of the said Companies Bill, 1997 on the terms and conditions set out in the Resolution. The buy-back would be financed out of free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose and the shares/securities so bought back would be forthwith cancelled. The Directors are of the opinion that in the event of the said Companies Bill, 1997 is enacted, the proposed buy-back will be in the interest of the Company and its shareholders and, accordingly, commend the passing of the resolution at item no. 7 of the Notice.

None of the Directors of the Company is concerned or interested in the passing of the resolution.

By Order of the Board
For **PATEL ROADWAYS LIMITED**

Registered Office :

Patel House,
100, Sheriff Deoji Street,
Mumbai 400 003

Dated : 19th August, 1998

(NAVIN P. JOSHI)
Asst. Company Secretary



BOARD OF DIRECTORS

◦ Asgar S. Patel	Chairman
◦ Arif A. Patel	Managing Director
◦ Ravi Poddar	Director
◦ Jehanbux J. Gandevia	Director
◦ Farrokh S. Wadia	Additional Director

ASSISTANT COMPANY SECRETARY

Navin P. Joshi

AUDITORS

Kuvelker, Naik & Gandhi	Mumbai
Ratan S. Mama & Co.	Mumbai

LEGAL ADVISORS

Crawford Bay'ey & Co.	Mumbai
F.S. Broacha	Mumbai

BANKERS

Bank of Baroda
Vijaya Bank
Union Bank of India
The Shamrao Vithal Co-operative Bank Ltd.
Development Credit Bank Ltd.
State Bank of India
Dena Bank
IndusInd Bank Ltd.

REGISTERED OFFICE

'Patel House',
100, Sheriff Deoji Street,
Mumbai - 400 003.

CORPORATE OFFICE

'Natasha'
52, Hill Road,
Bandra (West),
Mumbai - 400 050.

SHARE TRANSFER AGENTS

COMPUTRONICS FINANCIAL SERVICES (INDIA) LTD.

1, Mittal Chambers,
Nariman Point,
Mumbai - 400 021.

36th Annual General Meeting :

Tuesday, the 29th day of September 1998, at 11.00 a.m. at the Sheila Raheja Hall, Rotary Service Centre, Juhu Tara Road, Santacruz (West), Mumbai - 400 049.

Members are requested to bring their copy of the Annual Report to the Annual General Meeting.

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DIRECTORS' REPORT

To,
The Members of
Patel Roadways Limited.

The Directors have pleasure in presenting their 36th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS :

The financial results are as under :

	(Rs. in lacs) Year ended 31st March 1998	(Rs. in lacs) Year ended 31st March 1997
Profit before Interest & Depreciation	625.70	800.18
Less : Interest	272.96	236.23
Profit before Depreciation	352.74	563.95
Less : Depreciation	302.63	248.22
Profit before tax	50.11	315.73
Less : Provision for tax	45.06	40.00
Excess/(Short) Provisions for taxation of earlier years	(0.02)	2.19
Profit after tax	5.03	277.92
Balance of Profit from previous year	401.24	327.38
TOTAL	<u>406.27</u>	<u>605.30</u>

APPROPRIATIONS OF PROFITS

Proposed Dividend on Cumulative Convertible Preference Shares	2.41	9.18
Proposed Dividend on Equity Shares	—	85.42
Proposed tax on dividend	0.24	9.46
Transfer to General Reserve	—	100.00
Balance carried to Balance Sheet	403.62	401.24
TOTAL	<u>406.27</u>	<u>605.30</u>

OPERATIONS :

The performance of your Company in terms of the revenue earned during the financial year 1997-98 has been satisfactory. The Company earned a total revenue of Rs.10258.27 lacs as compared with Rs.9844.58 lacs for the previous year. However, the margins of the Company came under severe pressure due to a substantial increase in the Operations Cost and losses incurred by the Company in its Express Cargo Division namely Patel's Clockwork Cargo. The steep increase in the Operations Cost can be attributed to the higher truck hire charges prevalent for most parts of the year, subsequent to the Nationwide strike of truck owners in April '97. As a result, the first quarter of the year

saw extremely high truck hire rates across all routes of the country. Also our major corporate clients refused to accept any increase in our selling price even on the renewal of their respective contracts. This in turn was due to their own compulsions on account of the severe cost-cutting measures undertaken by the industry at large.

The losses incurred by the Express Cargo division were essentially due to the low volumes achieved which could not cover the fixed linehaul operations cost and the fixed overheads of the division. These problems, coupled with the recessionary conditions facing the economy in general, were responsible for the drop in the profits of the Company.

The Company has already initiated concrete measures to improve overall efficiencies and special focus is now on reducing the operations cost. All low-margin Full Truck Load (FTL) businesses are being curtailed and the same is being replaced by the high-yield, parcel (Sundry) business. Forty major Sundry business centres have been revamped to improve market penetration and increase market shares. The Express Cargo service of the Company has been repositioned to offer greater value for money and at the same time, its operations have been modified to reduce costs significantly. In addition, intensive recovery drives for reducing outstandings and prudent cost-cutting measures have been undertaken across all the branches of the Company.

Notwithstanding the continued recessionary trends in the economy, the Company is confident of improving its volumes and profitability in the year 1998-99 on account of the steps enumerated above and will be able to sail through the adverse economic conditions facing the country, much more comfortably.

DIVIDEND :

During the year under review, the Equity Capital base of the Company increased by Rs.150.00 lacs due to the conversion of the 15.00 lacs Cumulative Convertible Preference Shares of Series II on 14th October, 1997. A prorata Dividend of 10% is recommended on the Cumulative Convertible Preference Shares.

Considering the enhanced capital base vis-a-vis, the financial position of the Company, your Directors have decided not to recommend any Dividend on the Equity Shares and conserve the resources of the Company for the future requirements.

FIXED DEPOSITS:

Fixed Deposits accepted by the Company stood at Rs. 361.11 lacs as on 31st March, 1998. There were no unpaid or overdue deposits as on 31st March, 1998, except unclaimed Deposits aggregating Rs. 5.90 lacs.

DIRECTORS' REPORT (Contd...)

DIRECTORS :

Mr. Ravi A. Poddar, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Syed K. Husain, resigned as the Whole-time Director with effect from 25th November, 1997. The Board of Directors put on record their sincere appreciation for the services rendered by Mr. Husain to the Company during his tenure as the Whole-time Director.

Mr. Farrokh S. Wadia was appointed as an Additional Director of the Company with effect from 6th May, 1998. Mr. Wadia vacates office at the ensuing Annual General Meeting. The Company has received a notice proposing the candidature of Mr. Wadia as the Director of the Company. Mr. Wadia being eligible offers himself for appointment as the Director of the Company.

Mr. Arif A. Patel was appointed as the Managing Director of the Company, subject to the consent of the Shareholders, with effect from 15th May, 1998.

AUDITORS :

Your Auditors M/s. Ratan S. Mama & Co. and M/s. Kuvelker, Naik and Gandhi retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

AUDITORS' REPORT:

The note to the Account No. 5 referred to in the Auditors' Report is self-explanatory and therefore does not call for any further comments.

Registered Office :

Patel House,
100, Sheriff Deaji Street,
MUMBAI 400 003

(ARIF A. PATEL)
Managing Director

(JEHANBUX J. GANDEVIA)
Director

(FARROKH S. WADIA)
Director

(NAVIN P. JOSHI)
Asst. Company Secretary

Dated : 19th August, 1998

PARTICULARS REQUIRED TO BE FURNISHED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

PART A- CONSERVATION OF ENERGY :

The Company continues its in-house programme of enlightening and developing its commercial vehicle drivers for greater fuel efficiencies. All the vehicles owned by the Company undergo an intensive Planned Preventive Maintenance (PPM) drill to keep the vehicles in top running condition with special emphasis on fuel conservation.

PART B - TECHNOLOGY ABSORPTION : Not Applicable**PART C - FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rupees in lacs)

1997-98 1996-97

Earnings on Export of goods (F.O.B.) — 55.84

PERSONNEL & HUMAN RESOURCES :

The Directors sincerely appreciate the efforts put in by the Employees of the Company at all levels and thank them for their contribution in achieving the overall results during the year.

A statement giving the particulars required under Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975, as amended to date is annexed to this report.

ACKNOWLEDGEMENTS :

The Directors place on record their appreciation of the continued assistance and support received from the Bankers, Financial Institutions, Government Agencies and also its Fixed Deposit Holders.

ANNEXURE TO DIRECTORS' REPORT

Statement Pursuant To Section 217(2A) of the Companies Act, 1956, And the Companies (Particulars of Employees) Rules, 1975 and forming part of The Directors' Report for the year ended 31st March, 1998

Sr. No.	Name	Age (Years)	Designation & Nature of Duties	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Particulars of Last Employment
1.	Mr. A. R. Mundra	42	Executive Director Corp.Finance	2,84,620.00	B. Com., LL. B A.C.A., A.C.S.	19	28-06-97	Chief Executive Commercial Welspun Gujarat Stahl Rohren Ltd.
2.	Mr. S. K. Husain	49	Chief Executive Officer	1,59,550.00	B.Sc., B.E., M.S.(Management)	22	01-03-95	Head of Distribution & Logistics, ICC Limited

Notes :

- 1) The employment was contractual.
- 2) Remuneration received includes Salary, Company's contribution to Provident Fund, Medical, HRA and taxable value of perquisites computed in accordance with the provisions of Income-tax Act, 1961 and Rules thereunder, but does not include Gratuity.
- 3) The employment was for part of the year for both the employees.
- 4) The employees were not related to any Director of the Company.

Registered Office :

Patel House,
100, Sheriff Deoji Street,
MUMBAI 400 003

(ARIF A.PATEL)
Managing Director

(JEHANBUX J. GANDEVIA)
Director

(FARROKH S. WADIA)
Director

(NAVIN P. JOSHI)
Asst. Company Secretary

Dated : 19th August, 1998