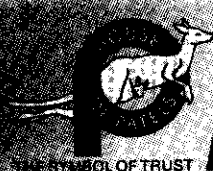
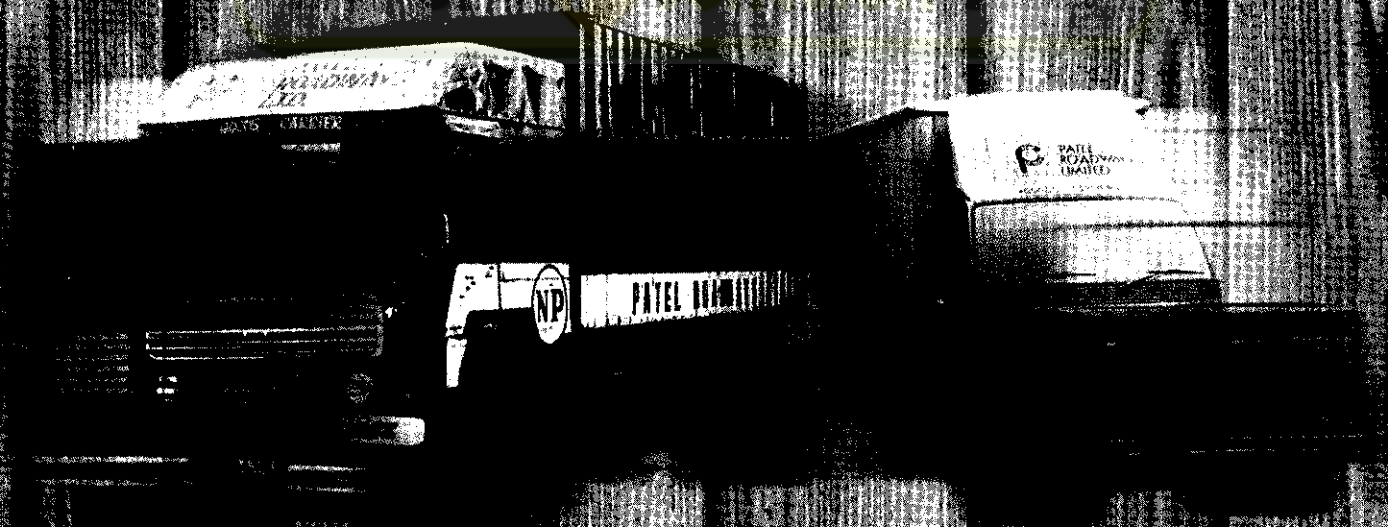


ANNUAL REPORT 1998-99



THE SYMBOL OF TRUST



THE SYMBOL OF TRUST

**PATEL
ROADWAYS
LIMITED**

BOARD OF DIRECTORS



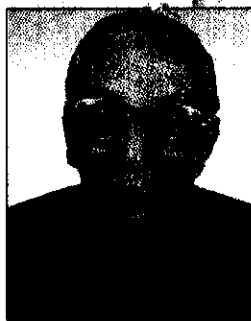
A. S. Patel
Chairman



Arif A. Patel
Managing Director



Ravi A. Poddar
Director



J.J. Gandeva
Director



Farookh S. Wadia
Director



BOARD OF DIRECTORS

Asgar S. Patel
Arif A. Patel
Ravi Poddar
Jehanbux J. Gandevia
Farrokh S.Wadia

Chairman
Managing Director
Director
Director
Director

ASSISTANT COMPANY SECRETARY

Navin P. Joshi

AUDITORS

Kuvelker, Naik & Gandhi
R S M & Co.

Mumbai
Mumbai

LEGAL ADVISOR

F.S. Broacha

Mumbai

BANKERS

Bank of Baroda
Vijaya Bank
Union Bank of India
The Shamrao Vithal Co-operative Bank Ltd.
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.

37th Annual General Meeting : Tuesday, the 28th day of September 1999, at 10.30 a.m. at the Sheila Raheja Hall, Rotary Service Centre, Juhu Tara Road, Santacruz, Mumbai- 400 049.

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



37TH ANNUAL REPORT 1998-99

NOTICE

NOTICE is hereby given that the 37TH 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, Mumbai-400 049 on Tuesday, the 28th day of September, 1999 at 10.30 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, 1999, and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.Jehanbux J.Gandevia who retires by rotation and, being eligible, offers himself for reappointment.
3. 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.

Registered Office :

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

By Order of the Board
For PATEL ROADWAYS LIMITED,

(NAVIN P.JOSHI)
ASST.COMPANY SECRETARY

Dated : 18th August, 1999

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 Register of Members and the Share Transfer Books of the Company will remain closed from 22nd September, 1999 to 28th September, 1999 (both days inclusive).

DIRECTORS' REPORT

To,

The Members of
Patel Roadways Limited.

The Directors have pleasure in presenting their 37th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS :

The financial results are as under :

	(Rs. in lacs) Year ended 31st March 1999	(Rs. in lacs) Year ended 31st March 1998
Profit before Interest & Depreciation	576.89	625.70
Less : Interest	245.66	272.96
Profit before Depreciation	331.23	352.74
Less : Depreciation	268.98	302.63
Profit before tax	62.25	50.11
Less : Provision for tax	52.00	45.06
Excess/(Short) Provisions for taxation of earlier years	(2.96)	(0.02)
Profit after tax	7.29	5.03
Balance of Profit from previous year	403.62	401.24
TOTAL	410.91	406.27
APPROPRIATIONS OF PROFITS		
Proposed Dividend on Cumulative Convertible Preference Shares	—	2.41
Proposed Dividend on Equity Shares	—	—
Proposed tax on dividend	—	0.24
Balance carried to Balance Sheet	410.91	403.62
TOTAL	410.91	406.27

OPERATIONS:

The performance of your Company for the year under review was creditable in the sense that inspite of several hurdles and severe restrictions, it not only maintained the level of gross earnings, but made an improvement of Rs.7.24 crores namely Rs.109.82 crores as against Rs.102.58 crores of last year. The profit before tax also showed an improvement, though marginal, from Rs.50.11 lacs to Rs.62.25 lacs.

Unfortunately, the margin of profit remained under pressure due to market resistance in rates of earnings, partly due to general recession in the industry and also company's commitments to execute contracts at prescribed rates on one hand and on the other hand, the escalated operational costs mainly on account of truck hire charges.

The continuing economic slow-down and high operations cost posed major hurdles to the transport industry in general and your company was no exception. The recession in the manufacturing sector, especially the capital goods sector, consumer durables and the ancillary and small scale units continued during the year. The production levels were cut down drastically and the undertaking of new projects slowed down whereby the movement of goods and the volume of transport business shrunk.

Some of our competitors resorted to unhealthy price undercutting and such competition prevented your Company in procuring increased earning rates even to cover the escalated and unavoidable operational costs, particularly truck hire charges.

The country is in the grip of unprecedented economic slow down which has been further compounded on account of the political uncertainty and instability. It is hoped that the forthcoming elections will usher in a stable and competent governance. The present signs of improvement in consumer durables production and an expected good harvest is likely to assist in economic recovery which is likely to benefit the industries in general and as a result the transport industry too will stand to gain.



37TH ANNUAL REPORT 1998-99

Your Company has not been complacent but has taken various measures to meet the situation. A careful assessment has been made in respect of customers and steps have been taken to curtail or totally drop low margin business and chronic bad pay masters and thereby diverting attention to aggressive marketing policies of locating more profitable sectors of business, procuring better earning rates and also intensifying recovery of dues. Prudent cost reduction measures have also been undertaken. These steps have proved fruitful and have yielded good results. The management is optimistic in projecting better working results in the coming years.

DIVIDEND :

Considering the low Profits, Cash Flow constraints and a need to conserve the resources of the Company for the future requirements, your Directors have decided not to recommend any Dividend on the Equity Shares.

FIXED DEPOSITS:

Fixed Deposits accepted by the Company stood at Rs.410.15 lacs as on 31st March, 1999. There were no unpaid or overdue deposits as on 31st March, 1999, except unclaimed Deposits aggregating Rs.7.80 lacs, for which necessary intimation has already been sent.

Y2K PREPAREDNESS:

The Company has ensured that all the computer systems are Y2K compliant.

DIRECTORS:

Mr. Jehanbux J. Gandevia, a Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

AUDITORS :

Your Auditors RSM & Co. and Kuveller, Naik and Gandhi retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. During the year, the name of Ratan S. Mama & Co. was Changed to "RSM & Co."

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.

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 : Not Applicable

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 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, clients and also its Fixed Deposit Holders.

Registered Office :

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

A.A. PATEL
Managing Director

J.J. GANDEVIA
Director

F. S. WADIA
Director

R. A. PODDAR
Director

18th August, 1999

N. P. JOSHI
Asst. Company Secretary



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, 1999

NAME	AGE (YEARS)	DESIGNATION & NATURE OF DUTIES	REMUNERATION (RS.)	QUALIFICATION	EXPERIENCE (YEARS)	DATE OF COMMENCEMENT OF EMPLOYMENT	PARTICULARS OF LAST EMPLOYMENT
MR.ARIF A.PATEL	26	MANAGING DIRECTOR	826993.00	B.A. (Eco.)	5 years	15-05-98	DIRECTOR, NATASHA CONSTRUCTIONS LIMITED

NOTES :

- 1) The employment was contractual.
- 2) The employment was for part of the year.
- 3) 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.
- 4) The employee is related to Mr.Asgar S.Patel, a Director of the Company.

Registered Office :

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

A.A. PATEL
Managing Director

J.J. GANDEVIA
Director

F. S. WADIA
Director

R. A. PODDAR
Director

18th August, 1999

N. P. JOSHI
Asst.Company Secretary

**37TH ANNUAL REPORT 1998-99****AUDITORS' REPORT****TO THE MEMBERS OF PATEL ROADWAYS LIMITED**

We have audited the attached Balance Sheet of PATEL ROADWAYS 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 report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account;
 - d. in our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes thereon subject to Note No. 5 regarding non creation of requisite lease equalisation reserve, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999
and
 - ii. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For **KUVELKER NAIK & GANDHI**
Chartered Accountants

K. S. NAIK
Partner

Mumbai, 18th August, 1999

For **R S M & CO.,**
Chartered Accountants

VIJAY N. BHATT
Partner

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The assets have been physically verified by the management during the year pursuant to a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its business. As explained to us, no material discrepancies were noticed on such verification as compared to the book records.
2. The Company has not revalued any of its fixed assets during the year.
3. As per the information and explanations given to us, the stocks of stores and spare parts have been physically verified during the year by the management at reasonable intervals.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on such verification between the physical stocks and the book records were not material, and have been properly dealt with in the books of account.
6. On the basis of our examination of the stock records of stores & spares, we are of the opinion that the valuation of stores & spares is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.