

PATEL ROADWAYS LTD.

Patel House, Plot No.48, North Avenue Road, Santacruz (W), Mumbai - 400 054.

42nd Annual Report 2003-2004





**PATEL
ROADWAYS LTD.**

Thane Road, Santacruz (W), Mumbai - 400 054

BOARD OF DIRECTORS



Asgar S. Patel

Chairman



Arif A. Patel

Vice-Chairman



Syed K. Husain

Whole-time Director



Ravi A. Poddar

Director



P. S. G. Nair

Director



Ms. Aprajita Singh

Director



Farrokh S. Wadia

Director


PATEL
ROADWAYS LTD.
BOARD OF DIRECTORS

Asgar S. Patel
 Arif A. Patel
 Syed K. Husain
 Ravi A. Poddar
 P.S.G. Nair
 Ms. Aprajita Singh
 Farrokh S.Wadia

Chairman
 Vice-Chairman
 Whole-time Director
 Director
 Director
 Director
 Director

COMPANY SECRETARY

Navin P. Joshi

AUDITORS

Naik Danait & Associates

Mumbai

LEGAL ADVISOR

F.S. Broacha

Mumbai

BANKERS

Bank of Baroda
 Vijaya Bank
 Union Bank of India

REGISTERED OFFICE

'Patel House', 5th Floor,
 Plot No. 48, Gazdarbandh,
 North Avenue Road,
 Santacruz (W), Mumbai - 400 054.

CORPORATE OFFICE

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

Contents	Page No.
Notice	2-5
Directors' Report	6-8
Corporate Governance Report	9-12
Auditors' Certificate	12
Management Discussion & Analysis Report	13-14
Auditors' Report	15-17
Balance Sheet	18
Profit and Loss Account	19
Schedules	20-27
Notes to Account	28-31
Cash Flow Statement	32-33
Balance Sheet Abstract	34

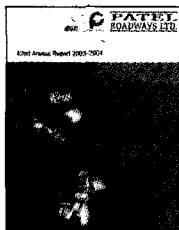
SHARE TRANSFER AGENTS

COMPUTRONICS FINANCIAL SERVICES (INDIA) LTD.

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

42nd Annual General Meeting : Wednesday, the 29th day of September 2004,
 at 10.30 a.m. at the Sheila Raheja Hall,
 Rotary Service Centre, Juhu-Tara Road,
 Santacruz (W), Mumbai- 400 049.

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



42ND ANNUAL REPORT 2003-2004

NOTICE

NOTICE is hereby given that the 42nd 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 Wednesday, the 29th day of September 2004 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, 2004 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Asgar S. Patel who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P. S. G. Nair who retires by rotation and, being eligible, offers himself for re-appointment.
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 consent of the members be and is hereby accorded, pursuant to the provisions of section 269, 309, 198, 310, schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("The Act") to the appointment of Mr. Syed K. Husain as the Whole-time Director of the Company (designated as "Chief Executive and Whole-time Director") for a period of 2(two) years and 91(ninety one) days with effect from 1st January, 2004 i.e. up to 31st March, 2006, on the terms and conditions (including remuneration and minimum remuneration payable to him in case of absence or inadequacy of profits in any year), as set out in the draft agreement between the Company and Mr. Syed K. Husain, produced before this meeting and, for the purpose of identification, initialed by the Chairman hereof;

RESOLVED FURTHER that the Board be and is 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. Syed K. Husain as may be agreed between the Directors and Mr. Syed K. Husain 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;

RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to execute all such documents and to do all such acts, matters and things as it may in its absolute discretion deem necessary, expedient or proper."

Registered Office :

Patel House, 5th Floor,
Plot No.48, Gazdarbandh,
North Avenue Road,
Santacruz (west), Mumbai - 400 054.

By order of the Board

(N.P.Joshi)
Company Secretary

Mumbai, 12th August, 2004

NOTES

1. The relevant Explanatory Statement as required by Section 173 of the Companies Act, 1956 is annexed hereto.
2. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2004 to 29th September, 2004 (both days inclusive).
4. In order to be effective, proxies must be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
5. All unclaimed dividends upto the final dividend for the year 1995-96 have been transferred either to the General Revenue Account of the Central Government or to the credit of the Investor Education and Protection Fund ("The Fund"), as the case may be. Shareholders are hereby informed that the Company will be obliged to transfer any money lying in the Unpaid Dividend Accounts, for the years thereafter, to the credit of the said Fund, pursuant to Section 205C of the Companies Act, 1956 ("The Act"). In accordance with the provisions of the said Section, no claim shall lie against the Company or the Fund in respect of individual amounts of dividends remaining unclaimed or unpaid for a period of seven years from the dates they became first due for payment and no payment shall be made in respect of any such claims.

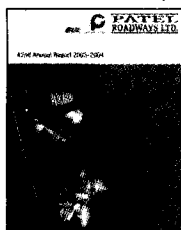


PATEL ROADWAYS LTD.

INFORMATION ABOUT DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED

1.	NAME	: Mr. Asgar S. Patel																								
	AGE	: 65 years																								
	QUALIFICATIONS	: B. A.																								
	EXPERTISE	: One of the pioneers of the organised transportation of goods in India with vast experience in the fields of Finance, Forex, Couriers, Construction and Logistics.																								
	PARTICULARS OF APPOINTMENT/RE-APPOINTMENT	: Mr. Asgar Patel, the Chairman of the Company since it's inception, retires by rotation at the ensuing Annual General Meeting and is proposed to be re-appointed as the Director of the Company.																								
	OTHER DIRECTORSHIPS	: <table><thead><tr><th>NAME OF THE COMPANY</th><th>POSITION HELD</th></tr></thead><tbody><tr><td>Wall Street Finance Ltd.</td><td>Chairman</td></tr><tr><td>Patel On-Board Couriers Ltd.</td><td>Chairman</td></tr><tr><td>Wall Street Housing & Finance Corporation Ltd.</td><td>Chairman</td></tr><tr><td>Wall Street Securities & Investments (India) Ltd.</td><td>Chairman</td></tr><tr><td>Wall Street . Com India Ltd.</td><td>Chairman</td></tr><tr><td>Springfield Hotels Ltd.</td><td>Chairman</td></tr><tr><td>Natasha Constructions Ltd.</td><td>Director</td></tr><tr><td>Patel Institute of Transport Management & Research</td><td>Director</td></tr><tr><td>World Wide Instant Remittances Pvt. Ltd.</td><td>Director</td></tr><tr><td>Money Changers Association</td><td>Director</td></tr></tbody></table>	NAME OF THE COMPANY	POSITION HELD	Wall Street Finance Ltd.	Chairman	Patel On-Board Couriers Ltd.	Chairman	Wall Street Housing & Finance Corporation Ltd.	Chairman	Wall Street Securities & Investments (India) Ltd.	Chairman	Wall Street . Com India Ltd.	Chairman	Springfield Hotels Ltd.	Chairman	Natasha Constructions Ltd.	Director	Patel Institute of Transport Management & Research	Director	World Wide Instant Remittances Pvt. Ltd.	Director	Money Changers Association	Director		
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	*CHAIRMANSHIP(S)/MEMBERSHIP(S) OF COMMITTEES AS ON 31/3/2004	: Nil																								

2.	NAME	: Mr. P. S. G. Nair																							
	AGE	: 60 years																							
	QUALIFICATIONS	: B. SC. (Hons.), A.C.A.																							
	EXPERTISE	: Mr. P. S. G. Nair has more than three decades experience in the fields of Accountancy, Audit, Finance, Forex, Company Law and Taxation matters.																							
	PARTICULARS OF APPOINTMENT/RE-APPOINTMENT	: Mr. P. S. G. Nair retires by rotation at the ensuing Annual General Meeting and is proposed to be re-appointed as the Director of the Company.																							
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42ND ANNUAL REPORT 2003-2004

3. NAME	: Mr. Syed K. Husain
AGE	: 53 years
QUALIFICATIONS	: B.Sc. (Engineering), M.Sc.(Management).
EXPERTISE	: Mr. Husain has over 30 years of experience in various fields like Transportation of Goods, Logistics and Distribution, Engineering, Exports and General Management.
PARTICULARS OF APPOINTMENT/ RE-APPOINTMENT	: Mr. Husain was appointed as the Whole-time Director (designated as "Chief Executive and Whole-time Director") with effect from 1st January, 2004, subject to the approval of the members. Approval of Members is sought for the appointment of Mr. Husain as the Whole-time Director, at the ensuing Annual General Meeting.
OTHER DIRECTORSHIPS	: NIL
*CHAIRMANSHIP(S)/ MEMBERSHIP(S) OF COMMITTEES AS ON 31/3/2004	: NIL

* Chairmanship(s)/membership(s) of committees as conceived under clause 49 of the Listing Agreement are only mentioned.

ANNEXURE TO THE NOTICE

(Explanatory Statement as required by Section 173 of the Companies Act, 1956)

ITEM NO.5

Your Directors have, subject to the approval of the Company's members in the General Meeting, appointed Mr. Syed K. Husain as the Whole-time Director of the Company (designated as "Chief Executive and Whole-time Director") for a period of two years and ninety one days with effect from 1st January, 2004, on the terms and subject to conditions set out in the draft agreement referred to in the Resolution at item no. 5 of the Notice. The material terms, including remuneration, of the said Agreement are as follows:

(A) PERIOD : Two Years and Ninety One days with effect from 1st January, 2004 up to 31st March, 2006.

(B) REMUNERATION:

- (i) A Basic Salary of Rs. 71,750/-, with liberty to the Board to grant or withhold increments as deemed fit;
- (ii) Use of a motor car with driver, all running and maintenance expenses therefor to be borne and paid by the Company;
- (iii) Benefit of the Company's Provident Fund Scheme and the Superannuation or Annuity Fund Scheme for the time being and from time to time in force;
- (iv) Gratuity in accordance with the Rules of the Company;
- (v) Benefit of sick and casual leave in accordance with the Rules of the Company for the time being and from time to time in force;
- (vi) 24 days privilege leave with full pay and allowances for each completed year of service, the said leave being accumulatable and encashable;
- (vii) Leave Travel Concession for self and family once for each financial year in accordance with the Rules of the Company for the time being and from time to time in force;
- (viii) Personal accident insurance cover at the cost of the Company, provided the actual premium thereof does not exceed Rs. 4,000/- per year;
- (ix) Group medical insurance premium or reimbursement of medical insurance premium paid by the Whole-time Director on his health or on the health of his spouse or child;
- (x) Use of a telephone at the residence of the Whole-time Director provided that the cost of personal long distance calls, if any, shall be reimbursed by the Whole-time Director to the Company;
- (xi) Fees including the subscription of one club wherein the Whole-time Director is or may become a member of, Provided that the undermentioned perquisites, namely:



**PATEL
ROADWAYS LTD.**

- (a) contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these, singly or put together, are not taxable under the Income-tax Act, 1961;
- (b) Gratuity payable at the rate not exceeding half a months salary for each completed year of service; and
- (c) encashment of leave, at the end of the Whole-time Director's tenure of service, shall not be included in the computation of the prescribed limit set out in the Schedule XIII.

Provided that the remuneration paid shall not in any financial year exceed 5 (five) percent of net profits of the Company (where the Company has only one managerial personnel) OR 10 (ten) percent of net profits (where the Company has more than one managerial personnel) for all of them put together.

The remuneration including the perquisites above mentioned shall, nevertheless, be paid as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year.

(C) OTHER TERMS:

- (i) The Whole-time Director shall not, without Board's approval, engage himself in any business, occupation or employment competing with the Company's business;
- (ii) The Whole-time Director shall not divulge or disclose any confidential information or knowledge as to the business and affairs of the Company;
- (iii) In the event of death of the Whole-time Director, during the term of the Agreement, the Company shall pay to his legal heirs his full salary and other emoluments for that month and for three months thereafter;
- (iv) Both parties are entitled to terminate the agreement by giving 90 days notice in writing, without assigning any reasons.

Mr. Syed K. Husain is an Engineering Graduate with Post Graduation in Management. He has also completed various professional courses in Materials Management, Computers and Industrial Relations and has over 30 years experience in various fields like Transportation of Goods, Logistics and Distribution, Engineering, Exports and General Management.

The appointment and payment of remuneration to Mr. Syed K. Husain has been approved by the Remuneration Committee of the Board of Directors of the Company at their meeting held on 15th December, 2003. The Remuneration Committee, while approving the appointment of and remuneration payable to Mr. Syed K. Husain as the Whole-time Director, took in to account the financial position of the Company, trend in the Industry, qualifications and experience of Mr. Husain as well as his past performance and past remuneration. The remuneration payable to Mr. Husain as per the Agreement, complies with the requirements of Schedule XIII of the Companies Act, 1956 and falls within limits as specified in table (A) in paragraph 1 of Section II of part II of the said Schedule XIII.

Mr. Husain has worked as the Whole-time Director of the Company in the past and has been mainly responsible for the peak performance of the Company at that time. Mr. Husain's performance since his appointment, first as the Chief Executive Officer and then the Chief Executive and Whole-time Director, has been very satisfactory.

Your Directors are of the view that the appointment of Mr. Syed K. Husain as the Whole-time Director is in the interest of the Company and shareholders and accordingly, commend the resolution at item no. 5 of the Notice for the approval of members.

The draft agreement between the Company and Mr. Syed K. Husain is available for inspection of members at the Registered Office of the Company between 10.30 a.m. to 12.30 p.m. on all working days, except Saturdays.

Mr. Syed K. Husain is concerned/interested in the passing of the resolution at item no. 5 of the Notice as it relates to his appointment and the remuneration payable to him. None of the other Directors is concerned or interested in passing of the resolution at this item.

This explanation together with the accompanying Notice is and shall be treated as an abstract of the terms of contract and memorandum of interest under section 302 of the Companies Act, 1956.

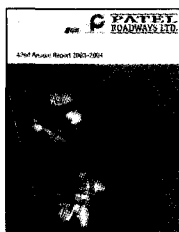
Registered Office :

Patel House, 5th Floor,
Plot No.48, Gazdarbandh,
North Avenue Road,
Santacruz (west), Mumbai - 400 054.

By order of the Board

(N.P.Joshi)
Company Secretary

Mumbai, 12th August, 2004

**42ND ANNUAL REPORT 2003-2004****DIRECTORS' REPORT**

To,
The Members of
Patel Roadways Limited.

The Directors have pleasure in presenting their 42nd Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS :

The financial results are as under :

	(Rs.in lakhs) Year ended 31 st March 2004	(Rs.in lakhs) Year ended 31 st March 2003
Profit before Interest & Depreciation	290.84	304.58
Less : Interest	138.36	160.21
Profit before Depreciation	152.48	144.37
Less : Depreciation	101.14	123.36
Profit before tax	51.34	21.01
Less : Provision for tax	16.00	16.00
Add/(Less) : Deferred Tax	(1.99)	8.10
Excess/(Short) Provisions for taxation of earlier years	(0.10)	-
Profit after tax	33.25	13.11
Balance of Profit from previous year	257.00	243.89
TOTAL	290.25	257.00
APPROPRIATIONS OF PROFITS		
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	290.25	257.00
TOTAL	290.25	257.00

OPERATIONS :

Initiatives launched by the Company to further rationalize the operational process and economise the business process have started bearing fruits. Policy measures like review of customer base, branch rationalization and imbibing of cost consciousness were assiduously followed during the year under consideration. The business strategy remained that of retaining of niche market and development of the core area of business through further consolidation.

Though the net freight turnover registered a modest increase from Rs.112.16 crores in the year 2002-2003 to Rs. 118.66 crores in the year under consideration, the net profit before tax showed a sizable increase from Rs.21.01 lakhs to Rs. 51.34 lakhs for the same period. The net profit after tax also enhanced from Rs.13.11 lakhs to Rs. 33.25 lakhs. This has been made possible by keeping the fixed costs on tight leash by the process of continuous monitoring and review. The administrative and finance costs have reduced and consequently the bottom line improved. The operating cost showed an increase which corresponds to the increase in the turnover. Operations cost, which constitutes nearly 80 per cent of the total cost, is variable and comprises mainly of the charges paid by the Company for hiring outside vehicles. These hiring costs are largely decided by the market forces and not controllable. To counter this problem, a policy decision was taken and 35 new trucks have been added to the existing fleet of vehicles owned by the Company. These are run on the strategic routes and will in the long run help in the control and reduction of the operations costs. The Company has plans to acquire more trucks in near future.

The political situation in the Country has yet to stabilize after the unexpected results in the recently held general elections. The introduction of the service tax on the goods transport agents and the escalating cost of fuel are other threats to be tackled. It is going to be a tight rope walk to keep up good margins, in spite of the buoyant economy. However looking at the general trend of performance of the Company, the management is confident of still better performance in the current year.


**PATEL
ROADWAYS LTD.**

DIVIDEND :

Considering cash flows and profitability and with a view to conserve the resources for future requirements, your Directors have decided not to recommend dividend on the Equity Shares for the year under consideration.

FIXED DEPOSITS :

Fixed Deposits accepted by the Company stood at Rs.641.86 lakhs as on 31st March, 2004. There were no unpaid or overdue deposits as on 31st March, 2004, except unclaimed Deposits aggregating Rs. 5.77 lakhs, for which necessary intimations have already been sent. There has been no amount of deposits required to be transferred to the Investor Education and Protection Fund.

DIRECTORS :

Mr. Asgar S. Patel and Mr. P. S. G. Nair, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

Mr. Arif A. Patel has resigned as the Managing Director of the Company to take up the employment as the Executive Vice-Chairman of Patel On-Board Couriers Ltd., a Group Company. However, he continues to be a Director of the Company and has been designated as Vice-Chairman with effect from 1st January, 2004.

Subject to the approval of members in the General Meeting the Board of Directors appointed Mr. Syed K. Husain as the Whole-time Director, designated as "Chief Executive and Whole-time Director", with effect from 1st January, 2004. The approval of members is sought for the appointment of Mr. Husain as the Whole-time Director at the ensuing Annual General Meeting.

AUDITORS :

Your Auditors, M/s Naik Danait & Associates retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT :

Your Directors refer to observations made by the Auditors in their Report and wish to state that notes forming part of the Accounts are self-explanatory and hence do not require any further comments.

CORPORATE GOVERNANCE :

To comply with conditions of Corporate Governance, pursuant to clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis Report, Corporate Governance Report and Auditors' Certificate, are included in the Annual Report.

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

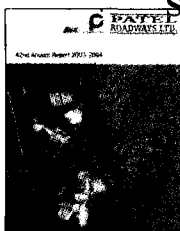
PART A - CONSERVATION OF ENERGY :

The Company continues its in-house programme of enlightening and educating 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 :

	(Rs.in lakhs) Year ended 31 st March 2004	(Rs.in lakhs) Year ended 31 st March 2003
Earnings in Foreign Exchange		
Income from Money Transfer Service	4.14	10.75
Interest	0.14	0.40
TOTAL	4.28	11.15
Expenditure in Foreign Currency		
Professional Fees	0.23	0.05
Overseas Calls Payment against Money Transfer	0.23	0.74
TOTAL	0.46	0.79



42ND ANNUAL REPORT 2003-2004

PERSONNEL & HUMAN RESOURCES :

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

There were no employees during the year under consideration drawing remuneration as per limits prescribed u/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, and in respect of which a statement is required to be enclosed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT :

The Board of Directors of the Company confirm that :

- 1) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure ;
- 2) the selected accounting policies were applied consistently and the Directors 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 as at 31st March, 2004 and of the profit of the Company for the year ended on that date;
- 3) proper and sufficient care has been taken 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;
- 4) the Annual Accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS :

The Directors place on record their appreciation of the continued assistance and support received from the Bankers, Clients and Fixed Deposit Holders.

Registered Office :

"Patel House", 5th Floor,
Plot No. 48, Gazdarbandh,
North Avenue Road,
Santacruz (W), Mumbai-400 054

Dated : 12th August, 2004

For and on behalf of the Board

A.A. PATEL	-	Vice-Chairman
S. K. HUSAIN	-	Whole-time Director
P. S. G. NAIR	-	Director
MS. A. SINGH	-	Director
F. S. WADIA	-	Director