

PATEL ROADWAYS LTD.

We carry your reputation

Patel House, Plot No. 48, Gazdar Bandh, North Avenue Road, Santacruz (W), Mumbai 400 054 www.patel-india.com

Always ahead...



PATEL ROADWAYS LTD.

43rd Annual Report 2004-2005



**PATEL
ROADWAYS LTD.**

We carry your reputation

Patel House, Plot No. 48, Gazdar Barchi, North Avenue Road, Santacruz (W), Mumbai 400 054 www.patel-india.com

BOARD OF DIRECTORS



Asgar S. Patel
Chairman



Arif A. Patel
Vice-Chairman



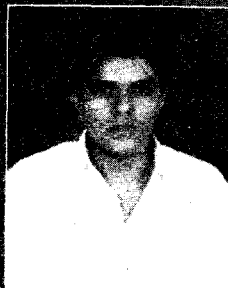
Omprakash K. Harshwal
Whole-time Director



Ravi A. Poddar
Director



P.S.G. Nair
Director



Dr. Muffazal A. Lakdawala
Director



Farrokh S. Wadia
Director


**PATEL
ROADWAYS LTD.**
We carry your reputation

Patel House, Plot No. 48, Gazdar Bandh, North Avenue Road, Santacruz (W), Mumbai 400 054 www.patel-india.com

BOARD OF DIRECTORS

Asgar S. Patel
Arif A. Patel
Omprakash K. Harshwal
Ravi A. Poddar
P.S.G. Nair
Muffazal A. Lakdawala
Farrokh S. Wadia

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

COMPANY SECRETARY

Navin P. Joshi

AUDITORS

Naik Danait & Associates

Mumbai

LEGAL ADVISORS

Crawford Bayley & Co.
F.S. Broacha

Mumbai
Mumbai

BANKERS

Andhra Bank
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.

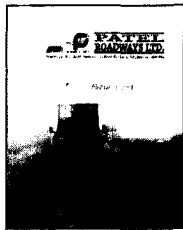
Contents	Page No.
Notice	2-7
Directors' Report	8-10
Corporate Governance Report	11-15
Auditors' Certificate	15
Management Discussion & Analysis Report	16-17
Auditors' Report	18-21
Balance Sheet	22
Profit and Loss Account	23
Schedules	24-31
Notes to Account	32-35
Cash Flow Statement	36-37
Balance Sheet Abstract	38

SHARE TRANSFER AGENTS

Computronics Financial Services (India) Ltd.
1, Mittal Chambers,
Nariman Point,
Mumbai - 400 021.

43rd Annual General Meeting : Tuesday, the 27th day of September 2005,
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.*



43RD ANNUAL REPORT 2004-2005

NOTICE

NOTICE is hereby given that the 43rd 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 27th day of September 2005 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, 2005 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Arif A. Patel who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ravi A. Poddar 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 and for the purpose, to consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that Messrs Naik Danait & Associates, Chartered Accountants, 206-A Arcadia, 195 Nariman Point, Mumbai - 400 021 AND Messrs P. Parikh & Company, Chartered Accountants, B/7 Anand Bhavan, Bajaj Road, Vile-Parle (west), Mumbai - 400 056 be and are hereby appointed as joint Statutory Auditors of the Company in lieu and stead of Messrs Naik Danait & Associates, Chartered Accountants, 206-A Arcadia, 195 Nariman Point, Mumbai - 400 021 as the sole Statutory Auditors, to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration plus out-of-pocket expenses at actuals as may be agreed upon by the Board of Directors of the Company with the said Messrs Naik Danait & Associates AND Messrs P. Parikh & Company."

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. Omprakash K. Harshwal as the Whole-time Director of the Company (designated as "Chief Executive Officer and Whole-time Director") for a period of 3 (three) years and 62 (sixty two) days with effect from 29th January 2005 i.e. up to 31st March 2008, 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. Omprakash K. Harshwal, produced before this meeting and, for the purpose of identification, initialed by the Chairman hereof;

RESOLVED FURTHER that the Board be and is hereby authorized to execute the Agreement, in terms of the said draft, with such alterations, changes and/or variations in the remuneration payable to Mr. Omprakash K. Harshwal as may be agreed between the Directors and Mr. Omprakash K. Harshwal provided that the said remuneration as altered, changed or varied shall be within the limits prescribed there for 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."

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

"RESOLVED that Dr. Muffazal Lakdawala, an Additional Director of the Company who, under section 260 of the Companies Act, 1956, holds office only up to 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."

7. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 163 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves that the Registers and Indexes of Members and The Registers and Indexes of Debenture holders, as and when applicable, and copies of all Annual Returns prepared under Section 159 of the said Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the said Act or any one or more of them shall, as from the date of the passing of this resolution, be kept at the office of Computronics Financial Services (India) Limited, No.1, Mittal Chambers, Nariman Point, Mumbai - 400 021;

FURTHER RESOLVED that the Registers, Indexes, Returns, Certificates and Documents of the Company required to be maintained and kept open for inspection under the provisions of the Companies Act, 1956, be kept open for such inspection, at the place where they are kept by the person entitled thereto, to the extent, in the manner and on payment of the fees, if any, specified in the said Act between the hours of 10.30 a.m. and 12.30 p.m. on every working day (excluding



**PATEL
ROADWAYS LTD.**
We carry your reputation

Patel House, Plot No. 48, Gazdar Bandh, North Avenue Road, Santacruz (W), Mumbai 400 054 www.patel-india.com

Saturdays) except when the Registers and Books are closed under the provisions of the said Act, the Articles of Association of the Company or the Listing Agreement, provided however that, the Register required to be maintained under Section 307 of the said Act shall be open for inspection of members and of the holders of debentures, as and when applicable, as aforesaid, between the hours abovementioned during the period prescribed by sub-section 5(a) of the said Section 307."

Registered Office :

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

By order of the Board

Mumbai, 18th August, 2005

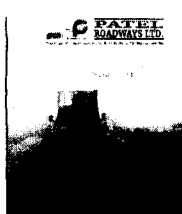
(N.P.Joshi)
Company Secretary

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 22nd September 2005 to 27th September 2005 (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 up to the final dividend for the year 1996-97 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.

INFORMATION ABOUT DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED

1. NAME	: Mr. Arif A. Patel		
AGE	: 32 years		
QUALIFICATIONS	: B. A.		
EXPERTISE	: Wide and varied experience in Transportation of Goods, Logistics, Couriers and Construction including Management and Finance. Mr. Arif Patel has successfully served the Company in the past as the Managing Director and is presently the Vice-Chairman of the Board of Directors of the Company.		
PARTICULARS OF APPOINTMENT/RE-APPOINTMENT	: Mr. Arif Patel is the Director of the Company since 18 th November, 1993. Mr. Arif Patel retires by rotation at the ensuing Annual General Meeting and it is proposed to re-appoint him as the Director of the Company at the said Meeting.		
OTHER DIRECTORSHIPS :	NAME OF THE COMPANY	POSITION HELD	
	Patel On-Board Couriers Limited	Vice-Chairman	
	Patel Holdings Limited (Formerly Wall Street Housing & Finance Corporation Limited)	Director	
	Wall Street Construction Limited	Director	
	Natasha Constructions Pvt. Limited	Director	
	Wall Street Securities & Investments (India) Limited	Director	
	# Wall Street . Com India Limited	Director	
	Springfield Hotels Pvt. Limited	Director	
	Peninsula Financial Services Pvt. Limited	Director	
	Patel Real Estate Developers Pvt. Limited	Director	
	Natasha Homes Pvt. Limited	Director	
	# Pending disposal of the application made to the Registrar of Companies, Maharashtra for striking off the name of the Company from his register under section 560 of the Companies Act, 1956.		
*CHAIRMANSHIP(S)/MEMBERSHIP(S) OF COMMITTEES AS ON 31ST MARCH 2005	NAME OF THE COMPANY	TYPE OF COMMITTEE	POSITION HELD
	Patel Roadways Limited	Audit Committee	Member
	Patel Roadways Limited	Remuneration Committee	Member
	Patel On-Board Couriers Limited	Investor's Grievances Committee	Member
	Patel Holdings Limited (Formerly Wall Street Housing & Finance Corporation Limited)	Audit Committee	Member

**43RD ANNUAL REPORT 2004-2005**

2. NAME : Mr. Ravi A. Poddar
 AGE : 55 years
 QUALIFICATIONS : B. Com. (Hons.)
 EXPERTISE : Mr. Ravi Poddar is a reputed industrialist heading the Poddar Group of Companies in Kolkata. He has vast experience in diverse fields like Automobiles, Construction, Finance and Capital Markets.
 PARTICULARS OF APPOINTMENT/ RE-APPOINTMENT : Mr. Ravi Poddar is the Director of the Company since 22nd July, 1992. Mr. Poddar retires by rotation at the ensuing Annual General Meeting and it is proposed to be re-appoint him as the Director of the Company at the said Meeting.
 OTHER DIRECTORSHIPS :

NAME OF THE COMPANY	POSITION HELD
United Credit Limited	Chairman
United Credit & Development Company Ltd.	Chairman
United Nanotechnologies Pvt. Ltd.	Chairman
United Credit Securities Ltd.	Chairman
Megabowl Ravi Auto Entertainment Pvt. Ltd.	Chairman
Poddar Properties & Construction Ltd.	Chairman
Ravi Auto Parks & Resorts Pvt. Ltd.	Chairman
Ravi Auto Ltd.	Chairman
P.C.Chanda & Company Pvt. Ltd.	Chairman
Bengal United Credit Belani Housing Ltd.	Director
United Credit Belani Properties Ltd.	Director
Calcutta Metropolitan Group Ltd.	Director
Atul Capital Market Ltd.	Director
- *CHAIRMANSHIP(S)/ MEMBERSHIP(S) OF COMMITTEES AS ON 31ST MARCH 2005 : NIL
3. NAME : Mr. Omprakash K. Harshwal
 AGE : 47 years
 QUALIFICATIONS : A.C.A., A.C.S., L.L.B. (General)
 EXPERTISE : Over 22 years of experience in various fields like Transportation, Logistics, Marketing, Finance and Legal. Mr. Harshwal's previous employment was as CEO of Speedage Express Cargo, a division of ARC India Ltd.
 PARTICULARS OF APPOINTMENT/ RE-APPOINTMENT : Mr. Omprakash Harshwal, subject to the approval of shareholders in the General Meeting, was appointed by the Board of Directors as the Whole-time Director, designated as the Chief Executive Officer and Whole-time Director, for a period of three years and sixty two days w.e.f. 29th January, 2005 i.e. up to 31st March, 2008. The approval of members is now sought for the appointment of Mr. Harshwal as the Whole-time Director, at the ensuing Annual General Meeting.
 OTHER DIRECTORSHIPS : NIL
 *CHAIRMANSHIP(S)/ MEMBERSHIP(S) OF COMMITTEES AS ON 31ST MARCH 2005 : NIL
4. NAME : Dr. Muffazal A. Lakdawala
 AGE : 37 years
 QUALIFICATIONS : M.S.
 EXPERTISE : Dr. Muffazal Lakdawala is an eminent surgeon and a person of high repute and social standing.
 PARTICULARS OF APPOINTMENT/ RE-APPOINTMENT : Dr. Muffazal Lakdawala was appointed as an Additional Director of the Company by the Board of Directors at their Meeting held on 2nd March, 2005. Members' approval is sought at the ensuing Annual General Meeting for the appointment of Dr. Muffazal Lakdawala as the Director of the Company.
 OTHER DIRECTORSHIPS : NIL
 *CHAIRMANSHIP(S)/ MEMBERSHIP(S) OF COMMITTEES AS ON 31ST MARCH 2005 : NIL

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



**PATEL
ROADWAYS LTD.**

We carry your reputation

Patel House, Plot No. 48, Gazdar Bandh, North Avenue Road, Santacruz (W), Mumbai 400 054 www.patel-india.com

ANNEXURE TO THE NOTICE

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

ITEM NO. 4

As members are aware, at the last Annual General Meeting of the Company held on 29th September, 2004, Messrs Naik Danait & Associates, Chartered Accountants, 206-A Arcadia, 195 Nariman Point, Mumbai - 400 021, were re-appointed as the Company's Auditors, to hold office from the conclusion of that Meeting until the conclusion of the next Annual General Meeting of the Company.

Two members of the Company holding 29,18,700 Equity Shares of the Company, constituting 36.48% of the total paid-up Equity Capital and/or the voting power, have given notices dated 12th August, 2005 to the Company, in terms of section 225 of the Companies Act, 1956, proposing that Messrs P. Parikh & Company, Chartered Accountants, B/7 Anand Bhavan, Bajaj Road, Vile-Parle (west), Mumbai - 400 056 shall be appointed as the Joint Auditors of the Company with Messrs Naik Danait & Associates, the existing sole Auditors of the Company.

Messrs Naik Danait & Associates have conveyed that they do not have any objection to the appointment of Messrs P. Parikh & Company as the Joint Auditors of the Company along with themselves. Messrs P. Parikh & Company have also conveyed that they are willing to act as Joint Auditors of the Company along with Messrs Naik Danait & Associates and that, their appointment as Joint Auditors of the Company, if made at the ensuing Annual General Meeting, will be within the limits mentioned in section 224(1-B) of the Companies Act, 1956.

Your Directors recommend the passing of this resolution in the larger interest of more transparent and extensive audit of books, records, functions and operations of the Company to keep pace with the onerous duties and responsibilities cast upon corporations and the Auditors by ever expanding and dynamic legal framework in our country within which all the corporations have to function.

None of the Directors is concerned or interested in passing of the resolution at item no. 4 of the Notice.

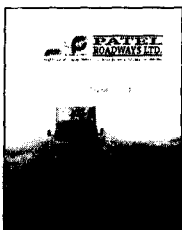
ITEM NO.5

Your Directors have, subject to the approval of the Company's members in the General Meeting, appointed Mr. Omprakash K. Harshwal as the Whole-time Director of the Company (designated as "Chief Executive Officer and Whole-time Director") for a period of three years and sixty two days with effect from 29th January, 2005, 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** : Three Years and Sixty Two days with effect from 29th January, 2005 up to 31st March, 2008

(B) **REMUNERATION:**

- (i) A Basic Salary of Rs. 55,800/-, with liberty to the Board to grant or withhold increments as deemed fit;
- (ii) Payment of incentive based on the performance of the Whole-time Director;
- (iii) Use of a motor-car with driver;
- (iv) 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;
- (v) Gratuity in accordance with the Rules of the Company;
- (vi) 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;
- (vii) 24 days privilege leave with full pay and allowances for each completed year of service, the said leave being accumulatable and encashable;
- (viii) 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;
- (ix) Personal accident insurance cover at the cost of the Company, provided the actual premium thereof does not exceed Rs. 4,000/- per year;
- (x) Group medical insurance premium or reimbursement of medical insurance premium paid by the Whole-time Director or payment of medical insurance premium by the Company on behalf of the Whole-time Director, on his health or on the health of his spouse or child, provided that the amount of medical insurance premium so reimbursed to the Whole-time Director and/or paid on his behalf shall not exceed Rs. 5,000/- per annum;
- (xi) Use of a telephone and internet connection for the Company's business at the residence of the Whole-time Director and a mobile phone provided that the cost of personal long distance calls, if any, shall be reimbursed by the Whole-time Director to the Company;
- (xii) Fees including the subscription of one club wherein the Whole-time Director is or may become a member of.

**43RD ANNUAL REPORT 2004-2005**

The remuneration including the perquisites above mentioned shall, nevertheless, be paid and allowed to the Whole-time Director as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year, subject to the condition that such remuneration shall not, without the approval of the Central Government, if required, exceed Rs. 18,00,000/- per year or Rs. 1,50,000/- per month computed on the basis of the effective capital of the Company as defined in the Explanation I under section II of part II to Schedule XIII of the Companies Act, 1956, as in force for the time being or as amended in future.

Provided further that the under mentioned perquisites, namely:

- (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 abovementioned ceiling on remuneration i.e. Rs. 18,00,000/- per year or Rs. 1,50,000/- per month.

(C) OTHER MAJOR 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. Omprakash K. Harshwal is a member of the Institute of Chartered Accountants of India as well as the Institute of Company Secretaries of India. Besides these, he also has the degree of L.L.B. (General) to his credit from the Mumbai University and has over 22 years of experience in various fields like Transportation, Logistics, Marketing, Finance and Legal. Mr. Harshwal's previous employment was as CEO of Speedage Express Cargo, a division of ARC India Ltd.

The appointment and payment of remuneration to Mr. Omprakash K. Harshwal has been approved by the Remuneration Committee of the Board of Directors of the Company at their meeting held on 27th January, 2005. The Remuneration Committee, while approving the appointment of and remuneration payable to Mr. Omprakash K. Harshwal as the Whole-time Director, took in to account the financial position of the Company, trend in the Industry, qualifications and experience of Mr. Harshwal as well as his past performance and past remuneration.

The remuneration payable to Mr. Harshwal 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 clause 1 of Section II of part II of the said Schedule XIII.

Mr. Harshwal's performance since his appointment as the Chief Executive Officer and Whole-time Director has been very satisfactory.

Your Directors are of the view that the appointment of Mr. Omprakash K. Harshwal 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. Omprakash K. Harshwal is available for the 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. Omprakash K. Harshwal 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 the 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.

ITEM NO.6

Dr. Muffazal Lakdawala was appointed as an Additional Director of the Company, at the Meeting of the Board of Directors of the Company held on 2nd March, 2005. The Company has received a Notice along with a deposit of Rs. 500/- from one of the members, proposing the candidature of Dr. Muffazal Lakdawala for the office of Director.

Dr. Muffazal Lakdawala is M.S. and is an eminent surgeon and a person of high repute and social standing. Your Directors feel that his presence on the Board will be beneficial to the Company and therefore recommend the passing of the resolution at item no. 6 of the Notice.



**PATEL
ROADWAYS LTD.**
We carry your reputation

Patel House, Plot No. 48, Gazdar Bandh, North Avenue Road, Santacruz (W), Mumbai 400 054 www.patel-india.com

Save and except Dr. Muffazal Lakdawala, none of the other Directors is concerned or interested in passing of the resolution at item no. 6 of the Notice.

ITEM NO. 7

Approval of members is sought, pursuant to the provisions of Section 163 of the Companies Act, 1956, to keep the Register of Members, the Index of Members and copies of all Annual Returns prepared under Section 159 and 160, together with copies of certificates and documents required to be annexed thereto under Sections 160 and 161, at the office of Computronics Financial Services (India) Limited, No.1, Mittal Chambers, Nariman Point, Mumbai – 400 021, who are the Registrars and Share Transfer Agents of the Company and also are the Agency who deal with the dematerialization of Company's shares.

To avoid administrative inconvenience and expenses, and in the interest of more expeditious and interactive disposal of investor queries, it is proposed to keep all the Registers and document etc. envisaged under the provisions of the said section 163 at the office of Computronics Financial Services (India) Limited, the Registrars and Share Transfer Agents of the Company, situated at No.1, Mittal Chambers, Nariman Point, Mumbai – 400 021.

The Special Resolution under this item also specifies the time and place of inspection of the Registers and other documents of the Company, as envisaged under the said Section 163, by its members and others, namely, between the hours of 10.30 a.m. and 12.30 p.m. on any working day i.e. any day excluding Saturdays, Sundays and public and bank holidays and any other day on which the office of Computronics Financial Services (India) Limited remains closed.

None of the Directors of the Company is concerned or interested in passing of the Resolution at item no. 7 of the Notice.

Registered Office :

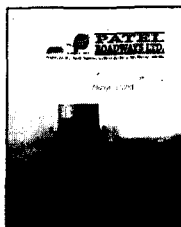
Patel House, 5th Floor,
Plot No.48, Gazdarbandh,
North Avenue Road,
Santacruz (West), Mumbai - 400 054.

By order of the Board

(N.P.Joshi)

Company Secretary

Mumbai, 18th August, 2005

**43RD ANNUAL REPORT 2004-2005****DIRECTORS' REPORT**

To,
The Members of
Patel Roadways Limited.

The Directors have pleasure in presenting their 43rd Annual Report and the Audited Statement of Accounts for the year ended 31st March 2005.

FINANCIAL RESULTS :

The financial results are as under :

	(Rs.in lakhs) Year ended 31 st March 2005	(Rs.in lakhs) Year ended 31 st March 2004
Profit before Interest & Depreciation	383.76	290.84
Less : Interest	142.06	138.36
Profit before Depreciation	241.70	152.48
Less : Depreciation	151.25	101.14
Profit before tax	90.45	51.34
Less : Provision for tax	6.50	16.00
Add/(Less) : Deferred Tax	(23.94)	(1.99)
Excess/(Short) Provision for taxation of earlier years	(10.55)	(0.10)
Profit after tax	49.46	33.25
Balance of Profit from previous year	290.25	257.00
TOTAL ...	339.71	290.25
APPROPRIATIONS OF PROFIT		
Transfer to General Reserve	—	—
Balance carried to Balance Sheet	339.71	290.25
TOTAL ...	339.71	290.25

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.

PERFORMANCE REVIEW:

Your Company continued its endeavours to rationalize and economize its operational and business processes. Policy measures like vendorization and franchising of the branches to reduce fixed costs of the business, identification of new more profitable routes, review of the customer base, branch rationalization were undertaken vigorously. Employees at all levels were initiated and imbued with importance of cost consciousness.

During the year under consideration, emphasis was shifted from the 'ownership at any cost' to 'Profit Oriented Partnership'. Consequently, branches with high fixed costs and low profit margins were converted in to franchisees. This will not only reduce costs in the long run but also result in to the top line and bottom line growth through healthy competition between franchisees / business associates. Your Company has added 45 new trucks to its fleet of owned trucks in last two years. These trucks are employed on the crucial routes so that the truck hire cost on such routes can be reduced. This will result in to substantial savings and contribute directly to the bottom line of the Company. With the introduction of these new trucks the Company will also be able to serve its customers better.

Positive efforts are also made in the direction of exploring new service routes in the interest of exploiting the true market potential of the Company. More importance is given to the sundry business which is more profitable as against the FTL business which is relatively less profitable.

In the interest of weeding out the unprofitable business and controlling of the outstandings, a policy decision was taken to stop the billing business, while continuing the To-Pay and Paid business, from certain stations. Accordingly nearly 125 Branches/ Stations have been identified from which the billing business will be discontinued in a phased manner.

In a bid to serve the customer better the Company will be soon launching a new software called 'PRL WEBXpress' which will be operational by September, 2005. This will be internet based online software covering modules like operations and billing, accounts and finance, customer and fleet management and marketing management.