

237511
237512
237513
FAX (0836) 256612



VIJAYANAND ROADLINES LIMITED

ADMN OFFICE : " VIJAY KARNATAKA "
GIRIRAJ ANNEXE CIRCUIT HOUSE ROAD
HUBLI - 580 029 (KARNATAKA)

NOTICE

Notice is hereby given that the XXI Annual General Meeting of the Members of the Company will be held at the registered office of the Company on 30.09.2004 at 11.00 a.m. to transact the following business.

ORDINARY BUSINESS:

- a) To receive, consider and adopt the Audited Balance Sheet as at 31st March 2004 and the Profit and Loss Account for the year ended on that date along with reports of Directors and Auditors thereon.
- b) To appoint a Director in place of Mr. K. N. Umesh who retires by rotation. Being eligible he offers himself for re-appointment.
- c) To appoint M/s. H.K. Veerabhadrappe & Co., Chartered Accountants, Hubli as Auditors of the company and fix their remuneration.

SPECIAL BUSINESS

- d) To appoint Director

To consider and if thought fit to pass the following resolution with or without modification as an Ordinary Resolution;


RESOLVED that Mr. Dhruvaraj N. Kulkarni who was appointed as an additional Director and who holds office as such upto the date of this Annual General Meeting and in respect of whom the Company has received the notice under Section 257 of Companies Act, 1956, proposing his candidature, be and is hereby appointed as Director of the Company.

- e) To Increase Borrowing Powers of the Board of Directors:

To consider and if thought fit to pass the following resolution with or without modification as an Ordinary Resolution;

"RESOLVED that pursuant to the provisions of Section 293 (1)(d) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to borrow moneys (apart from temporary loans obtained from the bankers of the Company in ordinary course of business) from Banks, Financial Institutions, Non Banking Financial Companies, etc. from time to time for the purpose of the Company's business, in excess of the aggregate of the paid-up capital and its free reserves (that is to say, reserves not set apart for any specific purpose) provided that the total amount of such borrowings together with the amounts already borrowed and outstanding shall not exceed Rs.2,00,00,00,000/- (Rupees Two Hundred Crores.)"

BY ORDER OF THE BOARD
For VIJAYANAND ROADLINES LIMITED


V.B. Sankeshwar
Chairman & Managing Director

Place: Hubli
Date: 05.08.2004

Note: A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend vote instead of himself.



237511

237512

237513

FAX (0836) 256612



VIJAYANAND ROADLINES LIMITED

ADMN OFFICE : " VIJAY KARNATAKA "
GIRIRAJ ANNEXE CIRCUIT HOUSE ROAD
HUBLI - 580 029 (KARNATAKA)

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956

Item No. 4

At the Meeting of the Board of Directors held on 3rd February 2004, Mr. Dhruvaraj N. Kulkarni Manager – Finance of the Company was co-opted as Director Finance of the Company to hold office upto the date of this Annual General Meeting of the Company. The Company has received the requisite notice proposing his candidature for appointment as Director of the Company. The resolution is placed for approval of the members.

Except Mr. Dhruvaraj Kulkarni none of the Directors of the Company is interested or concerned in the said resolution.

Item No. 5

The Board of Directors in order to meet its working capital and other long term needs of the Company, is required to borrow from Banks and Financial Institutions, from time to time, sums in excess of the limits prescribed under Section 293 (1)(d) of the Companies Act, 1956. The resolution is placed before the Members to approve the borrowing powers of the Board of Directors.

None of the directors of the Company is either concerned or interested in the said resolution.

Place: Hubli FOR AND ON BEHALF OF BOARD OF DIRECTORS
Date: 05.08.2004 For VIJAYANAND ROADLINES LIMITED

V.B.Sankeshwar
Chairman & Managing Director



2237613

2237627

Fax : (0836) 2237614

**VIJAYANAND ROADLINES LIMITED**REGD. & ADMN. OFFICE : NH 4 BANGALORE ROAD
VARUR - 581 207 HUBLI (KARNATAKA)**DIRECTORS REPORT**

To the Members,

Your Directors have a pleasure in presenting the Twenty-first Annual Report, together with the Audited Accounts for the year ended 31st March 2004.

FINANCIAL RESULTS :**2003-2004****2002-2003**

(Amount Rs. in Crores)

Total Turnover during the year	202.99	170.21
Net Profit before Depreciation and Tax	15.61	11.77
<u>Less :</u>		
Depreciation	10.34	8.74
Provision for Taxation	1.03	0.68
Net Profit during the year	4.24	2.35

OPERATIONS:**DIVIDEND:**

Your Directors have not recommended any dividend and therefore the entire Net Profit is transferred to the General Reserves.

DIRECTORS :

Mr. K. N. Umesh retires by rotation and being eligible offers himself for re-appointment. Mr. Dhruvraj N. Kulkarni was co-opted as Additional Director at the Board Meeting held on 3rd February 2004 to hold office upto the date of this Annual General Meeting. Being eligible he has offered his candidature for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT :

The financial statements give a true and fair view of the state of affairs of the Company at the end of the year and of the Profit of the Company for that period. In preparing these Annual Accounts, suitable Accounting Policies have been applied consistently and judgements and estimates that are reasonable and prudent have been made. Applicable Accounting Standards have also been followed and proper explanations for any material departures are given. Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in compliance with the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. The Annual Accounts has been prepared on a going concern basis.



2237613

2237627

Fax : (0836) 2237614

**VIJAYANAND ROADLINES LIMITED**REGD. & ADMN. OFFICE : NH 4 BANGALORE ROAD
VARUR - 581 207 HUBLI (KARNATAKA)**AUDITORS :**

M/s. H. K. Veerabhadrappe & Co., Chartered Accountants, Hubli the retiring Auditor have offered themselves to be re-appointed as Auditors of the Company, for a period from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

AUDITORS – QUALIFICATION :

The qualification of the Auditors in their report have been suitably addressed as under :

- a. The Company has been determined that the gratuity liability will be met out of the funds of the Company on Cash basis.
- b. Since, the Deferred Tax liability is notional in nature, the Company has not provided in the Books of Accounts.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO :

Your Company's operation involve low energy consumption. However, efforts to conserve energy will continue.

Particulars, relating to Technology absorption is Nil.

FOREIGN EXCHANGE : Nil

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956:

There were no employees drawing remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule, 1975 as amended from time to time.

ACKNOWLEDGEMENT :

The Board acknowledges with thanks the support and valuable co-operation extended by the Banks / Financial Institutions, Shareholders and the employees at all levels.

FOR AND BEHALF OF BOARD OF DIRECTORS
For VIJAYANAND ROADLINES LIMITED

PLACE : HUBLI

DATE :

V. B. SANKESHWAR
Chairman & Managing Director



2237613

2237627

Fax : (0836) 2237614

**VIJAYANAND ROADLINES LIMITED**REGD. & ADMN. OFFICE : NH 4 BANGALORE ROAD
VARUR - 581 207 HUBLI (KARNATAKA)**NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2004****1. SIGNIFICANT ACCOUNTING POLICIES:****A. Basis of Preparation of Financial Statements**

The Financial Statements are prepared on the Historical Cost convention basis in accordance with the generally accepted Accounting Principles and the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 except otherwise stated.

B. Revenue Recognition

The Company generally follows Mercantile System of accounting except on claims, which is accounted on cash basis.

C. Fixed Assets

Fixed Assets are stated at Cost of acquisition, construction except in certain fixed assets, which have been revalued, less depreciation. All cost relating to the acquisition and installation of Fixed Assets are capitalized and include borrowing costs directly attributable to construction or acquisition of Fixed Assets up to the date the asset is put to use.

D. Depreciation

Depreciation on Fixed Assets has been provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act 1956.

E. Foreign Currency Transaction

The Company has not made any foreign currency transactions during the year.

F. Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying Fixed Assets are capitalized as part of the cost of the assets, up to the date the asset is put to use. Other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

G. Inventories

Inventories are valued at lower of cost or net realizable value.

H. Investments

Investments are valued at cost.

I. Retirement Benefits

1. Contribution to Provident Funds/Employee Pension Scheme and Superannuating Funds are accounted on accrual basis.
2. The company has determined that the gratuity liability will be met out of the funds of the Company on cash basis.

J. Taxation:

- i. Provision for current tax is made and retained in the accounts on the basis of estimated tax liability as per the applicable provisions of the Income-Tax Act 1961 and considering assessment order and decisions of appellate authorities in Company's case.



2237613

2237627

Fax : (0836) 2237614

**VIJAYANAND ROADLINES LIMITED**REGD. & ADMN. OFFICE : NH 4 BANGALORE ROAD
VARUR - 581 207 HUBLI (KARNATAKA)

- ii. The Company calculated Deferred Tax Asset/Liability as prescribed in AS-22 "Accounting for the Taxes on Income" issued by the Institute of Chartered Accountants of India. Based on that standard the details of Deferred Tax Assets/Liability is as under:

Particulars	Deferred Tax Liability	Deferred Tax Assets
Opening Balance	2,41,00,030	62,73,288
Add : Current Year Break-up	90,84,430	38,57,041

The above said Deferred Tax Liability/Assets has not been effected in Books of Accounts and Financial Statements.

Deferred tax for timing difference between tax profits and book profits is calculated for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred tax assets are recognised to the extent there is reasonable certainty that these assets can be realised in future.

2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. 3,59,87,847 against which advances have been paid Rs. 3,23,89,062 the details.

3. **Managerial remuneration paid/payable to the Managers:**

Name of the Managerial Person	Remuneration		Contribution to Provident Fund & Super Annuating Fund	
	2003-04 (Rs.)	2002-03 (Rs.)	2003-04 (Rs.)	2002-03 (Rs.)
a) Sri V. B. Sankeshwar	15,13,600	9,50,400	9,360	9,360
b) Sri. Anand Sankeshwar	11,77,600	7,94,400	9,360	9,360
c) Sri K. N. Umesh	3,60,000	3,00,000	9,360	9,360
d) Sri. L. Ramanand Bhat	2,62,800	2,02,800	9,360	9,360

4. **Related Party Disclosures (As identified by the Management)**

i. **Related Party Relationships**

Description of the Party Name

a. Where Control exists

M/s Vijayand Printers Ltd.

b. Key Management Personnel

Sri. V.B. Sankeshwar
Sri. Anand Sankeshwar
Sri. K.N. Umesh
Sri. L. Ramanand Bhat

c. Relatives of Key Management Personnel

1. Vijayanand Travels, Hubli
2. Maruti Parcel Carriers, Hubli

d. Other Related Parties

1. Mohan Printing Press, Hubli
2. Sankeshwar Printers Pvt. Ltd., Gadag
3. Prabha Printers, Gadag

NOTES:

- The Parties listed under (d) above are not "related parties" as per the requirements of Accounting Standard 18, However, as a matter of abundant caution, they are being included for making Financial Statements more transparent.
- In respect of above parties, there is no provision for doubtful debts as on 31st March 2004 and no amount has been written off or written back during the year in respect of debts due from / to them.



2237613

2237627

Fax : (0836) 2237614

**VIJAYANAND ROADLINES LIMITED**REGD. & ADMN. OFFICE : NH 4 BANGALORE ROAD
VARUR - 581 207 HUBLI (KARNATAKA)

Type of the Related Party	Description of the nature of the transaction	2003 - 2004		
		Volume of Transactions	Outstanding as on 31/03/2004	
			Receivable	Payable
Where control exists M/s Vijayanand Printers Ltd.	Freight Receipts,	1,06,97,614	19,69,228	----
	Van Hire Charges,	31,50,821	16,70,711	----
	Rent and	19,74,000	----	----
	Advertisement Expenses.	39,74,920	----	----
Key Management Personnel				
V. B. Sankeshwar	Managerial	15,13,600	----	----
Anand Sankeshwar	Remuneration	11,77,600	----	----
K.N. Umesh		3,60,000	----	----
L. Ramanand Bhat		2,62,800	----	----
V.B. Sankeshwar	Deposits Interest	12,97,751	----	----
Anand Sankeshwar	Free	19,88,364	----	----
Relatives of Key Management Personnel				
1. Vijayanand Travels	Bus Hire Charges	15,64,103	2,21,16,707	----
	Collection Bus Maintenance	3,17,82,400	1,41,41,339	----
2. Maruti Parcel-Carriers	Freight Collection	4,65,92,035	1,24,77,605	----
Other Related Parties				
1. Mohan Printing Press, Hubli	Printing Charges and Labour bill payment	12,46,048	----	25,630
2. Sankeshwar Printers Pvt. Ltd., Gadag	Printing Charges and Labour bill payment	15,01,996	----	1,75,619
3. Prabha Printers, Gadag	Printing Charges and Labour bill payment	10,12,981	----	----



2237613

2237627

Fax : (0836) 2237614

**VIJAYANAND ROADLINES LIMITED**REGD. & ADMN. OFFICE : NH 4 BANGALORE ROAD
VARUR - 581 207 HUBLI (KARNATAKA)**8. Earnings Per Share**

Particulars	2003-2004	2002-2003
a. Net Profit after Tax available for Equity Shareholders (Rs. Crores)	4.24	2.35
b. Weighted average number of Equity Shares Outstanding during the Year (No. of Shares)	2,00,000.00	2,00,000.00
c. Basic/Diluted Earnings per Share (Rs.)(a/b)	211.96	118.00

9. Contingent Liabilities:

- a. Freight on the Consignments yet to be delivered to the consignee as at 31/03/2004 is estimated at Rs. 6,10,48,903. The contingent liability in respect of the aforesaid goods is not ascertainable.

b.

Nature of the Liability	Period	Amount	Status
i) Payment of Service Tax on Courier Services of the Company inclusive of interest & penalty	Jan 2001 to Sept. 2002	25,34,546	The said demand has been challenged & the CESTAT - Bangalore & the CCEA - Mangalore are pleased to stay the proceedings
ii) Payment of penal damages U/s 14B & U/s 17Q Employees Provident Fund & Misc. Provisions Act 1952	Feb. 1983 to Feb.2002	21,02,235	The said demand has been challenged & the High Court of Karnataka are pleased to stay the proceedings subject to the petitioner depositing 25% of the amount demanded.

- d. The Company has given Corporate Gurantee & Collateral Securities to the Loans taken by the Vijayanand Printers Limited. The details of loans sanctioned against such Gurantee and out-standing balance of loans as on 31st March 2004 are as under :

Nature of the Gurantee	Sanctioned Amount	O/s as on 31.03.2004
i. Corporate Gurantee	19.94 Crores	14.52 Crores
ii. Collateral Securities of two Shops & Three Godowns at Akshay Park worth Rs. 30.53 Lakhs & 57 Trucks worth Rs. 130 Lakhs	4.20 Crores	2.93 Crores

Vijayanand Printers Limited is regular in repayment of the above Loans and there are no overdues as on 31.03.2004

10. The previous year's figures have been re-worked, re-grouped, re-arranged and re-classified wherever necessary.
11. Current Year & Previous Year figures rounded-off to the nearest Rupee.

PLACE : HUBLI

DATE : 5th August 2004

For and Behalf of Board

PER REPORT OF EVEN DATE

For and Behalf of

M/s. H. K. VEERABHADRAPPA & CO.,
CHARTERED ACCOUNTANTS

(V.B. SANKESHWAR)
Managing Director

(ANAND SANKESHWAR)
Director

(H.K. VEERABHADRAPPA)
Partner

H. K. Veerabhadrapa & Co.,
CHARTERED ACCOUNTANTS

Auditors' Report to the
The Members of M/s. VIJAYANAND ROADLINES LIMITED

- 1] We have audited the attached Balance Sheet of M/s. Vijayanand Roadlines Limited, as at 31st March 2004, the Profit and Loss account for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
- 2] We have conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3] As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 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.
- 4] Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) 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.
 - (iii) The Balance Sheet & Profit and Loss account dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet and Profit & Loss account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. *Except the following:*
 - a) *The Company has not provided for Gratuity liability on the basis of Methods prescribed in AS-15 "Accounting for Retirement Benefits".*
 - b) *The Company has not accounted the Deferred Tax Liability / Asset In Books of Accounts as prescribed in AS-22 "Accounting for Taxes on Income".*
 - (v) In our opinion, and based on information and explanations given to us, none of the Directors are disqualified as on 31st March 2004 from being appointed as a directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the State of Affairs of the company as at 31st March 2004.
 - (b) In the case of Profit and Loss Account, of the Profit for the year ended on that date.

Place : Hubli

Date : 5th August 2004

For and on behalf of
 M/s. H. K. VEERABHADRAPPA & CO.,
 Chartered Accountants



Asha Shailesh
 ASHA SHAILESH
 (Partner)

H. K. Veerabhadrappe & Co.,

CHARTERED ACCOUNTANTS

Re: VIJAYANAND ROADLINES LIMITED

Referred to in paragraph 3 of our report of even date,

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off a major part of the Fixed Assets. The sales of Fixed Assets are normal in nature. According to the information and explanations given to us, we are of the opinion that the sale of the said part of Fixed Assets has not affected the going concern status of the company.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has not taken / granted any loans secured or unsecured from Companies, Firms or other parties listed in the register maintained under Section 301 of the Act.

The company has made payments to M/s. Vijayanand Printers Limited during the year for the purpose of investment. The amount invested during the year was Rs.28, 19,75,000/-. Against this payment the said Company has allotted Equity shares to the Company on 1st July 2003 to the tune of Rs.19,69,75,000/- and Preference Shares to the tune of Rs.8,50,00,000 on 31st March 2004.
- (b) Company has not taken / granted any loans secured or unsecured from / to the Companies, Firms or other parties listed in the register maintained U/s 301 of the Act. Hence reporting on the rate of interest, other terms and conditions and overdue amount does not arise.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the Opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. The Company Law Board has passed no order.

cont. 2