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ANNUAL REPORT 2005 - 2006

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VIJAYANAND ROADLINES LIMITED

AN ISO 9001:2000 CERTIFIED COMPANY

Regd & Admn Off : Bangalore Road Varur **HUBLI - 581 207** (Karnataka)



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AN ISO 9001:2000 CERTIFIED COMPANY

Regd. & Admn. Off. : Bangalore Road Varur HUBLI - 581 207. (Karnataka)

VRL VIJAYANAND ROADLINES LIMITED

BOARD OF DIRECTORS

Mr. Vijay Sankeshwar

Chairman & Managing Director

Mr. Anand Sankeshwar

Managing Director

Mr. R. P. Raichur

Director (Finance) &
Company Secretary

Mr. Sudhir Ghate

Director

Mr. C. Karunakara Shetty

Director

STATUTORY AUDITORS

M/s. H. K. Veerabhadrapa & Co., Hubli

BANKERS

The Shamrao Vithal Co-op. Bank Ltd.
Koppikar Road,
HUBLI.

Registered Office & Works

Bangalore Road
VARUR HUBLI - 581 207
☎ : 2237613 Fax : 2237614.
E-Mail : varurho@vrllogistics.com

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NOTICE

NOTICE is hereby given that the **TWENTY THIRD ANNUAL GENERAL MEETING** of the Shareholders of **VIJAYANAND ROADLINES LIMITED** will be held on **Monday, the 7th August, 2006 at 12.30 p.m.** at the Registered Office of the Company at NH-4, Bangalore Road, Varur, HUBLI - 581 207 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Vijay Sankeshwar who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. R.P.Raichur who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.
The retiring auditors M/s H.K. Veerabhadrappe & Co. Chartered Accountants, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

"RESOLVED THAT subject to approval of the Central Government pursuant to Section 21 of the Companies Act, 1956 the name of the Company be and is hereby changed from Vijayanand Roadlines Limited to VRL Logistics Limited

RESOLVED FURTHER THAT the name Vijayanand Roadlines Limited wherever it occurs in the Memorandum & Articles of Association of the Company be substituted by the new name VRL Logistics Limited."

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT under section 17 of the Companies Act 1956, the Objects Clause IIIA of

the Memorandum of Association of the Company be altered by re-wording existing clause 1, deletion of present clause no. 3 & 5 of main object of the Company, renumbering clause 4 as clause no.3 and by addition of the new clauses no.4 & 5, so as to appear in the following way:

- 1) To carry on the business of the public carriers, transporters and carriers of goods, passengers, merchandise, commodities and luggage of all kinds of descriptions in any part of India and / or abroad, on land, water, rail or road and air or by any means of conveyance whatsoever, in its own name or as an agent.
- 4) To generate electrical power by non-conventional, conventional by utilizing wind, thermal, solar, hydel, geo-hydel, tidal waves, bio-mass fuels, coal, gas, lignite, diesel, oil, waste or any other source of energy and for the purpose establish co-generation power plants, energy conservation projects, power houses, transmission and distribution systems for generation, distribution, transmission and supply of electrical power, energy to the State Electricity Board, State Government, Appropriate Authorities, licences specific industrial units and other consumers for industrial, commercial, agricultural, household and any other purpose in India and elsewhere in any area to be specified by the State Government, Central Government, Local Authority, State Electricity Boards and any other competent authority in accordance with the provisions of Indian Electricity Act, 1910 and/or Electricity (Supply) Act, 1948 or any other modifications or re-enactment thereof and rules made thereunder; and to undertake trading of Certified Emission Reduction as part of Clean Development Mechanism in connection with generation of electrical power.
- 5) To act as agents, representatives, surveyors, sub-insurance agents, franchisers, consultants, advisors, collaborators, in life and general insurance in all its branches and manifestations.



7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 149 (2A) of the Companies Act, 1956, the Company hereby approves the commencement of any or all such new businesses as have been specified in sub-clauses 1 and 11 of Clause III C of the Memorandum of Association of the Company."

8. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED pursuant to Section 94(1)(d) that each of the Equity share of the nominal value of Rs.1,000/- each, in the capital of the Company fully paid up, be divided into 100 Equity shares of Rs.10/- each fully paid up.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to call back the existing share certificates and by cancellation thereof, issue new share certificates subject to the Company's (Issue of Share Certificates) Rule 1960 and the Articles of Association of the Company

RESOLVED FURTHER THAT consequential amendments be carried out in the Memorandum of Association of the Company by substituting the existing Clause V with following new Clause;"

"The Authorised Share Capital of the Company is Rs.40,00,00,000/- (Rupees Forty Crores only) divided into 4,00,00,000 (Four Crores) Equity shares of Rs.10/- (Rupees Ten) each."

9. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the Board Directors of the Company be and is hereby authorized, pursuant to the provisions of section 293(1) (d) of the Companies Act, 1956, to borrow money, from time to time, at its discretion either from the

Company's bank or any other bank, financial institution or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate Rs. 1000.00 Crores notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose."

By Order of the Board
for **VIJAYANAND ROADLINES LIMITED**

R.P.RAICHUR
DIRECTOR (FINANCE)
& **COMPANY SECRETARY**

Place : Bangalore

Date : 5th July, 2006

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- b) The instrument (s) appointing the proxy, if any, shall be delivered at the Regd. Office of the Company at NH 4, Bangalore Road, Varur – 581 207, not less than forty eight (48) hours before the commencement of the Meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.
- c) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under items 5 to 9 set out above is annexed hereto.
- d) The Register and Share Transfer Books of the Company will remain closed from 29th July, 2006 to 7th August, 2006 (both days inclusive).

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT:

The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 for item numbers 5 to 9 of the accompanying notice is as under:

Item No.5

Vijayanand Roadlines Limited (VRL) was incorporated as a Company in 1983. The Company promoted by Mr. Vijay Sankeshwar has grown phenomenally in size over a period of time. The services offered by the Company encompass Transportation of Goods & Passengers, Express Cargo and Courier. The Company will also enter into other fields like Warehousing Management to carry out smooth integrated supply chain management solutions. VRL Logistics Limited is a concept of value addition to VRL organisation. The new name of the Company will reflect entire gamut of activities of the Company. In other words, it denotes broader operations in the field of logistics i.e., beyond mere roadlines operations. The Registrar of Companies, Karnataka has conveyed the availability of the name VRL Logistics Limited vide letter dated 4th July, 2006.

None of the Directors is in any way concerned or interested in the resolution. Your Directors recommend the resolution at item no. 5.

Item no.6

Your Company will dis-invest its Equity shares and Preference shares held in Vijayanand Printers Limited (VPL) in entirety with the Strategic Investors, in respect of which Share Purchase Agreement (SPA) has been executed on 14th June, 2006. The said dis-investment will fetch the Company good amount of cash flows which the company intends to utilize for expanding its existing logistics business by way of constructing additional transshipment yards and

warehouses at various strategic locations in India and also for diversifying into the field of generation, distribution and transmission of electric power. By virtue of owning the highest number of vehicles in private sector, the name of your Company appears in The Limca Book of Records. Your Company believes in insurance. All the vehicles are insured. In fact the Company stands to gain by undertaking corporate agency business of insurance – life or general insurance or both.

The object clause of the Memorandum of Association of the Company is sought to be altered by suitably rewording the existing clauses, deleting redundant clause and providing for new activities referred above, which in the opinion of your Board;

- a) Can be carried on more economically and efficiently.
- b) Can be conveniently and advantageously combined with the existing business of the Company under the existing circumstances.

None of the Directors is in any way concerned or interested in the resolution. Your Directors recommend the resolution at item no. 6.

Item No. 7

In order to maintain its competitiveness and also to bring down cost of operations, it is of paramount importance to identify several emerging opportunities to make your Company healthy and financially strong. The said opportunities would bring value addition in significant way to the operations of the Company. In order to avail such opportunities, it is proposed to pass an enabling resolution to take up new businesses.



Your Directors seek your approval to carry on the business in all kinds of petroleum products such as high speed diesel, kerosene, petrol and all kinds of lubricating and industrial oils. Strong logistics services are backbone for successful mining operations. As your Company has reputation as a leading logistics Company, Company would like to carry all the businesses of mining and quarrying for win, reduce, dress, refine, crush, calcine, manipulate, trade and render, and prepare for market any ores, metals and minerals substances and natural deposits. The proposed lines of businesses are covered under the existing sub-clause 1 and 11 of clause IIIC of Memorandum of Association of the Company.

None of the Directors is in any way concerned or interested in the resolution. Your Directors recommend the resolution at item no. 7.

Item No. 8

The authorised share capital of the Company is Rs.40.00 Crores divided into 4,00,000 lacs Equity shares of Rs.1,000.00 each. With phenomenal growth in the operations of the Company, a need will shortly arise to widen ownership of Company's shares. Hence, the Board considers it to be desirable to sub-divide an Equity share of Rs.1000/- each into 100 Equity shares of Rs.10/- each. Such sub-division is authorized by article 59 (b) of the Articles of Association of the company.

None of the Directors is in any way concerned or interested in the resolution. Your Directors recommend the resolution at item No. 8.

Item No. 9

Pursuant to the provisions of clause (d) of sub-section 1 of Section 293 of the Companies Act, 1956, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the shareholders of the company in a General Meeting. At the Extra-Ordinary General Meeting of the company held on the 26th November, 2005 consent of the members has been obtained for the Board to borrow upto a maximum of Rs. 300.00 Crores irrespective of the fact that such amount together with the moneys already borrowed by the Company (apart from temporary loans obtained from the bankers of the company in the ordinary course of business) exceed the aggregate of the paid-up capital and free reserves of the company as on that date. In view of expansion and diversification programme of the company as stated above, it is expected that the ceiling fixed by the members of the company for borrowing at Rs.300.00 Crores will be exceeded once Company would avail additional term loans to execute expansion / diversification progress. Therefore, your Directors place before you a proposal to increase the maximum borrowing limits to Rs.1000.00 Crores.

None of the Directors is in any way concerned or interested in the resolution. Your Director recommend the resolution at item No. 9.

By Order of the Board
for **VIJAYANAND ROADLINES LIMITED**

Place : Bangalore
Date : 5th July, 2006

R.P.RAICHUR
DIRECTOR (FINANCE)
& COMPANY SECRETARY

DIRECTORS - REPORT

The Directors all have pleasure in presenting their report and the statement of accounts for the year ended 31st March 2006.

FINANCIAL RESULTS

(Rs. in Crores)

Sl. No.	Particulars	Year Ended 31 st March 2006	Year Ended 31 st March 2005
1	Freight Receipts	357.61	275.63
2	Other Income	3.79	1.86
3	Total Income	361.40	277.50
4	Profit before taxation	6.52	5.34
5	Profit after taxation	4.28	3.86

PERFORMANCE

Turnover including other income increased by 30.33% to Rs.361.40 Crores in comparison of turnover of 2004-05. The cost of diesel, main item of operating cost continued to raise in 2005-06 averaging almost 15% increase over the previous year. During the year vehicles worth Rs.26.71 crores were added. Due to increase in efficiency of operations operating profits (PBT) have gone up by 22.09% to Rs.6.52 Crores.

2. FUTURE PROSPECTS

The Company has drawn a detailed business plan to penetrate into Express Cargo Market in an organised way. With booming economy alongwith due emphasis on infrastructure, your Directors are quiet confident that turnover and profitability of the Company in F Y 06-07 will be on the increase.

3. DIVIDEND

As the Company primarily believes that profits made by the Company should be used for the purpose of the Company through ploughing back the same, no dividend is recommended by the Board.

4. PROJECTS AND EXPANSION

In order to increase the market share of parcel segment business, Company will add few more TPTs. Company will also undertake warehousing activities which will start after construction of warehouses for which plans are being firmed up. Company will also increase number of LCVs required for the purpose.

5. SUBSIDIARY COMPANY

As per audited financial statements for the year ended 31st March 2006, Vijayanand Printers Limited, (VPL) a subsidiary of the Company has reported Turnover of Rs.122.44 crores i.e., increase of 36.55% over that of 2004-05 and incurred Net Loss of 9.96 crores after provision for taxation. Vijay Karnataka, a daily offering in Kannada is the regional reader much ahead of its competitor. Vijay Times has already reached second slot in the month of December 2005 in terms of circulation as per ABC certified circulation figures.

The Company has signed a Share Purchase Agreement with Strategic Investors to dis-invest entire Equity and Preference shares of VPL held by the Company. The deal is expected to be closed in the month of August 2006 will fetch good amount of profits on dis-investment of the above shares.

6. PUBLIC DEPOSITS

The deposit holders whose deposits have matured during the year were repaid their principal amounts with interest. There has been slight delay in making repayment of few deposits. There were no overdue deposits except unclaimed deposits at the end of the year under review.

7. DIRECTORS

Mr. Vijay Sankeshwar, Chairman and Managing Director & Mr. R.P.Raichur, Director (Finance) will retire by rotation and being eligible have offered themselves for re-appointment.

8. AUDITORS

M/s.H.K.Veerabhadrapa & Co., Chartered Accountants, Hubli, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if approved.

9. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Information in accordance with the provisions of Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars) in the Report of the Board of Directors Rules, 1988 regarding conservation of energy and technology absorption is given in the statement annexed (Annexure "A") hereto forming part of the report.

10. PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in the statement annexed (Annexure "B") hereto forming part of the report.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- II. They have selected appropriate accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- III. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- IV. They have prepared the annual accounts on a going concern basis.

12. ACKNOWLEDGEMENT AND APPRECIATION

The Board would like to thank its Bankers, Agents, Franchises and other business associates for their continued support and place on record their appreciation of devoted and dedicated services rendered by all the employees of the Company.

For and on behalf of the Board of Directors

Place : Bangalore
Date : 26th June, 2006

Vijay Sankeshwar
Chairman & Managing Director

ANNEXURE-"A"

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A) POWER AND FUEL CONSUMPTION :

1. ELECTRICITY	2005 - 2006 Current Year	2004 - 2005 Previous Year
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a) PURCHASED :
UNITS
TOTAL AMOUNT
RATE / UNIT

b) OWN GENERATION :

i) Through Diesel
Generator

UNITS	2,00,280.00	3,45,350.00
UNITS PER LTR OF DIESEL OIL	2.65	2.94
COST / UNIT	_____	_____

ii) Through Steam Turbine
/ Generator

UNITS	NIL	NIL
UNITS PER LTR OF FUEL		
OIL / GAS		
COST / UNIT		

B) CONSUMPTION PER UNIT OF PRODUCTION :

STANDARDS (If any) (1)	CURRENT YEAR (2)	PREVIOUS YEAR (3)
------------------------------	------------------------	-------------------------

Products (with details) Units

ELECTRICITY

FURNACE OIL

N.A.

N.A

N.A

COAL (Specify Quality)

OTHER (Specify)

NOTES :

- 1] Please give separate details for different products / items produced by the company and covered under these rules.
- 2] Please give reasons for variation in the consumption of power and fuel from standards of previous year.
- 3] In case of production of different varieties / specifications consumption details may be given for equivalent production.

FORM - B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY ETC. RESEARCH AND DEVELOPMENT (R & D)

1) Specific areas in which R & D is carried out by Company

1. Trials are under taken to enhance engine oil life from the usual 48000 Kms to 1 lakh Kms.
2. Introduced Diesel additive in all Trucks to enhance the life of engine components and to enhance fuel average.
3. LED clusters are fitted on some of the vehicles in place of Parking Light, Stop Light etc in place of filament lamps.
4. Research is under taken in designing various equipment to implement Telematrix and increase the utilisation of Trucks.
5. Data log and RFID is also part of this and is in advance stage.

2) Benefits derived as a result of the above R & D

1. Reduces the cost of operations
2. By using LED clusters, instead of filament lamps, in Bus coaches and Truck, the cost on auto electricals is reduced and enhance life beyond 10 years.

3) Future plan of action

A software which is keeping track of maintenance of the vehicles will go online shortly which will enable a satellite service centre to know the exact status of vehicle on the road.

4) Expenditure on R & D

- a) Capital
- b) Recurring
- c) Total
- d) Total R&D expenditure as a percentage of total turnover

- No specific allocation is made

Technology absorption, adaptation and innovation

- 1) Efforts, in brief, made towards technology absorption, adaptation.
- 2) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction.
- 3) In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished
 - a) Technology imported
 - b) Year of Import
 - c) Has technology been fully absorbed?
 - d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action

- Not Applicable -

Foreign Exchange Earning and Out go

- Nil -