

INFREIGHT LOGISTICS SOLUTIONS LIMITED

7th Annual Report 2006-07



Board of Directors

Mr.T.T.Srinivasaraghavan

Mr.Rahul Mehta

Mr.Srinivas Acharya

Mrs.Rina Rahul Mehta

Mr. Mohan Krishnan

Bankers

HDFC Bank Limited

Canara Bank

State Bank of India

Auditors

M/s.Dharmendra & Co., Mumbai
Chartered Accountants

Registered Office

21, Patullos Road
Chennai – 600 002

DIRECTORS' REPORT

Your Directors have the pleasure in presenting their 7th Annual Report together with the Audited Statement of Accounts for the year ended **March 31, 2007**.

A summarized financial results of the Company are given under:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Income from Operations	112922251	9529833
Profit/(Loss) before Depreciation and Tax:	(16601115)	(2212767)
(Add) / Less: Depreciation:	242242	133232
Provision for tax	232320	474562
Profit/ (Loss) after Tax and Carried Balance Sheet	(16591193)	(2180749)
Bal. B/F for previous year	(15045184)	(12864435)
Balance carried to B/S	(31636377)	(15045184)

OPERATIONS:

Your directors are happy to inform to you that there was a change in the business model during the year, which has resulted in a significant increase in the activities of your company.

On the basis of the work that the company has done in Logistics Operations, your company is in the process of scaling up the activities in all the areas of business that the company is involved, namely Logistics Operations, Consulting and Software and Vehicle Tracking Solutions. Your company has signed contracts with large companies in the growing retail sector, having developed expertise in handling their operations by working with select customers. Your company is also working with other logistics companies and handles their back-end transportation operations through its community development initiative. All these activities are in line with the new business model, with the existing activities such as Logistics Consultancy Services and development of Transport Management Software complementing the new activity of Logistics Services.

Your Company intends to expand the new activities of Logistics Operations by developing a community of small sized fleet owners, thereby leveraging the lower input costs and in the process also introducing standard operating procedures, in the highly fragmented trucking industry.



INFREIGHT

Logistics and beyond...

The Company will continue to focus on its Consultancy, Software and Vehicle Tracking Systems, thereby, offering complete, end-to-end business solutions in the logistics arena.

DIVIDENDS

In view of the loss incurred, your Directors have not recommended any dividend for the year under review.

FIXED DEPOSIT

Your company has neither invited nor accepted any fixed deposits from the public.

DIRECTORS

Mrs.Rina Rahul Mehta who retire by rotation and being eligible, offer herself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to sub-section (2AA) of section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- i) In the preparation of the Annual Accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments 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 of the Company for that period.
- iii) The Directors have taken proper and sufficient care 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.
- iv) The Directors have prepared the annual accounts on a going concern basis.

AUDITORS

The retiring auditor, M/s. Dharmendra & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES

The provisions of Sec. 217 (2A) of the Companies Act, 1956, read with particulars of the Employees Rules 1975 are not applicable to your company since none of the employees is employed on a remuneration of Rs.2, 00,000/- p.m. or Rs.24, 00,000/- p.a. during the year under review.

Infreight Logistics Solutions Limited



INFREIGHT

Logistics and beyond...

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The provision of Section 217 (1) (e) of the Companies (Disclosure in the Report of Board of Directors) Rules, 1988, are not applicable to your company since ours is a service industry, your company neither earned nor spent any foreign exchange during the year under review.

ACKNOWLEDGEMENT

Your directors thank all the customers, transporters, bankers and mutual funds for their continued support to your company. Your directors also places on record their appreciation of the excellent contribution made by the employees at all levels for the growth of your company.

**For and On Behalf of the Board.
For Infreight Logistics Solutions Limited.**

**T T Srinivasaraghavan
Chairman**

Place: **Chennai**
Date: **May 26, 2007**

Infreight Logistics Solutions Limited

21, Patullos Road, Chennai - 600 002. Phone : 044-32520327, 32520654 www.infreight.com

DHARMENDRA & CO.

CHARTERED ACCOUNTANTS

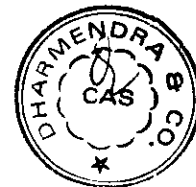
1/24, Gita Gruh, Picket Road, Mumbai-400002

Tele/Fax : 22005595, Mobile : 9322262520

Email : dcs4@vsnl.net

AUDITORS' REPORT

- 1 We have audited the attached Balance Sheet of **INFREIGHT LOGISTICS SOLUTIONS LIMITED (formerly Infreight Technologies India Limited)** ("the Company) as At 31 March 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We 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 misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. 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,(as amended by Companies (Auditor's report) Order, 2004 (together "the order") 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 of the matters specified in the 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 are 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 the examination of the books;
 - (iii) The Balance Sheet and Profit and loss Account and Cash Flow Statement dealt with by this report are in the agreement with the books of accounts of the Company;
 - (iv) In our opinion, the Balance Sheet and Profit and Loss Account and the Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31 March 2007 and taken on the record by the Board of Directors, we report that no director is disqualified as on 31 March 2007 from being appointed as a director of the Company in the terms of clause(g) of sub-section(1)of section 274 of the Companies Act ,1956; and



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- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in the conformity with the accounting principles generally accepted in India;
- i in the case of the balance Sheet , of the state of affairs of the Company as at 31 March 2007;
 - ii in the case of Profit and Loss Account, of the loss for the year ended on that date; and
 - iii in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

CHENNAI



FOR DHARMENDRA & CO.
Chartered Accountants

Dharmendra C. Shah
Dharmendra C. Shah
Proprietor
M.No. 40234

Date: 26th May, 2007

DHARMENDRA & CO.

CHARTERED ACCOUNTANTS

1/24, Gita Gruh, Picket Road, Mumbai-400002

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INFREIGHT LOGISTICS SOLUTIONS LIMITED

(Annexure 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) As explained to us all the assets have been physically verified by the management at reasonable intervals and no discrepancy was noticed on such verification.
- (c) As explained to us no substantial part of the fixed assets have been sold during the year.
- II) (a) Physical verification at reasonable intervals in respect of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (b) In our opinion 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 and as explained to us no discrepancies were noticed.
- III) (a) The Company has not granted any loan, secured or unsecured, to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (b) to (iii) (d) of paragraph 4 of the said Order are not applicable to the Company for the current year.
- (b) The Company has taken unsecured Loan (ICD) from one Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year aggregated to Rs. 2 crore and the same is repaid during the year.
- (c) In our opinion, the terms and conditions of the loan taken by the Company are not, prima facie, prejudicial to the interest of the Company.
- (d) The Company has repaid loan during the year and also interest due for the year.
- IV) In our opinion and according to the information and explanations given to us, and having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, services and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.
- V) (a) In our opinion and according to the information explanations given to us, the particulars of contract or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, there are no transactions made in pursuance of such contract or arrangements and exceeding Rs. Five lakhs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.



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- VI)** In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- VII)** In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII)** According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for any of the products of the Company.
- IX)** (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, service tax, and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax and service tax were in arrears, as at March 31, 2007 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales tax and service tax which have not been deposited on account of any dispute.
- (X)** (a) The Company has accumulated loss of Rs. 3,16,36,377/- at the end of the financial year 2006-2007 and the same is more than fifty per cent of its net worth as on 31.3.2007.
- (b) The Company has incurred cash loss during the year and also in the immediately preceding financial year.
- (XI)** In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- (XII)** In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (XIII)** The provisions of any special statute applicable to chit fund/nidhi/mutual fund benefit/societies are not applicable to the Company.
- (XIV)** In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (XV)** The Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provisions of clause 4(XV) of the Companies (Auditor's Report) Order, 2004 are not applicable to the Company.
- (XVI)** The Company has not obtained any term loans therefore, the provision of clause 4(XVI) of the Companies (Auditor's Report) Order, 2004 are not applicable to the Company.
- (XVII)** On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.



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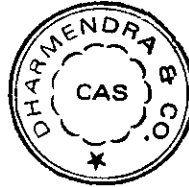
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- (XVIII) (a) The Company has made preferential issue of 40,10,000 Shares of Rs. 10 each at par to Sundaram Finance Limited, covered in the registered maintained under section 301 of Companies Act, 1956 and after such issue the said Company become holding Company.
- (b) In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- (XIX) The Company has not issued any debentures during the year.
- (XX) The Company has not raised any money by public issue during the year.
- (XXI) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

CHENNAI



FOR DHARMENDRA & CO.
Chartered Accountants

Dharmendra C. Shah
Dharmendra C. Shah
Proprietor
M.No. 40234

Date: 26th May, 2007

INFREIGHT LOGISTICS SOLUTIONS LIMITED

Formerly Infreight Technologies India Limited

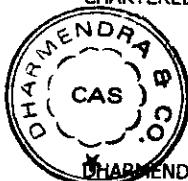
BALANCE SHEET AS AT 31st MARCH, 2007

	SCHEDULE	AS AT 31 st MARCH, 2007		AS AT 31 st MARCH, 2006	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS	1				
a. Capital		5,01,00,000.00		1,00,00,000.00	
b. Reserves and Surplus			5,01,00,000.00		1,00,00,000.00
LOAN FUNDS					
a. Secured Loans	2	1,46,58,048.00			
b. Unsecured Loans	3		1,46,58,048.00	85,00,000.00	85,00,000.00
TOTAL	TOTAL		6,47,58,048.00		1,85,00,000.00
APPLICATION OF FUNDS					
FIXED ASSETS					
a. Gross Block	4	17,59,698.82		8,40,575.00	
b. less Depreciation		8,13,565.82		5,71,323.54	
c. Net Block			9,46,133.00		2,69,251.46
INVESTMENTS					
	5		1,01,57,635.42		
CURRENT ASSETS LOANS AND ADVANCES					
a. Inventories	6	32,00,237.00		87,090.00	
b. Sundry Debtors	7	3,01,30,723.92		57,58,175.75	
c. Cash and Bank balances	8	28,69,004.05		12,91,496.94	
d. Other Current Assets & Loans & Advances	9	45,34,578.50		7,89,560.00	
		4,07,34,543.47		79,26,322.69	
CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	10	1,84,53,666.60		47,25,992.88	
Provisions	11	2,82,030.00		36,203.00	
		1,87,35,696.60		47,62,195.88	
NET CURRENT ASSETS			2,19,98,846.87		31,64,126.81
MISCELLANEOUS EXPENDITURE					
(To the extent not written off or adjusted)	12		19,056.00		21,437.74
PROFIT AND LOSS ACCOUNT					
Opening Balance		1,50,45,183.99		1,28,64,435.00	
Current Year		1,65,91,192.72		21,80,748.99	
			3,16,36,376.71		1,50,45,183.99
TOTAL	TOTAL		6,47,58,048.00		1,85,00,000.00

NOTES TO ACCOUNTS 20
Schedule 1 to 20 from an Integral Part of the Accounts

As per our Report attached of even date

FOR DHARMENDRA & CO.
CHARTERED ACCOUNTANTS



DHARMENDRA C. SHAH
Proprietor
M.NO.40234

CHENNAI
Date: May 26, 2007

FOR AND ON BEHALF OF THE BOARD
INFREIGHT LOGISTICS SOLUTIONS LIMITED

T.T. Srinivasaraghavan
T.T. SRINIVASARAGHAVAN
CHAIRMAN

Rahul Mehta
RAHUL MEHTA
MANAGING DIRECTOR

CHENNAI
Date: May 26, 2007

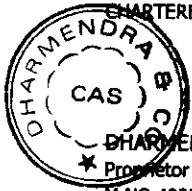
INFREIGHT LOGISTICS SOLUTIONS LIMITED
Formerly Infreight Technologies India Limited
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007

	SCHEDULE	F.Y.2006-2007	F.Y.2005-2006
		Rupees	Rupees
INCOME			
Sales & Services	13	11,23,03,756.28	95,24,737.75
Other Income	14	6,18,494.91	5,095.00
		11,29,22,251.19	95,29,832.75
Expenditure			
Cost of Goods Sold	15	8,90,013.00	51,447.10
Cost of Services	16	11,14,75,332.96	82,53,124.00
Employment Expenses	17	65,96,938.46	9,08,320.00
Administrative & Other Expenses	18	85,75,883.55	19,47,428.21
Financial Expenses	19	15,00,713.66	4,12,587.43
Depreciation	4	2,42,242.28	84,847.00
		12,92,81,123.91	1,16,57,753.74
Loss for the year before tax		(1,63,58,872.72)	(21,27,920.99)
Prior Period Adjustments		-	(4,443.00)
		(1,63,58,872.72)	(21,32,363.99)
Provision For Income Tax			
Current		-	-
Deffered		-	-
FBT		(2,32,320.00)	(48,385.00)
Loss for the year after tax		(1,65,91,192.72)	(21,80,748.99)
Balance Brought Forward		(1,50,45,183.99)	(1,28,64,435.00)
Balance Carried to Balance Sheet		(3,16,36,376.71)	(1,50,45,183.99)
EARNING PER SHARE FOR THE YEAR		(7.10)	(2.18)

NOTES TO ACCOUNTS 20
Schedule 1 to 20 from an Integral Part of the Accounts

As per our Report attached of even date

FOR DHARMENDRA & CO.
CHARTERED ACCOUNTANTS



DHARMENDRA C.SHAH
Proprietor
M.NO.40234

CHENNAI
Date: May 26, 2007

FOR AND ON BEHALF OF THE BOARD
INFREIGHT LOGISTICS SOLUTIONS LIMITED

T.T. Srinivasaraghavan

T.T.SRINIVASARAGHAVAN
CHAIRMAN

Rahul Mehta

RAHUL MEHTA
MANAGING DIRECTOR

CHENNAI
Date: May 26, 2007

INFREIGHT LOGISTICS SOLUTIONS LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2007

<u>SCHEDULE 1: SHARE CAPITAL</u>	<u>AS AT 31.03.2007</u> Rupees	<u>AS AT 31.03.2006</u> Rupees
<u>Authorised</u>		
10000000 Equity Shares of Rs 10/- each (Previous Year 1000000 Shares)	<u>10,00,00,000.00</u>	<u>1,00,00,000.00</u>
<u>Issued Subscribed and Paid Up</u>		
5010000 Equity Shares of Rs 10/- each (Previous Year 1000000 Shares)	5,01,00,000.00	1,00,00,000.00
Per Balance Sheet	<u>5,01,00,000.00</u>	<u>1,00,00,000.00</u>
 <u>SCHEDULE 2 : SECURED LOANS</u>		
Canara Bank Chennai *	<u>1,46,58,048.00</u>	-
Per Balance Sheet	<u>1,46,58,048.00</u>	-
(* Secured on Book Debts)		
 <u>SCHEDULE 3 : UNSECURED LOANS</u>		
Loan from a Company	-	<u>85,00,000.00</u>
Per Balance Sheet	<u>-</u>	<u>85,00,000.00</u>



INFREIGHT LOGISTICS SOLUTIONS LIMITED

SCHEDULE 4 : FIXED ASSETS

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31st March, 2007

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2006	Additions during the period	Deductions during the period	As at 01.04.2006	For the year	As at 31.03.2007	As at 31.03.2007	As at 31.3.2006
Furnitures & Fixtures	68,766.00	66,830.00	-	25,009.72	14,143.28	39,153.00	96,443.00	43,756.28
Computers	7,15,859.00	7,45,769.82	-	5,23,949.03	1,61,045.79	6,84,994.82	7,76,634.00	1,91,909.97
Air Conditioners	27,100.00	17,500.00	-	11,014.62	2,469.38	13,484.00	31,116.00	16,085.38
Office Equipment	28,850.00	30,166.00	-	11,350.17	5,725.83	17,076.00	41,940.00	17,499.83
Assets Less Than Rs 5000	-	58,858.00	-	-	58,858.00	58,858.00	-	-
Total as at 31.03.2007	8,40,575.00	9,19,123.82	-	5,71,323.54	2,42,242.28	8,13,565.82	9,46,133.00	2,69,251.46
Total as at 31.03.2006	7,32,435.00	1,08,140.00	-	4,86,476.54	84,847.00	5,71,323.54	2,69,251.46	2,45,958.46



INFREIGHT LOGISTICS SOLUTIONS LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2007

	<u>AS AT 31.03.2007</u> Rupees	<u>AS AT 31.03.2006</u> Rupees
<u>SCHEDULE 5 : INVESTMENTS</u>		
ABN AMRO Mutual Fund (Market Value : Rs.1,01,96,234/-) Per Balance Sheet	1,01,57,635.42 <hr/> <u>1,01,57,635.42</u>	- <hr/> <u>-</u>
<u>SCHEDULE 6 : INVENTORIES</u> (As taken valued and certified by a Director)		
Raw Materials	46,090.00	46,090.00
Finished Goods	31,54,147.00	41,000.00
Per Balance Sheet	<hr/> <u>32,00,237.00</u>	<hr/> <u>87,090.00</u>
<u>SCHEDULE 7 : SUNDRY DEBTORS</u> <u>(Unsecured, considered good)</u>		
For More than Six Months	1,25,773.00	-
Others	3,00,04,950.92	57,58,175.75
Per Balance Sheet	<hr/> <u>3,01,30,723.92</u>	<hr/> <u>57,58,175.75</u>
<u>SCHEDULE 8 : CASH AND BANK BALANCES</u>		
Cash on Hand	1,17,272.27	3,133.13
Bank Balance with Schedule Bank	27,51,731.78	12,88,363.81
Per Balance Sheet	<hr/> <u>28,69,004.05</u>	<hr/> <u>12,91,496.94</u>
<u>SCHEDULE 9 : OTHER CURRENT ASSETS & LOANS & ADVANCES</u> <u>(Unsecured, considered good)</u>		
Sales Tax Refund Receivable	3,70,000.00	5,000.00
Income Tax - (TDS on Income)	22,90,235.50	2,87,835.00
Fringe Benefit Tax Paid	1,76,881.00	
Advance for Value to be received	21,943.00	21,125.00
Staff Advances	14,419.00	-
Deposits From Customer / Given for Premises	16,61,100.00	4,75,600.00
Per Balance Sheet	<hr/> <u>45,34,578.50</u>	<hr/> <u>7,89,560.00</u>



INFREIGHT LOGISTICS SOLUTIONS LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2007

AS AT 31.03.2007
Rupees

AS AT 31.03.2006
Rupees

SCHEDULE 10 : CURRENT LIABILITIES

Sundry Creditors For Transport Charges / Goods	1,42,29,286.97	28,69,878.59
Sundry Creditors For Expenses	26,84,651.60	11,16,612.59
Statutory Liabilities	9,97,057.03	1,79,466.10
Other Liabilities	91,071.00	90,257.60
Advances Received From Customers	4,51,600.00	4,69,778.00
Per Balance Sheet	<u>1,84,53,666.60</u>	<u>47,25,992.88</u>

SCHEDULE 11 : PROVISIONS

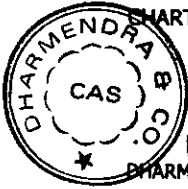
For Fringe Benefit Tax	2,82,030.00	36,203.00
Per Balance Sheet	<u>2,82,030.00</u>	<u>36,203.00</u>

SCHEDULE 12 : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Preliminary expenses	21,437.74	23,819.71
Less : Written off during the year	2,381.74	2,381.97
Per Balance Sheet	<u>19,056.00</u>	<u>21,437.74</u>

FOR DHARMENDRA & CO.
CHARTERED ACCOUNTANTS



Dharmendra C. Shah
DHARMENDRA C. SHAH
Proprietor
M.NO.40234

CHENNAI
Date: May 26, 2007

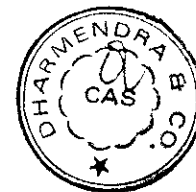
FOR AND ON BEHALF OF THE BOARD
INFREIGHT LOGISTICS SOLUTIONS LIMITED

T.T. Srinivasaraghavan *Rahul Mehta*
T.T. SRINIVASARAGHAVAN RAHUL MEHTA
CHAIRMAN MANAGING DIRECTOR

CHENNAI
Date: May 26, 2007

INFREIGHT LOGISTICS SOLUTIONS LIMITED**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007**

	F.Y. 2006-2007	Rupees F.Y. 2005-2006
SCHEDULE 13 : SALES & SERVICES		
Sales		
Sales of Products (Net of Returns)	11,78,933.60	55,000.00
Services		
Membership and Subscription	-	32,806.00
Advertising Services	-	1,00,000.00
Content Selling Charges	-	41,654.00
Consultancy Services	1,49,935.00	6,31,831.00
Transportation Charges Recd.	10,66,98,098.68	84,28,638.75
Software Development Charges	33,19,900.00	2,34,808.00
Warehouse Management Fees	9,56,889.00	-
	<u>11,11,24,822.68</u>	<u>94,69,737.75</u>
Per Profit and loss Account	<u>11,23,03,756.28</u>	<u>95,24,737.75</u>
SCHEDULE 14 : OTHER INCOME		
Dividend Received	1,99,115.48	-
Short Term Capital Gain Received	49,116.18	-
Deposit/Advances/Creditors W/Back	3,70,263.25	-
Interest on Profession Tax - Written Back	-	4,220.00
Interest on TDS Refund From I. Tax	-	875.00
	<u>6,18,494.91</u>	<u>5,095.00</u>
Per Profit and loss Account	<u>6,18,494.91</u>	<u>5,095.00</u>
SCHEDULE 15 : COST OF GOODS SOLD		
Consumption of Raw Materials		
Opening Stock	46,090.00	20,000.00
Purchases	-	64,037.10
Closing Stock	<u>(46,090.00)</u>	<u>(46,090.00)</u>
	-	37,947.10
Utilisation of Finished Goods		
Opening Stock	41,000.00	14,000.00
Purchases (Net of Returns)	40,03,160.00	40,500.00
Closing Stock	<u>(3,154,147.00)</u>	<u>(41,000.00)</u>
	<u>890,013.00</u>	<u>13,500.00</u>
Per Profit and loss Account	<u>890,013.00</u>	<u>51,447.10</u>
SCHEDULE 16 : COST OF SERVICES		
Transportation Charges	10,97,91,245.96	82,25,709.00
Service Charges (Warehousing)	1,56,337.00	27,415.00
Software Charges Paid	11,65,000.00	-
Loading-Unloading Charges	<u>3,62,750.00</u>	<u>-</u>
	<u>11,14,75,332.96</u>	<u>82,53,124.00</u>
Per Profit and loss Account	<u>11,14,75,332.96</u>	<u>82,53,124.00</u>
SCHEDULE 17 : EMPLOYMENT EXPENSES		
Salary and Allowances	61,64,280.00	8,63,320.00
Contribution to PF	2,31,518.00	-
Stipend	-	12,000.00
House Rent Allowance	-	33,000.00
Staff Welfare	<u>2,01,140.46</u>	<u>-</u>
	<u>65,96,938.46</u>	<u>9,08,320.00</u>
Per Profit and loss Account	<u>65,96,938.46</u>	<u>9,08,320.00</u>



INFREIGHT LOGISTICS SOLUTIONS LIMITED**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007**

	F.Y.2006-2007	Rupees F.Y.2005-2006
SCHEDULE 18 : ADMINISTRATION & OTHER EXPENSES		
Rent	7,65,654.00	2,56,355.00
Insurance	84,759.00	-
Telephone Expnses	9,14,742.33	1,93,393.52
Printing & Stationery	2,13,134.60	34,766.61
Local Travelling	17,36,533.87	2,93,403.33
Foreign Travelling	-	51,979.25
Professional Fees / Retainership Fees	3,42,490.00	5,56,174.00
Service Charges Paid	18,75,917.00	-
Advertisement	2,59,015.57	81,980.00
Recruitment Expenses	2,35,949.00	-
Office Expenses	1,48,319.50	14,622.50
Auditors Fees	60,000.00	33,672.00
Repairs to Furniture,Computers & Others	79,912.32	42,330.00
Electricity Expenses	1,04,083.00	2,480.00
Conveyance	4,11,240.60	1,52,661.83
Commission & Brokerage	83,548.00	-
Miscellaneous Expenses	1,77,748.20	99,596.20
Post and telegram Expenses	24,791.00	6,118.00
Rate Difference/Discounts	1,90,298.56	-
ROC Fees & Stampduty	6,45,115.00	-
Vehicle Expenses	89,323.26	4,800.00
Web Hosting Charges	1,30,927.00	1,20,714.00
Preliminary Expenses	2,381.74	2,381.97
Per Profit and loss Account	<u>85,75,883.55</u>	<u>19,47,428.21</u>

SCHEDULE 19: FINANCIAL EXPENSES

Bill Discounting charges to SFL	-	30,766.00
Bank charges	1,23,360.66	14,124.43
Interest on Loans	13,77,353.00	3,67,697.00
Per Profit and loss Account	<u>15,00,713.66</u>	<u>4,12,587.43</u>

Signature to Schedules 1 to 19

FOR DHARMENDRA & CO.
CHARTERED ACCOUNTANTSDharmendra C. Shah
Proprietor
M.NO.40234CHENNAI
DATE: May 26, 2007FOR AND ON BEHALF OF THE BOARD
INFREIGHT LOGISTICS SOLUTIONS LIMITEDT.T.SRINIVASARAGHAVAN
CHAIRMANRahul Mehta
MANAGING DIRECTORCHENNAI
DATE: May 26, 2007

INFREIGHT LOGISTICS SOLUTIONS LIMITED
Formerly Infreight Technologies India Limited

Schedule – 20

Notes to Accounts

1. Significant Accounting Policies:

1.1. Accounting Concepts:

The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis. The accounts are prepared on historical cost basis as a going concern. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles.

1.2. Fixed Assets:

Fixed Assets are recorded at cost of acquisition inclusive of freight, duties, taxes and incidental expenses related to acquisition.

1.3. Depreciation:

Depreciation is being charged on the Fixed Assets on the written down value method in accordance with the provisions of Schedule XIV of the Companies Act, 1956 and assets less than Rs.5, 000/- are written off in the year of purchase.

1.4. Impairment of Fixed Assets:

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exists or has decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

1.5. Inventories:

Inventories of raw materials and finished goods are valued as under:

Raw Materials

At Cost on FIFO basis.

Finished Goods

At lower of cost and net realisable value



INFREIGHT LOGISTICS SOLUTIONS LIMITED
Formerly Infreight Technologies India Limited

Schedule – 20

Notes to Accounts

1.6. **Revenue Recognition:**

Sales of Products are recorded when significant risks and rewards of ownership of products are passed on to the customers. Sales are stated at contractual realisable values, net of value added tax and inclusive of resale sales tax and trade discounts and returns if any.

Revenue from software development, which are generally time bound fixed price contract is recognised over the life of the contract using the proportionate completion method, with contract cost determining the degree of completion.

Services other than above are recognised on completion, net of service tax.

1.7. **Expenditure:**

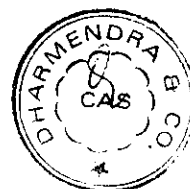
Expenses are accounted on accrual basis and provision is made for all known losses and liabilities. Software development charges payable on proportionate completion method.

1.8. **Taxation:**

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

1.9. **Preliminary Expenses:**

Preliminary Expenses are amortised in equated instalments over a period of 10 years.



INFREIGHT LOGISTICS SOLUTIONS LIMITED
Formerly Infreight Technologies India Limited

Schedule – 20

Notes to Accounts

1.10 **Investments:**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost. However provision for diminution in value, if any, is made to recognise a decline other than temporary in the value of investments.

1.11 **Earning Per Share:**

Earning per share has been shown under part VI of Schedule VI to the Companies Act, 1956. This complies with the requirement laid down by the accounting standard 20.

2. Balances appearing to the debit or credit of various parties and stocks with the third parties (on consignment sale or for manufacturing) are subject to confirmation.

3. **Payment to auditors**

		Current Period(Rs.)		Previous Year(Rs.)
	Statutory Audit Fees	40,000		22,448
	Tax Audit Fees	20,000		11,224
	Total	60,000		33,672
4	Contingent liabilities not provided for (Bills Discounted Balance with SFL)	Nil		5,62,288
5.	Estimated amount of contracts remaining to be Executed on Capital account and not provided for.	Nil		Nil
6.	Remuneration to Directors	10,06,831		Nil
7.	<u>Value of Raw Materials Consumed:</u>			
			%	
	Indigenous	100	Nil	100
	Imported	100	Nil	--
	Total		Nil	2,947



8. **Expenditure in Foreign Currency:**

(On accrual basis)

Foreign Travel	Nil	12,599
Total	Nil	12,599

Import in Foreign Exchange: Nil Nil

9. Earning in Foreign Exchange: Nil Nil

(FOB value of Export)

10. Previous year figures are regrouped / rearranged wherever possible and necessary so as to conform to the current year's classification.

11. The company does not owe any sum to any small scale industrial unit as defined in clause (j) of Section 3 of the Industrial (Development & Regulation) Act, 1951.

12. In the opinion of the board, the Current Assets, Loans and advances are approximately of the value stated, if realised, in the ordinary course of business.

13. Segment Reporting as required under Accounting Standard 17 is not applicable as Company's major activity being Transport Services and revenue from other activity such as software development and management of warehouses is less than 10% of total revenue.

14.

Earning Per Share

	<u>F.Y.2006-2007</u>	<u>F.Y.2005-2006</u>
Net (Loss) after tax	(1,65,91,193)	(21,80,749)
Weighted average outstanding equity shares considered for basic & diluted EPS (Nos.)	23,36,667	10,00,000
Earning per share Basic & Diluted	(7.10)	(2.18)
Nominal value per share	10	10

15. The name of the company has changed from "Infreight Technologies India Limited" to Infreight Logistics Solutions Limited with effect from 10th November, 2006.



INFREIGHT LOGISTICS SOLUTIONS LIMITED

Related Party Disclosures, as stipulated by Accounting Standard 18 - "Related Party disclosures", issued by ICAI are given below :

Holding Company

Sundaram Finance Limited

Subsidiary Companies

Sundaram Finance Distribution Ltd
Sundaram Home Finance Ltd
Sundaram BNP Paribas Asset Management Co Ltd
Sundaram BNP Paribas Trustee Co Ltd
LGF Services Ltd
Sundaram Infotech Solutions Ltd
Sundaram Business Services Ltd

Associates

Axles India Ltd
Turbo Energy Ltd
Trans Energy Ltd
Sundaram Dynacast Ltd
Sundaram Mutual Fund
Sundaram Medical Foundation
Professional Management consultants P Ltd.(Associate of SBSL)

Joint Venture

Royal Sundaram Alliance Insurance Co Ltd
Guif Outsourcing Services P Ltd.(JV of SBSL)

Name of related parties and description of relationship

Holding Company	Sundaram Finance Limited
Key Management Personnel	Mr.Rahul Mehta , M D
Relative of Key Management Personnel	Mrs.Rina Mehta , Director
Associates Concerns	Sundaram BNP Paribas Mutual Fund
Other Related Parties	Nil

Details of transactions with above related parties for F.Y.2006-2007

Particulars	Holding Co.	Associates Co.	Key Management Personnel	Relative of Key Management Personnel	Total Related Parties
Issue of Shares	4,01,00,000.00	-	-	-	4,01,00,000.00
Loan taken	2,00,00,000.00	-	-	-	2,00,00,000.00
Loan repaid	2,07,61,643.00	-	-	-	2,07,61,643.00
Interest Paid	7,61,643.00	-	-	-	7,61,643.00
Rent Paid	1,05,000.00	-	-	-	1,05,000.00
Directors Remunearitions	-	-	10,06,831.00	-	10,06,831.00
Balance at year end payable (Rent)	1,05,000.00	-	-	-	1,05,000.00
Investment in MF	-	25,00,000.00	-	-	25,00,000.00
Redemption of Investment	-	25,49,116.00	-	-	25,49,116.00
Salary Paid	-	-	4,93,500.00	-	4,93,500.00
SFL- Fleet Card used	1,33,50,799.00				1,33,50,799.00
Balance at year end payable (SFL Fleet Card)	11,95,713.00				11,95,713.00
Interest on Fleet card Payment	4,000.00				4,000.00



INFREIGHT LOGISTICS SOLUTIONS LIMITED (Quantitative Information for Y.E.31.3.2007)
FY 2006-2007 **FY 2005-2006**

Opening Stock

<u>Class of Goods</u>	<u>Qty.</u>	<u>Value (Rs.)</u>	<u>Qty.</u>	<u>Value (Rs.)</u>
VTS VU-9101	4	41,000	2	14,000
GPS	4	20,000	4	20,000
Excel Power BA	1	6,385	-	-
PCBs	71	7,146	-	-
Push Button TEL	15	4,650	-	-
Sheet Metal Box	50	7,909	-	-
		<u>87,090</u>		<u>34,000</u>

Purchases (Inclusive of VAT and exclusive of Returns)

<u>Class of Goods</u>	<u>Qty.</u>	<u>Value (Rs.)</u>	<u>Qty.</u>	<u>Value (Rs.)</u>
Adopter	-	-	2	650
Components	-	-	-	1,639
Excel Power Battery	-	-	1	6,385
VTS STEPP - II	280	45,93,160	-	-
VTS VU -9101	-	-	3	40,500
GSM Module	-	-	2	35,000
PCBs	-	-	72	7,804
Push Button Telephone	-	-	15	4,650
Sheet Metal Box	-	-	50	7,909
		<u>45,93,160</u>		<u>1,04,537</u>

Sales (Inclusive of Resale Tax and Exclusive of Returns)

VTS-VU-9101	-	-	1	14,000
VTS STEPP - II	80	14,80,013	-	-
GSM Modem	-	-	2	41,000
		<u>14,80,013</u>		<u>55,000</u>

Closing Stock

VTS STEPP - II	200	31,13,147	-	-
VTS VU-9101	4	41,000	4	41,000
GPS	4	20,000	4	20,000
Excel Power BA	1	6,385	1	6,385
PCBs	71	7,146	71	7,146
Push Button TEL	15	4,650	15	4,650
Sheet Metal Box	50	7,909	50	7,909
		<u>32,00,237</u>		<u>87,090</u>



FOR AND ON BEHALF OF THE BOARD
 INFREIGHT LOGISTICS SOLUTIONS LIMITED

T.T. Srinivasaraghavan
 T.T. Srinivasaraghavan
 CHAIRMAN

Rahul Mehta
 Rahul Mehta
 MANAGING DIRECTOR

Chennai,
 Date: 26th May, 2007

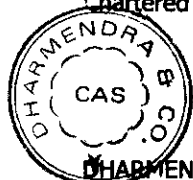
INFREIGHT LOGISTICS SOLUTIONS LIMITED

V ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI
TO COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE FOR F.Y.2006-2007

a) <u>Registration details</u>	State code : 11
Registration No.:	U72900MH2000PLC126116
Balance Sheet date :	31-03-2007
b) <u>Capital raised during the year</u>	
Public issue	NIL
Rights issue	NIL
Bous issue	NIL
Private Placement	40,100.00
c) <u>Position of Mobilisation and Deployment of Funds</u>	Rs. '000
Total Liabilities	64,758.05
Total Assets	64,758.05
Sources of Funds	
Share Capital	50,100.00
Reserves & Surplus	NIL
Secured Loans	14,658.05
Unsecured Loans	NIL
Application of Funds	
Net Fixed Assets	946.13
Investments	10,157.64
Net Current Assets	21,998.85
Miscellaneous Expenditure	19.06
Accumalated Losses	31,636.38
d) <u>Performance of the Company</u>	
Turnover(including Other Income)	1,12,922.25
Total Expenditure	1,29,281.12
Profit before Tax	(16,358.87)
Profit after Tax	(16,591.19)
Earnings per share in Rs.	(7.10)
Dividend rate %	NIL
e) <u>Generic names of principal products of the Company</u>	
Item Code No. (ITC Code)	N.A.
Product Description	N.A.

FOR M/S. DHARMENDRA & CO.
Chartered Accountants



Dharmendra C. Shah
DHARMENDRA C.SHAH
Proprietor
M.NO.40234

CHENNAI
DATE: May 26, 2007

FOR INFREIGHT LOGISTICS SOLUTIONS LIMITED

T.T. Srinivasaraghavan
T.T.SRINIVASARAGHAVAN
CHAIRMAN

Bahul Mehta
BAHUL MEHTA
MANAGING DIRECTOR

CHENNAI
DATE: May 26, 2007

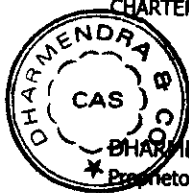
INFREIGHT LOGISTICS SOLUTIONS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007.

	F.Y.2006-2007	F.Y.2005-2006	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax and prior period adjustments	(16,591,192.72)	(2,180,748.99)	
Adjustment for:			
Depreciation	2,42,242.28	84,847.00	
Provisions for Fring Benefit Tax	2,32,320.00	48,385.00	
Interest Expenses (Including Finance Expenses)	15,00,713.66	4,12,587.43	
Dividend Income	(1,99,115.48)	-	
Profit on sale of Investments	49,116.18	-	
Preliminary Expenses	2,381.74	2,381.97	
Loss on Investments	-	-	
	<u>1,729,426.02</u>	<u>5,48,201.40</u>	
Operating Profit before Working Capital Changes			
Adjustment for:			
Trade and Other Receivables	(2,43,72,548.17)	(56,68,715.75)	
Inventories	(31,13,147.00)	53,090.00	
Trade Payables and Other Liabilities	137,41,180.72	27,43,631.08	
Loans & Advances & Other Current Assets	(35,81,644.50)	(6,43,822.30)	
Fringe Benefit Tax Paid	(1,63,374.00)	12,182.00	
	<u>(1,74,89,532.95)</u>	<u>(36,34,178.97)</u>	
Cash Generated form Operating Activities- A	<u>(3,23,51,299.65)</u>	<u>(52,66,726.56)</u>	
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Asstes	(9,19,123.82)	(1,08,140.00)	
Purchase of Investments	(1,26,57,635.42)	-	
Sale of Investments	25,00,000.00	-	
Short Term Capital Gain	49,116.18	-	
Dividend Received	1,99,115.48	-	
Net Cash used in Investing Activities - B	<u>(10,828,527.58)</u>	<u>(1,08,140.00)</u>	
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds From Issue of Share Capital	4,01,00,000.00	-	
Repayment of Short Term Borrowings	(85,00,000.00)	(14,95,579.95)	
Proceeds From Working Capital Loan	1,46,58,048.00	85,00,000.00	
Interest Expenses (Including Finance Expenses)	(15,00,713.66)	(4,12,587.43)	
Net Cash flow from Financing Activities - C	<u>4,47,57,334.34</u>	<u>65,91,832.62</u>	
Net Increase/Decrease in Cash and Cash equivalents (A+B+C)	<u>15,77,507.11</u>	<u>12,16,966.06</u>	
Cash and cash equivalents (Opening balances)	<u>12,91,496.94</u>	<u>74,530.88</u>	
Cash and cash equivalents (Closing balances)	<u>28,69,004.05</u>	<u>12,91,496.94</u>	

As per our Report attached of even date

FOR DHARMENDRA & CO.
CHARTERED ACCOUNTANTS



DHARMENDRA C. SHAH
Proprietor
M.NO.40234

CHENNAI
Date: May 26, 2007

FOR AND ON BEHALF OF THE BOARD
INFREIGHT LOGISTICS SOLUTIONS LIMITED

T.T.SRINIVASARAGHAVAN
CHAIRMAN

RAHUL MEHTA
MANAGING DIRECTOR

CHENNAI
Date: May 26, 2007