

INFREIGHT LOGISTICS SOLUTIONS LIMITED

9th Annual Report 2008-09



Board of Directors

T. T. Srinivasaraghavan

Rahul Lalbhai Mehta

Managing Director

Srinivas Acharya

Rina Rahul Mehta

Mohan Krishnan

Audit Committee

T. T. Srinivasaraghavan

Srinivas Acharya

Rahul Lalbhai Mehta

Secretary

P. N. Srikant

Bankers

HDFC Limited

State Bank of India

Canara Bank

UCO Bank

Auditors

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

Registered Office

21, Patullos Road
Chennai 600 002

INFREIGHT LOGISTICS SOLUTIONS LIMITED

A subsidiary of



SUNDARAM FINANCE LIMITED

Contents

Director's Report	4
Auditor's Report	5
Balance Sheet	8
Profit and Loss Account	9
Schedules	10
Balance Sheet Abstract and Company's General Business Profile	21
Cash Flow Statement	22

Directors' Report

Your Directors have pleasure in presenting the Ninth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2009.

The summarised financial results of the Company are given hereunder:

(Rs. in lakhs)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Total Income	3063.29	3025.77
Total Expenditure	3427.35	3233.05
Loss before Tax	(364.06)	(207.28)
Prior Period Adjustments	0.29	2.15
Taxation	(3.85)	(4.40)
Loss after Tax	(367.62)	(209.53)

REVIEW OF OPERATIONS

During the year, your Company achieved a turnover of Rs.30.63 Crores, against Rs.30.26 Crores in the previous year.

The last financial year was one of major ups and downs for your Company. Your Company started the year with an ambitious expansion plan, commensurate with the positive sentiment in the industry and started expanding its network and team accordingly, to take on this challenge. However, the Global recession and the consequent slowdown in the Indian economy, not only put paid to your company's expansion plans but forced it into a rationalization and cost reduction mode. As the slowdown was significant, your Company was faced with drastically reduced volumes of business from many of its customers and also delayed collections of its receivables, rendering many contracts unviable. The Company took a conscious decision to shed its loss making customers and also cut back its infrastructure to a sustainable level. Your Company has increased its focus on developing 3PL project business as also on more efficient supply side management and optimisation of resources. Based on these initiatives, your Company is confident of an improved performance in the current year.

DIRECTORS

Sri T. T. Srinivasaraghavan, Director, retires by rotation and, being eligible, offers himself for re-election. Necessary resolution is submitted for your approval.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) they 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 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 the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) they have prepared the annual accounts on a going-concern basis.

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

Your Company has no activity relating to conservation of energy or technology absorption. Your Company did not have any foreign exchange earnings or outgo during the year.

PERSONNEL

None of the employees of the Company is in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956.

DEPOSITS

Your Company has not accepted any public deposit during the period under review.

AUDITORS

M/s Dharmendra & Co, Chartered Accountants, Mumbai, retire and are eligible for reappointment. A certificate under Section 224(1B) of the Companies Act, 1956 has been received from them.

ACKNOWLEDGEMENT

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

T.T. Srinivasaraghavan
Rahul Lalbhai Mehta
Srinivas Acharya
Directors

Chennai 600 002
18th May 2009

Auditors' Report

To the Members of M/s. Infreight Logistics Solutions Limited

- 1 We have audited the attached Balance Sheet of INFREIGHT LOGISTICS SOLUTIONS LIMITED (formerly Infreight Technologies India Limited) ("the Company") as at 31 March 2009 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 2009 and taken on the record by the Board of Directors, we report that no director is disqualified as on 31 March 2009 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
 - 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 2009;
 - 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.

For **Dharmendra & Co.**
Chartered Accountants
Dharmendra C. Shah
Proprietor
M.No. 40234

Place : Chennai
Date : 18th May, 2009

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 is 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 not taken 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) (e) to (iii) (g) of paragraph 4 of the said Order are not applicable to the Company for the current year.
- IV) In our opinion and according to the information and explanations given to us, 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 control system.
- V) According to information & explanations given to us, there are no transactions made in pursuance of contracts or arrangements that need to be entered in to the register maintained under Section 301 of the Companies Act, 1956.
- 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.
- 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, 2009 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. 8,93,51,409/- at the end of the financial year 2008 -2009 and the same is more than fifty per cent of its net worth as on March 31, 2009.
- (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) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they have been obtained.
- 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.
- XVIII) The Company has not made any preferential allotment of shares to parties and companies, covered in the register maintained under Section 301 of Companies Act, 1956.
- 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, except details given in the Note No.16 of Schedule 19, Notes to Accounts no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **Dharmendra & Co.**

Chartered Accountants

Dharmendra C. Shah

Proprietor

M.No. 40234

Place : Chennai

Date : 18th May, 2009

Balance Sheet

as at 31st March, 2009

	Schedule	31.03.2009 Rs.	31.03.2008 Rs.
<u>SOURCES OF FUNDS</u>			
Shareholders' Funds			
a. Capital	1	5,01,00,000.00	5,01,00,000.00
b. Reserves and Surplus		— 5,01,00,000.00	— 5,01,00,000.00
Loan Funds			
a. Secured Loans	2	5,93,81,748.78	4,88,59,612.49
b. Unsecured Loans	3	5,00,69,676.00	2,46,00,000.00
		<u>10,94,51,424.78</u>	<u>7,34,59,612.49</u>
Total		<u>15,95,51,424.78</u>	<u>12,35,59,612.49</u>
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
a. Gross Block	4	80,22,973.82	61,95,429.82
b. Less: Depreciation		<u>35,32,880.87</u>	<u>18,60,952.82</u>
c. Net Block		44,90,092.95	43,34,477.00
Investments			
		—	—
Current Assets, Loans and Advances			
a. Inventories	5	13,14,000.00	13,14,000.00
b. Sundry Debtors	6	7,67,41,792.37	9,47,47,723.14
c. Cash and Bank balances	7	15,72,986.50	17,46,327.64
d. Other Current Assets & Loans & Advances	8	1,68,21,474.81	1,13,84,219.37
		<u>9,64,50,253.68</u>	<u>10,91,92,270.15</u>
Current Liabilities and Provisions			
Current Liabilities	9	2,96,47,594.42	4,18,51,285.03
Provisions	10	11,07,030.00	7,22,030.00
		<u>3,07,54,624.42</u>	<u>4,25,73,315.03</u>
Net Current Assets		6,56,95,629.26	6,66,18,955.12
Miscellaneous Expenditure (To the extent not written off or adjusted)	11	14,294.00	16,675.00
Profit and Loss Account			
Opening Balance		5,25,89,505.37	3,16,36,376.71
Current Year		<u>3,67,61,903.20</u>	<u>2,09,53,128.66</u>
		8,93,51,408.57	5,25,89,505.37
Total		<u>15,95,51,424.78</u>	<u>12,35,59,612.49</u>
Notes to Accounts	19		

As per our report of even date attached

For **Dharmendra & Co.**
Chartered Accountants

Dharmendra C.Shah
Proprietor
Chennai
18th May, 2009

T. T. Srinivasaraghavan
Chairman

Rahul Mehta
Managing Director

P. N. Srikant
Secretary

Profit and Loss Account

for the year ended 31st March 2009

	Schedule	2008-09 Rs.	2007-08 Rs.
<u>INCOME</u>			
Sales & Services	12	30,46,19,211.74	30,25,77,117.47
Other Income	13	17,09,337.48	—
		30,63,28,549.22	30,25,77,117.47
<u>EXPENDITURE</u>			
Cost of Goods Sold	14	—	18,86,237.00
Cost of Services	15	28,49,14,081.00	27,49,19,021.98
Employment Expenses	16	2,22,16,941.45	1,88,38,933.23
Administrative & Other Expenses	17	2,26,41,708.04	2,02,42,572.77
Financial Expenses	18	1,12,89,900.28	63,71,115.35
Depreciation	4	16,71,928.05	10,47,387.00
		34,27,34,558.82	32,33,05,267.33
Loss for the year before tax		(3,64,06,009.60)	(2,07,28,149.86)
Prior Period Adjustments		29,106.40	(2,15,021.20)
		(3,63,76,903.20)	(2,05,13,128.66)
Provision For Income Tax			
— Current		—	—
— Deferred		—	—
— FBT		(3,85,000.00)	(4,40,000.00)
Loss for the year after tax		(3,67,61,903.20)	(2,09,53,128.66)
Balance Brought Forward		(5,25,89,505.37)	(3,16,36,376.71)
Balance Carried to Balance Sheet		(8,93,51,408.57)	(5,25,89,505.37)
Earnings per share for the Year		(7.34)	(4.18)
Notes to Accounts	19		

As per our report of even date attached

For **Dharmendra & Co.**
 Chartered Accountants
Dharmendra C. Shah
 Proprietor
 Chennai
 18th May, 2009

T. T. Srinivasaraghavan
 Chairman
Rahul Mehta
 Managing Director
P. N. Srikant
 Secretary

SCHEDULES

(In Rupees)

	31.03.2009	31.03.2008
1 Share Capital		
Authorised Capital		
1,00,00,000 Equity Shares of Rs 10/- each (Previous Year 1,00,00,000 Shares)	<u>10,00,00,000.00</u>	<u>10,00,00,000.00</u>
Issued Subscribed and Paid Up		
50,10,000 Equity Shares of Rs 10/- each (Previous Year 50,10,000 Shares)	5,01,00,000.00	5,01,00,000.00
Per Balance Sheet	<u>5,01,00,000.00</u>	<u>5,01,00,000.00</u>
2 Secured Loans		
Canara Bank Chennai *	5,86,01,818.78	4,76,98,386.49
Hire purchase Car Loan from SFL	7,79,930.00	11,61,226.00
Per Balance Sheet	<u>5,93,81,748.78</u>	<u>4,88,59,612.49</u>
(* Secured on Book Debts)		
3 Unsecured Loans		
Loan from Holding Company	3,57,03,052.00	2,00,00,000.00
Loan from Companies	1,43,66,624.00	46,00,000.00
Per Balance Sheet	<u>5,00,69,676.00</u>	<u>2,46,00,000.00</u>

(in Rs.)

4. Fixed Assets

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2008	Additions during the year	Deductions during the year	As at 31.03.2009	As at 01.04.2008	For the year	As at 31.03.2009	As at 31.03.2008
Furnitures & Fixtures	12,14,774.00	75,151.00	(13,251.00)	12,76,674.00	1,73,137.00	1,97,188.75	9,06,348.25	10,41,657.00
Computers	27,49,714.82	16,47,292.00	-	43,97,006.82	12,98,323.82	10,29,386.26	20,69,296.74	14,51,391.00
Air Conditioners	3,46,805.00	42,524.00	-	3,89,329.00	51,488.00	46,212.33	2,91,628.67	2,95,317.00
Office Equipment	2,18,590.00	60,880.00	-	2,79,470.00	32,133.00	33,137.29	2,14,199.71	1,86,457.00
Motor Car	15,11,346.00	-	-	15,11,346.00	1,51,671.00	3,51,055.42	10,08,619.58	13,59,675.00
Assets Less Than Rs 5000	1,54,200.00	17,773.00	(2,825.00)	1,69,148.00	1,54,200.00	14,948.00	-	-
Total as at 31.03.2009	61,95,429.82	18,43,620.00	(16,076.00)	80,22,973.82	18,60,952.82	16,71,928.05	44,90,092.95	43,34,477.00
Total as at 31.03.2008	17,59,698.82	44,35,731.00	-	61,95,429.82	8,13,565.82	10,47,387.00	43,34,477.00	9,46,133.00

(In Rupees)

SCHEDULES

	31.03.2009	31.03.2008
5 Inventories		
(As taken valued and certified by a Director)		
Raw Materials	—	—
Finished Goods	13,14,000.00	13,14,000.00
Per Balance Sheet	<u>13,14,000.00</u>	<u>13,14,000.00</u>
6 Sundry Debtors		
(Unsecured, considered good)		
For More than Six Months	3,29,17,914.97	36,72,419.58
Others	4,38,23,877.40	9,10,75,303.56
Per Balance Sheet	<u>7,67,41,792.37</u>	<u>9,47,47,723.14</u>
7 Cash and Bank Balances		
Cash on Hand	1,38,650.76	5,60,712.75
Bank Balance with Scheduled Banks		
Current Account	14,20,863.89	11,73,114.89
Deposit Account	13,471.85	12,500.00
Per Balance Sheet	<u>15,72,986.50</u>	<u>17,46,327.64</u>
8 Other Current Assets & Loans & Advances		
(Unsecured, considered good)		
Sales Tax Refund Receivable	2,12,634.62	1,58,451.62
Income Tax - (TDS on Income)	1,14,52,753.61	59,51,777.23
Fringe Benefit Tax Paid	11,88,487.00	7,38,487.00
Advance recoverable in cash or kind or for value to be received	25,07,037.58	22,00,689.52
Staff Advances	1,07,412.00	4,85,214.00
Deposits with Customer / Given for Premises / Others	13,53,150.00	18,49,600.00
Per Balance Sheet	<u>1,68,21,474.81</u>	<u>1,13,84,219.37</u>

SCHEDULES

(In Rupees)

	31.03.2009	31.03.2008
9 Current Liabilities		
Sundry Creditors For Transport Charges / Goods	2,08,27,938.85	3,41,93,106.69
Sundry Creditors For Expenses	75,09,253.22	49,99,513.32
Statutory Liabilities	8,10,010.35	18,91,065.02
Other Liabilities	–	91,071.00
Advances Received From Customers	5,00,392.00	6,76,529.00
Per Balance Sheet	<u>2,96,47,594.42</u>	<u>4,18,51,285.03</u>
10 Provisions		
For Fringe Benefit Tax	11,07,030.00	7,22,030.00
Per Balance Sheet	<u>11,07,030.00</u>	<u>7,22,030.00</u>
11 Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Preliminary expenses	16,675.00	19,056.00
Less : Written off during the year	2,381.00	2,381.00
Per Balance Sheet	<u>14,294.00</u>	<u>16,675.00</u>

(In Rupees)

SCHEDULES

	2008-09	2007-08
12 Sales & Services		
Sales		
Sales of Products (Net of Returns)	–	16,92,387.00
Services		
Maintenance Charges for VTS Units	2,46,400.00	5,71,900.00
Transportation Charges Recd.	28,36,71,696.48	28,89,24,542.49
Software Development Charges & Consultancy	25,52,500.00	29,31,497.38
Software Maintenance Charges	2,95,000.00	–
Warehouse/Transport Management Fees	1,78,53,615.26	84,56,790.60
	<u>30,46,19,211.74</u>	<u>30,08,84,730.47</u>
Per Profit and loss Account	<u>30,46,19,211.74</u>	<u>30,25,77,117.47</u>
13 Other Income		
Interest on Income Tax Refund	76,723.00	–
Deposit/Advances/Creditors W/Back	16,32,614.48	–
	<u>17,09,337.48</u>	<u>–</u>
Per Profit and loss Account	<u>17,09,337.48</u>	<u>–</u>
14 Cost of Goods Sold		
<u>Consumption of Raw Materials</u>		
Opening Stock	–	46,090.00
Purchases	–	–
Closing Stock	–	–
	<u>–</u>	<u>46,090.00</u>
<u>Utilisation of Finished Goods</u>		
Opening Stock	13,14,000.00	31,54,147.00
Purchases (Net of Returns)	–	–
Closing Stock	(13,14,000.00)	(13,14,000.00)
	<u>–</u>	<u>18,40,147.00</u>
Per Profit and loss Account	<u>–</u>	<u>18,86,237.00</u>
15 Cost of Services		
Transportation Charges	26,08,91,116.11	26,24,54,938.34
Service Charges (Warehousing)	1,33,62,641.00	49,25,609.00
Software Charges	6,84,453.00	8,79,740.00
Software Maintenance Charges	1,65,957.00	–
Maintenance Charges for VTS Units	–	6,42,950.00
Halting & Detention & Other Charges	26,62,280.70	5,09,952.00
Loading-Unloading Charges	54,50,847.00	37,42,067.17
Toll & Escort Charges	2,68,870.00	4,27,518.00
Warehouse Rent	36,000.00	72,000.00
Rate Difference/Discount/Damages	13,91,916.19	12,64,247.47
	<u>28,49,14,081.00</u>	<u>27,49,19,021.98</u>
Per Profit and loss Account	<u>28,49,14,081.00</u>	<u>27,49,19,021.98</u>

SCHEDULES

(In Rupees)

16 Employment Expenses

	2008-09	2007-08
Salary and Allowances	1,94,02,170.00	1,61,76,876.98
Bonus	8,48,033.00	9,50,875.00
Contribution to PF	10,08,688.45	8,08,116.00
Contribution to Gratuity Fund	33,826.00	6,27,650.00
Labour Welfare Fund	1,528.00	818.00
Medical Reimbursement	3,16,422.00	-
Leave Travel Allowance	2,53,874.00	-
Staff Welfare	3,52,400.00	2,74,597.25

2,22,16,941.45

1,88,38,933.23

Per Profit and loss Account
2,22,16,941.45
1,88,38,933.23
17 Administration & Others Expenses

Rent	18,86,424.00	18,71,963.00
Insurance	55,539.00	27,504.00
Electricity Expenses	5,65,833.00	5,43,292.43
Telephone Expenses	20,89,032.15	20,71,760.85
Printing & Stationery	4,59,430.67	5,71,934.35
Local Traveling Fare	12,81,209.42	15,35,069.00
Local Traveling Lodging & Boarding	5,79,460.00	12,33,670.11
Professional Fees / Retainership Fees	2,06,947.00	2,58,916.00
Service Charges Paid	1,11,88,266.00	81,66,344.98
Advertisement	45,265.00	56,873.00
Recruitment & Training Expenses	1,88,563.00	1,03,056.00
Office Expenses	6,26,666.50	4,91,005.00
Auditors Remuneration	1,10,300.00	1,00,000.00
Repairs & Maintenance:		
Furniture	20,685.00	450.00
Machinery	1,09,154.00	37,466.00
Car	2,01,930.00	1,26,947.40
Others	1,15,306.00	2,42,185.96

4,47,075.00

4,07,049.36

Conveyance	16,70,000.79	15,38,020.25
Commission & Brokerage	1,75,692.00	79,366.00
Miscellaneous Expenses	2,31,793.42	2,87,503.96
Post and Telegram Expenses	2,19,999.90	1,17,829.64
Web Hosting/Internet Charges	4,14,486.72	1,81,863.00
Sales Promotion Expenses	1,97,343.47	5,11,854.00
Short Term Capital Loss	-	85,316.84
Preliminary Expenses	2,381.00	2,381.00

Per Profit and loss Account
2,26,41,708.04
2,02,42,572.77
18 Financial Expenses

Bill Discounting charges	-	6,326.00
Bank charges	4,01,445.28	1,63,137.35
Interest on Loans	1,08,88,455.00	62,01,652.00
Per Profit and loss Account	<u>1,12,89,900.28</u>	<u>63,71,115.35</u>

SCHEDULES

19. NOTES TO THE 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 at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5000 or less acquired during the year are fully depreciated.

1.4 Impairment of Fixed Assets:

The Carrying Amount of assets are reviewed at each Balance Sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognised when the carrying amount of an assets exceeds its recoverable amount. The recoverable amount is the higher of the assets net selling price and value in use.

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 or net realisable value

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 are recognised over the life of contract using the proportionate completion method, with contract cost determining the degree of completion.

Freight Income is recognised / accounted when goods are delivered by the Company to customers. Freight expenses are accounted when hired vehicles delivers goods to company's customers.

All other expenses are accounted on accrual basis and provision is made for all known losses and liabilities and software development charges payable on proportionate completion method.

1.7 Taxation:

Current Income Tax and Fringe Benefit Tax is determined in accordance with Income Tax Act, 1961.

Deferred tax liabilities arising from timing differences have been fully provided for when there is taxable profits.

Deferred Tax assets are recognised on the basis of consideration of prudence.

1.8 Preliminary Expenses:

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

1.9 Investments:

Long term investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary.

Current investments are carried at lower of cost, Market value/Net asset value.

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

1.10 Employee Benefits

Contribution to defined schemes such as Provident Fund, Family Pension Fund (in case of eligible employees), are charged to Profit & Loss Account as incurred.

The company contributes to a group gratuity Policy with Life Insurance Corporation of India towards Gratuity Liability of its employees.

1.11 Contingent Liabilities & Provisions

All known liabilities of material nature have been provided for in the accounts except liabilities of contingent nature, which have been disclosed at their estimated value in the note on accounts in accordance with Accounting Standard – AS 29. As regards Provisions it is only those obligations arising from past events existing independently of an enterprises future actions that are recognised as provisions.

2. Balances appearing to the debit or credit of various parties are subject to confirmation / reconciliation and adjustments, if any in respect thereof.

3. Payment to auditors

	Current Year (Rs.)	Previous Year (Rs.)
Statutory Audit Fees	75,000.00	75,000.00
Tax Audit Fees	25,000.00	25,000.00
Service Tax	10,300.00	–
Total	1,10,300.00	1,00,000.00

4. Contingent liabilities not provided for
(Performance Guarantees given to Customers by the Bank on behalf of Company)

	Current Year	Previous Year
	25,00,000.00	23,00,000.00

5. (a) Estimated amount of contracts remaining
to be executed on capital account and not provided for

	Current Year	Previous Year
	Nil	Nil

(b) Claims against Company not acknowledged as debts

	Current Year	Previous Year
	Nil	Nil

6. Remuneration to Director (Gross)
(within the limits prescribed in the schedule XIII of Companies Act, 1956)

	Current Year	Previous Year
	18,40,200.00	17,25,000.00

7. Value of Raw Materials Consumed / Sold

	Current Year		Previous Year	
	%	Amount (Rs.)	%	Amount (Rs.)
Indigenous	NA	Nil	100	40,090.00
Imported	NA	Nil	Nil	Nil
Total	NA	Nil	100	40,090.00

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

8. Expenditure in Foreign Currency Nil Nil
9. Earnings in Foreign Exchange: Nil Nil
10. Previous year figures are regrouped / rearranged wherever possible and necessary so as to confirm to the current year's classification.
11. There are no amounts due to small scale industries in terms of "The Micro Small and Medium Enterprises Development Act 2006".

The above information is based on the identification of such parties on information available with the company.

12. In the opinion of the board, the Current Assets, Loans and advances are approximately of the Value stated if realized in the ordinary course of business.
13. Segment Reporting as required under Accounting Standard – AS 17 is not applicable to Company as company's major activity being Transport Services by Road and revenue from other activity such as software development and management of warehouses are less than 10% of total revenue.

14. Earnings Per Share	2008-2009	2007-2008
Net (Loss) after tax	(3,67,61,903)	(2,09,53,128)
Weighted average outstanding equity shares considered for basic & diluted EPS (Nos.)	50,10,000	50,10,000
Earnings per share Basic & Diluted	(7.34)	(4.18)
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.
16. Loans and Advances includes Rs.23,40,397.50 being misappropriation / defalcation by four persons for which a criminal complaint has been filed with Court of Hon'ble Judicial Magistrate First Class Pimpri at Pimpri Dist. Pune.
And in response to such complaint the Hon'ble Court on 13th April 2009 has ordered that the Police Inspector Chinchwad Police Station hereby directed to take cognizance of offence and carry a detailed investigation u/s 156 3(C) of criminal Procedure Code and shall file the report of the Investigation.

SCHEDULES
19. NOTES TO THE ACCOUNTS (Contd.)

17. Quantitative Information for year ended 31.3.2009

	2008-2009		2007-2008	
	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Opening Stock				
VTS STEPP - II	90	13,14,000.00	200	31,13,147.00
VTS VU - 9101	—	—	4	41,000.00
GPS	—	—	4	20,000.00
Excel Power BA	—	—	1	6,385.00
PCBs	—	—	71	7,146.00
Push Button TEL	—	—	15	4,650.00
Sheet Metal Box	—	—	50	7,909.00
Total		<u>13,14,000.00</u>		<u>32,00,237.00</u>
Purchases				
Class of Goods	Qty.	Value (Rs.)	Qty.	Value (Rs.)
VTS STEPP - II	—	—	—	—
Total	—	<u>—</u>	—	<u>—</u>
Sales				
	Qty.	Value (Rs.)	Qty.	Value (Rs.)
VTS STEPP - II	—	—	110	16,91,400.00
VTS VU - 9101	—	—	4	488.00
GPS	—	—	4	204.00
Excel Power BA	—	—	1	58.00
PCBs	—	—	71	142.00
Push Button TEL	—	—	15	45.00
Sheet Metal Box	—	—	50	50.00
Total	—	<u>—</u>		<u>16,92,387.00</u>
Closing Stock				
VTS STEPP - II	90	13,14,000.00	90	13,14,000.00
VTS VU - 9101	—	—	—	—
GPS	—	—	—	—
Excel Power BA	—	—	—	—
PCBs	—	—	—	—
Push Button TEL	—	—	—	—
Sheet Metal Box	—	—	—	—
Total		<u>13,14,000.00</u>		<u>13,14,000.00</u>

Related Party Disclosures as per AS 18

(As ascertained by the management)

18 Name of related parties and description of relationship

Holding Company	Sundaram Finance Limited
Fellow Subsidiaries	Sundaram BNP Paribas Asset Management Company Limited Sundaram BNP Paribas Trustee Company Limited Sundaram BNP Paribas Home Finance Limited Sundaram Finance Distribution Limited Sundaram Business Services Limited LGF Services Limited Sundaram Infotech Solutions Limited Professional Management Consultants Private Limited
Associates	Sundaram BNP Paribas Mutual Fund
Key Management Personnel	Mr. Rahul Mehta, Managing Director
Relative of Key Management Personnel	Mrs. Rina Mehta, Director

Details of transactions with above related parties for the Financial Year 2008-2009

Particulars	Holding Co.	Fellow Subsidiaries	Key Management Personnel	Relative of Key Management Personnel	Total
LIABILITIES :					
Loan taken	3,50,00,000.00	1,40,00,000.00	–	–	4,90,00,000.00
Loan repaid	2,00,00,000.00	46,00,000.00	–	–	2,46,00,000.00
Loan as on 31st March 09	3,50,00,000.00	1,40,00,000.00	–	–	4,90,00,000.00
Principal on Car Loan	4,13,799.00	–	–	–	4,13,799.00
Car loan as on 31st March 09	7,79,856.00	–	–	–	7,79,856.00
Internal Audit fees payable (Net of TDS)	75,476.00	–	–	–	75,476.00
Balance at year end payable (SBS)	33,355.00	–	–	–	33,355.00
Balance at year end payable (SFL Fleet Card)	38,52,189.28	–	–	–	38,52,189.28
Balance at year end payable (Interest on Loan - Net of TDS)	7,03,052.00	3,66,624.00	–	–	10,69,676.00
EXPENSES & OTHER CHARGES :					
Interest on Loan	30,88,222.00	19,31,621.00	–	–	50,19,843.00
Interest on Car Loan	1,19,121.00	–	–	–	1,19,121.00
Rent Paid (Including Service Tax)	2,35,956.00	–	–	–	2,35,956.00
Directors Remuneration	–	–	18,40,200.00	–	18,40,200.00
Internal Audit Fees (Including Service Tax)	1,68,243.00	–	–	–	1,68,243.00
Pay Roll Process - SBS (Including Service Tax)	2,01,895.00	–	–	–	2,01,895.00
Staff Training Expenses (Including Service Tax)	13,483.00	–	–	–	13,483.00
Interest & Other Charges on SFL - Fleet Card	3,96,404.00	–	–	–	3,96,404.00
SFL - Fleet Card used	4,36,23,820.00	–	–	–	4,36,23,820.00
ASSETS ACQUIRED :					
Mobile Handset	15,590.00	–	–	–	15,590.00

19 Additional Information Pursuant To Part Iv Of Schedule Vi To Companies Act,1956.

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE FOR FY.2008-2009

a) Registration details

Registration No.: U72900TN2000PLC063984 State code : 18
 Balance Sheet date : 31-03-2009

b) Capital raised during the year

Public issue NIL
 Rights issue NIL
 Bonus issue NIL
 Private Placement NIL

c) Position of Mobilisation and Deployment of Funds

Rs. '000

Total Liabilities 1,59,551.42
 Total Assets 1,59,551.42

Sources of Funds:
 Share Capital 50,100.00
 Reserves & Surplus NIL
 Secured Loans 1,09,451.42
 Unsecured Loans NIL

Application of Funds:
 Net Fixed Assets 4,490.09
 Investments —
 Net Current Assets 65,695.63
 Miscellaneous Expenditure 14.29
 Accumulated Losses 89,351.41

d) Performance of the Company

Turnover (including Other Income) 3,06,328.55
 Total Expenditure 3,42,734.56
 Profit before Tax (36,376.90)
 Profit after Tax (36,761.90)
 Earnings per share in Rs. (7.34)
 Dividend rate % NIL

e) Generic names of principal products of the Company

Item Code No. (ITC Code) N.A.
 Product Description N.A.

As per our report of even date attached

For **Dharmendra & Co.**
 Chartered Accountants
Dharmendra C.Shah
 Proprietor
 Chennai
 18th May, 2009

T. T. Srinivasaraghavan
 Chairman
Rahul Mehta
 Managing Director
P. N. Srikant
 Secretary

CASH FLOW STATEMENT

	2008-2009 Rs.	2007-2008 Rs.
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit	(3,67,61,903.20)	(2,09,53,128.66)
Adjustment for:		
Depreciation	16,71,928.05	10,47,387.00
Provisions for Fringe Benefit Tax	3,85,000.00	4,40,000.00
Interest Expenses (Including Finance Expenses)	1,12,89,900.28	63,71,115.35
Preliminary Expenses	2,381.00	2,381.00
Loss on Sale of Assets	12,076.00	-
Loss on Investments	-	85,316.84
	<u>1,33,61,285.33</u>	<u>79,46,200.19</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(2,34,00,617.87)	(1,30,06,928.47)
Adjustment for:		
Trade and Other Receivables	1,80,05,930.77	(6,46,16,999.22)
Inventories	-	18,86,237.00
Trade Payables and Other Liabilities	(1,22,03,690.61)	2,33,97,618.43
Loans & Advances & Other Current Assets	(49,87,255.44)	(62,88,034.87)
	<u>8,14,984.72</u>	<u>(4,56,21,178.66)</u>
Cash Generated from Operations	(2,25,85,633.15)	(5,86,28,107.13)
Direct Taxes Paid (FBT)	(4,50,000.00)	(5,61,606.00)
	<u>(4,50,000.00)</u>	<u>(5,61,606.00)</u>
CASH GENERATED FROM OPERATING ACTIVITIES (A)	(2,30,35,633.15)	(5,91,89,713.13)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase/Sale of Fixed Assets	(18,39,620.00)	(44,35,731.00)
Sale of Investments	-	1,00,72,318.58
NET CASH USED IN INVESTING ACTIVITIES (B)	(18,39,620.00)	56,36,587.58
C. CASH FLOW FROM FINANCING ACTIVITIES		
Financial expenses paid	(1,12,89,900.28)	(63,71,115.35)
Proceeds From Working Capital Loan/Intercompany Loan	3,59,91,812.29	5,88,01,564.49
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	2,47,01,912.01	5,24,30,449.14
Net Increase/Decrease in Cash and Cash equivalents (A+B+C)	(1,73,341.14)	(11,22,676.41)
Cash and cash equivalents (Opening balances)	17,46,327.64	28,69,004.05
Cash and cash equivalents (Closing balances)	<u>15,72,986.50</u>	<u>17,46,327.64</u>
COMPONENTS OF CASH & CASH EQUIVALENTS AT THE END OF THE YEAR		
Current / Deposits Account with Banks	14,34,335.74	11,85,614.89
Cash on Hand	1,38,650.76	5,60,712.75
	<u>15,72,986.50</u>	<u>17,46,327.64</u>

As per our report of even date attached

For **Dharmendra & Co.**

Chartered Accountants

Dharmendra C. Shah

Proprietor

Chennai

18th May, 2009

T. T. Srinivasaraghavan

Chairman

Rahul Mehta

Managing Director

P. N. Srikant

Secretary

INFREIGHT LOGISTICS SOLUTIONS LIMITED