

INFREIGHT LOGISTICS SOLUTIONS LIMITED

10th Annual Report 2009–10



Board of Directors

T. T. Srinivasaraghavan	Chairman
Rahul Lalbhai Mehta	Managing Director
Srinivas Acharya	
Rina Rahul Mehta	
Mohan Krishnan	

Audit Committee

T. T. Srinivasaraghavan	Chairman
Srinivas Acharya	
Rahul Lalbhai Mehta	

Chief Financial Officer

S. Sivakumar

Secretary

P. N. Srikant

Bankers

HDFC Bank Ltd.
Canara Bank
State Bank of India
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

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Directors' Report

Your Directors have pleasure in presenting the Tenth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2010.

The summarised financial results of the Company are given hereunder:

(Rs. in lakhs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Total Income	1725.98	3063.29
Total Expenditure	1933.82	3427.35
Loss before Tax	(207.84)	(364.06)
Prior Period Adjustments	1.32	0.29
Taxation	0.00	(3.85)
Loss after Tax	(206.52)	(367.62)

REVIEW OF OPERATIONS

During the year, your company achieved a turnover of Rs.17.25 Crores, against Rs.30.63 Crores in the previous year.

After a trying year during the Global recession in 2009-10, your company took some very tough steps of shedding loss making customers, cutting overheads and strengthening recovery of receivables. All these steps have paid off in the year under review and although the company's turnover reduced, the company was able to increase the gross margins and in fact achieved a higher gross margin on the reduced turnover as compared to the previous year. In addition to this, the reduction in overheads expenses has also resulted in increased productivity of the company's people and infrastructure. Overall, the operating loss has reduced considerably and the prospects for the company in the current year are looking brighter with a renewed focus on increasing the top line by adding high quality businesses and clients in the 3PL and transportation space. This should result in an improved performance in the current year.

DIRECTORS

Srimathi Rina Rahul Mehta, Director, retires by rotation and, being eligible, offers herself for re-election. Necessary resolution is submitted for your approval.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;

- 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;
- 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
- 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.

For and on behalf of the Board

Chennai 600 002
Date: 18th May 2010

T. T. Srinivasaraghavan
Chairman

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 2010, the Profit and Loss Account and also the Cash Flow Statement of the Company 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, 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 it appears from the examination of those books;
 - iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, 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 2010 and taken on the record by the Board of Directors, we report that none of the director is disqualified as on 31 March 2010 from being appointed as a director in the terms of Section 274(1)(g) of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 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 2010;
 - 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.**
Firm Registration No: 112827W
Chartered Accountants
Dharmendra C. Shah
Proprietor
M. No: 40234

Place: Chennai
Date: 18th May, 2010

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 detail 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. | | 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. |
| II | a) As explained to us, inventory has been physically verified during the year by the management at reasonable interval.
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 and no discrepancies were noticed on physical verification. | V | According to the 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. |
| 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 from 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. | 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. |
| 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 | 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, 2010 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. 11,00,02,971/- at the end of the financial year 2009-2010 and the same is more than fifty per cent of its worth as on 31st March, 2010.
- 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 the 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.15 of Schedule 20, Notes to Accounts no material fraud on or by the Company has been noticed or reported during the course our audit.

For **DHARMENDRA & CO.**
Firm Registration No: 112827W
Chartered Accountants
Dharmendra C. Shah
Proprietor
M. No: 40234

Place: Chennai
Date: 18th May, 2010

Balance Sheet

as at 31st March, 2010

		31.03.2010		31.03.2009	
		Rs.		Rs.	
SOURCES OF FUNDS					
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	2,88,45,076.66		5,93,81,748.78	
b. Unsecured Loans	3	<u>11,13,07,944.00</u>	<u>14,01,53,020.66</u>	<u>5,00,69,676.00</u>	<u>10,94,51,424.78</u>
Total			<u>19,02,53,020.66</u>		<u>15,95,51,424.78</u>
APPLICATION OF FUNDS					
Fixed Assets					
a. Gross Block	4	73,57,753.82		80,22,973.82	
b. Less Depreciation		<u>(45,15,898.82)</u>		<u>(35,32,880.87)</u>	
c. Net Block			28,41,855.00		44,90,092.95
Investments					
		—		—	
Current Assets, Loans And Advances					
a. Inventories	5	13,14,000.00		13,14,000.00	
b. Sundry Debtors	6	7,09,93,492.68		7,67,41,792.37	
c. Cash and Bank Balances	7	22,03,615.26		15,72,986.50	
d. Other Current Assets & Loans & Advances	8	<u>1,93,25,568.39</u>		<u>1,68,21,474.81</u>	
			<u>9,38,36,676.33</u>		<u>9,64,50,253.68</u>
Current Liabilities And Provisions					
Current Liabilities	9	1,56,15,394.61		2,96,47,594.42	
Provisions	10	<u>8,25,000.00</u>		<u>11,07,030.00</u>	
			<u>1,64,40,394.61</u>		<u>3,07,54,624.42</u>
Net Current Assets			7,73,96,281.72		6,56,95,629.26
Miscellaneous Expenditure (To the extent not written off or adjusted)	11		11,913.00		14,294.00
Profit and Loss Account					
Opening Balance		8,93,51,408.57		5,25,89,505.37	
Current Year		<u>2,06,51,562.37</u>	<u>11,00,02,970.94</u>	<u>3,67,61,903.20</u>	<u>8,93,51,408.57</u>
Total			<u>19,02,53,020.66</u>		<u>15,95,51,424.78</u>
Notes to Accounts	20				

As per our report of even date attached

For **Dharmendra & Co.**
Firm Registration No: 112827W
Chartered Accountants

Dharmendra C. Shah
Proprietor
M. No. 40234
Chennai
18th May, 2010

For and on behalf of the Board

T. T. Srinivasaraghavan
Chairman

Rahul Mehta
Managing Director

P. N. Srikant
Secretary

INFREIGHT LOGISTICS SOLUTIONS LIMITED

Profit and Loss Account

for the year ended 31st March 2010

	Schedule	2009-10 Rs.	2008-09 Rs.
<u>INCOME</u>			
Sales & Services	12	17,10,90,927.86	30,46,19,211.74
Other Income	13	15,07,515.67	17,09,337.48
		17,25,98,443.53	30,63,28,549.22
<u>EXPENDITURE</u>			
Cost of Goods Sold	14	-	-
Cost of Services	15	14,94,94,596.36	28,49,14,081.00
Employment Expenses	16	1,22,24,368.00	2,22,16,941.45
Administrative & Other Expenses	17	1,26,14,070.09	2,26,29,632.04
Provisions and Write Off	18	49,89,275.01	12,076.00
Financial Expenses	19	1,27,98,650.24	1,12,89,900.28
Depreciation	4	12,61,165.00	16,71,928.05
		19,33,82,124.70	34,27,34,558.82
Loss for the year before tax		(2,07,83,681.17)	(3,64,06,009.60)
Prior Period Adjustment		1,32,118.80	29,106.40
		(2,06,51,562.37)	(3,63,76,903.20)
Provision For Income Tax			
– Current		-	-
– Deferred		-	-
– FBT		-	(3,85,000.00)
Loss for the year after tax		(2,06,51,562.37)	(3,67,61,903.20)
Balance Brought Forward		(8,93,51,408.57)	(5,25,89,505.37)
Balance Carried to Balance Sheet		(11,00,02,970.94)	(8,93,51,408.57)
Earning per share for the year (basic & diluted)		(4.12)	(7.34)
Notes to Accounts	20		

As per our report of even date attached

For **Dharmendra & Co.**

Firm Registration No: 112827W

Chartered Accountants

Dharmendra C. Shah

Proprietor

M. No. 40234

Chennai

18th May, 2010

For and on behalf of the Board

T. T. Srinivasaraghavan

Chairman

Rahul Mehta

Managing Director

P. N. Srikant

Secretary

SCHEDULES

(In Rupees)

	31.03.2010	31.03.2009
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 *	2,87,32,479.66	5,86,01,818.78
Hire Purchase Car Loan From SFL	1,12,597.00	7,79,930.00
Per Balance Sheet	<u>2,88,45,076.66</u>	<u>5,93,81,748.78</u>
(* Secured on Book Debts)		
3 Unsecured Loans		
Loan from Director	50,00,000.00	-
Loan from Holding Company	7,66,64,383.00	3,57,03,052.00
Loan from Companies	2,96,43,561.00	1,43,66,624.00
Per Balance Sheet	<u>11,13,07,944.00</u>	<u>5,00,69,676.00</u>

(in Rs.)

4. Fixed Assets

Description	GROSS BLOCK						DEPRECIATION			NET BLOCK	
	As at 01.04.2009	Additions during the year	Deductions during the year	As at 31.03.2010	As at 01.04.2009	Additions during the year	Deductions during the year	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009	
Furnitures & Fixtures	12,76,674.00	-	(21,150.00)	12,55,524.00	3,70,325.75	1,63,514.46	(5,887.21)	5,27,953.00	7,27,571.00	9,06,348.25	
Computers	43,97,006.82	-	(18,400.00)	43,78,606.82	23,27,710.08	8,26,911.04	(10,216.30)	31,44,404.82	12,34,202.00	20,69,296.74	
Air Conditioners	3,89,329.00	13,750.00	-	4,03,079.00	97,700.33	42,373.67	-	1,40,074.00	2,63,005.00	2,91,628.67	
Office Equipment	2,79,470.00	46,000.00	-	3,25,470.00	65,270.29	33,465.71	-	98,736.00	2,26,734.00	2,14,199.71	
Motor Car	15,11,346.00	-	(6,82,566.00)	8,28,780.00	5,02,726.42	1,93,450.11	(2,57,739.53)	4,38,437.00	3,90,343.00	10,08,619.58	
Assets Less than Rs. 5000	1,69,148.00	1,450.00	(4,304.00)	1,66,294.00	1,69,148.00	1,450.01	(4,304.01)	1,66,294.00	-	-	
Total as at 31.03.2010	80,22,973.82	61,200.00	(7,26,420.00)	73,57,753.82	35,32,880.87	12,61,165.00	(2,78,147.05)	45,15,898.82	28,41,855.00	44,90,092.95	
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	-	35,32,880.87	44,90,092.95	43,34,477.00	

(In Rupees)

SCHEDULES**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**13,14,000.00****13,14,000.00****6 Sundry Debtors**

(Unsecured, considered good)

For More than Six Months

1,71,17,394.92

3,29,17,914.97

Others

5,38,76,097.76

4,38,23,877.40

Per Balance Sheet**7,09,93,492.68****7,67,41,792.37****7 Cash and Bank Balances**

Cash on Hand

4,65,750.56

1,38,650.76

Bank Balance with Scheduled Banks:

– Current Accounts

15,99,392.85

14,20,863.89

– Margin/FD Accounts

1,38,471.85

13,471.85

Per Balance Sheet**22,03,615.26****15,72,986.50****8 Other Current Assets & Loans & Advances**

(Unsecured, considered good)

Sales Tax Refund Receivable

–

2,12,634.62

Income Tax –(TDS on Income)

1,42,77,528.81

1,14,52,753.61

Fringe Benefit Tax Paid

10,11,606.00

11,88,487.00

Advance Recoverable in cash or kind or
for value to be received

28,08,266.58

25,07,037.58

Staff Advances

60,267.00

1,07,412.00

Deposits with Customer / Given for Premises / Others

11,67,900.00

13,53,150.00

Per Balance sheet**1,93,25,568.39****1,68,21,474.81**

SCHEDULES

(In Rupees)

	31.03.2010	31.03.2009
9 Current liabilities		
Sundry Creditors for Transport Charges	1,20,95,971.88	2,08,27,938.85
Sundry Creditors for Expenses	13,86,580.18	75,09,253.22
Statutory Liabilities	17,25,871.55	8,10,010.35
Advances Received From Customers	4,06,971.00	5,00,392.00
Per Balance Sheet	<u>1,56,15,394.61</u>	<u>2,96,47,594.42</u>
10 Provisions		
Non – Performing Assets	–	–
For Fringe Benefit Tax	8,25,000.00	11,07,030.00
Per Balance Sheet	<u>8,25,000.00</u>	<u>11,07,030.00</u>
11 Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Preliminary Expenses	14,294.00	16,675.00
Less : Written off during the year	2,381.00	2,381.00
Per Balance Sheet	<u>11,913.00</u>	<u>14,294.00</u>

(In Rupees)

SCHEDULES

	2009-10	2008-09
12 Sales & Services		
Sales:		
Sales of Products (Net of Returns)	-	-
Services:		
Maintenance Charges for VTS Units (Net)	-	2,46,400.00
Transportation Charges Recd.	14,46,77,603.49	28,36,71,696.48
Software Development Charges & Consultancy	5,30,000.00	25,52,500.00
Software Maintenance Charges	1,21,842.70	2,95,000.00
Business Support Services	75,28,174.00	-
Warehouse/Transport Management Fees	1,82,33,307.67	1,78,53,615.26
	<u>17,10,90,927.86</u>	<u>30,46,19,211.74</u>
Per Profit and Loss Account	<u>17,10,90,927.86</u>	<u>30,46,19,211.74</u>
13 Other Income		
Interest on Income Tax Refund	-	76,723.00
Miscellaneous Income	70,004.00	-
Deposit / Advances / Creditors W/Back	14,37,511.67	16,32,614.48
	<u>15,07,515.67</u>	<u>17,09,337.48</u>
Per Profit and Loss Account	<u>15,07,515.67</u>	<u>17,09,337.48</u>
14 Cost of Goods Sold		
<u>Consumption of Raw Materials</u>		
Opening Stock	-	-
Purchases	-	-
Closing Stock	-	-
	<u>-</u>	<u>-</u>
<u>Utilisation of Finished Goods</u>		
Opening Stock	13,14,000.00	13,14,000.00
Purchases (Net of Returns)	-	-
Closing Stock	(13,14,000.00)	(13,14,000.00)
	<u>-</u>	<u>-</u>
Per Profit and Loss Account	<u>-</u>	<u>-</u>
15 Cost of Services		
Transportation Charges	12,62,48,076.20	26,08,91,116.11
Service Charges (Warehousing)	1,33,01,009.26	1,33,62,641.00
Software Charges	-	6,84,453.00
Software Maintenance Charges	321,709.00	1,65,957.00
Loading / Unloading / Halting / Detention / Toll / Other Charges	9,46,361.45	83,81,997.70
Warehouse Rent	-	36,000.00
Rate Difference / Discount / Damages	86,77,440.45	13,91,916.19
	<u>14,94,94,596.36</u>	<u>28,49,14,081.00</u>
Per Profit and Loss Account	<u>14,94,94,596.36</u>	<u>28,49,14,081.00</u>

SCHEDULES

(In Rupees)

	2009-10	2008-09
16 Employment Expenses		
Salary and Allowances	1,03,75,070.00	1,94,02,170.00
Bonus	3,18,076.00	8,48,033.00
Contribution to PF	5,37,145.00	10,08,688.45
Contribution to Gratuity Fund	75,734.00	33,826.00
Labour Welfare Fund	832.00	1,528.00
Medical Reimbursement	3,24,169.00	3,16,422.00
Leave Travel Allowance	2,54,581.00	2,53,874.00
Staff Welfare	3,38,761.00	3,52,400.00
Per Profit and Loss Account	<u>1,22,24,368.00</u>	<u>2,22,16,941.45</u>
17 Administration & Others Expenses		
Rent	8,45,214.00	18,86,424.00
Insurance	36,739.00	55,539.00
Electricity Expenses	4,48,423.00	5,65,833.00
Telephone Expenses	11,82,010.34	20,89,032.15
Printing & Stationery	2,75,653.20	4,59,430.67
Local Travelling	11,49,674.00	18,60,669.42
Professional Fees & Legal Charges	3,96,503.00	2,06,947.00
Outsourcing Cost	57,86,437.00	1,11,88,266.00
Advertisement	66,200.00	45,265.00
Recruitment & Training Expenses	38,010.00	1,88,563.00
Office Expenses	1,71,070.00	6,26,666.50
Auditors Remuneration	1,10,300.00	1,10,300.00
Repairs & Maintenance:		
Furniture	3,065.00	20,685.00
Machinery	29,619.00	1,09,154.00
Car	2,56,855.00	2,01,930.00
Others	87,443.00	1,15,306.00
Conveyance	7,15,659.00	16,70,000.79
Commission & Brokerage	3,63,774.00	1,75,692.00
Miscellaneous Expenses	3,81,276.00	2,19,717.42
Post and telegram Expenses	1,19,466.00	2,19,999.90
Web Hosting / Internet Charges	71,051.55	4,14,486.72
Sales Promotion Expenses	77,247.00	1,97,343.47
Preliminary Expenses	2,381.00	2,381.00
Per Profit and Loss Account:	<u>1,26,14,070.09</u>	<u>2,26,29,632.04</u>
18 Provisions & Write Off		
Bad Debts	48,86,151.85	-
Loss on Sale of Assets	1,03,123.16	12,076.00
	<u>49,89,275.01</u>	<u>12,076.00</u>
19 Financial Expenses		
Bank Charges	3,44,712.68	4,01,445.28
Interest on Loans	1,24,53,937.56	1,08,88,455.00
Per Profit and Loss Account	<u>1,27,98,650.24</u>	<u>1,12,89,900.28</u>

SCHEDULES

20. 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 asset 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

20. 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 – 29. As regard 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	10,300.00
Total	1,10,300.00	1,10,300.00

4. Contingent liabilities not provided for
(Performance Guarantees given to Customers by the Bank on behalf of Company) 15,00,000.00 25,00,000.00

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

b) Claims against Company not acknowledged as debts Nil Nil

6. Remuneration to Director (Gross) 7,18,750.00 18,40,200.00
(within the limits prescribed in the Schedule XIII of companies Act, 1956)

7. Value of Raw Materials Consumed / Sold

	Current Year		Previous Year	
	%	Amount (Rs.)	%	Amount (Rs.)
Indigenous	NA	Nil	NA	Nil
Imported	NA	Nil	NA	Nil
Total	NA	Nil	NA	NA

8. Expenditure in Foreign Currency Nil Nil

9. Earnings in Foreign Exchange Nil Nil

SCHEDULES

20. NOTES TO THE ACCOUNTS (Contd.)

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. Earnings Per Share	2009–2010	2008–2009
Net (Loss) after tax	(2,06,51,562)	(3,67,61,903)
Weighted average outstanding equity shares considered for basic & diluted EPS (Nos.)	50,10,000	50,10,000
Earnings per share Basic & Diluted	(4.12)	(7.34)
Nominal value per share	10	10

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

15. 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 the Police Inspector Chinchwad Police Station to take cognizance of offence and carry a detailed investigation u/s 156 3(C) of criminal Procedure Code and file the report of the Investigation.

16. Loans and Advances includes Rs.4,01,370/- being a due from vendor, for which a suit u/s.138 of Negotiable Instruments Act, 1881 filed with 13th Metropolitan Magistrate Court Egmore, Chennai and matter is awaited for hearing.
17. Sundry Debtors includes a sum of Rs.4,48,335/- and Rs. 74,201/- being dues from customers of transportation by road segment, for which suits has been filed with City Civil Court at Madras and matter is awaited for hearing.
18. Sundry Debtors includes a sum of Rs.13,83,800/- for recovery of dues from customer of software development segment with High Court, Madras and the matter is awaited for hearing.

SCHEDULES
20. NOTES TO THE ACCOUNTS (Contd.)

19. Quantitative Information for year ended 31.03.2010

	FY 2009–2010		FY 2008–2009	
	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Opening 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		13,14,000.00		13,14,000.00
	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Purchases				
Class of Goods				
VTS STEPP – II	–	–	–	–
Total		–		–
	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Sales				
VTS STEPP – II	–	–	–	–
VTS VU–9101	–	–	–	–
GPS	–	–	–	–
Excel Power BA	–	–	–	–
PCBs	–	–	–	–
Push Button TEL	–	–	–	–
Sheet Metal Box	–	–	–	–
Total		–		–
	Qty.	Value (Rs.)	Qty.	Value (Rs.)
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		13,14,000.00		13,14,000.00

SCHEDULES**20. NOTES TO THE ACCOUNTS (Contd.)**

Related Party Disclosures as per AS 18

(As ascertained by the management)

20 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 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 Financial Year 2009-2010

Particulars	Holding Co.	Fellow Subsidiaries	Key Management Personnel	Relative of Key Management Personnel	Total Related Parties (FY 09-10)	Total Related Parties (FY 08-09)
LIABILITIES:						
Loan taken	4,00,00,000.00	1,50,00,000.00	–	–	5,50,00,000.00	4,90,00,000.00
Loan repaid	–	–	–	–	–	2,46,00,000.00
Principal on Car Loan repaid	3,17,179.00	–	–	–	3,17,179.00	4,13,799.00
Outstanding Balances at year end:						
Loans at year end	7,50,00,000.00	2,90,00,000.00	–	–	10,40,00,000.00	4,90,00,000.00
Interest payable at year end (Net of TDS)	16,64,383.00	6,43,561.00	–	–	23,07,944.00	10,69,676.00
Car loan at year end	1,12,597.00	–	–	–	1,12,597.00	7,79,856.00
Internal Audit fees payable (Net of TDS)	74,452.00	–	–	–	74,452.00	75,476.00
Balance at year end payable (Fleet Card)	300.28	–	–	–	300.28	38,52,189.28
Balance at year end payable (SBS)	–	33,090.00	–	–	33,090.00	33,355.00
EXPENSES & OTHER CHARGES :						
Interest on Loan	71,93,150.00	24,02,737.00	–	–	95,95,887.00	50,19,843.00
Interest on Car Loan	56,298.00	–	–	–	56,298.00	1,19,121.00
Rent Paid (Including Service Tax)	2,31,636.00	–	–	–	2,31,636.00	2,35,956.00
Directors Remuneration(Gross of Deduction)	–	–	7,18,750.00	–	7,18,750.00	18,40,200.00
Staff Training Expenses (Including Service Tax)	–	–	–	–	–	13,483.00
Internal Audit Fees (Including Service Tax)	1,65,450.00	–	–	–	1,65,450.00	1,68,243.00
Interest & other Charges on SFL– Fleet Card	3,95,772.00	–	–	–	3,95,772.00	3,96,404.00
SFL– Fleet Card used	–	–	–	–	–	4,36,23,820.00
Pay Roll Process – SBS (Including Service Tax)	–	1,98,540.00	–	–	1,98,540.00	2,01,895.00
ASSETS ACQUIRED :						
Mobile Handset	–	–	–	–	–	15,590.00

21 Segment Reporting

Business Segment	Goods Transport By Road		Warehouse Management		Software Development & Management / VTS Units		Business Support Service		Eliminations		Total	
	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
REVENUE												
Segment Revenue	14,46,77,603.49	28,36,71,696.48	1,82,33,307.67	1,78,53,615.26	6,51,842.70	30,93,900.00	75,28,174.00	-	-	-	17,10,90,927.86	30,46,19,211.74
Inter segment Sales	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	14,46,77,603.49	28,36,71,696.48	1,82,33,307.67	1,78,53,615.26	6,51,842.70	30,93,900.00	75,28,174.00	-	-	-	17,10,90,927.86	30,46,19,211.74
RESULT												
Segment Result	(62,46,229.00)	(116,36,104.00)	12,79,969.00	15,65,555.00	(29,22,099.00)	(55,78,985.00)	75,28,174.00	-	-	-	(3,60,185.00)	(156,49,534.00)
Unallocated Corporate Expenses / Income	-	-	-	-	-	-	-	-	-	-	(78,37,439.37)	(98,38,914.20)
Interest expenses	-	-	-	-	-	-	-	-	-	-	(124,53,938.00)	(108,88,455.00)
Loss before tax	-	-	-	-	-	-	-	-	-	-	2,06,51,562.37	3,63,76,903.20
Less: Income Tax / FBT	-	-	-	-	-	-	-	-	-	-	-	(3,85,000.00)
Loss After Tax	-	-	-	-	-	-	-	-	-	-	2,06,51,562.37	3,67,61,903.20
OTHER INFORMATION												
Segment Assets	8,52,44,740.33	9,18,27,260.63	46,95,874.00	28,62,020.00	39,56,011.00	62,51,066.00	27,81,906.00	-	-	-	9,66,78,531.33	10,09,40,346.63
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	8,52,44,740.33	9,18,27,260.63	46,95,874.00	28,62,020.00	39,56,011.00	62,51,066.00	27,81,906.00	-	-	-	9,66,78,531.33	10,09,40,346.63
Segment Liabilities	15,33,29,636.27	13,56,83,295.20	31,40,977.00	42,23,035.00	1,22,802.00	2,99,719.00	-	-	-	-	15,65,93,415.27	14,02,06,049.20
Unallocated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	15,33,29,636.27	13,56,83,295.20	31,40,977.00	42,23,035.00	1,22,802.00	2,99,719.00	-	-	-	-	15,65,93,415.27	14,02,06,049.20
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	61,200.00	18,43,620.00
Depreciation	-	-	-	-	-	-	-	-	-	-	12,61,165.00	16,71,928.00
Non Cash expenses other than Depreciation	-	-	-	-	-	-	-	-	-	-	-	-

V Additional information pursuant to Part IV of Schedule VI to Companies Act,1956
Balance Sheet Abstract and General Business Profile for Financial Year 2009-2010

a) Registration details	State code : 18
Registration No.:	U72900TN2000PLC063984
Balance Sheet date :	31-03-2010
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	1,90,253.02
Total Assets	1,90,253.02
Sources of Funds	
Share Capital	50,100.00
Reserves & Surplus	NIL
Secured Loans	1,40,153.02
Unsecured Loans	NIL
Application of Funds	
Net Fixed Assets	2,841.86
Investments	NIL
Net Current Assets	77,396.28
Miscellaneous Expenditure	11.91
Accumalated Losses	110,002.97
d) Performance of the Company	
Turnover (including Other Income)	1,72,598.44
Total Expenditure (Including Prior Period)	1,93,250.01
Profit before Tax	(20,651.56)
Profit after Tax	(20,651.56)
Earnings per share in Rs.	(4.12)
Dividend rate %	NIL
e) Generic names of principal products of the Company	
Item Code No. (ITC Code)	N.A.
Product Description	Transportation By Road Warehouse Management Services Software Development & Consultancy

Signature to Schedule 1 to 20

As per our report of even date attached

For **Dharmendra & Co.**
 Firm Registration No: 112827W
 Chartered Accountants

Dharmendra C. Shah
 Proprietor
 M. No. 40234

Chennai
 18th May, 2010

INFREIGHT LOGISTICS SOLUTIONS LIMITED

For and on behalf of the Board

T. T. Srinivasaraghavan
 Chairman

Rahul Mehta
 Managing Director

P. N. Srikant
 Secretary

CASH FLOW STATEMENT

	FY.2009-2010 Rs.	FY.2008-2009 Rs.
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit	(2,06,51,562.37)	(3,67,61,903.20)
Adjustment for:		
Depreciation	12,61,165.00	16,71,928.05
Provisions for Fringe Benefit Tax	—	3,85,000.00
Interest Expenses (Including Finance Expenses)	1,27,98,650.24	1,12,89,900.28
Preliminary Expenses	2,381.00	2,381.00
Loss on Sale of Assets	1,03,123.16	12,076.00
Loss on Investments	—	—
	1,41,65,319.40	1,33,61,285.33
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(64,86,242.97)	(2,34,00,617.87)
Adjustment for:		
Trade and Other Receivables	57,48,299.69	1,80,05,930.77
Inventories	—	—
Trade Payables and Other Liabilities	(1,43,14,229.81)	(1,22,03,690.61)
Loans & Advances & Other Current Assets	(25,04,093.58)	(49,87,255.44)
	(11,070,023.70)	814,984.72
Cash Generated from Operations	(1,75,56,266.67)	(2,25,85,633.15)
Direct Taxes Paid (FBT)	—	(4,50,000.00)
	—	(4,50,000.00)
Cash Generated form Operating Activities A)	(1,75,56,266.67)	(2,30,35,633.15)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase/Sale of Assets	2,83,949.79	(18,39,620.00)
Sale of Investments	—	—
Net Cash used in Investing Activities B)	2,83,949.79	(18,39,620.00)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Financial expenses paid	(1,27,98,650.24)	(1,12,89,900.28)
Proceeds From Working Capital Loan/Intercorporate Loan	3,07,01,595.88	3,59,91,812.29
Net Cash flow from Financing Activities C)	1,79,02,945.64	2,47,01,912.01
Net Increase/Decrease in Cash and Cash equivalents (A+B+C)	6,30,628.76	(1,73,341.14)
Cash and cash equivalents (Opening balances)	15,72,986.50	17,46,327.64
Cash and cash equivalents (Closing balances)	22,03,615.26	15,72,986.50
COMPONENTS OF CASH & CASH EQUIVALENTS AT THE END OF THE YEAR		
Current / Deposits Account with Banks	17,37,864.70	14,34,335.74
Cash on Hand	4,65,750.56	1,38,650.76
	22,03,615.26	15,72,986.50

As per our report of even date attached

For **Dharmendra & Co.**

Firm Registration No: 112827W

Chartered Accountants

Dharmendra C. Shah

Proprietor

M. No. 40234

Chennai

18th May, 2010

For and on behalf of the Board

T. T. Srinivasaraghavan

Chairman

Rahul Mehta

Managing Director

P. N. Srikant

Secretary

Annual Report
2009-10