



Annual Report 2010

**SANCO TRANS LIMITED**

## **SANCO TRANS LIMITED**

### **CORPORATE INFORMATION**

#### **Board of Directors**

Sri V. Upendran	- Chairman & Managing Director
Sri S. Sathyanarayanan	- Deputy Managing Director
Sri N. Badrinarayanan	- upto May 29,2010
Sri U. Udayabhaskar Reddy	- Wholetime Director
Srimathi S. Devaki	
Dr. M.V.M. Alagappan	
Sri T. Ananthanarayanan	
Sri T R Rajaraman	
Sri R Vijayaraghavan	- from May 29,2010
Sri V Govind	- from May 29,2010

#### **Bankers**

I D B I Bank  
Bank of India  
H D F C Bank  
Indian Overseas Bank

#### **Registered Office**

46, Moore Street,  
Chennai - 600 001.  
Tel.: 91-44-25231124  
Fax: 91-44-25231133

#### **Auditors**

M. S. Krishnaswami and Rajan  
Chennai

#### **Website**

[www.sancotrans.com](http://www.sancotrans.com)

#### **Branch Offices**

Bangalore, Chennai (Container  
Freight Station), Mumbai, Ranipet,  
Trichy, Tuticorin, .

#### **Registrars & Share Transfer Agents**

M/s. Cameo Corporate Services Limited  
Subramanian Building, No.1, Club Road  
Chennai – 600 002.  
Telephone No.2846 0390 (6 Lines)

#### **Annual General Meeting**

**23<sup>rd</sup> July 2010**

#### **Listing of Equity Shares**

Madras Stock Exchange Limited, Chennai 600001  
The Bombay Stock Exchange Limited, Mumbai 400001

at 10.00a.m at Naradagana Sabha  
Mini Hall, 314 T T K Road, Alwarpet  
Chennai – 6000018.

#### **Investor Email ID**

[mail@sancotrans.com](mailto:mail@sancotrans.com)  
[smd@sancotrans.com](mailto:smd@sancotrans.com)

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Shareholders attending the AGM are  
requested to bring with them the  
enclosed ATTENDANCE SLIP

# SANCO TRANS LIMITED

## FINANCIAL HIGHLIGHTS

(Rs. Lakhs)						
	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
Fixed assets	7930.92	7828.18	2451.93	1224.34	996.29	891.54
Investments	24.19	24.19	24.19	0.00	0.00	0.00
Current assets – net	1263.46	872.27	418.26	444.28	473.80	554.39
Total capital employed	9218.57	8724.64	2894.38	1737.96	1470.09	1445.93
Shareholders’ funds	7517.04	6971.51	1214.46	1038.84	818.35	698.77
Loan funds	1475.38	1634.80	1610.87	628.06	548.54	645.63
Net worth per share (Rs.)	410.93	375.64	58.44	53.53	44.49	36.94
Gross income	5053.50	6171.76	4302.57	3300.55	2512.88	2077.41
Profit before Interest and Depreciation	1160.26	1924.92	897.65	556.86	362.15	228.78
Profit before tax	935.61	1654.99	735.57	410.89	258.81	99.94
Profit after tax	610.90	1060.58	467.23	276.06	179.10	67.11
Retained earnings	554.23	965.81	400.89	219.20	123.68	36.32
Dividend (%)	27	45	31.5	27	27	15
Earnings per share (Rs.)	33.94	58.92	25.96	15.34	9.95	3.73

### Notes:

- (1) Total capital employed and net worth per share include share application money, wherever applicable but are after deduction of miscellaneous expenditure stated in the balance sheet;
- (2) Dividend for the financial year 2009-10 is as proposed by the board of directors.
- (3) Net worth per share for 2008-09 and 2009-10 is inclusive of revaluation surplus of Rs.4859.84 lakhs and Rs 4851.14 lakhs respectively.

## SANCO TRANS LIMITED

### DIRECTORS' REPORT

The Directors are pleased to present the Annual Report of the Company, together with the audited accounts, for the year ended March 31, 2010.

<b>Financial Highlights</b>	<b>2009-10</b>	<b>2008-09</b>
	(Rs. Lakhs)	
<b>Gross revenue from operations and other income</b>	<b>5053.50</b>	6171.76
<b>Expenditure</b>		
Hire charges	<b>1453.19</b>	1422.91
Handling charges	<b>1613.86</b>	2020.89
Human resources	<b>604.72</b>	585.14
Others excluding interest and finance charges	<b>221.47</b>	217.90
<b>Profit before interest and finance charges and depreciation and tax (PBDIT)</b>	<b>1160.26</b>	1924.92
Interest and finance charges – net	<b>97.16</b>	164.06
<b>Cash profit (PBDT)</b>	<b>1063.10</b>	1760.86
Depreciation-net	<b>127.49</b>	105.87
<b>Profit before tax (PBT)</b>	<b>935.61</b>	1654.99
Taxation( Income-tax, deferred tax, fringe benefit tax )	<b>324.71</b>	594.41
<b>Profit after tax (PAT)</b>	<b>610.90</b>	1060.58
Profit brought forward from previous year	<b>131.67</b>	34.46
<b>Profit available for appropriation</b>	<b>742.57</b>	1095.04
<b>Appropriations</b>		
Transfer to General reserve	<b>540.00</b>	868.60
Proposed dividend	<b>48.60</b>	81.00
Corporate tax on proposed dividend	<b>8.07</b>	13.77
Profit carried forward	<b>145.90</b>	131.67

### **Management discussion and analysis**

#### **Operating results**

Container handling in the country during the first half of the reporting year showed a negative growth of 6.32 percent which impacted on the gross operating revenue of your company resulting in a reduction of nearly Rs.1100 lakhs for the whole year. This reduction had its cascading effect on the net earnings for the year. In the second half of the year there has been a turnaround in the traffic handled at major ports but the said turnaround did not result favourably for your company in view of the fact that the turn around was mainly in coking coal, oil and raw fertilizer which was not part of container handling operations of your company. The situation got further confounded by severe competition in the container handling operations, which is the main stay of your company's operations. However, inspite of the above stated negative factors your company's management was able to successfully offset the adverse impact by effective use of the company's resources.

During the year under report the Company incurred major Capital expenditure to an extent of Rs 268 lakhs to further strengthen the operating fleet and Rs 48 lakhs on expanding the container yard capacity which will have the effect of increasing the revenue and reducing the cost of container handling operations in the future.

## **SANCO TRANS LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Strategies and future plans**

In order to further augment the container handling operations your company is taking the necessary steps proactively to upgrade its facilities by increasing the capacity of its container storage yard and attendant requirements of operating fleet and equipments at an estimated capital cost of nearly Rs 900 lakhs. These steps are likely to enure to the benefit of the company and thereby result in improved performance by your company in the future.

#### **Finance**

Your company is continuing to follow its conservative and prudent financial policy set in motion in the previous year which has resulted in a saving in its interest and finance charge of Rs 66.90 lakhs during the year.

#### **Cautionary note**

Statements in this report discloses forward looking information to enable investors to fully appreciate our prospects and take informed investment decisions. This report and other statements contain forward looking statements that set our anticipated results based on the management's plans and assumptions. The company cannot, of course, guarantee that these forward looking statements will be realized, although the company believes it has been prudent in its assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

#### **Dividend**

Your directors, after due consideration of the necessity to conserve the available resources for the Company's expansion plans and for the repayment of the borrowings for the acquisitions made in the last three years, are pleased to recommend for approval of the shareholders a dividend on the Company's paid up Equity share capital at 27% which will absorb Rs 56.67 Lakhs including the Corporate dividend tax.

#### **Directors**

Sri R Vijayaraghavan and Sri V Govind were co-opted as additional Directors on May 29,2010 and consequently they will hold office as Directors upto the ensuing Annual general meeting. Directors Sri T Ananthanarayanan and Smt S Devaki will be retiring by rotation and being eligible, offer themselves for re-appointment. Sri N Badrinarayanan, Director, retired from the Board with effect from May 29,2010.

#### **Directors' responsibility statement**

As stipulated in section 217 (2AA) of the Companies Act, 1956, the directors hereby confirm that – (i) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; (ii) the accounting policies have been selected and applied the same consistently and made judgments and estimates that are reasonably prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the said year; (iii) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and (iv) the annual accounts have been prepared on a going concern basis.

#### **Conservation of energy, technology absorption and foreign exchange earnings and outgo**

Disclosure of information regarding conservation of energy and technology absorption are not applicable to the Company.

During the year your company earned foreign exchange to an extent of Rs 23.48 lakhs(2009-Rs 7.03 lakhs) and expended foreign currency to an extent of Rs 24.34 lakhs(2009-Rs 348.04 lakhs).

## **SANCO TRANS LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Auditors' and their report**

Sarvasri M S Krishnaswami & Rajan, Chartered Accountants retire as auditors of the Company at the conclusion of the ensuing annual general meeting of the Company and have confirmed their eligibility and willingness to accept the office of auditors, if appointed.

With reference to the remarks of the auditors regarding internal audit system we have to state that the areas not covered by the said system will not have a material impact considering the volume of the transactions involved in the said areas and that the said areas are being reviewed internally.

#### **Industrial relation**

Industrial relations remained cordial and harmonious throughout the year.

#### **Acknowledgements**

Your Company continued to receive co-operation and unstinted support from its constituents, suppliers, bankers and others associated with the Company. The directors wish to place on record their appreciation for the same and your company will continue in its endeavor to build and nurture strong links with trade, based on mutuality, respect and co-operation with each other.

**For and on behalf of the Board of Directors**

Place: Chennai

Dated: May 29,2010

**V Upendran**  
**Chairman & Managing Director**

**SANCO TRANS LIMITED**  
**Auditors' report to the members**

We have audited the attached Balance Sheet of **SANCO TRANS LIMITED** as at March 31, 2010 and the relative Profit and loss account and Cash flow statement for the year ended that date signed by us under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing and assurance standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements read with the notes to the Accounts, give the information required by the Companies Act, 1956 (the Act) 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 the Company's affairs as at March 31, 2010, (ii) in the case of the Profit and loss account, of its profit for the year ended that date and (iii) in the case of the Cash flow statement, of the cash flows for the year ended that date.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of the books.

The balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and, in our opinion, they comply in all material respects with the accounting standards referred to in Section 211 (3C) of the Act.

On the basis of the written representations received from the directors and taken on record by the Board of the Directors, we report that none of the Directors is disqualified from being appointed as a director in terms of Section 274(1)(g) of the Act as on March 31, 2010.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:

-The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management and no material discrepancies have been noticed on such verification. During the year, in our opinion, substantial part of fixed assets has not been disposed off by the Company.

-The inventory of the company has been physically verified by the management at reasonable

## **SANCO TRANS LIMITED**

### **Auditors' report to the members (continued)**

intervals. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. In our opinion, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.

-The company has not taken unsecured loans from Companies, firms or other parties covered in the register maintained under section 301 of the Act.

-The company has not granted any loans, secured or unsecured, to companies, firm or other parties covered in the register maintained under section 301 of the Act.

-The repayment of the principal amount and payment of interest in respect of the loans mentioned above, wherever stipulated, are regular and there are no overdue amounts in excess of one lakh in respect of the said loans.

-In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. We have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in internal control systems.

-In our opinion, the particulars of contracts or arrangements, referred to in section 301 of the Act have been entered in the register required to be maintained under the said section; further, in our opinion, there are no such transactions exceeding rupees five lakhs each which have been made at prices, which are not reasonable having regard to the prevailing market prices for such goods, materials or services at the relevant time.

-In our opinion, the company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58-A and 58 AA of the Act or any other relevant provisions of the Act and the rules framed thereunder, where applicable, with regard to deposits accepted from the public and no order under the aforesaid sections has been passed by the Company Law Board or any other authority on the Company.

*-The Company has an internal audit system that covers major portion of the company's activities. We are informed that the portion not covered by the said system will not have a material impact considering the volume of the transactions involved and that the said areas are being reviewed internally.*

-Maintenance of cost records has not been prescribed by the Central Government under section 209 (1)(d) of the Act in regard to any of the operations of the Company.

-In our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, customs duty, excise duty, cess and any other statutory dues have been regularly deposited by the Company during the year with the appropriate authorities.

-As at March 31, 2010 according to the records of the Company, there were no disputed dues on account of sales tax, income tax, custom duty, wealth tax, service tax, excise duty or cess which



## **SANCO TRANS LIMITED**

### **Auditors' report to the members (continued)**

have not been deposited except for Rs.30,190 towards income tax which is pending in appeal before the Commissioner of Income tax (Appeals), Chennai and in respect of which stay for payment of tax has been granted.

-The company has neither accumulated losses as at March 31, 2010 nor has it incurred any cash losses during the financial year ended on that date and in the immediately preceding financial year.

-The company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

-The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

-The provisions of any special statute as specified under clause (xiii) of paragraph 4 of the Order are not applicable to the company.

-The company is not dealing or trading in shares, securities, debentures and other investments.

-The company has not given any guarantees for loans taken by others from banks or financial institutions.

-In our opinion, the term loan taken by the Company has been applied for the purpose for which the same was raised.

-On an overall examination of the financial statements of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.

-The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.

-No debentures were issued by the Company during the year.

-The company has not raised any money by public issue during the year.

-No fraud on or by the Company has been noticed or reported during the year.

For M S Krishnaswami & Rajan

*Chartered Accountants*

Firm's Registration No. 01554S

Place : Chennai

Date : May 29, 2010

M K Rajan - Partner

*Membership No.4059*

**COMPLIANCE CERTIFICATE**

CIN: L 60220 TN 1979 PLC 007970

To,

The Members,  
M/s. SANCO TRANS LIMITED

We have examined the registers, records, books and papers of M/s. SANCO TRANS LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ending 31<sup>st</sup> March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and wherever required entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Chennai, within the time prescribed / with late fees, as applicable, under the Act and the rules made there under.
3. The Company being a Public Limited Company, has the minimum prescribed paid up capital.
4. The Board of directors met SIX times on 27.05.2009, 30.07.2009, 07.09.2009, 29.10.2009, 04.12.2009 & 27.01.2010 in respect of which meetings notices were given and the proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 01.09.2009 to 07.09.2009 and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2009 was held on 07.09.2009 after giving notice to the members of the Company and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. According to information and explanations given to us, the Company has complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
10. The Company made necessary entries in the register maintained under Section 301 of the Act.



Name of the Company : M/s. SANCO TRANS LIMITED  
CIN : L 60220 TN 1979 PLC 007970

11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, Members or Central Government, as the case may be.
12. The duly constituted Committee of Directors has approved the issue of duplicate Share Certificates.
13. The Company has:
  - (i) not made any allotment of securities during the financial year under review. The Company has delivered all the certificates on lodgment thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act.
  - (ii) deposited the amount of dividend declared in a separate Bank Account on 07.09.2009 which is within 5 days from the date of declaration of Dividend.
  - (iii) posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed / unpaid dividend has been transferred to Unpaid Dividend Account of the Company.
  - (iv) transferred the amounts in unpaid dividend account and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
  - v) Generally, complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of director has been duly made. There was no appointment of additional directors, alternate directors and directors to fill casual vacancies made during the year under review.
15. The Company has passed Special Resolution in its Annual General Meeting held on 07.09.2009 for re-appointment of Mr. V. Upendran as Managing director of the Company for a period of three years effective from 01.04.2009 and filed the relevant forms with the Registrar of Companies, Chennai.
16. The Company has not appointed any sole -selling agents during the financial year.
17. During the financial year under review, the Company has obtained necessary approvals in terms of Section 297 of the Companies Act, 1956 from the Regional Director, Ministry of Corporate Affairs, Southern Region, Chennai vide their letter Ref No.File No.2/M 5097/86 SRN No. A62000039 dated 19.05.2009.
18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any Preference shares / debentures, hence the question of redeeming any Preference shares / debentures does not arise.





Name of the Company : M/s. SANCO TRANS LIMITED  
CIN : L 60220 TN 1979 PLC 007970

22. There were no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has complied with provisions of Sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 / the applicable directions issued by the Reserve Bank of India/ any other authority in respect of deposits accepted amounting to Rs.96.82 Lakhs as on 31.03.2009 and the Company has filed the copy of the Advertisement / Statement in lieu of Advertisement / necessary particulars as required with the Registrar of Companies, Chennai on 24.09.2009.
24. The amount borrowed by the Company from directors, members, Public, financial institutions, banks and others during the financial year ending 31.03.2010 are within the borrowing limits of the Company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in duly convened Annual General Meeting held on 28.09.2006.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to the name of the Company.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the year under review.
31. According to information and explanations given to us, the Company has received a letter from the office of the Registrar of Companies, Ministry of Corporate Affairs, in connection with inspection carried on by them u/s.209 A of the Companies Act, 1956 seeking clarification for violations of provisions of Companies Act, 1956 and reply for the same was given by the Company vide its letter dt.08.07.2009.
32. The Company has not received any money as security from its employees during the financial year.
33. According to information and explanations given to us, the Company has not constituted its own Provident Fund Trust for its employees, therefore provisions of Section 418 of the Act is not applicable to the Company. However, the Company is regular in depositing both employee's and employer's contribution to Provident Fund with prescribed authorities.

Place : CHENNAI  
Date : 29/05/2010

For BALU SRIDHAR & CO.  
Company secretaries



  
BALU SRIDHAR  
Proprietor  
C.P.No.3550

Name of the Company : M/s. SANCO TRANS LIMITED  
CIN : L 60220 TN 1979 PLC 007970

**Annexure A**

Registers as maintained by the Company

1. Register of Members u/s 150
2. Register of Share Transfer
3. Register of Charges u/s 143
4. Register of Directors u/s 303
5. Register of Directors Share Holding u/s 307
6. Register of Contracts in which Directors are interested u/s 301.
7. Minutes of the meeting of the Board of Directors / Committee(s) along with Attendance Register.
8. Minutes of the meeting of Share Holders.
9. Register of Deposits.
10. Register of Investments.

**Annexure B**

Forms and Returns as filed by the Company, during the financial year ending on 31<sup>st</sup> March, 2010 with the Registrar of Companies, Chennai:

1. E Form 17 for Satisfaction of Charge dated 25.04.2009 against Sakthi Finance Limited, Chennai, filed u/s 125/138 on 05.05.2009 vide SRN A61232542.
2. E form HNV filed Under Rule 3 of the IEPF (Awareness and Protection of Investors) Rules, 2001 on 26.05.2009 vide SRN A62405667.
3. E Form 17 for Satisfaction of Charge dated 15.06.2009 against Bank of India, Mount Road, Chennai – 600 002, filed u/s 125/138 on 19.06.2009 vide SRN A63791701.
4. E Form 17 for Satisfaction of Charge dated 15.06.2009 against Bank of India, Mount Road, Chennai – 600 002, filed u/s 125/138 on 19.06.2009 vide SRN A63791024.
5. E Form 62 for Return of Deposits - 2008-2009 filed on 29.06.2009 vide SRN A64346380.
6. e Form 8 for Registration of Creation of charge Dt. 07.07.2009 in favour of HDFC Bank, HDFC House Senapati Bapat Marg, Lower Parel W, Mumbai – 400 013 filed u/s 125/127/135 on 16.07.2009. (SRN A 65361933).
7. e Form 8 for Registration of Creation of charge Dt. 02.07.2009 in favour of HDFC Bank, HDFC House Senapati Bapat Marg, Lower Parel W, Mumbai – 400 013 filed u/s 125/127/135 on 16.07.2009. (SRN A65362311).
8. e Form 61 for compounding of offence filed on 16.07.2009. (SRN A65349516).
9. e Form 66 - Compliance Certificate for the year ending 31.03.2009 filed u/s 383A on 18.09.2009. (SRN: P34726653).
10. E Form 23 for registration of Special Resolution filed on 18.09.2009. (SRN A69574218).
11. E Form 25C for reappointment of Managing Director filed with additional fees on 30.09.2009 (SRN A69837821).
12. E Form 62 for Text of Advertisement filed on 01.10.2009 (SRN A69872000).



Name of the Company : M/s. SANCO TRANS LIMITED  
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13. e Form 23AC & 23ACA - Profit & Loss a/c and Balance Sheet for the year ending 31.03.2009 filed u/s 220 on 06.10.2009. (SRN: P35357854).
14. E Form 17 for Satisfaction of Charge dated 24.09.2009 against Kotak Mahindra, Parris Branch, Chennai, filed u/s 125/138 on 21.10.2009 (SRN A70870845).
15. e Form 20B - Annual Return - Schedule V made up to 07.09.2009 filed u/s 159 on 23.10.2009. (SRN: P37049632).
16. E Form 17 for Satisfaction of Charge dated 03.11.2009, against India Equipment Leasing Limited, Chennai, filed u/s 125/138 on 09.11.2009. (SRN A72350028).
17. E Form 17 for Satisfaction of Charge dated 03.11.2009, against India Equipment Leasing Limited, Chennai, filed u/s 125/138 on 09.11.2009. (SRN A72350408).
18. e Form 8 for Registration of Creation of charge Dt. 08.01.2010 in favour of HDFC Bank, HDFC House Senapati Bapat Marg, Lower Parel W, Mumbai - 400 013 filed u/s 125/127/135 on 29.01.2010. (SRN A77380566).
19. e Form 8 for Registration of Creation of charge Dt. 04.12.2009 in favour of IDBI Bank, 115, Anna Salai P B No.805, Saidapet, Chennai - 600 015 filed u/s 125/127/135 with additional fees on 29.01.2010. (SRN A77345064).
20. E Form 17 for Satisfaction of Charge dated 18.02.2010 against Harita Finance Limited, Chennai, filed u/s 125/138 on 19.02.2010. (SRN A78911005).

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# SANCO TRANS LIMITED

Balance sheet as at March 31, 2010

	Schedules	Rs. Lakhs	March 31,2010 Rs.Lakhs	March 31,2009 Rs.Lakhs
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' funds</b>				
Capital	1.1	180.00		180.00
Reserves and surplus	1.2	7337.04		6791.51
			7517.04	6971.51
<b>Loan funds</b>				
Secured loans	1.3	1283.06		1441.05
Unsecured loans	1.4	192.32		193.75
			1475.38	1634.80
<b>Deferred tax liability-net</b>			346.42	328.25
			9338.84	8934.56
<b>APPLICATION OF FUNDS</b>				
<b>Fixed assets</b>				
Gross block	1.5	8701.46		8376.42
Less Depreciation		789.95		664.14
Net block		7911.51		7712.28
Capital work-in-progress		19.41		115.90
			7930.92	7828.18
<b>Investments</b>	1.6		24.19	24.19
<b>Current assets, loans and advances</b>				
Inventories - Stores and spares		4.32		33.76
Sundry debtors	1.7	982.48		948.96
Cash and bank balances	1.8	1005.28		817.74
Other current assets	1.9	157.38		172.56
Loans and advances	1.10	188.99		154.55
		2338.45		2127.57
<b>Less Current liabilities and provisions</b>				
Liabilities	1.11	967.96		1028.82
Provisions	1.12	107.03		226.48
		1074.99		1255.30
Net current assets			1263.46	872.27
<b>Miscellaneous expenditure</b>				
Deferred revenue expenditure	1.13		120.27	209.92
			9338.84	8934.56
Significant accounting policies And Notes to the accounts	3			

This is the Balance sheet referred to  
in our report of even date  
For M S Krishnaswami & Rajan  
Chartered Accountants

For and on behalf of the Board

M K Rajan-Partner

V Upendran  
Chairman and Managing Director

S Sathyanarayanan  
Deputy Managing Director

Place : Chennai  
Date : May 29, 2010



## SANCO TRANS LIMITED

### Profit and loss account for the year ended March 31,2010

	Schedules	2009-10 Rs.Lakhs	2008-09 Rs.Lakhs
<b>INCOME</b>			
Operating income	2.1	5051.55	6166.52
Profit on disposal of capital assets		1.95	5.24
		<u>5053.50</u>	<u>6171.76</u>
<b>EXPENDITURE</b>			
Equipment hire		1453.19	1422.91
Handling charges incurred	2.2	1613.86	2020.89
Human resources	2.3	604.72	585.14
Office and administration expenses	2.4	221.47	217.90
		<u>3893.24</u>	<u>4246.84</u>
<b>PROFIT BEFORE INTEREST AND FINANCE CHARGES AND DEPRECIATION</b>		<u>1160.26</u>	<u>1924.92</u>
Interest and finance charges-net	2.5	97.16	164.06
<b>PROFIT BEFORE DEPRECIATION</b>		<u>1063.10</u>	<u>1760.86</u>
Depreciation -net	2.6	127.49	105.87
<b>PROFIT BEFORE TAX</b>		<u>935.61</u>	<u>1654.99</u>
Provision for taxation			
Current tax - current year		295.70	491.80
- prior year		10.84	--
Deferred tax		18.17	96.61
Fringe benefit tax		--	6.00
<b>PROFIT AFTER TAX</b>		<u>610.90</u>	<u>1060.58</u>
Balance profit brought forward from the previous year		131.67	34.46
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<u>742.57</u>	<u>1095.04</u>
<b>APPROPRIATIONS</b>			
General reserve		540.00	868.60
Proposed dividend		48.60	81.00
Corporate tax on proposed dividend		8.07	13.77
Balance profit carried to Balance sheet		145.90	131.67
		<u>742.57</u>	<u>1095.04</u>
Basic and diluted earnings per share		33.94	58.92
(Rs.)			
Face value per Equity share Rs.10			
Significant accounting policies and Notes to the accounts	3		

This is the Profit and loss account referred to in our report of even date  
For M S Krishnaswami & Rajan  
Chartered Accountants

For and on behalf of the Board

M K Rajan-Partner

V Upendran  
Chairman and Managing Director

S Sathyanarayanan  
Deputy Managing Director

Place : Chennai  
Date : May 29, 2010



**SANCO TRANS LIMITED**

**Cash flow statement for the year ended March 31, 2010**

	2009-10	2008-09
	Rs.Lakhs	Rs.Lakhs
<b>Cash flows from operating activities</b>		
Net profit before tax	935.61	1654.99
Adjustments for:		
Depreciation not considered as cash outflow	127.49	105.87
(Profit)/Loss on disposal of capital assets(net)		
considered under investment activities	1.21	(4.10)
Interest paid(net) considered under financing activities	97.16	160.38
Deferred revenue expenditure		
- Amortised not considered as cash outflow	190.48	114.37
- Incurred considered as cash outflow	(84.54)	(161.70)
Operating Profit before working capital changes	1267.41	1869.81
Adjustments for changes in:		
Inventories	29.44	(32.16)
Trade and other receivables	(111.11)	(327.64)
Trade and other payables	(56.26)	166.93
Net cash from operating activities	1129.48	1676.94
Direct taxes paid	(387.90)	(359.68)
Cash flow from operating activities (1)	741.58	1317.26
<b>Cash flows from investment activities</b>		
Payments for acquisition of fixed assets		
Additions to fixed assets as per schedule 1.5	(343.39)	(839.84)
Adjustment for changes in Capital work in progress	96.49	(85.44)
	(246.90)	(925.28)
Proceeds on disposal of capital assets	6.76	7.11
Cash flow from investment activities (2)	(240.14)	(918.17)
<b>Cash flows from financing activities</b>		
Borrowings - Long term - Raised	806.28	427.84
- Repaid	(987.09)	(307.17)
- Short term - Raised	65.54	14.83
- Repaid	(66.97)	(161.91)
Interest paid (mentioned in operating activities as above)	(97.16)	(160.38)
Adjustment for changes in interest accrued on loans	(4.60)	(2.06)
Dividend and corporate dividend tax paid	(94.76)	(66.34)
Cash out flow from financing activities (3)	(378.76)	(251.07)
<b>Net Cash flow (1) - (2) - (3)</b>	<b>122.68</b>	<b>148.02</b>

**SANCO TRANS LIMITED**  
**Cash flow statement for the year ended March 31, 2010**

	<b>2009-10</b> <b>Rs. Lakhs</b>	<b>2008-09</b> <b>Rs. Lakhs</b>
<b>Represented by movement in cash and cash equivalents</b>		
At beginning		
Cash and bank balances as per Schedule 1.8	<b>817.74</b>	266.89
Less Bank deposits with maturity of more than six months considered under Trade receivables	<b>492.47</b>	142.50
	<u><b>325.27</b></u>	<u>124.39</u>
Secured loans(Cash credit ) as per Schedule 1. 3	<b>(66.00)</b>	(13.14)
<b>(4)</b>	<u><b>259.27</b></u>	<u>111.25</u>
At end		
Cash and bank balances as per Schedule 1.8	<b>1005.28</b>	817.74
Less Bank deposits with maturity of more than six months considered under Trade receivables	<b>550.80</b>	492.47
	<u><b>454.48</b></u>	<u>325.27</u>
Secured loans(Cash credit ) as per Schedule 1.3	<b>(72.53)</b>	(66.00)
<b>(5)</b>	<u><b>381.95</b></u>	<u>259.27</u>
Movement (increase) in cash and cash equivalents <b>(5) - (4)</b>	<u><b>122.68</b></u>	<u>148.02</u>

This is the Cash flow statement referred  
in our report of even date  
For M S Krishnaswami & Rajan  
Chartered Accountants

For and on behalf of the Board

M K Rajan - Partner

V Upendran  
Chairman and Managing Director

S Sathyanarayanan  
Deputy Managing Director

Place : Chennai  
Date : May 29, 2010

# **SANCO TRANS LIMITED**

## **Schedules to the Balance sheet**

	<b>March 31,2010 Rs.Lakhs</b>	<b>March 31,2009 Rs.Lakhs</b>
<b>1.1 Capital</b>		
Authorised		
70,00,000 Equity shares of Rs.10 each	<u>700.00</u>	<u>700.00</u>
Issued and subscribed and paid-up		
18,00,000 Equity shares of Rs.10 each	<u>180.00</u>	<u>180.00</u>
<b>1.2 Reserves and surplus</b>		
Revaluation reserve	4851.14	4859.84
General reserve	2340.00	1800.00
Surplus – Balance in Profit and loss account	<u>145.90</u>	<u>131.67</u>
	<u>7337.04</u>	<u>6791.51</u>
<b>1.3 Secured loans</b>		
Loans and advances from banks		
Term loan	1210.53	1365.13
Cash credit	<u>72.53</u>	<u>66.00</u>
	<u>1283.06</u>	<u>1431.13</u>
Other loans and advances		
Deferred liability under hire purchase	--	9.92
	<u>1283.06</u>	<u>1441.05</u>
<b>1.4 Unsecured loans</b>		
Fixed deposits		4.20
- Due to Directors	4.20	
- Due to others	148.06	92.62
Short term loans and advances		
From other than banks	<u>40.06</u>	<u>96.93</u>
	<u>192.32</u>	<u>193.75</u>
<b>1.5 Fixed assets</b>		
Land		
Cost/Valuation at beginning	5203.73	1065.35
Additions during the year	47.68	111.88
Added on revaluation	--	4026.50
Cost/Valuation at end	<u>5251.41</u>	<u>5203.73</u>
Buildings		
Cost/Valuation at beginning	1086.97	364.96
Additions during the year	9.85	188.66
Added on revaluation	--	533.35
Cost/Valuation at end	<u>1096.82</u>	<u>1086.97</u>
Depreciation to-date	<u>57.56</u>	<u>39.09</u>
	<u>1039.26</u>	<u>1047.88</u>
Operating Fleet/Equipments		
Cost at beginning	1976.89	1507.71
Additions during the year	268.40	489.69
Deductions during the year	<u>7.13</u>	<u>20.51</u>
Cost at end	<u>2238.16</u>	<u>1976.89</u>
Depreciation to-date	<u>701.19</u>	<u>599.46</u>
	<u>1536.97</u>	<u>1377.43</u>
Machinery		
Cost at beginning	25.20	15.63
Additions during the year	5.18	9.57
Cost at end	<u>30.38</u>	<u>25.20</u>
Depreciation to-date	<u>10.90</u>	<u>9.58</u>
	<u>19.48</u>	<u>15.62</u>

**SANCO TRANS LIMITED****Schedules to the Balance sheet**

	<b>March 31, 2010</b>	<b>March 31, 2009</b>
	<b>Rs.Lakhs</b>	<b>Rs.Lakhs</b>
<b>1.5 Fixed Assets-Continued</b>		
Office Vehicles		
Cost at beginning	48.81	27.64
Additions during the year	4.31	24.03
Deductions during the year	11.22	2.86
Cost at end	41.90	48.81
Depreciation to-date	9.38	9.66
	32.52	39.15
Furniture/Office Equipments		
Cost at beginning	33.51	109.78
Additions during the year	7.97	16.01
Deductions during the year	--	92.28
Cost at end	41.48	33.51
Depreciation/impairment to-date	9.61	5.47
	31.87	28.04
Intangible assets (Software) – Acquired		
Cost at beginning	1.31	1.31
Depreciation/impairment to-date	1.31	0.88
	--	0.43
<b>Total</b>	<b>7911.51</b>	<b>7712.28</b>
<b><u>Summary of fixed assets</u></b>		
Cost/valuation at beginning	8376.42	7652.23
Additions during the year	343.39	839.84
Deductions during the year	18.35	115.65
Cost/valuation at end	8701.46	8376.42
Depreciation / impairment to-date	789.95	664.14
Written down value	7911.51	7712.28
<b>1.6 Investments</b>		
12,09,600 Equity shares in Indfos Industries Limited		
-Long term-unquoted	24.19	24.19
<b>1.7 Sundry debtors</b>		
(Unsecured, considered good)		
Over six months old	81.02	6.87
Other debts	901.46	942.09
	982.48	948.96
<b>1.8 Cash and bank balances</b>		
Cash on hand	4.19	4.60
Balance with scheduled banks		
In current accounts	87.19	68.14
In deposit accounts	857.05	719.37
Cheques on hand	56.85	25.63
	1005.28	817.74

**SANCO TRANS LIMITED**

<b>Schedules to the Balance sheet (continued)</b>	<b>March 31,2010 Rs. Lakhs</b>	<b>March 31,2009 Rs.Lakhs</b>
<b>1.9 Other current assets</b>		
(Unsecured, considered good)		
Security, earnest money and other deposits	118.46	148.46
Interest accrued on bank deposits and others	24.50	8.82
Prepaid expenses	14.42	15.28
	<u>157.38</u>	<u>172.56</u>
<b>1.10 Loans and advances</b>		
(Unsecured, considered good)		
Advances to suppliers, contractors, constituents and others	45.28	22.36
Loans and advances to employees	13.95	22.47
Advance for leasehold warehouses/ office premises	128.21	107.78
Balance with customs, port trust, etc	1.55	1.94
	<u>188.99</u>	<u>154.55</u>
<b>1.11 Liabilities</b>		
Trade creditors and accrued charges		
Due to Micro Enterprises and small enterprises		
[(Refer Schedule 3 (ii) (22)]	--	--
Due to others	784.86	839.88
Advances and deposits for services	98.44	115.22
Other liabilities	84.66	69.12
Interest accrued but not due on loans		4.60
	<u>967.96</u>	<u>1028.82</u>
<b>1.12 Provisions</b>		
Proposed dividend	48.60	81.00
Corporate tax on proposed dividend	8.07	13.76
Provision for taxation- net of advance payments	50.36	131.72
	<u>107.03</u>	<u>226.48</u>
<b>1.13 Deferred revenue expenditure</b>		
Structures on leasehold land	96.33	208.99
Loan raising expenses	17.38	--
Premium on prepayment of borrowings	6.56	--
Compensation under voluntary separation plan	--	0.93
Expenditure to the extent not written off or adjusted	<u>120.27</u>	<u>209.92</u>

<b>SANCO TRANS LIMITED</b>	<b>2009-10</b>	<b>2008-09</b>
<b>Schedules to the Profit and loss account</b>	<b>Rs. Lakhs</b>	<b>Rs. Lakhs</b>
<b>2.1 Operating Income</b>		
Handling charges earned	2284.12	2307.15
Equipment and fleet hire charges earned	1453.37	1092.30
Agency and other charges earned	248.44	176.26
Warehousing charges earned	1065.62	2590.81
	<u>5051.55</u>	<u>6166.52</u>
<b>2.2 Handling charges incurred</b>		
Expenses relating to Port, Customs and other operations	635.85	725.83
Stores and tools consumed	1.37	4.54
Labour charges to outside agencies	19.06	36.40
Expenses of Container yard and warehouses		
Rent	231.60	411.98
Rates and taxes	27.30	20.17
Repairs to buildings	223.84	181.15
Repairs to machinery	0.78	1.43
Power and fuel	22.54	19.10
Insurance	23.97	15.54
Security charges	35.45	36.58
Operating equipments upkeep		
Annual maintenance service charges	26.30	19.80
Fuel	202.05	232.48
Repairs and replacements	134.33	227.81
Rates and taxes	8.75	6.15
Insurance	20.67	12.60
Loss and damage to cargo and godown	--	69.33
	<u>1613.86</u>	<u>2020.89</u>
<b>2.3 Human resources</b>		
Salaries, wages and bonus	470.43	447.69
Contribution to provident and other funds	32.80	31.48
Employees' welfare expenses	101.49	105.97
	<u>604.72</u>	<u>585.14</u>
<b>2.4 Office and administration expenses</b>		
Power and fuel	3.87	4.48
Rent	31.72	32.64
Rates and taxes	1.45	1.80
Insurance	3.31	4.21
Repairs to office premises	6.72	5.41
Computer maintenance	4.83	5.62
Repairs to other assets	3.58	4.22
Travel and conveyance	50.13	47.23
Office vehicles upkeep and running expenses		
Fuel	9.60	10.36
Repairs and replacements	2.71	3.71
Rates and taxes	0.36	1.45
Insurance	0.91	1.00
Advertisement	5.01	4.73
Entertainment	4.82	4.35
Printing and stationery	16.45	17.50
Communication expenses	22.20	26.66
Legal expenses	15.07	1.55
Fees to auditors - For audit	1.80	1.80
Information technology expenses	4.65	2.82
Loss on sale/deletion of fixed assets	3.16	1.14
Miscellaneous expenses	29.12	35.22
	<u>221.47</u>	<u>217.90</u>

**SANCO TRANS LIMITED**2009-10  
Rs. Lakhs2008-09  
Rs.Lakhs**Schedules to the Profit and loss account****2.5 Interest and finance charges**

Interest paid

On fixed loans

99.30

124.57

On advances and other accounts

69.88

59.21

169.18183.78

Interest received

On deposits with banks and other accounts

79.08

23.40

90.10160.38

net

Guarantee and finance charges paid

7.06

3.68

97.16164.06**2.6 Depreciation**

Buildings

18.47

6.59

Operating fleet and equipments

108.55

80.40

Machinery

1.32

1.00

Office vehicles

3.28

2.32

Furniture and office equipments

4.13

15.12

Intangible assets-Acquired

0.44

0.44

136.19105.87

Less Transfer from Revaluation reserve

[Refer Schedule 3 (ii) (15)]

8.70

--

127.49105.87

## **SANCO TRANS LIMITED**

### **Schedule to the Balance sheet and Profit and loss account**

#### **3. Significant accounting policies and Notes to the accounts**

##### **(i) Significant accounting policies**

###### **Convention**

Financial statements are prepared to comply in all material respects with applicable mandatory accounting standards in India and the relevant presentational requirements of the Companies Act, 1956.

###### **Basis of accounting**

Financial statements are prepared in accordance with the historical cost convention on the concept of going concern except for the revaluation of the net assets made as on March 31, 2010 and as per accrual basis of accounting.

###### **Use of estimates**

Preparation of financial statements involves making of estimates and assumptions in accordance with generally accepted accounting principles, that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and revenue and expenses during the periods reported. The estimates are based as historical experience, where applicable, and other assumptions that management believes are reasonable under the circumstances. Due to inherent uncertainty involved in making estimates, actual results may differ from those estimates under different assumptions or conditions. Any revision to accounting estimate is recognized prospectively in the current and future periods.

###### **Fixed assets**

Cost of assets with certain limits on economic life and cost is capitalised. Cost (less cenvat, if any) will include inward freight, duties, taxes and borrowing costs incurred on qualifying assets and other incidental expenses related to acquisition.

###### **Depreciation / impairment**

Depreciation is calculated on fixed assets in a manner that amortises the cost of the assets after commissioning over the lives based on the rates specified in Schedule XIV to the Companies Act, 1956 by equal annual instalments except for service equipments which is depreciated at twenty percent. Depreciation on additions is charged to revenue proportionately from the month the assets are used. No depreciation is reckoned in the year of disposal.

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. Provision for impairment will be reviewed periodically and amended depending on changes in circumstances.

###### **Inventories**

Stores and spares for the operating equipments are stated at lower of cost and estimated net realisable value, cost being ascertained on first in, first out basis. Obsolete, slow moving and defective items of inventories are adequately provided.



## **SANCO TRANS LIMITED**

### **Schedules to the Balance sheet and Profit and loss account**

#### **3. Significant accounting policies and Notes to the accounts**

##### **(i) Significant accounting policies (Continued)**

###### **Investments**

Long term investments are stated at cost less provision for diminution, other than temporary, if any.

###### **Revenue recognition**

Revenue is recognised (i) on executed work, at contracted rates, (ii) on other work yet to be completed, at estimated net realisable value, (iii) from warehousing operations, at estimated net realisable value, (iv) in respect of container freight station operations, at estimated net realisable value and (v) in respect of goods lying in the Container Freight Station auctioned by the Customs department, at the bid money, net of related expenses on clearance of goods from the yard. Operating earnings are reckoned net of the relevant expenses and losses claimable from the constituents.

###### **Amortisation of deferred revenue expenditure**

Cost of structures on leasehold land is amortised over the estimated period the benefit from such expenditure is expected to enure. Expenditure incurred on raising loans is amortised over the period of the borrowings. Premium paid on prepayment of any borrowings is amortised over the un-expired period thereof or sixty months, whichever is less. Compensation paid under voluntary separation plan is amortised over thirtysix months or the period up to March 31,2011 whichever is less.

###### **Employee benefits**

Charge in respect of employee benefits is recognized as under (i) Short term employee benefits- Provision for the obligations made on estimated basis; (ii) Past employment benefits and other long term employee benefits - (1) Deferred contribution plans- Company's contribution to provident fund, employees state insurance and other funds are provided on determination of the liability under the relevant schemes and charged to revenue; (2) Gratuity and other retirement benefits- Provision made on the basis of actuarial determination of the Company's liability towards the said benefits at each balance sheet date using the projected unit credit method; actuarial gains and losses are recognized in the revenue.

###### **Taxation**

Provision for income tax expense comprises of current tax, deferred tax. Provision for current tax is made with reference to taxable income for the current accounting year by applying the applicable tax rate. Deferred income tax charge reflects the impact of the current period timing differences between taxable income and accounting income subject to consideration of prudence. The deferred tax charge or credit is recognised using prevailing tax rates. Deferred tax assets are recognised only to the extent there is virtual certainty of realization in future. Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the period and available case laws to reassess realization/liabilities.

###### **Provisions and contingencies**

Provision is recognized when (i) the company has a present obligation as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. A disclosure of a contingent liability is made when there is a possible obligation that may, but probably will not, require outflow of resources. Where there is possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

## **SANCO TRANS LIMITED**

### **Schedules to the Balance sheet and Profit and loss account**

#### **3. Significant accounting policies and Notes to the accounts**

##### **(i) Significant accounting policies (Continued)**

###### **Foreign currency transactions**

Foreign currency transactions are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at year end rates and the revenue arising on settlement of transactions and translation of monetary items is recognized in the revenue.

##### **(ii) Notes to the accounts**

- (1) Issued and subscribed capital include 2,50,000 Equity shares allotted as fully paid-up by way of bonus shares by capitalisation of part of General reserve.
- (2) Movement in reserves –(i) Revaluation reserve- Surplus arising on the revaluation of the net assets Rs Nil (March 31,2009 Rs 4859.84 lakhs); Transfer to Depreciation in Schedule 2.6 (refer Note 15 below) Rs 8.70 lakhs(March 31,2009 Rs Nil); (ii) General reserve - Transfer from Profit and loss account Rs. 540.00 lakhs (March 31,2009 Rs.868.60 lakhs); Adjustment on account of provision for taxation and other balances : Charge( - )/Credit(+) - Rs. Nil (-) (March 31,2009, Rs.68.60 lakhs(-).
- (3) Nature of security for secured loans – (i) Term loan and cash credit facility from banks are secured by a first charge on the entire fixed assets (excluding assets under hire purchase) and current assets, present and future. (ii) Deferred liability under hire purchase is secured by hypothecation of equipments acquired under the hire purchase scheme; (iii) Term loan and cash credit facilities are guaranteed by three directors. The liability stated at (ii) above is guaranteed by the Managing Director and Deputy Managing Director.
- (4) Unsecured loans include Rs. 20.11 lakhs (March 31,2009 Rs.47.22 lakhs) repayable within twelve months from the end of the year.
- (5) The net assets of the company were revalued as on March 31,2009 by an external valuer on the basis of (i) estimated prevailing market value for similarly located assets in the case of land and buildings, (ii) estimated depreciated replacement cost in the case of other fixed assets, (iii) estimated realizable value or cost whichever is lower in the case of inventories and (iv) estimated values which are likely to be realized /discharged in the case of other assets and liabilities. Depreciation in the case of fixed assets for the purpose of the said revaluation has been computed upto March 31,2009.The resulting net surplus on such revaluation aggregating Rs 4859.84 lakhs has been credited to Revaluation reserve.
- (6) There is no diminution, other than temporary in the value of the investments.
- (7) Deposits with banks in Schedule 1.8 include Rs. 187.49 lakhs (March 31,2009 Rs.65.65 lakhs) in respect of which the relative deposit receipts have been pledged with banks as security for the guarantee facilities extended by them to the Company.

## **SANCO TRANS LIMITED**

### **Schedules to the Balance sheet and Profit and loss account**

#### **3. Significant accounting policies and Notes to the accounts (continued)**

##### **(ii) Notes to the Accounts (continued)**

- (8) There are no amounts remaining to be credited to the Investor Education and Protection Fund.
- (9) Capital expenditure commitments (net of advances) Rs. 41.26 lakhs (March 31,2009-Rs Nil).
- (10) Contingent liabilities - Claims against the Company not acknowledged as debts Rs.26.35 lakhs (2008-09 Rs.9.93 lakhs).
- (11) Directors' remuneration - (i) Managing Director, Deputy Managing Director, Director-Finance and Wholetime Director - Salary Rs. 61.66 lakhs (2008-09 Rs.43.89 lakhs), Allowances Rs. 18.50 lakhs (2008-09 Rs.13.10 lakhs), Contribution to Provident fund Rs. 7.40 lakhs (2008-09 Rs.5.26 lakhs), Perquisites Rs. 0.32 lakh (2008-09 Rs.0.82 lakh). Total Rs. 87.88 lakhs(2008-09 Rs. 63.07 lakhs); (ii) Sitting fees to directors Rs 1.80 lakhs (2008-09 Rs.1.45 lakhs).
- (12) Repairs to container yard and warehouses in Schedule 2.2 include Rs. 188.82 lakhs (2008-09 Rs.111.91 lakhs) being amortised expenses on leasehold land.
- (13) Human resources include Rs. 0.93 lakh (2008-09 Rs.2.22 lakhs) being amortisation of compensation under voluntary separation plan.
- (14) Tax deducted at source on interest income is Rs. 5.39 lakhs (2008-09 Rs.4.82 lakhs) .
- (15) Depreciation for the year computed on revalued assets includes a charge of Rs 8.70 lakhs (2008-09 Rs Nil) being the excess depreciation computed by the method followed by the company prior to revaluation and the same has been transferred from Revaluation reserve to the Profit and loss account.
- (16) Foreign exchange and foreign currency transactions and derivatives - (i) Imports – Rs. Nil (2008-09 Rs 338.64 lakhs); (ii) Other expenditure in foreign currency Rs. 24.34 lakhs(2008-09 Rs.9.40 lakhs); (iii) Other earnings in foreign exchange Rs. 23.48 lakhs (2008-09 Rs. 7.03 lakhs); (iv) There was no remittance in foreign currencies on account of dividend to non-resident shareholders; (v) Net exchange difference credited to Profit and loss account Rs. 0.63 lakh (2008-09 Rs.0.01 lakh); (vi) Derivatives – Company has not so far used derivative financial instruments such as forward contracts, currency swap to hedge currency exposures, present and anticipated. However, currency exposure not hedged by derivative instrument are as under: Amount receivable on account of services rendered, advances, etc. US \$ 15,527.10 equivalent RS 7.07 lakhs, Euro 214.85 equivalent Rs .013 lakhs (March 31,2009 US \$ 2,375.44 equivalent Rs 1.21 lakhs, Euro 4,969.01 equivalent Rs 3.35 lakhs); Amount payable on account of services obtained US \$ Nil, Euro 474.89 equivalent Rs 0.29 lakh, GBP 6,875.55 equivalent Rs 4.68 lakhs ( March 31,2009 US \$ 368.46 equivalent Rs 0.18 lakh, Euro Nil, GBP 1,165.41 equivalent Rs 0.93 lakh).
- (17) Computation of earnings per share: (i) Profit after taxation Rs 610.90 lakhs(2008-09 Rs1060.58lakhs); (ii)Equity shares outstanding 18,00,000 (March 31,2009 - 18,00,000); (iii) Earnings per share – Basic and diluted (i)/(ii) Rs. 33.94 (2008-09-Rs 58.92).

## **SANCO TRANS LIMITED**

### **Schedules to the Balance sheet and Profit and loss account**

#### **3. Significant accounting policies and Notes to the accounts (continued)**

##### **(ii) Notes to the Accounts (continued)**

(18) Deferred tax-liability comprises tax effect of (i) timing differences relating to depreciation Rs. 313.68 lakhs (March 31,2009 Rs.241.51 lakhs); (ii) others Rs. 32.74 lakhs (March 31,2009 Rs.86.74 lakhs).

(19) (i) The company has complied with the revised Accounting Standard 15-Employee benefits issued by the Institute of Chartered Accountants of India. Accordingly provision of Rs 30.10 lakhs has been made for the incremental liability towards gratuity for the year ended March 31,2010 (2008-09 -Rs 40.51 lakhs).

(ii) Deferred benefit plan- Gratuity: As per actuarial valuation on March 31,2010. The disclosures required in the said Accounting standard regarding computation of the said benefit plan have not been furnished since the said information is not considered as material.

(iii) Gratuity is administered through Group Gratuity Scheme with Life Insurance corporation of India. The expected return on plan assets is based on market expectation at the beginning of the year for the returns over the entire life of the related obligation.

(iv) During the year the Company has recognized the following amounts in the Profit and loss account in Schedule 2.3 to the accounts- Contribution to provident fund Rs 32.80 lakhs,(2008-09 Rs 31.48lakhs: 2007-08-Rs 24.38 lakhs), Contribution towards gratuity Rs 30.10 lakhs( 2008-09 Rs 40.51 lakhs: 2007-08-Rs 19.71lakhs), Employees' welfare expenses include contribution to employees' state insurance plan Rs 7.76 lakhs( 2008-09-Rs 7.65 lakhs: 2007-08- Rs 13.21 lakhs).

(20) Segment information - The Company is principally engaged in a single business segment viz. Logistics.

##### **(21) Related party transactions**

###### **(1) Related party – Key management personnel**

- (i) Shri V Upendran - Managing Director
- (ii). Shri S Sathyanarayanan - Deputy Managing Director

	<b>2010</b>	<b>2009</b>
	<b>Rs.Lakhs</b>	<b>Rs.Lakhs</b>
(2) Transactions with key management personnel		
(i) Interest payments	0.03	0.02
(ii) Remuneration	52.35	38.27
(iii) Rent payment	2.84	--
(iv) Outstanding balances under Fixed deposit	0.20	0.20
(v) Outstanding balances under short-term loans and advances received	--	0.25
(vi) Repayment of short-term loans and advances	--	10.00

## **SANCO TRANS LIMITED**

### **Schedules to the Balance sheet and Profit and loss account**

#### **3. Significant accounting policies and Notes to the accounts (continued)**

##### **(ii) Notes to the Accounts (continued)**

(22) The Company has not received any intimation from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been furnished.

(23) Comparative figures relating to previous year have been reclassified to conform to the classification adopted this year.

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For and on behalf of the Board

Place: Chennai  
Date: May 29,2010

V Upendran  
Chairman and Managing Director

S Sathyanarayanan  
Deputy Managing Director

### Information under Part IV of Schedule VI to the Companies Act, 1956

## I. Registration Details

State Code - 18

## II. Capital raised during the year (Amount in Rs. Thousands)

NIL

NIL

NIL

NIL

### III Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

933884

933884

### Application of Funds

18000

793092

733704

2419

—

126346

128306

Miscellaneous expenditure

12027

34642

**IV. Performance of Company (Amount in Rs. Thousands)**

505350

411789

935.61 (+)

610.90 (+)

Rs. 33.94

% 27

## V. Generic names of three principal products

No Item Code mentioned in ITC Code for the services of the Company.

Place: Chennai

Date: May 29, 2010

V Upendran

Chairman and Managing Director

S Sathyanarayanan

Deputy Managing Director

## Sanco Trans Limited

### ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Name of the attending Member (in Block Letters)	Member's Regd. Folio Number
Name of the Proxy (In Block Letters)	

No. of Shares held .....

I hereby record my presence at the THIRTIETH ANNUAL GENERAL MEETING at Narada Gana Sabha, Mini Hall, 314 TTK Road, Alwarpet, Chennai 600018 on 23<sup>rd</sup> July 2010 at 10:00 Hours.

.....  
Member's/Proxy's Signature

**Note :** The copy of the Annual Report may please be brought to the meeting hall.

For Office Use

## Sanco Trans Limited

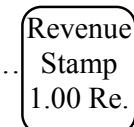
**Registered Office :**  
**46 Moore Street**  
**Chennai - 600 001**

### PROXY FORM

I/We .....  
of .....  
member  
being a ----- of the above named Company, hereby appoint  
members  
.....  
of .....  
.....  
or failing him .....  
of.....  
.....  
my me my  
as --- proxy to vote for --- on --- behalf at the THIRTIETH  
our us our  
ANNUAL GENERAL MEETING of the Company to be held at  
10:00 Hours on the 23<sup>rd</sup> July, 2010 and at any adjournment thereof.

Signed ..... day of ..... 2010

Signature.....



**NOTE :** Proxies must reach the Company's Registered Office not less than 48 hours before commencement of the meeting.

