



Annual Report 2012

**SANCO TRANS LIMITED**

## **SANCO TRANS LIMITED**

### **CORPORATE INFORMATION**

#### **Board of Directors**

Sri V. Upendran - Chairman & Managing Director  
Sri S. Sathyanarayanan - Deputy Managing Director  
Sri U. Udayabhaskar Reddy - Wholetime Director  
Srimathi S. Devaki  
Dr. M.V.M. Alagappan  
Sri T. Ananthanarayanan  
Sri R Vijayaraghavan  
Sri V Govind  
Sri V Shankar  
Sri S R Srinivasan – Director-Finance

#### **Bankers**

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

#### **Registered Office**

46, Moore Street,  
Chennai - 600 001.  
Tel.: 91-44-66449000  
Fax: 91-44-66449009

#### **Auditors**

M/s M. S. Krishnaswami and Rajan  
Chartered Accountants  
Chennai

#### **Branch Offices**

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

#### **Website**

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

#### **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**

**30<sup>th</sup> July,2012**  
**at 10.15 a.m**  
**Narada Gana Sabha Mini Hall,**  
**314 TTK Road, Alwarpet,**  
**Chennai 600018.**

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

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

#### **Investor Email ID**

[shareholder@sancotrans.com](mailto:shareholder@sancotrans.com)

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

**SANCO TRANS LIMITED**  
**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present their Annual Report of the Company, together with the audited financial statements for the year ended March 31, 2012.

**1. Financial highlights**

The Schedule VI to the Companies Act, 1956 which deals with the presentation and disclosure of information in the Financial Statements of Companies has been revised effective from April 1, 2011. The said revision has significantly impacted the disclosure and presentation to be made in the Financial Statements. Further, the said revision requires certain regrouping and reclassification of the previous year's figures in the said Statements compared with the Current year's classification and disclosure. Hence, the Financial Statements for the year ended March 31, 2012 have been prepared and presented in accordance with the said revision in the said Schedule VI.

|  | For the year<br>2011-12 | For the year<br>2010-11 |
|--|-------------------------|-------------------------|
|  | (Rs. Lakhs)             |                         |
| <b>Income from Operations</b>                | <b>7707.89</b>          | 6273.06                 |
| <b>Other Income</b>                          | <b>99.54</b>            | 38.81                   |
| <b>Gross Income</b>                          | <b>7807.43</b>          | 6311.87                 |
| <b>Expenses</b>                              |                         |                         |
| Operating expense                            | 4005.89                 | 2875.33                 |
| Employee benefit expense                     | 859.40                  | 765.48                  |
| Finance costs                                | 167.73                  | 177.86                  |
| Depreciation and amortisation                | 168.46                  | 213.67                  |
| Other expenses                               | 1658.80                 | 1527.28                 |
| <b>Total Expenses</b>                        | <b>6860.28</b>          | 5559.62                 |
| <b>Profit before extraordinary item</b>      | <b>947.15</b>           | 752.25                  |
| Extraordinary item                           |                         |                         |
| -Gain from acquisition of land by Government | 38.67                   | --                      |
| <b>Profit before tax</b>                     | <b>985.82</b>           | 752.25                  |
| Tax expense                                  | 219.78                  | (76.20)                 |
| <b>Profit after tax</b>                      | <b>766.04</b>           | 828.45                  |

**2. Dividend distribution**

The Directors have recommended for consideration of the shareholders a dividend of Rs per Equity share(.....%) of the nominal value of Rs 10 each as against Rs 2.70 per Equity share (27%) distributed for the year 2010-11.

**3. Management Discussion and Analysis**

**A. About the Company**

The Company was incorporated by late Sri K Santhanam Reddiar in the year 1979 as a Private Limited Company with a paid up share capital of Rs 5 lakhs which took over his proprietary business carried on in that name and was converted into a Public Limited Company in the year 1986. The company issued bonus shares in the year 1987 in the proportion of five new equity shares for every one equity share held thereby increasing the paid up share capital to Rs 30 lakhs. The Company issued 15,00,000 equity shares of Rs 10 each to the Public at par in the 1987 and the said issue was fully subscribed. The net worth, net fixed assets, the Profit before and after tax, dividend distribution % and earnings per share for the ten years ending 2011-12 are given below to indicate the company's progress over the said years.

## SANCO TRANS LIMITED

### DIRECTORS' REPORT (Continued)

#### 3. Management Discussion and Analysis(Continued)

##### A. About the Company(Continued)

| <u>Year ended</u><br><u>31<sup>st</sup> March</u> | <u>Net worth</u> | <u>Fixed Assets</u><br><u>-net</u> | <u>Profit</u><br><u>before tax</u> | <u>Profit</u><br><u>after tax</u> | <u>Dividend</u> | <u>Earnings</u><br><u>per share</u> |
|---|------------------|------------------------------------|------------------------------------|-----------------------------------|-----------------|-------------------------------------|
|   | (Rs Lakhs)       | (Rs Lakhs)                         | (Rs Lakhs)                         | (Rs Lakhs)                        | %               | Rupees                              |
| 2003  | 421.99           | 855.18                             | 33.73                              | 13.73                             | Nil             | 0.76                                |
| 2004  | 414.00           | 828.55                             | 10.91                              | 20.61                             | Nil             | 1.14                                |
| 2005  | 424.86           | 891.54                             | 99.94                              | 67.11                             | 15              | 3.73                                |
| 2006  | 560.90           | 996.29                             | 258.81                             | 179.10                            | 27              | 9.95                                |
| 2007  | 723.61           | 1224.34                            | 410.89                             | 276.06                            | 27              | 15.34                               |
| 2008  | 1051.87          | 2451.93                            | 735.57                             | 467.23                            | 31.5            | 25.96                               |
| 2009  | 6761.59          | 7828.18                            | 1654.99                            | 1060.58                           | 45              | 58.92                               |
| 2010  | 7396.77          | 7930.92                            | 935.61                             | 610.90                            | 27              | 33.94                               |
| 2011  | 8202.73          | 7905.22                            | 752.25                             | 828.45                            | 27              | 46.03                               |
| 2012  | 8789.81          | 8473.33                            | 985.82                             | 766.04                            |                 | 42.56                               |

The net assets of the company were revalued as on March 31,2009 and the surplus on the said revaluation of Rs 4859.84lakhs was credited to Revaluation Reserve.

##### B. Industry Progress

Negative sentiments seem to sap the confidence of Indian Ports shipping and logistics industries, which, while seeking solace in the fact that the local economy is not an export oriented one, prided on its belief that the consumerist population would always be to its rescue. The ebb and tide of worrisome developments across nations in Europe, and the recessionary underpinning of the US economy have always been perturbing Indian ports and shipping, which has already been badly affected by bleeding tanker and container trades. While influx of new tonnage into operations have made matters worse for ship owners, the fiscal prudence led cut on imports by many countries across the world had a telling effect on the diminishing cargo traffic by sea. As if all these developments were not enough, the recent reports of steep fall in production of almost all sectors, particularly manufacturing, mining and capital goods have enough ammunition to make the industry players feel jittery. Further, aiding and abetting the negativism are fiscal uncertainties, which include erosion of value of rupee vs dollar, policy paralysis and most importantly, indecision by the authorities. In such a context, it is not surprising that the National Transport Development Policy Committee(NTDPC) has come up with a proposal that seeks cargo support to Indian Ships rather than fiscal benefits or incentives.

Your company's performance for the Current year 2011-12 has to be viewed in the context of the aforesaid economic and market environment. Your company has, through a series of internal measures of operational efficiencies introduced in the earlier year, tried to minimize the adverse impact of the above stated factors afflicting the industry. This has had an encouraging impact on the bottom line growth for the company.

**SANCO TRANS LIMITED**  
**DIRECTORS' REPORT (Continued)**

**3. Management discussion and analysis-continued**

**C. Financials**

Gross Operating income for the year under report was Rs7707.89 lakhs reflecting a growth of 22.87% over the previous year. The said growth in the revenue was driven by the robust growth in the following areas:

|                                     | Growth % |
|-------------------------------------|----------|
| Handling operations                 | 16.09    |
| Equipment and fleet hire operations | 15.42    |
| Warehousing operations              | 46.99    |
| Agency and other operations         | 50.48    |

While the company has taken various steps to meet the challenges mentioned earlier in this report, it is not quite optimistic about the progress in the near future in view of the extraneous factors impinging on its bottom line.

**D. Expansion proposal**

The proposal which was mentioned in our 2010-11 report, to increase the warehousing facility in Chennai by constructing additional multi storied warehouse of capacity 1,20,000 sft commenced in October 2011 and the said work was in progress as on March 31,2012 and is expected to be operational by December 2012. These increased facilities are expected to generate increased volume of business and will result favourably to the Company's bottom line. The recently completed and ready for operation of the L & T Kattupalli Port with which your company also is associated will engender further the company's business volume. Apart from the above, Company is also contemplating to acquire its own administrative building in the vicinity of the existing rented place.

**E. Cautionary note**

Statements in this report discloses forward looking information that set our anticipated results based on the management's plans and assumptions to enable investors to fully appreciate our prospects and take informed investment decisions. 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 the underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

**4. Fixed Deposits**

During the year the company received additional deposits to an extent of Rs 18.53 lakhs and repaid deposits amounting to Rs 14.04 lakhs as and when they matured. There were no unclaimed deposits to be transferred to the credit of Investor Education and Protection fund (IEPF) as required under Section 205C of the Companies Act, 1956.

**5. Unclaimed Dividends**

There are no unclaimed dividends to be transferred to the credit of IEPF as on March 31,2012.

**6. Directors**

Shri R Vijayaraghavan and Shri V Govind will be retiring by rotation and being eligible, offer themselves for reappointment.

**SANCO TRANS LIMITED  
DIRECTORS' REPORT (Continued)**

**7. Corporate Governance**

As required by clause 49 of the Listing agreement entered into with the Stock Exchanges a detailed report on Corporate Governance is given as part of the Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate of the Compliance with the Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

**8. Particulars regarding employees**

There are no particulars to be furnished as required under section 217(2A) of the Companies Act 1956 and the Companies (Particulars of Employees) Rules, 1975.

**9. 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.

**10. 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 10.52 lakhs(2011-Rs 9.04 lakhs) and expended foreign currency to an extent of Rs 31.58 lakhs(2011-Rs 37.37 lakhs).

**11. Auditors**

Sarvasri M S Krishnaswami & Rajan, Chartered Accountants, Chennai 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.

**12. Industrial relations**

Industrial relations remained cordial and harmonious throughout the year.

**13. Acknowledgements**

Your Company continued to receive co-operation and unstinted support from its constituents, suppliers, bankers, employees at all levels 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 30, 2012

**V Upendran  
Chairman & Managing Director**

**SANCO TRANS LIMITED**  
**ANNEXURE TO DIRECTORS' REPORT-REPORT ON CORPORATE GOVERNANCE**

**1. Philosophy on Corporate Governance**

The Board of Directors and the Management of Sanco Trans Limited commit themselves to

- Strive towards enhancement of shareholder value through
  - sound business decisions
  - prudent financial management and
  - high standards of ethics throughout the organization
- Ensure transparency and professionalism in all decisions and transactions of the company; and
- Achieve excellence in Corporate Governance through
  - conforming to and exceeding wherever possible; the prevalent mandatory guidelines on Corporate Governance
  - regular review of the Board processes and the management systems for further improvement
- Apart from the above stated objectives the Board and the Management have been following scrupulously the abiding philosophy of the Founder of the Company late Sri K Santhanam Reddiar which is reflected in the below mentioned words-

“Business is religion and religion is business; the man who does not make a business of his religion has a religion of no force, and the man who does not make a religion of his business has a business life of no character.”

Following the abovestated philosophy, Sanco Trans Limited, as a freight facilitator is committed-

- to provide comprehensive and fully integrated service through extensive network, deploying modern equipment, engaging efficient professionals to cater to the needs of customers
- to build up transparent working environment to facilitate cost effective service and to provide more than reasonable return for the share holders.

**2. Board of Directors**

**(a). Composition:** The Board of Directors of the Company, headed by Chairman, consisted of the following Directors as on March 31,2012, categorized as indicated:

i) Independent Directors

Sri T Ananthanarayanan  
Sri V Govind  
Sri Dr M V M Alagappan  
Sri R Vijayaraghavan  
Sri V Shankar

ii) Executive Directors

Sri V Upendran-Chairman and Managing Director  
Sri S Sathyanarayanan-Deputy Managing Director  
Sri U Udayabhaskar Reddy-Wholetime Director  
Sri S R Srinivasan-Director-Finance

iii) Non-independent

Smt S Devaki

None of the Independent Directors are related to each other and to other Directors.

**b.Attendance at Board meetings and last Annual General Meeting(AGM) and details of memberships of Directors in other Boards and Board Committees.**

| Name of Director         | No of Board meetings attended during the year 2011-12 | Whether attended last AGM held on July 20,2010 | No. of Directorship in other Public Companies under Companies Act |             | No. of Committee position in other Public Companies registered under Companies Act(*) |             |
|--------------------------|---|--|---|-------------|---|-------------|
|                          |   |  | As member   | As chairman | As member   | As chairman |
| Sri V Upendran           | 4   | Yes  | 1   | Nil         | Nil   | Nil         |
| Sri S Sathyanarayanan    | 4   | Yes  | Nil   | Nil         | Nil   | Nil         |
| Sri U Udayabhaskar Reddy | 3   | Yes  | Nil   | Nil         | Nil   | Nil         |
| Smt S Devaki             | 4   | Yes  | Nil   | Nil         | Nil   | Nil         |
| Sri Dr M V M Alagappan   | 4   | Yes  | Nil   | Nil         | Nil   | Nil         |
| Sri T Ananthanarayanan   | 3   | Yes  | 6   | 2           | 3   | 3           |
| Sri V Govind             | 4   | Yes  | 2   | Nil         | Nil   | Nil         |
| Sri R Vijayaraghavan     | 3   | Yes  | 4   | Nil         | 3   | Nil         |
| Shri V Shankar           | 4   | Yes  | Nil   | Nil         | Nil   | Nil         |
| Shri S R Srinivasan      | 3   | Yes  | Nil   | Nil         | Nil   | Nil         |

\* Represents memberships in Audit committee and Shareholders/Investors Grievance Committee of Public Companies governed by the Companies Act, 1956.

Details of Directors seeking re-appointment at the ensuing Annual general meeting have been furnished in the Notice convening the meeting of the Shareholders.

Non-Executive Directors are entitled to a Sitting Fee of Rs 5,000/- for attending to each of the Board/Committee meeting(s).

The Directors' holding of shares of the Company is furnished below:

| Name of the Director  | No of equity shares |
|-----------------------|---------------------|
| Sri V Upendran        | 79,900              |
| Smt S Devaki          | 2,12,750            |
| Sri S Sathyanarayanan | 1,92,600            |

There are no shares or convertible instruments held by any other Director(s).

**Board meetings held during the year 2011-12 and attendance details:**

| Date of meeting  | Total no. of Directors | No of Directors present |
|------------------|------------------------|-------------------------|
| May 28,2011      | 9                      | 8                       |
| July 20,2011     | 10                     | 10                      |
| November 09,2011 | 10                     | 9                       |
| February 9,2012  | 10                     | 8                       |

- The time gap between any two meetings did not exceed four months.
- The last Annual General Meeting was held on July 20,2011.



## Secretarial Standards

The Institute of Company Secretaries of India (ICSI) has published Standards on secretarial practices relating to meetings of the Board/Committees, General meetings, Dividends, etc. The Secretarial and the operating practices of the Company are in line with the above Secretarial Standards. Information required as per Annexure-I to clause 49 of the Listing Agreement with Stock Exchanges is provided to the Board at every meeting.

### 3. Audit Committee

#### a. Constitution

The Audit Committee was initially constituted on August 13,2010. The terms of reference have been reviewed from time to time and the Committee has been mandated to comply with the requirements of clause 49 of the Listing Agreement with Stock Exchanges and also to conform to the provisions of Section 292A of the Companies Act, 1956.

#### b. Composition, Names of Members and Chairman

The Audit Committee consists of independent Directors, with Mr R Vijayaraghavan as Chairman, Sri Dr M V M Alagappan, as Member and Sri V Govind, as Member.

All the members of the Audit Committee have the expertise in finance and in general management . Sri R Vijayaraghavan is Partner of a renowned firm of Advocates, specialised in Taxation matters and Corporate law.Sri Dr M V M Alagappan is well versed in general management. Sri V Govind is Managing Director of Lotus group of companies.

#### c. Meetings and Attendance

##### Audit committee meetings held during the year 2011-12 and attendance details.

| Date of meeting  | No. of members present |
|------------------|------------------------|
| May 28,2011      | 3                      |
| July 20,2011     | 3                      |
| November 09,2011 | 3                      |
| February 9,2012  | 2                      |

- Sri S Sathyanarayanan, Deputy Managing Director attended all the meetings of the committee as CEO.
- The Statutory Auditors of the Company and the Internal Auditors were invited to attend the Audit Committee meetings.
- The Audit Committee discusses with the Statutory Auditors on the "Limited Review" of the quarterly / half-yearly accounts, the audit plan for the year, if necessary, matters relating to compliance with Accounting Standards, the Auditors' observations arising from the annual audit of the Company's accounts and other related matters. The Committee also reviews at every meeting significant observations arising from the Reports of the Internal Auditor and the adequacy of the follow up action taken by the management.

#### 4. Remuneration Committee

a. The remuneration committee consists of the following independent Directors Viz., Sri T Ananthanarayanan, as the Chairman and Sri Dr M V M Alagappan and Sri R Vijayaraghavan .

The committee is mandated with the following: Determination and approval of the increments to the Managing Director and to the other whole time Directors.

The above are based on the overall performance of the Company and on the Committee's assessment of the personal contribution and achievements of the Managing Director/Wholetime Directors, and are within the overall limits approved by the Shareholders.

b. The Committee Meeting was held on May 28,2011 wherein all the members were present.

c. The details of remuneration paid/payable to the Directors during 2011-12 are:

i) Non-executive Directors- Sitting Fees(excluding reimbursement of travel and other expenses incurred for the Company's business).

|                        | <u>Rupees</u> |
|------------------------|---------------|
| Sri Dr M V M Alagappan | 1,00,000      |
| Sri T Ananthanarayanan | 15,000        |
| Smt S Devaki           | 80,000        |
| Sri V Govind           | 40,000        |
| Sri V Shankar          | 20,000        |
| Sri R Vijayaraghavan   | 30,000        |

ii) Managing Director/Whole time Directors

|                    | Managing Director<br>(Rs) | Deputy Managing Director<br>(Rs) | Wholetime Director<br>(Rs) | Director Finance<br>(Rs) |
|--------------------|---------------------------|----------------------------------|----------------------------|--------------------------|
| Salary             | 30,00,000                 | 21,00,000                        | 12,00,000                  | 11,72,000                |
| Allowances         | 6,00,000                  | 6,30,000                         | 3,60,000                   | 2,93,000                 |
| Contribution to PF | 3,60,000                  | 2,52,000                         | 1,44,000                   | 1,40,640                 |
| Perquisites        | --                        | --                               | 14,003                     | ---                      |

The Company has no Employee Stock options scheme in force at present.

#### 5. General Body meetings

a) Details of location and time of holding the last three AGMs.

| <u>Year</u>               | <u>Location</u>  | <u>Date &amp; Time</u>           |
|---------------------------|--|----------------------------------|
| 29 <sup>th</sup> AGM-2009 | Hotel Newwoodlands,Dr Radharkrishnan salai Mylapore, Chennai 600004. | September 07,2009<br>12.00 hours |
| 30 <sup>th</sup> AGM-2010 | Narada Gana Sabha Mini Hall,314 TTK Road, Alwarpet, Chennai 600018.  | July 23,2010<br>10.00 a.m        |
| 31 <sup>st</sup> AGM-2011 | NaradaGana Sabha Mini Hall, 314 TTK Road, Alwarpet, Chennai 600018.  | July 20,2011<br>11.00 a.m        |

Details of EGMs held in the last three years: NIL.

b) All the special resolutions placed before the shareholders at the above meetings were approved. There were no resolutions requiring approval through Postal ballot. No special resolution is proposed to be conducted through Postal ballot.

## 6. Disclosures

There have been no materially significant related party transactions with the Company Promoters, Directors, the Management, their subsidiaries or relatives which may have potential conflict with the interest of the Company. The necessary disclosures regarding the transactions with the related parties are given in the notes to the Annual Accounts for the year 2011-12.

There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters during the last three years. The Company had no subsidiary company as on March 31,2012.

## 7. Means of communication

- a) The quarterly/half yearly results have been published in one English national Newspaper(Trinity Mirror) and in one Tamil Newspaper(Makkal Kural).
- b) The Company's website ([www.sancotrans.com](http://www.sancotrans.com)) also displays several other details/information of interest to various stakeholders.
- c) A Management discussion and Analysis Report is being presented as part of the Directors' Report.

## 8. General shareholder information

### a) 32<sup>nd</sup> Annual General Meeting

|               |   |   |
|---------------|---|---|
| Day           | : | Monday  |
| Date and Time | : | 30 <sup>th</sup> July 2012. 10.15 a.m                                   |
| Venue         | : | MINI HALL, NARADAGANA SABHA,<br>314 TTK Road, Alwarpet, Chennai 600018. |

### b) Financial Calendar

#### Financial year 2012-13

|                                      |                              |
|--------------------------------------|------------------------------|
| First quarter results                | Last week of July 2012       |
| Second quarter results               | Second week of November 2012 |
| Third quarter results                | Second week of February 2013 |
| Audited Results for the year 2012-13 | Before end of May 2013       |

c) **Book Closure dates** : 24<sup>th</sup> July 2012 to 30<sup>th</sup> July 2012.

d) **Dividend payment date** : The payment of dividend, upon declaration by the share holders at the annual general meeting, will be made on or after 6<sup>th</sup> August 2012.

### e) Listing/Stock Code of equity shares

| Name of exchange                   | Stock code |
|------------------------------------|------------|
| Madras Stock Exchange Limited(MSE) | --         |
| Bombay Stock Exchange Limited(BSE) | 523116     |

**f)Market Price data**

| Month & Year | BOMBAY STOCK EXCHANGE |        |          |          |
|--------------|-----------------------|--------|----------|----------|
|              | SharePrice (Rs)       |        | Sensex   |          |
|              | Low                   | High   | Low      | High     |
| April-11     | 185.30                | 224.90 | 19463.11 | 19811.14 |
| May-11       | 193.25                | 229.70 | 19224.05 | 19253.87 |
| June-11      | 209.00                | 227.00 | 18527.12 | 18873.39 |
| July-11      | 190.00                | 252.00 | 18974.96 | 19131.70 |
| August-11    | 248.95                | 334.00 | 18352.23 | 18440.07 |
| September-11 | 294.00                | 294.00 | 16963.67 | 17211.80 |
| October-11   | 235.50                | 285.00 | 16255.97 | 17908.13 |
| November-11  | 281.00                | 333.00 | 17540.55 | 17702.26 |
| December-11  | 239.90                | 248.00 | 16555.93 | 17003.71 |
| January-12   | 210.00                | 230.00 | 15534.67 | 17258.97 |
| February-12  | 202.10                | 255.00 | 17179.64 | 18523.78 |
| March -12    | 235.00                | 268.90 | 17714.62 | 18040.69 |

**g) Registrar and Transfer Agents**

All share registry work in respect of both physical and demat segments are handled by a single agency viz. M/s Cameo Corporate Services Limited, Subramanian Building, No. 1 Club Road, Chennai 600002 as the Registrar and Transfer Agent (R&TA) of the Company for all aspects of investor servicing relating to shares.

**h) Distribution of shareholding as on March 31,2012**

| Range            | Shareholders |               | Shares         |               |
|------------------|--------------|---------------|----------------|---------------|
|                  | Number       | %             | Number         | %             |
| 1 - 100          | 1696         | 67.59         | 111854         | 6.21          |
| 101 - 500        | 652          | 25.99         | 172803         | 9.60          |
| 501 -1000        | 79           | 3.15          | 64800          | 3.60          |
| 1001 -2000       | 46           | 1.83          | 71943          | 4.00          |
| 2001 -3000       | 16           | 0.64          | 39962          | 2.22          |
| 3001 -4000       | 4            | 0.16          | 14622          | 0.81          |
| 4001 -5000       | 2            | 0.08          | 8900           | 0.50          |
| 5001 -10000      | 5            | 0.20          | 29166          | 1.62          |
| 10001- And above | 9            | 0.36          | 1285950        | 71.44         |
| <b>TOTAL</b>     | <b>2509</b>  | <b>100.00</b> | <b>1800000</b> | <b>100.00</b> |

**i) Shareholding pattern as on March 31,2012**

| SI No    | Category                 | No. of holders | No. of Shares  | %             |
|----------|--------------------------|----------------|----------------|---------------|
| <b>A</b> | <b>Promoters</b>         |                |                |               |
| 1        | Directors and relatives  | 9              | 1288850        | 71.60         |
| <b>B</b> | <b>Others</b>            |                |                |               |
| 1        | Resident individuals     | 2402           | 460287         | 25.57         |
| 2        | Bodies corporate         | 67             | 38376          | 2.13          |
| 3        | Clearing members         | 6              | 343            | 0.02          |
| 4        | Hindu undivided families | --             | --             | --            |
| 5        | Non Resident Indians     | 23             | 12144          | 0.68          |
|          | <b>TOTAL</b>             | <b>2507</b>    | <b>1800000</b> | <b>100.00</b> |

**j) Branches:** Bangalore, Chennai(Container Freight Station), Mumbai, Ranipet, Trichy, Tuticorin.

**k) Address for correspondence**

Investors may contact the Registrar and Transfer Agents(R&TA) for matters relating to shares, dividends, annual reports and related issues at the following address:

**M/s Cameo Corporate Services Limited.**

Subramanian Building, No. 1 Club Road,  
Chennai 600002.

Telephone : 044-28461073

Fax : 044-28460129

E Mail : kanthimathi@cameoindia.com

For other general matters or in case of any difficulties/grievances investors may contact:

Sri S R Srinivasan  
Director-Finance & Compliance Officer,  
Sanco Trans Limited,  
New No.46, Moore Street,  
Chennai 600001.

Telephone: 044-66449000

Fax : 044-66449009

E Mail : sfd@sancotrans.com

## **ANNEXURE TO DIRECTORS' REPORT**

### **Auditors' certificate on compliance with the conditions of Corporate Governance under Clause-49 of the Listing Agreement**

#### **To the members of Sanco Trans Limited**

1. We have examined the compliance with the conditions of Corporate Governance by **Sanco Trans Limited** (the Company) for the year ended March 31,2012 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India, with the relevant records and documents maintained by the Company and furnished to us and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the said compliance. It is neither an audit nor is this certificate an expression of opinion on the financial statements of the Company.
3. Based on the aforesaid examination and according to the information and explanations given to us, we certify that the Company has complied with the said conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M S Krishnaswami and Rajan,  
Chartered Accountants,  
Registration No. 01554S

M K Rajan- Partner  
Membership No.4059

Dated: May 30, 2012.  
Chennai

**ANNEXURE TO DIRECTORS' REPORT**  
**Certification by Managing Director and Director-Finance**

We, V Upendran, Managing Director and S R Srinivasan, Director-Finance of Sanco Trans Limited, certify that:

1. We have reviewed the financial statements for the year 2011-12 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept overall responsibility for establishing and monitoring the Company's Internal control system for financial reporting and evaluating its effectiveness. Internal audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit committee of the Board. The auditors and audit committee are appraised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.
4. We have indicated to the auditors and to the Audit Committee:
  - a. significant changes, if any, in internal control over financial reporting during the year;
  - b. significant changes, if any, in accounting policies during the year;
  - c. instances of significant fraud, if any, of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting. However, there was no such instance.

May 30,2012  
Chennai

V Upendran  
Chairman & Managing Director

S R Srinivasan  
Director-Finance

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**Declaration on Compliance with Code of Conduct**

Pursuant to Clause 1(D) of Clause 49 of the Listing Agreement, it is hereby affirmed that for the financial year ended March 31,2012, all the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company.

May 30,2012  
Chennai

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, 2012 and the relative Profit and loss Statement 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, 2012,
- (ii) in the case of the Profit and loss Statement, 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 Statement 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, 2012.



## **SANCO TRANS LIMITED**

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

As required by the Companies (Auditor's Report) Order, 2003 (the Order) 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 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.

## SANCO TRANS LIMITED

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

- 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 commensurate with its size and nature of its business.
- 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.
- (i) 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, service 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.
- (ii) No undisputed amounts payable on account of sales tax, income tax, custom duty, wealth tax, service tax, excise duty or cess were in arrears as at the Balance Sheet date for a period of more than six months from the date they became payable.
- (iii) There are no dues of wealth tax, service tax, sales tax, excise duty, and cess which have not been deposited on account of any dispute. Details of dues towards income tax and customs that have not been deposited on account of dispute are as stated below:

| Sl No | Name of the statute      | Nature of dues         | Period to which the amount relates        | Amount in Rs | Forum where the dispute is pending |
|-------|--------------------------|------------------------|---|--------------|------------------------------------|
| 1     | The Income tax Act, 1961 | Tax Deducted at Source | Financial year 2007                       | 11,89,280    | CIT(A)                             |
| 2     | "                        | Tax Deducted at Source | Financial year 2007-08                    | 74,968       | CIT(A)                             |
| 3     | "                        | Tax Deducted at Source | Financial year 2008                       | 4,13,480     | CIT(A)                             |
| 4     | "                        | Tax Deducted at Source | Financial year 2009                       | 1,09,000     | CIT(A)                             |
| 5     | "                        | Income tax             | Assessment year 2009-10                   | 5,36,320     | CIT(A)                             |
| 6     | "                        | Income tax             | Assessment year 2010-11                   | 56,83,190    | CIT(A)                             |
| 7     | Customs Act              | Penalty                | Financial years 2008-09, 2009-10, 2010-11 | 13,22,000    | CESTAT                             |

## **SANCO TRANS LIMITED**

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

- The company has neither accumulated losses as at March 31, 2012 nor has it incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- The company has not defaulted in repayment of dues to a financial institution or bank.
- 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 30 , 2012

M K Rajan - Partner  
*Membership No.4059*

**SANCO TRANS LIMITED**  
**BALANCE SHEET AS AT MARCH 31,2012**

|   | Note No | Rs. in lakhs                      |                                    |
|---|---------|-----------------------------------|------------------------------------|
|   |         | As At March31,2012<br>Rs in Lakhs | As At March31,2011<br>Rs. in Lakhs |
| <b>EQUITY AND LIABILITIES</b>   |         |                                   |                                    |
| <b>Shareholders' funds</b>  |         |                                   |                                    |
| Share capital   | 1.1     | 180.00                            | 180.00                             |
| Reserves and surplus  | 1.2     | 8582.21                           | 8070.33                            |
| <b>Non-current liabilities</b>  |         | <b>8762.21</b>                    | <b>8250.33</b>                     |
| Long-term borrowings  | 1.3     | 756.14                            | 759.19                             |
| Deferred tax liabilities<br>(Refer Note 3.13 to Financial Statements) |         | 316.27                            | 294.49                             |
| Other Long - term liabilities   | 1.4     | 108.55                            | 102.02                             |
| Long- term provisions   | 1.5     | 47.86                             | --                                 |
|   |         | <b>1228.82</b>                    | <b>1155.70</b>                     |
| <b>Current liabilities</b>  |         |                                   |                                    |
| Short-term borrowings   | 1.6     | 99.94                             | 60.82                              |
| Trade payables  |         | 297.05                            | 267.28                             |
| Other current liabilities   | 1.7     | 1486.73                           | 1048.91                            |
| Short-term provisions   | 1.8     | 114.48                            | 101.48                             |
|   |         | <b>1998.20</b>                    | <b>1478.49</b>                     |
| <b>TOTAL</b>  |         | <b>11989.23</b>                   | <b>10884.52</b>                    |
| <b>ASSETS</b>   |         |                                   |                                    |
| <b>Non-current assets</b>   |         |                                   |                                    |
| Fixed Assets  | 1.9     |                                   |                                    |
| Tangible assets   |         | 8056.41                           | 7837.08                            |
| Intangible assets   |         | 9.20                              | 5.69                               |
| Capital Work In Progress  |         | <u>407.72</u>                     | <u>62.45</u>                       |
|   |         | <b>8473.33</b>                    | <b>7905.22</b>                     |
| Non- Current Investments  | 1.10    | --                                | 24.19                              |
| Long- term loans and advances   | 1.11    | 326.65                            | 304.49                             |
|   |         | <b>326.65</b>                     | <b>328.68</b>                      |
| <b>Current Assets</b>   |         |                                   |                                    |
| Inventories - Stores and spares                                       |         | 10.05                             | 6.14                               |
| Trade receivables   | 1.12    | 1356.72                           | 1230.19                            |
| Cash and cash equivalents   | 1.13    | 1330.00                           | 831.68                             |
| Short-term loans and advances   | 1.14    | 432.88                            | 443.53                             |
| Other current assets  | 1.15    | 59.60                             | 139.08                             |
|   |         | <b>3189.25</b>                    | <b>2650.62</b>                     |
| <b>TOTAL</b>  |         | <b>11989.23</b>                   | <b>10884.52</b>                    |

Significant accounting policies and Notes to the Financial Statements form an integral part of this Balance sheet.

This is the Balance sheet referred to in our report of even date

For M S Krishnaswami and Rajan  
Chartered Accountants

M K Rajan - Partner

Chennai

May 30,2012

For and on behalf of the Board

S R Srinivasan    S Sathyanarayanan    V Upendran  
Director            Deputy Managing    Chairman and  
-Finance            Director            Managing Director

**SANCO TRANS LIMITED**

**Profit and loss Statement for the year ended March 31, 2012**

|  | Note No. | Year ended<br>March 31,2012<br>Rs in Lakhs | Year ended<br>March 31,2011<br>Rs in Lakhs |
|--|----------|--|--|
| <b>Revenue</b>   |          |  |  |
| Revenue from operations  | 2.1      | 7707.89                                    | 6273.06                                    |
| Other income   | 2.2      | 99.54                                      | 38.81                                      |
| Total Revenue  |          | <u>7807.43</u>                             | <u>6311.87</u>                             |
| <b>Expenses</b>  |          |  |  |
| Equipment and fleet hire   |          | 2523.08                                    | 2004.76                                    |
| Operating expenses   | 2.3      | 1482.81                                    | 870.57                                     |
| Employee benefits expense  | 2.4      | 859.40                                     | 765.48                                     |
| Finance costs  | 2.5      | 167.73                                     | 177.86                                     |
| Depreciation and amortization<br>(Refer Note 1.9 to the Financial<br>Statements) |          | 168.46                                     | 213.67                                     |
| Other expenses   | 2.6      | 1658.80                                    | 1527.28                                    |
| Total expenses   |          | <u>6860.28</u>                             | <u>5559.62</u>                             |
| <b>Profit before Extraordinary item and tax</b>                                  |          |  |  |
|  |          | 947.15                                     | 752.25                                     |
| Extraordinary item<br>-Gain on acquisition of land by government                 |          | <u>38.67</u>                               | <u>--</u>                                  |
| <b>Profit before tax</b>   |          |  |  |
|  |          | 985.82                                     | 752.25                                     |
| Tax expense  | 2.7      | 219.78                                     | (76.20)                                    |
| <b>Profit for the year after tax</b>   |          |  |  |
|  | 9        | <u>766.04</u>                              | <u>828.45</u>                              |
|  | 7        |  |  |
|  | 4        |  |  |
| <b>Earnings per Equity Share-</b>  |          |  |  |
| Basic and diluted(Refer Note 3.12 to<br>the Financial Statements)                | Rs       | 42.56                                      | 46.03                                      |

Significant accounting policies and Notes to the Financial Statements form an integral part of this Profit and loss Statement

This is the Profit and loss Statement referred to in our report of even date

For and on behalf of the Board

For M S Krishnaswami and Rajan  
Chartered Accountants

S R Srinivasan  
Director-Finance

S Sathyanarayanan  
Deputy Managing Director

V Upendran  
Chairman and Managing Director

M K Rajan-Partner  
Chennai  
May 30,2012

**SANCO TRANS LIMITED**

**Cash flow statement for the year ended March 31, 2012**

|   | 2011-12<br>Rs.Lakhs | 2010-11<br>Rs.Lakhs |
|---|---------------------|---------------------|
| <b>Cash flows from operating activities</b>   |                     |                     |
| Net profit before tax   | 985.82              | 752.25              |
| Adjustments for:  |                     |                     |
| Depreciation/amortization/impairment not considered as cash outflow                     | 168.46              | 213.67              |
| (Profit)/Loss on disposal of capital assets(net) considered under investment activities | (18.68)             | 3.56                |
| Profit on sale of investments considered under investment activities                    | (6.05)              | --                  |
| Gain on acquisition of land by Government   | (38.67)             | --                  |
| Interest paid(net) considered under financing activities                                | 85.69               | 134.56              |
| Deferred revenue expenditure  |                     |                     |
| - amortised not considered as cash outflow  | 18.72               | 114.47              |
| - incurred considered as cash outflow   | --                  | (41.80)             |
| Operating Profit before working capital changes   | <u>1195.29</u>      | <u>1176.71</u>      |
| Adjustments for changes in:   |                     |                     |
| Trade payables  | 29.77               | (110.48)            |
| Long term provisions  | 47.86               |                     |
| Short term borrowings   | (40.38)             |                     |
| Short term provisions   | 13.00               |                     |
| Other current liabilities   | 358.56              |                     |
| Long term liabilities   | 6.53                |                     |
| Inventories   | (3.91)              | (1.82)              |
| Trade and other receivables   | (126.53)            | (466.80)            |
| Long term advances  | (22.16)             |                     |
| Short term advances   | 24.75               |                     |
| Non-current investments   | 24.19               |                     |
| Current assets  | 60.74               |                     |
|   | <u>1567.71</u>      | <u>597.61</u>       |
| Direct taxes paid   | (276.23)            | (196.62)            |
| Cash flow from operating activities (1)   | <u>1291.48</u>      | <u>400.99</u>       |
| <b>Cash flows from investment activities</b>  |                     |                     |
| Payments for acquisition of fixed assets  |                     |                     |
| Additions to fixed assets   | (738.57)            | (310.21)            |
| Adjustment for changes in Capital work in progress                                      | (345.27)            | (2.06)              |
|   | <u>(1083.84)</u>    | <u>(312.27)</u>     |
| Proceeds on disposal of /claims relating to capital assets, investments                 | 277.14              | 112.04              |
| Interest received   | 74.31               |                     |
| Cash out flow from investment activities (2)  | <u>(732.39)</u>     | <u>(200.23)</u>     |
| <b>Cash flows from financing activities</b>   |                     |                     |
| Borrowings - Long term – Raised   | 640.70              | 167.03              |
| - Repaid  | (489.48)            | (429.88)            |
| - Short term - Raised   | 18.53               | 79.71               |
| - Repaid  | (14.04)             | (6.78)              |
| Interest paid (excluded from operating activities as above)                             | (160.00)            | (134.56)            |
| Dividend and corporate dividend tax paid relating to previous year                      | (56.48)             | (56.67)             |
| Cash out flow from financing activities (3)   | <u>(60.77)</u>      | <u>(381.15)</u>     |
| <b>Net Cash flow (1) - (2) - (3)</b>  | <u>498.32</u>       | <u>(180.39)</u>     |

**SANCO TRANS LIMITED**

**Cash flow statement for the year ended March 31, 2012**

|  | <b>2011-12</b>            | <b>2010-11</b>              |
|--|---------------------------|-----------------------------|
|  | <b>Rs. Lakhs</b>          | <b>Rs. Lakhs</b>            |
| <b>Represented by movement in cash and cash equivalents</b>                                    |                           |                             |
| At beginning   |                           |                             |
| Cash and bank balances   | <b>831.68</b>             | 1005.28                     |
| Less Bank deposits with maturity of more than<br>six months considered under Trade receivables | <b>--</b>                 | 550.80                      |
|  | <hr/>                     | <hr/>                       |
| Balance in cash credit account   | <b>--</b>                 | 454.48                      |
|  | <hr/>                     | <hr/>                       |
|  | <b>(4)</b>                | <b>381.95</b>               |
| At end   |                           |                             |
| Cash and bank balances   | <b>1330.00</b>            | 831.68                      |
| Less Bank deposits with maturity of more than<br>six months considered under Trade receivables | <b>--</b>                 | 589.74                      |
|  | <hr/>                     | <hr/>                       |
| Balance in cash credit account   | <b>--</b>                 | 241.94                      |
|  | <hr/>                     | <hr/>                       |
|  | <b>(5)</b>                | <b>(40.38)</b>              |
|  | <hr/>                     | <hr/>                       |
|  | <b>(5) - (4)</b>          | <b>201.56</b>               |
| Movement: increase/(decrease) in cash<br>and cash equivalents                                  | <hr/> <b>498.32</b> <hr/> | <hr/> <b>(180.39)</b> <hr/> |

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

S R Srinivasan  
Director-  
Finance

S Sathyanarayanan  
Deputy Managing  
Director

V Upendran  
Chairman and  
Managing Director

Place : Chennai  
Date : May 30, 2012

## SANCO TRANS LIMITED

### NOTES TO THE BALANCE SHEET

#### 1.1 Share Capital

|   | Rs. in lakhs           |                        |
|---|------------------------|------------------------|
|   | As at March<br>31,2012 | As at March<br>31,2011 |
| <b>Authorised</b>   |                        |                        |
| 70,00,000 (March 31, 2011: 70,00,000) Equity shares of Rs.10 each             | 700.00                 | 700.00                 |
| <b>Issued and Subscribed and Paid up</b>                                      |                        |                        |
| 18,00,000 (March 31,2011:18,00,000) Equity shares of Rs.10 each fully paid-up | 180.00                 | 180.00                 |
|   | <b>180.00</b>          | <b>180.00</b>          |

1)Of the above, shares held by each shareholder holding more than 5% of shares

| Name of the shareholder             | As at March 31,2012 |                  | As at March 31,2011 |                  |
|-------------------------------------|---------------------|------------------|---------------------|------------------|
|                                     | No of shares held   | % of shares held | No of shares held   | % of shares held |
| Srimathi. Devaki S                  | 212750              | 11.82            | 212750              | 11.82            |
| Sri. Sathyanarayanan S              | 192600              | 10.70            | 190700              | 10.59            |
| Sudharsan Logistics Private Ltd     | 494000              | 27.44            | 494000              | 27.44            |
| Sanco Estates and Farms Private Ltd | 150100              | 8.34             | 150100              | 8.34             |

2)The holders of Equity Shares are entitled to vote at the General Meeting and also to the dividend declared/paid in proportion to the Shares held by them. Apart from the above, their rights, preferences and restrictions are governed by the terms of their issue under the provisions of the Companies Act, 1956.



**SANCO TRANS LIMITED**

**NOTES TO THE BALANCE SHEET**

**1.2 Reserves and surplus**

|   | Rs in lakhs                  |                              |
|---|------------------------------|------------------------------|
|   | <b>As at<br/>March, 2012</b> | <b>As at<br/>March, 2011</b> |
| <b>(a) Revaluation reserve</b>  |                              |                              |
| At beginning  | 4842.45                      | 4851.14                      |
| Less Transfer to Depreciation and amortisation<br>( refer note 1.9 of Notes to the Balance Sheet)   | 8.69                         | 8.69                         |
| Less Exclusion of surplus on revaluation of land acquired by government                             | 138.98                       | --                           |
|   | <b>4,694.78</b>              | <b>4,842.45</b>              |
| <b>(b) General reserve</b>  |                              |                              |
| At beginning  | 3030.01                      | 2340.00                      |
| Add Transfer from Profit and loss Statement   | 700.00                       | 720.00                       |
| Less Adjustment on account of provision for taxation and other balances<br>relating to earlier year | 50.01                        | 29.99                        |
|   | <b>3680.00</b>               | <b>3,030.01</b>              |
| <b>(c) Surplus</b>  |                              |                              |
| At beginning  | 197.87                       | 145.90                       |
| Add profit for the year after tax   | 766.04                       | 828.45                       |
| Less Transfer to General reserve  | 700.00                       | 720.00                       |
| Less Dividend proposed Rs. 2.70 (March 31,2011 Rs.2.70) per Equity<br>share                         | 48.60                        | 48.60                        |
| Less Corporate tax on proposed dividend   | 7.88                         | 7.88                         |
|   | <b>207.43</b>                | <b>197.87</b>                |
| Total of (a) to (c)   | <b>8,582.21</b>              | <b>8070.33</b>               |

**SANCO TRANS LIMITED**  
**NOTES TO THE BALANCE SHEET**

Rs.in lakhs  
**As at March 2012**      **As at March 2011**

**1.3 Long-term borrowings**

(a) Term loans from Banks - Secured

|   |               |               |
|---|---------------|---------------|
| -Loan for acquisition of capital assets under deferred payment scheme | 476.19        | 204.23        |
| -Loan for acquisition of land for container freight station           | 150.00        | 350.00        |
| Total   | <b>626.19</b> | <b>554.23</b> |

(b) Fixed Deposits from Public - unsecured

|  |               |               |
|--|---------------|---------------|
|  | 129.95        | 204.96        |
|  | <b>756.14</b> | <b>759.19</b> |

Security details: Refer Note 3.1 to the Financial Statements  
Terms of the loans: Refer Note 3.18 to the Financial Statements

**1.4 Other Long-term Liabilities**

|                             |               |               |
|-----------------------------|---------------|---------------|
| a. Inter corporate deposits | 90.00         | 90.00         |
| b. Rental Advance           | 18.55         | 11.29         |
| c. Others                   | --            | 0.73          |
|                             | <b>108.55</b> | <b>102.02</b> |

**1.5 Long term provisions**

|                  |       |      |
|------------------|-------|------|
| For Property tax | 47.86 | ---- |
|                  | 47.86 | ---- |

**1.6 Short-term borrowings**

|   |                         |                         |
|---|-------------------------|-------------------------|
|   | <b>As at March 2012</b> | <b>As at March 2011</b> |
| (a) Loans repayable on demand - Secured                           |                         |                         |
| From Banks – cash credit facilities                               | ---                     | 40.38                   |
| (Terms of the loans: refer Note 3.18 to the Financial Statements) |                         |                         |
| (b) Others  |                         |                         |
| Unsecured:  |                         |                         |
| Fixed Deposits from public  | 99.94                   | 20.44                   |
| Total   | <b>99.94</b>            | <b>60.82</b>            |

**SANCO TRANS LIMITED**  
**NOTES TO THE BALANCE SHEET**

|  | ( Rs. In lakhs)             |                             |
|--|-----------------------------|-----------------------------|
| <b>1.7 Other Current Liabilities</b>       | <b>As at March<br/>2012</b> | <b>As at March<br/>2011</b> |
| (a) Current maturities of long term debt   | 472.71                      | 393.45                      |
| (b) Interest accrued and due on borrowings | 42.64                       | 39.85                       |
| (c) Other Payables                         |                             |                             |
| - Inter corporate balances                 | 523.24                      | 75.98                       |
| - Creditors for expenses                   | 202.87                      | 255.71                      |
| - Advance from Debtors                     | 82.82                       | 81.14                       |
| - Employee related                         | 61.64                       | 69.73                       |
| - Tax Deducted at Source                   | 24.90                       | 25.40                       |
| - Service tax payable                      | 16.52                       | 41.78                       |
| - Capital creditors                        | 13.12                       |                             |
| - Unclaimed dividend                       | 13.10                       | 10.92                       |
| - Others                                   | 33.17                       | 54.95                       |
|  | <b>1486.73</b>              | <b>1048.91</b>              |

Note:(a)Securities for the long term debt: Refer Note 3.1 to the financial statements

(b)Details of terms of the current maturities of long term debt: Refer Note 3.18 to the financial statements.

**1.8 Short-term provisions**

|                                     | <b>As at March<br/>2012</b> | <b>As at March<br/>2011</b> |
|-------------------------------------|-----------------------------|-----------------------------|
| (a) Provision for employee benefits | 58.00                       | 45.00                       |
| (b) Others                          |                             |                             |
| -Proposed Dividend                  | 48.60                       | 48.60                       |
| -Dividend Tax on proposed dividend  | 7.88                        | 7.88                        |
|                                     | <b>114.48</b>               | <b>101.48</b>               |

**SANCO TRANS LIMITED**  
**Notes to the Balance Sheet**

**1.9 Fixed assets**

| <b>(1) Tangible assets</b>              | <b>As at March 31, 2012</b> | <b>As at March 31, 2011</b> |
|---|-----------------------------|-----------------------------|
| <b>(a) Land</b>                         | <b>( Rupees in lakhs)</b>   | <b>( Rupees in lakhs)</b>   |
| Cost/Valuation                          |                             |                             |
| At beginning                            | 5251.40                     | 5251.40                     |
| Deduction on acquisition by Government  | 304.88                      | --                          |
| At end                                  | <u>(a) 4946.52</u>          | <u>5251.40</u>              |
| <b>(b) Building</b>                     |                             |                             |
| Cost/Valuation                          |                             |                             |
| At beginning                            | 1105.78                     | 1096.83                     |
| Additions                               | 12.61                       | 12.95                       |
| Deduction on Demolitions                |                             | -3.99                       |
| At end                                  | <u>b(i) 1118.39</u>         | <u>1105.79</u>              |
| Depreciation                            |                             |                             |
| At beginning                            | 76.99                       | 57.57                       |
| For the year                            | 20.09                       | 19.42                       |
| At end                                  | <u>b(ii) 97.08</u>          | <u>76.99</u>                |
| Written down value                      | <u>b (i-ii) 1021.31</u>     | <u>1028.80</u>              |
| <b>( c ) Operating fleet/equipments</b> |                             |                             |
| Cost                                    |                             |                             |
| At beginning                            | 2248.68                     | 2238.16                     |
| Additions                               | 690.49                      | 228.62                      |
| Sales                                   | (203.64)                    | (218.10)                    |
| At end                                  | <u>c (i) 2735.53</u>        | <u>2248.68</u>              |
| Depreciation                            |                             |                             |
| At beginning                            | 819.56                      | 700.06                      |
| For the year                            | 136.69                      | 191.88                      |
| Sales                                   | (178.94)                    | (72.38)                     |
| At end                                  | <u>c (ii) 777.31</u>        | <u>819.56</u>               |
| Written down value                      | <u>c (i-ii) 1958.22</u>     | <u>1429.12</u>              |
| <b>(d) Machinery</b>                    |                             |                             |
| Cost                                    |                             |                             |
| At beginning                            | 35.25                       | 30.38                       |
| Additions                               | 12.45                       | 4.87                        |
| At end                                  | <u>d(i) 47.70</u>           | <u>35.25</u>                |
| Depreciation                            |                             |                             |
| At beginning                            | 12.50                       | 10.89                       |
| For the year                            | 2.13                        | 1.61                        |
| At end                                  | <u>d (ii) 14.63</u>         | <u>12.50</u>                |
| Written down value                      | <u>d (i-ii) 33.07</u>       | <u>22.75</u>                |

**SANCO TRANS LIMITED**

**Notes to the Balance Sheet**

**1.9 Fixed assets**

**(1) Tangible assets**

**(e) Office Vehicles**

|                    | As at March 31, 2012<br>( Rupees in lakhs) | As at March<br>31, 2012<br>( Rupees in<br>lakhs) |
|--------------------|--|--|
| Cost               |  |  |
| At beginning       | 69.60                                      | 41.90  |
| Additions          | --   | 36.30  |
| Sales              | (13.84)                                    | (8.60)   |
| At end             | 55.76                                      | 69.60  |
|                    | e (i)                                      |  |
| Depreciation       |  |  |
| At beginning       | 10.97                                      | 9.38   |
| For the year       | 4.94                                       | 3.93   |
| On sales           | (2.63)                                     | (2.34)   |
| At end             | 13.28                                      | 10.97  |
|                    | e (ii)                                     |  |
| Written down value | 42.48                                      | 58.63  |

**(f) Furniture/office equipments**

|                           |                |                |
|---------------------------|----------------|----------------|
| Cost                      |                |                |
| At beginning              | 61.19          | 41.48          |
| Additions                 | 16.78          | 20.98          |
| Sales                     | (0.88)         | (1.27)         |
| At end                    | 77.09          | 61.19          |
|                           | f (i)          |                |
| Depreciation              |                |                |
| At beginning              | 14.81          | 9.60           |
| For the year              | 7.66           | 5.86           |
| On sales                  | (0.19)         | (0.65)         |
| At end                    | 22.28          | 14.81          |
|                           | f (ii)         |                |
| Written down value        | 54.81          | 46.38          |
|                           | f (i-ii)       |                |
| Total for tangible assets | <b>8056.41</b> | <b>7837.09</b> |

**(2) Intangible assets- Software acquired**

|                    |             |             |
|--------------------|-------------|-------------|
| Cost               |             |             |
| At beginning       | 7.80        | 1.31        |
| Additions          | 6.24        | 6.49        |
| At end             | 14.04       | 7.80        |
|                    | 2 (i)       |             |
| Amortisation       |             |             |
| At beginning       | 2.11        | 1.31        |
| For the year       | 2.73        | 0.80        |
| At end             | 4.84        | 2.11        |
|                    | 2(ii)       |             |
| Written down value | <b>9.20</b> | <b>5.69</b> |
|                    | 2(i-ii)     |             |

**SANCO TRANS LIMITED**

**Notes to the Balance Sheet**

**1.9 Fixed assets**

| Summary for Tangible and Intangible assets  | As at March 31,2012<br>( Rupees in lakhs) | As at March<br>31,2012<br>( Rupees in lakhs) |
|---|---|--|
| Cost/Valuation  |   |  |
| At beginning  | 8779.70                                   | 8701.46                                      |
| Additions   | 738.57                                    | 310.21                                       |
| Deduction on acquisition by Government  | (304.88)                                  | 0.00   |
| Deduction on Demolition   | ---                                       | (3.99)                                       |
| Sales   | (218.36)                                  | (227.97)                                     |
| (i)   | <b>8995.03</b>                            | <b>8779.71</b>                               |
| Depreciation/Amortisation   |   |  |
| At beginning  | 936.94                                    | 788.81                                       |
| For the year  | 174.24                                    | 223.50                                       |
| On sales  | (181.76)                                  | (75.37)                                      |
| At end  | 929.42                                    | 936.94                                       |
| (ii)  |   |  |
| Written down value  | <b>8065.61</b>                            | <b>7842.77</b>                               |
| Capital work in progress  | 407.72                                    | 62.45  |
|   | <b>8473.33</b>                            | <b>7905.22</b>                               |
| <u>Note:</u>  |   |  |
| Depreciation for the year as above  | 174.24                                    | 223.50                                       |
| Prior year depreciation reversal  |   | (1.14)                                       |
| Depreciation on Surplus on revaluation<br>transferred from Revaluation reserve<br>( Refer note3.10 to the financial statements) | (8.69)                                    | (8.69)                                       |
| <b>Impairment</b>   | <b>2.91</b>                               | <b>--</b>                                    |
| Depreciation for the year as per<br>Profit and loss statement   | <b>168.46</b>                             | <b>213.67</b>                                |

**SANCO TRANS LIMITED**

**NOTES TO THE BALANCE SHEET**

**1.10 Non-Current Investments**

|   | Rs in lakhs                 |                             |
|---|-----------------------------|-----------------------------|
|   | <b>As at March<br/>2012</b> | <b>As at March<br/>2011</b> |
| Investments in Equity instruments                               |                             |                             |
| 1209600 Equity shares of Rs.2 each in Indfos Industries Limited | --<br>-                     | 24.19                       |
|   | <u>---</u>                  | <u>24.19</u>                |

**1.11 Long-term Loans and advances**

|                              | <b>As at<br/>March,2012</b> | <b>As at<br/>March,2011</b> |
|------------------------------|-----------------------------|-----------------------------|
| Unsecured, considered good   |                             |                             |
| (a) Security deposits        | 116.74                      | 99.42                       |
| (b) Other loans and advances |                             |                             |
| - Rent advance               | 177.87                      | 175.67                      |
| - Earnest money deposit      | 11.97                       | 9.86                        |
| - Prepaid expenses           | 3.49                        | 4.05                        |
| - Others                     | 16.58                       | 15.49                       |
|                              | <u>326.65</u>               | <u>304.49</u>               |

**1.12 Trade receivables**

|   | <b>As at<br/>March,2012</b> | <b>As at<br/>March,2011</b> |
|---|-----------------------------|-----------------------------|
| Unsecured, considered good  |                             |                             |
| (a) Trade receivables outstanding for a period exceeding six months from the date they became due for payment | 122.87                      | 117.47                      |
| (b) Others  | 1233.85                     | 1112.72                     |
|   | <u>1356.72</u>              | <u>1230.19</u>              |

**1.13 Cash and cash equivalents**

|  | <b>As at<br/>March,2012</b> | <b>As at<br/>March,2011</b> |
|--|-----------------------------|-----------------------------|
| (a) Balance with banks                                       |                             |                             |
| -Deposits with more than 12 months maturity                  | 66.57                       | 125.74                      |
| -Others with less than 12 months maturity                    | 1013.61                     | 630.88                      |
| -Balance with banks in current account / cash credit account | 213.19                      | 36.07                       |
| -Balance in earmarked accounts: unclaimed dividend account   | 13.10                       | 10.92                       |
| (b) Cash on hand   | 1.14                        | 6.82                        |
| (c) Cheques on hand  | 22.39                       | 21.25                       |
|  | <u>1330.00</u>              | <u>831.68</u>               |

**SANCO TRANS LIMITED****NOTES TO THE BALANCE SHEET**

|   | Rs in lakhs          |                      |
|---|----------------------|----------------------|
|   | As at<br>March, 2012 | As at<br>March, 2011 |
| <b>1.14 Short-term loans and advances</b>           |                      |                      |
| Unsecured, considered good                          |                      |                      |
| (a)Capital Advances                                 | 199.95               | ---                  |
| (b)Advance payment of income tax - net of provision | 154.65               | 140.55               |
| (c)Prepaid expenses                                 | 35.98                | 12.69                |
| (d)Advances to suppliers, contractors and others    | 32.63                | 107.66               |
| (e)Employee advance                                 | 6.19                 | 7.32                 |
| (f)Balance with customs, port trust etc;            | 3.48                 | 2.88                 |
| (g)Inter corporate balances                         | ---                  | 172.43               |
|   | <b>432.88</b>        | <b>443.53</b>        |

|  | Rs in lakhs         |                     |
|--|---------------------|---------------------|
|  | As at March<br>2012 | As at March<br>2011 |
| <b>1.15 Other Current assets</b>                                     |                     |                     |
| (a)Interest accrued and due on fixed deposits                        | 30.72               | 16.46               |
| (b)Claims receivables  | --                  | 75.00               |
| (c)Unamortised portion of structures and expenses on leasehold land, |                     |                     |
| (d)loan raising expenses and premium on prepayment of borrowing      | 28.88               | 47.62               |
|  | <b>59.60</b>        | <b>139.08</b>       |



**SANCO TRANS LIMITED**

**Notes to the Profit and loss Statement**

**2.1 Revenue from operations**

|                                       | Year ended<br>March 31, 2012<br>Rs in Lakhs | Year ended<br>March 2011<br>Rs. In Lakhs |
|---------------------------------------|---|--|
| (a) Handling earnings                 | 3725.35                                     | 3209.02                                  |
| (b) Equipment and fleet hire earnings | 1950.46                                     | 1689.84                                  |
| (c) Warehouse earnings                | 1507.05                                     | 1025.29                                  |
| (d) Agency and other earnings         | 525.03                                      | 348.91                                   |
|                                       | <u>7707.89</u>                              | <u>6273.06</u>                           |

**2.2 Other Income**

|  |              |              |
|--|--------------|--------------|
| (a) Interest income  | 74.31        | 41.99        |
| (b) Gain on sale of non-current investment                   | 6.05         | --           |
| (c) Net gain/(loss) on disposal of fixed assets              | 18.68        | (3.56)       |
| (d) Net gain on foreign currency transaction and translation | 0.50         | 0.38         |
|  | <u>99.54</u> | <u>38.81</u> |

**2.3 Operating expenses**

|                             |                |               |
|-----------------------------|----------------|---------------|
| (a) Handling expenses       | 821.24         | 545.43        |
| (b) Container repairs       | 480.36         | 217.00        |
| (c) Hired equipments upkeep | 88.26          | 30.99         |
| (d) Others                  | 92.95          | 77.15         |
|                             | <u>1482.81</u> | <u>870.57</u> |

**2.4 Employee benefits expense**

|   |               |               |
|---|---------------|---------------|
| (a) Salaries, wages and bonus                           | 546.54        | 504.76        |
| (b) Contribution to provident, gratuity and other funds | 97.80         | 76.38         |
| (c) Welfare expenses                                    | 215.06        | 184.34        |
|   | <u>859.40</u> | <u>765.48</u> |

**2.5 Finance costs**

|   |               |               |
|---|---------------|---------------|
| (a) Interest expenses                                 | 160.00        | 170.88        |
| (b) Other borrowing costs                             |               |               |
| - guarantee charges                                   | 2.95          | 2.20          |
| - Amortisation of loan raising expenses               | 3.47          | 3.47          |
| - Amortisation of premium on prepayment of borrowings | 1.31          | 1.31          |
|   | <u>167.73</u> | <u>177.86</u> |

**2.6 Other expenses**

|   |                |                |
|---|----------------|----------------|
| (a) Consumption of stores and tools           | 8.65           | 10.26          |
| (b) Power and fuel                            | 32.76          | 30.01          |
| (c) Rent                                      |                |                |
| - Warehouse                                   | 450.91         | 370.85         |
| - Others                                      | 36.67          | 35.00          |
| (d) Repairs to buildings                      |                |                |
| - Warehouse                                   | 236.40         | 190.22         |
| - Others                                      | 7.85           | 4.40           |
| (e) Repairs to machinery, equipment and fleet | 264.67         | 273.12         |
| (f) Fuel for equipments, fleet and others     | 256.46         | 281.15         |
| (g) Insurance                                 |                |                |
| - Warehouse, equipments and fleet             | 53.48          | 38.74          |
| - Others                                      | 4.10           | 6.22           |
| (h) Rates and taxes                           |                |                |
| - Warehouse, equipments and fleet             | 39.07          | 38.15          |
| - Others                                      | 2.10           | 2.93           |
| (i) Travel and conveyance                     | 72.65          | 62.91          |
| (j) Others                                    | 193.03         | 183.32         |
|   | <u>1658.80</u> | <u>1527.28</u> |

**SANCO TRANS LIMITED****Year ended  
March 31, 2012**  
Rs. in Lakhs**Year ended  
March 31, 2011**  
Rs. in Lakhs**Notes to the Profit and loss Statement****2.7 Tax expense**

|   |                           |                     |
|---|---------------------------|---------------------|
| (a) Current tax-Current year            | <b>198.00</b>             | 112.07              |
| -Prior year - charge/(withdrawal)       | <b>--</b>                 | (136.34)            |
| (b) Deferred tax-Provision/(withdrawal) | <b>21.78</b>              | (51.93)             |
|   | <hr/> <b>219.78</b> <hr/> | <hr/> (76.20) <hr/> |

## **SANCO TRANS LIMITED**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) 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.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has determined its operating cycle as twelve months for the purpose of current-non current classification of assets and liabilities.

#### **(b) 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, 2009 and as per accrual basis of accounting.

#### **(c) 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.

#### **(d) 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.

#### **(e) Depreciation /amortization/ impairment**

Depreciation is calculated on fixed assets in a manner that amortises the cost of the assets after commissioning over the economic useful 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.

#### **(f) 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.

#### **(g) Investments**

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

## **SANCO TRANS LIMITED**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **(h) 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.

#### **(i) Amortisation of deferred revenue expenditure**

Cost of structures and other expenses on leasehold land are amortised over the estimated period the benefit from such expenditure is expected to endure. 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.

#### **(j) 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.

#### **(k) Taxation**

Provision for income tax expense comprises of current tax and 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.

#### **(l) 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.

#### **(m) 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.

## SANCO TRANS LIMITED

### 3. Notes to the Financial Statements

- 3.1 (i) Loan for acquisition of capital assets under deferred payment scheme is secured by hypothecation of related capital assets and guaranteed by Deputy Managing Director; (ii) Loan for acquisition of land for Container Freight Station is secured by first charge on the said land and structures thereon and guaranteed by three Directors; (iii) cash credit facility is secured by first charge on the book debts, land and structures thereon at Container Freight Station and guaranteed by three Directors.
- 3.2 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 was credited to Revaluation reserve.
- 3.3 Balance with banks in deposit accounts in Note 1.13(a) to the Balance Sheet includes Rs. 97.29 lakhs (March 31, 2011 Rs. 96.28 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.
- 3.4 There are no amounts remaining to be credited to the Investor Education and Protection Fund.
- 3.5 Capital expenditure commitments (net of advances) Rs. 732.07 lakhs (March 31, 2011 - Rs. Nil)
- 3.6 Contingent liabilities - Claims against the Company not acknowledged as debts Rs. 0.29 lakh (2010-11 Rs. 46.89 lakhs). Outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.
- 3.7 Directors' remuneration - (i) Managing Director, Deputy Managing Director, Director-Finance and Wholetime Director - Salary Rs. 74.72 lakhs (2010-11 Rs. 65.00 lakhs), Allowances Rs. 18.83 lakhs (2010-11 Rs. 16.50 lakhs), Contribution to Provident fund Rs. 8.97 lakhs (2010-11 Rs. 7.80 lakhs), Perquisites Rs. 0.14 lakh (2010-11 Rs. 0.78 lakh). Total Rs. 102.66 lakhs (2010-11 Rs. 90.08 lakhs); (ii) Sitting fees to directors Rs. 2.85 lakhs (2010-11 Rs. 2.35 lakhs).
- 3.8 Repairs to container yard and warehouses in Note 2.6 to the Profit and Loss Statement include Rs. 13.93 lakhs (2010-11 Rs. 13.35 lakhs) being amortised expenses on leasehold land.
- 3.9 Tax deducted at source on (i) Revenue from operations Rs. 156.88 lakhs (2010-11 Rs. 135.04 lakhs); (ii) interest income Rs. 3.66 lakhs (2010-11 Rs. 5.20 lakhs) .
- 3.10 Depreciation for the year computed on revalued assets includes a charge of Rs. 8.69 lakhs (2010-11 Rs. 8.69 lakhs) being the excess depreciation computed under the method followed by the company prior to revaluation and the same has been transferred from Revaluation reserve to the Profit and loss Statement (Refer Note 1.2 (a) to the Balance Sheet).

## SANCO TRANS LIMITED

### 3. Notes to the Financial Statements-continued

- 3.11 Foreign exchange and foreign currency transactions and derivatives - (i) Imports – Rs.Nil (2010-11 Rs Nil); (ii) Other expenditure in foreign currency Rs. 31.58 lakhs(2010-11 Rs.37.37 lakhs); (iii) Other earnings in foreign exchange Rs10.52 lakhs (2010-11 Rs. 9.04 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. 0.50 lakh (2010-11 Rs.0.38 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 \$ 977.72 equivalent RS 0.51 lakhs, Euro 438.84 equivalent Rs . 0.30 lakhs (March 31,2011 US \$ 3797.33 equivalent Rs 1.70 lakhs, Euro 382.36 equivalent Rs 0.24 lakh); Amount payable on account of services obtained US \$ 80 equivalent Rs 0.04 lakhs, DKK 2532 equivalent Rs 0.24 lakh, ( March 31,2011 US \$ 2468.65 equivalent Rs.1.10 lakhs , Euro 2532 equivalent Rs 0.21 lakh, GBP Nil ).
- 3.12 Computation of earnings per share: (i) Profit for the year after tax Rs 766.04 lakhs(2010-11 Rs.828.45 lakhs); (ii)Equity shares outstanding 18,00,000 (March 31,2011 - 18,00,000); (iii) Face value per Equity share Rs 10.00 (iv) Earnings per share – Basic and diluted (i)-(ii) Rs 42.56. (2010-11-Rs 46.03).
- 3.13 Deferred tax-liabilities comprises tax effect of (i) timing differences relating to depreciation Rs. 306.90 lakhs (March 31,2011 Rs.283.30 lakhs); (ii) others Rs. 9.37 lakhs (March 31,2011 Rs.11.19 lakhs).
- 3.14 (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 56.24 lakhs has been made for the incremental liability towards gratuity for the year ended March 31,2012 (2010-11 -Rs 38.44 lakhs).
- (ii) Deferred benefit plan- Gratuity: As per actuarial valuation on March 31,2012. The disclosures furnished by Life Insurance Corporation of India in this regard are (a) Discounting rate 8%(March 31,2011 8 %);(b)Salary escalation rate 8%(March 31,2011 5%); (c) Mortality rate as per LIC(1994-96) Mortality Table: (d) Attrition rate 1-3%(March 31,2011 1-3%); Method of valuation, Projected unit credit method.
- (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 statement in Note 2.4 (b)- Contribution to provident fund Rs41.56 lakhs,(2010-11 Rs 37.95 lakhs: 2009-10-Rs 32.80 lakhs), Contribution towards gratuity Rs56.24 lakhs( 2010-11 Rs 38.44 lakhs: 2009-10-Rs 30.10 lakhs), Employees' welfare expenses include contribution to employees' state insurance plan Rs 16.42 lakhs( 2010-11-Rs 9.57 lakhs:2009-10-Rs 7.76 lakhs).
- (v) Note 2.6(j)-Others under other expenses include Fees to auditors-For audit Rs 2.98 Lakhs (2010-11 Rs 2.25 lakhs) which is an all inclusive fees covering Statutory audit, tax audit and other certification work.

## SANCO TRANS LIMITED

### 3. Notes to the Financial Statements-continued

3.15 Segment information - The Company's primary segment is identified as business Segment based on nature of services, risks, returns and the internal business reporting System. The Company is primarily engaged in a single business segment viz., logistics.

3.16 Related party transactions

(1) Related party – Key management personnel

- (i) Shri V Upendran - Managing Director
- (ii) Shri S Sathyanarayanan - Deputy Managing Director
- (iii) Shri U Udayabhaskar Reddy - Wholetime Director
- (iv) Shri S R Srinivasan -Director-Finance

|  | <b>2011-12</b> | <b>2010-11</b> |
|--|----------------|----------------|
|  | Rs.Lakhs       | Rs.Lakhs       |
| (2) Transactions with key management personnel |                |                |
| (i) Interest payments                          | 0.17           | 0.02           |
| (ii) Remuneration                              | 102.66         | 90.08          |
| (iii) Rent payment                             | 1.42           | 1.42           |
| (iv) Outstanding balances under Fixed deposit  | 2.55           | 0.75           |

3.17 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.

3.18 Details of terms of Secured loans- Refer separate statement annexed.

3.19 During the year ended 31<sup>st</sup> March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. Accordingly the company has reclassified /re-grouped /amended the previous year's figures in accordance with the requirements applicable in the current year.

For and on behalf of the Board

Place: Chennai

Date: May 30,2012

S R Srinivasan  
Director-Finance

S Sathyanarayanan  
Deputy Managing Director

V Upendran  
Chairman and Managing Director

**Sanco Trans Limited**

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting Hall

|  |                                |
|--|--------------------------------|
| Name of the attending Member<br>(in Block Letters) | Member's Regd.<br>Folio Number |
|  |                                |
| Name of the Proxy (In Block Letters)               |                                |
|  |                                |

No. of Shares held .....

I hereby record my presence at the THIRTY SECOND ANNUAL GENERAL MEETING at Narada Gana Sabha, Mini Hall, 314 TTK Road, Alwarpet, Chennai 600018 on 30<sup>th</sup> July 2012 at 10.15 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 THIRTY  
our us our  
SECOND ANNUAL GENERAL MEETING of the Company to be  
held at 10.15 Hours on the 30<sup>th</sup> July, 2012 and at any  
adjournment thereof.

Signed ..... day of ..... 2012

Signature.....

Revenue  
Stamp  
1.00 Re.

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



