

50  
YEARS



# LEADERS IN LOGISTICS

Annual Report 2008-09

Transport Corporation of India Limited



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## Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities, laws and regulations. The Company cautions that such statements involve risks and uncertainties and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

## TCI STANDS FOR TRUST.

Through its multi-modal logistic service (road, rail, sea and air).

Through the integration of freight forwarding, warehousing, 3PL and courier services.

Through its end-to-end logistic solutions.

The result: TCI is India's leading integrated logistics solution provider with a growing global presence.



## → Vision

TCI should be a customer-oriented, multi-technology and multi-specialist transport system in Indian and international markets, with a proven commitment to excellence in every facet of activity and pursuit of value-based policies to satisfy the aspirations of society, customers, vendors, employees, shareholders and the transport industry.

## → Values

TCI's value system is represented by the acronym CORE standing for Customer Focus, Ownership, Responsibility and Empathy and it is these that have been the driving force behind the growth.

## → Lineage

- › TCI has a business legacy of 50 years
- › Founded by Mr P. D. Agarwal in 1958
- › Evolved into the present form in 1995

## → Presence

- › Headquartered in Gurgaon (Haryana) near New Delhi
- › Pan-India presence with 1,200 branches
- › International presence through subsidiaries / joint ventures in Singapore, Hong Kong, Indonesia, Thailand, China, Germany, Mauritius and The Netherlands
- › Shares listed on the National Stock Exchange and the Bombay Stock Exchange
- › Moves 2.5% of India's GDP by value and extends across 99.45% of India's GDP of region coverage.

## → Assets

- › 1,200 fully computerised offices
- › 6,500 employees and 20,000 strong outsourced team in India and abroad
- › Five cargo ships
- › Operating/managing 7,000 trucks and trailers
- › 7.8 million sq. ft of warehousing space

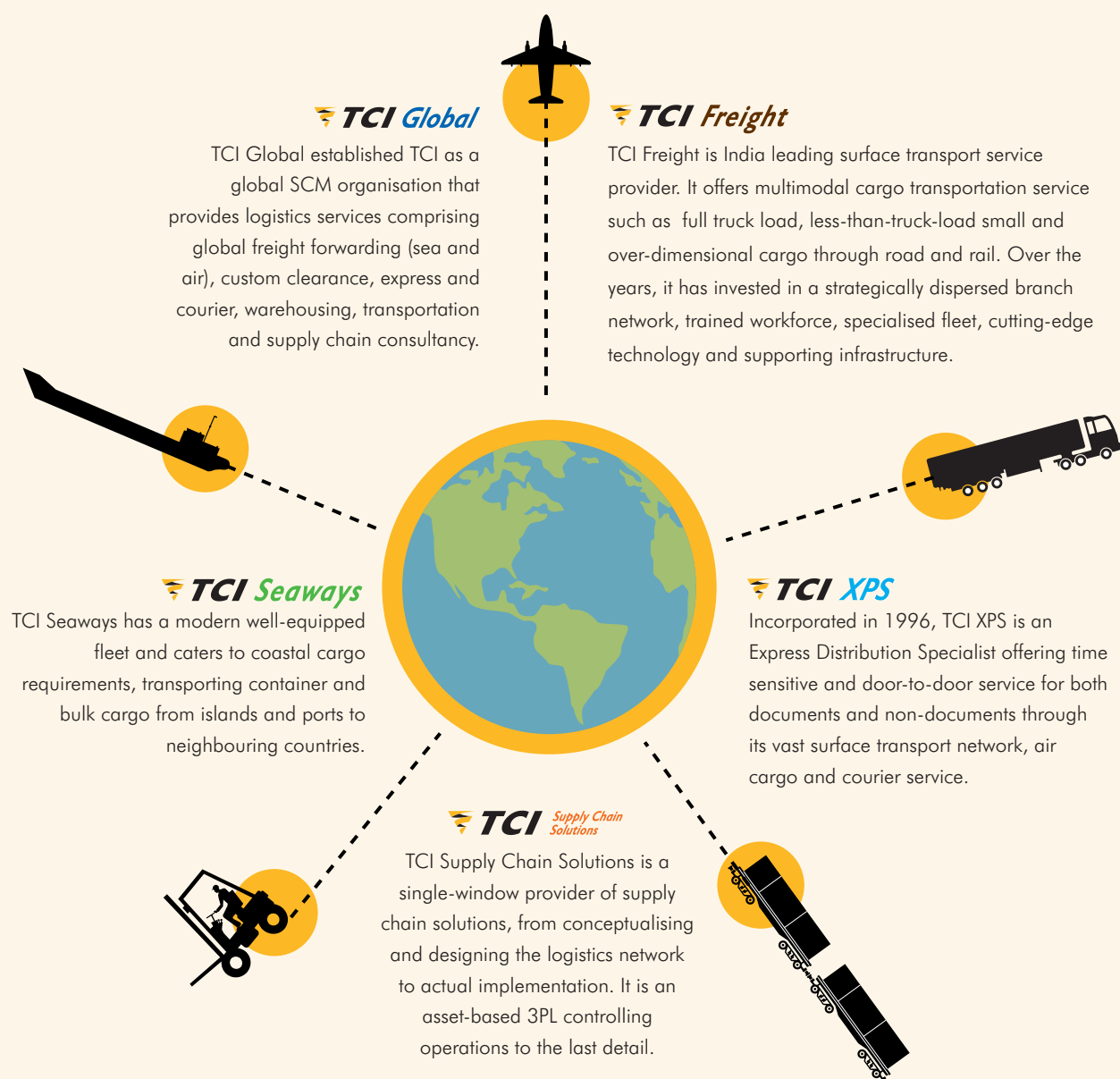
## → Collaborations/Joint ventures

- › Transsystem Logistics Pvt. Ltd, a JV between TCI and Mitsui & Co. (the sole logistics provider to Toyota Kirloskar Motors Ltd for supply chain solutions)
- › 50:50 JV with Scan-Trans, Denmark (for shipping)

## → Awards and accolades

- › Received the Express Logistics and Supply Chain Conclave Award for "Best 3PL of the Year" for two consecutive years, 2007 & 2008
- › Received Supply Chain Excellence Award 2007 from CII for Excellence in Supply Chain Design, Re-engineering and Delivering value to customers
- › Received Pegasus Silver Corporate Social Responsibility Award 2007
- › Received the Best IT Implementation Award 2007 from PC Quest (Cyber Media)

# BUSINESS DIVISIONS AND SERVICE



	Freight	Express	Seaways	Supply chain	Global
Industry scenario	Mature, fragmented, low entry barriers, low cost	Growth, niche, high entry barriers, cost efficiency	Growth, high entry barriers, low cost	Nascent, knowledge based, very high barriers, single-window	Providing one-stop solution, investment in technology, consolidation through M&A
Industry growth	5-10%	15-20%	10-15%	20-30%	7.5-10%
TCI growth pattern	10-15%	20-25%	20-25%	25-40%	20-25%

# KEY FINANCIALS

(Rs in million)

	PARTICULARS	2008-09	2007-08	2006-07	2005-06	2004-05
	<b>OPERATIONAL</b>					
1	Total Income	13,044.2	12,029.0	10,895.7	9,139.8	7,358.9
2	Profit before interest, depreciation and tax and exceptional item	990.0	807.9	742.7	627.5	344.3
3	Interest (net)	240.8	168.3	103.4	71.3	54.4
4	Depreciation	259.8	207.8	199.1	185.2	137.5
5	Profit before tax & exceptional item	489.4	431.8	440.2	371.0	152.4
6	Exceptional Item	40.0				
7	Profit before tax	449.4	431.8	440.2	371.0	152.4
8	Taxes					
	- Current	147.2	109.9	82.3	46.2	12.4
	- Deferred	0.2	18.7	36.6	43.6	34.5
	- FBT	18.6	18.5	15.6	12.9	
	- Taxes for earlier years	0.2	0.4		0.2	2.6
9	Net profit	283.2	284.3	305.7	268.1	102.9
10	Cash profit	543.2	510.8	541.4	496.9	274.9
11	Dividend per share (Rs)*	0.60	0.60	0.60	2.50	2.00
12	Earning per share*	3.91	3.92	4.53	19.78	10.05
	<b>FINANCIAL</b>					
13	Gross block	4,132.3	3,901.3	3,551.8	2,608.8	1,965.8
14	Net block	2,982.8	2,875.9	2,659.9	1,874.3	1,460.2
15	Net worth	2,714.0	2,484.3	1,326.5	1,067.8	651.4
16	Total debt	2,329.0	2,290.3	2,185.8	1,130.7	960.3
17	Average capital employed	5,189.5	4,417.0	3,101.2	2,110.9	1,671.4
18	Return on net worth	10.43%	11.44%	23.04%	25.13%	16.20%
19	Return on capital employed	14.07%	13.58%	17.53%	20.96%	12.37%
20	Debt-equity ratio (times)	0.86	0.92	1.65	1.06	1.47
21	Interest cover (times)	4.11	4.80	7.18	8.80	6.33
22	Book value per share (Rs)*	37.43	34.27	19.65	79.08	62.04
23	Share capital	145.01	145.01	135.01	135.01	105.00

\* Shares of Rs 10 each had been sub-divided into shares of Rs 2 w.e.f. 12th December 2006 and therefore these figures are not comparable with the figures for the years prior to FY 2006-07

# OUR ACHIEVEMENTS, 2008-09

## Absolute numbers

Revenue  
Rs 12,979.50 mn

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Growth  
8.30%

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CAGR of four years  
15.24%

EBIDTA  
Rs 989.96 mn

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Growth  
22.53%

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CAGR of four years  
30.14%

Profit after tax  
Rs 283.19 mn

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CAGR of four years  
28%



## Margins

EBIDTA  
7.59%

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Basis growth  
87 basis points  
(2007-08 - 6.72%)

PBT  
3.77%

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Basis growth  
18 basis points  
(2007-08 - 3.59%)

ROCE  
14.06%

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Basis growth  
47 basis points  
(2007-08 - 13.59%)



› Completed  
50 years in  
business in  
2007-08

› Reinforced its brand  
through its 'Leaders in  
Logistics' positioning

› All divisions adopted  
the 'TCL' prefix to  
distinguish the marque



› Installed advanced  
vehicle tracking  
system; networked  
all branches  
through ERP

› Increased warehousing  
space from 7.5 million  
sq.ft in 2007-08 to 7.8  
million sq.ft

› Expanded its footprint  
from three countries in  
2007-08 to eight  
countries



Eagle vision

## “CORPORATE BRAND AND PROVIDING CUSTOMER CONVENIENCE HELPED US REINFORCE OUR LEADERSHIP IN INDIA’S LOGISTICS INDUSTRY.”

Mr D. P. Agarwal, Vice-Chairman and MD, reviews the performance of the Company in 2008-09 and the road ahead.

### Were you pleased with the performance of the Company in 2008-09?

I was a satisfied man for an important reason. We countered peak oil prices, serious global slowdown, demand destruction, reduction in realisations and an extended receivables cycle through two overriding initiatives: We integrated our transportation modes – freight, express cargo, seaways, supply chain solutions and freight forwarding – to provide a unified single-stop solutions service and consolidated our services under the TCI marque for the benefit of our stakeholders. The result was that our revenue growth was 200 bps higher than the country’s GDP growth and we reported a 22.53% increase in our EBITDA in 2008-09.

### What were the business achievements that made this growth a reality?

I was pleased with the following achievements:

- We reported positive growth and enhanced profitability across all our divisions as we rationalised costs, optimised people productivity and operationally aligned all branches. For instance, our TCI XPS, TCI SCS (supply chain solutions) and TCI Seaways services sustained PBIT margins of 6.92%, 6.19% and 14.33% respectively and continued to grow.
- We won new brand-enhancing customer accounts.
- Our SCS division parked unviable trucks, reducing costs associated with drivers, fuel, permits and insurance, with the objective of using them during a demand upturn.
- Our TCI Global division performed as per expectations through eight global offices.
- Our rebranding and repositioning enhanced our multi-service visibility, faithfully capturing our positioning as value-added logistics providers in and beyond India.





The result was that in a year when margins declined for most sectors, our EBITDA margin increased 87 basis points to 7.59% in 2008-09.

### What is the fundamental reality of the marketplace that made this growth a reality?

There are two realities that are taking shape. One, evident and hidden cost of capital is rising; two, an increasing number of companies prefer to outsource their supply chain solutions so that they may focus on their core competencies. For instance, the automobile industry sources components from across the world, converges them just in time and subsequently delivers cars and spare parts to dealers and OEMs across the country. This means that they would need a partner with critical real-time information to transport the right product to the right place at the right time.

There is another important reality at play. The costs of land and rent are rising. The result is that even as companies need to keep inventories, they need to do so at low costs. So when GST (Goods and Services Tax) comes to India in a year, it will be possible for multiple warehouses to be consolidated. Following this if you now have 10 warehouses in North India, you might end up with only one servicing all national locations.

The reality is that none of these emerging requirements can be serviced through a legacy mindset or infrastructure, making it imperative to bring in new generation service providers like TCI.

### So how has the Company evolved as a result?

Previously, we transported low-value commodity cargo from point A to B. Gradually, we climbed the value chain (TCI XPS and TCI SCS) and currently, this is how our services pan out: when a retail major client intends to move goods by bulk, it can use our normal freight division; if it needs to move marketing collateral with speed it can use XPS; if it needs warehousing services it can opt for SCS. For such multi-service clients, we assign a dedicated account executive responsible for the seamless service connection from one division to another, enhancing our recall and client retention.

Ten years ago, about 100% of our business was trucking under the freight division marked by low margins. So we reduced our dependence on trucking and grew valued-added services; this segment now accounts for about 52% of our revenues with the balance being shared between express, supply chain, shipping and freight forwarding solutions.

### How is the Company geared to address the slowdown?

We expect the Indian economy to revive in 2009 or early 2010. As a Company committed to enhancing value, we will attempt to graduate to high-margin revenue segments. For example, in TCI Freight we will focus on over dimensional cargo, project cargo from institutional customers, rail cargo and less-than-truckload; in TCI XPS, we will focus on higher margin air cargo and courier

genres; in TCI SCS, we will focus on warehousing and the cold chain; as an organisation, we will integrate diverse warehousing needs. In TCI Global, we will provide a seamless solution amongst all countries with a focus on India. The division holds the necessary licenses to provide global end-to-end logistic solutions across six Indian ports for custom clearance in addition to alliances being tied up with agents in 170 countries.

### How does the wind power and real estate divisions fit into the Company's scheme of things?

The tax shield was the main reason behind our foray into windmills. In our real estate division, we will focus on converting some of the available lands which are now within city limits. These land parcels can be developed into independent revenue sharing units. So over the next few years, we could see a number of TCI properties being developed, which will enhance value in the hands of our shareholders.

### What is the outlook for the Company across the foreseeable future?

At TCI, we expect to capitalise on opportunities through the following initiatives:

- Acquire key clients on a retainer basis
- Address the growing opportunities coming out of large infrastructure sectors (power transmission equipment, bridges and roads)
- Integrate all our brands under the TCI umbrella

#### How we have enhanced our profitability

- Addition of new clients
- Higher revenues per customer
- Increase in value-added non-cargo business
- Optimised resources with detailed planning and diligence

#### Our people retention initiatives

- Transferring people across divisions to accelerate career growth

- Enhancing global exposure for employees through nomination in international conferences and overseas deputation
- Training employees in international and Indian locations
- Enhancing motivation through ESOPs and performance incentive/ bonus

#### Strengthening our infrastructure, 2008-09

- We added one super hub centre for express services in Bangalore
- We embarked on the construction of a large logistics warehouse in Pune
- We constructed offices and warehouses in small Tier II and Tier III cities
- We added two environment friendly CNG trucks to our transportation fleet

# OUR STRENGTHS

## Brand

Our TCI brand stands for 'service'. The result is complete customer trust.

## Complementary

The integration of our various divisions enhances multi-divisional hedging; a slowdown in trucking is countered by the stable performance of other divisions.

## Cross-sell

Each division acts as a business development manager for others, enhancing cross-marketing.

## Infrastructure

TCI brings to its customers the cumulative value of its infrastructure comprising IT systems, offices, branches, depots, fleets, land and warehouses.

## Rich experience

We possess five decades of rich experience in transport and logistics management. The result: our revenues grew 15.24% on CAGR for the last four years.

## Solution

We don't just move goods; we provide an end-to-end solution. We started with freight and cargo transportation graduating to express distribution, shipping and supply chain management.

## Relationships

We thrive on enduring relationships – with customers (institutional and retail), franchisees, manufacturers (truck and equipment) and local communities.

## Brand enhancing clients

We service brand-enhancing clients like Bajaj Auto, Hindustan Unilever, Amul, Motorola, Procter and Gamble, Food Corporation of India, Dr Reddy's, Nokia, Punj Lloyd and BOC, among others.

## Multi-competence

We customise and construct vehicle structures, offer customers real-time tracking through an integrated system of GPS vehicle tracking system, online tracking and a call centre.

## Governance

We stand for transparency that is founded on a sense of governance, enhancing stakeholder confidence.

## Integrated business model

Our hub-and-spoke distribution – 37 transhipments hubs, 1,200 owned branches and 800 franchisees – makes it possible to transport the largest material across the widest footprint in the shortest time.

## BOARD OF DIRECTORS'

Mr. S.M. Datta  
Non-Executive Independent Director

Mr D.P. Agarwal  
VC & MD, Executive Director

Mr. S. N. Agarwal  
Non-Executive Chairman

Mr O.S. Reddy  
Non-Executive Independent Director

(Names are in accordance with the  
seating position from left to right)

Mr Chander Agarwal  
Executive Director

Mr K Prabhakar  
Wholetime Director

Mr M.P. Sarawagi  
Non-Executive Director

Mr R.V. Raghavan  
Non-Executive Independent Director

Mr K.S. Mehta  
Non-Executive Independent Director

Mr Vineet Agarwal  
Executive Director

(Names are in accordance with the  
standing position from left to right)



# MANAGEMENT DISCUSSION AND ANALYSIS



## Industry overview

Over the last two decades, economic globalisation, trade liberalisation and competition have enhanced transportation needs to the point that now competent logistics management — activities relating to the procurement, transport, transshipment and storage of goods — is not just an economic support, but also recognised as an economy driver.

**Logistics industry:** The Rs 4,000 billion Indian logistics industry, growing at an average growth rate of 20% annually, is driven by robust economic growth, rising export and import, government infrastructure investment and logistics outsourcing. Logistics cost accounts for nearly 13% of GDP, higher than that in the US (10%), Europe (11%) and Japan (10%). Besides, logistics (transportation, warehousing, inventory management and value-added services like packaging) represent one of the highest production costs — transportation 35%, inventories 25% — making it imperative for companies to work with specialised solution providers to enhance competitiveness.

## Industry characteristics

- The Indian logistics sector is fragmented. Two-thirds of the total trucks are owned and operated by transporters with fleets smaller than five trucks. The result is intense competition, low freight rates and thin profitability.
- The logistics cost in India is still high compared with developed markets owing to a non-conducive policy environment, extensive industry fragmentation and infrastructure inadequacy.
- The sector employs (directly and indirectly) about 40 million people.
- The sector is seeing increased productivity through growing investments in GPS tracking, radio frequency identification, online analytics and new supply chain tools.
- The entry of global logistics players in

India is helping local companies benchmark with global standards.

## Categories

The logistics industry in the country is divided across the following categories:

**Express cargo:** The need for quick service has catalysed the growth of India's US\$1.6 billion express service cargo industry, growing at a 20-25% and expected to more than double by 2012. Globalisation has prompted Indian companies to integrate their supply chains with international markets, increasing the demand for relevant logistics services.

**Multimodal transport operator:** The annual size of India's multimodal transportation segment is around 3 million containers, still considered nascent with attractive potential. This industry is considered attractive as it is not capital intensive, does not require considerable working capital and generates a reasonable return-on-employed capital.

**Warehousing:** Warehousing accounts for about 20% of the Indian logistics industry and occupies around 40 million sq. ft. The development of the modern retail sector, escalating growth in commodity markets and a paradigm shift in consumer preference from fresh to processed foods have necessitated storage expansion. SEZ development is another primary warehousing driver as modern warehouses have moved beyond traditional stocking and loading to other value-added services (packaging, labelling, bundling and cross-docking). The warehousing business,

growing at 35-40% annually, is expected to become a US\$55 billion industry in three-four years with more than 50 million sq. ft in warehousing space and more than a hundred logistics parks.

**3PL:** 3PL (entirely or partially) manages the logistics activities of third parties. The US\$58-million Indian 3PL industry caters to around 55% of Indian companies that outsource logistic services like supply chain management and warehousing. 3PL reinforces supply chain management, widens market share, reduces conventional logistic costs and makes it possible for companies to expand into new markets, increasing logistics challenges. India's outsourcing of third party logistics (3PL) is expected to grow into a US\$90 million business by 2012.

**Road transportation:** Railways has remained a dominant mode of transport in India over the past few decades, but recently roadways has gained a significant share (more than 60% - inland transportation), while railways has lost its market share due to following reasons:

- Greater coverage as compared with any other mode of transport
- Higher flexibility in terms of door-to-door delivery, giving it an edge despite higher effective cost
- Lower risk of handling loss, due to lesser loading and unloading of goods
- Investments made by the government in the NHDP



**Railways:** Indian Railways moved around 850 million tonnes of freight in 2008 compared with 785 million tonnes in 2007 and targets 1,100 million tonnes by the end of the Eleventh Plan. Although railways are more energy-efficient and environment-friendly, they face stiff competition from the road sector.

**Air cargo:** The air transport sector contributes over 0.2% to India's GDP at constant prices (1999-2000). The air cargo business expanded at nearly 19% during the 2006-08 period, overtaking ocean freight (10.3%) and rail freight (9.2%). India's leading trading partner regions are Europe, Asia, the Middle East and North America. India's air cargo movement is expected to grow at over 11.5% CAGR from 2007-08 to 2011-12, owing to rapid international air cargo traffic growth fuelled by a growth in export of gems and jewellery, special chemicals and high-value pharmaceuticals (Source: Planning Commission). The IATA predicts that 57% of the world's air freight would move to Asia by 2011, India playing a major role.

**Ocean cargo:** The Indian shipping industry is the backbone of the country's EXIM trade. With 12 major and 187 minor ports as well as a 750-km coastline, ocean freight is an important economy driver. In turn, this has impacted the country's port development, leading to the global ownership and management of port terminals. The surging Asian and Indian economies have grown containerised vessel demand in recent years, bolstered by a strong demand for shipping raw material and the export of

finished goods in the world's second fastest growing economy

## Growth drivers

India's logistic services sector is expected to develop on account of growth in organised retail, manufacturing and infrastructure sectors. Besides, new generation companies outsource reverse logistics, inventory management, order processing, distribution and labelling and packaging, widening logistics service requirements. The business is expected to grow for the following reasons:

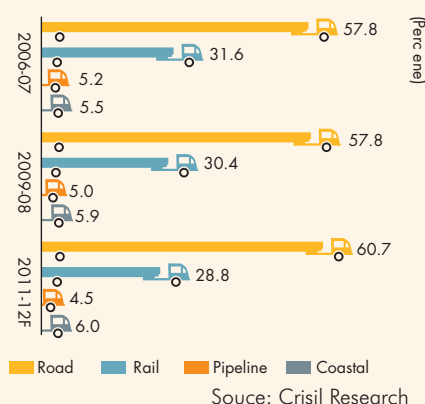
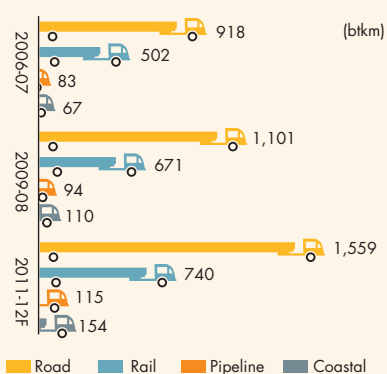
- India is the only economy projected to grow at over 5% annually through to 2050 (Source: Goldman Sachs).
- India's overall retail sector is expected to grow at a 10% CAGR to US\$833 billion by 2013 and US\$1.3 trillion by 2018 (Source: IBEF).
- Many Japanese, French and American automobile companies have established manufacturing bases in India for onward export.
- India's cumulative exports grew 3.4% in 2008-09: from US\$163,132 million to US\$168,704 million and 16.9% in rupee terms. Cumulative 2008-09 imports increased 14.3% in dollar terms from US\$251,654 million to US\$287,759 million and 29% in rupee terms. The country's share in global trade is expected to grow to 5% by 2020 from 1.5%, indicating opportunities in the logistics industry.
- With the government's infrastructural development initiatives like Golden Quadrilateral project (investment in east-west and north-south corridors,

connecting four major metros), rail freight corridor, Free Trade and Warehousing Zones (FTWZ) with 100% FDI and public-private partnerships (PPP) in infrastructure development in ports and roads, it is expected that investments in the logistics sector will increase.

- The cumulative incidence of the excise duty and State VAT works out to 22% to 24% of the retail sales price. With the introduction of GST in 2010, the aggregate incidence of tax will be lower, strengthening the logistics industry, especially warehousing.
- Businesses are emphasising their core competencies and outsourcing support and incidental activities, increasing the demand for 3PL.
- The population of the country increased by 1.6 crore to 115.4 crore in 2008-09. The per capita income, growing 12.2% to Rs 37,490 in 2008-09, indicates an increase in disposable income, which will lead to a higher demand of eatables/food, which, in turn, will propel the demand for warehousing and supply chain solutions.

## Outlook

India's logistics sector is projected to grow from Rs 4,000 billion to Rs 5,000 billion by 2010 to Rs 7,500 billion by 2012 (Source: Assocham), supported by a rapid growth in the manufacturing and service sectors, substantial domestic and international freight growth, consumption proliferating in Tier II and Tier III cities and the government's proposal to invest US\$17 billion in the transportation infrastructure by 2010.



Going ahead, India's roadways will grow its share from 57.8% in 2006-07 to 60.7% in 2011-12 (Source: CRISIL) while the share of Indian Railways is expected to decline from 31.6% in 2006-07 to 28.8% in 2011-12. Although the shares of air and coastal freight movement will remain small, coastal freight movement will rise marginally owing to a rise in India's export and import activity.

## Divisional overview

# TCI FREIGHT

Revenue, 2008-09: **Rs 6,896 million**

Growth over previous year: **5%**

Contribution to total revenue: **52%**

Employee strength: **2,200**

Service: **Provides total cargo transport solutions of any dimension or product segment.**



## Strengths

**Single-window solution:** The division provides a single-window surface transportation service (full truck cargo, less than truck load/small, over dimensional cargo and rail) for general, heavy and volumetric cargo.

**Strong network:** The division's 633-strong office network is close to diverse raw material sources, manufacturing plants or downstream customers in India.

**Extensive fleet:** The division has a large, equipped and modern fleet, ranging from hydraulic axles, multi-axles and prime movers to all kind of vehicles needed for reliable transportation. For the FTL (bulk) and LTL (small) cargo movement, the division has own TEU containers.

**Efficient hub-and-spoke model:** The division has 25 hubs (average space 25,000 sq. ft) in commercial centres supporting 633 offices, leading to reliable, timely and cost-effective cargo consolidation and transportation.

**Strong rail network:** The division offers VPH (Heavy Parcel Van), SLR (Self Luggage Rack), VPU (Parcel Van Unit) for full rake and leased-out special parcel trains. It uses the services of CONCOR (India's largest rail cargo mover) and other operators, facilitating first mile and last mile services.

**Technologically advanced:** The division has computerised and interconnected offices supported by GPS-enabled vehicles, online track-and-trace (24x7) system and a dedicated customer care centre.

**Wide customer base:** The division addresses the growing need of customers in the FMCG, automobile, engineering, pharma and chemical sectors, among others.

**Experience and ethics:** The division possesses decades of cargo management experience in diverse terrains as well as compliance with ethical practices.

## Overview, 2008-09

- Reported a 5% increase in revenues
- Strengthened services like rail and ODC (over dimensional cargo)
- Strengthened technology, facilitating real-time consignment updates through Global Positioning System, online vehicle tracking and a dedicated call centre
- Strengthened quality checks to ensure timely delivery
- Reduced direct expenses by 0.5% of the total cost through weight reduction, expense reduction, checks, balances and audit; reduced indirect expenses substantially.

## Outlook

The division expects to grow at 10-12%. It intends to add more VPH as well as increase wagon and container capacity. It intends to enhance its railways focus for long-distance transport (more than 1,000 km) owing to cost competitiveness, quicker turnaround and timeliness. It plans to increase its focus on full truck load to enhance revenue growth.

## Divisional overview

# TCI XPS

Revenue, 2008-09: **Rs 3,470 million**

Growth over previous year: **8%**

Contribution to total revenue: **26%**

Employee strength: **2,500**

Service: **Provides time sensitive door-to-door express distribution service through air, courier and surface modes**



## Strengths

**Diverse customer portfolio:** The division's customers are drawn from sectors like electronics, computer peripherals, automobile, engineering, pharma, chemicals, consumer goods and high-value goods, among others.

**Strong infrastructure:** The division's enviable network of over 483 self-owned branches comprises a 1,500-vehicle fleet 250 self-owned and 1,250 leased and over 800 business associates across India.

**Technology:** The ISO 9001:2008-certified division utilises GPS-enabled vehicles, online track and trace, e-proof of delivery and a dedicated customer care centre, ensuring prompt and safe delivery.

**Strategic location of hubs:** The division's operational backbone comprises 12 strategically located hubs where goods are collected, sorted and despatched.

**Reach:** The division possesses the capability to reach 3,000 locations (for pick-up) and 13,000 locations (for delivery) across India.

**Fast delivery:** The division ensures rapid cargo delivery through a fixed transit schedule, check points at every 250 km and well connected routes. Consequently, TCI XPS Air has the ability to deliver to all major metros within 24 hours, TCI XPS Courier delivers within 24-48 hours and TCI XPS Surface delivers within 72 hours by road and 36-72 hours by rail.

**Key account management:** The division provides a seamless service through key account management.

## Overview, 2008-09

➤ Reported a 7.45% increase in revenues from Rs 3,224 million in 2007-08 to Rs 3,470 million in 2008-09

➤ Shifted from a 15,000 sq. ft warehouse to a Super hub of 50,000 sq. ft in Nelamangla (Bangalore)

➤ Introduced a new material handling technique and palletisation; deployed a forklift truck to allow standardised handling, sorting and transportation to minimise damage

➤ Tied TCI XPS Air with Kingfisher Airlines to widen the elite service provider portfolio

➤ Added two CNG-fitted LCVs to its fleet

➤ Optimised truck load capacity, deployed fewer trucks for more routes and reduced indirect costs by assigning employee-specific budgets

## Outlook

TCI XPS expects to grow at 12-16% annually; it expects to enhance its market share of organised express cargo from 23% to 50% through a combination of specialised infrastructure, marketing and innovation.

## Divisional overview

# TCI SUPPLY CHAIN SOLUTIONS

Revenue, 2008-09: **Rs 1,680 million**

Growth over previous year: **16%**

Contribution to total revenue: **13%**

Employee strength: **1,100**

Service: **TCI-SCS is a single-window provider of supply chain solutions from network conceptualisation and design to implementation.**



## Strengths

### Service provider for diverse industries:

TCI SCS provides specialised services to critical sectors like auto, retail and consumer products, hi-tech, telecom, life sciences and healthcare and cold chain. Cold chain services include controlled temperature logistics for perishable goods and product movement across life sciences and healthcare, dairy, food and confectionery, floriculture and speciality chemicals.

**Complete services bouquet:** TCI SCS offers the complete range of service offerings from supply chain consultancy, inbound logistics, warehousing/distribution centre management to outbound logistics with a robust IT backbone for strong integration with customers' systems and complete visibility across the supply chain.

**Strong fleet:** The division has a 600-strong customised fleet and hires more than 1,000 vehicles from vendors. Their customisation is product-dependent (cold chain): international standard vehicles, stainless steel with PUF of 40 kg/cbm density, imported units with digital data logger, GPS on all vehicles, temperature

range from -25 to 25 degree Celsius and strip curtains and delivery door for reducing temperature loss during multiple deliveries.

**Brand enhancing clients:** TCI SCS enjoys an association with the following brand-enhancing clients like Bajaj Auto, Café Coffee Day, CEAT, GM, Hindustan Unilever, Hero Honda, Hyundai, ITC, Maruti, Procter and Gamble, Samsung, Skoda Auto, Sonalika, Spinach, Tata Motors, TVS Motors, Volkswagen and Whirlpool, among others.

**Strategic benefits from joint venture:** Formed a 50:50 joint venture company TransSystem Logistics International Ltd with Mitsui & Co. to provide logistics services to Toyota Kirloskar Motor Pvt. Ltd.

**Professional team management:** A key account management (KAM) team is responsible for single-window services across all projects.

**Adequate safety measures:** The division conducts Kiken Yochi Training (hazard prediction training) at all TCI fleet centres; conducts mandatory pre-journey counselling for all drivers, conducts sessions to share potential incidents or

near-miss experiences, vehicle routes and weather issues; conducts post-trip analysis with the global positioning system at the end of a supply chain operation.

## Overview, 2008-09

- Reported a 16.07% growth in the division's revenue
- Focused on warehousing and logistics business, which grew 98%
- Increased warehousing space from 7.5 to 7.8 million sq. ft
- Acquired customers like General Motors, Nitco, Wadhawan Foods (Spinach), Hero Honda and Samsung, among others
- Enhanced profitability by reducing non-performing assets
- Stabilised ERP and MIS systems

## Outlook

The division expects to grow at 20-30% annually. It expects to increase its focus on recession-resistant segments like warehousing as well as develop or acquire hi-tech, apparel and telecom businesses. It also intends to increase warehousing space from 7.8 to 10 million sq. ft by 2010-11 to service a larger number of clients in cold chain and retail verticals.



## Divisional overview

# TCI GLOBAL

Revenue, 2008-09: **Rs 106 million**

Contribution to total revenue: **0.82%**

Employee strength: **77**

Service: **Inbound and outbound international freight handling (air and sea), custom clearance, international courier, project cargo and NVOCC.**



## Strengths

**Single-window advantage:** The products can be collected from the customer's doorstep and delivered across the world. The comprehensive one-roof solution comprises the following: trouble-free custom clearance, international inbound and outbound freight handling (air and sea), primary and secondary warehousing/redistribution, third-party logistics, multimodal (air, surface and sea) services as well as heavy, ODC movements and project cargo.

**Product mix:** The division possesses the ability to handle all kinds of cargo (perishables, valuables, odd-size and general) and products (documents, automobiles, pharmaceuticals, consumer goods, power equipment, garments, agricultural and non-agricultural goods, among others).

**Licensing:** The division holds required licenses to provide end-to-end logistic solutions internationally. It holds licenses at six different ports for custom clearance and is tied up with agents in 170 countries worldwide.

**Client portfolio:** The division's healthy customer base comprises brand-enhancing clients like the Essar Group, Bajaj, TVS (Indonesia), Punj Lloyd, Bhushan Steel and Jindal Steel, among others.

**Members:** The division possesses memberships of networking forums like IGLN, WCA, APLN and CGLN.

**Certification:** TCI Global possesses the IATA certification, ensuring reliability and internationally benchmarked services.

## Overview, 2008-09

➤ Established its network in five Southeast Asian countries with strong local teams in

each country.

- Tied up with Sing Post for all deliveries to India
- Worked with leading shipping lines (CMA, UASC, APL, Mitsui OSK, PIL, Wanhai, Norasia and Lloyd Trestino, among others); it maintained excellent relationships with Cathay Pacific, Jet Airways, Thai Airways and Etihad airlines
- Executed 2,000 shipments (including power equipment) from China to Kandla
- Maintained a creditable 0.4% damage-free delivery owing to superior cargo handling, planning and technology

## Outlook

TCI Global intends to widen its direct presence from eight countries to 29 over five years and an indirect presence (through exclusive tie-ups) in 30 countries covering more than 95% of global GDP and 98% of India's trade.

## Divisional overview

# TCI SEAWAYS

Revenue, 2008-09: **Rs 671 million**

Growth over previous year: **20%**

Contribution to total revenue: **5%**

Employee strength: **115**

Service: **Provides coastal container and bulk cargo movement across Indian waters and beyond**



## Strengths

**Modern, well-equipped fleet:** The division has 1,200 containers and five vessels (16,500 DWT cumulative capacity).

**A bouquet of services:** The division provides ship management, liner/ charter/ agency activities, project handling, multimodal transportation and stevedoring services; provides integrated logistics solutions to any business.

**Adept quality:** The division is ISM-certified and is renewing for ISO 9001:2008, the ships are manned by experienced officers and crew, licensed by the Director General of Shipping, Government of India and authorised to trade along the Indian coast and international countries; these ships are classed with the Indian Registrar of Shipping, maintaining strict operational standards.

**Diverse cargo handling capability:** The Company transports perishables, food grain, steel, cement, bricks, sand, timber, other wood products, general goods, Defence equipment and vehicles.

**Accident-free track record:** The division has maintained an accident-free 15 years of operations owing to safety measures.

**Customer friendly:** The division has four fixed schedules in a month which enables the customers to pre-plan their shipment schedules.

## Overview, 2008-09

- The division reported a 20% growth in revenues
- It maintained margins even in the midst of a slowdown
- It has a contract with Food Corporation of India to transport food grains and sugar from mainland India to Andaman and Nicobar Islands for the sixth consecutive year

➤ Dry dock done for two ships during 2008-09 as against three ships in the last year

➤ The return on equity Investment in Danish JV of Rs 287 lacs is encouraging

➤ It regularly serves the Visakhapatnam-Port Blair, Chennai-Port Blair, Yangon-Kolkata and Kolkata-Port Blair routes

## Outlook

The division intends to expand its service to Myanmar and Thailand and enter other routes. It intends to enter international business with larger tonnage (about 11,000 DWT) vessels, ship management and chartering services. It plans to enhance its presence in the international shipping business, following encouraging results from the JV (50:50) with Scan-Trans, Denmark. It expects to reduce repair costs and register a 25-30% annual growth with the addition of a ship.



## WIND POWER

The Company entered the wind power generation business to leverage substantial tax benefits. The division possesses an installed capacity of 11.5 MW comprising a 5-MW wind farm in Rajasthan and 6.5-MW in Maharashtra. As on 31st March 2009, the capital employed in the division was Rs 463.72 million.



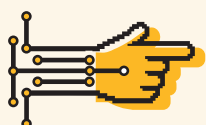
## REAL ESTATE

The Company has initiated the real estate business to develop unused properties into commercial, residential and budget hotels within city limits. To start with, properties of Delhi, Chennai and Bangalore were shortlisted. The Board constituted a Restructuring Committee to look into various options to monetise higher valuations from these properties.



## TCI FOUNDATION

The social wing of Group TCI partners with society at large to enhance life quality. The CSR activity addresses fundamental issues of primary education, healthcare and disaster relief assistance. It is actively involved in critical issues like spreading awareness / prevention of HIV AIDS and works with agencies as Bill & Melinda Gates Foundation (BMGF) and National AIDS Control Organisation (NACO).



## INFORMATION TECHNOLOGY

TCI's IT capabilities have proved business-strengthening in the following ways: they have integrated the back-office operations and core business, while enhancing business intelligence and customer relationship management. Its competitive edge revolves around providing a web-based application to global customers to facilitate consignment tracking, order booking and other facilities.

### Highlights, 2008-09

- Migrated from legacy core applications to web-based applications and used ORACLE 10g for database management, eliminating entry duplication and paper work while enhancing data accuracy, information and alerts availability, among others
- Implemented ERP (ORACLE Financial and PeopleSoft HRMS)
- Developed e-POD in-house, accelerating POD

information delivery and shortening the receivables cycle by 15-20 days

- Installed GPS for consignment and vehicle tracking
- Connected all offices and branches through the 24x7 virtual private network

### Benefits

- Operations will be consolidated and globalised through internationally benchmarked multivariate services and improved overall operational efficiency
- Expense and revenue processing will be fully integrated with financial management
- ERP will help create a central information repository
- Quicker processing of year-end activities (like finalisation of accounts) and a timely provision of standard reports
- Improved customer servicing; financial

transactions and human administration activities will be processed faster

- Inter-departmental information flow will be automated
- Process standardisation across departments and information processing transparency will enable better process and data control
- The implementation of ERP and web-based applications will lead to a substantial workload reduction.

Going ahead, the Company intends to integrate all applications into a single platform. It will develop a common database for all divisions with the help of a central server. The Company's IT infrastructure enhancement will entail Rs 200 million investment in 2009-10.



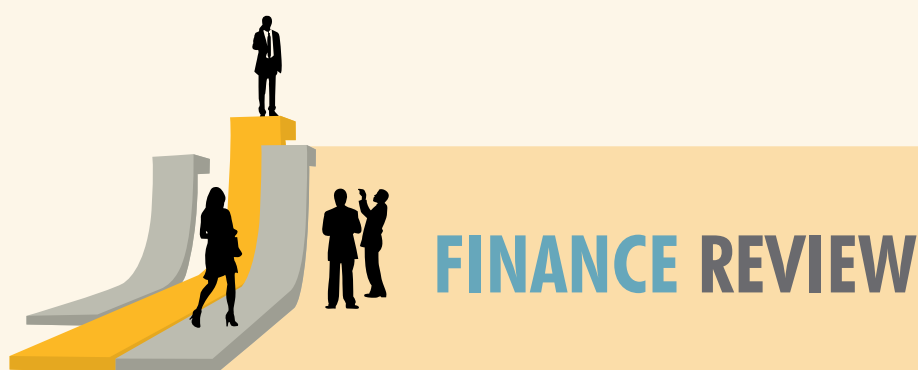
## HUMAN RESOURCE MANAGEMENT

The Company's human resource development and knowledge accretion have strengthened its effectiveness.

While recruitment involves a written test, group discussion and personal interview, performance appraisal is aligned bi-annually with a balanced score card. Employees are trained at training centres in Pune, Kolkata, Delhi and Bangalore; the induction training is conducted for 8-18 days, followed by functional training. Employees are nominated in management development programmes offered by premier institutes like IIMs, NITIE and overseas universities in logistics and general management

The Company enhances employee retention through a defined career path, attractive career opportunities, challenging job profiles, promotion from within, grievance redressal, attractive reward and remuneration. The result is the Company's retention rate is higher than the industry average.

In 2008-09, the Company aligned performance appraisal with the balance score card. It installed PeopleSoft, a high-end HRMS for better personnel management. It is planning to form quality circle groups wherein employees can meet monthly to discuss and resolve work-related issues. Going ahead, the Company plans to implement Six Sigma to enhance organisational effectiveness.



## Accounting policy

The Company's financial statements were prepared under the historical cost convention on an accrual basis in accordance with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956

## Performance, 2008-09

Year	2008-09 (Rs Million)	2007-08 (Rs Million)	% change
Revenue	12,979.50	11,985.25	8.30
EBIDTA	989.96	807.94	22.53
PBT (after exceptional items)*	449.45*	431.79	4.09%
PAT	283.19	284.30	(0.39%)
Cash profit	543.20	510.83	6.34%
EPS	3.91	3.92	(0.25%)

## Margins

The EBIDTA margin increased 87 basis points to 7.59% while the net profit margin declined slightly by 20 basis points to 2.18%, despite a significant increase in interest outflow and under exceptional item a provision of Rs 40 million made on account of mark-to-market losses in derivative transactions. Going ahead, operating margins are expected to strengthen on the back of an increasing share of higher-margin businesses like XPS, SCS and seaways.

Revenues increased 8.3% and EBIDTA increased 22.53% following operating and other costs optimisation priorities, which resulted in a declining trend of operating cost, in a challenging year.

## Revenue analysis

The Company's revenue outperformed India's GDP growth and increased 8.30% from Rs 11,985.25 million in 2007-08 to Rs 12,979.50 million in 2008-09, following enhanced marketing in India and abroad across existing and new clients and the robust growth of Supply Chain Solutions (SCS), Express (XPS) and shipping divisions.

Other income increased 47.80% from Rs 43.79 million in 2007-08 to Rs 64.72 million in 2008-09 following proceeds from rent, dividend and investment profits, among others. The proportion of other income in net profit increased from 15.38% to 22.84% in 2008-09.

## Cost analysis

Total cost (excluding depreciation, interest and tax) increased 7.42% from Rs 11,221.10 million in 2007-08 to Rs 12,054.26 million in 2008-09 in line with business growth. This increase was lower than the revenue increase for the year under review.

**Operating expenses:** Operating cost (83.61% of total expenses excluding interest, depreciation and tax) increased 6.39% owing to increased freight, clearing and forwarding charges, stores and spare parts consumed and drivers' wages, among others. The Company was insulated from the increase in fuel costs on account of a relevant cost absorption clause with customers.

**Repairs and maintenance:** These costs increased 21.83% on account of higher maintenance costs of motor trucks and ships arising out of the higher average fleet age of 5.5 years and 21 years respectively.

**Administrative:** This item increased 12.32% on account of the rising rent of warehouses and leased offices and godowns. However, the Company reduced costs of telephone, printing, stationery, post and advertisements.

**Personnel:** The Company recruited 400 people in 2008-09, an 8% increase over 2007-08, for enhanced marketing and presence in eight international destinations. The result was a 13.21% hike in personnel cost, accounting for 5.59% of total expenses (other than interest and depreciation) in 2008-09 as against 5.31% in 2007-08. The increased personnel spending was offset by higher revenue per employee in 2008-09.

**Interest:** Due to overall economic slowdown, cost of capital became dearer in the year under review. Interest outflow increased 43.01% following an increase in debt and interest rates. As a result, interest cover declined from 4.8 in 2007-08 to 4.11 in 2008-09, interest cost as a proportion of revenues increased from 1.4% in 2007-08 to 1.85% in 2008-09 and average debt cost increased from 7.52% in 2007-08 to 10.42% in 2008-09. The Company substituted high-cost working capital loans with short-term instruments, like commercial paper and non-convertible debentures with low coupon rates of around 5-6% compared with loans of 13%-14%, the benefits of which will be reflected in 2009-10.

## Sources of funds

**Capital employed:** The Company's capital employed increased 5.31% from

Rs 5,057.49 million in 2007-08 to Rs 5,326.03 million in 2008-09, following an increase in reserves and surplus and debts. The working capital, as a proportion of capital employed, was 43.05%, increasing 17 basis points over 2007-08, a creditable achievement in a difficult year. The Company reported a 14.06% return on average capital employed during 2008-09 as against 13.59% in 2007-08.

**Net worth:** Net worth comprised 72,505,640 equity shares of Rs 2 each; the Company's promoters held a 67.56% share in the equity. The Company's reserves and surplus reported a 9.24% growth, following an increase in the tonnage tax reserve and plough-back of profits. The proportion of net worth to the total capital employed increased 184 basis points to 50.96% in 2008-09, indicating accruals to fund expansions.

**External funds:** The Company's debt rose marginally by 1.69% from Rs 2,290.34 million to Rs 2,329.02 million to fund capex and working capital. Secured loans (comprising 95.45% of the total debt) declined 2.4% following the repayment of term loans including foreign currency loan accounting for 20.28% of the secured debt. While unsecured loans (4.55% of total debt) increased 739% on account of enhanced mobilisation of short-term instruments like commercial papers and non-convertible debentures to fund working capital, the debt-equity ratio declined from 0.92 to 0.86 in 2008-09.

## Application of funds

**Gross block:** The Company's gross block comprised transportation fleet, hubs, warehouses, vessels & containers and wind power. During 2008-09, the Company's gross block increased 5.92% from Rs 3,901.26 million to Rs 4,132.30 million owing to investments in land, buildings, trucks and ships (due to

restatement of ECB liability), among others. The Company provided depreciation (straight-line method) as per the Companies Act, 1956. The accumulated depreciation increased 20.20% from Rs 1,055.57 million in 2007-08 to Rs 1,268.83 million in 2008-09 following asset accretion. One rupee invested in gross block generated Rs 3.14 of revenues in 2008-09 compared with Rs 3.07 in 2007-08

**Investments:** The Company's investments increased 17.12% from Rs 158.52 million in 2007-08 to Rs 185 million in 2008-09, following investments in joint ventures, subsidiaries, stocks and mutual funds to park surplus resources and generate a sustainable income.

**Working capital:** The Company's operations were working capital-intensive due to the intrinsic nature of the industry. The working capital outlay increased 5.73% from Rs 2,168.64 million in 2007-08 to Rs 2,292.86 million in 2008-09, following enhanced turnover. In a challenging year, the working capital cycle improved owing to better realisations from debtors, regulating operating costs and enhanced mobilisation of short-term instruments, among others.

## Forex management

To reduce interest incidence, the Company entered into one currency swap transaction to save interest on Rupee loan. However, the said derivative structure is also exposed to currency fluctuations. The mark-to-market losses on its derivative positions stood at Rs 85.4 million as on 31st March 2009 (Rs 59.9 million as on 20th May 2009) maturing in September 2009. A sum of Rs 40 million was provisioned for probable losses.



# RISK MANAGEMENT

## Industry risk

An economic slowdown could affect the Company's prospects.

### Risk mitigation

- › Corporates focusing on core competence prefer the outsourcing of logistic activities.
- › The Indian logistics industry is expected to grow 15-20% annually, reaching around US\$385 billion revenues by 2015, with the organised sectors doubling its share to around 12% (Source: 'Logistics Industry - Real Estate's New Powerhouse', a Cushman & Wakefield report).

## Quality risk

Poor service might jeopardise the brand and increase competition risk.

### Risk mitigation

- › TCI transformed from a pure transportation company to an integrated logistics solutions provider with decades-rich experience and reputation.
- › TCI's ISO 9001:2000 certifications reinforce quality and service parameters.
- › TCI continuously upgrades its service levels through technology and round-the-clock support to customers by key account executives and customer care centres.
- › The customer-centric KPIs align service levels with customer aspirations.

## Customer concentration risk

Over-dependence on a few customers could hamper the Company's profitability in the event of a downturn.

### Risk mitigation

- › TCI serves customers across diverse sectors like auto, retail, engineering, telecom, pharmaceuticals and chemicals.
- › No customer contributed more than 1.5% to revenues in 2008-09.
- › The Company's reputed customer base comprises all major industrial organisations and thousands of medium and small customers.

## Liquidity risk

A delay in receivables could stretch the Company's working capital resources.

### Risk mitigation

- › There is a continuous endeavour to shift towards shorter transaction cycles.
- › The Company has an in-built process of credit approval and monitoring with a pre-defined responsibility and accountability at various levels.

## Infrastructure risk

With an increasing fleet age, depreciation and repair cost might increase, hampering profitability.

### Risk mitigation

- › The Company has a defined policy for the replacement of its ageing fleet to keep overall costs under control.
- › The Company continuously invests in new warehouses, ships, fleet and latest equipment, besides training its human assets.

## Business concentration risk

An excessive dependence on one line of business can threaten TCI's viability in the event of a sectoral downturn.

### Risk mitigation

- › TCI operates across all segments of logistics (full truck load, ODC, express distribution, supply chain solution, coastal shipping and freight forwarding, among others).
- › TCI's customer base is drawn from diversified industries, providing cushion against sectoral downturns.

## Distribution risk

An inadequate distribution network could be detrimental to TCI's business growth.

### Risk mitigation

- › TCI serves over 3,000 locations across the country through its 1,200 branch offices and a 6,500-strong workforce.
- › Its infrastructure of company-owned/leased trucks and trailers and fully functional warehouses are based at various locations, facilitating a countrywide service.

# DIRECTORS' REPORT

*To the Members,*

The Directors take pleasure in presenting the 14th Annual Report of your Company together with the consolidated audited accounts for the year ended 31st March 2009.

## Financial highlights

(Rs in mn)

Particulars	Consolidated		Standalone	
	2008-09	2007-08	2008-09	2007-08
Income	13,582.8	12,470.4	13,044.2	12,029.0
Profit before interest, depreciation, taxation and exceptional item	1092.5	900.1	990.0	807.9
Less: Interest (net)	242.7	169.7	240.7	168.2
Depreciation (net)	298.8	233.2	259.8	207.9
Profit before tax & exceptional item	551.0	497.2	489.5	431.8
Less: Exceptional item	40.0	0.0	40.0	0.0
Profit before tax	511.0	497.2	449.5	431.8
Less: Provision for tax - current	159.85	130.1	147.2	109.9
- Deferred	-0.99	18.6	0.2	18.7
- FBT	19.08	18.9	18.7	18.5
Profit after tax	333.06	329.6	283.4	284.7
Taxes for earlier years	0.4	0.4	0.2	0.4
Add: Balance brought forward	193.3	130.1	72.1	53.7
<b>Profit available for appropriation</b>	<b>526.0</b>	<b>459.3</b>	<b>355.3</b>	<b>338.0</b>
Appropriations:				
- Interim dividend	0	21.7	0.0	21.7
- Proposed dividend	70.3	21.8	43.5	21.8
- Dividend tax	7.7	7.4	7.4	7.4
- Tonnage tax reserve	16.0	15.0	16.0	15.0
- General reserve	212.6	200.0	212.6	200.0
Balance carried forward	219.4	193.4	75.8	72.1
	<b>526.0</b>	<b>459.3</b>	<b>355.3</b>	<b>338.0</b>





## Business results

On standalone basis, your Company posted a total revenue of Rs 13,044 mn compared to Rs 12,029 mn in the previous year, registering a 8.4% growth over the last year. The profits before tax & exceptional item at a growth of 13.4 % stood at Rs 489.5 mn against Rs 431.8 mn of the last year.

TCI Group, on a consolidated basis, achieved a total revenue of Rs 13,583 mn during the year under review against Rs 12,471 mn in the previous year. Consolidated profit before tax & exceptional items of the group for the FY 2008-09 was Rs 551 mn, while for the FY 2007-08 it was Rs 497 mn.

The consolidated financial statements are prepared in compliance with the accounting standards and listing agreement as prescribed by the SEBI and include financial information of its subsidiaries and joint venture companies. The Company has since received an approval from the Ministry of Corporate Affairs exempting it from attaching the balance sheet, profit & loss account and other documents of subsidiary companies to the balance sheet of the Company. In accordance with the terms of the approval letter, a statement containing brief financial detail of subsidiaries for the year ended on 31st march 2009 is attached with this report.

## Dividend

The Board of Directors, subject to the approval of shareholders at the ensuing Annual General Meeting, has recommended a dividend @ 30% i.e. Re. 0.60 per share for the year ended on 31st March 2009, which would be same as last year. The total payout including dividend tax works out to Rs 50.90 mn.

## Subsidiaries

The statement of financial information, pursuant to Section 212 of the Companies Act, 1956, regarding subsidiary companies forms a part of this Annual Report.

Shareholders desirous of obtaining annual accounts of the Company's subsidiaries may obtain the same upon request. The annual report and accounts of subsidiary companies will be kept for inspection at your Company's registered office.

## Public deposits

Public deposits as on 31st March 2009 stood at Rs 5.80 mn, of which Rs 0.26 mn have matured and remain unclaimed.

There have been no overdue deposits.

## Directors

Mr K. Prabhakar was inducted on the Board as an Additional Director on 22nd October 2008 and was also appointed as Whole Time Director of the Company for a term of three years.

Pursuant to the provisions of the Section 260 of the Companies Act, 1956 Mr Prabhakar being the additional director will hold office as such only up to this Annual General Meeting. Mr K. Prabhakar is eligible for re-appointment as Director of the Company. The Company has received a Notice along with requisite fee from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr Prabhakar as Director of the Company.

The appointment of Mr Prabhakar as Whole Time Director is subject to the confirmation by the Shareholders in the ensuing Annual General Meeting. A resolution regarding this has been included in the notice of AGM for the due consideration of shareholders.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr O. Swaminatha Reddy, Mr K. S. Mehta and Mr M. P. Sarawagi, Directors are retiring by rotation at this meeting and being eligible, offer themselves for re-appointment.

## Auditors

M/s. R.S. Agarwala & Co., Chartered Accountants, Kolkata retire as the Company's Statutory Auditors at the end of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if re-appointed.

M/s. K.B. Chitrakar & Co., Chartered Accountants, Kathmandu, the Branch Auditors for branches situated in Royal Kingdom of Nepal are retiring at this AGM and being eligible, offer themselves for re-appointment.

M/s R. S. Agarwala & Co., Chartered Accountants, Bangalore are

proposed to be appointed as the Branch Auditor for auditing the accounts of the TCI Seaways Division of the Company for the financial year 2009-10.

### Auditors' Report

The observations at para 4 (vi) in their report with regard to the Note nos. 3 & 4 on Schedule 23 to the financial statements are self explanatory and do not call for any further comments.

### Human resources

Your Board emphasises on building a robust human resources capital. The Board believes in total employee commitment, which is possible only through fair and transparent policies, equitable opportunity to learn and grow, treating each employee as an individual human being. Corporate HR initiatives have been quite effective in raising employee satisfaction across hierarchies, who in turn, have been able to meet stakeholders' expectations.

TCI's compelling competitive advantage comprises training and developmental opportunities for all, open work culture and strong belief in internal leadership development.

### Statutory disclosures

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information and data are given at Annexures.

### Employee stock option scheme

Your Company has introduced stock option plans to reward and retain best talent. During the year under review, 100,000 options were granted by the Compensation / Remuneration Committee in its meeting held on 23rd May 2008 to the eligible employees.

A statement of disclosures pursuant to Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 has been annexed with this report.

### Management discussion & analysis report

Management Discussion & Analysis Report is annexed to this report.

### Corporate Governance Report

As per the requirements of Clause-49 of the Listing Agreement, a separate report on Corporate Governance is annexed to this report.

The auditors' certificate on compliance under Corporate Governance is also annexed.

### Corporate social responsibility

Your Company continues to focus on education and empowerment of underprivileged and marginalised sections of the society. Besides, TCI is one of the eighteen corporates in the country to have a well-documented and implemented policy on HIV/ AIDS under the guidelines of International Labour Organization. The Company is planning to strengthen this initiative by creating a bank of Master Trainers amongst TCI Group who after undergoing requisite training will train their peers at respective places of work.

Over and above these specific areas of intervention, TCI has been supporting various credible NGOs and CBOs with financial support in their work on the girl child, women's empowerment and on issues of health.

Group TCI's Social Arm i.e. TCI Foundation (TCIF) has embarked upon various programs as part of its CSR initiatives.

#### Project Kavach

This is a nationwide AIDS Awareness campaign in collaboration with Bill and Melinda Gates Foundation, to implement a comprehensive and integrated program on AIDS awareness and prevention for truck drivers. TCI Foundation has been invited by the National AIDS Control Organization (NACO) to become the Technical Support Group (TSG) for the national trucker program. The role of TSG is to design, manage and monitor the national trucker program in conjunction with NACO and various State AIDS Control Societies.

#### Education

TCIF started a school in 2005, in Gobindpur in Khunti district of Jharkhand state. The main objective behind opening the school was to provide and reach quality education in remote areas, which have low or no accessibility to quality education. At present, the school is up to eighth standard beginning from the nursery. TCI has lately entered into an agreement with DAV Ranchi in 2008 for the proper running of the school. TCI intends to run this school on the lines of CBSE norms. Apart from this initiative, TCI supported various schools to enhance infrastructure.



### Disaster management

TCI has responded to various situations of emergency by providing relief to the victims of natural calamities.

More recently, during the recent floods in Bihar, TCI was in the forefront of providing food, clothing and temporary shelter to the victims, ferrying the victims from the affected place to safer places, transporting relief material free of cost and also helping in the disbursement of relief material to the deserving people.

### Jaipur Foot and rehabilitation centre

In May 2008 TCI in collaboration with Bhagwan Mahaveer Viklang Sewa Samiti (BMVSS) in Jaipur started an artificial limb centre by name TCI Jaipur foot and Rehabilitation center, situated in Patna. BMVSS, the originator of the famous Jaipur foot, technically supports our center. We provide artificial limbs, crutches and calipers to the poor in this center free of cost. The intervention has impacted on several lives, which went off track because of disability struck due to accidents, illnesses etc. Since the time the center became operational, the center has touched the lives of more than 700 persons who have been enabled to lead their lives with a bit of comfort and dignity.

### Dispensaries

TCIF also runs dispensaries running in two locations namely Coimbatore and Port Blair. The patients visiting these dispensaries are generally very poor and are given treatment and medicines free of charge.

## Directors' Responsibility Statement

The Board of Directors hereby confirms and accepts the responsibility for the following in respect of the audited annual accounts for the financial year ended March 2008:

- (i) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed with no material departure;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the accounting year and of the profit of the Company for that year;

- (iii) that the Directors have taken proper and sufficient care of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the Directors have prepared the Annual Accounts on a going concern basis.

## Cautionary statement

The statements in the Management Discussion & Analysis and in the Directors Report describe the Company's projections, estimates, expectations and overall objectives. These statements may be forward looking within the ambit of securities regulations and laws. Actual results may vary materially from those expressed or implied.

## Statement of employees

Statement of particular of employees as required under Section 217(2A) of the Companies Act, 1956 ("the Act") and rules framed thereunder forms a part of this report.

## Acknowledgements

The Directors place on record their appreciation for the assistance, help and guidance provided to the Company by the banks, financial institutions, government authorities, and its valued customers from time to time. The Directors also place on record their gratitude to employees and shareholders for their continued support and confidence in the management of the Company.

For and on behalf of the Board

Place : Gurgaon (Haryana)

Dated : 21st May 2009

**S N Agarwal**

Chairman

## CEO/CFO CERTIFICATION

The Board of Directors

**Transport Corporation of India Ltd.**

Gurgaon (Haryana)

This is to certify that:

- a) We have reviewed financial statement for the F.Y. ended 31st March 2009 and the cash flow statement for the year (standalone and consolidated) and that to the best of our knowledge and belief.
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair copy of the Company's affairs and are in compliance with existing standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year that are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
  - (i) About significant changes in internal control during the year, whenever applicable;
  - (ii) That there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) That there were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having such significant role in the Company's internal control system.
- e) We further declare that all members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

For **Transport Corporation of India Ltd.**

**D.P. Agarwal**

*Vice Chairman & Managing Director*

Place : Gurgaon (Haryana)

Dated: 21st May 2009

For **Transport Corporation of India Ltd.**

**A.K. Bansal**

*Group CFO & Co. Secretary*

Place: Gurgaon (Haryana)

Dated: 21st May 2009



## ANNEXURE TO THE DIRECTORS' REPORT

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

#### Conservation of energy and research and development

The Company's operations are subject to low energy consumption. Still, ongoing measures are being taken to conserve energy to the extent possible. As multi-modal cargo mover, your Company strives to upgrade operational efficiency and took the following steps to conserve energy and making best use of technology:

- › Induction of environment friendly CNG vehicles, resulting in conservation/ saving of fuel and protection of environment.
- › Building modern warehouses with the first shortly coming in Pune at a height of 15 meters for better land use. This warehouse also has energy-free systems for (a) air circulation, including turbo ventilators and (b) natural light provisions by transparent sheets and skylights (c) Rain water harvesting, solar panels and energy efficient lighting systems.

- › Logistics warehouses have been equipped with high-end racking systems, fork lifts, stackers, pallets (both plastic and wooden) dock levelers and WMS (Warehouse Management System) for better throughput.
- › The Company has been investing on higher capacity vehicles to reduce the cost per ton per kilometer and bring about greater productivity.
- › Most of the Company owned vehicles fleet have been fitted with Global Positioning System (GPS) and GPRS instruments to track the trucks and cargo. This has greatly benefited in updating customers on cargo movement status and also saving from better route planning.

#### Foreign exchange earnings and outgo: (Rs in mn)

	2008-09	2007-08
Foreign Exchange Outgo	187.37	205.42
Foreign Exchange Earnings	97.07	87.00

### B. Statement under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975.

Sl. No.	Name and qualification	Age	Designation/ Nature of duties	Remuneration in Rs	Experience in years	Date of commencement	Previous employment/ position held
Employed for full year							
1	D.P. Agarwal * B.Com.	59	Vice-Chairman and Managing Director, Overall Management	20,821,657	44	10.04.65	Executive, Transport Corporation of India Pvt. Ltd.
2	Vineet Agarwal* B.Sc. (Econ.)	35	Executive Director, General Management	14,135,876	13	01.04.96	Executive, Transport Corporation of India Ltd.
3	Chander Agarwal* B.Sc. in Business Administration	30	Executive Director, General Management	9,099,164	7	01.11.2002	Executive, Transport Corporation of India Ltd.

**NOTES:** Remuneration stated above include inter-alia, value of perquisites and other benefits as per provisions of the Income Tax Act, 1961 and Rules made thereunder and Company's contribution to Provident Fund but does not include Gratuity paid or contribution made to Gratuity Fund.

\*Nature of employment contractual as per the terms of appointment. Mr D. P. Agarwal being the Chief Promoter holds/controls 67.56% of the paid up equity of the Company through himself & his associates. Mr D. P. Agarwal is also related to Mr S. N. Agarwal, Mr Vineet Agarwal and Mr Chander Agarwal.

## C. Statement pursuant to Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999

Sl No.	Particulars	ESOS-2006 - Part I
a.	Total numbers of options granted	100,000
b.	Pricing formula	Closing price on the stock exchange with greater trading volume on one day prior to the date of grant i.e. 23rd May 2008 (50% discounted grant price per option - Rs 45/-)
c.	Options vested	Nil
d.	Options exercised	Nil
e.	Total number of shares arising as a result of exercise of options	Nil
f.	Option lapsed / forfeited (during FY 2008-09)	Nil
g.	Variation of terms of options	No variation.
h.	Money realised by exercise of options	Nil
i.	Total number of options in force	100,000
j.	Employee wise detail of options granted to	
	i. Senior managerial personnel	Mr K. Prabhakar, Whole Time Director-10000 options
	ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year	a. Mr O.P. Jain, President & CEO, TCI freight- 10,000 Options b. Mr Jasjit Sethi, CEO, TCI SCS - 10,000 Options c. Mr P. C. Sharma, CEO Air & Courier- 10,000 Options d. Mr H. S. Bhatia CEO, TCI Global - 10,000
	iii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
k.	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'	N/A, as none of the shares has been vested & exercised during the FY 2008-09.
l.	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed.  The impact of this difference on profits and on EPS of the Company shall also be disclosed.	N/A, as none of the shares has been vested & exercised during the FY 2008-09.



Sl No.	Particulars	ESOS-2006 - Part I
m.	Weighted-average exercise price and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	N/A, as none of the shares has been vested & exercised during the FY 2008-09.
n.	A description of the method and significance assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	N/A, as none of the shares has been vested & exercised during the FY 2008-09.
	i. risk free interest rate,	
	ii. expected life,	
	iii. expected volatility,	
	iv. expected dividend,	
	v. the price of the underlying shares in the market at the time of option grant.	

# REPORT ON CORPORATE GOVERNANCE

## Philosophy

Your Company is committed to applying sound Corporate Governance in all its activities and processes. The TCI Board endeavours to create an environment of equity, fairness and transparency in transactions to secure long term shareholder value. At the same time, the Board considers itself a trustee of its stakeholders and acknowledges its responsibilities of creating and safeguarding their wealth.

TCI believes that there is a need to view Corporate Governance as more than just regulatory compliance. Hence, your Board is articulating an approach of accountability in its internal procedures and systems to win the confidence of stakeholders. This approach is central to the day-to-day functioning of your Company and also for implementing long term business plans.

Our basic Corporate Governance philosophy is driven by the following fundamental principles:

- i. Conducting business affairs in an ethical manner

- ii. Ensuring the highest level of accountability and responsibility
- iii. Ensuring full compliance with all the applicable laws and regulations
- iv. Ensuring correct and timely disclosures and dissemination of all price sensitive information and other matters related to the stakeholders
- v. Implementing strict compliance with Code of Conduct for Board Members and senior management along with insider trading prevention regulations.

## Board of Directors

Your Company has a broad-based Board of Directors. The Board exercises its power and other functions either at Board meetings or through various committees and/or senior officials to oversee specific areas. All major functions such as policy formulations, evaluation of performance, strategic decision making, establishing goals and other control functions, vest with the Board. The Board of Directors meets every quarter or earlier as and when such necessity arises.

## Composition of the Board

The Board of TCI is headed by Non-Executive Chairman Mr S. N. Agarwal. Non-Executive Directors constitute the majority on the Board. As on 31st March 2009, the composition of the Board was as follows

Sl. No.	Name of the Director	Category and designation	Number of Directorships in companies (including TCI)*		Number of memberships of committees (including TCI)**	
			Public	Private	Member	Chairman
1	Mr S. N. Agarwal	Non-Executive Chairman	6	7	2	1
2	Mr S. M. Datta	Non-Executive Independent Director	15	4	4	2
3	Mr O. Swaminatha Reddy	Non-Executive Independent Director	9	5	1	4
4	Mr K. S. Mehta	Non-Executive Independent Director	12	1	5	1
5	Mr R. V. Raghavan	Non-Executive Independent Director	4	Nil	2	Nil
6	Mr D. P. Agarwal	VC and MD, Executive Director	5	Nil	1	Nil
7	Mr M. P. Sarawagi	Non-Executive Director	5	5	Nil	Nil
8	Mr Vineet Agarwal	Executive Director	5	2	3	Nil
9	Mr Chander Agarwal	Executive Director	15	2	Nil	Nil
10	Mr K. Prabhakar#	Wholetime Director	4	1	Nil	Nil

\* Includes foreign companies and private limited companies

\*\*Memberships of only Audit and Shareholders' Grievance Committees of Public Limited companies are considered as relevant for the purpose of computing limit under Clause 49(IV) (C) of the Listing Agreement. All the Directors have confirmed to the Board that they are not members of more than 10 (ten) committees and do not act as Chairman of more than 5 (five) committees across all the companies in which they are Directors.

# Mr K. Prabhakar was appointed w.e.f 22nd October 2008

Note : Presently, Clause 49 IA relating to Board Composition is not fully complied as more independent directors are to be inducted. The Company has been putting sincere efforts in this respect.





## Board Meetings

During 2008-09, the Company's Board of Directors met four times. The maximum time gap between any two Board meetings was less than four months. The dates of the Board meetings, the strength of the Board on the meeting date and the attendance at the Board meetings and General meetings are given below :

Sl. No.	Meeting dates	Board strength	Number of Directors present
1.	23rd May 2008	9	9
2.	29th July 2008	9	8
3.	22nd October 2008	10	6
4.	22nd January 2009	10	10

### Attendance of Directors at the Board meetings and last Annual General Meeting

Sl. No.	Names	Number of Board meetings attended in FY 2008-09	Attendance at last Annual General Meeting held on 29th July 2009
1.	Mr S. N. Agarwal	3	Yes
2.	Mr S. M. Datta	4	Yes
3.	Mr O. Swaminatha Reddy	4	Yes
4.	Mr K. S. Mehta	2	No
5.	Mr R. V. Raghavan	3	Yes
6.	Mr D. P. Agarwal	4	Yes
7.	Mr M. P. Sarawagi	3	Yes
8.	Mr Vineet Agarwal	4	Yes
9.	Mr Chander Agarwal	4	Yes
10.	Mr K. Prabhakar#	2	N/A

# Mr K. Prabhakar became Director w.e.f. 22nd October 2008.

## Code of Conduct

The Board formulated a Code of Conduct based on the principles of Corporate Governance, general business ethics and practices. These codes are applicable to all the Board members and senior management personnel. The Company has received confirmations from all Board members in relation to compliance thereof.

## Appointment/Reappointment of Directors

Pursuant to the requirements of the Listing Agreements with the stock exchanges on Corporate Governance, the information about the Directors proposed to be appointed/reappointed is given herein:

**A. Mr K. S. Mehta** has more than 37 years of rich and varied experience in the field of accounts, taxation, finance, mergers and acquisitions, restructuring and project financing among others. Mr Mehta, a chartered accountant by profession, is also associated with leading chambers including FICCI. He has also been the President of PHDCCI in the past.

The Directorship of Mr Mehta in various companies and his committee membership is given below:

Name of the Company	Name of committee
1. Transport Corporation of India Ltd	<b>Transport Corporation of India Ltd</b>
2. Radico Khaitan Limited	i. Shareholders'/Investors' Grievance Committee – Chairman
3. Continental Engines Limited	ii. Audit Committee – Member
4. Medpat Finance Limited	<b>Blue Coast Hotels &amp; Resorts Limited</b>
5. Kothari Industrial Management Company Ltd	i. Remuneration Committee – Chairman
6. Blue Coast Hotels & Resorts Limited	ii. Audit Committee – Member
7. Ayurvet Limited	iii. Shareholders' / Investors' Grievance Committee – Member
8. Suvidha Parklift Limited	<b>Radico Khaitan Limited</b>
9. Consafe McNulty JV Limited, UK	Nomination Committee – Member
10. Consafe Engineering Services Limited, UK	<b>Ayurvet Limited</b>
11. McNulty Offshore Construction Ltd, UK	i. Audit Committee – Member
12. McNulty Group Holdings Limited, UK	ii. Remuneration Committee – Member
13. Federation of Indian Chambers of Commerce & Industry	<b>Continental Engines Limited</b>
14. Innotem Services Pvt. Ltd	i. Audit Committee – Member
	ii. Restructuring Committee – Member

As on 31st March 2009, Mr K. S. Mehta does not hold any share in the Company.

**B. Mr O. Swaminatha Reddy** has about 55 years experience as a chartered accountant and is a renowned financial and management consultant. He is the Chairman of the governing body of the Indian Institute of Economics, Hyderabad and a member of the Management Committee of the Federation of A. P. Chamber of Commerce and Industry. In the past, Mr Reddy also held the office of Chairman of Andhra Bank and Chairman/Managing Director of A. P. State Finance Corporation.

Mr Reddy is also on the Board of many reputed corporates. His directorships and committee memberships are given below:

Name of the Company	Name of committee
1. Transport Corporation of India Ltd	<b>Transport Corporation of India Ltd</b>
2. TCI Developers Ltd	i. Audit Committee – Chairman
3. Sagar Cements Ltd	ii. Restructuring Committee – Member
4. TCI Finance Ltd	iii. Compensation / Remuneration Committee – Member
5. Golkonda Hospitality Services & Resorts Ltd	<b>Sagar Cements Ltd</b>
6. Sagar Power Ltd	i. Audit Committee – Chairman
7. K.C.P. Ltd	<b>K.C.P. Ltd</b>
8. Surana Telecom Ltd	i. Audit Committee – Member
9. Bhagyanagar India Ltd	<b>Bhagyanagar India Ltd</b>
10. K.M. Power Pvt. Ltd	i. Audit Committee – Chairman
11. Thembu Power Pvt. Ltd	<b>Surana Telecom Ltd</b>
12. E.P.R. Gene Technologies Pvt. Ltd	i. Audit Committee – Chairman
13. E.P.R. Pharmaceuticals Pvt. Ltd	
14. E.P.R. Centre for Cancer Research and Biometrics Pvt. Ltd	

As on 31st March 2009, Mr O. Swaminatha Reddy does not hold any share in the Company.



**C. Mr M P Sarawagi** by profession is an advocate and a legal consultant associated with the Company for the last 44 years. Mr Sarawagi, a law graduate, is on the Board of various companies and has vast experience in the transport industry. Besides, he is also associated with the Calcutta Goods Transport Association and the All India Motor Transport Congress and other cultural associations.

The companies where Mr Sarawagi is Director are given below:

Name of the Company	Name of committee
1. Transport Corporation of India Ltd	<b>Transport Corporation of India Ltd</b>
2. Boruka Investment Ltd	i. Share Transfer Committee – Member
3. Boruka Finance Corporation of India Ltd	ii. Remuneration/Compensation Committee – Member
4. TCI India Ltd	iii. Restructuring Committee – Member
5. Orissa Tyres Ltd (In liquidation)	
6. Ashish Securities Pvt. Ltd	
7. Prabhu-Dhan Carriers Pvt. Ltd	
8. Prabhu-Dhan Properties Pvt. Ltd	
9. Prabhu-Dhan Infrastructure Pvt. Ltd	
10. Boruka Properties Pvt. Ltd	

As on 31st March 2009, relatives of Mr M P Sarawagi held 10,930 shares in the Company.

**D. Mr K Prabhakar** has been associated with the Company for about 31 years. After graduating in commerce, Mr K. Prabhakar started his career at TCI in 1978 and gradually reached the top level of the management. At the age of 55, with the experience of a lifetime, he has been involved in virtually all the operational areas of the Company.

At the time of the XPS Division's conceptualisation in 1997-98, he was given the responsibility to plan, monitor and launch it. Within a short span, XPS was able to achieve around Rs 350 Cr. turnover in 2008-09. He has been instrumental in establishing XPS as a one-stop-shop for express delivery solutions. XPS gradually achieved a prominent position in the organised sector.

His Directorship in various companies is given below:

Name of the Company	Name of committee
1. Transport Corporation of India Ltd	
2. TCI Properties (West) Ltd	
3. TCI Properties (Pune) Ltd	None
4. XPS Cargo Services Ltd	
5. TCI Exim (P) Ltd	

## Board Committees

### I. Audit Committee

The terms of reference of the Audit Committee inter alia include providing directions and overseeing the total audit and financial reporting processes, reviewing periodic financial results and financial statements before submission of the same to the Board, reviewing the adequacy and efficiency of the internal control systems, approving internal audit plans and reviewing efficacy of the function, recommending the appointment and removal of statutory auditors, discussion and review of periodic audit reports and discussions with

internal/external auditors about the scope of audit including the observations of the auditors.

### Composition and attendance

The Audit Committee was constituted in accordance with the requirements of the provisions of Section 292A of Companies Act, 1956 and Clause 49 of Listing Agreement.

The Audit Committee comprises of four Non-Executive Directors, of which three are Independent Directors. Majority of the members of the Audit Committee have requisite financial knowledge and experience and are experts in finance. The Audit Committee acts as

the link between the management, statutory and internal auditors and the Board of Directors.

During the year under review, four meetings of the Audit Committee were held :

Name of the member	Number of meetings attended
Mr O. Swaminatha Reddy - Chairman	4
Mr S. M. Datta	4
Mr K. S. Mehta	2
Mr S. N. Agarwal	3

## II. Shareholders/Investors' Grievance Committee

Your Company constituted a permanent Stakeholders' Grievance Committee to look into the stakeholders' grievances. The Committee oversees the performance of the Registrars and Share Transfer Agents and recommends measures for overall improvement in quality of investor service.

Complaints received during the year were satisfactorily attended to and there were no pending complaints/grievances as on 31st March 2009.

During the year, four meetings of the Committee were held:

Name of the member	Number of meetings attended
Mr K. S. Mehta - Chairman	2
Mr S. N. Agarwal	3
Mr Vineet Agarwal	4

## III. Share Transfer Committee

Your Company constituted a Share Transfer Committee inter alia to approve share transfers in physical as well as demat form and to approve the issuance of duplicate share certificates.

The Committee meets once every fortnight and 24 such meetings were held during the year under review and its composition was:

Name of the member	Position
Mr D. P. Agarwal	Chairman
Mr Vineet Agarwal	Member
Mr M. P. Sarawagi	Member

## IV. Finance Committee

The Finance Committee only meets in extreme urgency in place of the Board meeting to deal with the following urgent matters:

- To take on record the unaudited quarterly results for the Company for the first and third quarters
- To consider and approve proposals from banks/financial institutions for availing financial assistance for the Company – both term loans as well as working capital within permissible limits
- Any other issue as may be delegated by the Board.

### Composition

The composition of Finance Committee is as follows :

Name of the member	Position
Mr S. N. Agarwal	Chairman
Mr O. Swaminatha Reddy	Member
Mr K. S. Mehta	Member
Mr D. P. Agarwal	Member
Mr Vineet Agarwal	Member

## V. Restructuring Committee

The Board constituted a Restructuring Committee comprising Directors and senior executives. This Committee has the mandate to identify such properties as land and buildings scattered all across the country and which may not be currently needed for business purposes. These properties could then be developed keeping the respective local factors in mind and also with the objective of increasing shareholder wealth.

The scope of the Restructuring Committee inter alia includes:

1. Evaluating options to improve financial and operating performance
2. Evaluating the reconstruction of the Company's business by way of creation of any division and/or de-merger or otherwise
3. Carrying out valuation of the Company's businesses
4. Appointing agencies, consultants or lawyers, among others, whose services may be required to carry out the reconstruction of the Company's business
5. Considering all the other incidental business in respect to the above.



### Composition

Name of the member	Position
Mr D. P. Agarwal, Vice Chairman and Managing Director	Chairman
Mr O. Swaminatha Reddy, Director	Member
Mr M. P. Sarawagi, Director	Member
Mr A. K. Bansal, Group CFO and Co. Secretary	Member
Mr N.K. Baranwal, Senior Vice President– Group accounts and audit	Member

### VI. Compensation/Remuneration Committee

The Compensation Committee of the Directors comprises majority of Independent Directors. The Committee primarily overlooks the employee stock options scheme besides mandated to consider payment and fixation of remuneration to the managerial personnel as and when required.

### Composition

Name of the member	Position
Mr S. M. Datta	Chairman
Mr O. Swaminatha Reddy	Member
Mr M. P. Sarawagi	Member

### Remuneration policy

The Company, while deciding the remuneration package of the senior management members, takes into consideration the following items:

- Employment scenario
- Remuneration package prevailing in the industry
- Remuneration package of the managerial talent of other industries.

### Detail of remuneration paid to Directors

Name of the Director	Salary (Rs)	Sitting fees (Rs)	Commission paid during the year relating to FY 2007-08 (Rs)
Mr S. N. Agarwal	Nil	Nil	250,000
Mr S M Datta	Nil	110,000	250,000
Mr O. Swaminatha Reddy	Nil	110,000	250,000
Mr K. S. Mehta	Nil	70,000	250,000
Mr R.V. Raghavan	Nil	45,000	125,000
Mr M. P. Sarawagi	Nil	Nil	Nil
Mr D. P. Agarwal - VCMD	15,821,657	Nil	7,500,000
Mr Vineet Agarwal - Executive Director	11,635,876	Nil	4,000,000
Mr Chander Agarwal-Executive Director	6,599,164	Nil	Nil
Mr K. Prabhakar, Wholetime Director*	971,937	Nil	Nil

\* Remuneration paid to Mr K. Prabhakar is from the date of his appointment i.e. from 22nd October 2008 till 31st March 2009.

- The Company has no pecuniary relationship or transactions with its Non-Executive Directors other than payment of sitting fees and/or payment of commission to them. The Company is paying fees to a firm of legal consultants of which a Non-Executive Director is a proprietor/partner.
- While Mr S. N. Agarwal, Chairman, did not accept any sitting fees, Mr M. P. Sarawagi chose not to take any sitting fee/commission voluntarily.

## Holding of shares by Non-Executive Directors

Apart from Mr M. P. Sarawagi, who holds 10,930 equity shares through his relative(s), no other Non-Executive Director holds any share in the Company as on 31st March 2009.

## Disclosures

### A. Related party transactions

The transactions with the related party are disclosed in detail vide note number 6 of Schedule number 23 to the balance sheet as at 31st March 2009 and the profit and loss account for the year ended on this date which forms part of the balance sheet.

### B. Compliance with regulations

The Company complied with various rules and regulations prescribed by the stock exchanges, the Securities and Exchange Board of India (SEBI) and other statutory authorities on all matters relating to capital markets, and no penalties or strictures were imposed on the Company by any of them in this regard during the last three years.

### C. Risk management

The Company adopted a risk management policy. It laid down procedures to inform the Board members in every quarter about the risk assessment and minimisation procedures. These procedures are periodically reviewed to ensure that executive management controls various risks by means of properly defined framework.

### D. Whistle blower policy

Your Company has put in place a whistle blower policy to enable a

person who observes an unethical practice (whether or not a violation of law), to approach the Audit Committee without necessarily informing their supervisors and without revealing their identity, if they choose to do so. This policy governs reporting and investigation of allegations of suspected improper activities. Employees and others are encouraged to use guidance provided by this policy for reporting all allegations of suspected improper activities. Your Company has put in place proper checks to protect the identity of complainant and any instance of retaliation against him.

### E. Accounting standards

The Company duly followed the accounting standards laid down by the Institute of Chartered Accountants of India.

### F. Management Discussion & Analysis Report

The detailed management discussion & analysis report has been enclosed with this Annual Report.

## Means of communication

The financial results of the Company are published in widely circulated national dailies such as The Economic Times, Business Line, Financial Express and Andhra Prabha. Information released to the press at the time of declaration of results is also sent to all stock exchanges where the shares of the Company are listed for trading.

The financial results of the Company are also displayed in EDIFAR section of the SEBI's website i.e. [www.sebi.gov.in](http://www.sebi.gov.in). All the above results and documents are also displayed on the Company's official website [www.tcil.com](http://www.tcil.com).

## General shareholder information

### I. Annual General Meeting

The 14th Annual General meeting of the Company is scheduled to be held on 22nd July 2009. The related information are as follows:

Date	22nd July 2009
Venue	Surana Udyog Hall, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B. 14, Hyderabad-500004
Time	11 A.M.
Book closure dates	21st and 22nd July 2009
Dividend payment date	On or after 22nd July 2009
Financial year	1st April 2008 – 31st March 2009
Listing of equity shares on	The National Stock Exchange (NSE) and Bombay Stock Exchange (BSE)
Stock code	NSE-TCI and BSE-532349
ISIN no.	INE688A01022



## II. Postal ballot

During the last financial year, no resolution was passed through postal ballot process.

## III. General Body Meetings

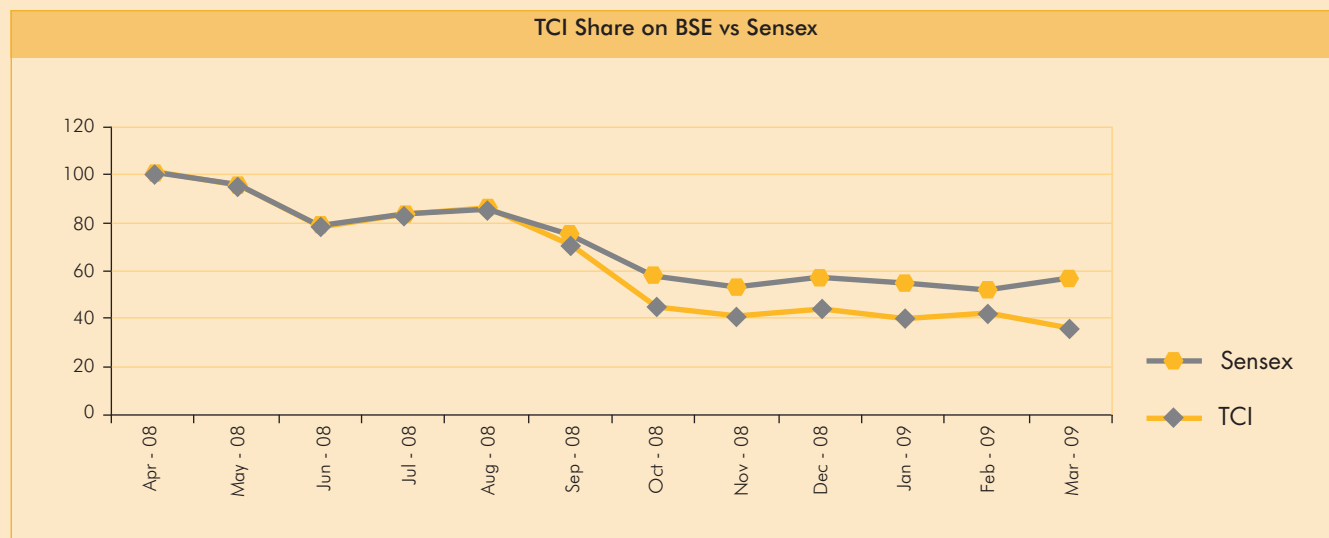
The details of General Meetings held during the last three years :

Year	Date	Time	Venue	Special resolution
<b>Annual General Meetings</b>				
2007-08	29th July 2008	12:00 noon	Surana Udyog Hall, The Federation of Andhra Pradesh, Chambers of Commerce & Industry, 11-6-841, Red Hills, Hyderabad-500004	None
2006-07	25th July 2007	11:00 am	- Do -	None
2005-06	23rd Oct 2006	11:30 am	- Do -	1. Remuneration to the Non-Executive Directors not exceeding 0.50% of net profit 2. Offer, issue or allotment of shares under the Employee Stock Option Scheme-2006
<b>Extra Ordinary General Meeting</b>				
2007-08	6th Sep 2007	1:00 pm	306-307, 1-8-271 to 273, 3rd Floor, Ashoka Bhoopal Chambers, S. P. Raod, Secunderabad-500003	Issue of preferential shares under Section 81(1A) of the Companies Act, 1956

## IV. Stock market price data (in Rs/per share)

Months	Bombay Stock Exchange			The National Stock Exchange		
	High	Low	Volume (Number of shares)	High	Low	Volume (Number of shares)
April 2008	105.05	82.00	718,624	106.70	82.45	1,230,776
May 2008	97.00	86.15	301,444	99.95	86.55	507,611
June 2008	92.70	73.00	80,000	92.30	71.10	227,819
July 2008	89.00	72.50	78,784	89.00	70.20	153,981
August 2008	87.00	77.60	52,933	88.95	79.00	129,455
September 2008	86.00	66.05	48,439	86.50	65.35	127,483
October 2008	69.00	38.25	74,073	68.00	38.15	159,913
November 2008	50.20	30.10	236,956	50.00	31.30	423,284
December 2008	45.00	31.25	38,229	46.90	34.20	66,608
January 2009	46.00	33.00	39,190	45.15	33.00	76,794
February 2009	42.00	34.50	85,358	42.00	34.05	80,874
March 2009	41.50	32.50	124,802	42.40	31.65	219,538

The following graph depicts the share price movement of the Company's share on BSE Vs BSE Sensex during 2008-09:



Base 100 = April 2008

## V. Unclaimed dividends

According to the provisions of Section 205A read with 205C of the Companies Act, 1956, any amount of dividend which is lying unclaimed for a period of 7 years from the date of its declaration will be deposited with "Investor Education and Protection Fund" (IEPF), a fund managed and administered by the central government. The date of declaration of dividend and date of their transfer are given in table below :

Year	Nature of dividend	Date of declaration	Date after which unpaid amount would be transferred within 30 days to IEPF
2001-02	Final	7th September 2002	6th September 2009
2002-03	Final	29th August 2003	28th August 2010
2003-04	Final	4th September 2004	3rd September 2011
2004-05	Final	3rd September 2005	2nd October 2012
2005-06	Final	23rd October 2006	22nd October 2013
2006-07	Interim	9th February 2007	8th February 2014
2006-07	Final	25th July 2007	24th July 2014
2007-08	Interim	24th January 2008	23rd January 2015
2007-08	Final	29th July 2008	28th July 2015

No claim shall lie for the payment of dividend after the expiry of seven years from the date of its declaration. The shareholders are requested to claim their unclaimed dividend, if any.

The Company makes regular communications with the shareholders asking them to claim the unclaimed dividend, showing investors' friendly gesture.





#### IV. Shareholding pattern as on 31st March 2009

Particulars	Number of shares	% of paid-up	Shares pledged or otherwise encumbered		
				Number	%
<b>A. Promoters</b>					
a. Indian	48,987,353	67.56	–	–	–
b. Foreign	Nil	–	–	–	–
<b>Sub-total A</b>	<b>48,987,353</b>	<b>67.56</b>	–	–	–
<b>B. Public</b>				NA	NA
<b>1. Institutions</b>					
a. Mutual funds/UTI	887,745	1.22			
b. Financial institutions/banks	128,785	0.18			
c. Foreign institutional investors	7,121,180	9.82			
<b>Sub-total (B-1)</b>	<b>8,137,710</b>	<b>11.22</b>			
<b>2. Non-institutions</b>					
a. Bodies corporate	1,934,370	2.67			
b. Individual	8,703,603	12.00			
c. Others					
i. NRI	1,200,492	1.66			
ii. OCB	2,030,965	2.80			
iii. Clearing members	30,366	0.04			
iv. HUF	1,480,781	2.04			
<b>Sub-total (B-2)</b>	<b>15,380,577</b>	<b>21.21</b>			
<b>Total B</b>	<b>23,518,287</b>	<b>32.44</b>			
<b>Total</b>	<b>72,505,640</b>	<b>100.00</b>			

#### Distribution of shareholding as on 31st March 2009

Range (number of shares)	Shareholders		Shares	
	Numbers	%	Numbers	%
1 - 50	2,755	14.11	74,388	0.10
51 - 100	2,139	10.96	190,494	0.26
101 - 500	11,999	61.47	2,971,990	4.10
501 - 1000	1,460	7.48	1,083,954	1.50
1001 - 5000	943	4.83	1,858,901	2.56
5001 - 10000	111	0.57	820,303	1.13
10001 and above	113	0.58	65,505,610	90.35
<b>Total</b>	<b>19,520</b>	<b>100.00</b>	<b>72,505,640</b>	<b>100.00</b>

As on 31st March 2009, out of total shareholders, 9,792 shareholders hold their shares in dematerialised form consisting of 89.48% of total paid-up capital of the Company.

## Investor services

Since 1st April 2003, all the share transfers and related operations – both for physical as well as in demat mode - have been outsourced to:

M/s. Abhipra Capital Ltd.  
Ground floor, Abhipra complex,  
Dilkhush Industrial Area, A-387,  
G.T. Karnal Road, Azadpur, Delhi- 110033  
Tel: 011- 4239-0708, 4239-0725, 4239-0909  
Fax: 011- 2721-5530

Share related communications can also be effected at the dedicated share department of the Company at:

### Transport Corporation of India Ltd.

Corporate Office:  
TCI House, 69 Institutional area  
Sector- 32, Gurgaon-122207  
Tel: 0124- 2381603-07  
Fax: 0124- 2381611  
E-mail: ak.bansal@tcil.com, secretarial@tcil.com  
Website: www.tcil.com

## Declaration by the CEO Under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct

It is hereby certified that the members of the Board of Directors of the Company and the Senior Management Personnel have affirmed the compliance with the Code of Conduct adopted by the Company in terms of clause 49(I)(D)(ii) of the Listing Agreement.

For Transport Corporation of India Limited

Place: Gurgaon (Haryana)  
Date : 21st May 2009

**D. P. Agarwal**  
Vice Chairman & Managing Director

## Auditors' Certificate on Corporate Governance

We have examined the compliance of conditions of Corporate Governance by Transport Corporation of India Ltd. during the year ended 31st March 2009, in accordance with the provisions of Clause 49 of the Listing Agreements executed by the Company with Stock Exchanges where equity shares of the Company are listed.

The compliance of conditions of Corporate Governance is the responsibility of the Company. Our examination has been limited to the procedures adopted by the Company and implementation thereof for ensuring proper compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance, except that of composition of Board, as stipulated in the above mentioned Listing Agreements.

We state such compliance of conditions of Corporate Governance is not an assurance on the future viability of the Company or the efficiency or effectiveness with which the affairs of the Company have been conducted.

For M/s. R.S. Agarwala & Co.  
Chartered Accountants

Camp: Gurgaon (Haryana)  
Date : 21st May 2009

**R.S. Agarwala**  
Partner  
Membership No. F-5534



# AUDITORS' REPORT

## To The Members of Transport Corporation of India Ltd.

We have audited the attached Balance Sheet of Transport Corporation of India Ltd. as at 31st March 2009, the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date in which are incorporated the audited accounts of the TCI Seaways division and the branches in Nepal and at Singapore as audited by other auditors.

1. 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure hereto a statement on the matters specified in paragraph 4 & 5 of the said Order.
4. Further to our comments in the Annexure, referred to in paragraph 3 above, we report that:
  - i. 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.
  - ii. 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 and proper returns adequate for the purpose of our audit have been received from the branches not visited by us. The Branch Auditors' Report has been forwarded to us and appropriately dealt with.
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the

books of account and returns from the branches.

- iv. In our opinion, the Profit and Loss Account, the Balance Sheet and the Cash Flow Statement, comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956.
- v. On the basis of written representations received from the directors as on 31st March 2009 and taken on record by the Board of Directors none of the directors is disqualified as on 31st March 2009 from being appointed as a director under section 274(1) (g) of the Companies Act, 1956.
- vi. *Reference is invited to the following notes on schedule 23:*
  - (a) *Note 3 regarding exercising the option in terms of amendments to Accounting Standard – 11 "The Effects of Changes in Foreign Exchange Rates".*
  - (b) *Note 4 regarding non-provision for "Mark to Market" losses in full on the outstanding derivative instruments.*

*As a result of change in Accounting Policy stated in item (a) and non-consideration of item stated in (b) above profit after tax for the year are higher by Rs 1089.38 lacs and Reserves & Surplus are higher by the same amount.*

Subject to para (vi) above:

- vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes and accounting policies thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of Balance Sheet of the state of affairs of the Company as at 31st March 2009,
  - b) In the case of Profit and Loss Account, of the profit of the Company for the year ended on that date and
  - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **R S Agarwala & Co.**  
Chartered Accountants

**R S Agarwala**  
Partner

Camp: Gurgaon  
21st May 2009

Membership No.F-5534

## ANNEXURE TO AUDITORS' REPORT

referred to in paragraph 3 of our report of even date:

1. The Company has maintained records showing full particulars including quantitative details and situation of fixed assets. We are informed that a test physical verification of these assets was carried out by the management during the year and no material discrepancies were noticed.
2. During the year the Company has not disposed off a substantial part of its fixed assets.
3. Physical verification was conducted by the management in respect of inventories at reasonable intervals. The Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification. The procedures followed by the management for such physical verification are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
4. (a) The Company has granted unsecured loans to eleven companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year aggregate to Rs 1691 lacs and the year end balances to Rs 1641 lacs. There are no stipulations as to the dates for repayment of principal and interest. However interest where applicable is being charged thereon.  
  
(b) The Company has taken unsecured loans of Rs 125 lacs during the year from one company covered in the register maintained under Section 301 of the Act and was repaid during the year.  
  
(c) In our opinion, the rate of interest and other terms and conditions of the above loans are not prima facie prejudicial to the interest of the Company.
5. There is an adequate internal control system commensurate with the size and nature of the Company's business for the purchase of inventories, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system, nor we have been informed of any such instance.
6. (a) To the best of our knowledge and belief and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the register in pursuance of Section 301 of the Act, have been so entered.  
  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Act, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
7. The Company has complied with the provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public.
8. The Company appointed firms of Chartered Accountants at certain places to do the internal audit for a part of the year. For the balance period the in-house internal audit department of the Company conducted internal audit. The internal audit system is commensurate with the size and nature of Company's business.
9. We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act in respect of Electricity generation. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of such records.
10. (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty and other material statutory dues as applicable with the appropriate authorities.



- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, trade tax and employees' state insurance as at 31st March 2009 which have not been deposited on account of a dispute are as under:

Nature of Dues	Amount (Rs in lacs)	Forum where pending
Income Tax	589.71	Commissioner (Appeals)
Income Tax	524.26	Income tax Appellate Tribunal
Trade Tax	82.04	Trade Tax Officer
Stamp Duty	39.69	Chief Controlling Revenue Authority
Employees' State Insurance	29.00	High Court

11. The Company has no accumulated losses as at 31st March 2009 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
12. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
13. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
15. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments. The investments in shares, securities, debentures etc., are held by the Company in its own name.
16. In our opinion, and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions, are not prima facie prejudicial to the interest of the Company.
17. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
18. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, funds raised on short-term basis, have not been used for long-term investment.
19. 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.
20. There are no debentures outstanding at the year-end.
21. The Company has not raised any money by public issues during the year.
22. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For **R S Agarwala & Co.**  
Chartered Accountants

**R S Agarwala**  
Partner

Camp: Gurgaon  
21st May 2009

Membership No.F-5534

**BALANCE SHEET** As At 31st March 2009

Schedule	31st March 2009		31st March 2008
	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Capital	1	145,011,280	145,011,280
Reserves and Surplus	2	2,714,545,618	2,484,903,146
		2,859,556,898	2,629,914,426
<b>Loan Funds</b>			
Secured Loans	3	2,223,026,532	2,277,711,664
Unsecured Loans	4	105,993,120	12,632,343
		2,329,019,652	2,290,344,007
<b>Deferred Tax Liability</b>	5	283,028,000	282,839,000
<b>Total Funds Employed</b>		<b>5,471,604,550</b>	<b>5,203,097,433</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
	6		
Gross Block		4,132,295,974	3,901,261,818
Less: Depreciation		1,268,832,756	1,055,571,867
Net Block		2,863,463,218	2,845,689,951
Capital Work-in-Progress		119,340,621	30,243,483
		2,982,803,839	2,875,933,434
<b>Investments</b>	7	185,666,435	158,523,151
<b>Foreign Currency Monetary Item Translation Difference</b>		10,276,100	—
<b>Current Assets, Loans and Advances</b>			
Inventories	8	9,498,132	10,192,019
Sundry Debtors	9	2,066,266,314	1,904,653,571
Cash and Bank Balances	10	106,688,769	123,547,995
Loans and Advances	11	862,849,862	626,121,858
		3,045,303,077	2,664,515,443
<b>Less: Current Liabilities and Provisions</b>			
Liabilities	12	415,567,556	327,834,112
Provisions	13	336,877,345	168,040,483
		752,444,901	495,874,595
<b>Net Current Assets</b>		2,292,858,176	2,168,640,848
<b>Total Assets (Net)</b>		<b>5,471,604,550</b>	<b>5,203,097,433</b>
<b>Notes on Accounts</b>	23		

Schedules referred to above form part of the Balance Sheet.

In terms of our Report of even date

For and on behalf of the Board

for **R S Agarwala & Co.**  
Chartered Accountants**S. M. Datta**  
Director**O. Swaminatha Reddy**  
Director**K. S. Mehta**  
Director**D. P. Agarwal**  
Vice Chairman &  
Managing Director**R.S.Agarwala**  
Partner**Vineet Agarwal**  
Executive Director**Chander Agarwal**  
Executive Director**A. K. Bansal**  
Group CFO &  
Company Secretary**N. K. Baranwal**  
Sr. VP-Group  
Accounts & AuditCamp : Gurgaon  
Date: 21st May 2009Place : Gurgaon  
Date: 21st May 2009



## PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2009

	Schedule	31st March 2009 Rupees	31st March 2008 Rupees
<b>INCOME</b>			
Freight	14	12,255,194,289	11,449,822,793
Sales & Services	15	724,302,029	535,425,232
Other Income	16	64,722,766	43,789,879
		<b>13,044,219,084</b>	<b>12,029,037,904</b>
<b>EXPENDITURE</b>			
Cost of Goods Sold	17	229,993,453	218,780,662
Operating Expenses	18	10,078,453,724	9,473,234,559
Personnel Expenses	19	674,019,957	595,376,832
Administrative Expenses	20	776,407,733	691,256,611
Repairs and Maintenance Expenses	21	295,387,648	242,453,351
Interest (Net)	22	240,677,097	168,265,639
Depreciation (Net - Note 3 & 5 on schedule 23)		259,826,554	207,875,917
		<b>12,554,766,166</b>	<b>11,597,243,571</b>
Profit Before Tax and Exceptional Items		489,452,918	431,794,333
Exceptional Items (Note 4 on schedule 23)		40,000,000	–
Profit Before Tax		449,452,918	431,794,333
Provision For Tax – Current		147,170,000	109,900,000
– Deferred		189,000	18,654,000
– Fringe Benefit		18,674,000	18,500,000
Profit After Tax		283,419,918	284,740,333
Taxes for earlier years		(231,258)	(441,473)
Balance brought forward from Previous Year		72,135,409	53,736,819
Balance Available For Appropriation		<b>355,324,069</b>	<b>338,035,679</b>
<b>APPROPRIATIONS:</b>			
Interim Dividend paid		–	21,755,178
Proposed Dividend		43,506,681	21,751,692
Tax on Dividend		7,394,590	7,393,400
Tonnage Tax Reserve		16,000,000	15,000,000
General Reserve		212,606,941	200,000,000
Balance Carried to Balance Sheet		75,815,857	72,135,409
		<b>355,324,069</b>	<b>338,035,679</b>
Earning per Share - Basic and Diluted (Note 8 on Schedule 23)		3.91	3.92
<b>Notes on Accounts</b>	23		

Schedules referred to above form part of the Profit and Loss Account.

In terms of our Report of even date For and on behalf of the Board

for **R S Agarwala & Co.**  
Chartered Accountants

**S. M. Datta**  
Director

**O. Swaminatha Reddy**  
Director

**K. S. Mehta**  
Director

**D. P. Agarwal**  
Vice Chairman &  
Managing Director

**R.S.Agarwala**  
Partner

**Vineet Agarwal**  
Executive Director

**Chander Agarwal**  
Executive Director

**A. K. Bansal**  
Group CFO &  
Company Secretary

**N. K. Baranwal**  
Sr. VP-Group  
Accounts & Audit

Camp : Gurgaon  
Date : 21st May 2009

Place : Gurgaon  
Date: 21st May 2009

## SCHEDULES TO THE ACCOUNTS

	31st March 2009 Rupees	31st March 2008 Rupees
<b>1 SHARE CAPITAL</b>		
<b>Authorised :</b>		
100,000,000 Equity Shares of Rs 2 each	200,000,000	200,000,000
500,000 Preference Shares of Rs 100 each	50,000,000	50,000,000
	<u>250,000,000</u>	<u>250,000,000</u>
<b>Issued, Subscribed and Paid up:</b>		
Equity Shares of Rs 2 each fully paid up :		
21,059,305 Shares paid in cash	42,118,610	42,118,610
51,446,335 Shares allotted for consideration other than cash as per the Schemes of Arrangement/ Amalgamation duly approved by the Hon'ble Andhra Pradesh High Court	102,892,670	102,892,670
	<u>145,011,280</u>	<u>145,011,280</u>

	At 1st April 2008	Additions	Deductions		
<b>2 RESERVES &amp; SURPLUS</b>					
<b>Capital Reserves:</b>					
Revaluation Reserve	145,611,995	–	37,976 (a)	145,574,019	145,611,995
Share Premium	628,997,290	–	–	628,997,290	628,997,290
Capital Redemption Reserve	19,400,000	–	–	19,400,000	19,400,000
Others	407,058,452	–	–	407,058,452	407,058,452
				<u>1,201,029,761</u>	<u>1,201,067,737</u>
<b>Revenue Reserves :</b>					
General Reserve	1,090,000,000	212,606,941 (b)	2,606,941 (c)	1,300,000,000	1,090,000,000
Reserve under section 33AC of the Income Tax Act, 1961	47,700,000	–	–	47,700,000	47,700,000
Tonnage Tax Reserve	74,000,000	16,000,000 (b)	–	90,000,000	74,000,000
Profit and Loss Account				75,815,857	72,135,409
				<u>1,513,515,857</u>	<u>1,283,835,409</u>
				<u>2,714,545,618</u>	<u>2,484,903,146</u>

(a) Transferred to Profit and Loss Account being depreciation provided on revalued amount

(b) Transferred from Profit and Loss Account

(c) On reversal of exchange gain accounted during the year ended 31st March 2008 (Note 3 on Schedule 23)





## SCHEDULES TO THE ACCOUNTS

	31st March 2009 Rupees	31st March 2008 Rupees
<b>3 SECURED LOANS</b>		
<b>Term Loans from Banks :</b>		
Against hypothecation of Motor Trucks/Motor Cars/Containers purchased thereagainst and all movable assets and book debts of Wind Farm projects and equitable mortgage of specified properties (Repayable within one year Rs 182,900,152 - Previous year Rs 204,198,438)	596,437,956	574,371,115
Foreign currency loans secured by first charge on three ships, book debts and equitable mortgage of specified properties (Repayable within one year Rs 158,322,398 - Previous year Rs 131,682,550)	450,758,315	511,763,612
<b>Term Loans from Others:</b>		
Secured by equitable mortgage of specified immovable properties and hypothecation of Motor Trucks and Containers purchased thereagainst (Repayable within one year Rs 30,960,178 - Previous year Rs 40,220,334)	78,857,381	119,183,294
Secured against equipments under Hire Purchase Contracts 2,261,923		
Less: Hire Charges allocable to future installments (548,998)	1,712,925	–
(Repayable within one year Rs 1,045,080 - Previous year Rs Nil)		
<b>Working Capital Loans from Banks:</b>		
Against hypothecation of Book Debts, Inventories, Fixed Deposit Receipts and equitable mortgage of specified immovable properties	1,095,259,955	1,072,393,643
	<b>2,223,026,532</b>	<b>2,277,711,664</b>
In addition, loans to the extent of Rs 17,504 lacs (previous year Rs 18,727 lacs) are also guaranteed by some of the Directors.		
<b>4 UNSECURED LOANS</b>		
Fixed Deposits (a)	5,993,120	8,564,633
(Repayable within one year Rs 4,257,800 - Previous year Rs 5,043,633)		
Short Term Loans and Advances		
Commercial Paper	100,000,000	–
Others	–	4,067,710
	<b>105,993,120</b>	<b>12,632,343</b>

(a) Includes Rs 86,000 from a director (Previous year Rs 86,000)

	At 1st April 2008	Current Year		
<b>5 DEFERRED TAX LIABILITY</b>				
<b>Deferred Tax (Asset) Liability</b>				
Difference between book and tax depreciation	284,615,000	3,531,000	288,146,000	284,615,000
Disallowance under Income Tax Act	(1,700,000)	(3,192,000)	(4,892,000)	(1,700,000)
Other Items	(76,000)	(150,000)	(226,000)	(76,000)
			<b>283,028,000</b>	<b>282,839,000</b>

SCHEDULES TO THE ACCOUNTS

6 FIXED ASSETS

Description of Assets	AT COST OR VALUATION				DEPRECIATION				NET BLOCK	
	As at	Additions	Deductions	Balance	Up to	For the	Adjustment	Total	31st March	31st March
	01.04.2008	during the year	during the year		31.03.2008	Year	on Deductions		2009	2008
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land	633,133,851	51,453,819	3,786,114	680,801,556	–	–	–	–	680,801,556	633,133,851
Buildings (c)	414,081,953	22,580,946	353,724	436,309,175	60,530,262	6,928,134	69,960	67,388,436	368,920,739	353,551,691
Ships (d)	650,030,311	62,348,428	2,606,941	709,771,798	165,677,728	35,488,591	–	201,166,319	508,605,479	484,352,583
Motor Trucks	1,103,482,260	26,981,890	33,165,689	1,097,298,461	562,465,294	135,516,124	31,339,834	666,641,584	430,656,877	541,016,966
Vehicles	85,597,853	22,248,881	16,717,401	91,129,333	22,800,026	8,099,778	7,192,032	23,707,772	67,421,561	62,797,827
Plant and Machinery	587,694,578	12,447,628	634,608	599,507,598	92,516,986	33,063,278	634,608	124,945,656	474,561,942	495,177,592
Computers	139,587,630	73,539,708	7,595,551	205,531,787	70,549,710	22,843,853	6,051,788	87,341,775	118,190,012	69,037,920
Containers	130,007,561	5,564,561	–	135,572,122	12,762,917	6,320,098	–	19,083,015	116,489,107	117,244,644
Furniture & Fittings	100,780,177	12,936,852	1,919,851	111,797,178	44,236,986	7,320,015	926,493	50,630,508	61,166,670	56,543,191
Office Equipments	52,823,720	7,309,781	183,777	59,949,724	22,088,710	4,099,390	33,945	26,154,155	33,795,569	30,735,010
Weighing Scales & Chain Pulley	3,668,266	958,976	–	4,627,242	1,588,267	185,269	–	1,773,536	2,853,706	2,079,999
Capital Work -in-Progress	30,243,483	118,831,142	29,734,004	119,340,621	–	–	–	–	119,340,621	30,243,483
Assets on Lease										
Motor Trucks	373,658	–	373,658	–	354,981	–	354,981	–	–	18,677
TOTAL	3,931,505,301	417,202,612	97,071,318	4,251,636,595	1,055,571,867	259,864,530	46,603,641	1,268,832,756	2,982,803,839	–
PREVIOUS YEAR	3,577,714,062	459,109,082	105,317,843	3,931,505,301	917,782,146	207,913,893	70,124,172	1,055,571,867	–	2,875,933,434

NOTES:

- (a) A part of the Land & Buildings were revalued during the year ended 31st March 1999 and the resultant increase in the value of assets by Rs 144,985,578 and Rs 1,006,193 respectively aggregating Rs 145,991,771 was transferred to Capital Reserve.
- (b) Depreciation for the year includes Rs 37,976 in respect of the above revaluations.
- (c) Buildings include those on leasehold land.
- (d) i) Additions to ships include Rs 6,140,475 on account of exchange rate difference on repayment of related foreign currency loans during the year and Rs 56,207,953 on restatement of the said loans.
- ii) Deductions to ships of Rs 2,606,941 is on account of reversal of exchange gain accounted during the year ended 31st March 2008 by debit to General Reserve (refer note 3 on schedule 23).

	Quantity Nos.	31st March 2009 Rupees	31st March 2008 Rupees
7 INVESTMENTS (At Cost)			
Long Term Investments			
Trade:			
Fully Paid Equity Shares of Joint Stock Companies			
Unquoted -			
Joint Ventures:			
Transsystem Logistics International Pvt Ltd. of Rs 10 each	3,920,000	39,200,000	39,200,000
Ann-Sofie Scan ApS, Denmark		28,693,926	28,693,926
(equivalent to DKK 3,824,750)			



## SCHEDULES TO THE ACCOUNTS

	Quantity Nos.	31st March 2009 Rupees	31st March 2008 Rupees
<b>7 INVESTMENTS (At Cost) (Contd.)</b>			
<b>Subsidiaries:</b>			
PT. TCI Global, Indonesia	2,500	9,966,250	9,966,250
Shares of Indonesian Rupiah 908,300 each			
TCI Global Logistik GmbH, Germany		1,692,375	–
(equivalent to Euro 25,000 acquired during the year)			
TCI Global (HKG) Ltd., Hong Kong	1,350,000	8,109,250	–
Shares of HK\$ 1 each (acquired during the year)			
TCI Global Pte. Ltd., Singapore	690,002	20,693,025	–
Shares of SG\$ 1 each (acquired during the year)			
TCI Holdings Netherlands B.V., Netherlands	18,000	1,919,500	–
Shares of Euro 1 each (acquired during the year)			
TCI Global (Sanghai) Co. Ltd., China		5,420,685	–
(equivalent to Yuan 758665.01 acquired during the year)			
TCI Global (Thailand) Co. Ltd., Thailand	20,000	2,706,718	–
Shares of Baht 100 each (acquired during the year)			
Transport Co of India (Mauritius) Ltd., Mauritius	2,500	37,250	–
Shares of Mauritius Rupees 10 each (acquired during the year)			
TCI Developers Ltd.	100,000	1,000,000	–
Shares of Rs 10 each (acquired during the year)			
TCI Infrastructure Ltd.	100,000	1,000,000	–
Shares of Rs 10 each (acquired during the year)			
TCI Properties (Pune) Ltd.	50,000	500,000	–
Shares of Rs 10 each (acquired during the year)			
TCI Properties (West) Ltd.	2,610,000	26,100,000	–
Shares of Rs 10 each (acquired during the year)			
<b>Others:</b>			
XPS Cargo Services Ltd of Rs 10 each	300,000	3,000,000	3,000,000
		<u>150,038,979</u>	<u>80,860,176</u>
<b>Non-Trade</b>			
<b>Quoted -</b>			
Canara Bank of Rs 10 each	3,500	–	122,500
(Sold during the year)			
Bhoruka Gases Ltd. of Rs 2 each	10,936	–	289,132
(Sold during the year)			
Infosys Technologies Ltd. of Rs 5 each	2,400	3,704,039	3,704,039
Reliance Industries Ltd. of Rs 10 each	1,300	1,720,233	4,128,559
(300 shares acquired and 1400 shares sold during the year)			
Reliance Petroleum Ltd. of Rs 10 each	13,000	1,032,537	1,985,648
(12,000 shares sold during the year)			
Edelweiss Capital Ltd of Rs 10 each	982	1,243,342	1,243,342

## SCHEDULES TO THE ACCOUNTS

	Quantity No.	31st March 2009 Rupees	31st March 2008 Rupees
<b>7 INVESTMENTS (At Cost) (Contd.)</b>			
<b>Mutual Funds' Units:</b>			
UTI Balanced Fund	3,105	67,655	67,655
6.75% Tax Free US 64 Bonds of UTI of Rs 100 each (redeemed on maturity during the year)	43,221	–	4,322,100
JM Basic Fund	149,753	5,000,000	5,000,000
SBI Magnum Equity Fund	148,368	5,000,000	5,000,000
ICICI Prudential Infrastructure Fund	280,426	5,000,000	5,000,000
Reliance Diversified Power Sector Fund	98,985	5,000,000	5,000,000
		<u>27,767,806</u>	<u>35,862,975</u>
Share Application Money (pending allotment)		7,859,650	41,800,000
		<u>185,666,435</u>	<u>158,523,151</u>
Market value of quoted investments		<u>15,329,815</u>	<u>35,341,151</u>
Note : The diminution in the market value of quoted investments is considered temporary			
<b>Investments acquired and sold during the year:</b>			
<b>Mutual Funds' Units - Quoted:</b>			
LIC Mutual Fund - Liquid Fund	194,500,000	1,945,000,000	–
Reliance Mutual Fund - Money Manager Fund	199,864	200,000,000	–
SBI Liquid Fund Liquid Plus	14,992,504	150,000,000	–
<b>Fully Paid Equity Shares - Quoted</b>			
Gati Limited	596	20,925	–
<b>8 INVENTORIES (As taken, valued and certified by the Management)</b>			
<b>At lower of cost and net realisable value</b>			
Diesel and Petrol		1,802,990	1,417,620
Motor Parts, Lubricants and Others		254,035	87,115
Ship fuels & consumables		7,441,107	8,687,284
		<u>9,498,132</u>	<u>10,192,019</u>
<b>9 SUNDRY DEBTORS (Unsecured)</b>			
<b>Outstanding for more than six months -</b>			
Considered Good		79,867,819	75,345,629
Considered Doubtful		6,748,322	–
<b>Others - Considered Good</b>		<u>1,986,398,495</u>	<u>1,829,307,942</u>
		<u>2,073,014,636</u>	<u>1,904,653,571</u>
Less: Provisions for bad and doubtful debts		(6,748,322)	–
		<u>2,066,266,314</u>	<u>1,904,653,571</u>
Due by a private company (joint venture) in which a director of the Company is a director/ member:			
Transystem Logistics International Pvt. Ltd.		21,435,829	24,374,352



## SCHEDULES TO THE ACCOUNTS

	31st March 2009 Rupees	31st March 2008 Rupees
<b>10 CASH AND BANK BALANCES</b>		
Cash in Hand	917,529	523,920
Cash and Cheques in Transit	–	4,784,136
With Scheduled Banks :		
In Current Accounts	75,502,573	43,410,919
In Deposit Accounts (a)	25,934,002	70,550,127
In Unpaid Dividend Accounts	4,317,271	4,263,213
With Other Banks :		
In Current Accounts		
Maximum Balance		
Andaman & Nicobar State Co-operative Bank 344,191	4,475	2,761
Nepal Bank Ltd., Nepal 12,919	12,919	12,919
	<b>106,688,769</b>	<b>123,547,995</b>

a) Some of the fixed deposit receipts are deposited with Banks against borrowings and guarantees issued.

<b>11 LOANS AND ADVANCES (Unsecured-considered good)</b>		
Loans	47,092,013	30,000,000
Loans and Advances to Subsidiary Companies	116,979,288	–
Advances to/ Due from Joint Venture Companies	–	6,636,998
Advances recoverable in cash or in kind or for value to be received	100,190,602	87,402,594
Advances and Deposits with Landlords	84,216,677	81,718,417
Deposits with Others	68,258,756	84,190,593
Advances for Capital Expenditure	31,396,391	83,575,639
Tax Deducted at Source	414,716,135	252,597,617
	<b>862,849,862</b>	<b>626,121,858</b>
Due from Officers of the Company	5,176,626	3,767,789
Maximum Due During the Year	5,644,062	4,508,689

Loans and Advances due from Associates and Joint Venture Companies:	Amount outstanding Rupees	Maximum balance during the year Rupees	
XPS Cargo Services Ltd.	12,874,500	12,874,500	
TCI India Ltd.	–	2,000,000	
Transystem Logistics International Pvt. Ltd.	–	977,026	
Ann-Sofie Scan ApS, Denmark	–	5,659,972	
TCI Distribution Centres Ltd.	47,092,013	47,092,013	

<b>12 LIABILITIES</b>		
Sundry Creditors	327,666,298	219,134,849
Customers' Credit Balances	4,733,920	24,117,480
Overdrawn Bank Balances	1,083,137	5,639,107
Other Liabilities	31,296,793	30,373,465
Due to Directors	368,000	405,858
Interest Accrued on Loans	13,241,700	17,063,236
Sundry Deposits	32,860,439	26,836,906
Unpaid/Unclaimed Dividend	4,317,269	4,263,211
	<b>415,567,556</b>	<b>327,834,112</b>

There are no amounts due and outstanding to be credited to the Investor Education & Protection Fund

## SCHEDULES TO THE ACCOUNTS

	31st March 2009 Rupees	31st March 2008 Rupees
<b>13 PROVISIONS</b>		
Taxation (Net of payments)	223,993,795	123,339,372
Gratuity	6,889,545	5,214,895
Derivative Contracts	40,000,000	–
Leave Encashment	15,097,221	14,037,824
Proposed Dividend	43,503,384	21,751,692
Tax on Dividend	7,393,400	3,696,700
	<b>336,877,345</b>	<b>168,040,483</b>

<b>14 FREIGHT</b>		
Freight, Miscellaneous Charges etc. (a)	11,608,209,643	10,917,351,208
(Tax Deducted Rs 175,542,381 - Previous Year Rs 143,138,501)		
Shipping Freight and Charter Hire	646,984,646	532,471,585
(Tax Deducted Rs 2,616,305 - Previous Year Rs 8,790,714)		
	<b>12,255,194,289</b>	<b>11,449,822,793</b>

(a) Includes Demurrage Rs 28,485,538 (Previous Year Rs 26,766,006)

<b>15 SALES &amp; SERVICES</b>		
Sales	306,456,887	314,900,642
(Including sale of carbon credits Rs Nil - Previous year Rs 10,255,631)		
Logistics and Other Services (Tax Deducted Rs 13,348,115 - Previous year Rs 9,658,864)	413,291,084	218,557,966
Clearing and Forwarding Services	4,036,168	–
Bus Operations	517,890	501,670
Commission	–	1,464,954
	<b>724,302,029</b>	<b>535,425,232</b>

<b>16 OTHER INCOME</b>		
Rent (Tax deducted Rs 6,320,129 Previous Year Rs 4,662,286) (a)	35,072,183	25,274,768
Dividends on Investments :		
Long Term	12,069,948	4,978,063
Short Term	2,039,164	–
Miscellaneous Income (Tax deducted Rs 3,000 Previous year - Nil)	1,025,601	7,854,611
Profit on sale of Investments (Net)		
Long Term	177,366	550,076
Short Term	1,811	–
Unspent Liabilities/Excess Provisions written back	12,545,394	1,200,000
Bad Debts and Irrecoverable Balances written off in earlier years, realised	1,791,299	2,023,493
Exchange Rate Difference (Net)	–	1,908,868
	<b>64,722,766</b>	<b>43,789,879</b>

(a) Includes for earlier years Rs 200,488 (Previous year Rs 197,109)

<b>17 COST OF GOODS SOLD</b>		
Purchases	230,545,743	218,954,944
Add: Decrease/(Increase) in Closing Stock	(552,290)	(174,282)
	<b>229,993,453</b>	<b>218,780,662</b>



## SCHEDULES TO THE ACCOUNTS

	31st March 2009 Rupees	31st March 2008 Rupees
<b>18 OPERATING EXPENSES</b>		
Freight	8,365,346,438	7,895,665,196
Vehicles' Trip Expenses	892,239,361	869,557,802
Tyres & Tubes etc.	45,575,863	52,859,248
Other Expenses	317,818,445	266,544,225
Claims for loss & damages (Net)	17,505,026	16,558,222
Commission	8,215,297	9,040,558
Vehicles' Taxes	38,794,394	33,998,206
Vehicles' and Ship Insurance	19,503,092	19,451,461
Power, Fuel and Water Charges	116,802,571	91,112,961
Stores & Spare Parts Consumed	32,330,992	28,315,916
Port and Survey Expenses	23,505,113	26,865,102
Stevedoring and Cargo Expenses	105,390,376	92,517,811
Wages, Bonus and Other Expenses - Floating Staff	85,020,382	70,514,335
Contribution to Provident & Other Funds -Floating Staff	381,932	233,516
Clearing and Forwarding Expenses	10,024,442	—
	<b>10,078,453,724</b>	<b>9,473,234,559</b>

<b>19 PERSONNEL EXPENSES</b>		
Salaries, Wages & Bonus	519,235,311	480,129,949
Gratuity	13,770,000	6,300,000
Contribution to Provident & Other Funds	41,700,838	36,628,766
Contribution to Employees' State Insurance	12,211,957	6,739,330
Staff Welfare & Development Expenses	87,101,851	65,578,787
	<b>674,019,957</b>	<b>595,376,832</b>

<b>20 ADMINISTRATIVE EXPENSES</b>		
Rent (a)	220,695,480	144,917,580
Rates and Taxes	6,635,646	6,236,954
Insurance	4,876,623	5,593,998
Telephone Expenses	61,454,673	74,104,400
Printing and Stationery	31,635,677	47,150,777
Travelling Expenses	100,764,359	99,935,913
Legal Expenses	8,275,210	7,196,035
Postage and Telegram	6,452,117	6,525,931
Electricity Expenses	28,337,887	27,481,750
Bank Charges	16,711,271	11,475,943
Advertisement Expenses	7,860,568	9,835,174
Miscellaneous Expenses (b)	205,662,279	200,570,485

## SCHEDULES TO THE ACCOUNTS

	31st March 2009 Rupees	31st March 2008 Rupees
<b>20 ADMINISTRATIVE EXPENSES (Contd.)</b>		
Remuneration to Directors		
Salaries	21,308,871	16,200,000
Commission	11,250,000	12,750,000
Fees	335,000	256,000
Remuneration to Auditors		
Audit fees	620,865	621,540
Tax audit fees	215,129	211,493
Sales Tax (Net)	13,764	22,757
Lease Rent Payments	2,972,609	2,146,759
Bad Debts and Irrecoverable Balances Written Off (Net) (c)	30,986,865	7,899,916
Agricultural Expenses (Net)	221,997	152,264
Charity & Donations	2,354,898	4,358,360
Loss on sale/discard of Fixed Assets (Net)	3,538,834	5,612,582
Exchange Rate Difference (Net)	3,227,111	—
	<b>776,407,733</b>	<b>691,256,611</b>

(a) Includes for earlier years Rs 158,500 (Previous year - Rs Nil)

(b) Includes Rs 1,200,000 to a director for services of a professional nature (Previous Year Rs 720,000 )

(c ) Includes provisions Rs 6,748,322 (Previous year - Rs Nil)

<b>21 REPAIRS &amp; MAINTENANCE EXPENSES</b>		
Motor Trucks	126,238,474	106,921,117
Other Vehicles	27,076,293	24,457,556
Ships	17,864,666	11,953,928
Dry Docking Expenses	69,624,532	62,846,887
Plant & Machinery	19,867,815	5,583,884
Computers	20,594,473	15,663,980
Buildings (a)	14,121,395	15,025,999
	<b>295,387,648</b>	<b>242,453,351</b>

(a): Includes for earlier years Rs Nil (Previous year - Rs 103,931)

<b>22 INTEREST</b>		
Fixed Loans (a)	116,029,277	110,751,783
Fixed Deposits	447,082	2,089,356
Others	134,356,931	65,207,473
	<b>250,833,290</b>	<b>178,048,612</b>
Less: Interest Recieved (Tax deducted Rs 2,197,546 Previous year Rs 1,831,048)	(10,156,193)	(9,782,973)
	<b>240,677,097</b>	<b>168,265,639</b>

(a) net of Rs 3,000,000 received on interest rate swap coupon settlement (Previous year - Rs 1,495,890)





## SCHEDULES TO THE ACCOUNTS

### 23 NOTES ON ACCOUNTS

	2008-09 Rupees	2007-08 Rupees
<b>1. Total Remuneration to Directors:</b>		
Salaries	21,308,871	16,200,000
Commission	11,250,000	12,750,000
Money Value of perquisites	11,318,699	8,543,554
Contribution to Provident / Superannuation Funds	2,401,064	1,800,000
Directors' Fees	335,000	256,000
<b>2. Computation of net profit in accordance with Section 309 (5) of the Companies Act, 1956</b>		
Profit before tax	449,452,918	431,794,333
Add:		
Depreciation as per accounts	259,826,554	207,875,917
Directors' Remuneration	46,613,634	39,549,554
	306,440,188	247,425,471
	755,893,106	679,219,804
Less:		
Depreciation under section 350	259,826,554	235,496,894
Capital profit on sale of Fixed Assets	4,172,737	–
Capital profit on sale of Investments	179,177	550,076
	264,178,468	236,046,970
Net Profit computed in accordance with section 309 (5)	491,714,638	443,172,834
Commission payable to:		
Managing Director – 2%	9,834,293	8,863,457
Executive Directors - 1% each	9,834,293	4,431,728
Non Executive Directors – 0.5%	2,458,573	2,215,864
Restricted to:		
Managing Director	5,000,000	7,500,000
Executive Directors	5,000,000	4,000,000
Non Executive Directors	1,250,000	1,250,000

The above does not include contribution to gratuity fund and provision for encashable leave, which is actuarially calculated on an overall basis.

3. In terms of amendments notified on 31st March 2009 to Accounting Standard 11 (AS 11), the effect of exchange loss of Rs 61.40 lacs on repayment of foreign currency borrowings during the year and of Rs 562.08 lacs on restatement of such borrowings relating to acquisition of depreciable capital asset has been accounted by addition to the cost of depreciable assets to be depreciated over the balance life of the assets. The exchange gain of Rs 26.07 lacs credited to the Profit and Loss Account during the year ended 31st March 2008 has been reversed and adjusted to asset account by debit to the General Reserve. In other cases exchange loss of Rs 102.76 lacs (Net of Rs 51.38 lacs amortised during the year) has been accumulated in a Foreign Currency Monetary Item Translation Difference Account to be amortised not beyond 31st March 2011.

As a result of the above change in the accounting policy, net profit after tax is higher by Rs 635.38 lacs and fixed assets are higher by Rs 567.54 lacs.

4. 'Mark-to-Market' losses on the derivative instruments outstanding at 31st March 2009, all maturing in September 2009, aggregate to Rs 854 lacs (Rs 599.32 lacs as on 20th May 2009). There are uncertainties involved in the fluctuating exchange rate and the actual gain/ loss would be determined only on settlement of the relevant contract. A sum of Rs 400 lacs has been provided for possible losses in this behalf and charged to the Profit and Loss Account as an exceptional item. Actual gain/ loss on maturity would be accounted for on settlement.

## SCHEDULES TO THE ACCOUNTS

### 23 | NOTES ON ACCOUNTS (Contd.)

#### 5. The net depreciation charged for the year is arrived at as follows:

	2008-09 Rupees	2007-08 Rupees
Depreciation for the year	259,864,530	235,534,870
Deduct:		
Excess depreciation charged in earlier years in the TCI Seaways Division	–	27,620,977
Transfer from Capital Reserve on account of depreciation provided on revalued amount	37,976	37,976
Net depreciation charged in Profit & Loss Account	259,826,554	207,875,917

#### 6. Related party disclosures

##### a. List of related parties:

<b>i. Key Management Personnel:</b>	
• Mr D. P. Agarwal	• Mr Vineet Agarwal
• Mr Chander Agarwal	• Mr K Prabhakar
<b>ii. Relatives of Key management Personnel:</b>	
• Mrs Urmila Agarwal (Wife of Mr D. P. Agarwal)	• Mr Ashok Agarwal (Brother of Mr D. P. Agarwal)
• Mrs Priyanka Agarwal (Wife of Mr Vineet Agarwal)	• Mrs Chandrima Agarwal (Wife of Mr Chander Agarwal)
<b>iii. Associates:</b>	
• TCI Global Logistics Ltd	• TCI Exim Pvt. Ltd.
• Boruka Finance Corporation of India Ltd	• XPS Cargo Services Ltd
• TCI Industries Ltd	• Etralog.com Solutions Ltd.
• Boruka International Pvt. Ltd	• TCI India Ltd
• TCI Airways Pvt. Ltd	• TCI Distribution Centres Ltd.
• TCI Express Pte Ltd., Singapore	
<b>iv. Subsidiaries:</b>	
• PT TCI Global, Indonesia	• TCI Global (HKG) Ltd., Hong Kong
• TCI Global (Thailand) Co. Ltd., Thailand	• TCI Developers Ltd.
• TCI Global Pte Ltd., Singapore	• TCI Global Logistik GmbH, Germany
• TCI Global (Sanghai) Co. Ltd., China	• Transport Co of India (Mauritius) Ltd., Mauritius
• TCI Holdings Netherlands B.V., Netherlands	• TCI Infrastructure Ltd.
• TCI Properties (Pune) Ltd.	• TCI Properties (West) Ltd.
<b>v. Joint ventures:</b>	
• Ann-Sofie Scan ApS, Denmark	• Transystem Logistics International Pvt. Ltd

Ann-Sofie Scan ApS is a joint venture incorporated in Denmark in partnership with a few other shareholders, in which Transport Corporation of India Ltd. (TCI) holds 50% of equity. Ann-Sofie Scan ApS is engaged in the business of shipping.

Aggregate amounts related to 50% interest of TCI in Ann-Sofie Scan ApS:		Amount (Rs In Million)	
Assets as on 31.12.2008	96.80	Income for the year ended 31.12.2008	53.92
Liabilities as on 31.12.2008	0.15	Expenses for the year ended 31.12.2008	0.47

Transystem Logistics International Private Ltd. (Transystem) is a joint venture incorporated in India in partnership with Mitsui & Co. Ltd., Japan, in which Transport Corporation of India Ltd. (TCI) holds 49% of equity. Transystem is engaged in the business of providing logistics services and TCI provides support services to Transystem.

Aggregate amounts related to 49% interest of TCI in Transystem:		Amount (Rs In Million)	
Assets as on 31.03.2009	191.27	Income for the year ended 31.03.2009	468.87
Liabilities as on 31.03.2009	24.41	Expenses for the year ended 31.03.2009	437.23



## SCHEDULES TO THE ACCOUNTS

### 23 NOTES ON ACCOUNTS (Contd.)

#### b. Transactions with related parties:

Nature of Transaction	Nature of Relation	Amount (Rupees)	
		2008-09	2007-08
<b>Transactions during the year:</b>			
<b>Income:</b>			
Freight Income	Associates	4,673	12,345
	Joint Ventures	192,743,387	217,262,785
Shipping Freight	Joint Ventures	2,457,350	655,669
Logistics Services	Joint Ventures	26,606,279	10,492,049
Interest Received	Associates	5,240,080	–
Reimbursement of Expenses	Joint Ventures	–	12,743,589
<b>Expenditure:</b>			
Freight Expenses	Associates	24,000	22,435,835
	Joint Ventures	9,242,167	1,140,427
Fuel Purchases	Associates	54,047,726	66,231,861
Vehicle Maintenance	Joint Ventures	2,058,648	–
Rent Paid	Associates	12,992,794	8,558,000
	Relatives of Key Management Personnel	630,000	600,000
Interest Paid	Associates	325,682	183,986
Salary & Perquisites	Relatives of Key Management Personnel	930,480	1,781,548
Remuneration and Commission	Key Management Personnel	45,028,634	38,043,554
<b>Finance &amp; Investment:</b>			
Investments Made	Joint Ventures	–	28,693,926
	Subsidiaries	69,178,803	9,966,250
Share Application Money Given	Associates	1,304,358	41,800,000
	Subsidiaries	6,555,292	–
Refund of Share Application Money Given	Associates	41,800,000	–
Loans Given	Associates	52,092,013	–
	Subsidiaries	116,979,288	–
Refund of Loans Given	Associates	5,000,000	–
Loans Taken	Associates	12,500,000	21,500,000
Refund of Loans Taken	Associates	16,567,710	17,500,000
Advances/ Deposits Given	Associates	1,927,500	8,020,000
	Joint Ventures	–	6,636,998
Refund of Advances/ Deposits Given	Associates	–	4,000,000
	Joint Ventures	6,636,998	–
Advances/ Deposits Taken	Key Management Personnel	253,961	–
Refund of Advances/ Deposits Taken	Key Management Personnel	284,579	114,977
Sale of Fixed Assets	Associates	–	27,547
Purchase of Fixed Assets	Associates	–	10,700,000
	Joint Ventures	–	5,473,000

## SCHEDULES TO THE ACCOUNTS

### 23 | NOTES ON ACCOUNTS (Contd.)

		31st March 2009	31st March 2008
<b>Balances as at the year end:</b>			
<b>Assets:</b>			
Investments Made	Associates	3,000,000	3,000,000
	Joint Ventures	67,893,926	67,893,926
	Subsidiaries	79,145,053	9,966,250
Loans & Advances Given	Subsidiaries	116,979,288	–
	Associates	47,092,013	–
Trade Receivables	Joint Ventures	21,435,829	24,374,352
Share Application Money Given	Associates	1,304,358	41,800,000
	Subsidiaries	6,555,292	–
Advances/ Deposits Given	Associates	12,874,500	10,947,000
	Joint Ventures	–	6,636,998
	Relatives of Key Management Personnel	240,000	240,000
<b>Liabilities:</b>			
Loans Taken	Associates	–	4,067,710
Trade Payables	Associates	1,455,310	1,757,401
	Joint Ventures	4,984,544	–
Advances/ Deposits Taken	Key Management Personnel	322,983	353,601
Interest Payable	Associates	–	74,585

### 7. Segment Information

Rupees in millions

Divisions		2008-09	2007-08
<b>Revenue</b>			
Segment Revenue	Freight Division	6896.11	6570.51
	XPS Division	3469.68	3224.42
	Supply Chain Solutions Division	1679.58	1447.21
	Seaways Division	671.07	561.52
	Wind Power Division	72.67	92.39
	Global Division	106.33	–
	Trading Division	233.79	222.51
	Real Estate Division	1.03	1.00
		13130.26	12119.56
	Less: Inter Segment Revenue	(103.41)	(98.50)
Net Income from Operations		<b>13026.85</b>	<b>12021.06</b>
Segment Results	Freight Division	271.21	212.19
	XPS Division	240.09	204.85
	Supply Chain Solutions Division	103.98	49.05
	Seaways Division	96.16	89.83
	Wind Power Division	31.63	63.11
	Global Division	(9.37)	–
	Trading Division	3.02	2.93
	Real Estate Division	(1.26)	(0.75)
Unallocated Corporate Income net of			
Unallocated Corporate Expenses		(45.33)	(21.15)
Interest Expenses (Net of Income)		(240.68)	(168.27)
Profit Before Tax		<b>449.45</b>	<b>431.79</b>



## SCHEDULES TO THE ACCOUNTS

### 23 NOTES ON ACCOUNTS (Contd.)

Rupees in millions

	Divisions	2008-09	2007-08
<b>Other Information</b>			
Segment Assets	Freight Division	1406.91	1400.94
	XPS Division	859.46	852.38
	Supply Chain Solutions Division	699.05	658.41
	Seaways Division	766.57	749.00
	Wind Power Division	479.36	487.72
	Global Division	40.09	–
	Trading Division	2.46	2.00
	Real Estate Division	327.67	418.09
	Unallocated Corporate Assets	1496.90	984.82
Total Assets		<b>6078.47</b>	<b>5553.36</b>
Segment Liabilities	Freight Division	107.41	143.19
	XPS Division	66.60	60.85
	Supply Chain Solutions Division	140.35	91.37
	Seaways Division	10.67	13.06
	Wind Power Division	15.64	3.31
	Global Division	20.08	–
	Trading Division	0.76	0.67
	Real Estate Division	–	–
	Unallocated Corporate Liabilities	390.93	183.42
Total Liabilities		<b>752.44</b>	<b>495.87</b>
Capital Expenditure	Freight Division	41.71	113.72
	XPS Division	98.30	58.17
	Supply Chain Solutions Division	18.03	143.79
	Seaways Division	69.05	66.48
	Wind Power Division	–	–
	Global Division	1.90	–
	Trading Division	–	0.01
	Real Estate Division	–	11.43
	Unallocated Capital Expenditure	158.48	39.56
Total Capital Expenditure		<b>387.47</b>	<b>433.16</b>
Depreciation	Freight Division	45.73	37.02
	XPS Division	47.05	42.68
	Supply Chain Solutions Division	93.57	89.32
	Seaways Division	42.96	9.53
	Wind Power Division	27.47	27.47
	Global Division	0.12	–
	Trading Division	0.01	–
	Real Estate Division	1.85	1.75
	Unallocated Depreciation	1.07	0.11
Total Depreciation		<b>259.83</b>	<b>207.88</b>

The Company operates mainly in India and therefore there are no separate geographical segments.

## SCHEDULES TO THE ACCOUNTS

### 23 | NOTES ON ACCOUNTS (Contd.)

#### 8. Earning per share

Particulars	2008-09	2007-08
No. of Equity Shares	72,505,640	72,505,640
Net Profit after tax (Rupees)	283,188,660	284,298,860
Basic/Diluted Earning per Share of Rs 2/- each (Rupees)	3.91	3.92

9. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 44.95 million.

10. In respect of assets taken under non-cancelable operating lease, the future minimum lease payments as on 31st March 2009 are:

(Amount in Rupees)

i) Not later than one year	2,289,930
ii) Later than one year and not later than five years	302,680
iii) Later than five years	327,409
<b>Total</b>	<b>2,920,019</b>

11. In respect of assets given under non-cancelable operating lease, the future minimum lease payments, as on 31st March 2009 is Nil.

12. Previous year's figures have been regrouped/rearranged wherever considered necessary.

13. Contingent liability not provided for in respect of:

Rupees in million

Particulars	31st March 2009	31st March 2008
a) Trade Tax/ Octroi/ Duty/ ESI and other demands under dispute	22.28	17.98
b) Guarantees and Counter Guarantees Outstanding	132.40	119.29
c) Income Tax demands under dispute	111.40	110.74

14. In accordance with Accounting Standard (AS 15) "Employee Benefits", adequate provisions have been made in the accounts and there is no further liability expected on this account.

### ACCOUNTING POLICIES:

#### 1. Recognition of Income and Expenditure:

- Income and expenditure are generally recognised on accrual basis in accordance with the applicable accounting standards and provision is made for all known losses and liabilities.
- Freight income is accounted when goods are delivered by the Company to customers, except in case of the Seaways Division where freight income is accounted when the ship sails out of the port.
- Freight expenses are accounted when hired vehicles deliver goods to the Company at destination.
- Having regard to the size of operations and the nature and complexities of the Company's business, freight received/paid in advance is accounted as income/expense on payment.
- Year-end liability in respect of claims for loss and damages is provided as calculated by claims recovery agents except in case of the Seaways Division where such liability is provided as calculated by the Company's claim department.

#### 2. Gratuity:

A provision for gratuity liability to employees is made on the basis of actuarial valuation and paid to the approved Gratuity Fund.



## SCHEDULES TO THE ACCOUNTS

### 23 NOTES ON ACCOUNTS (Contd.)

#### 3. Depreciation:

Depreciation is provided on straight-line method at rates specified in schedule XIV to the Companies Act, 1956 except for pallets and bins included under plant and machinery, the cost whereof are amortised over a period of five years from the date of purchase. Depreciation on additions/ deductions is calculated pro-rata from / to the month of addition / deduction. Individual assets whose actual cost does not exceed Rs 5,000, except pallets and bins, are fully depreciated in the year of purchase.

#### 4. Fixed Assets:

- a) Fixed Assets are stated at cost and/or at revaluation.
- b) Depreciation on the amount added to Fixed Assets on revaluation is adjusted by transfer of equivalent amount from capital reserve created on revaluation of fixed assets to Profit and Loss Account.

#### 5. Investments

Investments are stated at cost.

#### 6. Inventories:

Inventories are valued at lower of cost and net realisable value.

#### 7. Foreign Exchange Transactions:

- a) All transactions in foreign currency are recorded at the rate of exchange prevailing on the dates when the relevant transactions take place.
- b) Monetary items in foreign currency at the year end are converted in Indian currency at the year end rates. In terms of the amendments to Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long-term monetary items are dealt with in the following manner :
  - i. Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/deducted from the cost of the asset and depreciated over the balance life of the asset.
  - ii. In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance life of the long-term monetary item, not beyond 31st March 2011.
- c) Any income or expense on account of exchange difference either on settlement or translation is recognised in the profit and loss account.
- d) In respect of Forward Exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and exchange rate at the inception of the contract is recognised as income or expense over the life of the contract.

#### 8. Taxation:

Provision for tax is made for both current and deferred taxes. Provision for current income tax is made on the current tax rates based on assessable income. Provision for current income tax on income from shipping activities is made on the basis of deemed tonnage income of the Company.

The Company, except for its Seaways division, provides for deferred tax based on the tax effect of timing differences resulting from the recognition of items in the accounts and in estimating its current tax provision. The effect on deferred taxes of a change in tax rate is recognised in the year in which the change is effected.

#### 9. Impairment of Assets:

The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired and if such indication exists, the carrying value of such asset is reduced to its recoverable amount and a provision is made for such impairment loss in the profit and loss account.

SCHEDULES TO THE ACCOUNTS

23 | NOTES ON ACCOUNTS (Contd.)

Additional Information Under Part II of Schedule VI to the Companies Act, 1956

	Unit	2008-09		2007-08	
		Quantity	Amount (Rupees)	Quantity	Amount (Rupees)
A. Generation of Energy (Wind Mill Project)					
Licensed Capacity	Units		Not Applicable		Not Applicable
Installed Capacity	MWH	11.50		11.50	
Generation of Energy	Units	17,035,110		16,525,591	
Sale of Energy	Units	17,035,110	72,671,847	16,525,591	82,133,535
B. Goods Traded					
Sales					
Diesel & Petrol	Ltrs.	6,070,606	232,774,413	6,214,363	221,508,432
Motor Parts, Lubricants and Others			1,010,627		1,003,044
			233,785,040		222,511,476
Purchases					
Diesel & Petrol	Ltrs.	6,092,000	229,533,389	6,228,000	218,191,180
Motor Parts, Lubricants and Others			1,012,354		763,764
			230,545,743		218,954,944
Opening Stock					
Diesel & Petrol	Ltrs.	39,306	1,417,620	32,560	1,158,926
Motor Parts, Lubricants and Others			87,115		171,527
			1,504,735		1,330,453
Closing Stock					
Diesel & Petrol	Ltrs.	53,541	1,802,990	39,306	1,417,620
Motor Parts, Lubricants and Others			254,035		87,115
			2,057,025		1,504,735

C. C.I.F. Value of Imported & Indigenous Stores and Spare Parts Consumed

	% of Total Consumption	Amount (Rupees)	% of Total Consumption	Amount (Rupees)
Imported	4.14%	1,337,041	4.86%	1,376,051
Indigenous	95.86%	30,993,951	95.14%	26,939,865
	100.00%	32,330,992	100.00%	28,315,916





## SCHEDULES TO THE ACCOUNTS

### 23 | NOTES ON ACCOUNTS (Contd.)

#### D. Expenditure in Foreign Currency

	2008-09 Amount (Rupees)	2007-08 Amount (Rupees)
Capital Goods	19,187,938	60,194,946
Investments in Subsidiaries & Joint Venture	40,578,803	38,660,176
Share Application Money	7,859,650	41,800,000
Advances to Joint Venture/ Subsidiaries	5,894,221	5,659,972
Shipping Freight	3,967,892	521,873
Travelling Expenses	8,951,399	9,908,042
Remittances to Foreign Branch	—	8,829,325
Conference & Seminar	—	362,610
Consultancy Charges	866,442	1,100,457
Subscription	418,174	248,373
Interest	52,359,954	45,746,007
Staff Training Programmes	3,319,558	1,205,843
Insurance	1,509,025	2,957,789
Dry- Dock Expenses	32,356,774	22,213,718
Spare Parts	1,337,041	1,376,051
Other Ship Operating Expenses	8,100,019	3,687,684
Computer Maintenance	628,560	—
Commission	3,340,569	2,745,346
Exchange Rate Difference (Net)	3,227,111	—
Others	19,133	5,958

#### E. Earnings in Foreign Currency

Freight Income	97,070,367	68,149,098
Sale of Carbon Credits	—	10,255,631
Exchange Rate Difference (Net)	—	1,908,868
Miscellaneous Income	73,80,975	6,686,676

Signatures to Schedules 1 to 23

In terms of our Report of even date

For and on behalf of the Board

for **R S Agarwala & Co.**  
Chartered Accountants

**S. M. Datta**  
Director

**O. Swaminatha Reddy**  
Director

**K. S. Mehta**  
Director

**D. P. Agarwal**  
Vice Chairman &  
Managing Director

**R.S.Agarwala**  
Partner

**Vineet Agarwal**  
Executive Director

**Chander Agarwal**  
Executive Director

**A. K. Bansal**  
Group CFO &  
Company Secretary

**N. K. Baranwal**  
Sr. VP-Group  
Accounts & Audit

Camp : Gurgaon  
Date: 21st May 2009

Place : Gurgaon  
Date: 21st May 2009

# CASH FLOW STATEMENT

For the year ended 31st March 2009

Rs in lacs

	2008-09	2007-08
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and Exceptional items	4894.53	4317.94
<b>Adjustments for :</b>		
Depreciation	2598.27	2078.76
Loss (Profit) on sale of Fixed Assets	35.39	56.13
Loss (Profit) on sale of Investments	(1.79)	(5.50)
Lease Rent Payments	29.73	21.47
Interest Payments	2508.33	1780.49
Interest Recieved	(101.56)	(97.83)
Dividend Income	(141.09)	(49.78)
	<u>4927.28</u>	<u>3783.74</u>
Operating profit before Working Capital changes	9821.81	8101.68
<b>Adjustments For:</b>		
Trade and Other Receivables	(1609.66)	(4364.22)
Inventories	6.94	(33.52)
Trade Payables	1159.15	190.31
Cash Generation From operations	<u>9378.24</u>	<u>3894.25</u>
Interest Paid	(2508.33)	(1780.49)
Direct Taxes Paid/Refund received	(2275.38)	(2245.43)
<b>Net Cash from Operating Activities</b>	<u>4594.53</u>	<u>(131.67)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3874.69)	(4331.56)
Sale of Fixed Assets	145.87	36.28
Purchase of Investments	(352.39)	(1048.25)
Sale of Investments	82.74	27.81
Foreign Currency Translation Difference	(102.76)	–
Loss on Derivative Transactions	(400.00)	–
Payable against Derivative Transactions	400.00	–
Interest Recieved	101.56	97.83
Dividend Recieved	141.09	49.78
Lease Rent Payments	(29.73)	(21.47)
Loans and Advances	(752.54)	(693.49)
<b>Net Cash From Investing Activities</b>	<u>(4640.85)</u>	<u>(5883.07)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of Share Capital	–	5173.81
Proceeds from Short Term Borrowings	1228.66	1622.26
Repayment of Short Term Borrowings	(66.39)	(58.60)
Proceeds from Long Term Borrowings	237.80	291.45
Repayment of Long Term Borrowings	(1013.32)	(809.81)
Payment of Dividend	(435.07)	(435.07)
Payment of Dividend Tax	(73.95)	(73.93)
<b>Net Cash From Financing Activities</b>	<u>(122.27)</u>	<u>5710.11</u>
<b>Net Increase(Decrease) in Cash &amp; Cash Equivalent (A+B+C)</b>	<u>(168.59)</u>	<u>(304.63)</u>
<b>Cash &amp; Cash Equivalent As On 31.03.2008</b>	<u>1235.48</u>	<u>1540.11</u>
<b>Cash &amp; Cash Equivalent As On 31.03.2009</b>	<u>1066.89</u>	<u>1235.48</u>

In terms of our Report of even date

For and on behalf of the Board

for **R S Agarwala & Co.**  
Chartered Accountants**S. M. Datta**  
Director**O. Swaminatha Reddy**  
Director**K. S. Mehta**  
Director**D. P. Agarwal**  
Vice Chairman &  
Managing Director**R.S.Agarwala**  
Partner**Vineet Agarwal**  
Executive Director**Chander Agarwal**  
Executive Director**A. K. Bansal**  
Group CFO &  
Company Secretary**N. K. Baranwal**  
Sr. VP-Group  
Accounts & AuditCamp : Gurgaon  
Date: 21st May 2009Place : Gurgaon  
Date: 21st May 2009



## BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE AS PER PART IV, SCHEDULE VI OF THE COMPANIES ACT, 1956

### 1. Registration Details

Registration No. 

1	9	1	1	6
---	---	---	---	---

 State Code 

0	1
---	---

Balance Sheet Date 

3	1	0	3	2	0	0	9
---	---	---	---	---	---	---	---

### 2. Capital Raised during the year (Amount in Rs Thousand)

Public Issue 

N	I	L
---	---	---

 Right Issue 

N	I	L
---	---	---

Bonus Issue 

N	I	L
---	---	---

 Private Placement 

N	I	L
---	---	---

### 3. Position of mobilisation and deployment of funds (Amount in Rs Thousand)

Total Liabilities 

5	4	7	1	6	0	5
---	---	---	---	---	---	---

 Total Assets 

5	4	7	1	6	0	5
---	---	---	---	---	---	---

#### Sources of Funds

Paid-up Capital 

1	4	5	0	1	1
---	---	---	---	---	---

Secured Loan 

2	2	2	3	0	2	7
---	---	---	---	---	---	---

Reserves and Surplus 

2	7	1	4	5	4	6
---	---	---	---	---	---	---

Unsecured Loan 

1	0	5	9	9	3
---	---	---	---	---	---

Deferred Tax Liabilities 

2	8	3	0	2	8
---	---	---	---	---	---

#### Application of Funds

Net Fixed Assets 

2	9	8	2	8	0	4
---	---	---	---	---	---	---

Net Current Assets 

2	2	9	2	8	5	8
---	---	---	---	---	---	---

Foreign Currency Monetary Item Translation Difference 

1	0	2	7	6
---	---	---	---	---

Investments 

1	8	5	6	6	7
---	---	---	---	---	---

Miscellaneous Expenditure 

N	I	L
---	---	---

### 4. Performance of the Company (Amount in Rs Thousand)

Net Turnover 

1	3	0	4	4	2	1	9
---	---	---	---	---	---	---	---

Profit before Tax 

4	4	9	5	9	3
---	---	---	---	---	---

Earning Per Share (in Rs) 

3	.	9	1
---	---	---	---

Total Expenditure 

1	2	5	9	4	7	6	6
---	---	---	---	---	---	---	---

Profit after Current Year Tax 

2	8	3	4	2	0
---	---	---	---	---	---

Dividend Rate (%) 

3	0
---	---

### 5. Generic Names of Three Principal Products (as per Monetary terms)

Item Code No. (ITC Code) 

N	I	L
---	---	---

Product/Service Description 

Transport, Shipping & Logistics Services
--

For and on behalf of the Board

**S. M. Datta**  
Director

**O. Swaminatha Reddy**  
Director

**K. S. Mehta**  
Director

**D. P. Agarwal**  
Vice Chairman &  
Managing Director

**Vineet Agarwal**  
Executive Director

**Chander Agarwal**  
Executive Director

**A. K. Bansal**  
Group CFO &  
Company Secretary

**N. K. Baranwal**  
Sr. VP-Group  
Accounts & Audit

Place : Gurgaon  
Date: 21st May 2009

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT , 1956, RELATING TO SUBSIDIARY COMPANIES

Sr. No.	Name of the Subsidiary Company	Financial Year of the subsidiary company ended on	Interest of the Company in the subsidiary companies at the end of their respective financial years	Extent of Holding(%)	Net aggregate of Profit /(Loss) of the subsidiary company so far as it concerns the members of the TCI Limited which are			
					Dealt with in the accounts of the Company amounted to (Rupees in Lacs)		Not Dealt with in the accounts of the Company amounted to (Rupees in Lacs)	
					For Subsidiary's Financial Year ended on 31st March 2009	For Previous Financial Years of the subsidiary since it became subsidiary of TCIL	For Subsidiary's Financial Year ended on 31st March 2009	For Previous Financial Years of the subsidiary since it became subsidiary of TCIL
1	PT. TCI Global	31st March 2009	2500 Shares of Indonesian Rupiah 908300 each	100.00	Nil	Nil	11.02	(6.27)
2	TCI Global Logistik GmbH	31st March 2009	Equivalent to Euro 25000	100.00	Nil	Nil	(11.99)	Nil
3	TCI Global (HKG) Ltd.	31st March 2009	1350000 Shares of HK\$ 1 each	100.00	Nil	Nil	(67.85)	Nil
4	TCI Global (Thailand) Co. Ltd.	31st March 2009	20000 Shares of Baht 100 each	100.00	Nil	Nil	(34.99)	Nil
5	TCI Global Pre. Ltd.	31st March 2009	690002 Shares of SG\$ 1 each	100.00	Nil	Nil	(153.04)	Nil
6	TCI Holdings Netherlands B.V. (a)	31st March 2009	18000 Shares of Euro 1 each	100.00	Nil	Nil	(4.36)	Nil
7	TCI Global (Sanghai) Co. Ltd.	31st March 2009	Equivalent to Yuan 758665.01	100.00	Nil	Nil	(21.95)	Nil
8	Transport Co of India (Mauritius) Ltd.	31st March 2009	2500 Shares of Mauritius Rupees 10 each	100.00	Nil	Nil	(2.00)	Nil
9	TCI Developers Ltd.	31st March 2009	100000 Shares of Rs 10 each	100.00	Nil	Nil	(4.59)	Nil
10	TCI Infrastructure Ltd.	31st March 2009	100000 Shares of Rs 10 each	100.00	Nil	Nil	0.19	Nil
11	TCI Properties (Pune) Ltd.	31st March 2009	50000 Shares of Rs 10 each	100.00	Nil	Nil	Nil	Nil
12	TCI Properties (West) Ltd.	31st March 2009	2610000 Shares of Rs 10 each	60.14	Nil	Nil	(0.39)	Nil

(a) Includes figures of its own 100% subsidiary "TCI Global Netherlands B.V."



## STATEMENT REGARDING SUBSIDIARY COMPANIES IN TERMS OF THE EXEMPTION RECEIVED UNDER SECTION 212 (1) & (8) OF THE COMPANIES ACT, 1956

Financial Year ended 31st March 2009

(Rupees in Lacs)

Name of the subsidiary	Paid -Up Capital <sup>(a)</sup>	Reserves	Total Assets <sup>(a)</sup>	Total Liabilities <sup>(a)</sup>	Investments	Turnover	Profit/(Loss) Before Tax	Provision for Tax	Profit After Tax	Proposed Dividend	Currency	Exchange Rate as on 31st March 2009
PPT. TCI Global	102.59	4.75	141.49	141.49	Nil	140.21	11.02	Nil	11.02	Nil	Rupiah	0.004518
TCI Global Logistik GmbH	17.23	(11.99)	21.76	21.76	Nil	Nil	(11.99)	Nil	(11.99)	Nil	Euro	68.9097
TCI Global (HKG) Ltd.	90.88	(67.85)	48.62	48.62	Nil	100.50	(67.85)	Nil	(67.85)	Nil	HK\$	6.7322
TCI Global (Thailand) Co. Ltd.	29.62	(34.99)	16.22	16.22	Nil	16.03	(34.99)	Nil	(34.99)	Nil	Baht	1.4811
TCI Global Pte. Ltd.	236.81	(153.04)	614.31	614.31	Nil	173.32	(153.04)	Nil	(153.04)	Nil	SG\$	34.3209
TCI Holdings Netherlands B.V. <sup>(b)</sup>	12.40	3.91	30.91	30.91	Nil	Nil	(4.36)	Nil	(4.36)	Nil	Euro	68.9097
TCI Global (Sanghai) Co. Ltd.	57.99	(21.95)	50.34	50.34	Nil	0.24	(21.95)	Nil	(21.95)	Nil	Yuan	7.6439
Transport Co of India (Mauritius) Ltd.	0.41	(2.00)	Nil	Nil	Nil	Nil	(2.00)	Nil	(2.00)	Nil	MUR	1.6226
TCI Developers Ltd.	10.00	(4.59)	5.46	5.46	Nil	Nil	(4.59)	Nil	(4.59)	Nil	INR	
TCI Infrastructure Ltd.	10.00	0.19	1120.79	1120.79	Nil	Nil	0.28	(0.09)	0.19	Nil	INR	
TCI Properties (Pune) Limited	5.00	Nil	5.43	5.43	Nil	Nil	Nil	Nil	Nil	Nil	INR	
TCI Properties (West) Ltd.	261.00	(1.28)	258.19	258.19	2.89	Nil	(0.39)	Nil	(0.39)	Nil	INR	
<b>Total</b>	<b>833.93</b>	<b>(288.84)</b>	<b>2313.52</b>	<b>2313.52</b>	<b>2.89</b>	<b>430.30</b>	<b>(289.86)</b>	<b>(0.09)</b>	<b>(289.95)</b>	<b>0.00</b>		

(a): Converted at the exchange rate as on 31st March 2009

(b): Includes figures of its own 100% subsidiary "TCI Global Netherlands B.V."

# AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Transport Corporation of India Ltd.

We have audited the attached Consolidated Balance Sheet of Transport Corporation of India Ltd. (the Parent Company) and its subsidiary companies and joint venture companies (collectively called 'the TCI Group') as at 31st March 2009 the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. 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.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform an 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 management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
2. The financial statements of the subsidiary companies and joint venture companies have been audited by other auditors, whose reports have been furnished to us and our opinion is based solely on the reports so furnished.
3. We report that the consolidated financial statements have been

prepared by the Company's management in accordance with the requirements of the Accounting Standards (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of other auditors on separate financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements, read together with paragraph 2 above, give a true and fair view in conformity with the accounting principle generally accepted in India:

- (a) In the case of Consolidated Balance Sheet of the state of affairs of the TCI Group as at 31st March 2009 and
- (b) In the case of Consolidated Profit & Loss Account, of the profit of the TCI Group for the year ended on that date.
- (c) In the case of Consolidated Cash Flow Statement, of the cash flows of the TCI Group for the year ended on that date.

For **R S Agarwala & Co.**  
Chartered Accountants

**R S Agarwala**  
Partner

Camp: Gurgaon  
21st May 2009

Membership No.F-5534



## CONSOLIDATED BALANCE SHEET As at 31st March 2009

	Schedule	31st March 2009 Rupees	31st March 2008 Rupees
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Capital	1	145,011,280	145,011,280
Reserves and Surplus	2	2,868,669,017	2,604,894,027
		3,013,680,297	2,749,905,307
<b>Loan Funds</b>			
Secured Loans	3	2,392,430,208	2,426,148,056
Unsecured Loans	4	106,576,586	12,632,343
		2,499,006,794	2,438,780,399
Deferred Tax Liability	5	287,725,763	288,715,668
Minority Interest in Subsidiary		17,215,005	–
<b>Total Funds Employed</b>		<b>5,817,627,859</b>	<b>5,477,401,374</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	6	4,665,661,824	4,170,143,950
Less: Depreciation		1,369,922,788	1,132,720,538
Net Block		3,295,739,036	3,037,423,412
Capital Work-in-Progress		119,371,981	53,172,326
		3,415,111,017	3,090,595,738
Investments	7	32,552,164	80,662,975
Foreign Currency Monetary Item Translation Difference		10,276,100	–
<b>Current Assets, Loans and Advances</b>			
Inventories	8	9,498,132	10,192,020
Sundry Debtors	9	2,133,259,288	1,958,767,945
Cash and Bank Balances	10	285,330,168	244,987,858
Loans and Advances	11	769,352,415	633,479,667
		3,197,440,003	2,847,427,490
<b>Less: Current Liabilities and Provisions</b>			
Liabilities	12	473,559,614	363,317,313
Provisions	13	365,051,859	179,526,154
		838,611,473	542,843,467
<b>Net Current Assets</b>		<b>2,358,828,530</b>	<b>2,304,584,023</b>
<b>Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)			
Preliminary Expenses		860,048	1,558,638
<b>Total Assets (Net)</b>		<b>5,817,627,859</b>	<b>5,477,401,374</b>
<b>Notes on Accounts</b>	23		

Schedules referred to above form part of the Balance Sheet.

In terms of our Report of even date For and on behalf of the Board

for **R S Agarwala & Co.**  
Chartered Accountants

**S. M. Datta**  
Director

**O. Swaminatha Reddy**  
Director

**K. S. Mehta**  
Director

**D. P. Agarwal**  
Vice Chairman &  
Managing Director

**R.S. Agarwala**  
Partner

**Vineet Agarwal**  
Executive Director

**Chander Agarwal**  
Executive Director

**A. K. Bansal**  
Group CFO &  
Company Secretary

**N. K. Baranwal**  
Sr. VP-Group  
Accounts & Audit

Camp : Gurgaon  
Date: 21st May 2009

Place : Gurgaon  
Date: 21st May 2009

## CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31st March 2009

	Schedule	31st March 2009 Rupees	31st March 2008 Rupees
<b>INCOME</b>			
Freight	14	12,767,966,071	11,881,989,788
Sales & Services	15	744,661,764	546,256,429
Other Income	16	70,127,958	42,152,428
		<b>13,582,755,793</b>	<b>12,470,398,645</b>
<b>EXPENDITURE</b>			
Cost of Goods Sold	17	229,993,453	218,780,662
Operating Expenses	18	10,458,338,196	9,778,915,662
Personnel Expenses	19	696,679,279	606,741,889
Administrative Expenses	20	786,582,466	711,269,662
Repairs and Maintenance Expenses	21	318,716,218	254,572,395
Interest (Net)	22	242,703,169	169,701,362
Depreciation (Net - Note 4 & 6 on schedule 23)		298,749,858	233,183,918
		<b>13,031,762,639</b>	<b>11,973,165,550</b>
Profit Before Tax and Exeptional Items		550,993,154	497,233,095
Exceptional Items (Note 5 on schedule 23)		40,000,000	–
Profit Before Tax		510,993,154	497,233,095
Provision For Tax - Current		159,845,235	130,122,436
- Deferred		(989,905)	18,579,647
- Fringe Benefit		19,075,800	18,917,124
Profit After Tax		333,062,024	329,613,888
Taxes for earlier years		(434,698)	(477,462)
Balance brought forward from Previous Year		193,366,044	130,129,888
Balance Available For Appropriation		<b>525,993,370</b>	<b>459,266,314</b>
<b>APPROPRIATIONS</b>			
Interim Dividend paid		–	21,755,178
Proposed Dividend		70,325,630	21,751,692
Tax on Dividend		7,727,700	7,393,400
Tonnage Tax Reserve		16,000,000	15,000,000
General Reserve		212,606,941	200,000,000
Balance Carried to Balance Sheet		219,333,099	193,366,044
		<b>525,993,370</b>	<b>459,266,314</b>
Earning per Share - Basic and Diluted (Note 9 on Schedule 23)		4.59	4.54
<b>Notes on Accounts</b>	23		

Schedules referred to above form part of the Profit and Loss Account.

In terms of our Report of even date For and on behalf of the Board

for **R S Agarwala & Co.**  
Chartered Accountants

**S. M. Datta**  
Director

**O. Swaminatha Reddy**  
Director

**K. S. Mehta**  
Director

**D. P. Agarwal**  
Vice Chairman &  
Managing Director

**R.S.Agarwala**  
Partner

**Vineet Agarwal**  
Executive Director

**Chander Agarwal**  
Executive Director

**A. K. Bansal**  
Group CFO &  
Company Secretary

**N. K. Baranwal**  
Sr. VP-Group  
Accounts & Audit

Camp : Gurgaon  
Date: 21st May 2009

Place : Gurgaon  
Date: 21st May 2009





## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	31st March 2009 Rupees	31st March 2008 Rupees
<b>1 SHARE CAPITAL</b>		
<b>Authorised :</b>		
100,000,000 Equity Shares of Rs 2 each	200,000,000	200,000,000
500,000 Preference Shares of Rs 100 each	50,000,000	50,000,000
	<b>250,000,000</b>	<b>250,000,000</b>
<b>Issued, Subscribed and Paid up:</b>		
Equity Shares of Rs 2 each fully paid up :		
21,059,305 Shares paid in cash	42,118,610	42,118,610
51,446,335 Shares allotted for consideration other than cash as per the Schemes of Arrangement/ Amalgamation duly approved by the Hon'ble Andhra Pradesh High Court	102,892,670	102,892,670
	<b>145,011,280</b>	<b>145,011,280</b>

	At 1st April 2008	Additions	Deductions		
<b>2 RESERVES &amp; SURPLUS</b>					
<b>Capital Reserves:</b>					
Revaluation Reserve	145,611,995	–	37,976 (a)	145,574,019	145,611,995
Share Premium	628,997,290	–	–	628,997,290	628,997,290
Capital Redemption Reserve	19,400,000	–	–	19,400,000	19,400,000
Others	407,058,452	–	–	407,058,452	407,058,452
Exchange Difference on Consolidation				10,606,157	(1,239,754)
				<b>1,211,635,918</b>	<b>1,199,827,983</b>
<b>Revenue Reserves :</b>					
General Reserve	1,090,000,000	212,606,941 (b)	2,606,941 (c)	1,300,000,000	1,090,000,000
Reserve under section 33AC of the Income Tax Act, 1961	47,700,000	–	–	47,700,000	47,700,000
Tonnage Tax Reserve	74,000,000	16,000,000 (b)	–	90,000,000	74,000,000
Profit and Loss Account				219,333,099	193,366,044
				<b>1,657,033,099</b>	<b>1,405,066,044</b>
				<b>2,868,669,017</b>	<b>2,604,894,027</b>

(a) Transferred to Profit and Loss Account being depreciation provided on revalued amount

(b) Transferred from Profit and Loss Account

(c) On reversal of exchange gain accounted during the year ended 31st March 2008 (Note 4 on Schedule 23)

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	31st March 2009 Rupees	31st March 2008 Rupees
<b>3 SECURED LOANS</b>		
<b>Term Loans from Banks :</b>		
Against hypothecation of Motor Trucks/Motor Cars/Containers purchased thereagainst and all movable assets and book debts of Wind Farm projects and equitable mortgage of specified properties (Repayable within one year Rs 182,900,152 - Previous year Rs 204,198,438)	715,486,922	722,807,507
Foreign currency loans secured by first charge on three ships, book debts and equitable mortgage of specified properties (Repayable within one year Rs 158,322,398 - Previous year Rs 131,682,550)	450,758,315	511,763,612
<b>Term Loans from Others:</b>		
Secured by equitable mortgage of specified immovable properties and hypothecation of Motor Trucks and Containers purchased thereagainst (Repayable within one year Rs 30,960,178 - Previous year Rs 40,220,334)	78,857,381	119,183,294
Secured against equipments under Hire Purchase Contracts	2,261,923	
Less: Hire Charges allocable to future installments	(548,998)	–
(Repayable within one year Rs 1,045,080 - Previous year Rs Nil)		
<b>Working Capital Loans from Banks:</b>		
Against hypothecation of Book Debts, Inventories, Fixed Deposit Receipts and equitable mortgage of specified immovable properties	1,145,614,665	1,072,393,643
	<b>2,392,430,208</b>	<b>2,426,148,056</b>
In addition, loans to the extent of Rs 17,504 lacs (previous year Rs 18,727 lacs) are also guaranteed by some of the Directors.		

<b>4 UNSECURED LOANS</b>		
Fixed Deposits (a)	5,993,120	8,564,633
(Repayable within one year Rs 4,257,800 - Previous year Rs 5,043,633)		
Short Term Loans and Advances		
Commercial Paper	100,000,000	–
Others	583,466	4,067,710
	<b>106,576,586</b>	<b>12,632,343</b>

(a) Includes Rs 86,000 from a director (Previous year Rs 86,000)

	At 1st April 2008	Current Year		
<b>5 DEFERRED TAX LIABILITY</b>				
<b>Deferred Tax (Asset) Liability</b>				
Difference between book and tax depreciation	290,547,587	2,296,176	292,843,763	290,547,587
Disallowance under Income Tax Act	(1,700,000)	(3,192,000)	(4,892,000)	(1,700,000)
Other Items	(1,31,919)	(94081)	(226,000)	(131,919)
			<b>287,725,763</b>	<b>288,715,668</b>



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### 6 FIXED ASSETS

Description of Assets	AT COST OR VALUATION				DEPRECIATION				NET BLOCK	
	As at 01.04.2008 Rupees	Additions during the year Rupees	Deductions during the year Rupees	Balance Rupees	Up to 31.03.2008 Rupees	For the Year Rupees	Adjustment on Deductions Rupees	Total Rupees	31st March 2009 Rupees	31st March 2008 Rupees
Land	633,133,851	256,141,683	3,786,114	885,489,420	–	847,864	–	847,864	884,641,556	633,133,851
Buildings (c)	415,305,643	24,510,182	1,577,414	438,238,411	61,673,389	7,370,321	1,293,649	67,750,061	370,488,350	353,632,254
Ships (d)	787,696,083	96,222,490	2,606,941	881,311,632	169,994,330	46,068,138	–	216,062,468	665,249,164	617,701,753
Motor Trucks	1,221,216,732	64,078,503	46,356,616	1,238,938,619	627,972,680	160,278,995	43,871,214	744,380,461	494,558,158	593,244,052
Vehicles	88,174,878	22,248,881	16,731,564	93,692,195	24,377,226	8,498,079	7,205,487	25,669,818	68,022,377	63,797,652
Plant and Machinery	591,712,427	12,614,444	2,052,287	602,274,584	94,139,824	33,494,251	1,585,225	126,048,850	476,225,734	497,572,603
Computers	143,441,679	74,713,876	7,852,342	210,303,213	72,489,948	23,839,618	6,259,234	90,070,332	120,232,881	70,951,731
Containers	130,007,561	5,564,561	–	135,572,122	12,762,917	6,320,098	–	19,083,015	116,489,107	117,244,644
Furniture & Fittings	101,996,870	13,596,088	1,980,954	113,612,004	44,997,681	7,564,404	981,849	51,580,236	62,031,768	56,999,189
Office Equipments	53,416,302	8,369,857	183,777	61,602,382	22,369,295	4,320,797	33,945	26,656,147	34,946,235	31,047,007
Weighing Scales & Chain Pulley	3,668,266	958,976	–	4,627,242	1,588,267	185,269	–	1,773,536	2,853,706	2,079,999
Capital Work -in-Progress	53,172,326	118,831,142	52,631,487	119,371,981	–	–	–	–	119,371,981	53,172,326
Assets on Lease: Motor Trucks	373,658	–	373,658	–	354,981	–	354,981	–	–	18,677
<b>Total</b>	<b>4,223,316,276</b>	<b>697,850,683</b>	<b>136,133,154</b>	<b>4,785,033,805</b>	<b>1,132,720,538</b>	<b>298,787,834</b>	<b>61,585,584</b>	<b>1,369,922,788</b>	<b>3,415,111,017</b>	<b>–</b>
<b>Previous Year</b>	<b>3,711,978,839</b>	<b>652,196,713</b>	<b>140,859,276</b>	<b>4,223,316,276</b>	<b>984,152,776</b>	<b>233,221,894</b>	<b>84,654,132</b>	<b>1,132,720,538</b>	<b>–</b>	<b>3,090,595,738</b>

#### NOTES:

- (a) A part of the Land & Buildings were revalued during the year ended 31st March 1999 and the resultant increase in the value of assets by Rs 144,985,578 and Rs 1,006,193 respectively aggregating Rs 145,991,771 was transferred to Capital Reserve.
- (b) Depreciation for the year includes Rs 37,976 in respect of the above revaluations.
- (c) Buildings include those on leasehold land.
- (d) i) Additions to ships include Rs 6,140,475 on account of exchange rate difference on repayment of related foreign currency loans during the year and Rs 56,207,953 on restatement of the said loans.
- ii) Deductions to ships of Rs 2,606,941 is on account of reversal of exchange gain accounted during the year ended 31st March 2008 by debit to General Reserve (refer note 4 on schedule 23)

	Quantity Nos.	31st March 2009 Rupees	31st March 2008 Rupees
<b>7 INVESTMENTS (At Cost)</b>			
<b>Long Term Investments</b>			
<b>Trade :</b>			
Fully Paid Equity Shares of Joint Stock Companies:			
<b>Unquoted -</b>			
XPS Cargo Services Ltd of Rs 10 each	300,000	3,000,000	3,000,000
Etralog.com Solutions Ltd. of Rs 10 each	25,000	250,000	–
Bhoruka International Pvt. Ltd. of Rs 10 each	20,000	200,000	–
		<b>3,450,000</b>	<b>3,000,000</b>

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	Quantity Nos.	31st March 2009 Rupees	31st March 2008 Rupees
<b>7 INVESTMENTS (At Cost) (Contd.)</b>			
<b>Non-Trade :</b>			
<b>Quoted -</b>			
Canara Bank of Rs 10 each (Sold during the year)	3,500	–	122,500
Bhoruka Gases Ltd. of Rs 2 each (Sold during the year)	10,936	–	289,132
Infosys Technologies Ltd. of Rs 5 each	2,400	3,704,039	3,704,039
Reliance Industries Ltd. of Rs 10 each (300 shares acquired and 1400 shares sold during the year)	1,300	1,720,233	4,128,559
Reliance Petroleum Ltd. of Rs 10 each (12,000 shares sold during the year)	13,000	1,032,537	1,985,648
Edelweiss Capital Ltd of Rs 10 each	982	1,243,342	1,243,342
<b>Mutual Funds' Units:</b>			
UTI Balanced Fund	3,105	67,655	67,655
6.75% Tax Free US 64 Bonds of UTI of Rs 100 each (redeemed on maturity during the year)	43,221	–	4,322,100
JM Basic Fund	149,753	5,000,000	5,000,000
SBI Magnum Equity Fund	148,368	5,000,000	5,000,000
ICICI Prudential Infrastructure Fund	280,426	5,000,000	5,000,000
Reliance Diversified Power Sector Fund	98,985	5,000,000	5,000,000
		<b>27,767,806</b>	<b>35,862,975</b>
Share Application Money (pending allotment)		1,334,358	41,800,000
		<b>32,552,164</b>	<b>80,662,975</b>
Market value of quoted investments		15,329,815	35,341,151
Note : The diminution in the market value of quoted investments is considered temporary.			
<b>Investments acquired and sold during the year:</b>			
<b>Mutual Funds' Units - Quoted:</b>			
LIC Mutual Fund Liquid Fund	194,500,000	1,945,000,000	–
Reliance Mutual Fund - Money Manager Fund	199,864	200,000,000	–
SBI Liquid Fund Liquid Plus	14,992,504	150,000,000	–
<b>Fully Paid Equity Shares - Quoted</b>			
Gati Limited	596	20,925	–

<b>8 INVENTORIES (As taken, valued and certified by the Management)</b>		
<b>At lower of cost and net realisable value</b>		
Diesel and Petrol	1,802,990	1,417,620
Motor Parts, Lubricants and Others	254,035	87,115
Ship fuels & consumables	7,441,107	8,687,285
	<b>9,498,132</b>	<b>10,192,020</b>



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	31st March 2009 Rupees	31st March 2008 Rupees
<b>9   SUNDRY DEBTORS (Unsecured)</b>		
Outstanding for more than six months -		
Considered Good	80,174,791	75,712,165
Considered Doubtful	7,646,603	–
<b>Others - Considered Good</b>	2,053,084,497	1,883,055,780
	2,140,905,891	1,958,767,945
Less: Provisions for bad and doubtful debts	(7,646,603)	–
	<b>2,133,259,288</b>	<b>1,958,767,945</b>
<b>10   CASH AND BANK BALANCES</b>		
Cash in Hand	2,126,786	729,820
Cash and Cheques in Transit	–	4,784,136
With Scheduled Banks :		
In Current Accounts	122,599,934	44,905,390
In Deposit Accounts (a)	76,840,378	164,366,877
In Unpaid Dividend Accounts	4,317,271	4,263,213
With Other Banks :		
In Current Accounts	79,445,799	25,938,422
	<b>285,330,168</b>	<b>244,987,858</b>
a) Some of the fixed deposit receipts are deposited with Banks against borrowings and guarantees issued.		
<b>11   LOANS AND ADVANCES (Unsecured-considered good)</b>		
Loans	54,433,692	30,000,000
Advances recoverable in cash or in kind or for value to be received	114,376,757	88,855,076
Advances and Deposits with Landlords	84,997,134	82,368,157
Deposits with Others	68,886,987	84,192,762
Advances for Capital Expenditure	31,863,670	83,691,154
Tax Deducted at Source	414,794,175	264,372,518
	<b>769,352,415</b>	<b>633,479,667</b>
Due from Officers of the Company	5,176,626	3,767,789
Maximum Due During the Year	5,644,062	4,508,689
<b>Loans and Advances due from Associate Companies</b>	<b>Amount outstanding Rupees</b>	<b>Maximum balance during the year Rupees</b>
XPS Cargo Services Ltd.	12,874,500	12,874,500
TCI India Ltd.	–	2,000,000
TCI Distribution Centres Ltd.	46,416,809	46,416,809
<b>12   LIABILITIES</b>		
Sundry Creditors	366,425,804	253,883,769
Customers' Credit Balances	13,247,535	24,117,480
Overdrawn Bank Balances	1,083,137	5,639,107
Other Liabilities	41,217,992	30,373,465
Due to Directors	368,000	405,858
Interest Accrued on Loans	13,333,838	17,243,817
Sundry Deposits	33,566,039	27,390,606
Unpaid/Unclaimed Dividend	4,317,269	4,263,211
	<b>473,559,614</b>	<b>363,317,313</b>

There are no amounts due and outstanding to be credited to the Investor Education & Protection Fund

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	31st March 2009 Rupees	31st March 2008 Rupees
<b>13 PROVISIONS</b>		
Taxation (Net of payments)	224,725,554	134,640,293
Gratuity	7,112,391	5,379,410
Derivative Contracts	40,000,000	–
Leave Encashment	15,165,071	14,058,059
Proposed Dividend	70,322,333	21,751,692
Tax on Dividend	7,726,510	3,696,700
	<b>365,051,859</b>	<b>179,526,154</b>

<b>14 FREIGHT</b>		
Freight, Miscellaneous Charges etc. (a)	11,956,116,578	11,283,979,097
(Tax Deducted Rs 175,542,381 Previous Year Rs 143,138,501)		
Shipping Freight and Charter Hire	811,849,493	598,010,691
(Tax Deducted Rs 2,616,305 Previous Year Rs 8,790,714)		
	<b>12,767,966,071</b>	<b>11,881,989,788</b>

(a) Includes Demurrage Rs 28,485,538 (Previous Year Rs 26,766,006)

<b>15 SALES &amp; SERVICES</b>		
Sales	306,456,887	314,900,642
(Including sale of carbon credits Rs Nil - Previous year Rs 10,255,631)		
Logistics and Other Services( Tax Deducted Rs 13,348,115 - Previous year Rs 9,658,864)	432,054,618	229,389,163
Clearing and Forwarding Services	5,632,369	–
Bus Operations	517,890	501,670
Commission	–	1,464,954
	<b>744,661,764</b>	<b>546,256,429</b>

<b>16 OTHER INCOME</b>		
Rent (Tax deducted Rs 6,320,129 Previous Year Rs 4,662,286) (a)	35,072,183	25,274,768
Dividend on Investments		
Long Term	12,069,948	4,978,063
Short Term	2,039,164	–
Miscellaneous Income (Tax deducted Rs 3,000 Previous year - Nil)	6,373,051	7,952,574
Profit on Sale of Investments (Net)		
Long Term	177,366	550,076
Short Term	1,811	–
Unspent Liabilities/Excess Provisions written back	12,603,136	1,373,454
Bad Debts and Irrecoverable Balances written off in earlier years, realised	1,791,299	2,023,493
	<b>70,127,958</b>	<b>42,152,428</b>

(a) Includes for earlier years Rs 200,488 (Previous year Rs 197,109)

<b>17 COST OF GOODS SOLD</b>		
Purchases	230,545,743	218,954,944
Add: Decrease/(Increase) in Closing Stock	(552,290)	(174,282)
	<b>229,993,453</b>	<b>218,780,662</b>



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	31st March 2009 Rupees	31st March 2008 Rupees
<b>18   OPERATING EXPENSES</b>		
Freight	8,596,998,175	8,075,658,103
Vehicles' Trip Expenses	1,003,022,559	976,618,305
Tyres & Tubes etc.	50,037,558	56,627,407
Other Expenses	319,720,522	268,116,166
Claims for loss & damages (Net)	17,505,026	16,558,222
Commission	8,245,183	9,040,558
Vehicles' Taxes	43,483,559	39,580,105
Vehicles' and Ship Insurance	21,244,892	21,456,050
Power, Fuel and Water Charges	116,802,571	93,076,144
Stores & Spare Parts Consumed	32,330,992	28,315,916
Port and Survey Expenses	23,505,113	26,865,102
Stevedoring and Cargo Expenses	120,546,860	92,517,811
Wages, Bonus and Other Expenses - Floating Staff	92,912,000	74,252,257
Contribution to Provident & Other Funds -Floating Staff	381,932	233,516
Clearing and Forwarding Expenses	11,601,254	–
	<b>10,458,338,196</b>	<b>9,778,915,662</b>

<b>19   PERSONNEL EXPENSES</b>		
Salaries, Wages & Bonus	538,488,019	488,471,030
Gratuity	13,828,331	6,300,000
Contribution to Provident & Other Funds	42,703,758	36,631,523
Contribution to Employees' State Insurance	12,246,454	6,739,330
Staff Welfare & Development Expenses	89,412,717	68,600,006
	<b>696,679,279</b>	<b>606,741,889</b>

<b>20   ADMINISTRATIVE EXPENSES</b>		
Rent (a)	225,400,338	146,770,848
Rates and Taxes	7,176,546	6,466,716
Insurance	5,063,510	5,644,359
Telephone Expenses	63,039,980	75,566,404
Printing and Stationery	32,243,193	47,652,824
Travelling Expenses	107,796,686	105,937,542
Legal Expenses	11,180,678	7,196,035
Postage and Telegram	6,498,175	6,605,847
Electricity Expenses	28,381,444	27,606,043
Bank Charges	16,791,252	11,538,146
Advertisement Expenses	7,925,443	9,835,174
Miscellaneous Expenses (b)	219,335,102	209,087,213

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	31st March 2009 Rupees	31st March 2008 Rupees
<b>20 ADMINISTRATIVE EXPENSES (Contd.)</b>		
Remuneration to Directors		
Salaries	21,308,871	16,200,000
Commission	12,179,040	12,750,000
Fees	335,000	256,000
Remuneration to Auditors		
Audit fees	1,224,147	682,790
Tax audit fees	215,129	223,743
Other Services	–	17,150
Sales Tax (Net)	58,849	22,757
Lease Rent Payments	2,972,609	2,146,759
Bad Debts and Irrecoverable Balances Written Off (Net) (c)	31,009,120	7,934,634
Agricultural Expenses (Net)	221,997	152,264
Charity & Donations	2,384,298	4,399,643
Loss on sale/discard of Fixed Assets (Net)	527,263	1,858,393
Exchange Rate Difference (Net)	(17,260,087)	4,718,378
Preliminary Expenses	573,883	–
	<b>786,582,466</b>	<b>711,269,662</b>

(a) Includes for earlier years Rs 158,500 (Previous year - Rs Nil)

(b) Includes Rs 1,200,000 to a director for services of a professional nature (Previous Year Rs 720,000 )

(c ) Includes provisions Rs 7,646,603 (Previous year - Rs Nil)

<b>21 REPAIRS &amp; MAINTENANCE EXPENSES</b>		
Motor Trucks	135,220,906	114,701,493
Other Vehicles	27,135,654	24,547,627
Ships	31,395,992	15,398,181
Dry Docking Expenses	69,624,532	62,846,887
Plant & Machinery	19,995,923	5,988,632
Computers	20,850,606	15,857,507
Buildings (a)	14,492,605	15,232,068
	<b>318,716,218</b>	<b>254,572,395</b>

(a) Includes for earlier years Rs Nil (Previous year - Rs 103,931)

<b>22 INTEREST</b>		
Fixed Loans (a)	120,860,339	114,985,302
Fixed Deposits	447,082	2,089,356
Others	140,983,240	68,228,527
	<b>262,290,661</b>	<b>185,303,185</b>
Less: Interest Recieved (Tax deducted Rs 2,197,546 Previous year Rs 1,831,048)	(19,587,492)	(15,601,823)
	<b>242,703,169</b>	<b>169,701,362</b>

(a) net of Rs 3,000,000 received on interest rate swap coupon settlement (Previous year - Rs 1,495,890)





## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### 23 CONSOLIDATED NOTES ON ACCOUNTS

1. The Consolidated Financial Statements include results of all the subsidiary and joint ventures of Transport Corporation of India Limited.

Sl.	Name of the Company	Country of Incorporation	% Shareholding	Consolidated as
1	Ann-Sofie Scan ApS	Denmark	50%	Joint Venture
2	Transsystem Logistics International Pvt. Ltd.	India	49%	Joint venture
3	PT. TCI Global	Indonesia	100%	Subsidiary
4	TCI Global (HKG) Ltd.	Hong Kong	100%	Subsidiary
5	TCI Global (Thailand) Co. Ltd.	Thailand	100%	Subsidiary
6	TCI Global Pte Ltd.	Singapore	100%	Subsidiary
7	TCI Global Logistik Gmbh	Germany	100%	Subsidiary
8	TCI Holdings Netherlands B. V.	Netherlands	100%	Subsidiary
9	TCI Global (Sanghai) Co. Ltd.	China	100%	Subsidiary
10	Transport Co of India (Mauritius) Ltd.	Mauritius	100%	Subsidiary
11	TCI Developers Ltd.	India	100%	Subsidiary
12	TCI Infrastructure Ltd.	India	100%	Subsidiary
13	TCI Properties (Pune) Ltd.	India	100%	Subsidiary
14	TCI Properties (West) Ltd.	India	60.14%	Subsidiary
15	TCI Global Netherlands B.V.	Netherlands	100%	Subsidiary of a Subsidiary

- a. The financial statements of these companies are for the period as under:

Sl.	Name of the Company	Period		Remarks
		From	To	
1	Ann-Sofie Scan ApS	1st January 2008	31st December 2008	Financial year of the Company
2	Transsystem Logistics International Pvt. Ltd.	1st April 2008	31st March 2009	
3	PT. TCI Global	1st April 2008	31st March 2009	
4	TCI Global (HKG) Ltd.	21st February 2007	31st March 2009	First financial year of the Company
5	TCI Global (Thailand) Co. Ltd.	25th July 2008	31st March 2009	First financial year of the Company
6	TCI Global Pte Ltd.	1st April 2008	31st March 2009	
7	TCI Global Logistik GmbH	11th September 2008	31st March 2009	First financial year of the Company
8	TCI Holdings Netherlands B. V.	29th October 2008	31st March 2009	First financial year of the Company
9	TCI Global (Sanghai) Co. Ltd.	13th November 2008	31st March 2009	First financial year of the Company
10	Transport Co of India (Mauritius) Ltd.	19th February 2009	31st March 2009	First financial year of the Company
11	TCI Developers Ltd.	14th May 2008	31st March 2009	First financial year of the Company
12	TCI Infrastructure Ltd.	15th May 2008	31st March 2009	First financial year of the Company
13	TCI Properties (Pune) Ltd.	10th November 2008	31st March 2009	First financial year of the Company
14	TCI Properties (West) Ltd.	1st April 2008	31st March 2009	
15	TCI Global Netherlands B.V.	27th February 2009	31st March 2009	First financial year of the Company

- b. The consolidated financial statements have been prepared on the following principles:

- In respect of Subsidiary Companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits/ losses on intra-group transactions as per Accounting Standard – AS 21 “Consolidated Financial Statements”
- In case of Joint Venture Companies, the financial statements have been consolidated considering the interest in the joint ventures using proportionate consolidation method as per Accounting Standard – AS 27 “Financial Reporting of Interests in Joint Ventures”

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### 23 NOTES ON ACCOUNTS (Contd.)

- c. In case of foreign subsidiary and joint venture, being Non-Integral Foreign Operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rate prevailing at the end of the year. Any exchange difference arising on consolidation is recognised as "Exchange Difference on Consolidation".
- d. The excess of cost to the Company of its investment in subsidiary and joint venture companies is recognised in the financial statements as Goodwill, which is tested for impairment on every Balance Sheet date. The excess of Company's share of equity and reserves of the subsidiary and joint venture companies over the cost of acquisition is treated as Capital Reserve.

#### 2. Total Remuneration to Directors:

	2008-09 Rupees	2007-08 Rupees
Salaries	21,308,871	16,200,000
Commission	11,250,000	12,750,000
Money Value of perquisites	11,318,699	8,543,554
Contribution to Provident / Superannuation Funds	2,401,064	1,800,000
Directors' Fees	335,000	256,000

#### 3. Computation of net profit in accordance with Section 309 (5) of the Companies Act, 1956

Profit before tax	510,993,154	497,233,095
Add:		
Depreciation as per accounts	298,749,858	233,183,918
Directors' Remuneration	46,613,634	39,549,554
	345,363,492	272,733,472
	856,356,646	769,966,567
Less:		
Depreciation under section 350	298,749,858	260,804,895
Capital profit on sale of assets	4,172,737	–
Capital profit on sale of Investments	179,177	550,076
	303,101,772	261,354,971
Net Profit computed in accordance with section 309 (5)	553,254,874	508,611,596
Commission payable to:		
Managing Director – 2%	11,065,097	10,172,232
Executive Directors -- 1% each	11,065,097	5,086,116
Non Executive Directors – 0.5%	2,766,274	2,543,058
Restricted to:		
Managing Director	5,000,000	7,500,000
Executive Directors	5,000,000	4,000,000
Non Executive Directors	1,250,000	1,250,000

The above does not include contribution to gratuity fund and provision for encashable leave, which is actuarially calculated on an overall basis.

4. In terms of amendments notified on 31st March 2009 to Accounting Standard 11 (AS 11), the effect of exchange loss of Rs 61.40 lacs on repayment of foreign currency borrowings during the year and of Rs 562.08 lacs on restatement of such borrowings relating to acquisition of depreciable capital asset has been accounted by addition to the cost of depreciable assets to be depreciated over the balance life of the assets. The exchange gain of Rs 26.07 lacs credited to the Profit and Loss Account during the year ended 31st March 2008 has been reversed and adjusted to asset account by debit to the General Reserve. In other cases exchange loss of Rs 102.76 lacs (net of Rs 51.38



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### 23 | NOTES ON ACCOUNTS (Contd.)

lacs amortised during the year) has been accumulated in a Foreign Currency Monetary Item Translation Difference Account to be amortised not beyond 31st March 2011.

As a result of the above change in the accounting policy, net profit after tax is higher by Rs 635.38 lacs and fixed assets are higher by Rs 567.54 lacs.

5. 'Mark-to-Market' losses on the derivative instruments outstanding at 31st March 2009 all maturing in September 2009, aggregate to Rs 854 lacs (Rs 599.32 lacs as on 20th May 2009). There are uncertainties involved in the fluctuating exchange rate and the actual gain/ loss would be determined only on settlement of the relevant contract. A sum of Rs 400 lacs has been provided for possible losses in this behalf and charged to the Profit and Loss Account as an exceptional item. Actual gain/ loss on maturity would be accounted for on settlement.
6. The net depreciation charged for the year is arrived at as follows:

	31st March 2009 Rupees	31st March 2008 Rupees
Depreciation for the year	298,787,834	260,842,871
Deduct:		
Excess depreciation charged in earlier years in the TCI Seaways Division	—	27,620,977
Transfer from Capital Reserve on account of depreciation provided on revalued amount	37,976	37,976
Net depreciation charged in Profit & Loss Account	298,749,858	233,183,918

### 7. Related party disclosures

<b>a. List of related parties:</b>	
<b>i. Key Management Personnel:</b>	
• Mr D. P. Agarwal	• Mr Vineet Agarwal
• Mr Chander Agarwal	• Mr K Prabhakar
<b>ii. Relatives of Key Management Personnel:</b>	
• Mrs Urmila Agarwal (Wife of Mr D. P. Agarwal)	• Mr Ashok Agarwal (Brother of Mr D. P. Agarwal)
• Mrs Priyanka Agarwal (Wife of Mr Vineet Agarwal)	• Mrs Chandrima Agarwal (Wife of Mr Chander Agarwal)
<b>iii. Associates:</b>	
• TCI Global Logistics Ltd	• TCI Exim Pvt. Ltd.
• Bhoruka Finance Corporation of India Ltd	• XPS Cargo Services Ltd
• TCI Industries Ltd	• Etrallog.com Solutions Ltd.
• Bhoruka International Pvt. Ltd	• TCI India Ltd
• TCI Express Pte. Ltd	• TCI Distribution Centres Ltd.

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### 23 NOTES ON ACCOUNTS (Contd.)

#### b. Transactions with related parties:

Nature of Transaction	Nature of Relation	Rupees	
Transactions during the year:		2008-09	2007-08
<b>Income:</b>			
Freight Income	Associates	4,673	12,345
Interest Income	Associates	5,240,080	–
<b>Expenditure:</b>			
Freight Expenses	Associates	24,000	22,435,835
Fuel Purchases	Associates	79,040,286	66,231,861
Rent Paid	Associates	12,992,794	8,558,000
	Relatives of Key Management Personnel	630,000	600,000
Interest Paid	Associates	325,682	183,986
Salary & Perquisites	Relatives of Key Management Personnel	930,480	1,781,548
Remuneration and Commission	Key Management Personnel	45,028,634	38,043,554
<b>Finance &amp; Investment:</b>			
Share Application Money Given	Associates	1,334,358	41,800,000
Refund of Share Application Money Given	Associates	41,800,000	–
Loans Given	Associates	52,092,013	–
Refund of Loans Given	Associates	5,000,000	–
Loans Taken	Associates	12,500,000	21,500,000
Refund of Loans Taken	Associates	16,567,710	17,500,000
Advances/ Deposits Given	Associates	1,927,500	8,020,000
Refund of Advances/ Deposits Given	Associates	–	4,000,000
Advances/ Deposits Taken	Key Management Personnel	253,961	–
Refund of Advances/ Deposits Taken	Key Management Personnel	284,579	114,977
Sale of Fixed Assets	Associates	–	27,547
Purchase of Fixed Assets	Associates	–	10,700,000
<b>Balances as at the year end:</b>		<b>31st March 2009</b>	<b>31st March 2008</b>
<b>Assets:</b>			
Investments Made	Associates	3,450,000	3,000,000
Loans Given	Associates	47,092,013	–
Share Application Money Given	Associates	1,334,358	41,800,000
Advances/ Deposits Given	Associates	12,883,500	10,947,000
	Relatives of Key Management Personnel	240,000	240,000
<b>Liabilities:</b>			
Loans Taken	Associates	–	4,067,710
Trade Payables	Associates	1,925,939	1,757,401
Advances/ Deposits Taken	Key Management Personnel	322,983	353,601
Interest Payable	Associates	–	74,585



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### 23 NOTES ON ACCOUNTS (Contd.)

#### 8. Segment Information

	Divisions	Rupees in millions	
		2008-09	2007-08
<b>Revenue</b>			
Segment Revenue	Freight Division	6939.14	6570.51
	XPS Division	3469.68	3224.42
	Supply Chain Solutions Division	2026.39	1824.74
	Seaways Division	819.77	627.06
	Wind Power Division	72.67	92.39
	Global Division	106.33	–
	Trading Division	233.79	222.51
	Real Estate Division	1.03	1.00
		13668.80	12562.63
	Less: Inter Segment Revenue	(103.41)	(98.50)
Net Income from Operations		13565.39	12464.13
Segment Results	Freight Division	243.16	212.19
	XPS Division	240.09	204.85
	Supply Chain Solutions Division	127.58	105.85
	Seaways Division	164.17	100.55
	Wind Power Division	31.63	63.11
	Global Division	(9.37)	–
	Trading Division	3.02	2.93
	Real Estate Division	(1.26)	(0.75)
Unallocated Corporate Income net of			
Unallocated Corporate Expenses		(45.33)	(21.80)
Interest Expenses (net of income)		(242.70)	(169.70)
Profit Before Tax		510.99	497.23
<b>Other Information</b>			
Segment Assets	Freight Division	1451.65	1400.94
	XPS Division	859.46	852.38
	Supply Chain Solutions Division	877.96	882.29
	Seaways Division	975.11	921.43
	Wind Power Division	479.36	487.72
	Global Division	40.09	–
	Trading Division	2.46	2.00
	Real Estate Division	327.67	418.09
	Unallocated Corporate Assets	1496.90	911.02
Total Assets		6510.66	5875.87
Segment Liabilities	Freight Division	124.12	143.19
	XPS Division	66.60	60.85
	Supply Chain Solutions Division	167.19	122.68
	Seaways Division	53.29	33.99
	Wind Power Division	15.64	3.31
	Global Division	20.08	–
	Trading Division	0.76	0.67
	Real Estate Division	–	–
	Unallocated Corporate Liabilities	390.93	178.15
Total Liabilities		838.61	542.84

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### 23 NOTES ON ACCOUNTS (Contd.)

	Divisions	Rupees in millions	
		2008-09	2007-08
Capital Expenditure	Freight Division	249.90	113.72
	XPS Division	98.30	58.17
	Supply Chain Solutions Division	33.72	179.00
	Seaways Division	102.92	204.14
	Wind Power Division	–	–
	Global Division	1.90	–
	Trading Division	–	0.01
	Real Estate Division	–	11.43
	Unallocated Capital Expenditure	158.48	39.66
Total Capital Expenditure		645.22	606.13
Depreciation	Freight Division	47.13	37.02
	XPS Division	47.05	42.68
	Supply Chain Solutions Division	120.51	110.29
	Seaways Division	53.54	13.85
	Wind Power Division	27.47	27.47
	Global Division	0.12	–
	Trading Division	0.01	–
	Real Estate Division	1.85	1.75
	Unallocated Depreciation	1.07	0.12
Total Depreciation		298.75	233.18

The Company operates mainly in India and therefore there are no separate geographical segments.

#### 9. Earning per share

Particulars	2008-09	2007-08
No. of Equity Shares	72,505,640	72,505,640
Net Profit after tax (Rupees)	332,627,326	329,136,426
Basic/Diluted Earning per Share of Rs 2/- each (Rupees)	4.59	4.54

10. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 44.95 million.

11. In respect of assets taken under non-cancelable operating lease, the future minimum lease payments as on 31st March 2009 are:

Particulars	(Amount in Rupees)
i) Not later than one year	2,349,491
ii) Later than one year and not later than five years	302,680
iii) Later than five years	327,409
<b>Total</b>	<b>2,979,580</b>



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### 23 NOTES ON ACCOUNTS (Contd.)

12. In respect of assets given under non-cancelable operating lease, the future minimum lease payments, as on 31st March 2009 is Nil.

13. Contingent liability not provided for in respect of:

Particulars	Rupees in millions	
	31st March 2009	31st March 2008
a) Trade Tax/ Octroi/ Duty/ ESI and other demands under dispute	22.28	17.98
b) Guarantees and Counter Guarantees Outstanding	132.40	119.29
c) Income Tax demands under dispute	111.40	110.74

14. In accordance with Accounting Standard (AS 15) "Employee Benefits", adequate provisions have been made in the accounts and there is no further liability expected on this account.

15. Previous year's figures have been regrouped/ rearranged wherever considered necessary.

### ACCOUNTING POLICIES:

#### 1. Recognition of Income and Expenditure:

- Income and expenditure are generally recognised on accrual basis in accordance with the applicable accounting standards and provision is made for all known losses and liabilities.
- Freight income is accounted when goods are delivered by the Company to customers, except in case of the Seaways Division where freight income is accounted when the ship sails out of the port.
- Freight expenses are accounted when hired vehicles deliver goods to the Company at destination.
- Having regard to the size of operations and the nature and complexities of the Company's business, freight received/paid in advance is accounted as income/expense on payment.
- Year-end liability in respect of claims for loss and damages is provided as calculated by claims recovery agents except in case of the Seaways Division where such liability is provided as calculated by the Company's claim department.

#### 2. Gratuity:

A provision for gratuity liability to employees is made on the basis of actuarial valuation and paid to the approved Gratuity Fund.

#### 3. Depreciation:

Depreciation is provided on straight-line method at rates specified in schedule XIV to the Companies Act, 1956 except for pallets and bins included under plant and machinery, the cost whereof are amortised over a period of five years from the date of purchase. Depreciation on additions/ deductions is calculated pro-rata from / to the month of addition / deduction. Individual assets whose actual cost does not exceed Rs 5,000, except pallets and bins, are fully depreciated in the year of purchase.

#### 4. Fixed Assets:

- Fixed Assets are stated at cost and/or at revaluation.
- Depreciation on the amount added to Fixed Assets on revaluation is adjusted by transfer of equivalent amount from capital reserve created on revaluation of fixed assets to Profit and Loss Account.

#### 5. Investments

Investments are stated at cost.

#### 6. Inventories:

Inventories are valued at lower of cost and net realisable value.

#### 7. Foreign Exchange Transactions:

- All transactions in foreign currency are recorded at the rate of exchange prevailing on the dates when the relevant transactions take place.

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### 23 | NOTES ON ACCOUNTS (Contd.)

- b. Monetary items in foreign currency at the year end are converted in Indian currency at the year end rates. In terms of the amendments to Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long-term monetary items are dealt with in the following manner :
  - i. Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/deducted from the cost of the asset and depreciated over the balance life of the asset.
  - ii. In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance life of the long-term monetary item, not beyond 31st March 2011.
- c. Any income or expense on account of exchange difference either on settlement or translation is recognised in the profit and loss account.
- d. In respect of Forward Exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and exchange rate at the inception of the contract is recognised as income or expense over the life of the contract.

#### 8. Taxation:

Provision for tax is made for both current and deferred taxes. Provision for current income tax is made on the current tax rates based on assessable income. Provision for current income tax on income from shipping activities is made on the basis of deemed tonnage income of the Company.

The Company, except for its TCI Seaways division, provides for deferred tax based on the tax effect of timing differences resulting from the recognition of items in the accounts and in estimating its current tax provision. The effect on deferred taxes of a change in tax rate is recognised in the year in which the change is effected.

#### 9. Impairment of Assets:

The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired and if such indication exists, the carrying value of such asset is reduced to its recoverable amount and a provision is made for such impairment loss in the profit and loss account.

10. Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated portion of the companies. Recognising this purpose, the Company has disclosed only such Notes from the individual financial statements, which fairly present the needed disclosure.

11. Significant Accounting Policies followed by Subsidiaries and Joint Ventures, to the extent, different and unique from parent:

##### a) Transsystem Logistics International Private Limited

- i) Depreciation on fixed assets is provided on straight-line method over their expected useful life at the rates given below and is different from the rates prescribed under schedule XIV of the Companies Act, 1956

Assets	Rate % p.a.
Motor Trucks & Trailers	20.00
Plant & Machinery	10.00
Furniture & Fixtures	12.50
Office Equipments	16.67
Computers	25.00
Motor Cars & Scooters	20.00

- ii) Depreciation on buildings on lease-hold land has been provided over the period of lease or useful life of the assets whichever is less

##### b) Ann-Sofie Scan ApS:

- (i) Basis of Preparation:

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act.

- (ii) Corporation tax and deferred tax:

The Company is jointly taxed with its subsidiary Ann-Sofie Scan Shipping Limited. The group is subject to the rules of the Danish Tonnage Tax Act.





## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### 23 | NOTES ON ACCOUNTS (Contd.)

c) PT. TCI Global :

(i) Basis of preparation:

The financial statement is reported in conformity with generally accepted accounting principal in Indonesia.

(ii) Fixed Assets:

Fixed Assets are stated at cost less accumulated Depreciation, except for land. Depreciation on Fixed Assets other than land is calculated on straight- line method with estimated useful life as follows:

Office Supplies: 25% P.A.

Office Equipments: 25% P.A.

(iii) Deferred Tax:

The Company not doing deferred tax temporary differences between revenue and expenses for the purpose of commercial and tax.

d) TCI Global (Sanghai) Co. Ltd.

Depreciation method of fixed assets: The straight-line method is used in computing the depreciation of fixed assets, and the depreciation rate is computed according to the original value of fixed assets and the deduction of residual value as per expected service life.

e) TCI Global Pte. Ltd.

Depreciation is calculated on a straight-line method to write off the cost of the property, plant and equipment over their estimated useful lives at the following annual rates

Leasehold Property	–	60 years
Office Equipment	–	5 years
Computers	–	3 years
Renovation	–	5 years

f) Transport Co of India (Mauritius) Ltd.

The financial statements have been prepared on a historical basis except trade and other receivables at amortised costs.

g) TCI Holdings Netherlands B.V.

The financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code.

h) TCI Global (HKG) Ltd.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, that include Hong Kong Financial Reporting Standards (HKFRSs) and the requirements of the Hong Kong Companies Ordinance.

In terms of our Report of even date

for **R S Agarwala & Co.**  
Chartered Accountants

**R.S.Agarwala**  
Partner

Camp : Gurgaon  
Date: 21st May 2009

For and on behalf of the Board

**S. M. Datta**  
Director

**Vineet Agarwal**  
Executive Director

Place : Gurgaon  
Date: 21st May 2009

**O. Swaminatha Reddy**  
Director

**Chander Agarwal**  
Executive Director

**K. S. Mehta**  
Director

**A. K. Bansal**  
Group CFO &  
Company Secretary

**D. P. Agarwal**  
Vice Chairman &  
Managing Director

**N. K. Baranwal**  
Sr. VP-Group  
Accounts & Audit

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2009

Rs in lacs

	2008-09
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit before tax and exeptional items	5509.93
<b>Adjustments for :</b>	
Depreciation	2987.50
Loss (Profit) on sale of Fixed Assets	5.27
Loss(Profit) on sale of Investments	(1.79)
Lease Rent Payments	29.73
Interest Payments	2622.91
Interest Recieved	(195.87)
Dividend Income	(141.09)
	<u>5306.66</u>
Operating profit before Working Capital changes	10816.59
<b>Adjustments for:</b>	
Trade and Other Receivables	(1873.36)
Inventories	6.94
Trade Payables	1656.81
Cash Generation From operations	<u>10606.98</u>
Interest Paid	(2622.91)
Direct Taxes Paid/Refund received	(2396.91)
<b>Net Cash from Operating Activities</b>	<u>5587.16</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	(6452.20)
Sale of Fixed Assets	187.82
Purchase of Investments	(17.84)
Sale of Investments	500.74
Foreign Currency Translation Difference	(102.76)
Loss on Derivative Transactions	(400.00)
Payable against Derivative Transactions	400.00
Interest Recieved	195.87
Dividend Recieved	141.09
Lease Rent Payments	(29.73)
Loans and Advances	273.93
Decrease/ (Increase) in Preliminary Expenses to be written off	6.99
Increase/ (Decrease) of Capital Reserve on Consolidation	118.46
Increase/ (Decrease) of Minority Interest on Consolidation	172.15
<b>Net Cash from Investing Activities</b>	<u>(5005.48)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from Short Term Borrowings	1732.21
Repayment of Short Term Borrowings	(60.55)
Proceeds from Long Term Borrowings	(56.08)
Repayment of Long Term Borrowings	(1013.31)
Payment of Dividend	(703.26)
Payment of Dividend Tax	(77.27)
<b>Net Cash from Financing Activities</b>	<u>(178.26)</u>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalent (A+B+C)</b>	<u>403.42</u>
<b>Cash &amp; Cash Equivalent as on 31.03.2008</b>	<u>2449.88</u>
<b>Cash &amp; Cash Equivalent as on 31.03.2009</b>	<u>2853.30</u>

In terms of our Report of even date

For and on behalf of the Board

for **R S Agarwala & Co.**  
Chartered Accountants

**S. M. Datta**  
Director

**O. Swaminatha Reddy**  
Director

**K. S. Mehta**  
Director

**D. P. Agarwal**  
Vice Chairman &  
Managing Director

**R.S.Agarwala**  
Partner

**Vineet Agarwal**  
Executive Director

**Chander Agarwal**  
Executive Director

**A. K. Bansal**  
Group CFO &  
Company Secretary

**N. K. Baranwal**  
Sr. VP-Group  
Accounts & Audit

Camp : Gurgaon  
Date: 21st May 2009

Place : Gurgaon  
Date: 21st May 2009

# CORPORATE INFORMATION

## Board of Directors

Mr S. N. Agarwal  
Non-Executive Chairman

Mr S. M. Datta  
Non-Executive Independent Director

Mr O. Swaminatha Reddy  
Non-Executive Independent Director

Mr K. S. Mehta  
Non-Executive Independent Director

Mr R. V. Raghavan  
Non-Executive Independent Director

Mr D. P. Agarwal  
VC & MD, Executive Director

Mr M. P. Sarawagi  
Non-Executive Director

Mr Vineet Agarwal  
Executive Director

Mr Chander Agarwal  
Executive Director

Mr K. Prabhakar  
Wholetime Director

## Group CFO & Company Secretary

Mr A. K. Bansal

## Auditors

R. S. Agarwala & Co.  
Chartered Accountants

## Bankers

State Bank of India Limited

Standard Chartered Bank

HDFC Bank Limited

HSBC (Hongkong & Shanghai Banking Corporation Limited)

Citi Bank N.A.

## Corporate Office

TCI House, 69 Institutional Area,  
Sector-32, Gurgaon-122207 (Haryana) India.

Ph. No. (+91) (124) 2381603-607

Fax No. (+91) (124) 2381611

Email : corporate@tcil.com

Website: www.tcil.com

IDs for redressal of Investors Grievances :

ak.bansal@tcil.com & secretarial@tcil.com

## Registered Office Address

Flat No. 306-307, 1-8-271 to 273,

Third Floor, Ashoka Bhoopal Chambers,

S.P. Road, Secunderabad-500 003

Ph. No. (+91) (40) 2784-0104

Fax No. (+91) (40) 2784-0163

## Registrar & Share Transfer Agent

M/s Abhipra Capital Limited

Ground Floor, Abhipra Complex

Dilkhush Industrial Area,

A-387, G. T. Karnal Road,

Azadpur, Delhi-110033

Ph. No. (+91) (011) 4239-0708, 4239-0725, 4239-0909

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Corporate Office

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