

Corporate Office :

Giriraj Annexe Circuit House Road
HUBBALLI - 580 029 Karnataka State

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To
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

National Stock Exchange of India Limited
Exchange plaza, Plot No. C/1, G – Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051

Dear Sir / Madam,

Sub: Submission of Annual Report for the FY 2017-18

Ref: Scrip Codes: (BSE – 539118) (NSE – VRLLOG)

In accordance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we enclose herewith the Annual Report 2017-18 duly adopted by the Shareholders at the Annual General Meeting held on 11th August 2018.

You are requested to kindly take this on record.

For VRL LOGISTICS LIMITED



ANIRUDDHA PHADNAVIS
COMPANY SECRETARY AND COMPLIANCE OFFICER



Date: 22.08.2018

Place: Hubballi

ANNUAL REPORT
2017-18

OUR VISION

To become the Premier Company that cuts across various segments and emerges as the torchbearer of each segment that it ventures into

OUR MISSION

To provide the highest quality service to our customers by continuously increasing cost efficiency and maintaining delivery deadlines. To encourage our workforce to continuously strive for quality and excellence in everything they do. To promote team work and create work environment that encourages talent and brings out the best in our employees.

QUALITY POLICY

We are committed to provide quality logistics services consistently at reasonable price and to continuously improve the same to achieve customer delight on a sustained basis.

Hubballi Head Office



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DISCLAIMER

This Annual Report may contain certain forward looking statements about the Company. Although the Company believes its expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those predicted. These forward looking statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from those in such statements, certain of which are beyond the control of the Company including, among other things, changes in general economic conditions, exchange rate fluctuations, fuel price fluctuations, the impact of business conditions in the Indian market, including those related to competition, price controls and price reductions, exposure to environmental liability and the like.

COMPANY INFORMATION

BOARD OF DIRECTORS

Dr. Vijay Sankeshwar
Chairman and Managing Director

L R Bhat
Whole Time Director

J S Korlahalli
Independent Director

Shankarasa Ladwa
Independent Director

Anand Sankeshwar
Managing Director

Dr. Prabhakar Kore
Independent Director

Mrs. Medha Pawar
Independent Director

Dr. Raghottam Akamanchi
Non-executive Director

K N Umesh
Whole Time Director

C Karunakara Shetty
Independent Director

Dr. Anand Pandurangi
Independent Director

Dr. Ashok Shettar
Non-executive Director

Sunil Nalavadi
Chief Financial Officer

Aniruddha Phadnavis
Company Secretary & Compliance Officer

BOARD COMMITTEES

AUDIT & RISK MANAGEMENT COMMITTEE

Shankarasa Ladwa - Chairman
J S Korlahalli
C Karunakara Shetty
Mrs. Medha Pawar

FINANCE COMMITTEE

Dr. Vijay Sankeshwar - Chairman
Anand Sankeshwar
J S Korlahalli

STAKEHOLDERS RELATIONSHIP COMMITTEE

C Karunakara Shetty - Chairman
J S Korlahalli
Shankarasa Ladwa

NOMINATION & REMUNERATION COMMITTEE

J S Korlahalli - Chairman
C Karunakara Shetty
Dr. Anand Pandurangi
Dr. Ashok Shettar

CSR COMMITTEE

Dr. Prabhakar Kore - Chairman
Anand Sankeshwar
C Karunakara Shetty
Mrs. Medha Pawar

ADMINISTRATION COMMITTEE

Dr. Vijay Sankeshwar - Chairman
Anand Sankeshwar
Mrs. Medha Pawar
Dr. Raghottam Akamanchi

REGISTERED OFFICE

RS. No.351 /1, Varur, post Chabbi,
Taluk Hubballi, District Dharwad,
Hubballi - 581 207 (18th KM, NH 4,
Bengaluru Road, Varur), Karnataka
Phone: 0836-2237613,
Fax: 0836-2237614
E-mail: varurho@vrllogistics.com
Website: www.vrlgroup.in

AUDITORS

STATUTORY AUDITORS

M/s Walker, Chandiok & Co, LLP
Chartered Accountants
Mumbai

COST AUDITOR

M/s S K Tikare & Co,
Cost Accountants, Belgaum

BANKERS

SVC Co-Operative Bank Ltd.
Saraswat Co-operative Bank Ltd.
ICICI Bank Ltd.
HDFC Bank Ltd.
Kotak Mahindra Bank Ltd.
ING Vysya Bank Ltd.
Axis Bank
Yes Bank Ltd.

CORPORATE OFFICE

Giriraj Annexe, Circuit House Road
Hubballi - 580 029,
Karnataka
Phone: 0836-2237511
Fax: 0836-2256612
E-mail: headoffice@vrllogistics.com

SECRETARIAL AUDITOR

Mr. R Parthasarathi
Company Secretary
Bengaluru

LEGAL ADVISOR

R B Gadagkar
Advocate

REGISTRAR & TRANSFER AGENTS

Karvy Computer Share Private Ltd.
Karvy Selenium Tower B,
Plot No. 31 & 32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032



CHAIRMAN'S MESSAGE



Dear Shareholders,

The year gone by witnessed the implementation of GST as also many other related changes such as the E-waybill and the like. GST brought along many challenges procedurally and the entire business was affected for a short while in the aftermath of its implementation. Businesses are however now realizing the benefits and opportunity that GST presents. Volumes too have started picking up since the latter half of FY 2017-18. I still however maintain my opinion that the economy remains sluggish and no drastic improvement is expected in the near medium term.

Our team successfully addressed and handled the transition to GST and all our 1000 plus offices could effectively handle the implementation thereof. The in-house Information Technology team rose to the occasion and enabled its timely implementation. Our business performance too was satisfactory and it was encouraging to note the gradual growth in business volumes during the latter half of the year. I firmly believe that the GST presents enormous growth opportunity for our industry and I foresee many value added services that the Company can offer to the customers in the days to come.

The onset of this tax legislation could also present many distribution opportunities considering our vast network of offices across the country. Our distribution reach is one of the best in the country and we aim to monetize the same. We also aim to garner additional revenues over a period of time from our unmatched vehicle maintenance infrastructure as also our Information Technology capability. Towards this end we have also modified our Objects clause in the Memorandum of Association during the year and I thank the shareholders for supporting the resolution.

During the year gone by, we have also committed significant resources for infrastructure development. Owned infrastructure facilities enable better resource utilization, improved service levels to customers as also better material handling. Towards this end we are in the process of constructing our own facilities at Surat in Gujarat and Bellary in Karnataka. We are also purchasing an existing delivery office building at Mangaluru which is critical to enable us retain our customer base there. We have also signed up with Ashok Leyland for the purchase of 1200 high capacity trucks as also several other smaller vehicles for local pick up and delivery. This amply demonstrates our confidence in the future prospects of our Company and we remain enthused to take these on stream at the earliest.

The ever increasing fuel prices are hurting one and all in our industry. Given the daily variations in these, it is difficult to immediately pass on the incremental cost to the customers and we need to bear the burden of increased costs that affects our profitability margins. We have however shown resilience to such challenges and are prepared to meet these head on in the coming days. I also remain firm in my opinion that businesses would need to wait for a while to actually see the perceived benefits of GST becoming a reality. A lot depends on the sincerity and approach of the concerned regulators in implementing and monitoring it. In the long run though the same would definitely benefit the organized businesses. I foresee good times for all organized players in our industry and remain optimistic on the prospects of our Company.

Lastly, I wish to place on record my sincere appreciation of all our employees at all levels for their wholehearted dedication and efforts. I also thank all the stakeholders - Investors, Customers, Suppliers, Bankers, Government authorities, Regulators and the management team including the Co-Directors on the Board for their continued association with the Company and seek such continued support in the days to come.

Sincerely,

DR. VIJAY SANKESHWAR

CHAIRMAN & MANAGING DIRECTOR

DIRECTORS' REPORT

Dear Members,

Your directors are pleased to present the thirty fifth annual report of your Company together with the audited financial statements for the financial year ended March 31, 2018.

SUMMARY OF FINANCIAL RESULTS

(₹ in lakhs)

Particulars	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Total Income	1,93,655.07	1,81,238.33
Profit before Finance cost and Depreciation	24,846.44	22,748.13
Finance Costs	1,144.09	2,400.21
Depreciation & Amortization expense	9,763.42	9,817.85
Profit Before Tax	13,938.93	10,530.07
Tax Expense	4,682.51	3,482.81
Net Profit After Tax	9,256.42	7,047.26
Other comprehensive income	(186.01)	75.98
Total Comprehensive income	9070.41	7123.24
Basic& diluted Earning per Share (Rs.)	10.17	7.72

OPERATING HIGHLIGHTS / STATE OF COMPANY'S AFFAIRS

During the year under consideration, your Company had gross revenues of ₹ 1,93,655.07 lakhs as against ₹ 1,81,238.33 lakhs in previous year depicting a growth of 6.85% resulting in Profit before tax (PBT) of ₹ 13,938.93 lakhs as against the Profit before tax of ₹ 10,530.07 lakhs in the previous year depicting a growth rate of 32.37%.

While the Company's Goods Transport Division achieved a turnover of ₹ 1,51,722.15 lakhs registering a growth rate of 6.39% as compared to the previous year, Bus Operations division achieved a turnover of 35,870.88 lakhs registering a growth rate of 9.96%. A detailed financial performance analysis is provided in the Management Discussion & Analysis Report, which is part of this Annual Report.

SHARE CAPITAL

During the year under consideration, the paid up Capital has decreased from ₹ 9124.35 Lakhs to ₹ 9034.35 Lakhs due to buy-back of 9,00,000 Equity shares of ₹ 10 each (fully paidup) at an average price of ₹ 419.39/- per share from non-promoter shareholders.

The company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2018, none of the Directors of the company hold instruments convertible into equity shares of the Company.

BUYBACK OF SHARES

The Board of Directors of the Company at their meeting held on November 3, 2017 approved the buyback of its fully paid up Equity Shares for an aggregate amount not exceeding ₹ 4,140 Lakhs, ("Maximum Buy-back Size"), being 7.65% of the total paid up share capital and free reserves of the Company based on the audited financial statements of the Company as at March 31, 2017 (being the date of last audited financial statements of the Company), for a price not exceeding ₹ 460/- per Equity Share ("Maximum Buy-back Price") from the shareholders of the Company excluding promoters, promoter group, persons acting in concert and persons who are in control of the Company, payable in cash via the open market route through the stock exchanges, in accordance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended ("SEBI Buyback Regulations") and the Companies Act, 2013 and rules made thereunder, as amended (the process hereinafter referred to as the "Buy-back").

The Company completed the Buyback of 9,00,000 equity shares at an average price of ₹ 419.39/- per share on January 30, 2018. The outlay on account of buy-back was ₹ 3774.60/- Lakhs, which represented 91.17% of the amount earmarked for Maximum Buyback Size.

Accordingly, the Company also extinguished all 9,00,000 equity shares bought back within the stipulated timeframe under the governing regulations and also filed with Securities and Exchange Board of India (SEBI) and Stock Exchanges, a report of auditors confirming the extinguishment of shares as required under the extant provisions of the governing laws.

The details of the pre and post Buyback shareholding pattern of the Company are as follows:

Category of Shareholder	Pre Buy-back		Post Buy-back	
	Number of Shares	% to the existing Equity Share capital	Number of Shares	% to post Buy-back Equity Share capital
Promoters and promoter group	6,14,80,000	67.38	6,14,80,000	68.05
Foreign Investors (Including Non-Resident Indians, FIIs, FPIs, Foreign Mutual Funds, Foreign Nationals)	1,06,85,863	11.71	2,88,63,495	31.95
Financial Institutions/Banks, Mutual Funds promoted by Banks/ Institutions	1,05,95,633	11.62		
Others (Public, Bodies Corporate, etc.)	84,81,999	9.30		
Total	9,12,43,495	100	9,03,43,495	100

CHANGE IN THE NATURE OF BUSINESS

There is no change in nature of business of the Company. Your Company continues to be one of the leading Logistics service providers in the country. The service offering of the Company in the Logistics space are Goods transport, Passenger transport and Courier services apart from transport of passenger by Air and Wind Power Generation business. However, the company has passed necessary resolution for amendment of objects clause to facilitate undertaking allied business activities as mentioned herein after.

AMENDMENT TO THE MAIN OBJECTS OF MEMORANDUM OF ASSOCIATION

Your Board had approved the amendments to objects clause of Memorandum of Association of the Company, to facilitate the Company encash opportunities coming its way, at its Board meeting held on December 2, 2017 which was subject to approval of shareholders by special resolution. Amendment of main objects inter alia include the following:

- Distribution / dealership / transacting of vehicle spares and components and other products;
- Designing / Manufacturing truck / bus and other vehicle bodies and other works; and
- Providing logistics business solutions.

Shareholders have approved the said amendment by special resolution by postal ballot and details of voting pattern are provided in the Corporate Governance report which forms part of this Annual Report.

The company has also received approval from the Registrar of Companies for the amendment of objects clause.

CAPITAL EXPENDITURE:

During the Financial year 2017-18, the company has incurred a capital expenditure of ₹ 4733.65 lakhs. Out of the same, an amount of ₹ 1759.11 lakhs was invested on fleet addition and comprised of 50 long route Ashok Leyland vehicles as also other smaller vehicles for short haul apart from cars. Other capex components include the cost incurred on additions to Buildings, Plant & Equipment, Office Equipment, Leasehold Improvements and Furniture & Fittings. Apart from the same the Company has also extended substantial advances for purchase of properties at Mangaluru and Surat.

DIVIDEND:

During the Financial year 2017-18, no dividend was declared. The Board does not recommend any dividend for the year.

In compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("SEBI Listing Regulations"), the Dividend policy of the Company is available on the Company's website at http://vrlgroup.in/vrl_investor_desk.aspx?display=policies. A copy of the same is annexed to this Report as Annexure A.

TRANSFER OF UNPAID AND UNCLAIMED AMOUNT TO IEPF:

The Ministry of Corporate Affairs under Section 124 and 125 of the Companies Act, 2013 requires dividends that are not encashed/claimed by the shareholders for a period of seven consecutive years, to be transferred to the Investor Education and Protection Fund (IEPF).

During the year under consideration, no amount was due for transfer to IEPF in accordance with Section 125 of the Companies Act, 2013.

The details of unclaimed dividend and IPO share application money alongwith their due dates for transfer to IEPF is provided in the Corporate Governance Report which forms part of this Annual Report.

TRANSFER TO RESERVES:

The Company has transferred an amount of ₹ 925.64 lakhs to the General Reserve out of current year's profits in line with earlier years.

SUBSIDIARY COMPANIES:

The Company does not have any subsidiary.

FIXED DEPOSITS

The Company has not accepted any deposits during the year within the meaning of Section 73 of the Companies Act, 2013 and the rules made thereunder.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

Details of investments made by the company are given in the notes to the financial statements.

CREDIT RATING

ICRA Limited has upgraded the Long term rating of the Company from [ICRA] A- (pronounced as ICRA A Minus) to [ICRA] A (pronounced as ICRA A). The outlook on the long term rating has been revised from Stable to Positive.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of SEBI Listing Regulations read with Schedule V thereto, is presented in a separate section forming part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

Securities Exchange Board of India vide its notification no. SEBI/LAD-NRO/GN/2015-16/27 dated December 22, 2015 has amended the SEBI Listing Regulations whereby mandating top five hundred listed companies to include a report on business responsibility. The said report forms part of this Annual Report.

CORPORATE GOVERNANCE

The Company is committed to maintain the steady standards of corporate governance and adhere to the corporate governance requirements set out under extant law. The Report on corporate governance as stipulated under Regulation 34 of the SEBI Listing Regulations read with Schedule V thereto forms part of this Annual Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Regulations, as also the related certificate from CEO/ CFO are attached to the Report on Corporate Governance.

The auditors' certificate does not contain any qualification, reservation or adverse remarks.

BOARDS COMPOSITION AND INDEPENDENCE

The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations, which stipulates that the Board should have optimum combination of Executive and Non-executive Directors with at least one Woman Director and at least 50% of the Board should consist of Independent directors, as the Chairman of our Board is an Executive Director.

As on March 31, 2018, the Board comprised of twelve Directors. Out of these, two are Managing Directors who are also the Promoters of the Company and two are Whole Time Directors.

Of the eight Non-Executive Directors, six are Independent Directors. The Company has also appointed one Woman Director, who also is an independent Director. All the Directors possess the requisite qualifications, expertise and experience in general corporate management, finance, banking, laws and other allied fields enabling them to contribute effectively in their capacity as Directors of the Company.

None of the Directors of the Company are related to each other except Dr. Vijay Sankeshwar, Chairman & Managing Director (CMD) and Mr. Anand Sankeshwar, Managing Director (MD) who are related.

All Independent Directors have given due declarations that they meet the criteria of independence as laid down under section 149(7) of the Companies Act, 2013 and under extant provisions of the SEBI Listing Regulations.

NUMBER OF MEETINGS OF THE BOARD

During the year, five Board Meetings were held, details of which are provided in the Corporate Governance Report. The intervening gap between the Meetings was in compliance with the requirements stipulated under the provisions of the Companies Act, 2013.

COMMITTEES OF THE BOARD

The Board has the following committees:

- a. Audit and Risk Management Committee
- b. Nomination and Remuneration Committee
- c. CSR Committee
- d. Stakeholders Relationship Committee

- e. Administration Committee
- f. Finance Committee

Details such as terms of reference, powers, functions, meetings, membership of committee, attendance of directors etc. are dealt with in Corporate Governance Report forming part of this Annual report.

Board has accepted all recommendations made by the Audit and Risk Management Committee during the year.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Inductions

During the year under consideration, Mr. K N Umesh was appointed as a Whole Time Director, w.e.f May 19, 2017 and his appointment was subsequently confirmed by the members at the 34th Annual General Meeting of the Company. Mr. L R Bhat was appointed as a whole time director of the Company, at the AGM held on August 4, 2017.

b) Retirement/Re-appointment

Mr. K N Umesh, Whole time director and Dr. Raghottam Akamanchi, Non-Executive Director, retire by rotation and being eligible, offer themselves for reappointment. The Board recommends their appointment.

During the year under review Mr. Ramesh Shetty, Non-Executive Director, retired from the office of director at the 34th Annual General Meeting of the Company held on August 4, 2017. The Board wishes to place on record his valuable contribution to the company during his tenure as a Director.

None of Independent Directors will retire at the ensuing Annual General Meeting.

c) Resignation

During the year under review, Mr. S R Prabhu, Non-Executive Director of the Company resigned as a Director on May 19, 2017 on personal grounds. The Board wishes to place on record his valuable contribution to the company during his tenure as a Director.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel (KMP) of the Company are Dr. Vijay Sankeshwar, Chairman and Managing Director, Mr. Anand Sankeshwar, Managing Director, Mr. K N Umesh, Whole time Director, Mr. L R Bhat, Whole time Director, Mr. Sunil Nalavadi, Chief Financial Officer and Mr. Aniruddha Phadnavis, Company Secretary & Compliance Officer.

STATUTORY DISCLOSURES

None of the Directors of your Company are disqualified as per provisions of Section 164(2) of the Companies Act, 2013. Your Directors have made necessary disclosures, as required under various provisions of the Companies Act, 2013 and SEBI Listing Regulations.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the annual performance of the Board, its Committees, Chairperson and Individual Directors including Independent Directors was evaluated as per the criteria laid down by the Nomination and Remuneration Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report which forms part of this Annual Report.

BOARD DIVERSITY

A diverse Board enables efficient functioning through differences in perspective and skill and also fosters differentiated thought processes at the back of varied industrial and management expertise, gender and knowledge. The Board recognizes the importance of a diverse composition and has adopted a Board Diversity policy which sets out the approach to diversity. The said policy can be accessed thru the following link.

http://vrlgroup.in/vrl_investor_desk.aspx?display=policies

DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- i) In the preparation of the annual accounts, the applicable accounting standards (IndAS) have been followed along with proper explanation relating to material departures.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) The directors have prepared the annual accounts on a going concern basis.

v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

Based on the framework of internal financial controls established and maintained by the Company, work performed by the internal, statutory and secretarial auditors, reviews performed by the management and the relevant Board Committees, the Board, in concurrence with the Audit and Risk Management Committee, is of the opinion that the Company's internal financial controls were adequate and effective as on March 31, 2018.

RELATED PARTY TRANSACTIONS:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large.

All Related Party Transactions are placed before the Audit and Risk Management Committee as also to the Board for prior approval. Omnibus approval was obtained semi annually for transactions which are of repetitive in nature. A statement containing details of all transactions entered into pursuant to omnibus approval are placed before the Audit and Risk Management Committee and the Board for review and approval on a quarterly basis.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board of Directors of the Company can be viewed on the website of the Company thru the following link.

http://vrlgroup.in/investor_download/RPT%20Policy.pdf

There were no material significant related party transactions entered between the Company, Directors, management, or their relatives. All the contracts/arrangements/transactions entered into by the Company with the related parties during the financial year 2017-18 were in the ordinary course of business and on an arm's length basis. In our opinion there were no "material" transactions that warrant a disclosure in this report.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contract or arrangement in Form AOC-2 does not form a part of this report.

NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes and other matters provided under sub section (3) of section 178 of the Companies Act 2013. The Remuneration Policy is annexed to this report as Annexure B. The said policy alternatively can also be accessed on the website of the Company at the following link:

http://vrlgroup.in/investor_download/Nomination_Remuneration%20Policy.pdf

CODE OF CONDUCT

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and specified employees in the course of day to day business operations of the company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behavior in any form and the Board has laid down certain directives to counter such acts. Such code of conduct has also been placed on the Company's website. The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance on the expected behaviour from an employee in a given situation and the reporting structure. All the Board Members and the Senior Management personnel have confirmed compliance with the Code.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a Vigil Mechanism Policy to deal with instances of fraud and mismanagement, if any. Staying true to our core values being committed to high standards of Corporate Governance and stakeholder responsibility, the said policy ensures that strict confidentiality is maintained in respect of whistle blowers whilst dealing with concerns and also specified that no discrimination will be meted out to any person for a genuinely raised concern and also provides a direct access to the Chairman of the Audit and Risk Management Committee. During the year under review none of the personnel has been denied access to the Chairman of Audit and Risk Management Committee.

The Vigil Mechanism policy is available on the website of the Company and can be accessed at the following link.

http://vrlgroup.in/investor_download/vigil_Mechanism.pdf

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders with a view to regulate trading in securities by the Directors and certain designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

The said code is available on the website of the Company and can be accessed at the following link.

http://vrlgroup.in/vrl_investor_desk.aspx?display=policies

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Board of the Company had laid down policies, guidelines, procedures and structure to enable implementation of appropriate internal financial controls across the Company. These control processes enable and ensure the orderly and efficient conduct of Company's business, including safeguarding of assets, prevention and detection of frauds and errors, the accuracy and completeness of the Accounting records and timely preparation & disclosure of financial statements. These controls also identify the risks and provides for means to minimize / mitigate the risks affecting the business of the Company as a whole. Auditors, as required under the Companies Act 2013, have also certified that these internal financial controls are in order and efficient in mitigating the risks.

The Company's internal audit department enables the Management to mitigate the risks and prevent non-compliance of laws which would affect the financial position of the Company. The scope and authority of the Internal Audit function is well defined and to maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit and Risk Management Committee of the Board as well as directly to the Chairman & Managing Director. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the internal audit report from time to time, the management undertakes corrective actions in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit and Risk Management Committee.

BUSINESS RISK MANAGEMENT:

The Company has in place a risk management architecture that provides a holistic approach to the best of its capabilities. The Company identifies, assesses and mitigates risks that could materially impact its performance in achieving the stated objectives.

The Audit and Risk Management Committee, on a regular basis, reviews the Company's portfolio of risks and examines it under the light of the Company's Risk Appetite.

The material risks affecting Company are identified along with related mitigation measures and elaborated in the Risk Management Policy of the Company which has also been hosted on the website of the Company and can be accessed at the following link.

http://vrlgroup.in/investor_download/Risk%20Management%20Policy.pdf

OTHER POLICIES UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Company's Equity Shares are listed on the BSE and NSE and has paid its Annual listing fees to these stock exchanges for the Financial Year 2018-19. The Company has also formulated the following Policies as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1. 'Policy for Preservation of Documents' under Regulation 9 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The said policy can be accessed at the following link:

http://vrlgroup.in/vrl_investor_desk.aspx?display=policies

2. 'Policy on Criteria for determining Materiality of Events/Information' under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The said policy can be accessed thru the following link:

http://vrlgroup.in/vrl_investor_desk.aspx?display=policies

AUDITORS & AUDIT REPORTS

a) Statutory Auditors & Audit Report:

In accordance with Section 139 of the Companies Act, 2013 and Rules made thereunder, Members at the 32nd Annual General Meeting of the Company approved the appointment of Statutory Auditors, M/s Walker Chandiok and Co., Chartered Accountants, LLP, Mumbai for a period of 5 years. The said appointment was subject to ratification by members every year.

However, the requirement of ratification of appointment of Statutory Auditors under proviso to Section 139 of the Companies Act, 2013 is done away with under the Companies (Amendment) Act, 2017. As such, your Board does not seek members' ratification for their re-appointment.

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for the financial year ended March 31, 2018. Pursuant to provisions of section 143 (12) of the Companies Act 2013, the Statutory Auditors have not reported any incident of fraud to the Audit and Risk Management Committee during the year under review.

b) Cost Auditors & Cost Audit Report:

Section 148 of the Companies Act 2013 read with Rules made thereunder mandates every Company belonging to category prescribed in the Rules to undertake a Cost Audit. In compliance with said provision, Company had appointed M/s S.K. Tikare & Co., Cost Accountants, Belgaum to audit the cost records for FY 2017-18. The Cost Auditor has submitted the Cost Audit report for FY 2017-18 and the same is annexed as Annexure C herewith.

There are no qualifications, reservations or adverse remarks made by the Cost Auditors in their report for the financial year ended March 31, 2018.

Pursuant to the recommendation of the Audit and Risk Management Committee, the Board of Directors have re-appointed M/s S K Tikare & Co., Cost Accountants, Belgaum as the Cost Auditors for FY 2018-19 at a fixed remuneration of ₹ 60,000/-, excluding applicable taxes, subject to approval by the members at the ensuing Annual General Meeting of the Company.

Board recommends the approval of the said remuneration payable to the Cost Auditor in accordance with Section 148 of the Companies Act 2013 and the Rules made thereunder.

c) Secretarial Auditor & Secretarial Audit Report:

Pursuant to provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed Mr. R Parthasarathi, Company Secretary in practice to undertake the Secretarial Audit of the Company for FY 2017-18. The Secretarial Audit report is annexed herewith as Annexure D.

There are no qualifications made by the Secretarial Auditor in his report for the financial year ended March 31, 2018. Response to the comment made by the Secretarial Auditor in respect of the Company not fully expending the requisite quantum of CSR spend during the year as required under Section 135 of the Companies Act 2013 is given in Annual Report on CSR activities - Annexure E.

Pursuant to the recommendation of the Audit and Risk Management Committee, the Board of Directors have re-appointed Mr. R Parthasarathi, Company Secretary in Practice to conduct the Secretarial Audit for FY 2018-19 at its meeting held on May 26, 2018.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

As required under the provisions of the section 135 of the Companies Act 2013, the Board has constituted the Corporate Social Responsibility Committee which monitors and oversees various CSR initiatives and activities of the Company. The CSR Committee comprises of four directors and three of whom are Independent Directors. The CSR Committee met once during the year. Further details such as composition, terms, functions, meetings and attendance of directors of the said committee are provided in the Corporate Governance report forming part of this Annual Report.

The Company has set up a trust - VRL Foundation for implementing CSR activities which are mainly related to Healthcare, Sports and Education. A detailed report containing details of CSR activities & contents of CSR policy is annexed as Annexure E.

CSR policy of the Company is available on the Company's website and can be accessed through the following link.

http://vrlgroup.in/investor_download/CSR%20POLICY.pdf

EXTRACT OF ANNUAL RETURN:

Extract of the Annual Return in form MGT-9 is annexed herewith as Annexure F.

DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and expenditure are annexed hereto as Annexure G and forms part of this Report.

PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, forms part of this report and annexed herewith as Annexure H.

A statement containing top ten employees in terms of remuneration and the names of every employee who is in employment of the Company throughout the year and is in receipt of annual remuneration of ₹ 102 Lakhs or more or employed for a part of year and in receipt of ₹ 8.50 lakhs or more per month needs to be disclosed in the Board's report. As such the information is annexed as Annexure H to this report.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments that occurred subsequent to the end of the financial year till the date of this report, which affects the financial position of the Company.

INDUSTRIAL RELATIONS

During the year under review, your Company experienced cordial relationship with workers and employees at all levels, throughout the year.

SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting going concern status and company's operations for a foreseeable future.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013

The Company has in place a Policy for Prevention Prohibition and Punishment of Sexual Harassment of Women at Work place in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGMENTS AND APPRECIATION

The Directors take this opportunity to thank the Company's customers, shareholders, investors, suppliers, bankers, financial institutions and Central & State Governments for their consistent support to the Company. The Directors also wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment..

For and on behalf of the Board

Dr. Vijay Sankeshwar
Chairman & Managing Director
DIN: 00217714
Place: Hubballi
Date: 26th May 2018

Annexure A

DIVIDEND DISTRIBUTION POLICY

1. PREAMBLE

SEBI vide its Notification dated 8th July 2016 amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and inserted a new Regulation 43A thereby making it mandatory for top 500 listed entities to have a policy on Dividend Distribution which shall provide the various parameters that are to be taken into consideration before declaration of any dividend. The Company being in the list of top 500 listed entities as per the data provided by the Exchanges as of March 31, 2016, needs to frame a policy in compliance with the said Regulation.

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and of the Listing Regulations.

2. OBJECTIVE

The Key Objectives of the Committee would be:

- a) To define the policy and procedures of the Company in relation to the declaration / recommending Dividends.
- b) To ensure that the Company has sufficient distributable profits and/or general reserves, as determined by a review of the Company's audited financial statements, prior to any declaration and/or payment of Dividends.
- c) To ensure a regular dividend income for the members and long term capital appreciation for all stakeholders of the Company.
- d) To ensure the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes.

3. APPLICABILITY:

The policy set out herein relates to Equity Shares only and not applicable to any preference shares that the Company may issue or any other security on which dividend payment option may exist.

The Board of Directors reserves the right to modify this policy to accommodate the preference shares or make separate policy for preference shares or any other security in accordance with applicable provisions of the Companies Act, 2013 read with rules made there under as and when it deems fit and necessary or as and when it is statutorily required to the company. The policy set out herein relates to final as well as Interim Dividend as may be proposed / recommended or declared by the Board from time to time.

4. SCOPE, LAW, RULES AND REGULATIONS:

The declaration and payment of dividend is governed by the provisions contained in chapter - VIII from section 123 to 127 of the Companies Act, 2013 read with the Companies (Declaration and Payment of Dividend) Rules 2014 (as amended from time to time). Also, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 deals with the additional procedure for listed entities including prior intimation to Stock Exchanges, Record Date etc.

Other applicable Acts and guidelines include:

- Security Contract Regulation Act, 1956;
- Income Tax Act, 1961;
- Secretarial Standards on Dividend prescribed by the Institute of Company Secretaries of India;
- RBI Guidelines / Circulars / Notifications to the extent applicable,
- FEMA, 1999,
- SEBI Guidelines / Circulars etc.

The Company shall adhere to above laws in specific and to all other applicable laws in general while declaring or payment of dividend.

5. DECLARATION AND PAYMENT OF DIVIDEND

5.1 CIRCUMSTANCES UNDER WHICH DIVIDEND IS DECLARED

Maintaining a reasonable balance between cash retention and distribution of dividend would facilitate the smooth working of Company's affairs. The Company believes that cash retention is required for expansion and diversification of the Company including acquisitions to be made by it, and also as a means to meet contingencies.

a) Adequate Profits:

The Company shall declare dividends for a financial year out of the profits of the company for that year or out of the profits of the company for any previous financial year or years after providing for depreciation in accordance with applicable laws.

The Company has a practice of paying dividend and has been consistently declaring and paying dividend for the previous 5 years. The Company reserves the right to declare interim dividend during any financial year out of the surplus in the profit and loss account and out of the profits of the financial year in which such interim dividend is sought to be declared.

b) In-adequate Profits:

In the event of inadequacy or absence of profits in any year, the Company may declare dividend out of free reserves subject to the fulfillment of the following conditions:

(a) The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by the Company in the three years immediately preceding that year.

(b) The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid-up share capital and free reserves of the Company as appearing in the latest audited financial statement.

(c) The amount so drawn shall first be utilized to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.

(d) The balance of reserves after such withdrawal shall not fall below fifteen per cent of the Company's paid up share capital as appearing in the latest audited financial statement.

(e) The Company shall not declare the dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the Company of the current year. Further, in the event the Company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the Company during the immediately preceding three financial years.

c) The Company shall not declare dividend in the following circumstances:

- There are reasonable grounds for believing that the Company is or would be, after a Dividend payment, unable to pay its liabilities or discharge its obligations as and when they become due;
- As a result of paying Dividends, the Company would be rendered insolvent or bankrupt;
- By operation of law for time being in force.

5.2 FINANCIAL PARAMETERS OR FACTORS DETERMINING DIVIDEND

In determining the Company's dividend payout, the Board of Directors considers a variety of factors or financial parameters, including:

1. Liquidity position of the Company
2. Need for further capital
3. Stability of earnings;
4. Legal requirements, taxation & other Government policies;
5. Dividend payout history;
6. Dividend type and its time of payment;
7. Any potential corporate actions like acquisitions etc;
8. Expansion of business;
9. Statutory conditions or restrictions as may be provided under applicable laws.

5.3 USAGE OF RETAINED EARNINGS

Company can use its retained earnings to gain competitive advantage. The competitive advantage can be achieved by increasing sales or by increasing profit margin. To improve sales or margins company shall either expand its capacity or modernize its facility to make it more productive. For both expansion and modernization's plans retained earnings can be utilized by the Company.

5.4 PERSONS ENTITLED TO RECEIVE DIVIDENDS

Save as provided in Section 27 of the Securities Contracts (Regulation) Act 1956, all persons whose name appears on the register of members as on the record date fixed by the Company for determining eligible shareholders for dividend are entitled to receive dividends.

5.5 PROCEDURE FOR PAYMENT OF DIVIDEND

- Company shall declare and disclose the dividend on per share basis only in terms of Regulation 43 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Section 91 of Companies Act, 2013.
- Prior intimation as required under Regulation 29 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 shall be given to Stock Exchanges within such days as prescribed in the said Regulations.
- Outcome of the Board Meeting where dividend is final or interim recommended / declared by the Board shall be intimated to Stock Exchanges within 30 minutes of conclusion of Board Meeting as required under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
- Record date shall be fixed in compliance with Regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and shall also be intimated to Stock Exchanges within such time as prescribed in the said Regulations.
- The amount of the dividend (including interim dividend), must be deposited in a scheduled bank in a separate account within 4 days from the date of declaration of such dividend.
- The dividend has to be paid within 25 days from the date of declaration or such other period as is applicable by law.
- No dividend shall be paid by a company in respect of any share therein except to the registered shareholder of such share or to his order or to his banker.
- The dividend is paid under two modes viz., (a) Credit to the bank account via Electronic Clearing Services (ECS)/ National Electronic Clearing Services (NECS)/SWIFT transfer; and (b) Dispatch of physical dividend warrant/cheque to the concerned shareholder.
- A cheque or warrant for payment of Dividend should be valid for three months from the date thereof and, where such cheque or warrant remains unpaid after this initial period of validity, it should be revalidated for not more than three months or a fresh instrument should be issued which should have a validity of three months.
- The Company should revalidate the Dividend warrant or issue a fresh Dividend warrant or a demand draft or pay order in lieu thereof, within 30 days of the receipt of a request for revalidation.
- A duplicate Dividend warrant should be issued only after the expiry of the validity of the Dividend warrant and the reconciliation of the paid amounts thereof. In case the original instrument is not tendered to the company, a duplicate warrant should be issued only after obtaining requisite indemnity/ declaration from the Shareholder.
- In the case of defaced, torn or decrepit Dividend warrants, a duplicate warrant may be issued before the expiry of the validity period of the Dividend warrant on surrender to the company of such defaced, torn or decrepit warrant.
- Particulars of every Dividend warrant issued as aforesaid should be entered in a Register of Duplicate Dividend Warrants, indicating the name of the person to whom the Dividend warrant is issued, the number and amount of the Dividend warrant in lieu of which the duplicate warrant is issued and the date of issue of such duplicate warrant.
- Company shall follow other procedures laid down under the Companies Act 2013 or SEBI Rules and Regulations as may be applicable in respect of declaration of dividend (interim or final).

6. TAXATION

Company shall pay the tax on the dividend distribution as per Income Tax Act 1961 at the prevailing rate of tax. The same needs to be paid to within 14 days of declaration of dividend or within such time as may be prescribed in the said Act.

7. UNCLAIMED DIVIDEND

- Dividend that has been declared by the Company and not been paid or claimed by the shareholder, within 30 days from the date of such declaration, the Company shall within seven days from the expiry of the said 30 days, transfer such unpaid or unclaimed dividend amount in a special account to be opened with any scheduled bank which shall be called the unpaid dividend account. Any person claiming to be entitled to any money transferred to unpaid dividend account may apply to the Company for payment of the money claimed.
- The Company shall within a period of 90 days of making the transfer of dividend amount to the unpaid dividend account, prepare a statement containing the names, the shareholders' last known addresses and the unpaid dividend amount and place it on its website and also on the website/person/authority/committee approved by the Central Government.
- Dividend that is not encashed or claimed, within seven years from the date of its transfer to the unpaid dividend account, will, in terms of the provisions of Section 125 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund established by the Central Government.
- In case shareholder has any unclaimed/ unpaid dividends in respect of the financial years mentioned in our website, may apply for payment in terms of section 124(4) of Act and shall write to Registrar and Share Transfer Agent of the

Company for claiming the amount.

- Before transferring any amount to the Investor Education and Protection Fund, the company should give individual intimation to the Members in respect of whose unclaimed Dividend the amount is being transferred, at least three months before the due date of such transfer.
- After the expiry of the period of seven years from the date from which unclaimed and unpaid Dividends were transferred to the Unpaid Dividend Account, no claims shall lie against the company in respect of any such amounts. Hence, the company should intimate the concerned Members individually of the amount of Dividend remaining unclaimed which is liable to be transferred to the Investor Education and Protection Fund and advising the Member to claim such amount of Dividend from the company before such transfer

8. AMENDMENTS TO THE POLICY:

In case of any subsequent changes in the provisions of the Companies Act 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws.

The Board of Directors of the Company may subject to applicable laws amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board of Directors in line with the broad intent of this Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

Annexure B

NOMINATION AND REMUNERATION POLICY

I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and extant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company has already constituted Remuneration Committee comprising of two Independent and a Non-Executive Director as required under the said laws. In order to align with the provisions of the Companies Act, 2013 and the Listing Regulations as amended from time to time, the Board on 26 August 2014 changed the nomenclature of the "Remuneration Committee" to "Nomination and Remuneration Committee" and reconstituted the Committee with three Independent and a Non-Executive Director as Members of the said Committee.

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and of the Listing Regulations.

II. OBJECTIVE

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

III. DEFINITIONS

- (i) "Board" means Board of Directors of the Company.
- (ii) "Company" means "VRL Logistics Limited."
- (iii) "Employees' Stock Option" means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.
- (iv) "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.
- (v) "Key Managerial Personnel" (KMP) means
 - (i) Chief Executive Officer or the Managing Director or the Manager,
 - (ii) Company Secretary,
 - (iii) Whole-time Director,
 - (iv) Chief Financial Officer and
 - (v) Such other officer termed as KMP by the Company
- (vi) "Nomination and Remuneration Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations.
- (vii) "Policy or This Policy" means, "Nomination and Remuneration Policy."
- (viii) "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- (ix) "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Board of Directors, including all the functional heads.

IV. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Regulations and/or any other SEBI Regulation(s) as amended from time to time.

V. GUIDING PRINCIPLES

The Policy ensures that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Management

team. Directors of the quality required to run the Company successfully

- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

VI. **ROLE OF THE COMMITTEE**

The role of the Committee inter alia will be the following:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) Formulate criteria for evaluation of Independent Directors and the Board.
- c) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors and Senior Management.
- f) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- g) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- h) To devise a policy on Board diversity.
- i) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- j) To perform such other functions as may be necessary or appropriate for the performance of such duties.

VII. **MEMBERSHIP**

- a) The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and other applicable statutory requirements.
- c) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- d) Membership of the Committee shall be disclosed in the Annual Report.
- e) Term of the Committee shall be continued unless terminated by the Board of Directors.

VIII. **CHAIRMAN**

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee should be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

IX. **FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

X. **COMMITTEE MEMBERS' INTERESTS**

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

XI. **VOTING**

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

XII. SECRETARY

The Company Secretary of the Company shall act as the Secretary to the Committee.

XIII. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- Appointment criteria and qualifications:
 1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
 2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
 3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- Term / Tenure:
 1. Managing Director/Whole-time Director/Manager (Managerial Person): - The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of such term.
 2. Independent Director:
 - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
 - No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
 - At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.
- Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular intervals (yearly).
- Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.
- Retirement:

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

XIV. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

- General:
 1. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required under law.

2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013 and the rules made thereunder for the time being in force.
 3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders whenever required under law. Increments will be effective from the date of reappointment in respect of Managerial Person.
 4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.
- Remuneration to Managerial Person, KMP and Senior Management:
 1. Fixed pay: Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013 and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to PF, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
 2. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
 3. Provisions for excess remuneration: If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
 - Remuneration to Non-Executive / Independent Director:
 1. Remuneration / Commission: The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013 and the rules made thereunder for the time being in force.
 2. Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
 3. Limit of Remuneration /Commission: Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
 4. Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

XV. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

XVI. DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case. The Board shall have such authority to approve deviations on the recommendation of the Nomination and Remuneration Committee.

XVII. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Annexure C**CRA - 3****COST AUDIT REPORT**

We, S. K. Tikare & Co. Cost Accountants, having been appointed as Cost Auditors under Section 148(3) of the Companies Act, 2013 of VRL LOGISTICS LIMITED having its registered office at 18th KM, Bangalore Road, NH 4, Varur, Hubballi 581207 (hereinafter referred to as company) have audited the books of Cost Records maintained under section 148 of the said Act, in compliance with the Cost Auditing Standards Records in respect of Wind Power Division, Product Group No 2008 for the year 2017-18 (April 2017 to March 2018) maintained by the company and 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 this audit;
- (ii) In our opinion proper cost records, as per Rule 5 of the Companies (Cost Records and Audit) Amendment Rules, 2014 have been maintained by the company in respect of the product(s)/ service (s) under reference.
- (iii) In our opinion proper returns adequate for the purpose of Cost Audit have been received from the branches not visited by us;
- (iv) In our opinion and to the best our information, the said books and records give the information required by the Companies Act,2013 in the manner so required;
- (v) In our opinion, the company has adequate system of internal audit of cost records which to our opinion is commensurate to its nature and size of its business.
- (vi) In our opinion, information, statements in the annexure to this cost audit report gives a true and fair view of the cost of production of product(s)/rendering of services, cost of sales, margin and other information relating to the product(s)/service(s) under reference.
- (vii) Detailed unit-wise and product/service wise cost statements and schedules thereto in respect of the product/ services under reference of the Company duly audited and Certified by us are kept in the company.

Date : 26th May, 2018
Place : Belgaum

For S K Tikare & co
Cost Accountants
(CMA.Sanjay K Tikare)
M No 20794. F R No 101039

Annexure D
SECRETARIAL AUDIT REPORT
(Form MR-3)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

VRL Logistics Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by VRL Logistics Limited. (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the VRL Logistics Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by VRL Logistics Limited ("the Company") for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

The Company has not dealt with Employee Stock Option Scheme and Employee Stock Purchase Scheme, Issue and Listing of Debt Securities, Delisting of Equity Shares, and therefore the following regulations are not applicable:-

- (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (vi) Other laws applicable as per the representations made by the management;
- Carriage by Road Act 2007,
 - Motor Vehicles Act, 1988
 - The Aircraft Act, 1934
 - The Carriage by Air Act 1972
 - The Electricity Act, 2003
 - The Petroleum Act 1934
 - The Food Safety and Standards Act 2006
 - Consumer Protection Act 1986

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange.

During the period under review, as per the explanations and representations received from the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. The Company has not fully spent the amount as prescribed under Section 135 of the Companies Act, 2013 and the rules framed thereunder, relating to Corporate Social Responsibility.

I further report that based on the information provided and representation made by the Company and on the basis of Compliance report taken on record by the Board, in my opinion adequate systems and processes exist in the Company to monitor and ensure Compliance with Other laws applicable, rules, regulations and guidelines

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were in general, carried out in compliance with the provisions of the Act.

In general, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and wherever shorter notices were given, the same was given with the consent of all the Directors and such meeting were held with the participation of Independent Director/s and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the Minutes of the Meetings recorded, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that as per the information provided, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with other applicable laws, rules, regulations and guidelines.

I further report that during the audit period ,

- a) The Company has bought back 9,00,000 Equity Shares of ₹ 10/- each (fully paid) at an average price of ₹ 419.39/- as per the provisions of the Companies Act 2013 read with The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- b) The Company has amended its objects clause for diversification of Business through postal Ballot and obtained necessary approval from the Registrar of Companies.
- c) The Company has received communication from Bombay Stock Exchange relating to filing of unaudited Financial Results for the Quarter/ year ended 31/03/2017 as per SEBI LODR Regulations, 2015 and the Company has since filed Audited Financial Results for the above said period and replied suitably to BSE.
- d) Company has received communication from National Stock Exchange relating to non submission of Reconciliation of Profit and Loss account as per SEBI LODR Regulations, 2015 and the company replied suitably about the compliance of the same.
- e) As claimed by Management, no show cause notice has been received from Statutory Authorities, though there are some continuing civil/criminal proceedings pending disposal with appropriate authorities/ courts and the same is not likely to have a major bearing on the Affairs of the Company.

R.Parthasarathi
FCS No.3667
C P No:838

Place : Bangalore

Date : 26-05-2018

This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report

‘Annexure A’ to the Secretarial Audit Report

To,
The Members,
VRL Logistics Limited.,
R S 351/1, 17th KM, NH-4, Bangalore Road,
Varur - 581 207, Hubli.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company.
Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company and the applicable financial laws such as Direct and Indirect tax laws have not been reviewed since the same are subject to review under Statutory Audit and Other Audit/s by designated professionals.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

R.Parthasarathi
FCS No.3667
C P No:838

Place : Bangalore
Date : 26-05-2018

Annexure E
ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

CSR Policy (Approved by the Board of Directors on 13.03.2015)

The CSR policy of the Company is hosted on the website of the Company and can be accessed at the below link –

http://www.vrlgroup.in/investor_download/CSR%20POLICY.pdf

The Company has established a public charitable trust "VRL Foundation" to carry out its CSR activities. In terms of General Circular 21/2014 issued by the Ministry of Corporate Affairs, our contribution to this trust qualifies as CSR expenditure as this trust is solely formed to carry out CSR activities. The objects of the trust are in consonance with the contents of Schedule VII of the Companies Act, 2013. The trust has also received recognition as a Charitable Trust under Section 12A of the Income Tax Act 1961.

Stated herein below, inter alia, are a few of the objects of the Foundation:

1. Eradication of hunger, poverty and malnutrition; promotion of preventive healthcare and sanitation including contribution to Swachh Bharat Kosh set up by the Central Government;
2. Promotion of education, employment enhancing vocational skills and livelihood enhancement projects especially among children, women, elderly and the differently abled;
3. Promotion of Gender equality, Empowerment of Women, setting up of homes and hostels for women and orphans; setting up of old age homes, day care centre facilities for senior citizens;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources including contribution to the Clean Ganga Fund set up by the Central Government;
5. Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes and minorities.
6. To undertake rural and slum area development.

2. Composition of the CSR Committee

The Board has duly constituted a CSR Committee and its composition is as under-

Name of the Member	Designation
Dr. Prabhakar Kore	Chairman
Mr. Anand Sankeshwar	Member
Mr. C Karunakara Shetty	Member
Mrs. Medha Pawar	Member

3. Average Net profit of the Company for last 3 financial years:

The average net profits for the last three financial years computed as stated under Section 135 of the said act is ₹ 13,338.17 Lakhs.

4. Prescribed CSR expenditure (Two per cent. of the amount as in item no.3 above):

As stipulated under the Companies Act, 2013, the prescribed CSR expenditure i.e 2 % of the amount as in item no.3 above comes to ₹ 266.76 lakhs.

5. Details of CSR spent during the financial year:

- a) Total amount to be spent for the Financial Year - ₹ 266.76 lakhs
- b) Amount Spent - ₹ 147.27 lakhs
- c) Amount unspent - ₹ 119.49 lakhs
- d) Manner in which the amount spent during the financial year is detailed below:

(₹ in Lakhs)

Sl. No.	CSR Project or activity identified	Sector in which project is covered	Projects or programs - State / Union territories where the project / program undertaken	Projects or programs - specify the district where the project / program undertaken	Amount outlay (Budget) project or programs wise	Amount spent on project or programs	Expenditure on administration overheads *	Mode of amount spent
1.	VRL Foundation – Contribution towards Corpus fund	Health & Education	Karnataka	Multiple districts	110.00.	106.00	Not quantified	Corpus contribution
2.	Shrimad Rajchandra Sarvamangal trust	Health	Gujarat	Valsad	3.00	3.00		Project contribution
3.	Indian Institute of Continuing Education and Research	Health	Maharashtra	Thane	20.85	20.85		Project contribution
4.	TATA Mumbai Marathon (TMM-2018) under flagship of ISHA Foundation)	Sports	Maharashtra	Mumbai	1.00	1.00		Project contribution
5.	Sri Satya Sai Mahila Trust	Education	Karnataka	Bengaluru	6.42	6.42		Project contribution
6.	ISKCON	Education (Public library)	Karnataka	Dharwad	10.00	10.00		Project contribution
Total					151.27	147.27		

* As a matter of policy we have decided not to quantify the administrative overheads attributable to these activities.

6. Reason for not expending prescribed amount to be specified

The CSR committee of the Board has laid down the policy and has laid down guidelines for undertaking suitable projects to the Trustees of VRL Foundation. Your Company also participates / contributes directly to projects on merit basis. VRL Foundation presently participates in projects relevant to education and healthcare. It has also extended support to several needy educational institutions for infrastructure development etc. Such defrayal is undertaken after a thorough study and visit by the Trust officials. The Trust has spent moneys on the basis of projects deemed genuine by it and such spend has not been done with a view to exhaust the available eligible CSR budget.

In line with our thought process and as guided by the CSR Committee of the Board the unspent amounts would not be carried forward for spends in future years. The Trust would undertake projects purely on merits and going by this ideology, there is a chance that there could be a situation that the trust may spend more than the available CSR budget on projects that it deems are genuine and would affect the society at large.

7. Pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014, we hereby confirm that the CSR Committee has implemented and monitored the CSR initiatives in line with CSR Objectives and Policy of the Company.

Dr. Vijay Sankeshwar
Chairman & Managing Director
(DIN: 00217714)
Place: Hubballi
Date: May 26, 2018

Dr. Prabhakar Kore
Chairman - CSR Committee
(DIN: 00509836)
Place: Hubballi
Date: May 26, 2018

Annexure F
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

Financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L60210KA1983PLC005247
2.	Registration Date	31/03/1983
3.	Name of the Company	VRL LOGISTICS LIMITED
4.	Category/Sub-category of the Company	Company limited by Shares / Non-Government Company
5.	Address of the Registered office & contact details	Rs No.351/1, Varur, Post Chabbi, Taluk Hubballi, District Dharwad, Hubballi - 581 207 KARNATAKA
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited (Unit: VRL Logistics Limited) Karvy Selenium Tower B, Plot No. 31 & 31, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Telephone: +91-40-23312454 Fax: +91-40-23311968 Email: einward.ris@karvy.com Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Goods Transportation	49221	78.38
2	Passenger Transportation	49231	18.57

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

- Not applicable as the Company has no Subsidiaries/Associates.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	63480000	-	63480000	69.57	61480000	-	61480000	68.05	-1.52
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
(2) Foreign - Promoters	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	63480000	-	63480000	69.57	61480000	-	61480000	68.05	-1.52
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	7528088	-	7528088	8.25	10629313	-	10629313	11.77	+3.52
b) Banks / FI	96604	-	96604	0.11	28618	-	28618	0.03	-0.08
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs/FPIs	9440486	-	9440486	10.34	10866930	-	10866930	12.03	+1.68
h) Foreign Venture Capital Funds									
i) Others (Alternative Investment Fund)	-	-	-	-	106970	-	106970	0.12	+0.12
Sub-total (B)(1):-	17065178	-	17065178	18.70	21631831	-	21631831	23.95	+5.24
2. Non-Institutions									
a) Bodies Corp.	2318495	-	2318495	2.54	1927165	-	1927165	2.13	-0.41
i) Indian									
ii) Overseas									

b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	6920289	11	6920300	7.58	4419996	56	3099845	3.43	-4.15
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	558119	-	558119	0.61	4,32,613	-	1752820	1.94	+1.33
c) Others (specify) NBFCs Registered with RBI	93552	-	93552	0.10	86283	-	86283	0.10	-
Non Resident Indians	398852	-	398852	0.44	3,30,262	-	330262	0.37	-0.07
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	408634	-	408634	0.45	34605	-	34605	0.03	-0.41
Trusts	365	-	365	0.00	684	-	684	0.00	+0.00
Foreign Bodies	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	10698306	11	10698317	11.73	7231608	56	7231664	8.00	-3.72
Total Public Shareholding (B)=(B)(1)+ (B)(2)	27763484	11	27763495	30.43	28863439	56	28863495	31.95	+1.52
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	91243484	11	91243495	100	90343439	56	90343495	100	-

ii) Shareholding of Promoter-

SL	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dr. Vijay Sankeshwar	31,792,000	34.84	0	29792000	32.97	0	1.87
2	Mr. Anand Sankeshwar	31,265,250	34.27	0	31265250	34.60	0	-

iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	63480000	69.57	63480000	69.57
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): (refer note below)	2000000	1.52	61480000	68.05
	At the end of the year	61480000	68.05	61480000	68.05

Note:- i) Promoters shareholding includes shares held by promoters group.

ii) On 31th August 2017, Dr. Vijay Sankeshwar, Chairman and Managing Director sold his 20,00,000 Equity shares pursuant to trading plan declared on 04th May 2016

iv) Shareholding pattern of Top Ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	In-crease / de-crease in share-holding	Reason	Cumulative Share-holding during the year	Shareholding at the end of the year	
		No. of shares	% of total shares of the Company					No. of shares	% of total shares of the Company
1	ICICI Prudential Exports and Other Services Fund & Others	2642692	2.90%	07/04/2017	-13562	Sale	2629130	3708897	4.10%
				21/04/2017	-48426	Sale	2580704		
				26/05/2017	222321	Purchase	2803025		
				02/06/2017	10026	Purchase	2813051		
				21/07/2017	6593	Purchase	2819644		
				28/07/2017	53529	Purchase	2873173		
				04/08/2017	35435	Purchase	2908608		
				11/08/2017	4225	Purchase	2912833		
				18/08/2017	25399	Purchase	2938232		
				25/08/2017	51670	Purchase	2989902		
				01/09/2017	23149	Purchase	3013051		
				08/09/2017	-74169	Sale	2938882		
				22/09/2017	-61566	Sale	2877316		
				10/11/2017	192683	Purchase	3069999		
				17/11/2017	23319	Purchase	3093318		
				24/11/2017	63843	Purchase	3157161		
				01/12/2017	1471	Purchase	3158632		
				26/01/2018	400203	Purchase	3558835		
				02/03/2018	32270	Purchase	3591105		
				09/03/2018	33032	Purchase	3624137		
				16/03/2018	697320	Purchase	4321457		
				16/03/2018	646741	Sale	3674716		
				30/03/2018	34181	Purchase	3708897		

2	Reliance Capital Trustee Co. Ltd a/c Reliance Equity Opportunities Fund	0.00	0%	08/09/2017	2000000	Purchase	2000000	2343962	2.59%
				27/10/2017	9200	Purchase	2009200		
				15/12/2017	-49741	Sale	1959459		
				22/12/2017	-60401	Sale	1899058		
				09/02/2018	314600	Purchase	2213658		
				30/03/2018	130304	Purchase	2343962		
3	Goldman Sachs India Limited	2161113	2.37%	07/04/2017	43547	Purchase	2204660	2204660	2.44%
4	IDFC Sterling Equity Fund	1568715	1.72%	11/08/2017	44285	Purchase	1613000	2025000	2.24%
				25/08/2017	-19000	Sale	1594000		
				03/11/2017	100000	Purchase	1694000		
				05/01/2018	10000	Purchase	1704000		
				26/01/2018	40000	Purchase	1744000		
				02/02/2018	40000	Purchase	1784000		
				09/02/2018	13011	Purchase	1797011		
				23/02/2018	21989	Purchase	1819000		
				02/03/2018	49065	Purchase	1868065		
				09/03/2018	-24000	Sale	1844065		
				16/03/2018	85935	Purchase	1930000		
				23/03/2018	70000	Purchase	2000000		
				30/03/2018	25000	Purchase	2025000		
5	Morgan Stanley Mauritius Company Limited	1664297	1.82%	07/04/2017	3039	Sale	1667336	1272664	1.41%
				16/03/2018	-119563	Sale	1547773		
				23/03/2018	-70547	Sale	1477226		
				30/03/2018	-204562	-	1272664		
6	Abu Dhabi Investment Authority - Behave	1239000	1.36%	-	-	-	1239000	1239000	1.37%
7	Franklin India Smaller Companies Fund	1754879	1.92%	23/06/2017	-50000	Sale	1704879	1054879	1.17%
				10/11/2017	-50000	Sale	1654879		
				29/12/2017	-48283	Sale	1606596		
				12/01/2018	-1717	Sale	1604879		
				26/01/2018	-150000	Sale	1454879		
				02/02/2018	-200000	Sale	1254879		
				09/02/2018	-200000	Sale	1054879		

8	HDFC Standard Life Insurance Company Limited	829354	0.91%	26/05/2017	829354	Sale	1658708	924313	1.02
				26/05/2017	-829354	Sale	829354		
				30/06/2017	-184	Sale	829170		
				14/07/2017	-299	Purchase	828871		
				21/07/2017	299	Purchase	829170		
				06/10/2017	2859	Purchase	832029		
				24/11/2017	4737	Purchase	836766		
				08/12/2017	-14037	Sale	822729		
				15/12/2017	871	Purchase	823600		
				22/12/2017	-3289	Sale	820311		
				29/12/2017	-28442	Sale	791869		
				05/01/2018	5461	Purchase	797330		
				19/01/2018	-1490	Sale	795840		
				02/02/2018	-3974	Sale	791866		
				16/02/2018	-3043	Sale	788823		
				23/02/2018	5471	Purchase	794294		
				02/03/2018	5019	Purchase	799313		
				09/03/2018	100000	Purchase	899313		
				23/03/2018	25000	Purchase	924313		
9	Parvest Equity India	906840	0.99%	23/03/2018	-16027	Sale	890813	890813	0.99%
10	'UTI Transportation and Logistics Fund	446000	0.49	15/09/2017	9075	Purchase	455075	799749	0.89%
				20/10/2017	103052	Purchase	558127		
				27/10/2017	44529	Purchase	602656		
				31/10/2017	68706	Purchase	671362		
				08/12/2017	5496	Purchase	676858		
				19/01/2018	25000	Purchase	701858		
				26/01/2018	10000	Purchase	711858		
				02/02/2018	9000	Purchase	720858		
				09/03/2018	30000	Purchase	750858		
				23/03/2018	48891	Purchase	799749		

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Name of Shareholders	Shareholding at the beginning of the year		Change in Shareholding (No. of Shares)		Shareholding at the end of the year	
		No. of Shares	% of total shares	Increase	Decrease	No of Shares	% of total shares
1	Dr. Vijay Sankeshwar	31792000	34.84	-	2000000	29792000	32.97
2	Mr. Anand Sankeshwar	31265250	34.27	-	-	31265250	34.60
3	Mr. L R Bhat (jointly held with spouse)	2115	0.002	-	-	2115	0.002
4	Mr. K.N.Umesh	1750	0.002	-	-	1750	0.002
	Total	63061115	69.87	-	2000000	61061115	67.57

None of the other Directors or KMPs hold any shares in the Company. As such, their names have not been included in the above details

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	18466.65	Nil	Nil	18466.65
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	85.38	Nil	Nil	85.38
Total (i + ii + iii)	18552.03	Nil	Nil	18552.03
Change in Indebtedness during the financial year				
* Addition	75.76	Nil	Nil	75.76
* Reduction	10425.71	Nil	Nil	10425.71
Net Change	10349.95	Nil	Nil	10349.95
Indebtedness at the end of the financial year				
i) Principal Amount	8116.70	Nil	Nil	8116.70
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	12.69	Nil	Nil	12.69
Total (i + ii + iii)	8129.39	Nil	Nil	8129.39

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ in lakhs)**

SL.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Dr. Vijay Sankeshwar	Mr. Anand Sankeshwar	K .N. Umesh	L .R. Bhat	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	296.88	300.00	83.35	63.22	743.45
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	27.11	Nil	Nil	Nil	27.11
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	66.00	Nil	Nil	Nil	66.00
5	Others, please specify – Leave Encashment Salary and Contribution to Provident fund	13.89	10.00	1.59	1.69	27.17
	Total (A)	403.88	310.00	84.94	64.94	863.73
	Ceiling as per the Act (as specified under Section 197 (1) (i))					1111.23

B. Remuneration to other directors

(₹ in lakhs)

SL.	Particulars of Remuneration	Name of Directors						Total Amount
1	Independent Directors	Dr. Prabhakar Kore	Mr. J S Korlahalli	Mr. C Karunakara Shetty	Mrs. Medha Pawar	Mr. Shankarasa Ladwa	Dr. Anand Pandurangi	
	Fee for attending board / committee meetings	0.24	1.64	1.76	0.94	1.53	0.70	
	Commission	-	-	-	-	-	-	
	Others, please specify	-	-	-	-	-	-	
	Total (1)	0.24	1.64	1.76	0.94	1.53	0.70	
2	Other Non-Executive Directors	Dr. Ashok Shettar	Mr. S.R. Prabhu*	Mr. Ramesh Shetty **	Mr. Raghottam Akamanchi			
	Fee for attending board committee meetings	0.24	0.11	0.11	0.59			
	Commission	-	-	-	-			
	Others, please specify	-	-	-	-			
	Total (2)	-	-	-	-			
	Total (B) = (1+2)	0.24	0.11	0.11	0.59			7.86
	Total Managerial Remuneration	(A) (1) + (B) (1+2)						871.59
	Overall Ceiling as per the Act (as specified under Section 197 (1))							1,222.35

* Ceased to be Director w.e.f. May 19, 2017

** Ceased to be Director w.e.f. August 04, 2017

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in lakhs)

SL.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	CS	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	32.05	28.40	60.45
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	- as % of profit			
	others, specify...			
	Others, please specify	-	-	-
	Total	32.05	28.40	60.45

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

ANNEXURE 'G'

Conservation of Energy, technology absorption, foreign exchange earnings and outgo pursuant to the provisions of section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014

A) CONSERVATION OF ENERGY

I) Steps taken by the Company or impact on conservation of energy

1. We have increased the installation of solar panel across our branches and now a total of 80 branches are fitted with solar panels.
2. The initial test with battery operated forklifts was successful at the Bengaluru transshipment and the same has been implemented across majority of the transshipment hubs of the Company. The Company has decided to completely replace the present day diesel driven forklifts with battery operated forklift across all its locations.
3. LED lighting is being predominantly used across a majority of the offices of the Company. Also, preference is being given for the procurement of energy efficient equipment for new equipment additions as also for replacement of existing equipments.
4. During the year we have commenced the operation of battery operated pallet trucks at our Bengaluru transshipment hub. Once successful, we would implement the same across all our major hubs to ease material handling.
5. A 100 KW capacity solar facility has been installed at our Bengaluru transshipment hub. The same has resulted in significant reduction of outside power for the hub operations.
6. Instead using UPS and battery for operation of electronic equipment at branches, we have developed an in-house DC converter device for usage on these equipments.

II) The steps taken by the Company for utilizing alternate sources of energy

The Company had pioneered the usage of bio-diesel on its fleet of trucks and buses. The same had given good results and has also resulted in cost savings. Efforts and in-house studies are on to ascertain ways of overcoming the shortcomings of this alternative fuel for an all-year-round operation. Continued availability of bio-diesel supply also emerged as a big challenge and efforts are on to identify reliable suppliers for the same.

III) The capital investment energy conservation equipment

On an average, a sum of around ₹ 70,000 per KW is spent on the Solar branch lighting equipment which is being presently installed across select branch offices of the Company.

B) TECHNOLOGY ABSORPTION

DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY ETC.,

- I. Efforts, in brief, made towards absorption, adaptation and innovation - NIL
- II. Benefits derived as a result of the above efforts, e.g. products, improvement, cost reduction, product developments, import substitution etc - NIL
- III. In case imported technology (imported during the last 5 years reckoned from the beginning of the financial year) - NIL

IV. Research and Development

1. Specific Areas in which R & D is carried out by Company

- Fitment of toilets on Passenger buses
- Modification of A/C controls on air conditioned buses

2. Benefits Derived out of above R & D.

- For the convenience of the passengers, especially the elderly, we have fitted toilets on 14 of our buses and gradually aim to fit the same on a majority of our passenger buses. We have also managed to modify the design of water flow to ensure minimal water usage as also ensure excellent cleanliness and sanitation.

- Our in-house R&D team has modified the A/c controls to ensure a better cooling inside the passenger coaches. The said change has also brought about better fuel efficiency without compromising on passenger comfort.

3. Future plan of action

We are in the process of developing a robot for painting of buses and trucks at our Varur facility. Robotic capabilities are also being tested for the welding function. Trial runs are on and we expect to take these capabilities on stream in the ensuing fiscal.

4. Expenditure on R&D

- | | |
|----------------|---|
| a) Capital | } No specific allocation is made in terms of R & D expenditure. The same is an ongoing process and costs incurred on the same are expensed off. |
| b) Recurring | |
| c) Total | |
| d) Total R & D | |

(₹ In lakhs)

C) FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

	Particulars	FY 2016-17	FY 2017-18
A)	Expenditure in foreign currency (accrual basis)		
	Aircraft maintenance	61.19	11.64
	Purchase of spares	9.62	108.45
	Professional fees	12.46	79.56
	Foreign Branch expenses	-	-
	Total	83.28	199.64
B)	Earnings in foreign currency (accrual basis)		
	Transport of passengers by air	369.81	11.43
	Goods transport (foreign branch)	-	-
	Total	369.81	11.43
C)	Value of imported and indigenous materials Spare parts and components including tyres, flaps and re-treading		
	Imported		
	-Amount	9.62	-
	-Percentage	0.10%	-
	Indigenous		
	-Amount	10,018.77	-
	-Percentage	99.90%	-
	Total	10,028.39	-

ANNEXURE 'H'**A. Statement of particulars of Employees pursuant to Rule 5 (1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014****1. The ratio of the remuneration of each Director to the median remuneration of the employee for the financial year**

Sl. No.	Name	Designation	Ratio of Remuneration
1	Dr. Vijay Sankeshwar	Chairman & Managing Director	283:1
2	Mr. Anand Sankeshwar	Managing Director	218:1
3	Mr. K.N.Umesh	Executive Director	69:1
4	Mr. L. R. Bhat	Executive Director	67:1

Notes:

- None of the other directors are paid any remuneration other than sitting fees. As such their names are not included in the above table.
- Considering the industry in which the Company operates, it is pertinent to note that a majority of the employees of the Company comprise of Drivers, Cleaners, Mechanics and Hamals whose salary would be as per the industry standard. Accordingly employees drawing performance based salary such as drivers/hamals etc; are paid remuneration that is split into employee cost (based on applicable minimum wages in tune with the internal policies of the Company) and vehicle operation cost and costs related to material handling respectively and these costs form part of the Operational Expenses in the books of accounts.
- Computation of median as detailed above is arrived at also considering the salary drawn by said drivers, cleaner, mechanics and hamals.
- Computation of the said median salary is purely based on the expenditure recognized under employee cost to the Company which excludes other allowances and incentives drawn by these employees which are accounted under Operating Expenses as indicated above.

2. The percentage increase in remuneration of each Director, CFO, CS in the financial year

Sl. No.	Name	Designation	Increase in %
1	Dr. Vijay Sankeshwar	Chairman & Managing Director	8.63
2	Mr. Anand Sankeshwar	Managing Director	51.51
3	Mr. K.N.Umesh	Executive Director	34.32
4	Mr. L. R. Bhat	Executive Director	32.11
5	Mr. Sunil Nalavadi	Chief Financial Officer	12.68
6	Mr. Aniruddha Phadnavis	Company Secretary	14.58

Note:

Except Executive Directors, none of the other directors are paid any remuneration except sitting fees and reimbursement of expenses for attending Board and Committee meetings. The details of sitting fees paid are given in the report on Corporate Governance which forms part of this Annual Report.

3. The percentage increase in the median remuneration of employees in the financial year

The increase in the median remuneration was to the extent of 68.94%. This was on account of an increase in the minimum wages stipulated by the government as also the enhancement extended by the Company during the year.

As stated earlier, it is pertinent to note that a majority of the employees of the Company comprise of Drivers, Cleaners, Mechanics and Hamals whose salary would be as per the industry standard. These employees are paid on the basis of their performance – per KM, per Ton etc. Accordingly, employees drawing performance

based salary such as drivers/hamalsetc; are paid remuneration that is split into employee cost (based on applicable minimum wages in tune with the internal policies of the Company) and vehicle operation cost and costs related to material handling respectively and these costs form part of the Operational Expenses in the books of accounts. As such, the total emolument drawn by these employees is bifurcated between Employee Cost as also Operating Expenditure.

Computation of the said median salary is purely based on the expenditure recognized under employee cost to the Company which excludes other allowances and incentives drawn by these employees which are accounted under Operating Expenses as indicated above. The marked increase in the same is on account of increase in the minimum wages enacted during the year.

4. The number of permanent employees on the rolls of the Company

There were 19781 employees as on March 31, 2018.

5. Average percentile increase already made in the salaries of employees other than the Managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

As can be seen from the above data, the percentile increase in the remuneration of the median employee exceeds that of the Managerial cadre. Reasons for the same are as enumerated above.

6. Affirmation that the remuneration is as per the remuneration policy of the Company

The remuneration paid is in accordance with the remuneration policy of the Company.

B. Statement of particulars of employees pursuant to Rule 5(2) of Companies (Appointment and Remuneration of Key Managerial Personnel) Rules, 2014

a. Employed throughout the year and were in receipt of remuneration of not less than ₹ 102 Lakhs per annum

SL No	Name & Qualification	Age, Designation	Remuneration (₹ in Lakhs)	Exp in Yrs	Date of Joining	Previous employment/position held of employment
1	Dr. Vijay Sankeshwar B.Com	67, Chairman & Managing Director	403.88	43	31.03.1983	-
2	Mr. Anand Sankeshwar B.Com	43, Managing Director	310.00	28	01.12.1990	-
3	Capt. Manesh T Gopal B A, ATPL	48, Chief Pilot	111.24	28	01.05.2011	21 year service in Indian Air Force

b. Employed for a part of the year and were in receipt of remuneration of not less than ₹ 8.50 Lakhs per month - Nil

c. Top 10 employees in terms of remuneration

SL No	Name & Qualification	Age, Designation	Remuneration (₹ in Lakhs)	Exp in Yrs	Date of Joining	Previous employment/position held of employment
1	Dr. Vijay Sankeshwar B.Com	67, Chairman & Managing Director	403.88	43	31.03.1983	-
2	Mr. Anand Sankeshwar B.Com	43, Managing Director	310.00	28	01.12.1990	-

3	Capt. Manesh T Gopal B.A, ATPL	48, Chief Pilot	111.24	28	01.05.2011	21 year service in Indian Air Force
4	Mr. K N Umesh B.Com	63, Whole time Director w.e.f 19th May 2017 (upto 19th May 2017 - Chief Operating Officer)	94.17	35	03.12.1984 (re-appointed on 01.06.2012)	One year service in Anil Rerolling Mills Pvt. Ltd. Bengaluru as Accountant
5	Mr. L R Bhat D.M.E	62, Chief Technical Officer	92.58	37	01.07.1995	14 year service in Ashok Leyland Limited as Deputy Manager
6	Capt. Raju Stephen M.Sc. M.Phil.	63, Line Captain	68.50	38	(re-appointed on 14.03.2014)	Chief Pilot with TVS Motors
7	Mr. Vinod Mittal Dip. (Business Administration)	46, Captain	70.50	25	01.09.2015	21 year service in Indian Air Force
8	Capt. Prasad Jade	29, Co-Pilot	33.90	9	01.03.2013	8 year service in Confident group
9	Sunil Nalavadi B.com, ACA	42, Chief Financial Officer	32.05	13	31.03.2005	Started his career in the Company as Chief Accounts Officer
10	Aniruddha Phadnavis B.com, ACA, ACS, LLB, CISA, CAIIB	38, Company Secretary & Compliance Officer	28.40	11	01.06.2007	3 year service in Canara Bank

Notes:

1. Remuneration shown above includes salary, perquisites, and commission on profits but does not include Company's contribution to Provident Fund / Gratuity Fund.
2. The monetary value of perquisites is calculated in accordance with the provisions of the Income Tax Act, 1961 and Rules made there under.
3. Nature of Employment of the Executive Directors as stated above is contractual. The other individuals named above are employees of the Company.
4. None of the employees listed above held any shares in the Company as of 31.03.2018 except Dr. Vijay Sankeshwar who held 29,792,000 shares (32.97% of the paid up capital of the Company), Mr. Anand Sankeshwar who held 31,265,250 (34.60% of the paid up capital of the Company) shares, Mr. K N Umesh who held 1750 shares and Mr. L R Bhat who held 2115 shares jointly with his spouse, as of that date.
5. Dr. Vijay Sankeshwar and Mr. Anand Sankeshwar are related to each other.

Dr. Vijay Sankeshwar
Chairman & Managing Director
(DIN: 00217714)
Place: Hubballi
Date: 26th May 2018

Mr. Anand Sankeshwar
Managing Director
(DIN: 00217773)
Place: Hubballi
Date: 26th May 2018

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The measures adopted by the government in the last couple of years have significantly bolstered India's medium-term outlook. The same is echoed by a change in India's sovereign rating after a period of 14 years. The economy's increasing alignment to policy changes and its ability to withstand temporary disruptions caused by GST implementation is expected to help it transition towards a new framework in the future. While the government's recent commitment to inject sizeable capital into the banking sector could go a long way in addressing the 'twin balance sheet' issue (balance-sheet weakness in the banking and corporate sectors), improving farm incomes, as agriculture prices are likely recover from

demonetisation and supply shocks, is likely to play a pivotal role in steering GDP growth levels to over 7.5 per cent in FY2019.

The next phase of growth for the Indian economy is expected to be driven by infrastructure development, investments, advancements in transport and logistics infrastructure, sustainable living, changing digital landscape and increased consumerism facilitated by higher incomes and expanding middle class base. The same augurs well for players like your Company.

In a major push to developing an integrated logistics framework in the country, including industrial parks, cold chains and warehousing facilities, the government in November had granted infrastructure status to the logistics sector, enabling the industry to access cheaper finances. The government also created the position of a special secretary in the commerce ministry to exclusively handle logistics. This can further fuel India's merchandise exports which have been on a positive trajectory since August 2016 to January 2018, barring October 2017, when exports registered a 1.1 per cent dip. The prospects in India's logistics sector can also be estimated from the fact that funding in logistics start-ups increased by 205 per cent in 2017. The 'Sagarmala' programme to facilitate port-led industrialization, and increased budgetary support to boost railways and highways infrastructure, could reshape the existing transport and logistics network in the country. Promotion of multi-modal transport hubs and inland waterways is also expected to help in developing the infrastructure. Further, recent developments such as the new metro rail policy, announcement of USD 108.6 billion spending on road network and according infrastructure status to the logistics sector, is expected to facilitate higher private investments.

Infrastructure development has been the focus for the government and has achieved significant progress. The Indian government is currently focused on reducing the cost of logistics, provide multimodal and efficient transport, last-mile connectivity and improve existing supply chain infrastructure in the country. To achieve these objectives, the government outlined initiatives such as Sagarmala, set infrastructure augmentation targets in railways and roads and introduced various policy measures to simplify regulatory environment and attract private and foreign investments. To develop and modernise the road network in India, to improve connectivity, reduce cost of logistics and travel time. At present, the road network in India stands at about 3.3 million kilometre, with state and national highways comprising nearly 8 per cent of the network, district roads 12 per cent and rural roads 80 per cent. The government plans to expand the national highway road length to 2 million kilometre by the end of 2019.

The macroeconomic fundamentals are stronger (lower fiscal deficit and retail inflation) and a much clearer and definitive fiscal structure is being prepared for India's future growth. India is on a much better footing than other emerging economies. India's long-term growth potential stands undisputed and a host of reforms undertaken recently including GST, bankruptcy code, subsidy reforms backed by transparent allocation of natural resources, to pick a few, have laid down a strong and firm foundation for the future of this high potential economy. With improved macroeconomic fundamentals and a stronger fiscal structure, the country is getting ready for future growth.

In a nutshell, the nation has witnessed radical steps towards a giant leap into the future. Our expansive economic ecosystem is undergoing a paradigm shift. Reforms are being undertaken at all levels and efforts are being put in to ensure that the implementation of these reforms is seamless and is for the sustainable future of the nation. Feedback is being taken seriously from all facets of the society and efforts are being put in to ensure that the world's largest democracy effectively caters to the demands of the majority. Renewed investor confidence and expectations of continued progress on economic and institutional reforms will further unleash India's high growth potential.

GST implementation initially led to a nominal disruption in the pace of growth in the country but is expected to positively contribute to economic activity and fiscal sustainability by reducing the cost of complying with multiple state tax systems and expanding the tax base. After the initial hiccups, dwindling tax revenues, hassles in filing returns the transition has now smoothened with tax collections increasing gradually and the same is expected to eliminate the cascading effect of taxes. With the implementation of GST, the logistics companies, which are currently forced to set up many small warehouses across multiple cities can set up just a few, big warehouses region wise and can follow the hub-and-spoke model for freight movement from the warehouses to the different manufacturing plants, wholesale outlets, retail outlets and the various POS. This growth is backed by the boom in the e-commerce sector and expansionary policies of the FMCG firms as also the recent Government initiatives aimed at encouraging the manufacturing activity in the country.

The government, while proposing the idea of incorporating E-way bill under GST, had the intention of creating an effective tool for tracking movement of goods and ensure various benefits to the industry.

- Abolition of check-posts
- Seamless movement of goods within a state and across different state borders
- Boost to India's logistics ecosystem resulting in lesser traffic on major transportation routes
- Reduction in transportation costs and lead time by replacing physical check posts with mobile squads

This has increased the service geography of the logistics firms but they also have to meet the demands of quick delivery and tight service level agreements. The industry has moved from being just a service provider to the position which provides end to end supply chain solutions to their customers. Overall, the prospects of the Logistics and Warehousing industry in the coming years appear bright.

(Source: KPMG report)

2. SWOT ANALYSIS

STRENGTHS

VRL is a well established brand in the country when it comes to surface transportation and the industry leader in the parcel transportation space. It is also the leading name in the private bus operations industry and one of the biggest private sector operators in this space. With a track record of over four decades, VRL has increased its size and scale of operations and operates on a pan India basis. We maintain our stand that your Company also occupies the leadership position in the country for Less than Truck Load (LTL) movement of goods and it is only the absence of validated industry data that prevents us from acclaiming this fact. Apart from the movement of General Parcel, the surface transportation operations also cover other services such as Full Truck Load (FTL), Priority Cargo Services, Car carrying as also Air Cargo.

The two major advantages that your Company enjoys over its competition are its well established wide network of branches and franchisees and its owned fleet of commercial vehicles with dedicated in-house vehicle body designing and vehicle maintenance facilities to cater to the parcel transportation. The Company presently operates across 23 States and 4 Union Territories in India and its reach is unmatched for the offering of LTL goods transportation services. Your Company is also one of the largest fleet owner of commercial vehicles in the Country, if not the largest, and the same enables the Company to set unparalleled standards in the movement of LTL cargo in India in terms of service levels and safety of consignments.

The policy at VRL is to own its vehicles for offering LTL services as also own significant infrastructure facilities comprising of warehouses and maintenance facilities. We also have a dedicated in-house IT setup which is a significant strength of your Company and the same has rendered a lot of control, cost savings and business flexibility over the years. The entire IT infrastructure of the Company is operated internally and the in-house developed ERP enables the Company to seamlessly operate on an online real time basis across all its business verticals as also integration with franchisees and select customers. Your Company also has built up capability to maintain its owned vehicle fleet internally and the cost savings arising out of economies of scale by way of tie-ups with fuel suppliers, vehicle manufacturers for supply of spare parts, tyres etc. as well as ongoing in-house R&D in this domain have enabled the Company to utilize its vehicles for a significantly longer term vis-à-vis the industry as also at significantly lesser maintenance costs.

Your Company also benefits from in-house research and development with a capability to try its findings and experiment with newer products and technologies on its owned vehicles. Several of its key findings have today been accepted and implemented even by vehicle manufacturers.

Your Company also has a very well diversified customer base. During FY 2017-18, the Company's largest customer and the top 10 customers put together contributed only 1% and 5% of the revenues of the Goods Transport business respectively. This has ensured that the Company has no dependencies on any customers or product categories. Similarly, there are no geographical or product related dependencies for the business which better insulates your Company vis-à-vis competition.

WEAKNESSES, RISKS AND CONCERNS

The surface transport industry suffers from an acute driver shortage issue and the said problem also affects your Company. The management opines that this is the single most important factor that affects all the transporters across the country. Your Company is however relatively better placed in this regard. VRL offers best in the class salaries and emoluments including incentives to its drivers which help retention of this cadre. The Company also has enlisted its drivers on its payrolls and extends all statutory benefits such as PF, ESI, etc. to its drivers. The Company offers a good work environment as well and also takes care of their skill development by conducting routine training programs as well as awareness camps. Your Company also conducts frequent health checks and health camps for the drivers so as to make them more health conscious. Shortages however still remain and your Company is striving to further encourage more and more individuals to take up driving by visiting potential villages and towns and trying to remove the stigma being associated with the driving profession. The management also propagates at several forums the necessity of a joint industry effort to overcome this problem which is only expected to become more challenging in the days to come.

Lack of owned infrastructure at key centers is another present day weakness in the management's opinion. The Company has established owned transshipment hubs at key locations like Hubballi, Mumbai, Mangalore, Mysore, Bhilwara, Gangavati and Davangere. Long term leases have also been entered into at key locations such as Chennai, Delhi, Hyderabad, Bengaluru, Pune, Kolkata, etc. Owned infrastructure enables the company to set up good quality maintenance facilities as also better infrastructure for goods movement and material handling. The ownership of premises at such key business locations provides the Company with a lot of flexibility in conducting business operations and the same lead to considerable cost savings and also enables the Company to scale up its service levels. Setting up such owned infrastructure would however entail significant investments which in turn affect the return ratios and the management would need to balance the two so as to optimize stakeholder value as well as to cater to business growth for future. The Company is expected to invest significant resources in developing the Surat facility in the ensuing fiscal and the management expects the said facility to be operational by the end of FY 2019. Your Company would consider gradually expanding its owned infrastructure at such key locations in the years to come.

OPPORTUNITY

The implementation of GST is expected to be a boon for the entire logistics industry. It will hasten the gradual shift of customers from unorganized to organized service providers leading to better business practices even for smaller businesses which in turn would benefit the organized logistics operators such as your Company. GST would also provide a big boost for the movement of LTL cargo and VRL, being the industry leader in the LTL space is expected to benefit from GST implementation.

After the implementation of GST, the determining factors of planning logistics will be the fundamental principles of logistics - demand, supply, near-to-customer, sourcing, transportation costs and inventory costs. This will ensure a major shift and/or consolidation in warehousing locations, transportation costs and will also impact the trends of certain commercial vehicle classes. We believe that there would a marked shift in the operating model of surface transporters in the country and the hub-and-spoke model would suddenly find a lot of followers in the Indian context. Your Company operates on a hub-and-spoke model all along and its experience and expertise in the movement of LTL parcels is unmatched which has enabled it to be at the very helm of this business in India.

Your Company also has successfully implemented processes within the operations to ensure full compliance with the GST and E-way bill requirements. With in-house IT, the Company is also expected to benefit from monetizing this capability to smaller vendors in the industry.

THREAT

Fluctuations in fuel prices resulting from diesel de-regulation, lorry hire charges payable to third party vehicles and input costs especially those related to tolls as also others like rent, salary etc, increase in minimum wages have a significant bearing on the Company's profitability margins. These represent a significant portion of the operating costs and any inability to pass on the same in entirety affects profit margins adversely. In particular, the cost of fuel fluctuates on a daily basis and the same is beyond our control. Historically, due to low customer dependencies, the Company has been in a position to pass on predominantly or at times even completely such increases to customers through periodic increase in freight rates or bus ticket prices. However, the ever present volatility represents a considerable threat to our result of operations.

Whereas GST offers an opportunity, till its stabilization especially with regards to SMEs and smaller businesses who form a significant portion of our clientele, we expect considerable volatility in the freight volumes.

The Company's operations could also be affected owing to development of newer policies by the different State Governments of the country. To quote an example, several states / cities have prohibited the entry of commercial diesel operated vehicles that are beyond a certain age. This necessitates the shifting of older vehicles and deploying these over other permitted routes which entails a cost. Also, one can never be certain as to when similar decisions would be implemented across other States and major cities which could affect us adversely. Also, protectionism policies in respect of passenger buses being considered by a few states could also affect the passenger travel business. We however have adequate strength in our business model to overcome any such developments albeit the same could have a bearing on associated costs. Needless to say, the inherent business model of the Company ensures that your Company is much better placed as against its competition in this regard.

The Company's business operations are totally dependent on the road network in India. There are various factors that affect the road network such as political unrest, bad weather conditions, natural calamities, regional disturbances or even third party negligence that can affect the condition of vehicles and cargo / passengers. Even though the Company undertakes various measures to avoid or mitigate such factors to the extent possible, some of these have the potential of causing extensive impact on operations and assets.

3. SEGMENT-WISE PERFORMANCE

The overall revenues of your Company recorded a nominal growth during the current year in comparison with the earlier year.

Goods transportation revenues recorded a marginal growth of 6.39%. The said growth is the result of a growth in the realization per ton and the freight volumes remained relatively flat during the year.

The Bus Operations division recorded an increase of 9.96%. Despite of small reduction in fleet size, increase in the realization per passenger and occupancy rates combination yielded additional revenue vis-à-vis the earlier fiscal.

The Wind Power division of the Company recorded revenues of ₹ 2172.06 lakhs, a decrease of 7.45% arising from less than favourable wind velocity during the year when compared with the earlier period revenue of ₹ 2346.84 lakhs

The transport of passengers by air operations recorded revenues of ₹ 1312.97 lakhs as against corresponding revenues of ₹ 1603.43 lakhs.

4. OUTLOOK

With the GST and related E-waybill implementation we expect good days for the entire domestic road freight transport industry. One of the key achievements of the e-way bill will surely be the effective dissolution of state borders. The amount of time wasted at state borders to validate documents with regards to inter-state movements of goods was a hindrance to any business beyond its home state. Organized players will stand to benefit and the smaller and unorganized players need to step up and meet the compliance requirements which appears very difficult given the present day scenario. Though the initial days could be chaotic we expect that the stabilization of the GST regime will usher in a new era for our industry. On the passenger bus operations front, we expect that the legislative changes will gradually make way for organized players to sustain and the present day unhealthy competition to wane in the coming days.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and the nature of its operations. The Internal Control function emanates at the Board level and its scope and authority of the Internal Audit function is well defined. To maintain objectivity and independence, the Internal Audit function reports to the Chairman of the Audit & Risk Management committee of the Board & to the executive Chairman and the Managing Director. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies across the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit & Risk Management committee of the Board.

As regards the operation of internal controls, majority of these have been inbuilt in the internal procedures established by the organization which are also documented in the Procedure Manual. The said manual describes in details the methodology to be adopted right from transacting bookings, effecting consignment deliveries, etc. and also describes the practices to be followed for the smooth operation of business. Inspection teams are formed at the head office level as well as at the transshipment level and cover the entire branch network of the Company periodically for exhaustive inspection for adherence to the set procedure. Deviation from the laid down procedure is escalated to the Functional heads as also directly to the Executive Directors.

The Company had laid down guidelines, policies, procedures and structure to enable implementation of appropriate internal financial controls across the company. These control processes enable and ensure the orderly and efficient conduct of company's business, including safeguarding of assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation & disclosure of financial statements. There are control processes both on manual and IT applications including ERP applications, wherein the transactions were approved and recorded. Review and control mechanisms are built in to ensure that such control systems are adequate and operating effectively.

Other control processes are IT driven and the in-house information technology capabilities ensure that due flexibility is available in the system to further strengthen controls as the case may be. Your management appreciates the need to remain efficient in their workings and recognizes its responsibility in establishing controls as also effectively implementing them and monitoring their effectiveness on a periodic basis.

6. DISCUSSION ON FINANCIAL PERFORMANCE W.R.T OPERATIONAL PERFORMANCE

(₹ in lakhs)

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Total Income	1,93,655.07	1,81,238.33
Profit Before Finance and Depreciation	24,846.44	22,748.13
Finance Charges	1,144.09	2,400.21
Provision for Depreciation	9,763.42	9,817.85
Net Profit Before Tax (incl. exceptional income item)	13,938.93	10,530.07
Tax Expense	4,682.51	3,482.81
Net Profit After Tax	9,256.42	7,047.26
Interim Dividend on Equity Shares	-	3,649.74
Tax on Interim Dividend	-	743.00
Transfer to General Reserve	925.64	704.73
Other comprehensive income	186.01	(75.98)
Surplus carried to Balance Sheet	8,144.77	2,025.77

Board of Directors of the Company at its meeting held on November 3, 2017 had approved a proposal for the Buy-back by the Company of its fully paid up Equity Shares for an aggregate amount not exceeding ₹ 41,40,00,000 (Rupees Forty one crores forty lakhs only), ("Maximum Buy-back Size"), being 7.65% of the total paid up share capital and free reserves of the Company based on the audited financial statements of the Company as at March 31, 2017 (being the date of last audited financial statements of the Company then), for a price not exceeding ₹ 460/- (Rupees Four hundred and sixty only) per Equity Share ("Maximum Buy-back Price") from the shareholders of the Company excluding promoters, promoter group, persons acting in concert and persons who are in control of the Company, payable in cash via the open market route through the stock exchanges, in accordance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended ("SEBI Buyback Regulations") and the Companies Act, 2013 and rules made thereunder, as amended (the process hereinafter referred to as the "Buy-back"). The said Buy back was done in lieu of dividend during the current fiscal to reward the shareholders. The Promoters did not participate in the said Buy back.

The Company completed the Buyback of 9,00,000 equity shares of the Company, being the maximum size, at an average price of ₹ 419.39 (Rupees Four hundred and nineteen and thirty nine paise only) thereby utilizing an amount of ₹ 37,74,49,961.90 (Rupees Thirty Seven Crores Seventy Four Lakhs Forty Nine Thousand Nine Hundred Sixty One and Ninety paise only) (excluding Transaction Costs) which represents 91.17% of the Maximum Buyback Size. The said buyback was completed on January 30, 2018.

The total Revenue of the company increased by 6.61% from ₹ 180308.51 lakhs to ₹ 192232.03 lakhs and including other income the revenue is increased by 6.85% from ₹ 181238.33 lakhs to ₹ 193655.07 lakhs.

Goods Transportation (GT)

- GT Revenue increased by 6.39% from ₹ 142615.26 lakhs to ₹ 151722.15 lakhs
- Overall tonnage remained flat partly due to uncertain economy as a result of changes in key policy, notably GST implementation and E-way bill implementation. Freight volumes picked up during the second half of the fiscal. The Company registered a marginal increase in the overall freight volume. Realization per ton also increased by 6.2%.
- On account of flat tonnage, the increase in operational expenses such as Fuel expenses, Employee cost, Administrative Expenses, Toll Expenses, Rent Expenses, Agency commission, Vehicle Insurance impacted the operating margins.
- The ever increasing fuel rate during the year affected the operating margins. Though there was an increase of 5.52% in procurement of fuel through dealers, due to various proactive initiatives taken by your company, we were able to reduce the fuel cost margins. Average procurement cost per litre of Diesel in FY18 was up by 3.54% from ₹ 54.79 in FY17 to ₹ 56.73 in FY18 on an average based on our consumption. Bio-fuel usage was to the tune of 14.14% of the total fuel consumption during FY 2017-18 and the same increased by 2.51% from 11.63% during FY 2016-17.
- Due to changes to State labour laws, whereby significant increase was made to the level of minimum wages payable to employees also coupled with the salary increment extended during the second half of the fiscal, employee costs increased substantially during the year. Increase in the limits relating to ESI and Gratuity notified during the year also resulted in higher provision towards Gratuity and Leave Encashment.

Passenger Travel (PT)

- PT revenue increased by 9.96% from ₹ 32620.63 lakhs to ₹ 35870.88 lakhs
- It is indeed noteworthy that the performance of the said division increased due to Increase in number of passengers by 3.71%, Increase in realisation per passenger by 6.16% inspite of reduction in the number of buses and stiff competition faced during the Year. This was possible due to better planning and reorganizing of routes.

Windpower

Sale of Power decreased by 7.45% from ₹ 2346.84 lakhs to ₹ 2172.06 lakhs. Sale of Power decreased mainly due to decrease in net power units generated due to seasonal fluctuations in wind velocity.

Transport of passengers by Air

Revenue from this segment decreased from ₹ 1603.43 lakhs to ₹ 1312.97 lakhs.

Cost saving measures

During the year we have initiated few key cost saving measures as under:

- Extension of Fast tags on all our vehicles, which apart from reducing costs also helps in increasing Time and Efficiency by avoiding vehicle congestion at various toll booths.
- Proactive Initiatives taken by the company in procurement of fuel like increase in the procurement of Bio Fuel, Redemption benefits from IOC & utilizing cash back benefits
- We also initiated a negotiation with Banks and FIs to reduce the rate of interest pursuant to repo rate cuts by RBI also used the operating cash flows of the effectively during the year to repay other existing high cost debts. The same led to a decrease in the average interest rate cost and the Net debt levels of the company as of March 31, 2018 stand reduced to ₹ 6277.58 lakhs as against a corresponding figure of ₹ 17396.35 lakhs for the previous year.
- We also laid due emphasis on prioritizing the deployment of our own fleet thereby reducing dependence on outside vehicles. During the year there was a significant decrease in the distance covered by outside vehicles vis-à-vis the earlier year. To ensure quality of service we have also commenced GPS tracking of outside vehicles.
- The company has saved monetary outflow of ₹ 89.41 lakhs under the Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) plan for enrolling new employees in EPFO and such savings would continue for first three years of such employment.

Profitability

As a result of the above, the EBITDA of the company increased from ₹ 22748.13 lakhs to ₹ 24846.44 lakhs in absolute terms and as a percentage of revenue increased from 12.55% to 12.83%. The same has resulted in to increase in EBIT of the company from ₹ 12930.28 lakhs to ₹ 15083.02 lakhs in absolute terms and as a percentage to revenues, increased from 7.13% to 7.79%. Resultantly, Profit before Tax increased from ₹ 10530.07 lakhs to ₹ 13938.93 lakhs and as a percentage of revenue increased from 5.81% to 7.20%. Profit after Tax increased from ₹ 7047.26 lakhs to ₹ 9256.42 lakhs and as a percentage of revenues increased by 0.89% from 3.89% to 4.78%.

7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT – EMPLOYEE DATA

The total employee strength of the Company as of 31.03.2018 was 19781. Given the nature of operations, a significant portion of the said employee strength comprises of drivers, cleaners, garage mechanics and other unskilled employees.

Despite the large number of employees as also considering the widespread geographical operation of the Company, your management feels proud to state that the employer – employee relations remained extremely cordial throughout the year. There were no instances of strikes, lockouts or any other action on part of the employees that affected the functioning of the Company. It is noteworthy that there is no Employee Union / Trade Union / Union within the organization.

BUSINESS RESPONSIBILITY REPORT

Pursuant to regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, mandates inclusion of the Business Responsibility Report (BRR) as part of the Annual Report. In compliance with the requirement, the complete Business Responsibility report is given below. This report describes the initiatives taken by the Company on Business Responsibilities vis-à-vis the nine principles of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business framed by the Ministry of Corporate affairs.

Section A: General Information about the Company

- Corporate Identity Number: L60210KA1983PLC005247
- Registered address: RS. NO. 351/1, Varur, Post Chabbi, Taluk Hubballi, District Dharwad, Hubballi - 581 207
- Website: www.vrlgroup.in
- Email-id: investors@vrllogistics.com
- Financial year reported: April 1, 2017 to March 31, 2018
- Sector(s) that the Company is engaged in (Industrial activity code-wise)
 - Motorised Road Freight Transport (NIC code 49231)
 - Long distance Bus Services (NIC Code 49221)
 - Electric Power Generation using other non-convention sources (NIC Code: 35106)
 - Other passenger air transport n.e.c. (NIC Code 51109)
- Three key products/services that the Company manufactures/provides (as in B/s) -
 - Goods Transportation;
 - Bus Operations;
 - Sale of power
 - Transport of passengers by Air.
- Total number of locations where business activity is undertaken by the Company:
 - (a) Number of International Locations - Nil
 - (b) Number of National Locations - Goods transportation services in 931 locations across India in 23 States and 4 Union Territories
- Markets served by the Company - We serve all the major Corporate houses, C&Fs, Wholesalers, Retailers as also individual customers across India

Section B: Financial Details of the Company		
S No	Particulars	Details as on 31 st March 2018 (₹ in lakhs)
1.	Paid up capital	₹ 9034.35
2.	Total turnover	₹ 1,93,655.07
3.	Total profit after tax	₹ 9256.42
4.	Total spending on corporate social responsibility (CSR) by the Company	During FY 2017-18 the Company spent an amount of ₹ 147.27 lakhs on CSR activities
5.	List of activities in which expenditure in 4 above has been incurred.	1. Health 2. Sports 3. Education For details refer Annexure E of the Directors' Report

Section C: Other Details

About Subsidiary - The Company does not have any subsidiary

Section D: BR Information

1. Details of Director/Directors responsible for BR:

a) Details of the Directors responsible for implementation of the BR policy:

DIN: 00217714

Name: Dr. Vijay Sankeshwar

Designation: Chairman & Managing Director

b) Details of the BR Head:

Dr. Vijay Sankeshwar, Chairman & Managing Director, along with Audit & Risk Management committee, oversees the BR implementation. However, the Company currently does not have a BR Head.

Principles covered under the Business Responsibility Report

SI No	Description	Reference of our Policies
P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability	1. Vigil mechanism 2. Code of Conduct for Directors and Senior Management
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	1. Quality Policy 2. Business Procedure Manual
P3	Businesses should promote the well-being of all employees	HR Policies including Employment Policy and Prevention of Sexual Harassment
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Corporate Social Responsibility Policy
P5	Businesses should respect and promote human rights	HR Policies
P6	Business should respect, protect and make efforts to restore the environment	-
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	-
P8	Businesses should support inclusive growth and equitable development	Corporate Social Responsibility Policy
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	1. IT Policy 2. Quality Policy 3. Business Procedure Manual

1. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N):

S No	Questions	P1	P2	P3	P4	P5	P6 #	P7 #*	P8	P9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	N	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	N	N	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify?	Y	Y	Y	Y	Y	N	N	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director	Y	Y	Y	Y	Y	N	N	Y	Y
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Dr. Vijay Sankeshwar, Chairman and Managing Director, along with the Audit & Risk Management committee is authorised to oversee policy implementation.								
6	Indicate the link for the policy to be viewed online? (## refer note)	Y	Y	Y	Y	Y	N	N	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders? (## refer note)	Y	Y	Y	Y	Y	N	N	Y	Y
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	N	N	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	N	N	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	N	Y	N	N	N	Y

Note:

Formal Environmental and Public Liaison Policy will be formulated in due course.

* We wish to submit that we are in full compliance with all the environmental laws applicable to us. As regards Liaison, we are a part of nearly all the important industry bodies and play a proactive role in highlighting and taking up matters for betterment of our surface transport industry. To quote an example, during the year our submissions and representations at the GST council have resulted in several key policy changes benefitting the surface logistics industry as a whole.

All the Company policies are available for internal consumption to related stakeholders. However, wherever external stakeholders are involved, relevant policies are also available on company's website www.vrlgroup.in.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	√	√	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

1. Governance related to BR:

- The Governance related to BR is being reviewed periodically by the Chairman and Managing Director.
Frequency -Annual
- A copy of the report is also made available at www.vrlgroup.in

Section E: Principle wise performance

P. No.	Description	Response
Principle 1 - Business should conduct and govern themselves with Ethics, Transparency and Accountability		
1.1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?	We are committed to observing good corporate governance practices. Our policy on Code of Ethics and Business Code which is applicable to all employees and Directors to guide them to conduct business in an ethical, responsible and transparent manner. Presently, we have not covered outsiders such as Contractors / Suppliers etc. and would do so in due course. Our policy lays down the conduct expectations for our employees while dealing with the outside world. We do not propose to include outsiders under our policy for the time being.
1.2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	No complaints in this regard were received during the year.
Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.		
2.1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	We are engaged in providing logistics solutions and none of our business operations have any inherent design capable of adversely impacting society or environment. In fact we are proactive and continuously strive to implement energy efficient equipments, non conventional energy sources and alternate non polluting fuel etc.

2.2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional): (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	NA
2.3	Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	We have set up a robust sourcing procedure. Our procurement and commercial policies include several parameters based on which suppliers are evaluated and selected for supplying various materials. It is pertinent to note here that our relationships with vendors are long term in nature. Major Commercial vehicle manufacturers like Ashok Leyland and Volvo Eicher have set up their own stores in our vehicle maintenance premises. Periodic supplier evaluation is being undertaken. During the year, our procurement from domestic vendors was in excess of 99%.
2.4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	As indicated above 99% plus of our procurement is indigenous. We encourage local industrial units in sourcing our vehicle maintenance related procurements.
2.5	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	We do not generate significant waste as our operations are scattered across the country. It is pertinent here to however state that our centralized vehicle maintenance facilities at Varur, Hubballi, has a suitable discharge treatment mechanism. All our major hubs and facilities have proper discharge treatment systems in place.

Principle 3 - Businesses should promote the well-being of all employees

VRL employs nearly 19000 individuals across India. We belong to the surface transportation industry which is highly unorganized in India and majority of the workforce comprises of semi-skilled and unskilled employees. Contrary to general industry practice, we however ensure that our employees are extended all Statutory benefits such as PF, ESI and group insurance coverage for select employee category. We ensure that our work timings are reasonable and provides a proper work-life equilibrium. Barring the driver cadre, our attrition rates are the lowest in our industry and most of our middle and senior management staff are with the Company since decades.

3.1	Please indicate the total number of employees	We had 19781 employees as of March 31, 2018
3.2	Please indicate the total number of employees hired on contractual/ casual basis	We do not hire individuals on contract basis
3.3	Please indicate the total Number of permanent women employees.	291
3.4	Please indicate the number of permanent employees with disabilities	7
3.5	Do you have an employee association that is recognized by management?	We do have any employee union in our Company
3.6	What percentage of your permanent employees is members of this recognized employee association?	Not Applicable
3.7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	There were no instances of any child labor, forced / involuntary labor, discriminatory employment during the FY 17-18. No Sexual Harassment complaints were received during the year.

3.8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? Learning and Development (L&D)	Training relating to safety and skill is extended to drivers and maintenance staff. Individual employees based on their performance are identified and trained on need basis. We do not have percentage data for the same.
Principle 4 - Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized		
4.1	Has the company mapped its internal and external stakeholders? Yes/No	We have identified our stakeholders, both internal as well as external, who directly or indirectly influence our business. Our key stakeholders include Employees, Customers, Shareholders, Suppliers, Bankers, Government Regulators and Local communities.
4.2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?	We opine that we cannot have a general classification whereby we consider one / many of the above stakeholder category to be 'vulnerable'. However among the above stakeholder category of Local community we have identified the lack of health awareness as also dearth of good educational facilities at select locations and we try to do our bit under the aegis of "VRL Foundation", a trust that the Company has set up to undertake its CSR activities. The Trust has identified healthcare, sports and education as its key focus areas and works towards a betterment of the local populace.
4.3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.	The Trust has identified healthcare, sports and education as its key focus areas and works towards a betterment of the local populace. Apart from the same we have also participated in limb replacement camps, health awareness camps, contribution to select deserving schools and hospitals etc. during the year. For more details, please refer "Corporate Social Responsibility" section of Director's Report of Annual Report 2017-18.
Principle 5 - Businesses should respect and promote human rights		
5.1	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers /Contractors /NGOs/ Others?	Our policies cover only our employees and do not extend to external stakeholders. Also the very basic culture of our organization is based on extending respect to all concerned, especially when we deal with lakhs of bus passengers travelling on our buses, dealing with thousands of customers on a daily basis as also engaging the services of outside vehicles requiring extensive engagement with external drivers and diverse workforce.
5.2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	We were not in receipt of any complaints which can be covered under the ambit of human rights during the year.
Principle 6 - Business should respect, protect and make efforts to restore the environment		
6.1	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures /Suppliers /Contractors /NGOs/ others.	We do not have a documented environment policy. We would come out with a policy with due consideration to the nuances and requirements as applicable to us. We wish to submit that we are in full compliance with all the environmental laws applicable to us.

6.2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	<p>As indicated we do not have a documented policy and resultant any documented literature enumerating our strategies on that front.</p> <p>We would however like to state that the lack of a documented policy does not mean that we do not appreciate the importance of the issues relating to environment. We are very environment cautious and wish to state as under</p> <ul style="list-style-type: none"> - We have installed a wind farm with a capacity of 42.50 MW and the said project has due recognition under the United Nations Framework on Climate Change Convention – We are eligible for carbon credits and have earned significant revenue from the sale of such units as well in the past - All our vehicles are in compliance with the emission norms -We ensure good quality of fuel and reduce emissions and wastages by usage of additives as well - We encourage and use alternative fuel such as bio-fuel – in fact we believe that we are the pioneers in the usage of this fuel for commercial vehicles - We have installed solar panels for electricity in most of our bigger branches - We are gradually phasing out our diesel forklifts and replacing the same with battery operated forklifts in our warehouses which do not pollute at all <p>The above list is not exhaustive and above are a few of the initiatives implemented by us as an environment conscious entity.</p>
6.3	Does the company identify and assess potential environmental risks? Y/N	Yes we do and also initiate remedial measures a few of which are listed above
6.4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?	<ul style="list-style-type: none"> - We have installed a wind farm with a capacity of 42.50 MW at Kappatgudda in Gadag district of Karnataka - The said project was one among the very few projects which got due recognition under the United Nations Framework on Climate Change Convention - We are eligible for carbon credits and have earned significant revenue from the sale of such units as well in the past - We had a tie up with the Asian Development Bank (ADB) which procured these Carbon Credits from us
6.5	Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Please refer para 6.2 above.
6.6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	We are in compliance with the applicable regulatory requirements in relation to emissions / waste generation
6.7	Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	During the FY 2017-18, the Company did not receive any notice.

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

7.1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	<p>We are a member of the below –</p> <ul style="list-style-type: none"> - All Indian Motor Transport Congress (AIMTC) the nodal body of surface logistics players in the country. We are members of the State Level Goods Transport Associations - Members of the Federation of Karnataka of Chamber of Commerce and Industry (FKCCI) - Approved Logistics Service Provider of the Indian Banks Association - Members of International Air Transport Association (IATA) - Members of the Bus Operators Confederation of India (BOCI) etc. - Member of the Karnataka Tourist Bus Operators Association
7.2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	We have participated in the various forums of the above organizations and actively take up matters which we consider as industry grievances.

Principle 8 - Businesses should support inclusive growth and equitable development

8.1	Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Our CSR initiatives are based on the principle of making enduring impact through programs that promote social and economic inclusion. We strongly believe that we can sustain in the society only if it is not deprived of good health and sound education. We promote and participate in projects related to healthcare, health awareness, yoga, educations, sports facilities etc. with due consideration to the underprivileged and marginalized sections of the local community. For more details, please refer "Corporate Social Responsibility" section of Director's Report of Annual Report 2017-18.
8.2	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?	Our CSR initiatives are carried out under the aegis of "VRL Foundation" a trust formed by us as also by way of direct participation / contribution to projects deemed deserving,.
8.3	Have you done any impact assessment of your initiative?	We have not specifically conducted an impact assessment but wish to acknowledge the tremendous positive feedback received on our initiatives
8.4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?	During FY 2017-18, our Company spent an amount of Rs.147.27 lakhs towards its CSR initiatives. For more details, please refer "Corporate Social Responsibility" section of Director's Report of Annual Report 2017-18.
8.5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	We have taken steps to ensure that our initiatives are successfully adopted by the community. We undertake a thorough study prior to committing ourselves. We ensure that our diligence is comprehensive enough to warrant a commitment. We have a dedicated Trust to oversee the activities and the same is manned by full time employees. Our executives are also selectively attached to different initiatives and they too spend sufficient time and oversee the implementation of our initiatives.

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

9.1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	2.29% of the customer complaints remained pending as on 31st March 2018. Also a total of 20 consumer forum cases are pending in relevant District / State consumer forums
9.2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes /No /N.A. /Remarks (additional information)	Not applicable
9.3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No cases relating to Unfair Trade Practice, Irresponsible advertising or anti-competitive behavior were filed that remain pending as of the end of the financial year. We have already stated the total consumer cases pending in 9.1 above.
9.4	Did your company carry out any consumer survey/ consumer satisfaction trends?	We regularly interact with our customers to get their feedback on our services and deliverables. We have not carried out any specific consumer survey though. We have dedicated 24/7 customer care set up for our goods as well as passenger business.

REPORT ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance has been developed with a tradition of fair and transparent governance. Transparency, integrity, professionalism and accountability based values form the basis of the Company's philosophy for Corporate Governance and the continued application of these principles to the business practices has led to the growth of the Company over the years. The Company believes that corporate governance is beyond financial results and is a pre-requisite to the attainment of excellent performance in terms of stakeholders' long term value creation. The Company believes Corporate Governance is an ethically driven business process that is committed to values, aimed at enhancing an organization's brand and reputation. Hence, it is imperative to establish, adopt and follow best corporate governance practices, thereby facilitating effective management and carrying out our business by setting principles, benchmarks and systems to be followed by the Board of Directors (the "Board"), Management and all Employees in their dealings with Customers, Stakeholders and Society at large.

The objective of the Company is not only to achieve excellence in Corporate Governance by conforming to prevalent mandatory guidelines on Corporate Governance but also to improve on these aspects on an ongoing basis with a continuous attempt to innovate in adoption of best business practices for value creation. The Company believes that good Corporate Governance is a continuous improvement seeking process and strives to further improve the Corporate Governance practices to meet the expectations of all the stakeholders.

We detail hereunder the Company's compliance with Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Listing Regulations"):

I) Board of Directors

(a) Composition of the Board

The Board is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations, which stipulates that the Board should have optimum combination of executive and non-executive directors with at least one woman director and at least 50% of the Board should consist of independent directors, as the Chairman of our Board is an executive director.

As on March 31, 2018, the Board comprised of twelve Directors. Out of these, four are Executive Directors - Chairman & Managing Director, Managing Director who are also the Promoters of the Company and two other whole time directors who are liable to retire by rotation.

Of the eight Non-Executive Directors, six are Independent Directors (IDs). The Company has also appointed one Woman Director who is also an independent director. The Directors possess the requisite qualifications, expertise and experience in general corporate management, finance, banking, academics, laws and other allied fields enabling them to contribute effectively in their capacity as Directors of the Company.

None of the Directors of the Company are related to each other except Dr. Vijay Sankeshwar, Chairman & Managing Director (CMD) and Mr. Anand Sankeshwar, Managing Director (MD) who are related to each other.

The Company has issued a formal appointment letter to the IDs, as required Section 149 of the Companies Act 2013 read with schedule IV. The terms and conditions of appointment of IDs is available on the Company's website www.vrlgroup.in.

(b) Number of Board Meetings

The Board of Directors met five times during the financial year 2017-18. The meetings were held on May 19, 2017, August 04, 2017, November 03, 2017, December 2, 2017 and January 31, 2018. The maximum time gap between two consecutive meetings did not exceed one hundred and twenty days.

(c) Directors' attendance record and details of Directorships/Committee Positions held

In terms of SEBI Listing Regulations, none of the Directors on Board is a member of more than ten Board-level committees and Chairman of more than five such committees, across all such companies in which he/she is a Director.

Further, none of the Directors of the Company serve as Independent Director in more than seven listed companies.

Table 1 provides the names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting as also the number of Directorships and Board-level committee positions held by them.

Table 1: Details of the Directors as on March 31, 2018

Name of the Director	Category	Number of Board meetings held	Number of Board meetings attended	Meetings held during tenure as Director	Whether attended last AGM	Number of Directorships of other public companies ^(a)	Committee Positions [#]	
							Chairman	Member
Dr. Vijay Sankeshwar (DIN:00217714)	Chairman and Managing Director	5	5	5	Yes	2	1	-
Mr. Anand Sankeshwar (DIN:00217773)	Managing Director	5	4	5	Yes	1	-	-
Mr. K N Umesh (DIN:02602595) ^{\$}	Whole time director	5	4	4	Yes	-	-	-
Mr. L R Bhat (DIN:01875068) ^{\$\$}	Whole time director	5	3	3	Yes	-	-	-
Mr. C Karunakara Shetty (DIN:01560349)	Independent Director	5	5	5	Yes	-	-	-
Dr. Prabhakar Kore (DIN:00509836)	Independent Director	5	1	5	No	1	-	1
Mr. J S Korlahalli (DIN:00528428)	Independent Director	5	5	5	Yes	-	-	-
Mr. Shankarasa Ladwa (DIN:06964188)	Independent Director	5	5	5	Yes	-	-	-
Mrs. Medha Pawar (DIN:06921510)	Independent Director	5	4	5	Yes	-	-	-
Dr. Anand Pandurangi (DIN:07038691)	Independent Director	5	5	5	Yes	-	-	-
Dr. Ashok Shettar (DIN:07038714)	Non-Executive Director	5	2	5	No	-	-	-
Dr. Raghottam Akamanchi (DIN:07038738)	Non-Executive Director	5	5	5	Yes	-	-	-
Mr. Ramesh Shetty* (DIN: 01051743)	Non-Executive Director	5	1	2	No	-	-	-
Mr. S R Prabhu** (DIN:07038752)	Non-Executive Director	5	1	1	No	-	-	-

(a) Excludes private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013 (i.e. associations not carrying on business for profit or which prohibits payment of dividend).

Chairmanship/Membership of Audit committee and Stakeholder's Relationship Committee in other public companies has been considered.

* Retired by rotation at the 34th Annual General Meeting of the Company held on August 4, 2017.

** Resigned from the office of Director w.e.f May 19, 2017.

\$ Appointed as Whole Time Director liable to retire by rotation w.e.f May 19, 2017 and subsequently confirmed by the members at the 34th Annual General Meeting of the Company held on August 4, 2017.

\$\$ Appointed as Whole Time Director of the Company liable to retire by rotation by members at the 34th Annual General Meeting of the Company held on August 4, 2017.

(d) Information to the Board

Detailed agenda and related papers are sent to each Director in advance prior to the Board and Committee Meetings. As a policy, all decisions involving major investments and major capital expenditure, in addition to matters which statutorily require the approval of the Board are put up for consideration of the Board *Interalia*, as a matter of policy, the following information, as may be applicable and required, is provided to the Board as a part of the agenda papers.

- Annual operating plans, budgets and updates thereon.
- Capital budgets and any updates thereon.
- Quarterly, Half yearly and Annual results of the Company and its operating divisions or business segments upon related audit / limited review completion.
- Minutes of the meetings of the Audit & Risk Management committee and other committees of the board.
- Materially important show cause notices, demand notices, prosecution notices and penalty notices, if any.
- Fatal or serious accidents, dangerous occurrences and any other material adverse developments.
- Any material default in financial obligations to and by the Company, or substantial non-payments by clients/customers.
- Any issue, which involves possible public or product liability/claims of substantial nature, including any judgments or orders which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant development in human resources or on the industrial relations front such as signing of wage agreement, etc.
- Sale of Investments, Subsidiaries, assets which are material in nature, of assets which are not in the normal course of business.
- Compliance of regulatory and statutory requirements.
- Approval of Related Party Transactions though all transactions with related parties are at arm's length basis.
- Declaration by Independent Directors at the time of appointment/annually.
- Disclosure of Directors' interest and their shareholding.
- Appointment or removal of the Key Managerial Personnel.
- Appointment of Internal Auditors and Secretarial Auditors.
- Quarterly / Annual Secretarial Audit reports submitted by Secretarial Auditors.
- Declaration of Dividend.
- Quarterly summary of all long-term borrowings made, bank guarantees issued and loans and investments made.
- Significant changes in accounting policies and internal controls.
- External regulatory and policy changes that have a potential to adversely affect the Company.

The committee of the Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Management as well as steps taken by the Company to rectify instances of non-compliances, if any.

(e) Disclosure of relationships between directors inter-se

Dr. Vijay Sankeshwar and Mr. Anand Sankeshwar are related to each other. Dr. Vijay Sankeshwar is father of Mr. Anand Sankeshwar. Except this relationship, none of the other Directors are related to each other in any manner.

(f) Directors with pecuniary relationship or business transactions with the Company

The CMD, the MD and Whole time directors of the Company receive Salary, Perquisites, Allowances, commission on net profits and other benefits as stated in the agreements entered into between the Company and CMD/MD/ Whole time directors as the case may be, while all the Non-Executive Directors receive Sitting Fees. It is to be noted that the transactions with other entities where CMD/MD/Whole time Directors are

interested are being carried out at an arm's length and in compliance with the laws applicable thereto. There are no pecuniary transactions/relationships of the Company with Non-Executive Directors except sitting fees and reimbursement of expenses for attending meetings.

(g) Shareholding of non-executive directors

As on March 31, 2018, none of the non-executive directors of the Company held any shares or convertible instruments in the Company.

(h) Details of familiarization programmes imparted to independent directors

Regulation 25(7) of SEBI Listing Regulations stipulates that the Company shall familiarize the independent directors with the Company, their roles, rights, responsibilities, nature of the industry etc., through various programmes. During the financial year, senior management team has from time to time made presentations to Directors giving an overview of the Company's operations, function and business strategy of the Company. The details of familiarization programmes held for directors can be accessed through the following link.

http://vrlgroup.in/investor_download/Familiarisation%20Programme%20for%20Independent%20Directors.pdf

(i) Remuneration to Directors

Criteria of making payments to Non-Executive Directors

The Non-Executive/Independent Directors of the Company bring with them significant professional expertise and rich experience across the wide spectrum of functional areas such as marketing, legal, finance and other corporate functions.

The Non-Executive and Independent directors are paid sitting fees for attending Board and Committee meetings and expenditure incurred for such attendance is reimbursed. No other fee, remuneration is being paid to them.

Remuneration to Executive Directors

The appointment and remuneration of Executive Directors including CMD and MD is governed by the recommendation of the Nomination and Remuneration Committee, resolutions passed by the Board of Directors and Shareholders of the Company. Payment of remuneration to Executive Directors is governed by the respective agreements entered into between them and the company as approved by the shareholders at the general meeting.

During the year, no stock options were granted to any executive / non-executive director of the Company. Also, the Company did not advance any loan to any of its Directors during the year.

Mrs. Vani Sankeshwar, President of the Company is the wife of Mr. Anand Sankeshwar, MD of the Company. The gross remuneration paid to her for the year ended March 31, 2018 was ₹ 18.75 lakhs which is within the statutory limits and also approved by the members of the Company.

Table 2 below gives the details of remuneration paid to Directors for the year ended March 31, 2018.

Table 2: Remuneration paid to Directors

(₹ in lakhs unless otherwise stated)

Name of the Director	Salaries, perquisites and allowances	Commission	Sitting fees	Total
Dr. Vijay Sankeshwar	337.88	66.00	-	403.88
Mr. Anand Sankeshwar	310.00	-	-	310.00
Mr. K N Umesh\$	84.94	-	-	84.94
Mr. L R Bhat\$\$	64.91	-	-	64.91
Dr. Prabhakar Kore	-	-	0.24	0.24
Mr. J S Korlahalli	-	-	1.64	1.64
Mr. C Karunakara Shetty	-	-	1.76	1.76
Mr. S R Prabhu *	-	-	0.11	0.11
Mrs. Medha Pawar	-	-	0.94	0.94
Dr. Anand Pandurangi	-	-	0.70	0.70
Mr. Shankarasa Ladwa	-	-	1.53	1.53
Dr. Raghottam Akamanchi	-	-	0.59	0.59
Mr. Ramesh Shetty**	-	-	0.11	0.11
Dr. Ashok Shettar	-	-	0.24	0.24
Total	797.73	66.00	7.86	871.59

\$ Appointed as Whole Time Director w.e.f May 19, 2017.

\$\$ Appointed as Whole Time Director w.e.f August 04, 2017.

*Ceased to be Director w.e.f May 19, 2017

** Ceased to be Director w.e.f August 04, 2017

Service Contracts, Notice Period and Severance fees:

As at March 31, 2018, the Board comprised of twelve directors including four executive directors, two non-executive directors and six independent directors. Company has entered into agreements with Dr. Vijay Sankeshwar, Chairman and Managing Director, Mr. Anand Sankeshwar, Managing Director, Mr. K N Umesh, Whole time Director and Mr. L R Bhat, Whole time director which *interalia* stipulate a three months' notice period to vacate the office of Managing Director / Whole time Director. There is no provision for payment of severance fees. However, other Non-Executive Directors and Independent Directors are not subject to any specific requirement of notice period and severance fees.

(j) Code of Conduct

The Board of Directors has laid down a Code of Conduct (Code), for the Directors and designated / specified employees of the Company. The Code has been posted on the Company's website and can be accessed at http://www.vrlgroup.in/investor_download/Code_of_Conduct.pdf. All the Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct as applicable to them. A declaration to this effect signed by Dr. Vijay Sankeshwar, Chairman and Managing Director is annexed to this Report.

II) Board Committees

The Board has constituted various Committees to focus on specific areas and to make informed decisions within their authority. Each Committee is governed by its charter and has well defined terms of reference which outline the scope, roles, responsibilities and powers of the Committee. All the decisions and recommendations of the Committee are placed before the Board for its approval. The various board level committees are as under -

- Audit and Risk Management Committee;
- Stakeholders Relationship Committee;
- Corporate Social Responsibility Committee;
- Nomination and Remuneration Committee;
- Administration Committee;
- Finance Committee;
- Buyback Committee

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference / role of the Committees are taken by the Board of Directors. During the year under review, Board of Directors at their meeting held on November 3, 2017 have dissolved the Share Transfer Committee and Risk Management Committee w.e.f. November 3, 2017 and have also changed nomenclature of Audit committee to Audit and Risk Management Committee.

Details on the role and composition of these Committees, including the number of meetings held during the financial year and attendance at meetings, are provided below.

(a) Audit and Risk Management Committee

As on March 31, 2018, the Audit and Risk Management Committee comprised of four Directors. viz Mr. Shankarasa Ladwa (Chairman), Mr. J S Korlahalli, Mr. C Karunakara Shetty and Mrs. Medha Pawar. All members of the Audit and Risk Management Committee are Independent Directors who possess accounting, financial, taxation, management and legal knowledge.

The Senior Management team comprising of Chief Financial Officer and Vice-President (Accounts), as also Internal Auditors, Secretarial auditor and the Statutory Auditors were invited for the meetings of the Audit and Risk Management Committee. Mr. Aniruddha Phadnavis, Company Secretary is the Secretary to this Committee.

The Audit and Risk Management Committee met four times during the year 2017-18 on May 19, 2017, August 4, 2017, November 3, 2017, and January 31, 2018. The maximum time gap between two consecutive meetings did not exceed one hundred and twenty days. The minutes of the meetings of the Audit and Risk Management Committee are noted by the Board. The details of the composition of the Committee, meetings held, attendance at the meetings along with sitting fees paid, are given in Table 3.

Table 3: Details of the Audit and Risk Management Committee

(₹ in lakhs unless otherwise stated)

Name of the Member	Category	Position	Number of meetings held	Number of meetings attended	Sitting fees
Mr. Shankarasa Ladwa	Independent Director	Chairman	4	4	0.46
Mr. J S Korlahalli	Independent Director	Member	4	4	0.46
Mrs. Medha Pawar	Independent Director	Member	4	3	0.35
Mr. C Karunakara Shetty	Independent Director	Member	4	4	0.46

The Chairman of the Audit and Risk Management Committee was present at the 34th Annual General Meeting of the Company held on August 4, 2017 to answer shareholder queries.

The terms of reference of the Audit and Risk Management Committee are in conformity with the requirements of Regulation 18 of SEBI Listing Regulations and Section 177(1) of the Companies Act, 2013. Powers and the terms of reference of the Audit and Risk Management Committee are as under:

Powers of the Audit and Risk Management Committee

The Audit and Risk Management Committee has powers, which include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Terms of reference of the Audit and Risk Management Committee

The role of the Audit and Risk Management Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements/information are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payments to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement as part of Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates, based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements/financial results before submission to the Board for approval;
6. Reviewing, with the management, the statement of usage / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than

those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up necessary steps in this matter;

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval of transactions including any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up thereon;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, where applicable;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit and risk management Committee.

Review of Information by the Audit and Risk Management Committee

1. Management Discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit and risk management committee), submitted by Management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors, if any;
4. Review of the Compliance Report in respect of related laws as applicable to the Company;
5. Internal audit reports relating to internal control weaknesses; and
6. The appointment, removal and terms of remuneration of Internal Auditors;

The Company's internal audit department enables the Management to mitigate the risks and prevent non-compliance of laws which would affect the financial position of the Company. The scope and authority of the Internal Audit function is well defined and to maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit and Risk Management Committee of the Board as well as directly to the Chairman and Managing Director of the Company. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the internal audit reports issued from time to time, the management undertakes corrective actions in their respective areas and thereby strengthens the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit and Risk Management Committee.

The Company continuously invests in strengthening its internal control and processes. The Internal Auditors

attend the Meetings of the Audit and Risk Management Committee and submit their recommendations to the Audit and Risk Management Committee which after due deliberations provide a road map for the future.

(b) Nomination and Remuneration Committee

As on March 31, 2018, the Committee comprises of four Directors wherein three are Independent Directors and one is Non-Executive Director. They are Mr. J S Korlahalli(Chairman), Mr. C Karunakara Shetty, Dr. Anand Pandurangi and Dr. Ashok Shettar.

The Chairman of the Committee was present at the 34th Annual General Meeting of the Company held on August 4, 2017 to answer shareholder queries.

This Committee met once during the financial year i.e. on May 19, 2017.

Mr. Aniruddha Phadnavis, Company Secretary is the Secretary to the committee.

The details of the composition of the Committee, meeting held, attendance at the meeting along with sitting fees paid, are given in Table 4.

Table 4: Details of the Nomination and Remuneration Committee

(₹ in lakhs unless otherwise stated)

Name of the Member	Category	Position	Number of meetings held	Number of meetings attended	Sitting fees
Mr. J S Korlahalli	Independent Director	Chairman	1	1	0.11
Mr. C Karunakara Shetty	Independent Director	Member	1	1	0.11
Dr. Anand Pandurangi	Independent Director	Member	1	1	0.11
Dr. Ashok Shettar	Non Executive Director	Member	1	-	-

In accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations, the role of the Nomination and Remuneration Committee of the Company is as under:

- To formulate criteria for determining qualifications, positive attributes and independence of Directors.
- Formulate criteria for evaluation of Independent Directors and the Board.
- Identify persons who are qualified to become Directors and individuals who may be appointed in Senior Management positions in accordance with the criteria laid down by the Committee.
- To carry out evaluation of every Director's performance.
- To recommend to the Board, the appointment and removal of Directors and Senior Management.
- To recommend to the Board, policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To devise a policy on Board diversity.
- To carry out any other function as is mandated by the Board from time to time and/or as required under any statutory notification, amendment or modification, as may be applicable.
- To determine the extension or continuation of term of Independent Directors on the basis of the report of their performance evaluation.
- To perform such other functions as may be necessary or appropriate for the performance of such duties.

The committee also works with the Board on the Leadership Succession Plan and prepares Contingency Plans for succession in case of any exigencies.

(c) Board evaluation and criteria for evaluation of performance of independent directors

Pursuant to Section 134 of the Companies Act, 2013, the Board is responsible for an annual evaluation of its own performance as also the performance of its committees & Individual Directors as also its Chairperson. Further, under Regulation 17 of SEBI Listing Regulations, performance evaluation of the Independent Directors shall be done by the Board of Directors, excluding directors being evaluated. During the year, Board in concurrence with Nomination and Remuneration Committee has laid down the evaluation criteria for itself, its Committees, Chairperson, Executive and Non-Executive Directors and Independent Directors.

The evaluation was carried out through a structured questionnaire covering various aspects of the functioning of the Board and its committees. The Board in consultation with Nomination and Remuneration Committee has laid down varying criteria to be adopted in the evaluation of different directors. Suitable mechanism also exists to ensure that the concerned individual is given due feedback to help him/her appreciate the aspects considered important by other co-directors.

The following parameters were considered to evaluate the performance of the independent Directors:

- Integrity, maintenance of high standard and confidentiality;
- Commitment and participation at the Board & Committee meetings;
- Effective deployment of knowledge and expertise;
- Exercise of independent judgment in the best interest of the Company;
- Interpersonal relationships with other directors and management.

The following parameters were considered to evaluate the performance of the Board and Committees:

- Size and structure of the Board/Committees;
- Board diversity with respect to Background / experience / competence / gender / etc.
- Review of strategies, risk assessment, robustness of policies and procedures as also organizational culture by the Board;
- Review of the financial reporting process & monitoring Company's internal control system with a special focus on internal controls in relation to financial reporting;
- A review of the overall quality of Board meetings in terms of frequency, notice, agenda circulation, sufficiency of time for meaningful deliberations and quality of discussions;
- Review of flow of information to the Board members, Comprehensive coverage of matters in the agenda papers, conduct of meeting, etc.;
- Effective discharge of functions by the Committee vis-a-vis their terms of reference;
- Appropriateness and timeliness of reports relating to compliance with laws and regulations as are applicable to the Company;
- Review of engagement with senior management team by the Committees and the Board;
- Existence of a mechanism to address potential conflict of interest, appointment / retirement / grievance redressal and remuneration of Board members;
- Review of the time spent by the Board on policy and strategy issues and action plans.

The duly completed structured questionnaire was collected from the individual directors. The feedback received on evaluation process was accumulated and there was an unanimous conclusion whereby the Directors recognized that the Board and its Committees were functioning effectively and acknowledged the efforts and contributions made by the Chairperson, Managing Director, Executive Directors, Non-Executive Directors and Independent Directors towards the Board's functioning.

The Board also acknowledged the efforts put in by the Executive, Non-executive and Independent Directors and on the basis of the above parameters concluded that its overall functioning as also the functioning of its committees is effective. Feedback on performance of individual directors was provided to them and the same was also accepted as satisfactory. The performance of the Chairperson was found to be very effective.

Nomination and Remuneration Policy

The Non-Executive Directors (NEDs) are eligible to receive sitting fees for attending the Meetings of the Board of Directors and the Board Committees, which are within the limits prescribed by the Central Government. The Company pays a sitting fee of ₹ 10,000/- plus taxes to each NED for every Board meeting or board constituted committee meeting attended by such Director.

Remuneration paid / payable to Key Managerial Personnel (KMP) and Senior Managerial Personnel of the Company is approved by the Board on the recommendation of the Nomination and Remuneration Committee. Board has adopted a policy for Nomination and Remuneration of Directors/ KMPs and Senior Managerial Personnel which can be accessed at the following link:

http://www.vrlgroup.in/investor_download/Nomination_Remuneration%20Policy.pdf

(d) Stakeholders' Relationship Committee

This Committee comprises three Directors viz. Mr. C Karunakara Shetty (Chairman), Mr. J S Korlahalli and Mr. Shankarasa Ladwa. Mr. Aniruddha Phadnavis, Company Secretary is the secretary to this Committee.

The Chairman and all the other members of the said Committee are Independent Directors. This Committee met 4 times during the financial year i.e. on May 19, 2017, August 04, 2017, November 03, 2017, and January 31, 2018.

The details of the composition of the Committee, meetings held, attendance at the meetings along with sitting fees paid, are given in Table 5.

Table 5: Details of the Stakeholders' Relationship Committee

(₹ in lakhs unless otherwise stated)

Name of the Member	Category	Position	Number of meetings held	Number of meetings attended	Sitting fees
Mr. C Karunakara Shetty	Independent Director	Chairman	4	4	0.46
Mr. J. S. Korlahalli	Independent Director	Member	4	4	0.46
Mr. Shankarasa Ladwa	Independent Director	Member	4	4	0.46

The terms of reference of the Committee are as follows:

1. To supervise and ensure efficient share transfers, share transmission, transposition, etc.;
2. To approve allotment, transfer, transmission, transposition, consolidation, split, name deletion and issue of duplicate share certificates for equity shares of the Company;
3. To redress shareholders' complaints like non-receipt of balance sheet, non-receipt of declared dividends, etc.;
4. To review service standards and investor service initiatives undertaken by the Company;
5. To place before the Board meeting, a quarterly report giving details such as number of complaints received, resolved, pending during the quarter;
6. To report immediately to the Board, specific grievance raised by the shareholders/investors which could not be resolved by the committee and which need immediate attention;
7. To address all matters pertaining to Registrar and Transfer Agent including appointment of new Registrar and Transfer Agent in place of existing one;
8. To address all matters pertaining to Depositories for dematerialization of shares of the Company and other matters connected therewith; and
9. To attend to any other responsibility as may be entrusted by the Board or investigate any activity within terms of its reference.

Details of Shareholders' complaints

Details of complaints received, resolved and pending as on March 31, 2018 are as under:

Table 5A – Details of Shareholders' complaints received, resolved and pending during the year 2017-18

Pending as on April 1, 2017	Complaints received during the year	Complaints resolved during the year	Pending as on March 31, 2018
Nil	64	64	Nil

(e) Corporate Social Responsibility (CSR) Committee

CSR Committee comprises of one Executive Director and three Independent Directors viz. Dr. Prabhakar Kore (Chairman), Mr. Anand Sankeshwar, Mr. C Karunakara Shetty and Mrs. Medha Pawar.

Terms of reference of the Committee are as under:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company within the ambit of Schedule VII of the Companies Act, 2013.

- Recommend the amount of expenditure to be incurred on the activities referred in the CSR policy;
- Monitor the CSR Policy of the Company and its implementation from time to time;
- Such other functions as the Board may deem fit.

During 2017-18, the Committee met once i.e. on November 03, 2017.

The details of the composition of the Committee, meetings held, attendance at the meetings along with sitting fees paid are given in Table 6.

Table 6: Details of the Corporate Social Responsibility Committee

(₹ in lakhs unless otherwise stated)

Name of the Member	Category	Position	Number of meetings held	Number of meetings attended	Sitting fees
Dr. Prabhakar Kore	Independent Director	Chairman	1	1	0.12
Mr. Anand Sankeshwar	Executive Director	Member	1	1	-
Mr. C Karunakara Shetty	Independent Director	Member	1	1	0.12
Mrs. Medha Pawar	Independent Director	Member	1	1	0.12

More details on CSR spend by the Company is provided in the Annual report in the section on CSR activities, which forms part of Directors' Report.

CSR Policy of the Company can be accessed at the following link:

http://vrlgroup.in/investor_download/CSR%20POLICY.pdf

(f) Administration Committee

The Administration Committee has been constituted by the Board at its meeting held on October 27, 2016 to authorize persons to appear before court of law / tribunal, enter into lease / leave and license agreements and to do other things on behalf of the Company. The said committee comprises of four members viz. Dr. Vijay Sankeshwar, Chairman, Mr. Anand Sankeshwar, Dr. Raghottam Akamanchi and Mrs. Medha Pawar.

Functions of the Administration Committee/authority delegated by the Committee include the following.

A) Granting Authorization to Individuals:

1. To execute, for and on behalf of the Company, lease / leave and license agreements, applications, deeds, documents and any other writings in connection with the business of the Company;
2. To enter into any contract binding on the Company and on behalf of the Company;
3. To represent the Company before any Court, Tribunal, Consumer Redressal Forum or any Statutory or other Authority on any matter relating to the operations of the Company or with which the Company is in any way connected or concerned or to represent the Company generally or for any specific purpose or purposes;
4. To sign, submit all statutory forms, applications, declarations, notices, returns, statements, certificates and all such other documents as may be required by the appropriate authorities and to collect all statutory forms and papers from the appropriate authorities;
5. To receive summons, notices etc. and to sign, submit and verify various statements, applications, affidavits, declarations, undertakings, Forms, Returns and other requisite documents whatsoever and file them in any Court, Tribunal or any government authority;
6. To engage Advocates, Tax Practitioners and to sign Vakalatnamas;
7. To collect all types of statutory forms, any papers, cheques, drafts etc. from any person, bank or any State / Central Government Authority;
8. To apply for registration/ license of/for the Company with/from various authorities of any state or Centre including but not limited to Municipal Authorities, Provident Fund Authorities, Pollution Control Board/ Authorities, Labour Department, Land Revenue Department, Sales Tax authorities, Income Tax authorities, Shops and Establishment Act authorities, Customs and Central Excise authorities, the Director General of Civil Aviation and to do or perform all acts and deeds relating to such matters;

9. To apply, in the name of and for the Company for telephone, telex, fax and other telecommunication and electrical/electronic connections and to do all matters relating to such applications;
- B) To Grant General / Special power of attorney or any other document which may be required under any law for time being in force to enter into any agreement, deed or document on behalf of the Company or to represent the Company before any government or other authority, if any;
- C) To approve contracts or incur commitments of value not exceeding ₹ 1 crore on an annual basis, Consultancy assignments including foreign consultancy assignments not exceeding ₹ 1 crore annually each and Appointment of Agents for Consultancy Assignments involving sponsorship/ agency commission not exceeding ₹ 1 crore annually each;
- D) To do all acts, deeds and things as the said committee deems fit and considers necessary by exercising the powers of the Board which the said committee may lawfully exercise by virtue of the powers hereinabove conferred, including the decisions by way of a circular resolution;

Committee met twice during 2017-18 i.e. on August 14, 2017 and September 20, 2017. No sitting fee was paid for the said meeting.

(g) Finance Committee

The Finance Committee has been constituted to deal with the following matters:

- 1) To avail Non-Fund based credit limits including Bank Guarantees from Banks upon such security as may be required by the Banks and agreed to by the Finance Committee and the aggregate amount of such Non-fund based limits including Bank Guarantees shall not exceed ₹ 5 Crores.
- 2) To avail credit/financial facilities of any description from Banks/Financial Institutions/ Bodies Corporate (hereinafter referred to as 'Lenders') upon such security as may be required by the Lenders and agreed to by the said committee, provided however that, the aggregate amount of such credit/ financial facilities to be availed by the said Committee between any two consecutive Board meetings shall not exceed ₹ 150.00 Crores.
- 3) To hypothecate or create mortgage on assets offered as security in favour of the lenders and file requisite particulars of such charge in favour of the lenders with Registrar of Companies within the time prescribed under the applicable law.
- 4) To invest and deal with any monies of the Company upon such security (not being shares of the Company) or without security, in such manner as the said committee may deem fit, and from time to time to vary or realize such investments.
- 5) To make loans to individuals, to place deposits with other Companies/Firms upon such security or without security in such manner as the said committee may deem fit and from time to time vary/recover such loans/deposits, provided however, that the aggregate amount of such loans/deposits shall not at any time exceed 30% of the aggregate subscribed equity share capital and free reserves of the Company.
- 6) To open Current Account(s), Collection Account(s), Operation Account(s), or any other Account(s) with Banks and also to close such accounts, which the said Committee may consider necessary and expedient and do such other acts incidental or connected therewith.
- 7) To do all acts, deeds and things as the said committee may deem fit and consider necessary by exercising the powers of the Board which the said committee may lawfully exercise by virtue of the powers hereinabove conferred.

The committee comprises of three directors viz. Dr. Vijay Sankeshwar (Chairman), Mr. Anand Sankeshwar and Mr. J S Korlahalli. The said committee met eighteen times during the year.

The details of the composition of the Committee, meetings held, attendance at the meetings along with sitting fees paid are given in Table 6A.

Table 6A: Details of the Finance Committee

(₹ in lakhs unless otherwise stated)

Name of the Member	Category	Position	Number of meetings held	Number of meetings attended	Sitting fees
Dr. Vijay Sankeshwar	Executive Director	Chairman	18	18	-
Mr. Anand Sankeshwar	Executive Director	Member	18	17	-
Mr. J S Korlahalli	Independent Director	Member	18	1	-

(h) Buyback Committee

Board of Directors of the Company at its meeting held on November 3, 2017 had approved a proposal of Buy-back by the Company of its fully paid up Equity Shares for an aggregate amount not exceeding ₹ 4,140 lakhs (Rupees Forty one crores and forty lakhs only), (**"Maximum Buy-back Size"**), being 7.65% of the total paid up share capital and free reserves of the Company based on the audited financial statements of the Company as at March 31, 2017 (being the date of last audited financial statements of the Company), for a price not exceeding ₹ 460/- (Rupees Four hundred and sixty only) per Equity Share (**"Maximum Buy-back Price"**) from the shareholders of the Company excluding promoters, promoter group, persons acting in concert and persons who are in control of the Company, payable in cash via the open market route through the stock exchanges, in accordance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended (**"SEBI Buyback Regulations"**) and the Companies Act, 2013 and rules made thereunder, as amended (the process hereinafter referred to as the **"Buy-back"**).

The Company has completed the Buyback of 9,00,000 equity shares of the Company being the maximum size at an average price of ₹ 419.39/- (Rupees Four hundred and nineteen and thirty-nine paise only) thereby utilizing an amount of ₹ 3,774.50 lakhs (excluding Transaction Costs) which represents 91.17% of the Maximum Buyback Size. The said buyback was completed on January 30, 2018. Company has also extinguished shares that were bought back within stipulated time frame in accordance with the extant provisions of the applicable SEBI Regulations and Companies Act, 2013. The Statement to the effect of completion of extinguishment of shares along with Auditors' Certificate as required under Regulation 16 read with Regulation 12 of SEBI Buyback Regulations has been filed with SEBI as well as Stock Exchanges.

The Board also constituted the Buyback committee to execute necessary documentation, papers, announcements and to do other related things which were necessary to give effect to the said buyback of equity shares. The Committee comprises of 4 members viz., Dr. Vijay Sankeshwar, Chairman, Mr. Anand Sankeshwar, Mr. Sunil Nalavadi and Mr. Aniruddha Phadnavis. The committee met 3 times during the FY 2017-18.

No sitting fee was paid to the members.

III) INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on January 31, 2018, inter alia, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the independent Directors who were present at the meeting have expressed satisfaction on the above matters.

The details of the attendance of the Independent Directors at the meeting are given in Table 7. No sitting fee was paid for the said meeting.

Table 7: Details of the Independent Directors' Meeting

Name of the Member	Position	Number of meetings held	Number of meetings attended
Dr. Prabhakar Kore	Member	1	0
Mr. J S Korlahalli	Chairman	1	1
Mr. C Karunakara Shetty	Member	1	1
Dr. Anand Pandurangi	Member	1	1
Mr. Shankarasa Ladwa	Member	1	1
Mrs. Medha Pawar	Member	1	1

IV) Management**Management Discussion and Analysis**

Management Discussion and Analysis is given in a separate section forming part of this Annual Report.

Business Responsibility Report

Business Responsibility Report is given in a separate section forming part of this Annual Report.

Affirmations and Disclosures**(a) Compliances with Governance Framework**

The Company is in compliance with all mandatory requirements under the SEBI Listing Regulations.

(b) Related Party Transactions

Details of related party transactions are presented as part of the Notes to the Financial Statements. All details on the financial and commercial transactions, where Directors may have a potential interest, are provided to the Board. The interested Directors neither participate in the discussion, nor vote on such matters.

During the financial year, no materially significant related party transactions, that may have potential conflict with the interests of the Company at large, have been entered. All transactions entered into with the Related Parties as defined under Companies Act, 2013 during the year were in the ordinary course of business and on an arm's length basis, and did not attract provisions of Section 188 of Companies Act, 2013, relating to approval of shareholders. However, omnibus approval from the Audit and Risk Management Committee was obtained for all transactions which are repetitive and normal in nature. All transactions with Related Parties were entered into with prior approval of Audit and Risk Management Committee as well as Board and ratified by the Audit and Risk Management Committee once the transactions took place. Further, disclosures are made to the Committee and the Board on a quarterly basis.

Company has adopted a Related Party Transactions Policy which is available on the website of the Company i.e. http://www.vrlgroup.in/investor_download/RPT%20Policy.pdf

(c) Non-compliance, penalties, strictures imposed on the Company

The Company is in compliance with the requirements of the Stock Exchanges or SEBI or any other statutory authority on all matters related to capital markets, since listing on the Stock Exchanges. Further, there were no non-compliances, or penalties, or strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority during the last three years.

(d) Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit and risk management committee

The Company has implemented the vigil mechanism policy to report genuine concerns. The policy provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit and risk management committee in appropriate or exceptional cases.

During the year, none of such personnel have been denied access to the audit and risk management committee. The whistle blower policy of the Company can be accessed through the following link.

http://vrlgroup.in/investor_download/vigil_Mechanism.pdf

(e) Accounting treatment in preparation of financial statements

The Company has followed the Accounting Standards notified under Section 133 of Companies Act, 2013 read with Companies (Indian Accounting Standards (Ind AS)) Rules, 2015 in preparation of its financial statements.

(f) Risk Management

The Company has established a robust risk management framework. Under this framework, risks are identified across all business processes of the Company on continuous basis. Once identified, these risks are systematically categorized as strategic risks, business risks or reporting risks.

To address these risks in a comprehensive manner, each risk is mapped to the concerned department for further action. Based on this framework, the Company has set in place various robust procedures for risk management. The same is reviewed and monitored by the Audit and Risk Management Committee of the Board.

Risk management policy adopted by the Company can be accessed at the below link on the website of the Company:

http://vrlgroup.in/investor_download/Risk%20Management%20Policy.pdf

(g) Code of Internal Procedures and Conduct for regulating, monitoring and reporting of trading by insiders

The Company has adopted the policy on prevention of Insider Trading practice in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015. The said code governs the trading by insiders of the Company.

The objective of this Code is to prevent purchase and/ or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this Code, Directors and designated employees are completely prohibited from dealing in the Company's shares when the Trading Window is closed. Further, the Code specifies the procedures to be followed and disclosures to be made by Directors and the designated/ specified employees, while dealing with the shares of the Company and enlists the consequences of any violations. Mr. Aniruddha Phadnavis, Company Secretary, has been designated as the Compliance Officer for this Code.

The said code of internal procedures and conduct for regulating, monitoring and reporting of trading by insiders can be accessed through the following link:

http://vrlgroup.in/vrl_investor_desk.aspx?display=policies

(h) CEO/CFO Certification

As required under Regulation 17(8) of the SEBI Listing Regulations, the Chairman & Managing Director and the Chief Financial Officer of the Company have certified to the Board, the Financial Statements for the year ended March 31, 2018 and the certificate is annexed to this report.

(i) Pledge of Equity Shares

No pledge has been created over the equity shares held by either Promoters and/or Promoter Group Shareholders as on March 31, 2018.

(j) The Corporate Governance report shall also disclose the extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted

The Company fulfills the following discretionary requirements pursuant to Regulation 27(1) of the SEBI Listing Regulations read with Part E of Schedule II.

- The Company is in the regime of un-qualified financial statements.
- The Internal Auditors report directly to the Audit and Risk Management Committee.

(k) Details of compliances with mandatory requirements of corporate governance and adoption of non-mandatory requirements

All mandatory requirements of corporate governance have been complied with. Details of compliance with non-mandatory requirements or discretionary requirements as required under Part E of Schedule II are provided under point (j) above.

(l) Compliance with Secretarial Standards

The Institute of Company Secretaries of India issued Secretarial Standards for Board and General Meetings in exercise of powers under Section 118 of the Companies Act, 2013. The Company complies with all requirements of said Secretarial Standards.

(m) Subsidiary

The Company has no subsidiary.

(n) Commodity price risk or foreign exchange risk and hedging activities

The Company had no significant forex transactions during the year hence the Company has not opted for forex hedging. Details of foreign currency exposure are disclosed in notes to the financial statements.

V) Shareholder Information

(a) Disclosures regarding the Board of Directors

Pursuant to recommendation by the Nomination and Remuneration Committee, the Board of Directors at their meeting held on May 19, 2017 have appointed Mr. K N Umesh as Whole Time Director of the Company liable to retire by rotation, which was subsequently approved by the members at the 34th Annual General Meeting of the Company held on August 4, 2017.

Pursuant to recommendation of Nomination and Remuneration Committee and on receipt of notice under Section 160 of the Companies Act, 2013, Company has appointed Mr. L R Bhat as Whole time director of the Company liable to retire by rotation at the 34th Annual General Meeting of the Company.

Mr. S R Prabhu resigned from the office of Director w.e.f May 19, 2017.

As per the provisions of Section 152 of the Companies Act, 2013, Mr. Ramesh Shetty retired by rotation at the 34th Annual General Meeting of the Company held on August 4, 2017.

Dr. Raghottam Akamanchi and Mr. K N Umesh are liable to retire by rotation and both of them have expressed their willingness to get re-appointed as Directors of the Company. The other details of Directors' appointment / re-appointment, resignation and retirement are provided in the Directors' Report.

There are six Independent Directors on the Board of the Company as on March 31, 2018.

The Company has received declarations from all the above Independent Directors stating that they meet the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

The Board of Directors of the Company opine that the said Directors meet the criteria of Independence as per Section 149(6) of the Companies Act, 2013 and the rules made thereunder and also meet the requirements of Independence as prescribed under SEBI Listing Regulations.

(b) Means of Communication

In accordance with Regulation 46 of SEBI Listing Regulations, the Company has maintained a functional website at www.vrlgroup.in containing basic information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, etc. The contents of the said website are updated as and when required.

The quarterly, half-yearly and annual financial results are sent to the Stock Exchanges immediately after the Board approves the same. These results are usually published in Business line and Kannada newspaper, Vijayavani. The results along with presentations made by the Company to Analysts are also filed with the Exchanges and hosted on the website of the Company.

Further, the Company disseminates to the Stock Exchanges (i.e. BSE and NSE), wherein its equity shares are listed, all mandatory information and price sensitive/such other information, which in its opinion, are material and/or have a bearing on its performance/operations and issues press releases, wherever necessary, for the information of the public at large.

For the benefit of the members, a separate email id has been created for member correspondence viz., investors@vrllogistics.com.

(c) General Body Meetings

The Company convenes the Annual General Meeting (AGM) generally during the month of August / September. Details of last three Annual General Meetings are as under:

Financial year	Date and time	Special resolutions passed	Venue
2016-17	August 4, 2017 at 4.30 PM	None	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi - 581207
2015-16	September 24, 2016 at 11:00 AM	None	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi - 581207
2014-15	August 08, 2015 at 11:00 AM	None	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi - 581 207.

Postal Ballot

During the year under review, the Company has obtained approval of members through postal ballot on "Alteration of objects clause of Memorandum of Association of the Company", whose details including voting pattern are summarized below:

Date of Postal Ballot notice: December 21, 2017 Voting Period: January 1, 2018 to January 30, 2018

Date of declaration of result: February 1, 2018 Date of approval: January 30, 2018

Voting Pattern

Particulars of the Resolution	Type of Resolution	No. of votes polled	Invalid votes	Net Valid votes	Votes cast in favor & %	Votes cast against & % (including invalid votes)
Resolution for alteration of Objects clause of Memorandum of Association	Special Resolution	79,399,786	1,126	79,398,660	78,579,087 98.97%	820,699 1.03%

During the financial year 2017-18, the Company has obtained the approval of the members through postal ballot on "Alteration of Objects clause of Memorandum of Association of the Company". The voting rights of the members have been reckoned on the cut-off date i.e. December 22, 2017 and the notice along with Postal Ballot form was dispatched to all the members physically/electronically by December 30, 2017. The Board had appointed Mr. Akshay S Pachlag, Practicing Company Secretary, Hubballi, as the Scrutinizer for conducting the postal ballot voting process in accordance with the law and in a fair and transparent manner. The Company had engaged the services of M/s. Karvy Computershare Private Limited to provide the electronic voting facility to the members of the Company. The voting (postal & e-voting) period commenced from Monday, January 1, 2018 (9:00 a.m.) and ended on Tuesday, January 30, 2018 (5:00 p.m.). Pursuant to applicable provisions of the Companies Act, 2013 the resolution was approved on January 30, 2018 and results of the postal ballot were announced at 5:00 pm on Thursday, February 1, 2018 at the registered office of the Company at RS No.351/1, Varur, Post Chabbi, Taluk Hubballi, District Dharwad, Hubballi – 581 207. The resolution was passed through requisite majority i.e. 98.97% votes were cast in favour of the resolution and 1.03% against it (which included invalid votes as well). The result of said Postal Ballot was filed with Stock Exchanges where Company's shares are listed and also hosted on the website of the Company i.e. www.vrlgroup.in. There is no special resolution proposed now through postal ballot.

Procedure of Postal Ballot

In compliance with Sections 108 and 110 of the Companies Act, 2013 read with Rules made thereunder, the Company provided E-voting (Electronic Voting) facility in addition to physical postal ballot facility to all its members. For this purpose, the Company had engaged the services of M/s. Karvy Computershare Private Limited. Postal Ballot notices and forms were dispatched along with postage prepaid business reply envelopes to registered members/ beneficiaries. The same notice was sent by email to members whose email IDs were registered for receiving communication through the electronic mode. The Company also published a notice in the newspapers depicting the details of dispatch and other details as required under the Companies Act, 2013 and the Rules made thereunder.

Voting rights were reckoned on the paid up value of the shares registered in the names of the members as on the cutoff date. Members who wanted to exercise their vote by physical postal ballot were requested to return the forms duly completed and signed to the scrutinizer on or before closing of the voting period. Those using e-voting were requested to vote before closing of the business hours on the last date of e-voting.

The scrutinizer completed his scrutiny and submitted his report to the Chairman and the consolidated results of the voting were announced by the Chairman / authorized officer of the Company. The results were also hosted on the Company's website www.vrlgroup.in besides being communicated to the Stock Exchanges where the Company's shares are listed. The last date for the receipt of postal ballot forms or e-voting was the date on which the resolution was deemed to have been passed, as the same stood approved by the requisite majority.

(d) General Shareholder Information

• Forthcoming Annual General Meeting

Date	: August 11, 2018
Day	: Saturday
Time	: 3.00 p.m.
Venue	: Registered office of the Company situated at RS. No. 351/1 Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi – 581 207 (18th KM, NH-4, Bengaluru Road, Varur).

• Last date for Receipt of Proxies

August 09, 2018 (before 3:00 p.m. at the Registered Office of the Company)

• Financial Year

The financial year of the Company covers the period commencing from April 1 up to March 31 of the succeeding year.

The tentative dates of the Board Meetings for consideration of financial results for the year ending March 31, 2019 are as follows:

1st Quarter Results	: August 11, 2018
2nd Quarter Results	: October 29, 2018
3rd Quarter Results	: January 28, 2019
4th Quarter & Annual Results	: May 20, 2019

• Dividend Payment date

The Board has not declared any final dividend for FY 2017-18

• Listing

The Equity Shares of the Company are listed on the following exchanges:

- BSE Limited (BSE), Floor 25, P J Towers, Dalal Street, Mumbai 400 001
- National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra – Kurla Complex, Bandra (East), Mumbai- 400 051

The Company has paid the annual listing fees for the year 2018-19 to BSE and NSE.

- Stock Codes:**

ISIN (Equity Shares) in NSDL and CDSL	INE366I01010
BSE Code	539118
NSE Code	VRLOG

- Corporate Identification Number:**

Corporate Identity Number (CIN) of the Company, allotted by the Ministry of Corporate Affairs, Government of India is L60210KA1983PLC005247.

- Share Price Data: High/Low and Volume during each month of 2017-2018 at BSE and NSE:**

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April 2017	357.70	312.75	239,010,967	359.35	312.25	1,571,385,633
May 2017	348.00	301.90	105,947,425	347.90	301.00	804,814,038
June 2017	351.95	315.05	77,909,418	349.00	315.00	581,500,180
July 2017	344.00	315.45	53,503,177	341.00	315.00	307,060,138
August 2017	360.00	306.00	98,609,981	359.80	314.00	1,255,629,933
September 2017	384.25	339.50	139,994,720	384.95	335.05	1,327,503,010
October 2017	370.00	346.05	51,817,320	369.90	344.55	581,880,508
November 2017	417.45	365.30	152,291,527	419.40	364.55	1,835,416,012
December 2017	450.00	399.95	89,745,175	444.45	398.00	782,595,667
January 2018	458.00	386.00	99,872,182	455.00	385.50	1,363,980,891
February 2018	492.00	360.00	68,391,000	447.80	399.05	594,344,031
March 2018	419.90	373.25	225,490,790	416.55	360.05	871,541,674

Performance comparison to broad based indices i.e. BSE Sensex and NSE Nifty

Chart A: VRL vs. Sensex

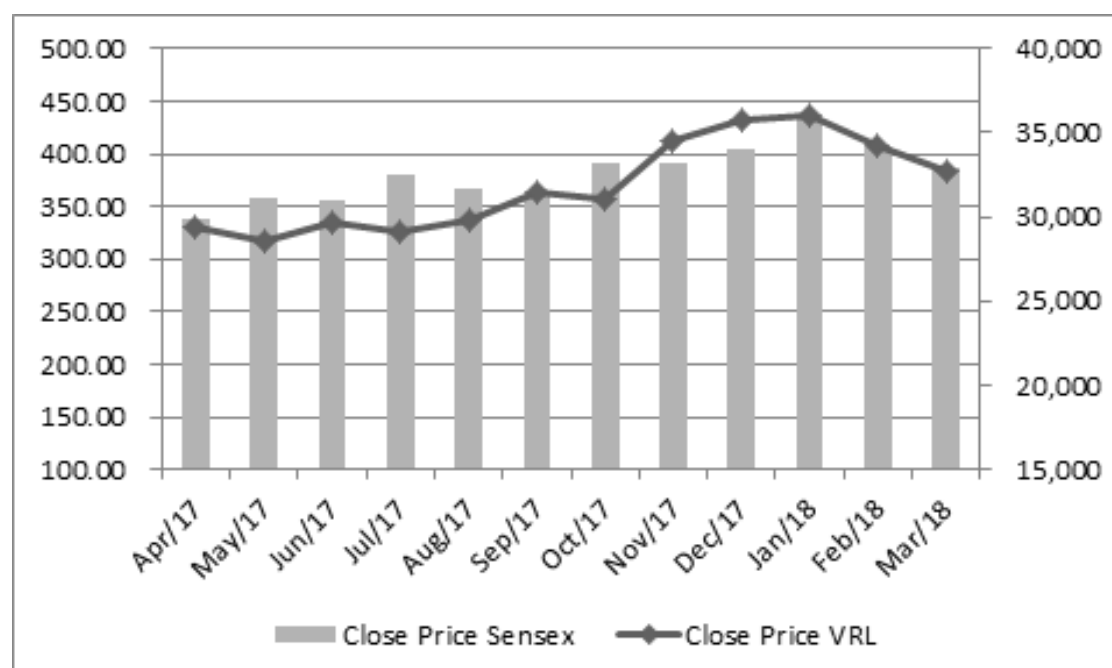
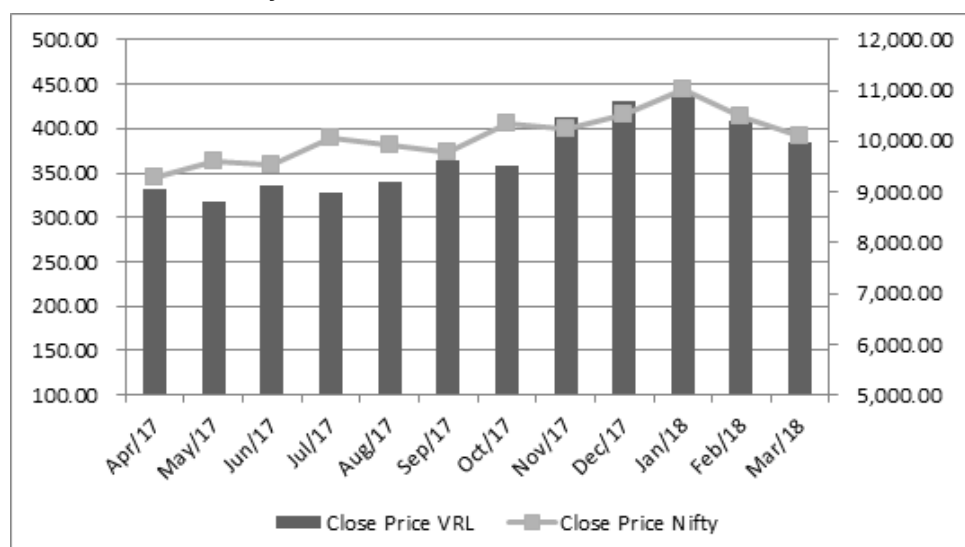


Chart B: VRL vs. Nifty**Distribution of shareholding as on Saturday, March 31, 2018**

Distribution range of shareholding	Number of shareholders	% of shareholders	Total number of shares	Total amount	Total % shares
1-5000	34,863	95.55	2,675,126	26,751,260	2.96
5001- 10000	845	2.32	627,889	6,278,890	0.70
10001- 20000	370	1.02	531,941	5,319,410	0.59
20001- 30000	127	0.35	317,413	3,174,130	0.35
30001- 40000	55	0.15	194,222	1,942,220	0.22
40001- 50000	36	0.10	165,431	1,654,310	0.18
50001- 100000	77	0.21	570,291	5,702,910	0.63
100001& Above	111	0.30	85,261,182	852,611,820	94.37
Total	36,484	100.00	90,343,495	903,434,950	100.00

Shareholding Pattern as on March 31, 2018

Srl #	Description	As on 31st March 2018		As on 31st March 2017	
		Total Shares	Total %	Total Shares	Total %
1	Promoters	61,480,000	68.05	63,480,000	69.57
2	Mutual Funds	10,629,313	11.76	7,528,088	8.24
3	Foreign Portfolio Investors	10,467,651	11.59	8,974,468	9.84
4	Foreign Institutional Investors	399,279	0.44	466,018	0.51
5	Resident Individuals	4,642,725	5.14	7,154,260	7.84
6	Bodies Corporates	1,927,165	2.13	2,318,495	2.54
7	H U F	209,940	0.23	324,159	0.36
8	Non Resident Indians	330,262	0.37	398,852	0.44
9	Clearing Members	34,605	0.04	408,634	0.45
10	Indian Financial Institutions	24,417	0.03	61,969	0.07
11	Banks	4,201	0.00	34,635	0.04
12	NBFCs	86,283	0.10	93,552	0.10
13	Trusts	684	0.00	365	0.00
14	Alternative Investment Fund	106,970	0.12	-	-
	Total	90,343,495	100.00	91,243,495	100.00

List of shareholders holding more than 1 % of the paid up capital as on Saturday, March 31, 2018

Name of the shareholder	Number of shares	% to Equity
Mr. Anand Vijay Sankeshwar	31,265,250	34.61
Dr. Vijay Basavanneppa Sankeshwar	29,792,000	32.98
ICICI Prudential Exports And Other Services Fund	3,708,897	4.11
Reliance Capital Trustee Co. Ltd A/C Reliance Equity Opportunities Fund	2,343,962	2.59
Goldman Sachs India Limited	2,204,660	2.44
IDFC Sterling Equity Fund	2,025,000	2.24
Morgan Stanley Mauritius Company Limited	1,272,664	1.41
Abu Dhabi Investment Authority – Behave	1,239,000	1.37
Franklin India Smaller Companies Fund	1,054,879	1.17
HDFC Standard Life Insurance Company Limited	924,313	1.02
Total	75,830,625	83.94

- Share Transfer System**

The Registrars and Share Transfer Agents have put in place an appropriate Share Transfer system to ensure timely share transfers. Share Transfers are registered and returned in the normal course within an average period of 15 days from the date of receipt, if the documents are clear in all respects. Requests for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. NSDL and CDSL within 21 days.

There are no shares in demat suspense account or unclaimed suspense account as on March 31, 2018.

- Dematerialization of Shares and Liquidity**

As on March 31, 2018, 90,343,439 equity shares representing nearly 99.99% of the total equity share capital of the Company, were held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited and only 56 equity shares of the Company are held in physical form. The International Securities Identification Number (ISIN) allotted to the shares under the Depository System is INE366I01010.

The break-up of equity shares held in dematerialized and physical form as on March 31, 2018 is given below:

Category	No. of shareholders	Total shares	Percentage
Physical	3	56	00.01
N S D L	22,559	26,465,587	29.29
C D S L	13,922	63,877,852	70.70
Total	36,484	90,343,495	100.00

The Promoters hold their entire equity shareholding in the Company in dematerialized form.

- Outstanding Instruments**

There are no outstanding Global Depository Receipts / American Depository Receipts / warrants / any convertible instruments.

- Registrars and Share Transfer Agents:**

Karvy Computershare Private Limited
(Unit: VRL Logistics Limited)
Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032
Telephone: +91-40-23312454, Fax: +91-40-23311968
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

- **Plant Locations:**

- **Registered Office:**

- RS No. 351/1,
 - Varur Post Chabbi Taluk Hubballi,
 - District Dharwad, Hubballi- 581207
 - Karnataka, India

- **Corporate Office:**

- Giriraj Annexe, Circuit House Road
 - Hubballi – 580 029
 - Karnataka, India

- **Address for members' correspondence**

Members are requested to correspond with the Registrars and Share Transfer Agents at the address given above for all matters relating to transfer/ dematerialisation of shares, payment of dividend and any other query relating to Equity Shares of the Company.

The Company has maintained an exclusive email id: investors@vrllogistics.com which is designated for investor correspondence for the purpose of registering any investor related complaints and the same has been displayed on the Company's website: www.vrlgroup.in

Members are required to note that, in respect of shares held in dematerialized form, they will have to correspond with their respective Depository Participants (DPs) for related matters.

Members may contact the Compliance Officer and/ or the Investor Relation Officer at the following address:

- **Compliance Officer:**

- Mr. Aniruddha Phadnavis
 - Company Secretary & Compliance Officer
 - Corporate Office, Giriraj Annexe
 - Circuit House Road
 - Hubballi – 580 029
 - Email: investors@vrllogistics.com
 - Phone: 0836 2237511

- **Investor Relation officer (Financial disclosure and Investor relations correspondence)**

- Mr. Sunil Nalavadi – Chief Financial Officer
 - Tel: 0836 2237511
 - E-mail id: cfo@vrllogistics.com

VI) Auditor's Certificate on Corporate Governance Compliance

The Company has obtained a Certificate from its Statutory Auditors regarding compliance of the conditions of Corporate Governance, as stipulated in Regulation 34(3) and PART C of Schedule V of SEBI Listing Regulations and the same forms part of this report.

VII) Statement of unclaimed share application money and dividend as on March 31, 2018

Pursuant to Section 125 of the Companies Act, 2013, the amount of unpaid/unclaimed dividend and application money received by Company for allotment of securities and due for refund would be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government on expiration of seven years from the date they become due for payment. The following table depicts the total amount remaining in the unclaimed dividend and unclaimed share application money account (Refund Account) and the due date of transfer of said amount to IEPF account.

Year	Date	Particulars	Dividend amount per share (in ₹)	Amount unclaimed as on March 31, 2018 (₹)	Last date for claim	Due date to transfer unclaimed amount to IEPF
2015-16	February 1, 2016	Interim Dividend	5.00	84,450	March 7, 2023	April 6, 2023
2015-16	April 25, 2015	IPO Share Application Money	NA	9,06,100	June 1, 2022	June 30, 2022
2016-17	January 25, 2017	Interim Dividend	4.00	1,33,208	March 3, 2024	April 2, 2024

VIII) Investor safeguards and other information:

• Dematerialization of Shares

Members are requested to convert their physical holdings to demat/electronic form through any of the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transactions in respect of the shares held.

• Revalidation of Dividend Warrants

In respect of members who have either not opted for NECS/ECS mandate or do not have such a facility with their bankers and who have not en-cashed earlier dividends paid by the Company, are requested to write to the Company's Share Transfer Agents for revalidation of expired dividend warrants and failing their encashment for a period of seven years, they stand to lose the right to claim such dividend from the Company owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund, as detailed under point no. VII above.

• Update Address/ E-Mail Address/Bank Details

To receive all communications/update on corporate actions promptly, members holding shares in dematerialized form are requested to please update their address/e- mail address/bank details with the respective Depository Participants and in case of physical shares, the updated details have to be intimated to the Registrar and Share Transfer Agents.

• Electronic Service of Documents to Members at the Registered Email Address

As a responsible corporate citizen, your Company is supportive of the "Green Initiatives" taken by the Ministry of Corporate Affairs, Government of India (MCA) and Securities and Exchange Board of India (SEBI).

Accordingly, in respect of Members who have registered their email addresses, the Company will be dispatching all documents vide electronic form.

In accordance with Rule 18 of the Companies (Management and Administration) Rules, 2014 notified under the Companies Act, 2013, the companies may give Notice of the General Meetings through electronic mode. Further, the said Rule provides that advance opportunity should be given at least once in a financial year to the Members for registering their email address and changes therein, as may be applicable. Further, Rule 11 of the Companies (Accounts) Rules, 2014 notified under the Companies Act, 2013 provides that in case of listed companies, financial statements may be sent by electronic mode to such members whose shareholding is in dematerialized form and whose email Ids are registered with the Depository for communication purposes. As regards members whose shareholding is held in physical form, the financial statements may be sent in electronic mode to those members who have positively consented in writing for receiving such documents by electronic mode.

In view of the above, the Company shall send all documents like General Meeting Notices (including AGM notices), Annual Reports comprising Audited Financial Statements, Directors' Report, Auditors' Report and any other future communication (hereinafter referred as "documents") in electronic form, in lieu of physical form, to all those members, whose email address is registered with Depository Participant (DP)/Registrars and Share Transfer Agents (RTA) (hereinafter "registered email address") and made available to us, which would be deemed to be the member's registered email address for serving the aforesaid documents. To enable the servicing of documents electronically to the registered email

address, we request the members to keep their email addresses validated/ updated from time to time. We wish to reiterate that Members holding shares in electronic form are requested to please inform any changes in their registered e-mail address to their DP from time to time and Members holding shares in physical form have to write to our RTA, Karvy Computershare Private Limited at their specified address, so as to update their registered email address from time to time.

Please note that the Annual Report of the Company will also be available on the Company's website www.vrlgroup.in for ready reference. Members are also requested to take note that they will be entitled to be furnished, free of cost, the aforesaid documents, upon receipt of requisition from the member, any time, as a member of the Company.

- **E-Voting Facility to members**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 35th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Private Limited.

- **Register Nomination(s)**

Members holding shares in physical form, are requested to register the name of their nominee(s), who shall succeed the member as the beneficiary of their shares and in order to avail this nomination facility, they may obtain/submit the prescribed form from/to the Registrars and Share Transfer Agents. Members holding shares in dematerialised form are requested to register their nominations directly with their respective DPs.

- **Dealings of Securities with Registered Intermediaries**

In respect of dealings in securities, members must ensure that they deal only with SEBI registered intermediaries and must obtain a valid contract note/ confirmation memo from the broker/sub-broker within 24 hours of execution of the trade(s) and it should be ensured that the contract note/confirmation memo contains details about order no., trade no., trade time, quantity, price and brokerage.

Dr. Vijay Sankeshwar
Chairman & Managing Director
(DIN: 00217714)
Place: Hubballi
Date: May 26, 2018

Mr. Anand Sankeshwar
Managing Director
(DIN: 00217773)
Place: Hubballi
Date: May 26, 2018

CODE OF CONDUCT DECLARATION

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

To

The Members of VRL Logistics Limited

Pursuant to Regulation 34(3) Part D of the SEBI Listing Regulation and Listing Agreement entered into with the Stock Exchanges, I hereby declare that the Company has obtained affirmative compliance with the Code of Conduct from all the Board members and Senior Management personnel of the Company for the financial year ended 31 March 2018

DR. VIJAY SANKESHWAR
CHAIRMAN AND MANAGING DIRECTOR
(DIN: 00217714)

Place: Hubballi
Date: May 26, 2018

COMPLIANCE CERTIFICATE

Ref: Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

May 26, 2018

**To,
The Board of Directors
VRL Logistics Limited
Corporate Office,
Giriraj Annexe, Circuit House Road
Hubballi - 580 029**

We, Dr. Vijay Sankeshwar, Chairman and Managing Director and Sunil Nalavadi, Chief Financial Officer of the Company hereby certify that:

- A. We have reviewed the financial statements and cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief:
1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2018 are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit & Risk Management committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have been taken to rectify these deficiencies.
- D. We have indicated to the Auditors and Audit & Risk Management committee that there are no:
1. Significant changes in internal control over financial reporting during the year;
 2. Significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

DR. VIJAY SANKESHWAR
Chairman and Managing Director
DIN: 00217714

SUNIL NALAVADI
Chief Financial Officer

Independent Auditor's Certificate on Corporate Governance

1. This certificate is issued in accordance with the terms of our engagement letter dated 16 August 2017.
2. We have examined the compliance of conditions of corporate governance by VRL Logistics Limited (the 'Company') for the year ended 31 March 2018, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').

Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the 'ICAI'), and the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2018.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N / N500013

per **Bharat Shetty**
Partner
Membership No.: 106815

Place : Hubballi
Date: 26 May 2018

Walker Chandiok & Co LLP

(Formerly Walker, Chandiok & Co)

Chartered Accountants

16th Floor, Tower II Indiabulls Finance Centre

S. B. Marg Elphinstone (W) Mumbai- 400 013

Maharashtra

Independent Auditor's Report**To the Members of VRL Logistics Limited****Report on the Financial Statements**

1. We have audited the accompanying financial statements of VRL Logistics Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as at 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 26 May 2018 as per Annexure B expressed an unmodified opinion;
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in the financial statements;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N / N500013

per **Bharat Shetty**

Partner

Membership No.: 106815

Place : Hubballi

Date: 26 May 2018

Annexure to the Independent Auditor's Report of even date to the members of VRL Logistics Limited, on the financial statements for the year ended 31 March 2018

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of sale of power and 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 the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of disputed dues

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Amount paid under Protest (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of prior period expenses, expenses incurred towards construction of building, notional interest on funds provided to Vijayanand Printers Limited and Interest levied under Section 234B and 234C	149.06	149.06	2003-04 (Assessment year)	Income Tax Appellate Tribunal
	Demand of tax not deducted at source on body building charges, contribution to power evacuation facilities, etc.	105.73	105.73	2007-08 (Assessment year)	Income Tax Appellate Tribunal
	Revenue from sale of power considered as Section 80IA income, disallowance of communication expenses, disallowance of certain expense treating as personal expenses, etc.	220.46	Nil	2008-09 (Assessment year)	Commissioner of Income Tax (Appeals)
	Demand of tax not deducted at source on body building charges.	1.75	1.75	2008-09 (Assessment year)	Income Tax Appellate Tribunal
	Disallowance of lease rent paid for leased land, amortisation of leasehold improvements and disallowance of certain expense treating as personal expenses	3.18	Nil	2010-11 (Assessment year)	Income Tax Appellate Tribunal
	Disallowance of certain expenditure such as advances claimed as bad debts and disallowance of certain expense treating as personal expenses	25.01	Nil	2012-13 (Assessment year)	Income Tax Appellate Tribunal
	Disallowance of Section 80IA deduction for income from Sale of Certified Emission Reductions (CERs) and disallowance of certain expense treating as personal expenses	197.96	Nil	2013-14 (Assessment year)	Commissioner of Income Tax (Appeals)

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Amount paid under Protest (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of Section 80IA deduction for income from Sale of Certified Emission Reductions (CERs) and disallowance of certain expense treating as personal expenses	210.33	Nil	2014-15 (Assessment year)	Commissioner of Income Tax (Appeals)
	Disallowance of minimum alternate tax credit taken on Education cess and surcharge against the normal tax liability and Interest levied under Section 234B and 234C	174.19	174.19	2015-16 (Assessment year)	Commissioner of Income Tax (Appeals)
Customs Act, 1962	Customs duty on import of aircraft and related interest/ penalties/fines	1,569.02	688.05	2007-08 (Financial year)	Customs, Excise and Service Tax Appellate Tribunal (Ahmedabad)
Finance Act, 1994	Non-refund of Service tax paid	242.88	-	2000-01 to 2001-02	Customs, Excise and Service Tax Appellate Tribunal (Bengaluru)
	Service tax arising due to re-classification of services	328.45	-	April 2014 to February 2017	Commissioner of Service Tax
Employees' State Insurance Act, 1948	Contribution on drivers' wages	12.92	3.17	October 2005 to January 2006	High Court of Karnataka

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N /
N500013per **Bharat Shetty**

Partner

Membership No.: 106815

Place : Hubballi

Date: 26 May 2018

Annexure to the Independent Auditor's Report of even date to the members of VRL Logistics Limited, on the financial statements for the year ended 31 March 2018

Annexure B

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of VRL Logistics Limited ('the Company') as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Annexure to the Independent Auditor's Report of even date to the members of VRL Logistics Limited, on the financial statements for the year ended 31 March 2018

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N / N500013

per **Bharat Shetty**

Partner

Membership No.: 106815

Place : Hubballi

Date: 26 May 2018

BALANCE SHEET AS AT 31 MARCH 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

PARTICULARS	NOTE	As at 31st March 2018	As at 31st March 2017
Assets			
Non- current assets			
Property, plant and equipment	2	62,170.49	69,008.48
Capital work-in-progress	2	764.21	177.28
Investment properties	3	254.11	259.29
Intangible assets	4	71.57	120.02
Financial assets			
Investments	5	5.75	5.75
Other financial assets	6	2,655.07	2,751.67
Income tax assets		560.68	559.39
Other non- current assets	7	2,602.64	1,788.27
		69,084.52	74,670.15
Current assets			
Inventories	8	2,413.34	1,832.11
Financial assets			
Trade receivables	9	8,074.68	7,541.69
Cash and cash equivalents	10	1,851.81	1,155.68
Bank balances other than cash and cash equivalents	11	83.57	68.99
Other financial assets	12	1,101.56	466.50
Other current assets	13	3,616.74	3,932.83
		17,141.70	14,997.80
Total assets		86,226.22	89,667.95
Equity and liabilities			
Equity			
Equity share capital	14	9,034.35	9,124.35
Other equity	15	50,287.62	44,998.82
		59,321.97	54,123.17
Liabilities			
Non- current liabilities			
Financial liabilities			
Borrowings	16	494.43	5,954.52
Other financial liabilities	17	741.80	810.55
Provisions	18	892.48	503.48
Deferred tax liabilities (net)	30.2	8,079.07	8,960.94
Other non-current liabilities	19	709.67	604.46
		10,917.45	16,833.95
Current liabilities			
Financial liabilities			
Borrowings	16	6,390.68	6,314.92
Trade payables	20	682.87	442.75
Other financial liabilities	21	6,165.26	10,250.22
Provisions	18	1,137.79	451.07
Current tax liabilities (net)		125.08	209.18
Other current liabilities	22	1,485.12	1,042.69
		15,986.80	18,710.83
Total equity and liabilities		86,226.22	89,667.95

Notes to the financial statements

1 to 47

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No. 001076N / N500013

Bharat Shetty

Partner

Place : Hubballi

Date : 26 May 2018

For and on behalf of the Board of Directors**Vijay Sankeshwar**Chairman and
Managing Director
(DIN: 00217714)**Sunil Nalavadi**

Chief Financial Officer

Place : Hubballi

Date : 26 May 2018

Anand SankeshwarManaging Director
(DIN: 00217773)**Aniruddha Phadnavis**General Manager (Finance)
and Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

PARTICULARS	NOTE	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	23	192,232.03	180,308.51
Other income	24	1,423.04	929.82
		<u>193,655.07</u>	<u>181,238.33</u>
Expenses			
Freight, handling and servicing cost	25	131,891.93	129,720.06
Employee benefits expense	26	34,577.44	26,607.79
Finance costs	27	1,144.09	2,400.21
Depreciation and amortisation expense	28	9,763.42	9,817.85
Other expenses	29	2,339.26	2,162.35
Total expenses		<u>179,716.14</u>	<u>170,708.26</u>
Profit before tax		13,938.93	10,530.07
Tax expense	30		
Current tax		5,464.45	3,363.72
Deferred tax (credit)/charge		(781.94)	119.09
Profit for the year		<u>9,256.42</u>	<u>7,047.26</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain/ (losses) on defined benefit plans		(285.94)	116.19
Income tax effect		-	(40.21)
Deferred tax credit		99.93	-
Other comprehensive income for the year, net of tax		<u>(186.01)</u>	<u>75.98</u>
Total comprehensive income for the year		<u>9,070.41</u>	<u>7,123.24</u>
Basic and diluted earnings per share of face value ₹ 10 each (in ₹)	31	10.17	7.72
Notes to the financial statements	1 to 47		
The notes referred to above form an integral part of the financial statements			
As per our report of even date attached			

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No. 001076N / N500013

Bharat Shetty
Partner

Place : Hubballi
Date : 26 May 2018

For and on behalf of the Board of Directors

Vijay Sankeshwar
Chairman and
Managing Director
(DIN: 00217714)

Sunil Nalavadi
Chief Financial Officer

Place : Hubballi
Date : 26 May 2018

Anand Sankeshwar
Managing Director
(DIN: 00217773)

Aniruddha Phadnavis
General Manager (Finance)
and Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

PARTICULARS	Year ended 31 March 2018	Year ended 31 March 2017
A Cash flows from operating activities		
Profit before tax	13,938.93	10,530.07
Adjustments for :		
Depreciation and amortisation expense	9,763.42	9,525.65
Impairment of non-financial assets	-	292.20
Finance costs	1,128.95	2,374.50
Interest income from fixed deposit	(4.52)	(35.67)
Rent income from investment property	(136.18)	(126.75)
Dividend income	(0.74)	(0.80)
(Profit)/Loss on sale of property, plant and equipment (net)	(28.24)	73.20
Advances/bad debts written off	40.17	7.02
Credit balances written back	(51.60)	(19.35)
Unwinding of discount on security deposit	(214.97)	(201.14)
Notional rent expense	235.80	191.73
Rent income arising on fair valuation of security deposits received	(5.47)	(6.25)
Fair valuation of financial liabilities	8.06	7.81
Finance cost recognised based on effective interest cost	7.08	17.90
Operating profit before working capital changes	24,680.69	22,630.12
Adjustments for :		
(Increase) in trade receivables	(532.99)	(239.25)
(Increase) in financial and other current assets	(427.62)	(837.77)
(Increase) / Decrease in Inventories	(581.23)	1.22
Increase in trade payables, other liabilities and provisions	2,513.56	203.93
Cash generated from operating activities	25,652.41	21,758.25
Direct taxes paid (net of refunds)	(5,104.09)	(1,960.72)
Net cash generated from operations (A)	20,548.32	19,797.53
B Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work in progress and capital advances)	(4,733.65)	(6,270.47)
Proceeds from sale of property, plant and equipment	186.28	59.82
Movement of fixed deposits with bank	(14.58)	52.59
Rent received from investment property	136.18	126.75
Interest received	3.12	122.42
Dividend income received	0.74	0.80
Net cash (used in) investing activities (B)	(4,421.91)	(5,908.09)
C Cash flows from financing activities		
Buyback of equity shares	(3,871.61)	-
Proceeds from short term borrowings (net)	75.76	1,343.45
Proceeds from long term borrowings	-	811.00
Repayment of long term borrowings	(10,432.79)	(9,902.64)
Dividend paid and tax thereon	-	(4,392.74)
Interest and processing fees paid	(1,201.64)	(2,431.04)
Net cash (used in) financing activities (C)	(15,430.28)	(14,571.97)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	696.13	(682.53)
Cash and cash equivalents at the beginning of the year	1,155.68	1,838.21
Cash and cash equivalents at the end of the year	1,851.81	1,155.68
Cash and cash equivalents comprise:		
Cash on hand	412.45	302.71
Cheques/drafts on hand	-	22.39
Balances with banks		
- in current accounts	1,439.36	830.53
Cash in transit	-	0.05
Cash and cash equivalents as per note 10 to the financial statements	1,851.81	1,155.68

Notes:

1) Figures in brackets represent outflow

Notes to the financial statements**1 to 47**The notes referred to above form an integral part of the financial statements
As per our report of even date attached**For Walker Chandiok & Co LLP****For and on behalf of the Board of Directors**

Chartered Accountants

Firm Registration No. 001076N / N500013

Bharat Shetty

Partner

Vijay SankeshwarChairman and Managing Director
(DIN: 00217714)**Anand Sankeshwar**Managing Director
(DIN: 00217773)**Sunil Nalavadi**Chief Financial Officer
Place : Hubballi**Aniruddha Phadnavis**

General Manager (Finance) and Company Secretary

Place : Hubballi

Date : 26 May 2018

Date : 26 May 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018
(Rupees in Lakhs, except for share data, and if otherwise stated)

a	Equity share capital	Number	Amount			
	As at 01 April 2016	91,243,495	9,124.35			
	Issue of share capital	-	-			
	Balance as at 31 March 2017	91,243,495	9,124.35			
	Less: Buyback of shares during the year (refer note 46)	900,000	90.00			
	Balance as at 31 March 2018	90,343,495	9,034.35			
b Other equity						
		Reserves and surplus				
		Securities premium reserve	General reserve	Capital redemption reserve	Retained earnings	Total Equity
As at 01 April 2016	21,557.39	5,714.96	-	14,995.97	42,268.32	
Profit for the year	-	-	-	7,047.26	7,047.26	
Other comprehensive income for the year	-	-	-	75.98	75.98	
Total Comprehensive income for the year ended 31 March 2017	-	-	-	7,123.24	7,123.24	
Cash dividends	-	-	-	(3,649.74)	(3,649.74)	
Dividend distribution tax	-	-	-	(743.00)	(743.00)	
Transfer to general reserve	-	704.73	-	(704.73)	-	
Balance as at 31 March 2017	21,557.39	6,419.69	-	17,021.74	44,998.82	
Profit for the year	-	-	-	9,256.42	9,256.42	
Other comprehensive income for the year	-	-	-	(186.01)	(186.01)	
Total Comprehensive income for the year ended 31 March 2018	-	-	-	9,070.41	9,070.41	
Transfer to general reserve	-	925.64	-	(925.64)	-	
Amount utilised on account of buyback of shares (refer note 46)	(3,781.61)	-	-	-	(3,781.61)	
Amount transferred to capital redemption reserve on account of buyback of shares	(90.00)	-	90.00	-	-	
Balance as at 31 March 2018	17,685.78	7,345.33	90.00	25,166.51	50,287.62	

Notes to the financial statements**1 to 47**

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N / N500013

Bharat Shetty

Partner

Place : Hubballi

Date : 26 May 2018

For and on behalf of the Board of Directors**Vijay Sankeshwar**Chairman and Managing Director
(DIN: 00217714)**Sunil Nalavadi**

Chief Financial Officer

Place : Hubballi

Date : 26 May 2018

Anand SankeshwarManaging Director
(DIN: 00217773)**Aniruddha Phadnavis**General Manager (Finance)
and Company Secretary

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

Company Overview

VRL Logistics Limited (the “Company”) is engaged in logistics services dealing mainly in domestic transportation of goods. Other businesses include bus operations, transport of passengers by air, sale of power and sale of certified emission reductions (CER) units generated from operation of wind mills. The operations of the Company are spread all over the country through various branches and transshipment points.

1 Significant Accounting Policies

a) Basis for preparation of financial Statements

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the ‘Ind AS’), as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (‘Act’) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The financial statements have been prepared on a historical cost convention and accrual basis, except for certain financial assets and liabilities measured at fair value and plan assets towards defined benefit plans, which are measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

b) Use of estimates and judgements

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

c) Property, plant and equipment (including Capital work-in-progress)

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent cost are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance expenses are charged to Statement of profit or loss during the reporting period in which they are incurred.

Assets acquired but not ready for use are classified under Capital work in progress and are stated at cost comprising direct cost and related incidental expenses.

d) Investment Property

Investment property is the property that is not occupied by the Company, and which is held to earn rentals or for capital appreciation, or both. Upon initial recognition, an investment property is measured at cost, including directly attributable overheads, if any. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment loss, if any.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

Any gain or loss on disposal of an investment property is recognised in Statement of profit and loss, unless any other standard specifically requires otherwise.

Company depreciates the investment property using the straight line method over the useful lives of assets as prescribed under Part C of Schedule II of the Act

The fair value of investment property is disclosed in the notes. The Fair value is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

e) Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

f) Depreciation/Amortisation

- i. Depreciation is provided under the straight line method over the useful lives of assets as prescribed under Part C of Schedule II of the Act except on Vehicles and Wind Turbine Generators (part of Plant and equipment).

Vehicles and Wind Turbine Generators are depreciated over a period of nine years and nineteen years respectively, based on internal assessment and independent technical evaluation carried out by external valuer; the management believes that the useful life as mentioned represents the period over which management expects to use these assets. Hence, the useful life for these assets are different from the useful life as prescribed under Part C of Schedule II of the Act.

- ii. Cost of leasehold improvements is amortised over the period of the lease or its useful life, whichever is lower.
- iii. Computer Software is amortized over a period of five years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

g) Leases

Leases where the company is a lessee and has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which significant portion of the risk and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payment made under operating lease (net of any incentive received from the lessor) are charged to Statement of Profit and Loss on straight-line-basis over the period of the lease unless the payment are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

h) Impairment of non-financial assets

Assessment is done at each Balance Sheet date to evaluate whether there is any indication that a non-financial asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to their recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

i) Foreign currency transactions

Functional and presentation currency

The financial statements are presented in currency INR, which is the functional and presentation currency of the Company.

Foreign currency transactions and balances

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction.
- ii. Monetary assets and liabilities denominated in foreign currencies at the year-end are restated at the rate of exchange prevailing on the date of the Balance Sheet.
- iii. Any exchange difference on account of settlement of foreign currency transactions and restatement of monetary assets and liabilities denominated in foreign currency is recognised in the Statement of Profit and Loss.
- iv. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial Assets

Initial recognition

In the case of financial assets, not recorded at fair value through profit or loss (FVPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(a) Financial Assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

(b) Financial Assets measured at fair value

Financial assets are measured at fair value through other comprehensive income (FVOCI) if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk.

Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recorded as expense/ income in the Statement of Profit and Loss.

De-recognition of Financial Assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Equity investments

All equity investments in the scope of Ind AS 109, Financial Instruments, are measured at fair value. For equity instruments, the Company may make an irrevocable election to present the subsequent fair value changes in Other Comprehensive Income (OCI). The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

There is no recycling of the amounts from OCI to profit or loss, even on sale of investment.

Equity instruments included within the FVTPL (fair value through profit and loss) category are measured at fair value with all changes in fair value recognized in the profit or loss.

Financial Liabilities

Initial Recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

Where the terms of a financial liability is re-negotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Statement of Profit and Loss; measured as a difference between the carrying amount of the financial liability and the fair value of equity instrument issued.

De-recognition of Financial Liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

k) Fair value measurement

The Company measures financial assets and financial liability at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

The Company's Valuation team determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement.

l) Inventories

Consumables, stores and spares are valued at lower of cost and net realisable value; cost is computed on first-in-first out basis. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Obsolete, defective, unserviceable and slow/nonmoving stocks are duly provided for. Net realisable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition. Cash and cash equivalents are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

n) Recognition of Income

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable excluding taxes or duties collected on behalf of the government and reduced by any rebates and trade discount allowed.

The specific recognition criteria described below must also be met before income is recognised.

- i. Income is recognised on accrual basis and provision is made for all known losses and liabilities.
- ii. Revenue from Goods transport and Courier service is recognised when goods / documents are delivered to the customers/nearest destination branches/nearest transshipment points.
- iii. Revenue from Bus operation and transportation of passengers by air is recognised as and when transportation is provided i.e. when the service is rendered.
- iv. Revenue from sale of power is recognised upon deposit of units of generated power at the grid of the purchasing electricity company.
- v. Revenue from sale of eligible carbon credit units such as Verified / Certified Emission Reductions units (VERs)/ (CERs) is recognised on completion of the validation process for units generated and entering of a definitive binding agreement for the sale of such units.
- vi. Revenue from hotel operations is recognized upon rendering of service.
- vii. Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.
- viii. Dividend income is recognised when the right to receive the dividend is established.
- ix. Rent income is recognised on a straight-line basis over the period of the lease.
- x. Advertisement income is recognised when the related advertisement or commercial appears before the public.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

o) Employee benefits

Defined contribution plan

The Company's contribution to Provident Fund and Employees State Insurance Scheme is determined based on a fixed percentage of the eligible employees' salary and charged to the Statement of Profit and Loss on accrual basis. The Company has categorised its Provident Fund, labour welfare fund and the Employees State Insurance Scheme as a defined contribution plan since it has no further obligations beyond these contributions.

Defined benefit plan

The Company's liability towards gratuity, being a defined benefit plan are accounted for on the basis of an independent actuarial valuation based on Projected Unit Credit Method. Gratuity liability is funded by payments to the trust established for the purpose.

Service cost and the net interest cost is included in employee benefit expense in the Statement of profit and loss. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in 'other comprehensive income' as income or expense.

Compensated absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

p) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition/ construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in Statement of Profit and Loss in the period in which they are incurred.

q) Borrowings and other financial liabilities

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial recognition is recognised as an asset / liability based on the underlying reason for the difference.

Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method

Borrowings are eliminated from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss. The gain / loss is recognised in other equity in case of transactions with shareholders.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

r) Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment.

s) Trade payables

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

t) Taxation

- i. Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.
- ii. Current income tax liabilities and/or assets comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.
- iii. Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operations results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.
- iv. Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.
- v. Tax credit is recognised in respect of Minimum Alternate Tax (MAT) as per the provisions of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within the statutory time frame and is reviewed at each Balance Sheet date.

u) Provisions and Contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Such liabilities are disclosed by way of notes to the financial statements. No disclosure is made if the possibility of an outflow on this account is remote.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

v) Significant management judgements in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Depreciation and useful lives of property, plant and equipment

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

Recoverability of trade receivable

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

w) Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

Ind AS 115:

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018
(Rupees in Lakhs, except for share data, and if otherwise stated)

2 Property, Plant & Equipment

Gross block	Freehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Aircrafts	Leasehold Improvements	TOTAL
Balance as at 01 April 2016	6,642.14	9,318.90	14,329.09	442.67	1,437.18	44,580.54	2,643.69	556.25	79,950.46
Additions	-	147.92	601.07	98.05	808.11	6,157.01	-	43.98	7,856.14
Adjustment*	-	-	(340.38)	-	-	-	-	-	(340.38)
Disposals	(9.30)	-	(7.67)	-	(0.17)	(182.24)	-	-	(199.38)
Balance as at 31 March 2017	6,632.84	9,466.82	14,582.11	540.72	2,245.12	50,555.31	2,643.69	600.23	87,266.84
Additions	56.19	87.53	385.73	88.44	439.66	1,759.11	-	213.18	3,029.84
Disposals	(2.37)	(8.80)	-	-	(2.05)	(330.07)	-	-	(343.29)
Balance as at 31 March 2018	6,686.66	9,545.55	14,967.84	629.16	2,682.73	51,984.35	2,643.69	813.41	89,953.39
Accumulated depreciation and amortisation									
Balance as at 01 April 2016	-	352.13	1,336.86	64.60	323.56	6,556.86	190.01	78.19	8,902.21
Depreciation and amortisation charge	-	360.35	1,341.95	73.86	419.36	6,982.45	190.01	102.71	9,470.69
Adjustment*	-	-	(48.18)	-	-	-	-	-	(48.18)
Reversal on disposal of assets	-	-	(0.94)	-	(0.05)	(65.37)	-	-	(66.36)
Balance as at 31 March 2017	-	712.48	2,629.69	138.46	742.87	13,473.94	380.02	180.90	18,258.36
Depreciation and amortisation charge	-	361.05	1,354.96	67.10	488.18	7,113.06	190.01	135.43	9,709.79
Reversal on disposal of assets	-	(0.76)	-	-	(0.67)	(183.82)	-	-	(185.25)
Balance as at 31 March 2018	-	1,072.77	3,984.65	205.56	1,230.38	20,403.18	570.03	316.33	27,782.90
Net block									
Balance as at 31 March 2017	6,632.84	8,754.34	11,952.42	402.26	1,502.25	37,081.37	2,263.67	419.33	69,008.48
Balance as at 31 March 2018	6,686.66	8,472.78	10,983.19	423.60	1,452.35	31,581.17	2,073.66	497.08	62,170.49

* Adjustment represents the impairment loss on a wind turbine generator amounting to ₹ 292.2 lakhs on account of fire.

2 Capital work-in-progress

As at 31 March 2017	177.28
As at 31 March 2018	764.21

Refer Note 36 for disclosure of contractual commitments for the acquisition of Property, plant and equipment.

Refer Note 32 for information on Property, plant and equipment pledged as security.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

3 Investment properties

Reconciliation of carrying amounts	Amount
Balance as at 1 April 2016	269.65
Additions	-
Balance as at 31 March 2017	269.65
Additions	-
Balance as at 31 March 2018	269.65
Accumulated depreciation and impairment	
Balance as at 31 March 2016	5.18
Depreciation	5.18
Balance as at 31 March 2017	10.36
Depreciation	5.18
Balance as at 31 March 2018	15.54

Net block

Balance as at 31 March 2017	259.29
Balance as at 31 March 2018	254.11

Fair value

As at 31 March 2017	1,093.00
As at 31 March 2018	1,071.14

	Year ended 31 March 2018	Year ended 31 March 2017
Rental income derived from investment properties	136.18	126.75
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Income arising from investment properties before depreciation	136.18	126.75
Depreciation	5.18	5.18
Income arising from investment properties (Net)	131.00	121.57

Valuation process

Company obtains independent valuation of its investment properties atleast annually; the best evidence of fair value is current price in an active market for similar properties. Where such information is not available, Company considers current price in an active market for properties of different nature or recent prices of similar properties in less active market, adjusted to reflect those differences.

They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

4 Other intangible assets

Gross block	Computer software
Balance as at 01 April 2016	218.52
Additions	3.19
Balance as at 31 March 2017	221.71
Additions	-
Balance as at 31 March 2018	221.71
Accumulated amortisation	
Balance as at 01 April 2016	51.91
Amortisation charge	49.78
Balance as at 31 March 2017	101.69
Amortisation charge	48.45
Balance as at 31 March 2018	150.14
Net block	
Balance as at 31 March 2017	120.02
Balance as at 31 March 2018	71.57

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

Particulars	As at 31 March 2018	As at 01 April 2017
5 Investments		
Unquoted investments in equity instruments at FVTPL		
Shri Basaveshwar Sahakari Bank Niyamit (500 equity shares (31 March 2017: 500 equity shares) of ₹ 100 each fully paid up))	0.50	0.50
The Shamrao Vithal Co-operative Bank Limited (20,000 equity shares (31 March 2017: 20,000 equity shares) of ₹ 25 each fully paid up)	5.00	5.00
The Saraswat Co-operative Bank Limited (2,500 equity shares (31 March 2017: 2,500 equity shares) of ₹ 10 each fully paid up)	0.25	0.25
	5.75	5.75
Aggregate amount of quoted investment and market value thereof	-	-
Aggregate amount of unquoted investments	5.75	5.75
Aggregate amount of impairment in value of investments	-	-
6 Other non-current financial assets		
Unsecured, considered good, unless otherwise stated		
Security deposits	2,418.37	2,512.23
Other receivables	236.70	239.44
	2,655.07	2,751.67
7 Other non-current assets		
Unsecured, considered good, unless otherwise stated		
Prepaid expenses	703.46	999.38
Capital advances	1,154.37	45.36
Deposits with customs authorities and others	744.81	743.53
Minimum alternate tax credit entitlement	-	445.75
	2,602.64	2,234.02
Less: other current assets (refer note 13)	-	445.75
	2,602.64	1,788.27

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

	As at 31 March 2018	As at 31 March 2017
8 Inventories		
valued at lower of cost and net realisable value		
Raw materials	0.83	1.46
Stores and spares	2,412.51	1,830.65
	<u>2,413.34</u>	<u>1,832.11</u>
Write down of inventory to net realisable value	-	-
9 Trade receivables (Unsecured, considered good)		
Others	8,054.17	7,536.65
Receivables from related parties (refer note 45)	20.51	5.04
Doubtful	130.00	130.00
	<u>8,204.68</u>	<u>7,671.69</u>
Less : Allowance for doubtful debts	130.00	130.00
	<u>8,074.68</u>	<u>7,541.69</u>
No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person.		
Refer Note 42 for information about credit risk and market risk of trade receivables.		
10 Cash and cash equivalents		
Balances with banks		
- in current accounts	1,439.36	830.53
Cash on hand	412.45	302.71
Cheques/drafts on hand	-	22.39
Others		
- Cash in transit	-	0.05
	<u>1,851.81</u>	<u>1,155.68</u>
11 Bank balances other than cash and cash equivalents		
- Unclaimed dividend account	2.18	2.44
- Balance with bank held as margin money	81.39	66.55
	<u>83.57</u>	<u>68.99</u>
Fixed Deposits pledged with banks		
Against bank guarantees	81.39	66.55
	<u>81.39</u>	<u>66.55</u>

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

	As at 31 March 2018	As at 31 March 2017
12 Other current financial assets		
Unsecured, considered good, unless otherwise stated		
Other receivables	430.34	336.62
Receivables from related parties (refer note 45)	25.58	24.90
Interest accrued on bank deposits	4.51	3.11
Security deposits		
- Considered good	641.13	101.87
- Considered doubtful	50.41	63.00
Less : Allowances for doubtful assets	50.41	63.00
	1,101.56	466.50
13 Other current assets		
Unsecured, considered good, unless otherwise stated		
Prepaid expenses	2,673.39	2,618.60
Advance to suppliers, other than capital advance	493.09	244.89
Balance with government authorities	-	4.77
Other advances		
- Considered good	450.26	618.82
- Considered doubtful	21.30	30.80
Less : Allowances for doubtful assets	21.30	30.80
	3,616.74	3,487.08
Minimum alternate tax credit entitlement	-	445.75
	3,616.74	3,932.83

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

	As at 31 March 2018		As at 31 March 2017	
	Number	Amounts	Number	Amounts
14 Equity share capital				
Authorised share capital				
Equity shares of ₹ 10 each	125,000,000	12,500.00	125,000,000	12,500.00
0.001% Compulsorily and mandatorily convertible participatory preference shares of ₹ 100 each	11,200,000	11,200.00	11,200,000	11,200.00
	136,200,000	23,700.00	136,200,000	23,700.00
Issued, subscribed and fully paid up Equity shares of ₹ 10 each	90,343,495	9,034.35	91,243,495	9,124.35
Total	90,343,495	9,034.35	91,243,495	9,124.35
a) Reconciliation of equity share capital				
Balance at the beginning of the year	91,243,495	9,124.35	91,243,495	9,124.35
Add : Issued during the year	-	-	-	-
Less: Buyback of shares during the year (refer note 46)	900,000	90.00	-	-
Balance at the end of the year	90,343,495	9,034.35	91,243,495	9,124.352
b) Rights/preferences/restrictions attached to equity shares				
The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Any fresh issue of equity shares shall rank pari-passu with the existing shares. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing General Meeting, except interim dividend.				
In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.				
c) Shareholders holding more than 5% of the shares				
Equity shares of ₹ 10 each	Number	% holding	Number	% holding
Dr. Vijay Sankeshwar	29,792,000	32.98%	31,792,000	34.84%
Mr. Anand Sankeshwar	31,265,250	34.61%	31,265,250	34.27%

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

15 Other equity

	Reserves and surplus				
	Securities premium reserve	General reserve	Capital redemption reserve	Retained earnings	Total Equity
As at 01 April 2016	21,557.39	5,714.96	-	14,995.97	42,268.32
Profit for the year	-	-	-	7,047.26	7,047.26
Other comprehensive income for the year	-	-	-	75.98	75.98
Total Comprehensive income for the year ended 31 March 2017	-	-	-	7,123.24	7,123.24
Cash dividends	-	-	-	(3,649.74)	(3,649.74)
Dividend distribution tax	-	-	-	(743.00)	(743.00)
Transfer to general reserve	-	704.73	-	(704.73)	-
Balance as at 31 March 2017	21,557.39	6,419.69	-	17,021.74	44,998.82
Profit for the year	-	-	-	9,256.42	9,256.42
Other comprehensive income for the year	-	-	-	(186.01)	(186.01)
Total Comprehensive income for the year ended 31 March 2018	-	-	-	9,070.41	9,070.41
Transfer to general reserve	-	925.64	-	(925.64)	-
Amount utilised on account of buyback of shares (refer note 46)	(3,781.61)	-	-	-	(3,781.61)
Amount transferred to capital redemption reserve on account of buyback of shares	(90.00)	-	90.00	-	-
Balance as at 31 March 2018	17,685.78	7,345.33	90.00	25,166.51	50,287.62

Nature and purpose of reserves**Securities premium reserve:**

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Act.

General reserve:

The reserve is created out of surplus balance of profit of the Company and is a distributable reserve maintained by the Company.

Capital redemption reserve:

Represents reserve created during buy-back of Equity Shares and it is a non-distributable reserve.

Retained earnings:

Retained earnings pertain to the accumulated earnings by the Company over the years.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N / N500013

Bharat Shetty

Partner

Place : Hubballi

Date : 26 May 2018

For and on behalf of the Board of Directors**Vijay Sankeshwar**Chairman and Managing Director
(DIN: 00217714)**Sunil Nalavadi**

Chief Financial Officer

Place : Hubballi

Date : 26 May 2018

Anand SankeshwarManaging Director
(DIN: 00217773)**Aniruddha Phadnavis**General Manager (Finance)
and Company Secretary

(Rupees in Lakhs, except for share data, and if otherwise stated)

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Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

	As at 31 March 2018		As at 31 March 2017	
	Non- current	Current	Non- current	Current
18 Provisions				
Provision for Gratuity (refer note (a) below)	267.24	861.19	-	218.95
Provision for Compensated absences (refer note (a) below)	625.24	276.60	503.48	232.12
	892.48	1,137.79	503.48	451.07

a) Employee benefits

i) **Defined Contribution Plans:** The amount recognised as an expense during the year is ₹ 3,137.82 lakhs (31 March 2017: ₹ 2,118.02 lakhs).

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Employer's Contribution to Provident Fund	2,209.24	1,531.73
Employer's Contribution to Labour Welfare Fund	4.31	2.18
Employer's Contribution to Employees State Insurance Scheme	924.27	584.11

ii) Defined Benefit Plans

- Gratuity

I. Valuations in respect of Gratuity has been carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation, as at the Balance Sheet Date, based on the following assumptions:

	31 March 2018	31 March 2017
Discount rate	Staff 7.45% Others 6.84%	6.88%
Rate of increase in compensation levels	Staff 4.00% Others 0.05%	6.00%
Estimated rate of return on plan assets	7.45%	6.88%
Attrition rate	Staff 14 % Others 40 %	13.00%
Mortality rate	Indian assured lives (2006-2008) ultimate mortality table	
Retirement age	Staff 60 Others 60	60

II. Amounts recognised in the Balance Sheet

Present value of obligation as at the end of the year	3,495.51	2,398.05
Fair value of plan assets as at the end of the year	2,367.08	2,179.10
Funded status- Surplus/(Deficit)	(1,128.43)	(218.95)
Net asset /(liability) recognised in the Balance Sheet	(1,128.43)	(218.95)

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

III. Changes in present value of obligations

Present value of obligation as at the beginning of the year	2,398.05	2,151.44
Current service cost	828.29	296.35
Past service cost	23.83	-
Interest cost	185.17	160.01
Actuarial (gain)/loss on obligations	297.98	(79.19)
Benefits paid	(237.81)	(130.56)
Present value of obligation as at the end of the year	3,495.51	2,398.05

IV. Changes in fair value of plan assets

	31 March 2018	31 March 2017
Fair value of plan assets at the beginning of the year	2,179.10	1,502.65
Expected return on plan assets	162.83	121.22
Actuarial gain/(loss) on plan assets	12.04	37.00
Contributions	250.92	648.79
Benefits paid	(237.81)	(130.56)
Fair value of plan assets at the end of the year	2,367.08	2,179.10

V. Actual return on plan assets	174.87	158.22
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VI. Other Comprehensive Income

Remeasurements - Actuarial (gain)/ loss for the year	285.94	(116.19)
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VII. Major category of plan assets*

Gratuity scheme of Insurance Companies	100%	100%
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*In case of certain employees, the Gratuity liability is funded by payments to the trust administered by the Company.

VIII. Remeasurements - Actuarial (gain) / loss

Actuarial (Gain) / Loss due to change in Demographic Assumptions	(0.16)	-
Actuarial (Gain) / Loss due to change in financial assumptions	(378.29)	108.18
Actuarial (Gain)/ Loss due to Experience adjustments	676.43	(187.37)
Return on Plan Assets (Greater) / Less than Discount rate	(12.04)	(37.00)
Total	285.94	(116.19)

IX. Expense recognised in Statement of Profit and Loss

Current service cost	828.29	296.35
Past service cost	23.83	-
Interest cost	185.17	160.01
Expected return on plan assets	(162.83)	(121.22)
Expense recognised in Statement of Profit and Loss	874.46	335.14

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

X. Sensitivity Analysis of the defined benefit obligation:	As at 31 March 2018	As at 31 March 2017
a) Impact of the change in discount rate Present value of obligation at the end of the period	3,495.51	2,398.05
i) Impact due to increase of 1.00%	(148.32)	(115.35)
ii) Impact due to decrease of 1.00%	162.85	281.21
b) Impact of the change in salary increase Present value of obligation at the end of the period	3,495.51	2,398.05
i) Impact due to increase of 1.00%	143.86	244.03
ii) Impact due to decrease of 1.00%	(133.23)	(60.82)
c) Impact of change in attrition rate Present value of obligation at the end of the period	3,495.51	2,398.05
i) Impact due to increase of 1.00%	12.25	137.46
ii) Impact due to decrease of 1.00%	(13.10)	33.36

XI. The following payments are expected contributions to the defined benefit plan in future years:

2018		309.37
2019	700.77	278.93
2020	574.07	252.10
2021	456.09	200.17
2022	386.95	170.34
2023	351.01	
Thereafter	2,772.19	1,053.73

XII. The Company expects to contribute around ₹ 633 lakhs to the funded plans in financial year 2018-19 (2017-18 : ₹ 218.95 lakhs) for gratuity.

- Compensated absences

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the Statement of Profit and Loss for the year is ₹ 460.04 lakhs (31 March 2017: ₹ 242.20 lakhs).

Company assesses the assumptions with the projected long-term plans of growth and prevalent industry standards.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

	As at 31 March 2018	As at 31 March 2017
19 Other non- current liabilities		
Provision for lease equalisation	709.67	604.46
	709.67	604.46
20 Trade payables		
Micro, Small and Medium Enterprises	0.30	1.02
Payables to related parties (refer note 45)	6.24	11.97
Others	676.33	429.76
	682.87	442.75

Refer Note 42 for information about liquidity risk and market risk of trade payables.

- a) The Company has amount due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act). The disclosure pursuant to the said Act is as under:

	As at 31 March 2018	As at 31 March 2017
Principal amount due to suppliers under MSMED Act	0.30	1.02
Interest accrued and due to suppliers under MSMED Act on the above unpaid amount	-	-
Interest accrued and not due to suppliers under MSMED Act	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under MSMED Act (Other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act for payment already made	-	-
Interest accrued and remaining unpaid at the end of the period to suppliers under MSMED Act	-	-

Note:- This information has been given in respect of such vendors to the extent they could be identified as Micro and Small enterprises on the basis of information available with the Company.

	As at 31 March 2018	As at 31 March 2017
21 Other financial liabilities		
Current maturities of long- term debt (refer note 16)	1,231.59	6,197.21
Interest accrued but not due on borrowings	12.69	85.38
Unclaimed dividends*	2.18	2.44
Employee related liabilities	2,708.12	2,171.14
Other accrued liabilities	2,207.95	1,783.45
Payables for capital expenditure	2.73	10.60
	6,165.26	10,250.22

*There are no amounts due to be transferred to the Investor Education and Protection Fund as at the year end.

	As at 31 March 2018	As at 31 March 2017
22 Other current liabilities		
Rent received in advance	8.60	6.76
Advance from customers	702.17	537.54
Payables to related parties (refer note 45)	3.19	-
Statutory dues	771.16	498.39
	1,485.12	1,042.69

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
23 Revenue from operations		
Sale of products		
Sale of power	2,172.06	2,346.84
Sale of services		
Goods transport	150,668.06	141,678.11
Bus operations	35,707.53	32,427.94
Income from hotel operations	163.35	192.69
Transport of passengers by air	1,312.97	1,603.43
Courier service	864.00	780.00
Other operating revenues		
Sale of scrap materials	1,153.97	1,122.35
Advertisement income	190.09	157.15
	192,232.03	180,308.51
24 Other income		
Rent income	658.57	511.37
Interest income	95.72	88.74
Dividend income from equity investment designated at FVTPL	0.74	0.80
Credit balances written back	51.60	19.35
Service tax refund	242.88	-
Profit on sale of Property, plant and equipment (net)	28.24	-
Interest income resulting from fair valuation of security deposits paid	214.97	201.14
Miscellaneous income	130.32	108.42
	1,423.04	929.82

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
25 Freight, handling and servicing cost		
Lorry hire	12,086.17	12,850.85
Diesel cost	49,725.83	47,307.59
Vehicle running, repairs and maintenance (net)	12,238.51	13,848.50
Stores and spares consumed	6,581.88	5,408.69
Tyres, flaps and re-treading	4,441.54	4,619.70
Bridge and toll charges	11,513.56	10,638.10
Repairs and maintenance		
- Plant and equipments	1,021.22	1,109.68
- Buildings	482.48	493.62
- Others	153.65	133.71
Security charges	295.10	273.69
Power	502.86	454.89
Wind turbine generator operation and maintenance expenses	575.75	546.19
Rent	9,538.41	8,884.80
Vehicle taxes	3,789.42	3,964.05
Insurance	1,495.03	1,169.56
Agency commission	6,247.91	5,420.65
Hamaali	6,481.06	7,770.74
Clearing and forwarding charges	4,342.66	4,534.91
Claims	289.16	172.57
Hotel operating expenses	89.73	117.57
	131,891.93	129,720.06
26 Employee benefits expense		
Salaries, wages and bonus	29,077.92	22,423.54
Contribution to provident and other funds (refer note 18(a))	3,137.82	2,118.02
Gratuity and compensated absences	1,334.50	577.34
Staff welfare expenses	1,027.20	1,488.89
	34,577.44	26,607.79
27 Finance costs		
Interest on borrowings	1,100.40	2,350.62
Interest on security deposit from agents	26.02	39.15
Other borrowing costs	9.61	2.63
Fair valuation of financial liabilities (net)	8.06	7.81
	1,144.09	2,400.21

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
28 Depreciation and amortisation expense		
Depreciation of property, plant and equipment (refer note 2)	9,709.79	9,470.69
Depreciation of investment properties (refer note 3)	5.18	5.18
Amortisation of intangible assets (refer note 4)	48.45	49.78
Impairment of non-financial assets (refer note 2)	-	292.20
	9,763.42	9,817.85
29 Other expenses		
Travelling and conveyance	735.30	644.59
Printing and stationery	270.01	262.35
Legal and professional expenses	246.73	168.75
Payment to auditors (refer details below)	78.55	94.38
Office expenses	119.66	108.75
Communication costs	495.48	471.76
Advertisement and business promotion	100.97	74.67
Loss on sale of Property, plant and equipment (net)	-	73.20
Foreign exchange fluctuations	0.13	5.78
Bad debts/advances written off	40.17	7.02
Bank charges	58.42	63.82
Donation	7.72	1.38
Directors' sitting fees	7.86	8.16
Miscellaneous expenses	30.99	36.66
Corporate social responsibility expenses (refer note 40)	147.27	141.08
	2,339.26	2,162.35
Payment to auditors*		
As auditor:		
Audit fee	52.51	62.96
Limited review	23.90	13.80
In other capacity		
Other services	1.47	17.47
Reimbursement of expenses	0.67	0.15
	78.55	94.38

* excluding ₹ 2.36 lakhs towards certification work in relation to Buy-back of Equity shares, adjusted in reserve under note 15

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
30 Tax expense		
Current tax expense	5,464.45	3,363.72
Deferred tax	(781.94)	119.09
Total	4,682.51	3,482.81
30.1 Tax reconciliation (for profit and loss)		
Profit before income tax expense	13,938.93	10,530.07
Tax at the rate of 34.608%	4,823.98	3,644.25
Tax adjustments pertaining to earlier year	-	24.49
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Donation	6.13	0.38
Corporate Social Responsibility expenses	47.51	48.82
Impairment of non-financial assets	-	101.12
(Profit)/Loss on sale of Property, plant and equipment	(9.78)	25.34
Rent from Building - Considered Separately	(47.13)	(43.87)
Expenses not allowed	10.55	3.48
Differential tax rate on capital gains on sale of land	5.25	-
Other tax deductions		
Deduction under section 80IA	(176.65)	(295.69)
Deduction under section 80JJAA	(81.49)	(22.21)
Deduction under section 80G	(7.49)	(9.52)
Change in tax rate	78.64	-
Income from house property	32.99	30.71
Tax expense for the year	4,682.51	3,482.81

30.2 The movement in deferred tax assets and liabilities during the year ended 31 March 2017 and 31 March 2018 are as follows:

	As at 01 April 2016 Deferred tax asset/(Liabilities)	Credit/(charge) in statement of Profit and Loss	Credit/(charge) in statement of Other comprehensive income	As at 31 March 2017 Deferred tax (Liabilities)
Depreciation / Amortisation	(9,762.31)	(219.92)	-	(9,982.23)
Allowance for doubtful debts and advances	82.02	(4.57)	-	77.45
Provision for Gratuity, compensated absences and lease equalisation	358.02	105.75	-	463.77
Provision for bonus	284.98	33.70	-	318.68
Others	195.44	(34.05)	-	161.39
Total	(8,841.85)	(119.09)	-	(8,960.94)

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

	As at 01 April 2017 Deferred tax asset/(Liabilities)	Credit/(charge) in statement of Profit and Loss	Credit/(charge) in statement of Other comprehensive income	As at 31 March 2018 Deferred tax (Liabilities)
Depreciation / Amortisation	(9,982.23)	302.73	-	(9,679.50)
Allowance for doubtful debts and advances	77.45	(7.11)	-	70.34
Provision for Gratuity, compensated absences and lease equalisation	463.77	393.74	99.93	957.44
Provision for bonus	318.68	92.97	-	411.65
Others	161.39	(0.39)	-	161.00
Total	(8,960.94)	781.94	99.93	(8,079.07)

31 Earnings per share

The amount considered in ascertaining the Company's earnings per share constitutes the net profit after tax and includes post tax effect of any exceptional items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares which could have been issued on conversion of all dilutive potential shares.

Particulars

	Year ended 31 March 2018	Year ended 31 March 2017
Net profit after tax attributable to equity shareholders	9,256.42	7,047.26
Weighted average number of shares outstanding during the year - Basic and Diluted	91,031,518	91,243,495
Basic and Diluted earnings per share (₹)	10.17	7.72
Nominal value per equity share (₹)	10.00	10.00

32 Assets Pledged as security

	As at 31 March 2018	As at 31 March 2017
Current Assets		
Financial Assets		
<i>Floating Charge</i>		
Trade Receivables	8,074.68	7,541.69
	8,074.68	7,541.69
Non Financial Assets		
Floating Charge		
Inventories	1,730.47	1,389.36
Total Current assets Pledged as security	9,805.15	8,931.05
Non Current Assets		
First Charge		
Land	447.30	447.30
Building	1,065.94	1,022.10
Vehicles	1,839.15	18,483.85
Total non-current assets Pledged as security	3,352.39	19,953.25
Total assets Pledged as security	13,157.54	28,884.30

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

33 Contingent Liabilities not provided for

Particulars	As at 31 March 2018	As at 31 March 2017
A] Claims against the Company not acknowledged as Debts		
Income tax matters	1,087.67	1,122.81
Customs Duty (refer note (b) below)	1,569.02	1,569.02
Service tax matters	571.33	-
ESIC matter	12.92	12.92
Additional Bonus that may be payable	202.00	202.00
	3,442.94	2,906.75
B] Disputed claims pending in Courts	1,077.12	742.35
C] Guarantees given on behalf of the Company by banks	81.39	66.55
D] Other contractual matters	52.77	78.42
Total	4,654.22	3,794.07

Notes:-

a. The Company is in appeal against demands on Income Tax, Customs duty, service tax and ESIC dues.

b. Customs duty liability is in respect of alleged violation of terms and conditions of Non Scheduled Air Transport Service, as claimed by the Customs Department to the extent it can be quantified. The said department has issued a Show cause cum demand notice alleging violation of terms and conditions of Non Scheduled Air Transport Service and demanded, amongst others, customs duty on the import of aircraft, interest and penalty/fine thereon. The Company had earlier availed of the exemption available under the Customs Act, 1962 (the 'Act') and was accordingly assessed to Nil duty under the Act. The Company has deposited the Customs duty, including interest thereon, without prejudice to further rights. These payments have been disclosed under non-current assets in the books of account. The Company has already filed the necessary response to the demand notice and expects a favourable order in this regard.

c. The above figures for contingent liabilities do not include amounts towards certain additional penalties/interest that may devolve on the Company in the event of an adverse outcome as the same is subjective and not capable of being presently quantified.

d. Future cash outflows in respect of (A) above can be determined only on receipt of judgments/decisions pending with various forums/authorities.

e. The amount disclosed in respect of (B) above represents the estimated liability based on independent legal opinion obtained by the management in relation to the various cases of Motor Vehicle Accidents, Consumer disputes, Workmen compensation, etc. filed against the Company.

34 The Department of Stamps and Registration, Government of Karnataka had issued a notice towards stamp duty payable on acknowledgment of delivery of a letter, article, document, parcel, package or consignment, given by the Company to the sender of such letter, article, document, etc. in accordance with the Karnataka Stamp Act, 1957 (Article- 1 (ii) of the Schedule). The Company has challenged the constitutional validity of the said provision by way of Writ Petition before the Honourable High Court of Karnataka, Circuit Bench at Dharwad. The Writ Petition came-up for hearing and subject to deposit of a sum of ₹ 25 lakhs, the authorities have been directed not to take any coercive action and also to determine the Stamp Duty liability. The Company has paid the deposit of ₹ 25 lakhs but the quantum of Stamp Duty payable is yet to be arrived at by the department. In the opinion of the management, no financial liability is expected to arise in this regard. The financial liability that may ultimately devolve upon the Company is currently not ascertainable and as such no amount has been included as contingent liability towards the same.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

35 The Bhiwandi property admeasuring 240,000 square feet purchased for a total consideration of ₹ 3,240 lakhs from M/s Indian Corporation, represented by its proprietor, Mr. Rudrapratap Urmaliya Tripathi, as a Power of Attorney holder of the original land owners is registered in the name of VRL by paying appropriate stamp duty and registration fees. The Company is in actual and physical possession of the property and has been carrying out its business activities in the aforesaid premises without any hindrance from anybody whatsoever. However, the Company has been facing difficulties in getting its name updated in the relevant Revenue Records i.e 7/12 extract and has accordingly brought this to the notice of the vendor, who is trying to solve the matter and get the name of the Company entered into the Revenue Records as the owner of the property.

Further, the Company has received a recent demand from revenue authorities for payment of lease rent of ₹ 116.82 lakhs (settled at ₹ 50 lakhs) for using the land since the 7/12 extract did not reflect the Company's name as owner. This demand from Revenue Authorities of ₹ 116.82 lakhs (against which ₹ 50 lakhs was paid) has been settled by the Company, more as a matter of convenience, without accepting the demand, to enable peaceful possession and use of the aforesaid property.

Considering the fact that the property is already registered in the name of the Company vide Registered Sale Deed and further since the Company is in actual and physical possession of the property and has been carrying out its business activities without any hindrance from anybody whatsoever, except that there has been some difficulty in entering the name of the Company in the Revenue Records, the investment made by the Company is safe and fully recoverable. The Company has also obtained appropriate legal opinion in this regard to support its view. That however, in case, for any reasons, entering the name of the Company in the revenue records is not possible, the Vendor has given an option to the Company to buy back the property at mutually agreed consideration, which shall not be less than the purchase price indicated above. Management does not expect any financial impairment of the book value of the aforesaid property considering the representations received from Mr. Rudrapratap Tripathi through his attorney and also the legal opinion obtained by the Company from its own attorney and accordingly no adjustments have been made to the financial statements to this effect.

36 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - ₹ 41,597.81 lakhs (31 March 2017: ₹ 128.68 lakhs).

Commitment relating to lease arrangements (refer note 37) ₹ 7,762.30 lakhs (31 March 2017: ₹ 9,305.94 lakhs).

37 The land whereat 33 Wind Turbine Generators (WTGs) are installed (at Kappatgudda, Gadag District, Karnataka) is leased to Suzlon Energy Limited by Karnataka Forest Department. Consequently, Suzlon Energy Limited has transferred the lease in favour of the Company with requisite clearances from Karnataka Forest Department.

38 The Company has entered into Operating lease agreements for godowns and office facilities and such leases include both cancellable and non-cancellable leases.

Lease rental expense recognized in the Statement of Profit and Loss for the year ended 31 March 2018 in respect of the operating leases is ₹ 9,538.41 lakhs (31 March 2017 : ₹ 8,884.80 lakhs).

Lease rental income recognized in the Statement of Profit and Loss for the year ended 31 March 2018 in respect of operating leases is ₹ 658.57 lakhs (31 March 2017: ₹ 511.37 lakhs).

Certain non-cancellable operating leases extend upto a maximum of eight years from Balance Sheet Date. Some of such lease agreements have a price escalation clause. Maximum obligations on long term non-cancellable operating leases in accordance with the rentals stated in the respective agreements are as under:

	As at 31 March 2018	As at 31 March 2017
Not later than 1 year	1,427.39	1,459.23
Later than 1 year but not later than 5 years	5,315.89	5,594.78
Later than 5 years	1,019.02	2,251.93
	7,762.30	9,305.94

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

39 Certified Emission Reductions Credits

In earlier years, the Company had recognised income by trading complete amount of possible Green House Gas (GHG) emission reductions generated by its Windmill project. The Company's Clean Development Mechanism (CDM) project is registered with the United Nations Framework Convention on Climate Change (UNFCCC) and necessary approvals for the trade of carbon credits has been procured.

The Company has Certified Emission Reductions (CERs) balance of 185,552 units (net of 2% CDM administration fees) for the period 1 January 2013 to January 2016 which has been certified. Further, the certification of CERs generated during the period February 2016 to March 2017 is underway and hence is not quantifiable.

The financial impact of outstanding CERs remains unrecognised in the books of account, the impact of which, as per the management, is not expected to be material to the financial statements.

40 Contribution towards Corporate Social Responsibility (CSR)

	As at 31 March 2018	As at 31 March 2017
Average net profit of the Company for last three financial years	13,338.17	12,311.19
Prescribed CSR expenditure (2% of the average net profit as computed above)	266.76	246.22

Details of CSR expenditure during the financial year

Total amount to be spent for the financial year	266.76	246.22
Amount spent	147.27	141.08
Amount unspent	119.49	105.14

41 Fair value measurements

Financial instruments by category:

All financial assets and financial liabilities of the Company are under the amortised cost measurement category at each of the reporting dates except Equity investments which are recognised and measured at fair value through profit or loss.

Fair value hierarchy

The following table provides the fair value measurement hierarchy of Company's financial assets and financial liabilities

Category	31 March 2018			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities Borrowings (other than current borrowings)	1,726.02	-	1,777.28	-
Financial assets Non-current Security deposits	2,418.37	-	2,418.37	-
FVTPL financial investments	5.75	-	5.75	-

Category	31 March 2018			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities				
Borrowings (other than current borrowings)	12,151.73	-	12,250.84	-
Financial assets				
Non-current Security deposits	2,512.23	-	2,512.23	-
FVTPL financial investments	5.75	-	5.75	-

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

- During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.
- The carrying amounts of Security deposits, other financial assets, fixed deposits with banks, current borrowings, trade payables and other current financial liabilities are considered to be approximately equal to their fair value, since those are current in nature.
- The fair values computed above for assets measured at amortised cost are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of indirectly observable inputs.

Valuation process

The Company evaluates the fair value of financial assets and financial liabilities on periodic basis using the best and most relevant data available.

42 Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds investments.

The Company is exposed to market risk, credit risk and liquidity risk. Company's senior management oversees the management of these risks. It is Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk of any loss in future earnings, in realisable fair value or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of change in the interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

I. Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company does not have significant exposure to the risk of changes in market interest rates as Company's long-term debt obligations is at fixed interest rates.

II. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. However, Company is not exposed to foreign currency risk since it has no unhedged exposure as at reporting date.

b) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – borrowings, trade payables and other financial liabilities.

Liquidity risk management

Company's treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

The table below summarises the maturity profile of Company's financial liabilities based on contractual undiscounted payments.

As at 31 March 2018

Particulars	On demand	Less than 6 months	6 to 12 months	1 to 5 years	Beyond 5 years	Total
Borrowings	6,390.68	767.85	584.29	519.47	-	8,262.29
Other financial liabilities	-	4,920.98	-	747.81	-	5,668.79
Trade payables	-	679.18	3.69	-	-	682.87

As at 31 March 2017

Particulars	On demand	Less than 6 months	6 to 12 months	1 to 5 years	Beyond 5 years	Total
Borrowings	6,314.92	3,923.91	3,242.33	6,530.69	-	20,011.85
Other financial liabilities	-	3,967.63	-	811.43	-	4,779.06
Trade payables	-	442.75	-	-	-	442.75

c) Credit risk

Credit risk arises from cash and bank balances, current and non-current financial assets, trade receivables and other financial assets carried at amortised cost.

Credit risk management

To manage credit risk, the Company periodically assesses the financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. The Company uses a provision margin to compute the expected credit loss allowance for trade receivable.

Bank balances are held with only high rated banks. Trade receivables are generally recovered within the credit period. Accordingly, the provision for impairment is considered immaterial. Also, trade receivables are monitored on periodic basis for any non-recoverability of the dues.

Trade receivables:

The ageing of trade receivables and expected credit loss analysis on these trade receivables is given in below table:

Particulars	Not due	0-60 days	61-180 days	181-365 days	above 365 days	Total
As at 31 March 2018	5,349.60	2,366.34	358.39	6.77	123.57	8,204.68
As at 31 March 2017	7,225.34	285.25	51.56	9.03	100.51	7,671.69

The expected credit loss analysis on these trade receivables is given in below table:

Particulars	Amount
As at 01 April 2016	130.00
Provision for doubtful debts	-
Bad debts	-
As at 31 March 2017	130.00
Provision for doubtful debts	-
Bad debts	-
As at 31 March 2018	130.00

43 Capital management

43.1 Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Company may adjust the amount of dividends paid to shareholders.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

Particulars	As at 31 March 2018	As at 01 April 2017
Borrowings #	8,129.39	18,552.03
Less: Cash and cash equivalents	(1,851.81)	(1,155.68)
Net debt	6,277.58	17,396.35
Equity	59,321.97	54,123.17
Capital and net debt	65,599.55	71,519.52
Gearing ratio	9.57%	24.32%

#Borrowings for the above purpose includes non-current borrowings, current borrowings, current maturities of non current borrowings and Interest accrued but not due on borrowings.

43.2 Net debt reconciliation

Particulars	As at 31 March 2018	As at 01 April 2017
Cash and cash equivalents	1,851.81	1,155.68
Non-current borrowings (including current maturities)	(1,726.02)	(12,151.73)
Current borrowings	(6,390.68)	(6,314.92)
Interest payable	(12.69)	(85.38)
Net Debt	(6,277.58)	(17,396.35)

Particulars	Cash and cash equivalents	Non-current borrowings (including current maturities)	Current borrowings	Interest Payable	Total
Net debt as on 01 April 2017	1,155.68	(12,151.73)	(6,314.92)	(85.38)	(17,396.35)
Cash flows	696.13	10,432.79	(75.76)	-	11,053.16
Finance cost	-	(7.08)	-	(1,128.95)	(1,136.03)
Interest paid	-	-	-	1,201.64	1,201.64
Net debt as on 31 March 2018	1,851.81	(1,726.02)	(6,390.68)	(12.69)	(6,277.58)

43.3 Dividends

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Equity dividend		
Interim dividend for the year ended 31 March 2018 of ₹ Nil (31 March 2017 - ₹ 4) per fully paid share	-	3,649.74

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

44 Segment Reporting

The Company's chief operating decision maker - Board of Directors examines the Company's performance from a product perspective and has identified four reportable segments of its business as follows:

- **Goods transport division:** Offers services for the transportation of Goods across India using a range of road transportation solutions to the customers, including less than full truck load and full truck load. Under this segment, Company also does courier business for transportation of small parcels and documents using range of multi model solutions.

- **Bus operations division:** Offers services of transportation solutions through Buses.

- **Sale of power division:** The wind farm consists of Wind Turbine Generators (WTGs) having individual capacity of 1.25 MW.

- **Transport of passengers by air:** Offers services for the transportation of passengers by Air through the Aircrafts owned by the Company. The services are offered to the Individuals and corporate representatives.

The above operating segments have been identified considering:

- (i) The internal financial reporting systems
- (ii) The nature of the product/services
- (iii) The risk return profile of individual divisions

Revenue and expenses has been accounted on the basis of their relationship to the operating activities of the segment. Income and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable Income" and "Unallocable Expenses" respectively. Assets and Liabilities, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable Assets/ Liabilities". Inter-segment transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods/services.

No operating segments have been aggregated to form the above reportable operating segments.

Particulars	As at 31 March 2018	As at 01 April 2017
Segment Revenue		
- Income from operations		
a) Goods transport	151,532.06	142,458.11
b) Bus operations	35,870.88	32,620.63
c) Sale of power	2,172.06	2,346.84
d) Transport of passengers by air	1,312.97	1,603.43
- Other operating income		
a) Goods transport	190.09	157.15
b) Un-allocable revenue	1,153.97	1,122.35
Net Sales/Income	192,232.03	180,308.51
Segment results		
(Profit before Interest and Taxation from each segment)		
a) Goods transport	13,640.92	12,815.91
b) Bus operations	2,109.91	1,203.24
c) Sale of power	521.33	339.69
d) Transport of passengers by air	(21.71)	189.65
	16,250.45	14,548.49
Less: Finance costs	(1,144.09)	(2,400.21)
Less: Other un-allocable expenditure net of un-allocable income	(1,167.43)	(1,618.21)
Profit before tax	13,938.93	10,530.07

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Segment Depreciation and Amortisation		
a) Goods transport	5,004.06	4,820.09
b) Bus operations	2,526.82	2,539.67
c) Sale of power	1,083.01	1,098.47
d) Transport of passengers by air	142.54	152.04
e) Un-allocable Depreciation / Amortisation	1,006.99	915.38
Total	9,763.42	9,525.65
Segment revenue by location of customers:		
a) Domestic	192,232.03	180,308.51
b) Overseas	-	-
Total	192,232.03	180,308.51
Cost incurred on acquisition of Capital items (including capital advances):		
a) Domestic	4,725.78	6,274.03
b) Overseas	-	-
Total	4,725.78	6,274.03

Particulars	As at 31 March 2018	As at 01 April 2017
The carrying amount of non-current operating assets by location of assets		
a) Domestic	61,460.41	71,757.23
b) Overseas	-	-
Total	61,460.41	71,757.23

Particulars	As at 31 March 2018	As at 01 April 2017
Assets		
a) Goods transport	50,757.88	51,948.70
b) Bus operations	10,564.15	13,229.06
c) Sale of power	9,260.59	10,116.27
d) Transport of passengers by air	3,043.91	3,319.66
e) Un-allocable assets	12,599.69	11,054.26
Total	86,226.22	89,667.95
Liabilities		
a) Goods transport	7,862.37	5,643.91
b) Bus operations	1,421.50	1,218.69
c) Sale of power	3.00	3.45
d) Transport of passengers by air	51.38	67.88
e) Un-allocable liabilities	17,566.00	28,610.85
Total	26,904.25	35,544.78
Capital expenditure (including capital advances)		
Total cost incurred during the year to acquire segment assets		
a) Goods transport	3,671.35	3,635.60
b) Bus operations	48.34	1,471.59
c) Sale of power	15.34	-
d) Transport of passengers by air	-	-
e) Un-allocable capital expenditure	990.74	1,166.84
Total	4,725.78	6,274.03

Considering the nature of businesses of the Company, it deals with various customers. Consequently, none of the customers contribute materially to the revenue of the Company.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

45 Related party disclosures

As per Ind AS 24 "Related party Disclosures", disclosure of transactions with the related parties as defined in the Accounting Standard are given below:

a) Names of related parties and description of relationship:

Key Management Personnel (KMP) and their relatives	a. Dr.Vijay Sankeshwar (Chairman & Managing Director)
	b. Mr.Anand Sankeshwar (Managing Director)
	c. Mr. Kalliveerappa Umesh (Executive director) (w.e.f. 19 May 2017)
	d. Mr. Ramanand Laxminarayan Bhat (Executive director) (w.e.f. 04 August 2017)
	e. Mrs.Vani Sankeshwar (President) - relative of director
	f. Mrs.Lalitha Sankeshwar - relative of director
	g. Mrs.Bharati Holkunde - relative of director
	h. Mr. Sunil Nalavadi (Chief Financial Officer)
	i. Mr. Aniruddha Phadnavis (Company Secretary)
Non executive directors and Independent directors (with whom transactions have taken place)	a. Dr. Prabhakar Kore
	b. Mr. J S Korlahalli
	c. Mr. C Karunakar Shetty
	d. Mrs. Medha Pawar
	e. Mr. S R Prabhu (till 19 May 2017)
	f. Mr. Ramesh Shetty (till 04 August 2017)
	g. Mr. Shankarasa Ladwa
	h. Dr. Anand Pandurangi
	i. Dr. Ashok Shettar
Enterprises in which KMP or their relative have significant influence (with whom transactions have taken place)	j. Dr. Raghottam Akamanchi
	a. Aradhana Trust
	b. Ayyappa Bhaktha Vrunda Trust
	c. Shiva Agencies
	d. Sankeshwar Minerals Private Limited
	e. Sankeshwar Printers Private Limited
	f. VRL Media Limited
	g. VRL Employees Group Gratuity Trust
	h. VRL Foundation
	i. Vijayanand Infotech Private Limited
	j. Hyperconnect Technologies Private Limited
	k. VRL Electronics Private Limited
	l. Vijayanand Institute of Technologies

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

b) Disclosures of transactions between the Company and its related parties, along with outstanding balances as at year end

Nature of transactions	Name of the Party	Nature of relationship	Year ended 31 March 2018	Year ended 31 March 2017
Income				
Rent	Aradhana Trust	Enterprise in which KMP or their relative have significant influence	12.70	11.04
	Shiva Agencies		15.63	15.63
	Sankeshwar Minerals Private Limited		0.80	0.43
	VRL Foundation		2.16	2.16
	VRL Media Limited		192.60	192.33
Freight	Sankeshwar Minerals Private Limited	Enterprise in which KMP or their relative have significant influence	13.71	7.81
	Sankeshwar Printers Private Limited		10.77	4.84
	VRL Foundation		1.57	0.92
	VRL Media Limited		353.40	304.24
Reimbursements	VRL Media Limited	Enterprise in which KMP or their relative have significant influence	58.55	54.45
Advertisement	VRL Media Limited	Enterprise in which KMP or their relative have significant influence	5.35	7.99
		Total	667.24	601.84

Expenditure/Payments

Remuneration/Commission *	Dr.Vijay Sankeshwar	KMP	403.88	359.00
	Mr.Anand Sankeshwar	KMP	310.00	198.00
	Mr.Sunil Nalavadi	KMP	32.05	27.60
	Mr.Aniruddha Phadnavis	KMP	28.40	24.00
	Mrs.Vani Sankeshwar	KMP/ Relative of KMP	18.75	18.00
	Mr. Ramanand Laxminarayan Bhat	KMP	64.91	-
	Mr. Kalliveerappa Umesh	KMP	84.91	-
Director Sitting fees (excluding taxes)	Dr. Prabhakar Kore	Director	0.20	0.10
	Mr. J S Korlahalli	Director	1.40	1.40
	Mr. C Karunakar Shetty	Director	1.49	1.60
	Mrs. Medha Pawar	Director	0.80	0.70
	Mr. S R Prabhu	Director	0.10	0.40
	Mr. Ramesh Shetty	Director	0.10	0.30
	Mr. Shankarasa Ladwa	Director	1.30	1.20
	Dr. Anand Pandurangi	Director	0.60	0.60
	Dr. Ashok Shettar	Director	0.20	0.30
	Dr. Raghottam Akamanchi	Director	0.50	0.40

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

Printing and stationery	Sankeshwar Printers Private Limited	Enterprise in which KMP or their relative have significant influence	37.60	15.64
Staff Training Expenses	Vijayanand Institute of Technologies.	Enterprise in which KMP or their relative have significant influence	8.79	-
Advertisement expenses	VRL Media Limited	Enterprise in which KMP or their relative have significant influence	33.36	21.55
Corporate social responsibility expenses	VRL Foundation	Enterprise in which KMP or their relative have significant influence	106.00	50.00
Gratuity contribution	VRL Employees Group Gratuity Trust	Employees' Benefit Plans where there is	218.96	648.79
Dividend paid	Dr.Vijay Sankeshwar	KMP	-	1,271.68
	Mr.Anand Sankeshwar	KMP	-	1,250.61
	Mrs.Vani Sankeshwar	KMP/ Relative of KMP	-	16.00
	Mrs.Lalitha Sankeshwar	Relative of KMP	-	0.84
	Mrs.Bharati Holkunde	Relative of KMP	-	0.07
		Total	1,326.26	3,908.78

Balance as at year end:

Nature of balance	Name of the Party	Nature of relationship	As at 31 March 2018	As at 31 March 2017
Assets:				
Receivables	Shiva Agencies	Enterprise in which KMP or their relative have significant influence	1.54	1.50
	Sankeshwar Minerals Private Limited		0.25	1.02
	Sankeshwar Printers Private Limited		0.20	-
	VRL Foundation		-	0.04
	VRL Media Limited		44.10	27.38
		Total	46.09	29.94

Liabilities:

Payables	Sankeshwar Printers Private Limited	Enterprise in which KMP or their relative have significant influence	1.07	1.35
	VRL Foundation		2.45	1.94
	VRL Media Limited		5.17	8.04
	Vijayanand Institute of Technologies		0.74	0.64

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2018

(Rupees in Lakhs, except for share data, and if otherwise stated)

Remuneration / Commission payable	Dr.Vijay Sankeshwar	KMP	48.32	42.36
	Mr.Anand Sankeshwar	KMP	5.48	-
	Mr.Sunil Nalavadi	KMP	2.34	1.85
	Mr.Aniruddha Phadnavis	KMP	1.99	1.59
	Mr. Kalliveerappa Umesh	KMP	5.32	4.22
	Mr. Ramanand Laxminarayan Bhat	KMP	5.21	4.33
		Total	78.09	66.32

Terms and conditions of transactions with related parties :

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs vide cash/bank payment. There have been no guarantees received or provided for any related party receivables or payables. For the year ended 31 March 2018, Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel of the Company

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Short-term employee benefits:		
- Salaries including bonuses	914.86	626.60

* As gratuity and compensated absences are computed for all the employees in aggregate, the amounts relating to key managerial personnel cannot be individually identified.

46 Related party disclosures

The Board of Directors of the Company at its meeting held on 3 November 2017, approved a proposal for Buy-back by the Company of fully paid up Equity Shares for an aggregate amount not exceeding ₹ 4,140 lakhs (referred to as the "Maximum Buyback Size"), at a price not exceeding ₹ 460/- per Equity Share from the shareholders of the Company excluding promoters, promoter group, persons acting in concert and persons who are in control of the Company, in cash via the open market route through the stock exchanges in accordance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (as amended) and the Companies Act, 2013 and rules made thereunder, as amended. The Company bought back 900,000 equity shares resulting in total cash outflow of ₹ 3,774.50 lakhs (including premium of ₹ 3,684.50 lakh). In line with the requirements of the Companies Act, 2013, an amount of ₹ 3,684.50 lakhs has been utilized from the securities premium balance for the buyback. In addition, ₹ 97.11 lakhs was incurred on account of buyback expenses which was also adjusted from the securities premium balance. The shares so bought back were extinguished and the issued and paid-up capital stands amended accordingly.

47 The Financial Statements were authorised for issue by the directors on 26 May 2018.

As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N / N500013

Bharat Shetty
Partner

Place : Hubballi
Date : 26 May 2018

For and on behalf of the Board of Directors

Vijay Sankeshwar
Chairman and
Managing Director
(DIN: 00217714)

Sunil Nalavadi
Chief Financial Officer

Place : Hubballi
Date : 26 May 2018

Anand Sankeshwar
Managing Director
(DIN: 00217773)

Aniruddha Phadnavis
General Manager (Finance)
and Company Secretary

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