

ANNUAL REPORT 2016-17



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



CONTENTS

Company Information	01
Chairman's Message	02
Directors' Report	03
Management Discussion And Analysis	34
Business Responsibility Report	39
Report on Corporate Governance	47
Independent Auditor's Report	71
Financial Statements.....	78

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

J S Korlahalli
Independent Director

Mrs. Medha Pawar
Independent Director

Dr. Raghottam Akamanchi
Non-executive Director

Anand Sankeshwar
Managing Director

Dr. Prabhakar Kore
Independent Director

Dr. Anand Pandurangi
Independent Director

Ramesh Shetty
Non-executive Director

K N Umesh
Whole Time Director

C Karunakara Shetty
Independent Director

Shankarasa Ladwa
Independent Director

Dr. Ashok Shettar
Non-executive Director

Sunil Nalavadi
Chief Financial Officer

Aniruddha Phadnavis
Company Secretary

BOARD COMMITTEES

AUDIT 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

SHARE TRANSFER COMMITTEE

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

CSR COMMITTEE

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

RISK MANAGEMENT COMMITTEE

Dr. Vijay Sankeshwar - Chairman
Anand Sankeshwar
J S Korlahalli
Shankarasa Ladwa
K. N. Umesh
L. R. Bhat - Chief Technical Officer
Sunil Nalavadi - Chief Financial Officer

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, Dharwad

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

REGISTRAR & TRANSFER AGENTS

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

LEGAL ADVISOR

R B Gadagkar
Advocate



CHAIRMAN'S MESSAGE



Dear Shareholders,

The year gone by presented many challenges and we had to work hard to overcome these. We however remained firm and consistent in our business approach. The economic situation was sluggish and there was no volume growth in the market.

We follow the best practices internally and that is the reason we could easily overcome the challenges that demonetization presented. We did not face any setbacks and could easily overcome the situation despite a majority of our revenues comprising of small billings which was possible only because of our compliant organizational culture. Demonetization however affected the passenger traffic in the latter half of the last year. There is a lot of hue and cry over GST. Its implementation is imminent and I foresee that immediately upon such implementation there could be a considerable confusion and chaos in the markets. I opine 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.

The year gone by saw a drop in the profitability of our Company. The same was mainly attributable to the fuel price increase and the unhealthy competition faced by us in the passenger bus business. Efforts are on internally to identify sustainable supply sources for bio-diesel. We have developed an adequate in house mechanism to pass the fuel price fluctuations which would henceforth be on a day to day basis. I also do not foresee the competition in the passenger bus division to sustain in the long run and we have initiated remedial measures to ensure that the performance of the said division does not deteriorate any further.

On the capex front, we would continue to add to our fleet and infrastructure with a long term perspective. We are geared up for the GST implementation and would await the stabilization of the GST regime to suitably direct our business growth strategy.

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 VRL.

I look forward to a bright future ahead for the Company.

Sincerely,

DR. VIJAY SANKESHWAR
CHAIRMAN & MANAGING DIRECTOR

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Thirty Fourth Annual Report of your Company together with the Audited Financial Statements for the financial year ended 31st March 2017.

1. SUMMARY OF FINANCIAL RESULTS

(₹ in lakhs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Total Income	1,81,238.33	1,73,120.09
Profit Before Finance Charges and Depreciation	22,748.13	27,932.10
Finance Charges	2,400.21	3,162.79
Provision for Depreciation	9,817.85	8,969.54
Net Profit Before Tax (incl. exceptional income)	10,530.07	15,799.77
Tax Expense	3,482.81	5,375.68
Net Profit After Tax	7,047.26	10,424.09
Other comprehensive income	75.98	(301.58)
Interim Dividend on Equity Shares	(3,649.74)	(4,562.17)
Tax on Interim Dividend	(743.00)	(928.75)
Transfer to General Reserve	(704.73)	(1,023.13)
Surplus carried to Balance Sheet	2,025.77	3,608.46

2. OPERATING HIGHLIGHTS / STATE OF COMPANY'S AFFAIRS

The Company has prepared the Financial Statements under Indian Accounting Standards (Ind AS) for the first time. The details of various adjustments to the Financial Statement necessitated from such implementation have been covered in the Notes to the Financial Statements.

During the year under consideration, your Company had a gross income of ₹ 1,81,238.33 lakhs as against previous year's gross income ₹ 1,73,120.09 lakhs depicting a growth rate of 4.69%. The Company has earned a Profit Before Tax (PBT) of ₹ 10,530.07 lakhs as against the Profit Before Tax of ₹ 15,799.77 lakhs in the previous year.

The Company's Goods Transport Division achieved a turnover of ₹ 1,42,615.26 lakhs thereby registering a growth rate of 5% as compared to the previous year. The growth in other verticals including bus operations was marginal. However, the dip in Net profits as compared to the previous year was mainly due to unhealthy competition in passenger transport, marked increase in diesel cost and non availability of bio diesel which resulted in erosion of margins. During the year the Company earned a net profit of ₹ 7,047.26 lakhs. The Company has initiated cost cutting and other remedial measures to arrest this decline.

3. SHARE CAPITAL

The Paid Up Equity Share Capital as at 31st March 2017 stood at ₹ 9,124.35 Lakhs. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on 31st March 2017, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

4. 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 passengers by air and Wind Power Generation verticals.

5. CAPITAL EXPENDITURE

During the Financial Year 2016-17, the company has incurred a capital expenditure of ₹ 7,856.14 lakhs. Out of the same, an amount of ₹ 6,157.01 lakhs was invested on fleet addition. Other capex components included the cost incurred on additions to Buildings, Plant & Equipment, Office Equipment, Leasehold Improvements and Furniture & Fittings.

6. DIVIDEND

During the Financial year 2016-17, your directors declared Interim Dividend at the rate of 40% translating to ₹ 4.00 per equity share. The Board recommends no further dividend and proposes that the interim dividend so declared and paid be treated as the final dividend for the financial year 2016-17.

7. TRANSFER OF UNPAID AND UNCLAIMED AMOUNT TO IEPF

During the year under consideration, no amount was due for transfer to IEPF as per section 125 of the Companies Act, 2013.

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

8. TRANSFER TO RESERVES

The Company has transferred an amount of ₹ 704.73 lakhs to the General Reserve out of current year's profits.

9. SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

10. 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.

11. 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.

12. 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 Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as SEBI Listing Regulations) read with Schedule V thereto, is presented in a separate section forming part of this Annual Report.

13. BUSINESS RESPONSIBILITY REPORT

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

14. 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.

15. BOARD'S 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 31st March 2017, the Board comprised of twelve Directors. Out of these, two are Executive Directors - Chairman & Managing Director and Managing Director, who are also the Promoters of the Company.

Of the ten Non-Executive Directors, six are Independent Directors including one Woman Director who 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).

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.

16. NUMBER OF MEETINGS OF THE BOARD

During the year four 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 related provisions of the Companies Act, 2013.

17. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Inductions

There was no change in Directors during the year under consideration. During the current year Mr. K N Umesh was appointed as an Additional Director who holds office upto the date of Annual General Meeting (AGM). He was also appointed as a Whole Time Director subject to the approval of members. A Notice has been received from a member for his appointment as a Director at the AGM. The Board recommends his appointment as a Whole Time Director at the AGM. The said appointment was made in compliance with Regulation 17 of SEBI Listing Regulations with respect to composition of Board as Mr. S R Prabhu has resigned from his office as a Director w.e.f. 19th May 2017.

b) Retirement/Re-appointment

The tenure of Dr. Vijay Sankeshwar, Chairman & Managing Director concluded on 31st December 2016 and pursuant to recommendation by Nomination and Remuneration committee, the Board of Directors at their meeting held on 27th October 2016 re-appointed him as the Chairman and Managing Director of the Company w.e.f. 1st January 2017 for a period of 5 years. The said re-appointment needs approval of Shareholders at the 34th AGM of the Company. Accordingly a resolution alongwith explanatory statement as required under the extant provisions of the Companies Act, 2013 is provided in Notice of the 34th AGM. Board recommends the re-appointment of Dr. Vijay Sankeshwar as the Chairman and Managing Director of the Company.

Dr. Ashok Shettar, Non-Executive Director, retires by rotation owing to his tenure being the longest amongst retiring directors and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Mr. Ramesh Shetty, Non-Executive Director, though being eligible has expressed unwillingness to continue as Director of the Company. Board is in receipt of a notice under Section 160 of the Companies Act, 2013 alongwith the requisite deposit from a member of the Company proposing the candidature of Mr. L R Bhat for the office of Director. Board recommends the appointment of Mr. L R Bhat as a Whole Time Director, liable to retire by rotation.

None of the Independent Directors will retire at the ensuing AGM.

c) Resignation

The Company was in receipt of resignation letter dated 04th May 2015 wherein Mr. S R Prabhu, Non-Executive Director of the Company had requested the Board to relieve him from duties as Director of the Company w.e.f. 19th May 2017. The Board at the meeting held on 19th May 2017 accepted the resignation and placed on record its appreciation for his support as well as his valuable contribution for the functioning of the Board.

18. 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.

19. COMMITTEES OF THE BOARD

The Board has the following committees:

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Corporate Social Responsibility Committee
- d. Stakeholders Relationship Committee
- e. Risk Management Committee
- f. Administration Committee
- g. Share Transfer Committee
- h. 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 the recommendations made by the Audit Committee during the year.

20. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out an evaluation of its own performance, the Directors (including Independent Non Executive and Executive Directors) individually, the performance of its Chairman as well as the evaluation of the working of its Committees. 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.

21. 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

22. 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 have 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 have 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, reviews performed by the Management in concurrence with the Audit Committee, your Board is of the opinion that the Company's internal controls were adequate and effective as on 31st March 2017.

23. 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 pre-cleared by the Audit Committee and these are placed before the Audit Committee as also to the Board for approval. Omnibus approval was obtained semi annually for transactions which are of recurring nature. A statement containing details of all transactions entered into pursuant to omnibus approval are placed before the Audit 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, Key Managerial Personnel or their relatives. All the contracts/arrangements/transactions entered into by the Company with the related parties during the Financial Year 2016-17 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.

24. 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 stated in the Corporate Governance Report and also annexed to this report as Annexure A. 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

25. CODE OF CONDUCT

The Board of Directors have 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 directives to counter such acts. The 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.

26. 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 Committee. During the year under review none of the personnel have been denied access to the Chairman of Audit 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

27. 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

28. 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 effective 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 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 Committee.

29. BUSINESS RISK MANAGEMENT:

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 21 of the SEBI Listing Regulations, the Company has constituted a risk management committee. The details of the committee and its terms of reference are set out in the corporate governance report forming part of this Annual Report. 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

30. 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 2017-2018. The Company has formulated the following policies as required under SEBI Listing Regulations:

1. 'Policy for Preservation of Documents' under Regulation 9 of SEBI Listing Regulations. 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 Regulations. The said policy can be accessed thru the following link:
http://vrlgroup.in/vrl_investor_desk.aspx?display=policies
3. Dividend distribution policy under Regulation 43A of SEBI Listing Regulations. The said policy can be accessed at the following link:
http://vrlgroup.in/vrl_investor_desk.aspx?display=policies

31. 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 AGM 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.

M/s Walker Chandiok and Co, Chartered Accountants, LLP, have expressed their eligibility and willingness to continue as the Statutory Auditors of the Company. Board recommends the ratification of their appointment as required under Section 139 of the Companies Act, 2013.

M/s. H. K. Veerbhadrappa & Co, Chartered Accountants, Hubballi, one of the joint statutory auditors of the Company resigned during the year and subsequently were appointed as the Internal Auditors of the Company.

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for the financial year ended 31st March 2017. 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 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 the category prescribed in the Rules to undertake a Cost Audit. In our opinion Cost Records of Wind Power Division of the Company need to be audited as it is covered in the category prescribed. In compliance with said provision, Company had appointed M/s S.K. Tikare & Co., Cost Accountants, Dharwad to audit the cost records for FY 2016-17. The Cost Auditor has submitted the Cost Audit report for FY 2016-17 and the same is annexed as Annexure B to this report.

There are no qualifications, reservations or adverse remarks made by the Cost Auditors in their report for the financial year ended 31st March 2017.

Pursuant to the recommendation of the Audit Committee, the Board of Directors have re-appointed M/s S K Tikare & Co., Cost Accountants, Dharwad as the Cost Auditors for FY 2017-18 at a fixed remuneration of ₹ 60,000/- subject to ratification by the members at the ensuing AGM of the Company.

Board recommends the ratification 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 2016-17. The Secretarial Audit report is annexed herewith as Annexure C.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report for the financial year ended 31st March 2017. 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 D

Pursuant to the recommendation of the Audit Committee, the Board of Directors have re-appointed Mr. R Parthasarathi, Company Secretary in Practice to conduct the Secretarial Audit for FY 2017-18 at its meeting held on 19th May 2017.

32. 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, three of whom are Independent Directors. The CSR Committee met two times 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 with a focus on Healthcare and Education. A detailed report containing details of CSR activities & contents of CSR policy is annexed as Annexure D.

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

33. EXTRACT OF ANNUAL RETURN:

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

34. 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 F and forms part of this Report.

35. 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 is annexed herewith as Annexure G.

A statement containing remuneration details of the top ten employees 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 ₹ 8.5 lakhs or more per month needs to be disclosed in the Board's report. As such, the information is included as a part of Annexure G to this report.

36. 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.

37. INDUSTRIAL RELATIONS

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

38. 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.

39. 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.

40. ACKNOWLEDGMENTS AND APPRECIATION

Your 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 the 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: 19th May 2017

Annexure A

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 B

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 2016-17 (April 2016 to March 2017) 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.

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

**Date : 19 May, 2017
Place : Dharwad**

Annexure C
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 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, 2017 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 herein after:

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, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under;
- (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;

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, Buy back of Securities 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
- (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- (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 Standard 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 atleast 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 applicable laws, rules, regulations and guidelines.

I further report that during the audit period ,

- a) Foreign Direct Investment held by New Silk Route to the extent of 5.16% has been divested fully.
- b) As informed by Management, IPO proceeds have been fully utilised for purpose as disclosed in the prospectus.
- c) As claimed by Management, no show cause notice has been received from Statutory Authorities, though there are some 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 : 19-05-2017

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 : 19-05-2017

Annexure D
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, *interalia*, area 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 ₹ 12311.19 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 works out to ₹ 246.22 lakhs.

5. Details of CSR spent during the Financial Year:

- Total amount to be spent for the Financial Year - ₹ 246.22 lakhs
- Amount Spent - ₹ 141.08 lakhs
- Amount unspent - ₹ 105.14 lakhs
- Manner in which the amount spent during the Financial Year: As 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 Trust Corpus	Health & Education	Karnataka	Multiple districts	80.00	50.00	Not quantified	Corpus contribution
2.	The Karnataka Cancer Therapy and Research Institute	Health	Karnataka	Hubballi - Dharwad	25.00	25.00		Project contribution
3.	Majethia Foundation	Health	Karnataka	Hubballi - Dharwad	25.00	25.00		Project contribution
4.	Hurkadli Ajja Kalyan Kendra	Education	Karnataka	Dharwad	25.00	25.00		Project contribution
5.	Amit Patil Central School	Education	Karnataka	Kalaburagi	10.00	10.00		Project contribution
6.	Sirsi Lions Education Society	Education	Karnataka	Uttara Kannada	5.00	5.00		Project contribution
7.	SGBS Trust	Education	Karnataka	Bengaluru	1.08	1.08		Project contribution
Total					171.08	141.08		

* 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 as also the 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 19, 2017

Dr. Prabhakar Kore
Chairman - CSR Committee
(DIN: 00509836)
Place: Hubballi
Date: May 19, 2017

Annexure E
FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN
Financial year ended on 31.03.2017

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	78.69
2	Passenger Transportation	49231	17.99

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-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	63480000	-	63480000	69.57	63480000	-	63480000	69.57	--
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)	63480000	-	63480000	69.57	63480000	-	63480000	69.57	--
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	6054917	-	6054917	6.64	7528088	-	7528088	8.25	+1.61
b) Banks / FI	16566	-	16566	0.02	96604	-	96604	0.11	+0.09
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs	10862508	-	10862508	11.90	9440486	-	9440486	10.35	-1.55
h) Foreign Venture Capital Funds									
i) Others (Foreign Corporate Bodies)	4704912	-	4704912	5.16	-	-	-	-	-5.16
Sub-total (B)(1):-	21638903	-	21638903	23.72	17065178	-	17065178	18.70	-5.02
2. Non-Institutions									
a) Bodies Corp.	1540101	-	1540101	1.69	2318495	-	2318495	2.54	+0.85
i) Indian									
ii) Overseas									

b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	3757294	11	3757305	4.12	6920289	11	6920300	7.58	+3.46
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	529504	-	529504	0.58	558119	-	558119	0.61	+0.03
c) Others (specify) NBFCs Registered with RBI	3335	-	3335	0.00	93552	-	93552	0.10	+0.10
Non Resident Indians	267645	-	267645	0.29	398852	-	398852	0.44	+0.15
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members	26402	-	26402	0.03	408634	-	408634	0.45	+0.42
Trust	300	-	300	0.00	365	-	365	0.00	+0.00
Foreign Bodies - D R									
Sub-total (B)(2):-	6124581	11	6124592	6.71	10698306	11	10698317	11.73	+5.02
Total Public Shareholding (B) = (B) (1) + (B) (2)	27763484	11	27763495	30.43	27763484	11	27763495	30.43	--
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	91243484	11	91243495	100	91243484	11	91243495	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	-	31,792,000	34.84	-	-
2	Mr. Anand Sankeshwar	31,265,250	34.27	-	31,265,250	34.27	-	-

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

SL	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	No change in Promoters Shareholding during the year			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):				
	At the end of the year				

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	Increase / decrease in shareholding	Reason	Cumulative Shareholding 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	153,603	0.17%	13/05/2016	-153,603	Sale	0	2,642,692	2.90%
				10/06/2016	115,157	Purchase	115,157		
				22/07/2016	115,970	Purchase	231,127		
				22/07/2016	99,368	Purchase	330,495		
				22/07/2016	42,662	Purchase	373,157		
				05/08/2016	-44,369	Sale	328,788		
				30/09/2016	33,992	Purchase	362,780		
				11/11/2016	231,734	Purchase	594,514		
				18/11/2016	140,757	Purchase	735,271		
				25/11/2016	419,453	Purchase	1,154,724		
				23/12/2016	109,864	Purchase	1,264,588		
				30/12/2016	81,058	Purchase	1,345,646		
				30/12/2016	438,083	Purchase	1,783,729		
				06/01/2017	134,581	Purchase	1,918,310		
				13/01/2017	15,558	Purchase	1,933,868		
				20/01/2017	8,193	Purchase	1,942,061		
				03/02/2017	35,913	Purchase	1,977,974		
				10/02/2017	78,449	Purchase	2,056,423		
				10/03/2017	1,003	Purchase	2,057,426		
				10/03/2017	661	Purchase	2,058,087		
				17/03/2017	352,524	Purchase	2,410,611		
				17/03/2017	232,081	Purchase	2,642,692		
2	Goldman Sachs India Limited	2,903,102	3.18%	27/05/2016	-832,080	Sale	2,071,022	2,161,113	2.37%
				31/03/2017	90,091	Purchase	2,161,113		

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	Increase / decrease in share-holding	Reason	Cumulative Shareholding 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
3.	Franklin India Smaller Companies Fund	316,283	0.35%	27/05/2016	700,000	Purchase	1,016,283	1,754,879	1.92%
				10/06/2016	200,000	Purchase	1,216,283		
				30/06/2016	38,596	Purchase	1,254,879		
				19/08/2016	300,000	Purchase	1,554,879		
				02/09/2016	200,000	Purchase	1,754,879		
4	MORGAN STANLEY MAURITIUS COMPANY LIMITED	68,342	0.07%	27/05/2016	-45,660	Sale	22,682	1,664,297	1.82%
				03/06/2016	-14,158	Sale	8,524		
				10/06/2016	-3,852	Sale	4,672		
				30/06/2016	-448	Sale	4,224		
				22/07/2016	141,459	Purchase	145,683		
				12/08/2016	3,338	Purchase	149,021		
				23/09/2016	118,000	Purchase	267,021		
				30/09/2016	424,233	Purchase	691,254		
				07/10/2016	406,468	Purchase	1,097,722		
				14/10/2016	156,892	Purchase	1,254,614		
				21/10/2016	382,839	Purchase	1,637,453		
				28/10/2016	163,934	Purchase	1,801,387		
				23/12/2016	-92,000	Sale	1,709,387		
				30/12/2016	-92,000	Sale	1,617,387		
				06/01/2017	465	Purchase	1,617,852		
				03/02/2017	685	Purchase	1,618,537		
				10/02/2017	23,000	Purchase	1,641,537		
				17/02/2017	288	Purchase	1,641,825		
				03/03/2017	3,699	Purchase	1,645,524		
				10/03/2017	2,763	Purchase	1,648,287		
				17/03/2017	897	Purchase	1,649,184		
				24/03/2017	6,027	Purchase	1,655,211		
				31/03/2017	9,086	Purchase	1,664,297		
5	IDFC Sterling Equity Fund	1,581,777	1.73%	20/01/2017	-13,062	Sale	1,568,715	1,568,715	1.72%
6	Abu Dhabi Investment Authority - Behave	1,007,017	1.10%	27/05/2016	231,983	Purchase	1,239,000	1,239,000	1.36%
7	Parvest Equity India	419,051	0.46%	22/04/2016	155,000	Purchase	574,051	906,840	0.99%
				24/06/2016	50,000	Purchase	624,051		
				22/07/2016	340,634	Purchase	964,685		
				29/07/2016	475,515	Purchase	1,440,200		
				05/08/2016	-33,360	Sale	1,406,840		
				12/08/2016	-50,000	Sale	1,356,840		
				19/08/2016	-300,000	Sale	1,056,840		
				02/09/2016	-150,000	Sale	906,840		

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	Increase / decrease in shareholding	Reason	Cumulative Shareholding 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
8	L & T Mutual Fund Trustee Limited - L and T India Value Fund	955,574	1.05%	22/04/2016	17,907	Purchase	973,481	894,198	0.98%
				29/04/2016	9,300	Purchase	982,781		
				27/05/2016	-10,000	Sale	972,781		
				27/05/2016	-25,000	Sale	947,781		
				27/05/2016	-25,000	Sale	922,781		
				27/05/2016	-18,343	Sale	904,438		
				27/05/2016	-15,000	Sale	889,438		
				17/06/2016	52,960	Purchase	942,398		
				01/07/2016	19,000	Purchase	961,398		
				22/07/2016	90,000	Purchase	1,051,398		
				22/07/2016	15,000	Purchase	1,066,398		
				22/07/2016	352,300	Purchase	1,418,698		
				22/07/2016	75,000	Purchase	1,493,698		
				29/07/2016	229,000	Purchase	1,722,698		
				29/07/2016	38,300	Purchase	1,760,998		
				05/08/2016	50,000	Purchase	1,810,998		
				19/08/2016	20,200	Purchase	1,831,198		
				26/08/2016	10,000	Purchase	1,841,198		
				02/09/2016	-10,000	Sale	1,831,198		
				04/11/2016	-61,466	Sale	1,769,732		
				04/11/2016	-37,800	Sale	1,731,932		
				11/11/2016	-69,052	Sale	1,662,880		
				18/11/2016	-41,282	Sale	1,621,598		
				23/12/2016	-359,155	Sale	1,262,443		
				30/12/2016	-43,000	Sale	1,219,443		
				06/01/2017	-147,845	Sale	1,071,598		
				03/02/2017	-17,400	Sale	1,054,198		
				17/03/2017	-102,500	Sale	951,698		
				24/03/2017	-13,646	Sale	938,052		
				31/03/2017	-43,854	Sale	894,198		
9	HDFC Standard Life Insurance Company Limited	876,319	0.96%	22/04/2016	-63,218	Sale	813,101	829,354	0.91%
				22/07/2016	624	Purchase	813,725		
				07/10/2016	3,560	Purchase	817,285		
				14/10/2016	-7,818	Sale	809,467		
				30/12/2016	-652	Sale	808,815		
				31/03/2017	20,539	Purchase	829,354		
10	AllianceBernstein India Growth (Mauritius) Limited	432,891	0.47%	10/06/2016	67,712	Purchase	500,603	708,291	0.78%
				17/06/2016	82,555	Purchase	583,158		
				24/06/2016	113,853	Purchase	697,011		
				30/06/2016	11,280	Purchase	708,291		

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	31,792,000	34.84	-	-	31,792,000	34.84
2	Mr. Anand Sankeshwar	31,265,250	34.27	-	-	31,265,250	34.27
	Total	63,057,250	69.11	-	-	63,057,250	69.11

None of the other Directors or KMPs as of 31st March 2017 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	26,196.94	-	-	26,196.94
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	141.92	-	-	141.92
Total (i + ii + iii)	26,338.86	-	-	26,338.86
Change in Indebtedness during the financial year				
* Addition	2,172.35	-	-	2,172.35
* Reduction	9,902.64	-	-	9,902.64
Net Change	-7,730.29	-	-	-7,730.29
Indebtedness at the end of the financial year				
i) Principal Amount	18,466.65	-	-	18,466.65
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	85.38	-	-	85.38
Total (i + ii + iii)	18,552.03	-	-	18,552.03

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	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	310.76	198.00	508.76
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	13.24	-	13.24
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	35.00 -	-	35.00 -

SL.	Particulars of Remuneration	Name of MD/WTG/ Manager		Total Amount
5	Others, please specify - Leave Encashment Salary and Contribution to Provident fund	-	-	557.00
	Total (A) (1)	359.00	198.00	557.00
	Ceiling as per the Act (as specified under Section 197 (1) (i))			1,111.23

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*	0.12	1.72	1.84	0.81	1.38	0.69	
	Commission	-	-	-	-	-	-	
	Others, please specify	-	-	-	-	-	-	
	Total (1)	0.12	1.71	1.84	0.81	1.38	0.69	
2	Other Non-Executive Directors	Dr. Ashok Shettar	Mr. S.R. Prabhu	Mr. Ramesh Shetty	Mr. Raghottam Akamanchi			
	Fee for attending board committee meetings*	0.35	0.46	0.34	0.46			
	Commission	-	-	-	-			
	Others, please specify	-	-	-	-			
	Total (2)	-	-	-	-			
	Total (B) = (1 + 2)	0.35	0.46	0.34	0.46			8.16
	Total Managerial Remuneration	(A) (1) + (B) (1+2)						565.16
	Overall Ceiling as per the Act (as specified under Section 197 (1))							1,222.35

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

(₹ in lakhs)

SL.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24.00	27.60	51.60
	(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	24.00	27.60	51.60

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

ANNEXURE 'F'

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 50 branches are fitted with solar panels.
2. The initial test with battery operated forklifts was successful at the Bengaluru transshipment hub and the same is now under implementation across all the transshipment hubs of the Company. As a policy, the Company has decided to henceforth replace the existing diesel driven forklifts with battery operated forklifts 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.

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 ₹ 68,000 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

- Modified suspension for 10 wheelers
- Development and fitment of Unitized bearings on wheels
- Experimentation with engine oil and transmission oil variants
- Implementation of in-house developed automated clutch mechanism

2. Benefits Derived out of above R & D.

- Modified suspension on 10-wheeler vehicles and fitment of unitized bearing on vehicle wheels would lead to lesser maintenance costs as also improve the working efficiency of vehicle. The same has been implemented on 50 vehicles and we expect to increase the same in the future.
- The Company also aims to reduce the cost being incurred on lubricants by improving the engine oil and transmission oil efficiency with a view to have a longer replacement period for these.
- We have successfully designed an automated clutch equipment in-house and the same has been fitted on a vehicle. The results and vehicle performance is being monitored. Upon being successful, the same would improve fuel average, improve clutch life as also reduce driver fatigue to a great extent.

3. Future plan of action

We are testing ways to further improve the suspension design of trucks which result in cost reduction.

4. Expenditure on R&D

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> a) Capital b) Recurring c) Total d) Total R & D | } | <p>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.</p> |
|--|---|--|

C) FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

(₹ In lakhs)

	Particulars	FY 2016-17	FY 2015-16
A)	Expenditure in foreign currency (accrual basis)		
	Aircraft maintenance	61.19	48.02
	Purchase of spares	9.62	9.68
	Professional fees	12.46	7.03
	Foreign Branch expenses	-	29.79
	Total	83.28	94.52
B)	Earnings in foreign currency (accrual basis)		
	Transport of passengers by air	369.81	477.73
	Goods transport (foreign branch)	-	21.85
	Total	369.81	499.58
C)	Value of imported and indigenous materials Spare parts and components including tyres, flaps and re-treading		
	Imported		
	-Amount	9.62	9.68
	-Percentage	0.10%	0.09%
	Indigenous		
	-Amount	10,018.77	10,721.43
	-Percentage	99.90%	99.91%
	Total	10,028.39	10,731.11

ANNEXURE 'G'

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	441:1
2	Mr. Anand Sankeshwar	Managing Director	243:1

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	Nil
2	Mr. Anand Sankeshwar	Managing Director	Nil
3	Mr. Sunil Nalavadi	Chief Financial Officer	Nil
4	Mr. Aniruddha Phadnavis	Company Secretary	Nil

There was no increase in the remuneration during the year.

Note:

Except Dr. Vijay Sankeshwar, Chairman and Managing Director and Mr. Anand Sankeshwar, Managing Director, 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

There was no increase in the median remuneration of employees during the financial year. This was on account of addition of lower cadre to the employee base whose remuneration is marginally lesser than the remuneration drawn by the median employee.

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

There were 20,986 employees as on 31st March 2017.

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.

During the year there has been an addition of lower cadre of employees and as such the average salary drawn for the current fiscal is slightly lower than that drawn by the employees on an average basis for the earlier fiscal. Also, there has been no increase in the remuneration of the managerial personnel during the year.

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	359.00	42	31.03.1983	-
2	Mr. Anand Sankeshwar B.Com	43, Managing Director	198.00	27	01.12.1990	-
3	Capt. Manesh T Gopal B A, ATPL	48, Chief Pilot	108.35	27	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	359.00	42	31.03.1983	-
2	Mr. Anand Sankeshwar B.Com	43, Managing Director	198.00	27	01.12.1990	-
3	Capt. Manesh T Gopal B.A, ATPL	48, Chief Pilot	108.35	27	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)	70.08	34	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	70.08	36	01.07.1995 (re-appointed on 14.03.2014)	14 year service in Ashok Leyland Limited as Deputy Manager
6	Capt. Raju Stephen M.Sc. M.Phil.	63, Line Captain	68.50	38	15.07.2013	Chief Pilot with TVS Motors

SL No	Name & Qualification	Age, Designation	Remuneration (₹ in Lakhs)	Exp in Yrs	Date of Joining	Previous employment/position held of employment
7	Mr. Vinod Mittal Dip. (Business Administration)	45, Captain	65.60	24	01.09.2015	21 year service in Indian Air Force
8	Capt. Prasad Jade B.Sc (Aviation)	28, Co-Pilot	31.00	8	01.03.2013	8 years service in Confident group
9	Nitesh Kumar B P	29, Co-Pilot	31.00	5	01.02.2012	-
10	Sunil Nalavadi ACA	41, Chief Financial Officer	27.60	12	31.03.2005	-

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 Managing Directors as stated above is contractual. The other individuals named above are employees of the Company.
4. As of 31.03.2017, Dr. Vijay Sankeshwar held 31,792,000 shares (34.84% of the paid up capital of the Company), Mr. Anand Sankeshwar held 31,265,250 (34.26% of the paid up capital of the Company) shares, Mr. K N Umesh held 1,750 shares and Mr. L R Bhat who held 2,115 shares jointly with his spouse (the latter being the first holder), none of the other employees held any shares in the Company.
5. Dr. Vijay Sankeshwar and Mr. Anand Sankeshwar are related to each other.

Dr. Vijay Sankeshwar
Chairman & Managing Director
(DIN: 00217714)
Place: Hubballi
Date: 19th May 2017

Mr. Anand Sankeshwar
Managing Director
(DIN: 00217773)
Place: Hubballi
Date: 19th May 2017

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The recent Indian logistics sector comprises of inbound and outbound segments of the manufacturing and service supply chains. Of late, the logistics infrastructure has gained a lot of attention both from business industry as well as policy makers. The role of managing this infrastructure, to effectively compete has been slightly under-emphasized. Inadequate logistics infrastructure has an effect of creating bottlenecks in the growth of an economy. The logistics management regimen has the capability of overcoming the disadvantages of the infrastructure in the short run while providing cutting edge competitiveness in the long term. There exist several challenges and opportunities for logistics sector in the Indian economy.

The challenges faced by the industry today is insufficient integration of transport networks, information technology and warehousing & distribution facilities. Regulations exist at a number of different tiers, is imposed by national, regional and local authorities. However, the regulations differ from city to city, hindering the creation of national networks.

The logistics firms are moving from a traditional setup to the integration of IT and technology to their operations to reduce the costs incurred as well as to meet the service demands. The growth of the Indian logistics sector depends upon its soft infrastructure like education, training and policy framework as much as the hard infrastructure.

To support India's fast paced economy growth of logistics industry is very essential. It is estimated that the Indian logistics industry will continue to show robust growth of 10-15% annually, leading the pace of growth of the economy at large.

The global economic outlook, indeed that of India is expected to significantly improve as India Inc begins to tackle the economic downturn. With a new government many policies are expected to be implemented which will give a fresh impetus to India's growth engine particularly in the corporate and SME sector which in turn will expand demand for the logistics sector.

With the implementation of GST, 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.

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. Thus, all this has paved the way for further growth of Logistics and Warehousing industry in the coming years.

(Source: <http://www.iamwire.com/2017/04/indian-logistics-industry-scenario/151331>)

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 the Company 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 and Car Carrying.

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. VRL 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. Though the Company owns its fleet, a considerable usage of outside vehicles is necessitated. The Company also occupies a large number of offices and transshipment hubs across the country on lease basis. We also have a dedicated in-house IT setup which is a significant strength of the 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 have an integration with franchisees and select customers. We have also 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 that too at considerable lesser maintenance costs.

The 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.

We have a very well diversified customer base. During FY 2016-17, the Company's largest customer and the top 10 customers put together contributed only 1% and 6% 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 the 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 the Company. The management opines that this is the single most important factor that affects all the surface transporters across the country. We are however relatively better placed in this regard. We offer the best in 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. The 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 we strive to further encourage more and more individuals to take up driving by visiting several 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 mechanised material handling. The ownership of premises at key business locations such as Delhi, Hyderabad, Bengaluru, Pune, Kolkata, Surat etc. would provide the Company with a lot of flexibility in conducting business operations and the same leading to considerable cost savings and also would enable 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. Your Company would consider gradually expanding its owned infrastructure at such key locations in the years to come.

OPPORTUNITY

The implementation of GST will soon be a reality now and the same is expected to be a boon for the entire logistics industry. The implementation of GST is expected to 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 VRL. 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 GST is implemented, 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 be 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. The 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.

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. 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 has increased in the recent years fortnightly and fluctuates significantly due to various factors which are beyond our control. In the coming days, the same would be a daily phenomenon. 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 the result for our operations.

Whereas GST offers an opportunity, the initial transition days do also throw up a lot of challenges. The initial days of implementation is expected to be chaotic and even as the implementation date comes nearer, there is still a lack of clarity

on the same, especially for the SMEs and smaller businesses who form a significant portion of our clientele. Till the time GST implementation is stabilized we do expect significant 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 we are 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 the Company recorded a nominal growth during the current year in comparison with the earlier year.

Goods transportation revenues recorded a growth of 5.02%. The said growth is the result of a growth in the realization per ton though the freight volume remained flat during the year.

The Bus Operations division recorded a marginal revenue increase of 2.71%. Though there was an addition to the bus fleet, the realization per passenger and occupancy rates were reduced when compared with the earlier fiscal. The same was owing to unhealthy competition from the other private fleet owners as also the lack of a level playing field vis-à-vis the State Run entities. We do not expect such competition to sustain in the long run though.

The Wind Power division of the Company recorded revenues of ₹ 2,346.84 lakhs recording a growth of 9.70% arising from better wind velocity during the year when compared with the earlier period.

The Transport of passengers by Air division recorded revenues of ₹ 1,603.43 lakhs as against corresponding revenues of ₹ 1,117.78 lakhs.

4. OUTLOOK

With the imminent GST implementation on the anvil we expect good days for the entire domestic road freight transport industry. Organized players will stand to benefit and the smaller and unorganized players would need to step up and meet the compliance requirements which appears very difficult as they would need to implement and sustain good practices in the long run. 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 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 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 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 of 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 operate 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 recognized their 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, 2017	Year Ended 31st March, 2016
Total Income	1,81,238.33	1,73,120.09
Profit Before Finance and Depreciation	22,748.13	27,932.10
Finance Charges	2,400.21	3,162.79
Provision for Depreciation	9,817.85	8,969.54
Net Profit Before Tax (incl. exceptional income item)	10,530.07	15,799.77
Tax Expense	3,482.81	5,375.68
Net Profit After Tax	7,047.26	10,424.09
Interim Dividend on Equity Shares	(3,649.74)	(4,562.17)
Tax on Interim Dividend	(743.00)	(928.75)
Transfer to General Reserve	(704.73)	(1,023.13)
Other Comprehensive Income	75.98	(301.58)
Surplus carried to Balance Sheet	2,025.77	3,608.46

The total Revenue of the company increased by 4.68% from ₹ 1,72,252.18 Lakhs to ₹ 1,80,308.51 Lakhs and including other income, the revenue is increased by 4.69% from ₹ 1,73,120.09 Lakhs to ₹ 1,81,238.33 Lakhs.

Goods Transportation (GT)

- GT Revenue increased by 5.02% from ₹ 1,35,794.66 Lakhs to ₹ 1,42,615.26 Lakhs
- Overall tonnage remained flat partly due to sluggish economy and some key policy changes by the Government such as Demonetization etc. We registered a marginal decrease in the freight volume. Realization per ton increased by 5.2%.
- The increase in Fixed expenses such as Vehicle repairs & maintenance, Rent, Vehicle Taxes, Insurance and employee cost adversely impacted the operating margins when expressed as a percentage of revenues.
- Owing to an inconsistent supply pattern and non-availability of bio-fuel we were deprived of the cost savings arising there from during the current year when compared with the earlier year. This coupled with the frequent rate escalations resulted in an increase in the fuel procurement costs during the year. We could pass on the increase in fuel rates to the extent of the price increase in the normal fuel prices but lost out on the cost savings that bio fuel presented leading to a reduction in the operating margin. Based on our consumption average procurement cost per litre of Diesel in FY17 was up by 17.23% from ₹ 46.74 in FY16 to ₹ 54.79 per litre in FY17. Bio-fuel usage was to the tune of 28% of the total fuel consumption during FY 2015-16 and the same declined to 11.63% during FY 2016-17. This resulted in increase in operating costs by 3.06% to the revenue.
- Due to changes to State labour laws, we had to bear additional amounts towards Statutory contributions such as PF, ESI, Bonus etc. The same has resulted into an increase in employee cost despite no increments in salary during the year.

Passenger Travel (PT) - Bus Operations

- PT revenue increased by 2.71% from ₹ 31,760.97 Lakhs to ₹ 32,620.63 Lakhs

The performance of the said division was not up to the mark during the current year despite adding some a few buses to the fleets. The reduction in realization per passenger as well as occupancy levels resulted in major impact on the operating margins of PT segment. Decrease in realization per passenger was to the tune of 4.04% and the decrease in average seat occupancy was to the tune of 3.56%.

The reduction in realization and occupancy levels was mainly due to competition from the unorganized players in some of the key routes. We believe that this kind of competition may not sustain in the long run but the same has impacted on our results of PT segment during the current year.

Also, as in the case of GT division, the performance of this division was also adversely affected due to non-availability of

bio-fuel plus the increase in normal fuel rates which drained the operating margins. In spite of substantial increase in fuel price in the current year we were unable to increase the ticket rates on account of pressure on passenger demand from the market due to unhealthy competition from the unorganized players.

Demonetization too affected the passenger traffic in the latter half of the fiscal and there was no growth in passenger volume. The impact of increase in fixed costs of PT segment like maintenance cost, employees cost etc. further impacted the margin adversely.

Sale of power

Revenue from the Sale of Power increased by 9.70% from ₹ 2,139.42 Lakhs to ₹ 2,346.84 Lakhs. We achieved good growth in Wind Mill revenue despite the total damage to one of our wind turbines during the current year.

Transport of passengers by air

Revenue from this segment increased from ₹ 1,117.78 Lakhs to ₹ 1,603.43 Lakhs. We achieved good revenue from this segment as a result of availability of better chartering contracts.

Profitability

As a result of the above, the EBITDA of the company decreased from ₹ 27,932.10 Lakhs to ₹ 22,748.13 lakhs in absolute terms and as a percentage of revenue the same decreased from 16.13% to 12.55%. This resulted in a decrease in EBIT of the company from ₹ 18,962.56 lakhs to ₹ 12,930.28 lakhs in absolute terms and as a percentage to revenues the same, decreased from 10.95% to 7.13%. Resultantly, Profit before Tax decreased from ₹ 15,799.77 lakhs to ₹ 10,530.07 lakhs and as a percentage of revenue from 9.13% to 5.81%. Profit after Tax decreased from ₹ 10,424.09 lakhs to ₹ 7,047.26 (excluding comprehensive income) lakhs and as a percentage of revenues by 2.13% from 6.02% to 3.89%.

Cost saving measures

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

- Introduction of Fast tags on all our vehicles resulted into lower advance amounts for trip expenses as also resulted in our availing a considerable discount on the toll costs
- Post demonetization we had taken up a renegotiation of terms for all our rented premises and we were able to reduce the lease rentals for quite a few of our business premises across the country.
- 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 debt. The same led to a decrease in the average interest rate cost and the Net debt levels of the company as of 31st March 2017 stand reduced to ₹ 17,396 Lakhs as against a corresponding figure of ₹ 24,501 Lakhs for the previous year.
- A conscious branch profitability study was initiated and measures were taken to close 104 non performing branches, while adding 11 new branches. This not only helped in our saving costs, but also resulted in consolidation of operations without affecting Goods Transport business turnover.
- 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.

Utilization of IPO proceeds

During F.Y 2015-16, as a part of the IPO, the Company had raised ₹ 11,700.03 lakhs out of fresh issue of equity shares and during the year the unutilized portion of these proceeds were fully utilized for the purposes for which they same were raised. The Objects included repayment of certain high cost loans to the extent of ₹ 2,800 lakhs and purchase of goods transportation vehicles to the extent of ₹ 6,741.51 lakhs. Apart from the same a sum of ₹ 705.53 lakhs was spent towards issue expenses and the balance amount of ₹ 1,452.99 lakhs was spent for General Corporate Purposes.

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

The total employee strength of the Company as of 31.03.2016 was 20,986. 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 note worthy 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, which mandates inclusion of the Business Responsibility Report (BRR) as part of the Annual Report. the complete BRR is given below. This report describes the initiatives taken by the Company 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, 2016 to March 31, 2017
- 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 2017 (₹ in lakhs)
1.	Paid up capital	₹ 9,124.35
2.	Total turnover	₹ 1,81,238.33
3.	Total profit after tax	₹ 7,123.24
4.	Total spending on corporate social responsibility (CSR) by the Company	During FY 2016-17 the Company spent an amount of ₹ 141.08 lakhs on CSR activities
5.	List of activities in which expenditure in 4 above has been incurred.	1.Health 2.Education For details refer Annexure D 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 Committee, oversees the BR implementation. However, the Company currently does not have a BR Head.

Principles covered under the Business Responsibility Report

Sl 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
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. Quality Policy 2. 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 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	Y	Y	N	N	Y	Y

Note:

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

* 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.

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
- This is our initial Business Responsibility Report and will be henceforth published annually, as applicable. 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.
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 were 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 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 and 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 bacteria based water treatment plant which processes water used for vehicle and component washing and purifies the water which is then used for gardening purposes.

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

VRL employs over 20,000 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 20,986 employees as of March 31, 2017
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.	296
3.4	Please indicate the number of permanent employees with disabilities	5
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 16-17.
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.
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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 as a vulnerability 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 and education as it 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 and education as it key focus areas and works towards a betterment of the local populace. Apart from the same we have also participated in 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 2016-17.
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 includes extending respect to all concerned, especially when we deal with thousands 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.

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 resultantly no 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> <p>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 in the past</p> <p>All our vehicles are in compliance with the emission norms</p> <p>We ensure good quality of fuel and reduce emissions and wastages by usage of additives as well</p> <p>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</p> <p>We have installed solar panels for electricity in 50 of our branches</p> <p>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> <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?	<p>We have installed a wind farm with a capacity of 42.50 MW at Kappatgudda in Gadag district of Karnataka</p> <p>The said project was one among the very few projects which got due recognition under the United Nations Framework on Climate Change Convention</p> <p>We are eligible for carbon credits and have earned significant revenue from the sale of such units as well in the past</p> <p>We had a tie up with the Asian Development Bank (ADB), Manila, Phillipines, which procured these Carbon Credits from us</p>
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 2016-17, the Company did not receive any such 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:	We are a member of the below - All Indian Motor Transport Congress (AIMTC) the nodal body of surface logistics players in the country. We are also members of several State Level Goods Transport Associations Members of the Federation of Karnataka Chamber of Commerce and Industry (FKCCI) Approved Logistics Service Provider the Indian Banks Association (IBA) 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, etc.
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 at various forums of the above organizations and actively taken up the lobbying of 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 2016-17.
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 mention the tremendous positive feedback received by us 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 2016-17, our Company spent an amount of ₹ 141.08 lakhs towards its CSR initiatives. For more details, please refer "Corporate Social Responsibility" section of Director's Report of Annual Report 2016-17.
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.	3.21% of the customer complaints remained pending as on 31 st March 2017. Also a total of 17 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.	Please refer our response to 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.

REPORT ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance has been developed with a tradition of fair and transparent governance - which was in place even before the same was mandatorily applicable to the Company. 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 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 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, 2017, the Board comprised of twelve Directors. Out of these, two are Executive Directors - Chairman & Managing Director and Managing Director, who are also the Promoters of the Company.

Of the ten Non-Executive Directors, six are Independent Directors. The Company has also appointed one Woman Director who is also 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 to each other.

(b) Number of Board Meetings

The Board of Directors met four times during the financial year 2016-17. The meetings were held on May 23, 2016, August 1, 2016, October 27, 2016, and January 25, 2017. 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

As mandated by 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, 2017

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	Chairman and Managing Director	4	3	4	Yes	2	1	-
Mr. Anand Sankeshwar	Managing Director	4	4	4	Yes	1	-	-
Mr. C Karunakara Shetty	Independent Director	4	4	4	Yes	-	-	-
Dr. Prabhakar Kore	Independent Director	4	1	4	No	1	-	1
Mr. J S Korlahalli	Independent Director	4	4	4	Yes	-	-	-
Mr. Shankarasa Ladwa	Independent Director	4	4	4	Yes	-	-	-
Mrs. Medha Pawar	Independent Women Director	4	3	4	Yes	-	-	-
Dr. Anand Pandurangi	Independent Director	4	4	4	No	-	-	-
Dr. Ashok Shettar	Non-Executive Director	4	2	4	No	-	-	-
Dr. Raghottam Akamanchi	Non-Executive Director	4	4	4	Yes	-	-	-
Mr. Ramesh Shetty	Non-Executive Director	4	3	4	Yes	-	-	-
Mr. S R Prabhu	Non-Executive Director	4	4	4	Yes	-	-	-

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.

(d) Information to the Board

Detailed agenda and related papers are sent to each Director in advance prior to the Board 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. Inter alia, 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.
- Capital budgets and any updates.
- 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 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.
- 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 party 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) Directors with pecuniary relationship or business transactions with the Company

The CMD and the MD receive Salary, Perquisites, Allowances, commission on net profits and other benefits as stated in the agreements entered into between the Company and CMD/MD 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 are interested are being carried out at an arm's length and in compliance with the laws applicable there to. There are no pecuniary transactions/relationships of the Company with Non-Executive Directors except sitting fees and reimbursement of expenses for attending meetings.

(f) Shareholding of non-executive directors

None of the non-executive directors of the Company hold any shares in the Company.

(g) 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

(h) 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.

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, 2017 was ₹ 18.00 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, 2017.

Table 2: Remuneration paid / payable to Directors (₹ in lakhs unless otherwise stated)

Name of the Director	Salaries, perquisites and allowances	Commission	Sitting fees (Inclusive of Service tax)	Total
Dr. Vijay Sankeshwar	324.00	35.00	-	359.00
Mr. Anand Sankeshwar	198.00	-	-	198.00
Dr. Prabhakar Kore	-	-	0.12	0.12
Mr. J S Korlahalli	-	-	1.71	1.71
Mr. C Karunakara Shetty	-	-	1.84	1.84
Mr. S R Prabhu	-	-	0.46	0.46
Mrs. Medha Pawar	-	-	0.81	0.81
Dr. Anand Pandurangi	-	-	0.69	0.69
Mr. Shankarasa Ladwa	-	-	1.38	1.38
Dr. Raghottam Akamanchi	-	-	0.46	0.46
Mr. Ramesh Shetty	-	-	0.34	0.34
Dr. Ashok Shettar	-	-	0.35	0.35
Total	522.00	35.00	8.16	565.16

Service Contracts, Notice Period and Severance fees:

As at March 31, 2017, the Board comprised of twelve directors including two executive directors, four non-executive directors and six independent directors. Company has entered into agreements with Dr. Vijay Sankeshwar, Chairman and Managing Director and Mr. Anand Sankeshwar, Managing Director which *inter alia* stipulates a three months' notice period to vacate the office of Managing 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.

(i) 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 of Directors had constituted eight Board Committees Viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility (CSR) Committee, Risk Management Committee, Administration Committee (constituted w.e.f. October 27, 2016), Share Transfer Committee and Finance 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. 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 Committee

As on March 31, 2017, the Audit Committee comprises of four Directors. viz Mr.. Shankarasa Ladwa (Chairman), Mr. J S Korlahalli, Mr. C Karunakara Shetty and Mrs. Medha Pawar. The Audit Committee consists of 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 Auditor, Secretarial auditor and the Statutory Auditors were invited for the meetings of the Audit Committee. Mr. Aniruddha Phadnavis, Company Secretary is the Secretary to this Committee.

The Audit Committee met four times during the year 2016-17 on May 23, 2016, August 1, 2016, October 27, 2016, and January 25, 2017. The maximum time gap between two consecutive meetings did not exceed one hundred and twenty days. The minutes of the meetings of the Audit 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 Committee

(₹ in lakhs unless otherwise stated)

Name of the Member	Category	Position	Number of meetings held	Number of meetings attended	Sitting fees (Inclusive of Service tax)
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 Committee was present at the Annual General Meeting of the Company held on September 24, 2016 to answer shareholder queries.

The terms of reference of the Audit 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 Committee are as under:

Powers of the Audit Committee

The Audit 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 Committee

The role of the Audit 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 Committee.

Review of Information by the Audit 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 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;

(b) Nomination and Remuneration Committee

As on March 31, 2017, 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.

This Committee met twice during the financial year i.e. on May 23, 2016 and October 27, 2016. Mr. Aniruddha Phadnavis, Company Secretary is the Secretary to the committee.

The details of the composition of the Committee, meetings held, attendance at the meetings 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 (Inclusive of Service tax)
Mr. J S Korlahalli	Independent Director	Chairman	2	2	0.23
Mr. C Karunakara Shetty	Independent Director	Member	2	2	0.23
Dr. Anand Pandurangi	Independent Director	Member	2	2	0.23
Dr. Ashok Shettar	Non Executive Director	Member	2	1	0.12

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.

(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 & Remuneration Committee has laid down the evaluation criteria for itself, its Committees, Chairperson, Executive & Non-Executive Directors and Independent Directors.

Such evaluation was carried out through a productive Board dialogue. The Board 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 Board has decided on an annual evaluation of its own performance and a bi-annual evaluation of the performance of the individual directors including the Chairman. The frequency for the evaluation of Evaluation Process itself would be annual and this would be done by only the Non-Executive and the Independent 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 Board 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 Service Tax 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 23, 2016, August 1, 2016, October 27, 2016, and January 25, 2017.

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 (Inclusive of Service tax)
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, 2017 are as under:

Table 5A - Details of Shareholders' complaints received, resolved and pending during the year 2016-17

Pending as on April 1, 2016	Complaints received during the year	Complaints resolved during the year	Pending as on March 31, 2017
-	124	124	-

(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 areas 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 2016-17, the Committee met twice i.e. on May 23, 2016 and August 01, 2016.

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 (Inclusive of Service tax)
Dr. Prabhakar Kore	Independent Director	Chairman*	2	0	-
Mr. Anand Sankeshwar	Executive Director	Member	2	2	-
Mr. C Karunakara Shetty	Independent Director	Member	2	2	0.23
Mrs. Medha Pawar	Independent Director	Member	2	1	0.12

*In the absence of Dr. Prabhakar Kore at the meeting, Mr. C Karunakara Shetty took the chair.

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

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

(f) Risk Management Committee

In accordance with the extant provisions of the erstwhile Listing Agreement, the Company had constituted the Risk Management Committee and the same is not mandatory under Regulation 21 of SEBI Listing Regulations. Risk Management Committee comprises of seven members i.e. Dr. Vijay Sankeshwar, Chairman and Managing Director, Mr. Anand Sankeshwar, Managing Director, Mr. J S Korlahalli, Independent Director, Mr. Shankarasa Ladwa, Independent Director, Mr. L. R. Bhat, Chief Technical Officer, Mr. K. N. Umesh, Chief Operating Officer and Mr. Sunil Nalavadi, Chief Financial Officer. The Board has delegated the authority to monitor and review the implementation of the risk management policy of the Company to the Risk Management Committee.

Functions of the Risk Management Committee includes the following:

- To review and assess the risk management system and policy of the Company from time to time and recommend amendment or modification thereof;
- To frame and devise risk management plan and policy of the Company;
- To review and highlight potential risk involved in any new business plans and processes; and
- Any other similar or other functions as may be laid down by Board from time to time.

No meeting of this Committee was held during the current financial year i.e. 2016-17.

(g) Share Transfer Committee

The Share Transfer Committee has been constituted to deal with the allotment or transfer of shares in general and to maintain complete records of issue and transfer of securities of the Company. The committee comprises of four members viz. Mr. C Karunakara Shetty (Chairman), Mr. J S Korlahalli, Mr. Shankarasa Ladwa and Mrs. Medha Pawar.

No meeting of the Committee was held during financial year 2016-17.

(h) 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 once during 2016-17 i.e. on February 23, 2017. No sitting fee was paid for the said meeting.

(i) 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 seventeen 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 (Inclusive of Service tax)
Dr. Vijay Sankeshwar	Executive Director	Chairman	17	16	-
Mr. Anand Sankeshwar	Executive Director	Member	17	17	-
Mr. J S Korlahalli	Independent Director	Member	17	1	0.12

III) INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on January 25, 2017, *interalia*, 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 in 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	Chairman*	1	0
Mr. J S Korlahalli	Member	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

*In the absence of Dr. Prabhakar Kore at the meeting, Mr. C Karunakara Shetty took the chair.

IV) Management

Management Discussion and Analysis Report Management Discussion and Analysis is given in a separate section forming part of the Directors' Report in 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 2016-17, there were no related party transactions of a material nature that could have a potential conflict with the interests of the Company.

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 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 Committee in appropriate or exceptional cases.

During the year, none of such personnel have been denied access to the audit 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.

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, 2017 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, 2017.

(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 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) Subsidiary

The Company has no subsidiary.

(m) 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 October 27, 2016 have re-appointed Dr. Vijay Sankeshwar as Chairman and Managing Director of the Company w.e.f January 01, 2017 on a remuneration of ₹ 27 Lakhs per month and commission of 0.75% of the net profits of the Company. The said re-appointment would be considered by the members of the Company at the ensuing Annual General Meeting of the Company. As per the provisions of Section 152 of the Companies Act, 2013, Mr. Ramesh Shetty and Dr. Ashok Shettar, Non-Executive Directors of the Company retire by rotation at the ensuing Annual General Meeting. Dr. Ashok Shettar has expressed his willingness to get re-appointed as Director of the Company. Mr. Ramesh Shetty has expressed his unwillingness to get re-appointed citing personal commitments. Mr. S. R. Prabhu, Non-Executive director of the Company has resigned and sought relieving of responsibilities as director with effect from the Board meeting date of May 19, 2017. The Company would suitably replace the vacancy caused due to such resignation. 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, 2017.

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 there under 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 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	September 24, 2016 at 11:00 AM	None	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi - 581207
2015-16	August 08, 2015 at 11:00 AM	None	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi - 581207
2014-15	July 18, 2014 at 11.00 AM	Re-appointment of Mr. Anand Sankeshwar as Managing Director of the Company, for a period of 5 (five) years with effect from April 1, 2014, at a monthly remuneration not exceeding ₹ 16.50 lakhs for an initial period of 3 (three) years.	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi - 581 207.

Postal Ballot

No resolution was passed through Postal Ballot during the FY 2016-17.

(d) General Shareholder Information

• Forthcoming Annual General Meeting

Date : August 04, 2017

Day : Friday

Time : 4.30 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 02, 2017 (before 4:30 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, 2018 are as follows:

1st Quarter Results : August 4, 2017

2nd Quarter Results : October 27, 2017

3rd Quarter Results : January 25, 2018

4th Quarter & Annual Results: May 23, 2018

• 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 2017-18 to BSE and NSE.

The Company has paid annual custodial fees for the year 2017-18 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), on the basis of number of beneficial accounts maintained by them as on March 31, 2017.

• **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 2016-2017 at BSE and NSE:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April 2016	430.00	365.95	330,136	429.90	365.35	2,082,424
May 2016	415.00	253.00	4,420,789	414.80	251.80	24,462,184
June 2016	326.15	266.50	2,572,135	326.20	265.50	13,942,514
July 2016	377.50	307.85	9,886,224	377.00	309.00	15,404,120
August 2016	367.00	265.10	1,969,499	366.80	281.70	10,058,413
September 2016	317.90	280.20	762,855	318.00	281.10	4,664,155
October 2016	330.80	268.00	607,009	331.80	285.50	3,235,953
November 2016	295.00	244.70	884,539	295.90	225.00	2,897,461
December 2016	277.00	257.65	880,535	279.50	255.00	1,874,277
January 2017	307.45	258.00	425,436	307.55	258.30	2,784,251
February 2017	314.40	284.65	282,728	315.00	283.55	2,153,002
March 2017	317.00	288.15	781,204	316.90	288.00	4,219,540

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

Chart A: VRL vs. Sensex

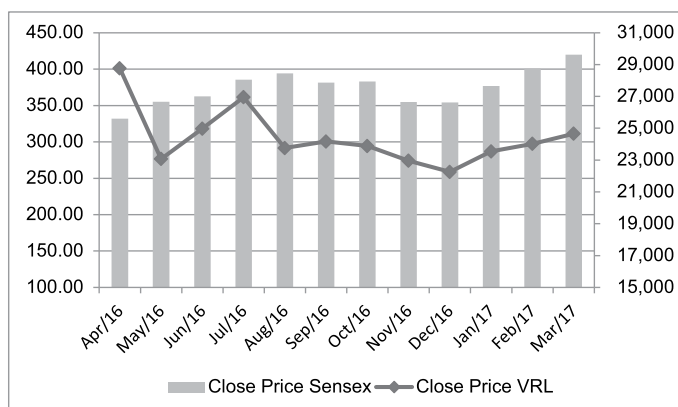
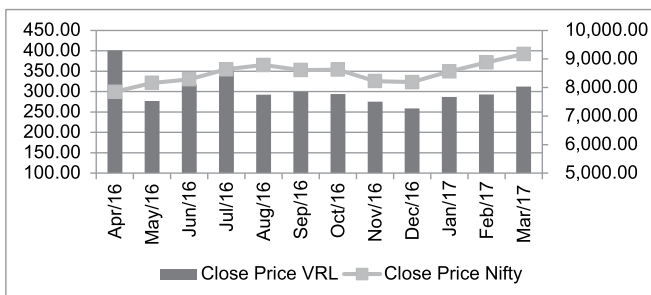


Chart B: VRL vs. Nifty



Distribution of shareholding as on March 31, 2017

Distribution range of shareholding	Number of shareholders	% of shareholders	Total number of shares	Total amount	Total % shares
1-5000	49,128	94.81	4,117,154	41,171,540	4.51
5001- 10000	1,560	3.01	1,176,464	11,764,640	1.29
10001- 20000	623	1.20	921,673	9,216,730	1.01
20001- 30000	168	0.32	413,920	4,139,200	0.45
30001- 40000	76	0.15	267,556	2,675,560	0.29
40001- 50000	57	0.11	268,949	2,689,490	0.29
50001- 100000	93	0.18	679,905	6,799,050	0.75
100001 & Above	115	0.22	83,397,874	833,978,740	91.41
Total	51,820	100	91,243,495	912,434,950	100

List of shareholders holding more than 1% of the paid up share capital as on March 31, 2017

Name of the shareholder	Number of shares	% to Equity
Dr. Vijay Sankeshwar	31,792,000	34.84
Mr. Anand Sankeshwar	31,265,250	34.27
ICICI Prudential Exports And Other Services Fund	2,642,692	2.90
Goldman Sachs India Limited	2,161,113	2.37
Franklin India Smaller Companies Fund	1,754,879	1.92
Morgan Stanley Mauritius Company Limited	1,664,297	1.82
Abu Dhabi Investment Authority	1,239,000	1.36
IDFC Sterling Equity Fund	1,568,715	1.72
	74,087,946	81.20

• Dematerialization of Shares and Liquidity

As on March 31, 2017, 91,243,484 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 11 equity shares of the Company are held in physical form.

The break-up of equity shares held in dematerialized and physical form as on March 31, 2017, is given below:

Category	No. of shareholders	Total shares	Percentage
Physical	2	11	00.01
N S D L	32,501	24,149,547	26.46
C D S L	19,317	67,093,937	73.53
Total	51,820	91,243,495	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.

• 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 30 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, 2017.

- **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 below for all matters relating to transfer/ dematerialisation of shares, payment of dividend and any other query relating to Equity Shares of the Company.

- **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

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.

VII) Statement of unclaimed share application money and dividend as on March 31, 2017

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 Rs.)	Amount unclaimed as on March 31, 2017 (Rs.)	Last date for claim	Due date to transfer unclaimed amount to IEPF
2015-16	February 1, 2016	Interim Dividend	5.00	84,775.00	March 7, 2023	April 6, 2023
2015-16	April 25, 2015	IPO Share application money	NA	919,425.00	June 1, 2022	June 30, 2022
2016-17	January 25, 2017	Interim Dividend	4.00	158,744.00	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 the irregistered 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, anytime, 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 34th 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: 19th May 2017

Mr. Anand Sankeshwar
Managing Director
(DIN: 00217773)
Place: Hubballi
Date: 19th May 2017

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 2017.

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

Place: Hubballi
Date: May 19, 2017

COMPLIANCE CERTIFICATE**Ref: Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015****May 19, 2017**

**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, 2017 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, 2017 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 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 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

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 29 September 2016.
2. We have examined the compliance of conditions of corporate governance by VRL Logistics Limited ("the Company") for the year ended on 31 March 2017, 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 ('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 ('ICAI'), and 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 2017.

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 : 19 May 2017

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 2017, 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 (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 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other matter

9. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2016 and 31 March 2015 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 23 May 2016 and 25 May 2015 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. 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.
11. 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 2017 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 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 19 May 2017 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, as detailed in Note 32 to the financial statements, has disclosed the impact of pending litigations on its financial position;
 - 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 Company, as detailed in Note 10 to the financial statements, has made requisite disclosures in these financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N / N500013

per **Bharat Shetty**

Partner

Membership No.: 106815

Place : Hubballi

Date : 19 May 2017

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 2017

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	377.15	296.41	2003-04 (Assessment year)	Commissioner of Income Tax (Appeals)
	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, Air Charter 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 aircraft expenditures with assumption that directors of the Company used Company's assets for personal purposes.	3.18	Nil	2010-11 (Assessment year)	Income Tax Appellate Tribunal
	Disallowance of certain expenditure such as advances claimed as bad debts and proportionate disallowance of aircraft expenditure with assumption that directors of the Company used Company's assets for personal purposes.	6.25	Nil	2012-13 (Assessment year)	Commissioner of Income Tax (Appeals)
	Disallowance of Section 80IA deduction for income from Sale of Certified Emission Reductions (CERs) and personal usage of aircraft expenditure with assumption that directors of the Company used Company's assets for personal purposes.	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 personal usage of aircraft expenditure with assumption that directors of the Company used Company's assets for personal purposes.	210.33	Nil	2014-15 (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)
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) In our opinion, the Company has applied moneys raised by way of initial public offer and the term loans for the purposes for which these were raised.
- (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 /
N500013

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

Place : Hubballi
Date : 19 May 2017

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 2017

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 2017, 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 includes 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 2017

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 internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 issued by the ICAI.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N / N500013

per **Bharat Shetty**

Partner

Membership No.: 106815

Place : Hubballi

Date : 19 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

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

PARTICULARS	NOTE	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Assets				
Non- current assets				
Property, plant and equipment	2	69,008.48	71,048.25	69,942.66
Capital work-in-progress	2	177.28	1,623.38	907.42
Investment properties	3	259.29	264.47	269.65
Other intangible assets	4	120.02	166.61	171.03
Financial assets				
Investments	5	5.75	5.75	10.75
Other financial assets	6	2,751.67	2,678.00	2,214.77
Income tax assets		155.50	305.52	304.04
Other non- current assets	7	2,192.16	2,456.03	5,593.70
		74,670.15	78,548.01	79,414.02
Current assets				
Inventories	8	1,832.11	1,833.33	1,499.70
Financial assets				
Trade receivables	9	7,541.69	7,302.44	9,018.15
Cash and cash equivalents	10	1,155.68	1,838.21	1,656.80
Bank balances other than above	11	68.99	120.34	256.71
Other financial assets	12	466.50	511.88	232.24
Other current assets	13	3,932.83	4,016.01	3,071.32
		14,997.80	15,622.21	15,734.92
Total assets		89,667.95	94,170.22	95,148.94
Equity and liabilities				
Equity				
Equity share capital	14	9,124.35	9,124.35	8,553.62
Other equity		44,998.82	42,268.32	26,968.66
		54,123.17	51,392.67	35,522.28
Liabilities				
Non- current liabilities				
Financial liabilities				
Borrowings	15	5,954.52	11,540.75	19,120.11
Other financial liabilities	16	810.55	804.92	826.23
Provisions	17	503.48	359.30	257.57
Deferred tax liabilities (net)	18	8,960.94	8,841.85	8,875.15
Other non-current liabilities	19	604.46	508.86	332.34
		16,833.95	22,055.68	29,411.40
Current liabilities				
Financial liabilities				
Borrowings	15	6,314.92	4,971.47	9,967.33
Trade payables	20	442.75	529.39	447.22
Other financial liabilities	21	10,250.22	13,514.55	18,182.66
Provisions	17	451.07	815.16	760.66
Current tax liabilities (net)		209.18	45.69	92.22
Other current liabilities	22	1,042.69	845.61	765.17
		18,710.83	20,721.87	30,215.26
Total equity and liabilities		89,667.95	94,170.22	95,148.94

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

For and on behalf of the Board of Directors

Vijay Sankeshwar

Chairman and
Managing Director
(DIN: 00217714)

Sunil Nalavadi

Chief Financial Officer

Anand Sankeshwar

Managing Director
(DIN: 00217773)

Aniruddha Phadnavis

General Manager (Finance)
and Company Secretary

Place : **Hubballi**

Date : 19 May 2017

Place : **Hubballi**

Date : 19 May 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

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

PARTICULARS	NOTE	Year ended 31 March 2017	Year ended 31 March 2016
Revenue from operations	23	180,308.51	172,252.18
Other income	24	929.82	867.91
Total income		<u>181,238.33</u>	<u>173,120.09</u>
Expenses			
Freight, handling and servicing cost	25	129,720.06	118,723.55
Employee benefits expense	26	26,607.79	24,088.53
Finance costs	27	2,400.21	3,162.79
Depreciation and amortisation expense	28	9,817.85	8,969.54
Other expenses	29	2,162.35	2,375.91
Total expenses		<u>170,708.26</u>	<u>157,320.32</u>
Profit before tax		10,530.07	15,799.77
Tax expense	30		
Current tax		3,363.72	5,140.19
Deferred tax		119.09	211.00
Current tax adjustments pertaining to earlier year		-	24.49
Profit for the year		<u>7,047.26</u>	<u>10,424.09</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain/ (losses) on defined benefit plans		116.19	(461.20)
Income tax effect		(40.21)	159.62
Other comprehensive income for the year, net of tax		<u>75.98</u>	<u>(301.58)</u>
Total comprehensive income for the year		<u>7,123.24</u>	<u>10,122.51</u>
Basic and diluted earnings per share of face value ₹ 10 each (in ₹)	31	7.72	11.47
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 : 19 May 2017

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 : 19 May 2017

Anand Sankeshwar

Managing Director
(DIN: 00217773)

Aniruddha Phadnavis

General Manager (Finance)
and Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

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

PARTICULARS	Year ended 31 March 2017	Year ended 31 March 2016
A Cash flows from operating activities		
Profit before tax	10,530.07	15,799.77
Adjustments for:		
Depreciation and amortisation expense	9,525.65	8,969.54
Impairment of non-financial assets	292.20	-
Finance costs	2,374.50	3,126.99
Interest income from fixed deposit	(35.67)	(55.02)
Rent income from investment property	(126.75)	(121.70)
Dividend income	(0.80)	(1.30)
Loss on sale of fixed assets (net)	73.20	18.20
Provision for doubtful debts	-	69.00
Advances and bad debts written off	7.02	1.64
Credit balances written back	(19.35)	(36.97)
Unwind of discount on security deposit	(201.14)	(174.04)
Notional rent expense	191.73	201.28
Rent income arising on fair valuation of security deposits received	(6.25)	(3.07)
Fair valuation of financial liabilities	7.81	4.29
Finance cost recognised based on effective interest cost	17.90	31.51
Actuarial gain / (loss) recognised in other comprehensive income	116.19	(461.20)
Operating profit before working capital changes	22,746.31	27,368.92
Adjustments for:		
(Increase) / decrease in trade receivables	(239.25)	1,665.71
(Increase) in financial and other current assets	(837.77)	(204.78)
(Increase) / Decrease in Inventories	1.22	(333.63)
Increase in trade payables, other liabilities and provisions	87.74	1,297.35
Cash generated from operating activities	21,758.25	29,793.57
Direct taxes paid (net of refunds)	(1,960.72)	(3,373.51)
Net cash generated from operations (A)	19,797.53	26,420.06
B Cash flows from investing activities		
Purchase of property, plant and equipment and other intangible assets (including capital work in progress and capital advances)	(6,270.47)	(11,090.59)
Proceeds from sale of property, plant and equipment	59.82	91.51
Encashment of fixed deposits with bank	52.59	137.57
Rent received from investment property	126.75	121.70
Sale of non-current investments	-	5.00
Interest received	122.42	13.25
Dividend income received	0.80	1.30
Net cash (used in) investing activities (B)	(5,908.09)	(10,720.26)
C Cash flows from financing activities		
Proceeds from issue of shares (including securities premium)	-	11,700.03
Share issue expenses	-	(351.66)
Proceeds from/(repayments) of short term borrowings (net)	1,343.45	(4,995.86)
Proceeds from long term borrowings	811.00	3,970.55
Repayment of long term borrowings	(9,902.64)	(17,084.73)
Dividend paid and tax thereon	(4,392.74)	(5,490.92)
Interest and processing fees paid	(2,431.04)	(3,265.80)
Net cash (used in) financing activities (C)	(14,571.97)	(15,518.39)
Net increase in cash and cash equivalents (A+B+C)	(682.53)	181.41
Cash and cash equivalents at the beginning of the year	1,838.21	1,656.80
Cash and cash equivalents at the end of the year	1,155.68	1,838.21
Cash and cash equivalents comprise:		
Cash on hand	302.71	389.73
Cheques/drafts on hand	22.39	-
Balances with banks		
- in current accounts	830.53	1,045.53
- in deposit accounts (with maturity upto 3 months)	-	402.21
Cash in transit	0.05	0.74
Cash and cash equivalents as per note 10 to the financial statements	1,155.68	1,838.21

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 Chandio & Co LLP

For and on behalf of the Board of Directors

Chartered Accountants

Firm Registration No. 001076N / N500013

Bharat Shetty

Partner

Vijay Sankeshwar

Chairman and Managing Director
(DIN: 00217714)

Anand Sankeshwar

Managing Director
(DIN: 00217773)

Sunil Nalavadi

Chief Financial Officer

Aniruddha Phadnavis

General Manager (Finance) and Company Secretary

Place : **Hubballi**

Date : 19 May 2017

Place : **Hubballi**

Date : 19 May 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

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

a	Equity share capital	Number	Amount
	As at 01 April 2015	85,536,162	8,553.62
	Issue of share capital (refer note 47)	5,707,333	570.73
	Balance as at 31 March 2016	91,243,495	9,124.35
	Issue of share capital	-	-
	Balance as at 31 March 2017	91,243,495	9,124.35

b Other equity

		Reserves and surplus		
	Securities premium reserve	General reserve	Retained earnings	Total Equity
Balance as of 1 April 2015	10,889.32	4,691.83	11,387.51	26,968.66
Profit for the year	-	-	10,424.09	10,424.09
Other comprehensive income for the year	-	-	(301.58)	(301.58)
Total Comprehensive income for the year ended 31 March 2016	-	-	10,122.51	10,122.51
Issue of share capital	11,129.30	-	-	11,129.30
IPO expense (net of deferred tax benefit of ₹ 244.30 lakhs)	(461.23)	-	-	(461.23)
Cash dividends	-	-	(4,562.17)	(4,562.17)
Dividend distribution tax	-	-	(928.75)	(928.75)
Transfer to general reserve	-	1,023.13	(1,023.13)	-
Balance as at 31 March 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

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

Retained earnings: Retained earnings pertain to the accumulated earnings by the Company over the years.

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

For and on behalf of the Board of Directors

Vijay Sankeshwar

Chairman and Managing Director
(DIN: 00217714)

Anand Sankeshwar

Managing Director
(DIN: 00217773)

Sunil Nalavadi

Chief Financial Officer

Aniruddha Phadnavis

General Manager (Finance)
and Company Secretary

Place : **Hubballi**

Date : 19 May 2017

Place : **Hubballi**

Date : 19 May 2017

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

Company Overview

VRL Logistics Limited (the “Company”) is engaged in logistics services dealing mainly in domestic transportation of goods. Other businesses include bus operations, air chartering service, 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

The separate financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Section 133 of Companies Act, 2013 (the “Act”) as per Companies (Indian Accounting Standards (Ind AS)) Rules, 2015 and other relevant provisions of the Act and rules framed thereunder.

The financial statements up to year ended 31 March 2016 were prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Act read with the Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These are the first Ind AS financial statements of the Company. Refer note 44 for understanding the transition from previous GAAP to Ind AS and its effect on the Company’s balance sheet, financial performance and cash flows.

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

b) 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 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.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 01 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

c) 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.

Any gain or loss on disposal of an investment property is recognised in profit or 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

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at 01 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

d) Other 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.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

e) 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. 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.

f) 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 profit or 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.

g) 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

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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.

h) 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.

i) 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:

(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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

(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.

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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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.

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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

j) 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.

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.

k) 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.

l) 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.

m) 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

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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 passenger air charter 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.

n) 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)

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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.

o) 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.

p) 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.

q) 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.

r) 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.

s) 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

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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.

t) 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.

u) 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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

(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
As at 01 April 2015	6,118.14	9,116.64	13,739.83	267.92	818.81	36,945.74	2,643.69	291.89	69,942.66
Additions	524.00	202.26	589.26	174.75	618.37	7,754.75	-	264.36	10,127.75
Disposals	-	-	-	-	-	(119.95)	-	-	(119.95)
Balance as at 31 March 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
Accumulated depreciation									
Depreciation charge	-	352.13	1,336.86	64.60	323.56	6,567.10	190.01	78.19	8,912.45
Reversal on disposal of assets	-	-	-	-	-	(10.24)	-	-	(10.24)
Balance as at 31 March 2016	-	352.13	1,336.86	64.60	323.56	6,556.86	190.01	78.19	8,902.21
Depreciation 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
Net block									
Balance as at 31 March 2016	6,642.14	8,966.77	12,992.23	378.07	1,113.62	38,023.68	2,453.68	478.06	71,048.25
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

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

Capital work-in-progress		
As at 01 April 2015		907.42
As at 31 March 2016		1,623.38
As at 31 March 2017		177.28

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

3 Investment properties

Reconciliation of carrying amounts	Amount
Balance as at 1 April 2015	269.65
Additions	-
Balance as at 31 March 2016	269.65
Additions	-
Balance as at 31 March 2017	269.65
Accumulated depreciation and impairment	
Depreciation	5.18
Balance as at 31 March 2016	5.18
Depreciation	5.18
Balance as at 31 March 2017	10.36
Net block	
Balance as at 31 March 2016	264.47
Balance as at 31 March 2017	259.29

Fair value

As at 01 April 2015	1,138.08
As at 31 March 2016	1,115.31
As at 31 March 2017	1,093.00

All properties are leased out on operating leases. Rental income amounts to ₹ 126.75 lakhs (31 March 2016: ₹ 121.70 lakhs) included within other income. Direct operating expenses of Nil (31 March 2016: Nil) were reported within other expenses.

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 2015	171.03
Additions	47.49
Balance as at 31 March 2016	218.52
Additions	3.19
Balance as at 31 March 2017	221.71
Accumulated amortisation	
Amortisation charge	51.91
Balance as at 31 March 2016	51.91
Amortisation charge	49.78
Balance as at 31 March 2017	101.69
Net block	
Balance as at 31 March 2016	166.61
Balance as at 31 March 2017	120.02

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
5 Investments			
Unquoted investments in equity instruments at FVTPL			
Shri Basaveshwar Sahakari Bank Niyamit (500 equity shares (31 March 2016: 500 equity shares, 01 April 2015: 500 equity shares) of ₹ 100 each fully paid up)	0.50	0.50	0.50
The Shamrao Vithal Co-operative Bank Limited (20,000 equity shares (31 March 2016: 20,000 equity shares, 01 April 2015: 20,000 equity shares) of ₹ 25 each fully paid up)	5.00	5.00	5.00
NKGSB Co-operative Bank Limited (Nil equity shares (31 March 2016: Nil, 01 April 2015 : 50,000 equity shares) of ₹ 10 each fully paid up)	-	-	5.00
The Saraswat Co-operative Bank Limited (2,500 equity shares (31 March 2016: 2,500 equity shares, 01 April 2015: 2,500 equity shares) of ₹ 10 each fully paid up)	0.25	0.25	0.25
	5.75	5.75	10.75
Aggregate amount of quoted investment and market value thereof	-	-	-
Aggregate amount of unquoted investments	5.75	5.75	10.75
Aggregate amount of impairment in value of investments			
6 Other non-current financial assets			
Unsecured, considered good, unless otherwise stated			
Security deposits	2,512.23	2,485.33	2,039.30
Other receivables	239.44	192.67	175.47
	2,751.67	2,678.00	2,214.77
7 Other non- current assets			
Unsecured, considered good, unless otherwise stated			
Prepaid expenses	999.38	1,420.62	1,494.96
Capital advances	45.36	184.57	3.10
Deposits with customs authorities and others	1,147.42	850.84	840.63
Minimum alternate tax credit entitlement	445.75	1,575.45	3,255.01
	2,637.91	4,031.48	5,593.70
Less: other current assets (refer note 13)	445.75	1,575.45	-
	2,192.16	2,456.03	5,593.70

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
8 Inventories			
valued at lower of cost and net realisable value			
Raw materials	1.46	2.47	1.99
Stores and spares	1,830.65	1,830.86	1,497.71
	1,832.11	1,833.33	1,499.70
Write down of inventory to net realisable value	-	-	-
9 Trade receivables			
Unsecured, considered good	7,536.65	7,297.28	9,009.34
Receivables from other related parties, unsecured considered good (refer note 46)	5.04	5.16	8.81
Doubtful	130.00	130.00	80.00
	7,671.69	7,432.44	9,098.15
Less : Allowance for doubtful debts	130.00	130.00	80.00
	7,541.69	7,302.44	9,018.15
No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person.			
10 Cash and cash equivalents			
Balances with banks			
- in current accounts	830.53	1,045.53	1,171.04
- in deposit accounts (with maturity upto 3 months)	-	402.21	21.21
Cash on hand	302.71	389.73	462.14
Cheques/drafts on hand	22.39	-	-
Others			
- Cash in transit	0.05	0.74	2.41
	1,155.68	1,838.21	1,656.80

Bank balances in current accounts includes ₹ 537.54 lakhs (31 March 2016: ₹ 330.90 lakhs, 01 April 2015: ₹ 277.64 lakhs) being collections for the services not yet completed (refer note 22)

Disclosure on specified bank notes (SBNs)

(i) During the year, the Company had SBNs/ other denomination notes (other notes) as defined in the MCA notification G.S.R. 308 (E) dated 31 March 2017. The denomination wise details of the SBNs and other notes held and 'transacted during the period from 8 November 2016 to 30 December 2016 is given below:

Particulars	SBN*	Other notes	Total
Closing cash on hand as at 8 November 2016	304.98	22.84	327.82
(Add) Permitted receipts	-	11,709.34	11,709.34
(Add) Withdrawal from bank accounts	-	549.85	549.85
(Less) Permitted payments	-	(8,020.12)	(8,020.12)
(Less) Amount deposited in banks	(304.98)	(3,929.57)	(4,234.55)
Closing cash on hand as at 30 December 2016	-	332.34	332.34

* The term 'Specified Bank Notes' shall have the same meaning provided in the Government of India notification S.O. 3407 (E), dated 8 November 2016.

11 Bank balances other than above

- Unclaimed dividend account	2.44	1.20	-
- Balance with bank held as margin money	66.55	119.14	256.71
	68.99	120.34	256.71
Fixed Deposits pledged with banks			
For working capital loan	-	-	218.93
Against bank guarantees	66.55	119.14	37.78
	66.55	119.14	256.71

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
12 Other current financial assets			
Unsecured, considered good, unless otherwise stated			
Other receivables	336.62	145.49	133.42
Receivables from other related parties (refer note 46)	24.90	25.56	21.00
Deposits with government authorities	-	233.94	-
Interest accrued on bank deposits	3.11	89.86	48.09
Security deposits			
- Considered good	101.87	17.03	29.73
- Considered doubtful	63.00	63.00	55.00
Less : Allowances for doubtful assets	63.00	63.00	55.00
	466.50	511.88	232.24
13 Other current assets			
Unsecured, considered good, unless otherwise stated			
Prepaid expenses	2,618.60	1,935.18	2,135.30
Advance to suppliers other than capital advance	244.89	219.82	334.12
Balance with government authorities	4.77	-	-
Unamortised share issue expenses	-	-	353.87
Other advances			
- Considered good	618.82	285.56	248.03
- Considered doubtful	30.80	44.00	33.00
Less : Allowances for doubtful assets	30.80	44.00	33.00
	3,487.08	2,440.56	3,071.32
Minimum alternate tax credit entitlement	445.75	1,575.45	-
	3,932.83	4,016.01	3,071.32

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Number	Amounts	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	125,000,000	12,500.00
Compulsorily and mandatorily convertible participatory preference shares of ₹ 100 each	11,200,000	11,200.00	11,200,000	11,200.00	11,200,000	11,200.00
	136,200,000	23,700.00	136,200,000	23,700.00	136,200,000	23,700.00
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	91,243,495	9,124.35	91,243,495	9,124.35	85,536,162	8,553.62
Total 91,243,495	91,243,495	9,124,495	9,124,35	85,536,162	8,553.62	
a) Reconciliation of equity share capital						
Balance at the beginning of the year	91,243,495	9,124.35	85,536,162	8,553.62	85,536,162	8,553.62
Add : Issued during the year (refer note 47)	-	-	5,707,333	570.73	-	-
Balance at the end of the year	91,243,495	9,124.35	91,243,495	9,124.35	85,536,162	8,553.62

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	Number	% holding
Dr. Vijay Sankeshwar	31,792,000	34.84%	31,792,000	34.84%	33,075,000	38.67%
Mr. Anand Sankeshwar	31,265,250	34.27%	31,265,250	34.27%	32,548,250	38.05%
NSR- PE Mauritius LLC	-	-	4,704,912	5.16%	19,254,912	22.51%



Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Non- current	Current	Non- current	Current	Non- current	Current
15 Borrowings						
Secured						
Term loans						
From banks	10,848.76	-	17,252.97	-	26,082.44	-
From Non-Banking Financial Companies (NBFCs)	1,302.97	-	3,972.50	-	8,225.70	-
Loans repayable on demand						
Working capital loan from banks	-	6,314.92	-	4,971.47	-	9,967.33
	12,151.73	6,314.92	21,225.47	4,971.47	34,308.14	9,967.33
Less : Current maturities of long-term debt (refer note 21)	6,197.21	-	9,684.72	-	15,188.03	-
	5,954.52	6,314.92	11,540.75	4,971.47	19,120.11	9,967.33
Total borrowings						
a)Details of guarantee for each type of borrowings						
Guaranteed by directors						
Term loans						
From banks	-	-	-	-	8,655.97	-
From NBFCs	-	-	-	-	1,215.01	-
Loans repayable on demand						
Working capital loan from banks	-	-	-	-	-	9,967.33

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

b) Nature of Security and terms of repayment for secured borrowings		Value of security	Terms of Repayment
Nature of Security			
Term loans from banks are secured by:			
i.	First charge by way of hypothecation of certain Lorries and Buses.	WDV as at 31 March 2017 ₹ 16,175.77 lakhs	Repayable in 37 EMIs from the end of the reporting period ranging between ₹ 0.25 lakhs to ₹ 166.50 lakhs along with interest rate ranging from 9.30% to 11% p.a
Term loans from NBFCs are secured by:			
ii.	First charge by way of hypothecation of certain number of Lorries and Buses.	WDV as at 31 March 2017 ₹ 2,308.08 lakhs	Repayable in 31 EMIs from the end of the reporting period ranging between ₹ 1.82 lakhs to ₹ 11.40 lakhs along with interest rate of 11% p.a
Working capital loan from banks are secured by:			
i.	First charge by way of equitable mortgage on Land and Building situated at Gulbarga, Davangere, Belgaum, Chitradurga and Mangalore.	WDV as at 31 March 2017 ₹ 1,022.10 lakhs	Interest rate is 10.50% p.a.
ii.	First charge by way of hypothecation of inventory and trade receivable upto 150 days	As at 31 March 2017 ₹ 2,531.52 lakhs	
iii.	Counter Gurantee of Fixed deposit	As at 31 March 2017 ₹ 66.55 lakhs	
		As at 31 March 2017	As at 31 March 2016
		810.55	804.92
		810.55	804.92
			826.23
			826.23
16 Other non-current financial liabilities			
Deposits from agents and others			

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
17 Provisions						
Provision for Gratuity (refer note (a) below)	-	218.95	-	648.79	-	614.09
Provision for Compensated absences (refer note (a) below)	503.48	232.12	359.30	166.37	257.57	146.57
	503.48	451.07	359.30	815.16	257.57	760.66

a) Employee benefits

i) Defined Contribution Plans: The amount recognised as an expense during the year is ₹ 2,118.02 lakhs (31 March 2016: ₹ 1,850.43 lakhs). Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Employer's Contribution to Provident Fund	1,531.73	1,354.65
Employer's Contribution to Labour Welfare Fund	2.18	3.86
Employer's Contribution to Employees State Insurance	584.11	491.92

ii) Defined Benefit Plans

- Gratuity

Gratuity is provided based on actuarial valuation for employees covered under the Group Gratuity Scheme. Few employees like drivers and hamaals are not covered under the Group Gratuity Scheme on account of high attrition rates (specific to the industry and in their categories) and therefore gratuity payments made to them during each of the reporting periods are charged to the Statement of Profit and Loss of such periods.

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 2017	31 March 2016	01 April 2015
Discount rate	6.88%	7.73%	7.82%
Rate of increase in compensation levels	6.00%	6.00%	6.00%
Estimated rate of return on plan assets	6.88%	7.73%	7.82%
Attrition rate	13.00%	13.00%	13.00%
Mortality rate	Indian assured lives (2006-2008) ultimate mortality table		
Retirement age	60	60	60



Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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



II. Amounts recognised in the Balance Sheet	31 March 2017	31 March 2016	01 April 2015
Present value of obligation as at the end of the year	2,398.05	2,151.44	1,495.25
Fair value of plan assets as at the end of the year	2,179.10	1,502.65	881.16
Funded status- Surplus/(Deficit)	(218.95)	(648.79)	(614.09)
Net asset /(liability) recognised in the Balance Sheet	(218.95)	(648.79)	(614.09)
III. Changes in present value of obligations			
Present value of obligation as at the beginning of the year	2,151.44	1,495.25	937.14
Current service cost	296.35	164.14	93.19
Interest cost	160.01	111.29	68.23
Actuarial (gain)/loss on obligations	(79.19)	491.73	525.98
Benefits paid	(130.56)	(110.97)	(129.29)
Present value of obligation as at the end of the year	2,398.05	2,151.44	1,495.25
IV. Changes in fair value of plan assets			
Fair value of plan assets at the beginning of the year	1,502.65	881.16	840.94
Expected return on plan assets	121.22	87.76	64.47
Actuarial gain/(loss) on plan assets	37.00	30.53	8.76
Contributions	648.79	614.17	96.28
Benefits paid	(130.56)	(110.97)	(129.29)
Fair value of plan assets at the end of the year	2,179.10	1,502.65	881.16
V. Actual return on plan assets	158.22	118.29	73.23
VI. Other Comprehensive Income			
Remeasurements - Actuarial (gain)/ loss for the year	(116.19)	461.20	517.22
VII. The major category of plan assets as a percentage of total plan assets are as follows:-			
Gratuity scheme of Insurance Companies	100%	100%	100%
VIII. Remeasurements - Actuarial (gain) / loss			
Actuarial (Gain) / Losses due to financial assumption	108.18	10.39	
Actuarial (Gain) / Losses due to Experience adjustment	(187.37)	481.34	
Return on Plan Assets (Greater) / Less than Discount rate	(37.00)	(30.53)	
Total	(116.19)	461.20	

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

IX. Expense recognised in Statement of Profit and Loss	As at 31 March 2017	As at 31 March 2016
Current service cost	296.35	164.14
Interest cost	160.01	111.29
Expected return on plan assets	(121.22)	(87.76)
Expense recognised in Statement of Profit and Loss	335.14	187.67

X. Sensitivity Analysis of the defined benefit obligation:

a) Impact of the change in discount rate		
Present value of obligation at the end of the period	2,398.05	2,151.44
i) Impact due to increase of 1.00%	(115.35)	(169.95)
ii) Impact due to decrease of 1.00%	281.21	174.28
b) Impact of change in salary increase		
Present value of obligation at the end of the period	2,398.05	2,151.44
i) Impact due to increase of 1.00%	244.03	189.26
ii) Impact due to decrease of 1.00%	(60.82)	(122.62)

XI. The following payments are expected contributions to the defined benefit plan in future years:

- Within the next 12 months	309.37	273.46
- Between 1 and 5 years	901.54	808.61
- Between 5 and 10 years	563.27	489.80
- Beyond 10 years	490.47	481.80
Total expected payment	2,264.65	2,053.67

- 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 ₹ 242.20 lakhs (31 March 2016: ₹ 285.41 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 2017

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

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
18 Deferred tax liabilities (net)			
a) Liabilities			
Depreciation / Amortisation	9,982.23	9,762.31	9,321.26
Total	9,982.23	9,762.31	9,321.26
b) Assets			
Allowance for doubtful debts and advances	77.45	82.02	58.14
Provision for compensated absences and leave equalisation	463.77	358.02	254.87
Provision for bonus	318.68	284.98	133.10
Others	161.39	195.44	-
Total	1,021.29	920.46	446.11
	8,960.94	8,841.85	8,875.15

As of 31 March 2016, deferred tax benefits/assets of ₹ 244.30 lakhs on IPO expenses have been adjusted against securities premium reserve, refer Statement of changes in equity.

19 Other non- current liabilities			
Provision for leave equalisation	604.46	508.86	332.34
	604.46	508.86	332.34
20 Trade payables			
Micro, Small and Medium Enterprises	1.02	-	-
Payables to related parties (refer note 46)	11.33	6.40	0.71
Others	430.40	522.99	446.51
	442.75	529.39	447.22

- 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:

	31 March 2017	31 March 2016	01 April 2015
Principal amount due to suppliers under MSMED Act	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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
21 Other financial liabilities			
Current maturities of long- term debt (refer note 15)	6,197.21	9,684.72	15,188.03
Interest accrued but not due on borrowings	85.38	141.92	280.73
Unclaimed dividends*	2.44	1.20	-
Employee related liabilities	2,171.14	1,964.50	1,156.32
Other accrued liabilities	1,783.45	1,715.16	1,507.61
Payables for capital expenditure	10.60	7.05	24.97
Advance for sale of Wind Turbine Generators	-	-	25.00
	10,250.22	13,514.55	18,182.66

*There are no amounts due to be transferred to the Investor Education and Protection Fund as at the year end.

22 Other current liabilities			
Rent received in advance	6.76	12.31	19.58
Advance from customers (refer note 10)	537.54	330.90	277.64
Statutory dues	498.39	502.40	467.95
	1,042.69	845.61	765.17

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
23 Revenue from operations		
Sale of products		
Sale of power	2,346.84	2,139.42
Sale of services		
Goods transport	141,678.11	134,891.34
Bus operations	32,427.94	31,580.91
Income from hotel operations	192.69	180.06
Transport of passengers by air	1,603.43	1,117.78
Courier service	780.00	734.85
Other operating revenues		
Sale of scrap materials	1,122.35	1,439.35
Advertisement income	157.15	168.47
	180,308.51	172,252.18
24 Other income		
Rent income	511.37	450.69
Interest income	88.74	124.65
Dividend income from equity investment designated at FVTPL	0.80	1.30
Credit balances written back	19.35	36.97
Interest income resulting from fair valuation of security deposits paid	201.14	174.04
Miscellaneous income	108.42	80.26
	929.82	867.91
25 Freight, handling and servicing cost		
Lorry hire	12,850.85	13,177.17
Diesel cost	47,307.59	38,696.17
Vehicle running, repairs and maintenance (net)	13,848.50	12,865.98
Stores and spares consumed	5,408.69	5,310.39
Tyres, flaps and re-treading	4,619.70	5,420.72
Bridge and toll charges	10,638.10	10,566.24
Repairs and maintenance		
Plant and equipments	1,109.68	843.30
Buildings	493.62	709.59
Others	133.71	133.09
Security charges	273.69	276.70
Power	454.89	436.62
Wind turbine generator operation and maintenance expenses	546.19	511.76
Rent	8,884.80	8,085.08
Vehicle taxes	3,964.05	3,167.16
Insurance	1,169.56	1,091.31
Agency commission	5,420.65	5,421.66
Hamaali	7,770.74	7,333.35
Clearing and forwarding charges	4,534.91	4,383.31
Claims	172.57	178.91
Hotel operating expenses	117.57	115.04
	129,720.06	118,723.55

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
26 Employee benefits expense		
Salaries, wages and bonus	22,423.54	20,418.84
Contribution to provident and other funds (refer note 17(a))	2,118.02	1,850.43
Gratuity and compensated absences	577.34	473.08
Staff welfare expenses	1,488.89	1,346.18
	26,607.79	24,088.53
27 Finance costs		
Interest on borrowings	2,350.62	3,091.71
Interest on security deposit from agents	39.15	57.66
Other borrowing costs	2.63	9.13
Fair valuation of financial liabilities (net)	7.81	4.29
	2,400.21	3,162.79
28 Depreciation and amortisation expense		
Depreciation of property, plant and equipment (refer note 2)	9,470.69	8,912.45
Depreciation of investment properties (refer note 3)	5.18	5.18
Amortisation of intangible assets (refer note 4)	49.78	51.91
Impairment of non-financial assets (refer note 2)	292.20	-
	9,817.85	8,969.54
29 Other expenses		
Travelling and conveyance	644.59	667.08
Printing and stationery	262.35	310.72
Legal and professional expenses	168.75	151.09
Payment to auditors (refer details below)	94.38	65.27
Office expenses	108.75	116.46
Communication costs	471.76	540.05
Advertisement and business promotion	74.67	169.43
Loss on sale of fixed assets (net)	73.20	18.20
Foreign exchange differences	5.78	3.42
Bad debts/advances written off	7.02	1.64
Allowance for doubtful advances and debts	-	69.00
Bank charges	63.82	75.32
Donation	1.38	6.14
Directors' sitting fees	8.16	7.26
Miscellaneous expenses	36.66	66.65
Corporate Social Responsibility expenses (refer note 39)	141.08	108.18
	2,162.35	2,375.91
Payment to auditors		
As auditor:		
Audit fee	62.96	40.93
Limited review	13.80	20.61
Tax audit fee	-	2.29
In other capacity		
Other services	17.47	1.44
Reimbursement of expenses	0.15	-
	94.38	65.27

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
30 Tax expense		
Current tax expense	3,363.72	5,140.19
Deferred tax	119.09	211.00
Current tax adjustments pertaining to earlier year	-	24.49
Total	3,482.81	5,375.68

30.1 Tax reconciliation (for profit and loss)

Profit before income tax expense	10,530.07	15,799.77
Tax at the rate of 34.608%	3,644.25	5,467.98
Tax adjustments pertaining to earlier year	-	24.49

Tax effect of amounts which are not deductible / not taxable in calculating taxable income

Donation	0.38	2.10
Corporate Social Responsibility expenses	48.82	37.44
Impairment of non-financial assets	101.12	-
Loss on sale of fixed assets	25.34	6.30
Rent from Building - Considered Separately	(43.87)	(40.80)
Expenses not allowed	3.48	20.76

Other tax deductions

Deduction under section 80IA	(590.02)	(551.64)
Deduction under section 80JJAA	(22.21)	-
Deduction under section 80G	(9.52)	-
Depreciation impact under section 80IA	294.23	380.49

Income from house property	30.71	28.56
Tax expense for the year	3,482.81	5,375.68

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 2017	Year ended 31 March 2016
Net profit after tax attributable to equity shareholders	7,047.26	10,424.09
	91,243,495	90,869,244
Weighted average number of shares outstanding during the year - Basic and Diluted		
Basic and Diluted earnings per share (₹)	7.72	11.47
Nominal value per equity share (₹)	10.00	10.00

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

32 Contingent Liabilities not provided for

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
A] Claims against the Company not acknowledged as Debts			
Income tax matters	1,122.81	973.88	775.92
Customs Duty (refer note (b) below)	1,569.02	1,569.02	1,569.02
ESIC matter	12.92	12.92	12.92
Additional Bonus that may be payable	202.00	202.00	-
	2,906.75	2,757.82	2,357.86
[B] Disputed claims pending in Courts	742.35	635.03	638.55
[C] Guarantees given on behalf of the Company by banks	66.55	119.14	37.78
[D] Other contractual matters	78.42	395.55	334.31
Total	3,794.07	3,907.54	3,368.50

Notes:-

a. The Company is in appeal against demands on Income Tax, Customs duty 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.

33 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.

34 During the year ended 31 March 2015, the Company had issued a notice to Mr. Rudrapratap Tripathi, proprietor of M/s Indian Corporation, alleging that he has entered into a sale deed with the Company in relation to property situated at Bhiwandi, without being duly authorized to do so by the original land owners. The Company has further alleged that Mr. Rudrapratap Tripathi has not disclosed the defects in the title to the property including the fact that the land is an agricultural

land. The Company had paid a sale consideration of ₹ 3,240 lakhs towards purchase of the property. In the aforesaid notice, the Company has also alleged cheating and breach of trust by Mr. Rudrapratap Tripathi and has called upon him to refund ₹ 3,240 lakhs paid to him along with the stamp duty, registration and other expenses incurred together with interest at the rate of 22% p.a. from the date of payment till the payment receive date, failing which the Company has the rights to initiate criminal proceedings against him. Management has received necessary representations from the attorney of Mr. Rudrapratap Tripathi in relation to sanctity of title and permitted utility of the aforesaid land towards industrial use and occupation. The attorney has also indicated the intention of Mr. Rudrapratap Tripathi to re-purchase the aforesaid property, if required. 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 accordingly no adjustments have been made to the financial statements to this effect.

35 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - ₹ 128.68 lakhs (31 March 2016: Nil, 01 April 2015: Nil).

Commitment relating to lease arrangements (refer note 37) ₹ 9,306.36 lakhs (31 March 2016: ₹ 10,061.72 lakhs, 01 April 2015: ₹ 9,553.02 lakhs).

36 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.

37 The Company has entered into Operating lease agreements for godowns and office facilities and such leases are basically cancellable in nature.

Lease rental expense recognized in the Statement of Profit and Loss for the year ended 31 March 2017 in respect of the operating leases is ₹ 8,884.80 lakhs (31 March 2016 : ₹ 8,085.08 lakhs).

Lease rental income recognized in the Statement of Profit and Loss for the year ended 31 March 2017 in respect of operating leases is ₹ 511.37 lakhs (31 March 2016: ₹ 450.69 lakhs).

Certain non-cancellable operating leases extend upto a maximum of seven 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 2017	As at 31 March 2016	As at 01 April 2015
Not later than 1 year	1,459.23	1,984.05	1,236.93
Later than 1 year but not later than 5 years	5,594.78	4,832.72	4,080.16
Later than 5 years	2,251.93	3,244.95	4,235.93
	9,305.94	10,061.72	9,553.02

38 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 128,821 units (net of 2% CDM administration fees) for the period 1 January 2013 to January 2015 which has been certified. Further, the certification of CERs generated during the period February 2015 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.

39 Contribution towards Corporate Social Responsibility (CSR)

Section 135 of the Companies Act, 2013 and Rules made thereunder prescribe that every company having a net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of ₹ 5 crore or more during any financial year shall ensure that the company spends, in every financial year, at least 2% of the average net profits earned during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The provisions pertaining to corporate social responsibility as prescribed under the Companies Act, 2013 are applicable to the Company. The financial details as sought by the Companies Act, 2013 are as follows:

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

	31 March 2017	31 March 2016
Average net profit of the Company for last three financial years	12,311.19	9,025.04
Prescribed CSR expenditure (2% of the average net profit as computed above)	246.22	180.50
Details of CSR expenditure during the financial year		
Total amount to be spent for the financial year	246.22	180.50
Amount spent	141.08	108.18
Amount unspent	105.14	72.32

40 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 2017			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Borrowings (other than current borrowings)	12,151.73	-	12,250.84	-
Non-current Security deposits	2,512.23	-	2,512.23	-
FVTPL financial investments	5.75	-	5.75	-

Category	31 March 2016			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Borrowings (other than current borrowings)	21,225.47	-	21,609.64	-
Non-current Security deposits	2,485.33	-	2,485.33	-
FVTPL financial investments	5.75	-	5.75	-

Category	31 March 2015			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Borrowings (other than current borrowings)	34,308.14	-	34,891.22	-
Non-current Security deposits	2,039.30	-	2,039.30	-
FVTPL financial investments	10.75	-	10.75	-

- 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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

41 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

The Company has a portion of the business which is transacted in foreign currencies. The fluctuations in foreign currency exchange rates may have impact on the income statement and equity. Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities relating to transport of passengers by air and foreign branch in Nepal. The Company is exposed to foreign exchange risk arising from foreign currency receivables and payables. There are certain foreign currency receivables and payables in USD and Nepalese rupee.

Foreign currency risk management

In respect of the foreign currency transactions, all exposures are kept open since the management believes the same will be offsetted by the corresponding receivables and payables which will be in the nature of natural hedge.

Foreign currency risk exposure

Particulars	31 March 2017		31 March 2016		01 April 2015	
	USD	Nepalese rupee	USD	Nepalese rupee	USD	Nepalese rupee
Financial assets						
Trade receivables	-	-	33.57	1.18	46.31	-
Financial liabilities						
Trade payables	-	-	-	13.30	-	-

Sensitivity to foreign currency risk

Currency	Impact on statement of profit and loss	
	For the year ended 31 March 2017	For the year ended 31 March 2016
INR Vs. USD sensitivity		
Increase by 5%	-	1.68
Decrease by 5%	-	(1.68)
INR Vs. Nepalese rupee		
Increase by 5%	-	(0.61)
Decrease by 5%	-	0.61

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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

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.

The table below summarises the maturity profile of Company's financial liabilities based on contractual undiscounted payments.

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

As at 31 March 2016

Particulars	On demand	Less than 6 months	6 to 12 months	1 to 5 years	Beyond 5 years	Total
Borrowings	4,971.47	6,208.50	6,125.18	13,696.93	-	31,002.08
Other financial liabilities	-	3,687.91	-	821.46	-	4,509.37
Trade payables	-	529.39	-	-	-	529.39

As at 1 April 2015

Particulars	On demand	Less than 6 months	6 to 12 months	1 to 5 years	Beyond 5 years	Total
Borrowings	9,967.33	10,471.51	9,879.01	26,030.61	-	56,348.46
Other financial liabilities	-	2,713.90	-	851.27	-	3,565.17
Trade payables	-	447.22	-	-	-	447.22

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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

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 2017	7,225.34	285.25	51.56	9.03	100.51	7,671.69
As at 31 March 2016	7,042.55	179.87	66.64	55.38	88.00	7,432.44
As at 01 April 2015	8,486.22	412.15	129.34	37.13	33.31	9,098.15

The expected credit loss analysis on these trade receivables is given in below table:

Particulars	Amount
As at 01 April 2015	80.00
Provision for doubtful debts	50.00
Bad debts	-
As at 31 March 2016	130.00
Provision for doubtful debts	-
Bad debts	-
As at 31 March 2017	130.00

42 Capital management

42.1 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.

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Borrowings	18,552.03	26,338.86	44,556.20
Less: Cash and cash equivalents	(1,155.68)	(1,838.21)	(1,656.80)
Net debt	17,396.35	24,500.65	42,899.40
Equity	54,123.17	51,392.67	35,522.28
Capital and net debt	71,519.52	75,893.32	78,421.68
Gearing ratio	24.32%	32.28%	54.70%

#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.

42.2 Dividends

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Equity dividend - Interim dividend for the year ended 31 March 2017 of ₹ 4 (31 March 2016 - ₹ 5) per fully paid share	3,649.74	4,562.17

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

43	First time adoption of Ind AS
A	First Ind AS Financial statements
	<p>These are the Company's first financial statements prepared in accordance with Ind AS.</p> <p>The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).</p> <p>An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and Cash flow is given below:</p>
i	Optional exemptions availed
	<p>Business combinations</p> <p>The Company has availed the business combination exemption on first time adoption of Ind AS and accordingly the business combinations prior to date of transition have not been restated to the accounting prescribed under Ind AS 103 - Business combinations.</p> <p>The Company applies the requirements of Ind AS 103 - Business combinations to business combinations occurring after the date of transition to Ind AS</p> <p>Deemed cost</p> <p>Since, there is no change in the functional currency of the Company, it has opted to continue with the carrying values measured under the previous GAAP and use that carrying value as the deemed cost for property, plant and equipment, other intangible assets and investment properties on the date of transition.</p> <p>Leases</p> <p>Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. As per Ind AS 17, this assessment should be carried out at inception of the contract or arrangement. However, Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.</p> <p>Designation of previously recognised financial instruments</p> <p>Ind AS 101 allows an entity to designate investments in equity instruments at FVTPL on the basis of the facts and circumstances at the date of transition to Ind ASs.</p> <p>Company has elected to apply this exemption for its investment in equity instruments.</p>
ii	Mandatory exceptions applied
	<p>Estimates</p> <p>The estimates as at 1 April 2015 and 31 March 2016 are consistent with those made for the same dates in accordance with previous GAAP (after adjustment to reflect differences if any, in accounting policies) apart from the following items where the application of previous GAAP did not require estimation:</p> <p>(i) Impairment of financial assets based on the expected credit loss model; and</p> <p>(ii) Investments in equity instruments carried as FVPL or FVOCI.</p> <p>The estimates used by the Company to present the amounts in accordance with Ind AS reflect conditions that existed at the date on transition to Ind AS.</p> <p>De-recognition of financial assets and liabilities</p> <p>Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.</p> <p>The Company has applied the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.</p> <p>Classification and measurement of financial assets</p> <p>Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.</p>

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

44. Reconciliation of Reserve between Ind AS and Previous GAAP

Particulars	Note	As at 31 March 2016	As at 01 April 2015
Equity under erstwhile Indian GAAP		51,353.82	35,618.89
Interest income resulting from fair valuation of security deposits paid	A.1	568.21	394.17
Amortisation of prepaid lease rent arising from discounting of security deposits paid	A.1	(757.16)	(555.88)
Rent income arising on fair valuation of security deposits received	A.2	30.31	27.24
Fair valuation of financial liabilities	A.2	(26.08)	(21.78)
Finance cost de-recognised based on effective interest cost	A.3	28.13	59.64
Deferred tax benefit	A.4	195.44	-
Equity under Ind AS		51,392.67	35,522.28

44.1 Effect of Ind AS adoption on the statement of profit and loss for the year ended 31 March 2016

Particulars	Note	Year ended 31 March 2016
Net profit for the period under erstwhile Indian GAAP		10,231.35
Interest income resulting from fair valuation of security deposits paid	A.1	174.04
Amortisation of prepaid lease rent arising from discounting of security deposits paid	A.1	(201.28)
Rent income arising on fair valuation of security deposits received	A.2	3.07
Fair valuation of financial liabilities	A.2	(4.29)
Finance cost recognised based on effective interest cost	A.3	(31.51)
Re-classification of actuarial loss on defined employee benefit obligations	A.5	461.20
Deferred tax impact		(208.49)
Net profit for the period under Ind AS		10,424.09
Other comprehensive income (net of tax)	A.6	(301.58)
Total comprehensive income		10,122.51

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2016 -

All the adjustments on account of Ind AS are non - cash in nature and hence, there is no material impact on the cash flows in the cash flow statement.

- A. 1 Impact of fair valuation of Security deposits paid at initial recognition and subsequently at amortised cost
Previous GAAP - Interest free rent deposits were recognised at the transaction price and reduced for repayments/adjustments made.
Ind AS - Interest free rent deposits are financial assets and are initially recognised at fair value. The difference between the fair value and transaction price is recognised as prepaid rent and amortised over the lease term. Deposit asset is subsequently measured at amortised cost resulting into finance income in the statement of profit and loss.
 Consequently, the impact on this account of ₹ 161.71 lakhs is recognised in the retained earnings as at 01 April 2015, further profit is lower to the extent of ₹ 27.24 lakhs for the year ended 31 March 2016.
- A. 2 Impact of fair valuation of Security deposits received at initial recognition and subsequently at amortised cost
Previous GAAP - Interest free rent deposits received were recognised at the transaction price and reduced for repayments/adjustments made.
Ind AS - Interest free rent deposits are financial liabilities and are initially recognised at fair value. The difference between the fair value and transaction price is recognised as prereceived rent and amortised over the lease term. Deposit liability is subsequently measured at amortised cost resulting into Interest expense in the statement of profit and loss.
 Consequently, the impact on this account of ₹ 5.46 lakhs is recognised in the retained earnings as at 01 April 2015, further profit is lower to the extent of ₹ 1.22 lakhs for the year ended 31 March 2016.
- A.3 Finance cost de-recognised/recognised based on effective interest cost
Previous GAAP - Transaction costs were charged to Statement of Profit or loss as and when incurred.
Ind AS - Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the Statement of Profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.
 Accordingly borrowings as at 01 April 2015 has been reduced by ₹ 59.64 lakhs with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount. Profit for the year ended 31 March 2016 reduced by ₹ 31.51 lakhs.
- A.4 Impact on account of deferred taxes
 The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred tax has impacted the reserves on date of transition, with consequential impacts to the statement of profit and loss for the subsequent periods.
- A.5 Impact of recognising actuarial gains / losses on defined benefit obligations in other comprehensive income (OCI)
Indian GAAP - Actuarial gains / losses on defined benefit obligations is recognised in statement of profit and loss
Ind AS - Actuarial gains / losses on defined benefit obligations is recognised in other comprehensive income.
 Consequently, actuarial losses of ₹ 461.20 lakhs has been recognised in OCI
- A.6 Under Ind AS, all items of income and expense recognised in period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Item of income and expense that are not recognised in profit or loss but are shown in Statement of profit and loss as "Other comprehensive income" includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2017

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

45 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	Year ended 31 March 2017	Year ended 31 March 2016
Segment Revenue		
- Income from operations		
a) Goods transport	142,458.11	135,626.19
b) Bus operations	32,620.63	31,760.97
c) Sale of power	2,346.84	2,139.42
d) Transport of passengers by air	1,603.43	1,117.78
- Other operating income		
a) Goods transport	157.15	168.47
b) Un-allocable revenue	1,122.35	1,439.35
Net Sales/Income	180,308.51	172,252.18
Segment results		
(Profit before Interest and Taxation from each segment)		
a) Goods transport	12,815.91	15,163.18
b) Bus operations	1,203.24	5,207.21
c) Sale of power	339.69	479.01
d) Transport of passengers by air	(163.80)	(296.14)
	14,195.04	20,553.26
Less: Finance costs	(2,400.21)	(3,162.79)
Less: Other un-allocable expenditure net of un-allocable income	(1,264.76)	(1,590.70)
Add: Exceptional item	-	-
Profit before tax	10,530.07	15,799.77

Other Information

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Segment Depreciation and Amortisation		
a) Goods transport	4,820.09	4,528.61
b) Bus operations	2,539.67	2,181.37
c) Sale of power	1,098.47	1,115.35
d) Transport of passengers by air	190.01	190.01
e) Un-allocable Depreciation / Amortisation	877.41	954.20
Total	9,525.65	8,969.54
Segment revenue by location of customers:		
a) Domestic	180,308.51	172,230.33
b) Overseas	-	21.85
Total	180,308.51	172,252.18
Cost incurred on acquisition of Capital items (including capital advances):		
a) Domestic	6,274.03	11,072.67
b) Overseas	-	-
Total	6,274.03	11,072.67
The carrying amount of non-current operating assets by location of assets		
a) Domestic	71,575.23	75,557.56
b) Overseas	-	1.18
Total	71,575.23	75,558.74

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Assets			
a) Goods transport	51,948.70	49,865.78	48,960.44
b) Bus operations	13,229.06	13,831.54	13,181.55
c) Sale of power	10,116.27	11,259.36	12,556.68
d) Transport of passengers by air	3,319.66	3,608.93	3,583.85
e) Un-allocable assets	11,054.26	15,604.61	16,866.42
Total	89,667.95	94,170.22	95,148.94
Liabilities			
a) Goods transport	5,642.37	5,684.73	4,240.48
b) Bus operations	1,218.69	858.88	839.24
c) Sale of power	3.45	2.60	27.15
d) Transport of passengers by air	67.88	45.14	34.89
e) Un-allocable liabilities	28,612.39	36,186.20	54,484.90
Total	35,544.78	42,777.55	59,626.66
Capital expenditure (including capital advances)			
Total cost incurred during the year to acquire segment assets			
a) Goods transport	3,635.60	6,679.35	6,772.97
b) Bus operations	1,471.59	2,758.32	160.24
c) Sale of power	-	-	-
d) Transport of passengers by air	-	-	-
e) Un-allocable capital expenditure	1,166.84	1,635.00	1,589.12
Total	6,274.03	11,072.67	8,522.33

46 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. Mrs. Vani Sankeshwar (President) - relative of director
	d. Mrs. Lalitha Sankeshwar - relative of director
	e. Mrs. Bharati Holkunde - relative of director
	f. Mr. Sunil Nalavadi (Chief Financial Officer)
	g. Mr. Aniruddha Phadnavis (Company Secretary)
Companies in which KMP or their relative have significant influence	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
Enterprise having significant influence over the entity	NSR- PE Mauritius LLC (till 25 April 2015)

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 2017	Year ended 31 March 2016
Income				
Rent	Aradhana Trust	Companies in which KMP or their relative have significant influence	11.04	11.04
	Shiva Agencies		15.63	16.32
	Sankeshwar Minerals Private Limited		0.43	1.87
	VRL Foundation		2.16	1.47
	VRL Media Limited		192.33	192.33
Freight	Sankeshwar Minerals Private Limited	Companies in which KMP or their relative have significant influence	7.81	11.86
			0.92	4.79
	VRL Media Limited		304.24	313.22
Reimbursements	VRL Media Limited	Companies in which KMP or their relative have significant influence	54.45	47.45
Advertisement	VRL Media Limited	Companies in which KMP or their relative have significant influence	7.99	12.58
		Total	597.00	612.93

Remuneration/ Commission (including compensated absences paid)	Dr.Vijay Sankeshwar	KMP	359.00	387.88
	Mr.Anand Sankeshwar	KMP	198.00	206.47
	Mr.Sunil Nalavadi	KMP	27.60	27.62
	Mr.Aniruddha Phadnavis	KMP	24.00	24.24
	Mrs.Vani Sankeshwar	KMP/ Relative of KMP	18.00	18.73
Printing & stationery	Sankeshwar Printers Private Limited	Company in which KMP or their relative have significant influence	15.64	9.67
Advertisement expenses	VRL Media Limited	Company in which KMP or their relative have significant influence	21.55	24.23
Corporate Social Responsibility Expenses	VRL Foundation	Companies in which KMP or their relative have significant influence	50.00	108.18
Gratuity contribution	VRL employees group gratuity trust	Employees' Benefit Plans where there is significant influence	648.79	614.17
Dividend Paid	Dr.Vijay Sankeshwar	KMP	1,271.68	1,589.60
	Mr.Anand Sankeshwar	KMP	1,250.61	1,563.26
	Mrs.Vani Sankeshwar	KMP/ Relative of KMP	16.00	20.00
	Mrs.Lalitha Sankeshwar	Relative of KMP	0.84	1.05
	Mrs.Bharati Holkunde	Relative of KMP	0.07	0.09
		Total	3,901.78	4,595.19

Balance as at year end:

Nature of balance	Name of the Party	Nature of relationship	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
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Assets:

Receivables	Shiva Agencies	Companies in which KMP or their relative have significant influence	1.50	1.49	-
	Sankeshwar Minerals Private Limited		1.02	1.53	0.57
	VRL Foundation		0.04	-	-
	VRL Media Limited		27.38	27.70	29.24
		Total	29.94	30.72	29.81

Liabilities:

Payables	Sankeshwar Printers Private Limited	Companies in which KMP or their relative have significant influence	1.35	0.06	0.71
	VRL Foundation		1.94	6.34	-
	VRL Media Limited		8.04	-	-
Remuneration / Commission payable	Dr.Vijay Sankeshwar	KMP	42.36	29.46	28.69
		Total	53.69	35.86	29.40

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 2017, Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: Nil, 1 April 2015: 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 2017	Year ended 31 March 2016
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Short-term employee benefits:

- Salaries including bonuses	626.60	664.94
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47 The Company completed its Initial Public Offering (IPO) pursuant to which 22,823,333 equity shares of the Company of ₹ 10 each were allotted at a price of ₹ 205 per equity share consisting of fresh issue of 5,707,333 equity shares and an offer for sale of 17,116,000 equity shares by the existing shareholders. Out of the total proceeds from the IPO of ₹ 46,787.83 lakhs, the Company's share is ₹ 11,700.03 lakhs arising from the fresh issue of equity shares. The equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on 30 April 2015.

The utilisation of IPO proceeds is summarised below:-

Particulars	Objects of the issue as per the Prospectus	Utilisation upto 31 March 2017	Unutilised amounts as at 31 March 2017
Purchase of goods transportation vehicles	6,741.51	6,741.51	-
Repayment/pre-payment, in full or part, of certain borrowings availed by the Company	2,800.00	2,800.00	-
General corporate purposes	1,452.99	1,452.99	-
Issue related expenses (only those apportioned to the Company)	705.53	705.53	-
Total	11,700.03	11,700.03	-

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N / N500013

Bharat Shetty

Partner

Place : **Hubballi**

Date : 19 May 2017

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 : 19 May 2017

Anand Sankeshwar

Managing Director
(DIN: 00217773)

Aniruddha Phadnavis

General Manager (Finance)
and Company Secretary



THINK LOGISTICS TRUST VRL



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