

# **VRL LOGISTICS LIMITED**

## ANNUAL REPORT

**2018-19**



## OUR VISION

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

## OUR MISSION

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

## QUALITY POLICY

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

**Hubballi Head Office**



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### DISCLAIMER

This Annual Report may contain certain forward looking statements about the Company. Although the Company believes its expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those predicted. These forward looking statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from those in such statements, many 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, regulatory requirements and the like.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

**Dr. Vijay Sankeshwar**  
Chairman and Managing Director

**L R Bhat**  
Whole Time Director

**Mrs. Medha Pawar**  
Independent Director

**Shankarasa Ladwa**  
Independent Director

**Gurudas Narekuli**  
Independent Director  
(w.e.f. April 01, 2019)

**Anand Sankeshwar**  
Managing Director

**Dr. Prabhakar Kore**  
Independent Director

**Mrs. Smriti Bellad**  
Independent Director  
(w.e.f. November 03, 2018)

**Dr. Raghottam Akamanchi**  
Non-executive Director

**K N Umesh**  
Whole Time Director

**J S Korlahalli**  
Independent Director  
(Upto March 31, 2019)

**Dr. Anand Pandurangi**  
Independent Director

**Dr. Ashok Shettar**  
Non-executive Director

**Sunil Nalavadi**  
Chief Financial Officer

**Aniruddha Phadnavis**  
Company Secretary & Compliance Officer

### BOARD COMMITTEES

#### AUDIT COMMITTEE

Shankarasa Ladwa - Chairman  
J S Korlahalli (Upto March 31, 2019)  
Mrs. Medha Pawar  
Gurudas Narekuli (w.e.f. April 01, 2019)

#### FINANCE COMMITTEE

Dr. Vijay Sankeshwar - Chairman  
Anand Sankeshwar  
Dr. Raghottam Akamanchi

#### STAKEHOLDERS RELATIONSHIP COMMITTEE

Shankarasa Ladwa - Chairman  
J S Korlahalli (Upto March 31, 2019)  
Dr. Raghottam Akamanchi  
Mrs. Medha Pawar (w.e.f. April 01, 2019)

#### NOMINATION & REMUNERATION COMMITTEE

Shankarasa Ladwa - Chairman  
Dr. Anand Pandurangi  
Dr. Ashok Shettar  
Mrs. Medha Pawar  
J S Korlahalli (Upto March 31, 2019)

#### CSR COMMITTEE

Dr. Prabhakar Kore - Chairman  
Anand Sankeshwar  
Mrs. Medha Pawar  
Dr. Raghottam Akamanchi

#### ADMINISTRATION COMMITTEE

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

#### RISK MANAGEMENT COMMITTEE

Dr. Vijay Sankeshwar - Chairman  
Shankarasa Ladwa  
K N Umesh  
L R Bhat  
Sunil Nalavadi  
Raghavendra Malagi

#### REGISTERED OFFICE

RS. No.351 /1, Varur, post Chabbi,  
Taluk Hubballi, District Dharwad,  
Hubballi - 581 207, Karnataka  
Phone: 0836-2237613,  
Fax: 0836-2237614  
E-mail: varurho@vrllogistics.com  
Website: www.vrlgroup.in

#### AUDITORS

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

#### COST AUDITOR

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

#### BANKERS

SVC Co-Operative Bank Ltd.  
Saraswat Co-operative Bank Ltd.  
ICICI Bank Ltd.  
HDFC Bank Ltd.  
Kotak Mahindra Bank Ltd.  
ING Vysya Bank Ltd.  
Axis Bank  
Yes Bank Ltd.  
The Federal 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 Fintech Private Ltd.  
Karvy Selenium Tower B,  
Plot No. 31 & 32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032



## CHAIRMAN'S MESSAGE



Dear Members,

I am happy to present your Company's Annual Report for the financial year 2018-19.

I take pride in stating that the turnover of the Company crossed INR 2000 crores during this fiscal. In the year of its incorporation, i.e. 1983, the turnover was around ₹30 lakhs. It is nostalgic to reminisce that the Company achieved revenues of INR 100 crore during the year 2000-01 and a revenues of ₹1000 crores in the year 2011-12. I am excited and confident of the Company's performance in the years to come.

The Surface Logistics industry is benefitted by the recent revision in Safe Axle Weights for Goods Transport vehicles by the Transport Division of Ministry of Road Transport and Highways which permits the carrying of higher weight on a Goods Transport vehicle thereby increasing its payload. For fleet owners the same presents an opportunity as also a challenge whereby, as against the existing practice of stacking goods, newer strategies involving the combination of heavy and bulk material inside goods carriages would need to be implemented across the country, which in itself presents a unique conundrum of sorts. This coupled with the phasing out of older vehicles to comply with India's commitment with pollution norms in the days to come would place your Company in a unique position to take advantage of business opportunities that would come its way. This development has also impacted our planned capex and your Board is following a wait and watch approach for capacity addition.

In the aftermath of demonetisation as also GST and e-way bill implementation the perceived volume growth for LTL players who operate in an organised manner remained an utopian dream. The unorganized players in the market that operated prior to these measures still flourish and the same is expected to continue till the stabilization of GST provisions. The State and Central authorities need to further strengthen the implementation and to achieve the objective with which this legislation was enacted. For LTL players like your Company which sources majority of its business from non-corporate retail clientele, the omnipresent challenge of losing out freight business to unorganized players who continue to find newer methods of surviving and thriving is ever present. Your Company continues to get challenged by them and yet maintain its course of a healthy business growth. A lot depends on the sincerity and approach of the concerned regulators in implementing and monitoring the taxation regime. In the long run though the same would definitely benefit the organized businesses. I foresee good times for all organized players in our industry and remain optimistic on the prospects of our Company.

I maintain my opinion that the economy remains sluggish and no drastic improvement is expected in the near medium term. Our team successfully addressed and handled the transition to GST and E-way bill challenges and our in-house Information Technology team rose to the occasion and enabled proper implementation of requisite processes. I rate our business performance as satisfactory and there is gradual growth in business volume which I expect to sustain.

I am also happy to inform you that our Kishangarh facility which is Company owned has become operational during the year. I eagerly await the commencement of full-fledged business operations at our Surat facility and the same is bound to improve our business prospects as also service levels in the days to come. We have committed significant resources for this project and overall for infrastructure development. The Company also purchased ample spaced godowns at Mangaluru near the port during the year. Owned infrastructure facilities enable better resource utilization, improved service levels to customers as also better material handling.

I request you to go through the Annual Report and send your queries by email to us at [investors@vrllogistics.com](mailto:investors@vrllogistics.com). I invite all members to join us at the company's AGM on the 10th August, where we can receive your guidance and suggestions.

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

Sincerely,

**DR. VIJAY SANKESHWAR**  
CHAIRMAN & MANAGING DIRECTOR

## VRL LOGISTICS LIMITED

**Regd. Office:** RS No. 351/1, Varur, Post Chabbi, Taluk Hubballi,  
District Dharwad, Hubballi (Karnataka) - 581 207  
(18<sup>th</sup> KM, NH-4, Bengaluru Road, Varur)

**Tel:** 0836 2237613, **Fax:** 0836 2237614, **Email:** investors@vrllogistics.com  
**CIN:** L60210KA1983PLC005247, **Website:** www.vrlgroup.in

### NOTICE

**NOTICE** is hereby given to the members of the Company that the Thirty Sixth Annual General Meeting of **VRL Logistics Limited** will be held on Saturday, 10th August 2019 at 4.00 p.m. at the 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, Hubballi – 581207), Karnataka, to transact the following businesses:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements as at 31st March 2019 and the report of the Board of Directors and Auditors thereon.
2. To confirm the payment of interim dividend and to declare a final dividend of ₹ 2/- per equity share for the year ended 31st March 2019.
3. To appoint a Director in the place of Mr. L R Bhat (DIN: 01875068) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Dr. Ashok Shettar (DIN: 07038714) who retires by rotation and being eligible, offers himself for re-appointment.

#### SPECIAL BUSINESS

5. **To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Remuneration of Managerial Personnel Rules 2014 (amended from time to time) Article 93 and 97 of Articles of Association of the Company, as recommended by the Nomination and Remuneration Committee and subject to the approval of Central government if necessary, and such modifications and conditions as the Central government may direct or suggest, which the Board of Directors are authorized to accept, the consent of the Company be and is hereby granted for the re-appointment of Mr. Anand Sankeshwar (DIN: 00217773), as a Managing Director of the Company for a period of five years with effect from April 01, 2019, on the same terms and conditions of the earlier agreement and as detailed in the explanatory statement attached hereto."

**RESOLVED FURTHER THAT** the aforesaid remuneration shall be construed as minimum remuneration in the absence of profits/inadequacy of profits, except that the overall remuneration including perquisites will be restricted to the maximum permissible extent as specified under Schedule V of the Act and that no Commission will be paid;

**RESOLVED FURTHER THAT**, as required and in accordance with Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the aforementioned remuneration payable to Mr. Anand Sankeshwar (DIN: 00217773), who is a Promoter and Managing Director of the Company, be and is hereby approved;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to vary, alter or modify the terms and conditions of his appointment including remuneration, commission and/or perquisites payable or to be provided (including any monetary value thereof) to him in such manner as may be agreed to between the Board of Directors and Mr. Anand Sankeshwar;

**RESOLVED FURTHER THAT** any of the Directors of the Company and/or the Company Secretary be and are hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto".

**6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (as amended from time to time) read with Schedule IV of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and based on the recommendation of Nomination and Remuneration Committee, Dr. Prabhakar Kore (DIN: 00509836), who was appointed as an Independent Director of the Company for a term of five years up to March 31, 2019, by the members at the 31st Annual General Meeting, and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and who is eligible for reappointment and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from April 01, 2019 to March 31, 2024 and whose period of office shall not be liable to retire by rotation";

**RESOLVED FURTHER THAT** any of the Directors of the Company and/or the Company Secretary be and are hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto".

**7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, and a notice having been received from a member under section 160 of the Companies Act, 2013, Mrs. Smriti Bellad, (DIN 06732781) who was appointed by the Board of Directors as an Independent Director (Additional) of the Company with effect from November 03, 2018 and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder, and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, the consent of the Company be and is hereby accorded for her appointment as an Independent non executive Director of the Company for a term of five years w.e.f November 03, 2018 to November 03, 2023, whose period of office shall not be subject to retirement by rotation."

**RESOLVED FURTHER THAT** any of the Directors of the Company and/or the Company Secretary be and are hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto".

**8. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, and a notice having been received from a member under section 160 of the Companies Act, 2013, Mr. Gurudas Narekuli, (DIN 07950458) who was appointed by the Board of Directors as an Independent Director (Additional) of the Company with effect from April 01, 2019, who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder, and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, the consent of the Company be and is hereby accorded for his appointment as an Independent non executive Director of the Company for a term of five years w.e.f April 01, 2019 to March 31, 2024, whose period of office shall not be subject to retirement by rotation."

**RESOLVED FURTHER THAT** any of the Directors of the Company and/or the Company Secretary be and are hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto".

**9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to section 196(3) read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the Members of the Company be and is hereby accorded for continuation of holding of office of Managing Director by Dr. Vijay Sankeshwar (DIN 00217714) upon his attaining the age of 70 (Seventy) years on August 2, 2020 upto the expiry of his present term of office ending on December 31, 2021, on the existing terms and conditions as approved by the shareholders at 34th Annual General Meeting of the Company held on August 04, 2017";

**"RESOLVED FURTHER THAT**, as required and in accordance with Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the remuneration payable to Dr. Vijay Sankeshwar (DIN: 00217714) who is a Promoter, Chairman and Managing Director of the Company, for the period from 1st April, 2019 to remaining tenure of his present position, as approved by the shareholders at 34th Annual General Meeting of the Company held on August 04, 2017, be and is hereby approved";

**RESOLVED FURTHER THAT** any of the Directors of the Company and/or the Company Secretary be and are hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto".

**10. To consider and if thought fit, to pass, with or without modification(s), the following resolution, as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to Sec.148 and other applicable provisions, if any of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, as recommended by the Audit Committee and approved by the Board of Directors, the appointment of M/s. S. K. Tikare & Co, Cost Accountant as Cost Auditors for the Accounting year 2019-20, on a remuneration of ₹ 65,000/- (Rupees Sixty Five Thousand Only), excluding applicable taxes, be and is hereby ratified;

**RESOLVED FURTHER THAT** any of the Directors of the Company and/or the Company Secretary be and are hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto".

**By order of the Board of Directors**

**Aniruddha Phadnavis**

Company Secretary & Compliance Officer

Date: 16.07.2019.

**Registered Office:**

RS No. 351/1, Varur, Post Chabbi, Taluk  
Hubballi, District Dharwad, Hubballi - 581 207  
(18<sup>th</sup> KM, NH-4 Bengaluru Road, Varur,  
Hubballi - 581 207)

**KARNATAKA**

CIN:L60210KA1983PLC005247

e-mail: investors@vrllogistics.com

## NOTES

1. The statement pursuant to Section 102 (1) of the Companies Act, 2013 and extant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with respect to the special business set out in the notice is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND, AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Proxies, if any, in order to be effective, must be received at the Company's Registered Office not later than 48 (Forty Eight) hours before the time fixed for holding the meeting. Proxies submitted on behalf of the companies & other entities, must be supported by appropriate resolution/ authority, as applicable. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than three days of advance notice in writing is given to the Company.
4. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors.
6. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 substituted by Companies (Management and Administration) Amendment, Rules, 2015, and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility of remote e-voting to all members. The complete instructions on e-voting facility provided by the Company are annexed to this Notice, explaining the process of e-voting with necessary user id and password along with procedure for such e-voting. Such remote e-voting facility is in addition to the voting that may take place at the Meeting on 10th August 2019.
7. Corporate Members are requested to send a duly certified true copy of the Board Resolutions/authority, authorizing their representative(s) to attend and vote at the Meeting.
8. Any member proposing to seek any clarification on the accounts is requested to send the queries to the Company at its registered office at least seven days prior to the date of Annual General Meeting to enable the management to compile the relevant information to reply the same in the meeting.
9. The Register of Directors' and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
10. Members are requested to bring their copies of Annual Report to the Meeting. In order to enable us to register your attendance at the venue of the Annual General Meeting, members are requested to please bring their folio number/ demat account number/DP ID-Client ID to enable us to provide a duly filled attendance slip for your signature and participation at the meeting.
11. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
12. Relevant documents referred to in the accompanying Notice, are open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of the Meeting.
13. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number(s) in the attendance slip for attending the Meeting to facilitate identification of membership at the meeting.

14. Members who would like to receive notices, letters, annual reports, documents and any other correspondence by electronic mode are requested to register their email addresses and changes therein, from time to time, with Company's Registrar and Transfer Agent, Karvy Fintech Private Limited (Karvy), in respect of shares held in physical form.
15. The Members are requested to:
  - (a) Intimate change in their registered address, if any, to the Company's Registrar and Share Transfer Agents, Karvy in respect of their holdings in physical form.
  - (b) Notify immediately any change in their registered address to their Depository Participants in respect of their holdings in electronic form.
  - (c) Non-Resident Indian Members are requested to inform Karvy immediately of the change in residential status on return to India for permanent settlement.
  - (d) Register their email address and changes therein from time to time with Karvy for shares held in physical form and with their respective Depository Participants for shares held in demat form.
  - (e) Quote their DP ID & Client ID or Folio details respectively in all correspondences, including dividend matters to the Registrar and Share Transfer Agents, Karvy Fintech Private Ltd. (Unit: VRL Logistics Ltd.), Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.
16. Members may also note that the Notice of the 36th Annual General Meeting and the Annual Report for 2018-19 will also be available on the Company's website [www.vrlgroup.in](http://www.vrlgroup.in) for download.
17. In accordance with the provisions of Section 72 of the Companies Act, 2013, members are entitled to specify nominations in respect of the Equity Shares held by them, in physical form. Members desirous of specifying nominations may procure the prescribed form from the Registrar & Share Transfer Agents Karvy and have it duly filled and sent back to them.
18. In support of the Green initiative by Ministry of Corporate Affairs and pursuant to section 101 of the Companies Act 2013 and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, electronic copy of the Annual Report is being sent to all Members whose email ID's are registered with the Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members, who have not registered their email address, physical copies of the Annual Report are being sent to them in the permitted / requisitioned mode.
19. Members are requested to note that as per Section 124(5) of the Companies Act, 2013, the dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account, is liable to be transferred by the Company to the "Investor Education Protection Fund" (IEPF) established by the Central Government under the provisions of Section 125 of the Companies Act, 2013.
20. In terms of Article 100 of the Articles of Association of the Company, Mr. L R Bhat, whole time Director and Dr. Ashok Shettar, Non-Executive Director retire by rotation and being eligible offer themselves for re-appointment.
21. Information required under Regulation 36 of SEBI Listing Regulations, Directors seeking Appointment/Reappointment at the AGM is annexed to this Notice. The Directors have furnished consent/declarations for their appointment/re-appointment as required under Act and rules made thereunder.
22. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
23. The Board of Directors of the Company has appointed Mr. Akshay Pachlag, Practicing Company Secretary as the "Scrutinizer" to scrutinize the Insta Poll (eVoting at the venue of the annual general meeting) and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same purpose.
24. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 3rd August 2019.

25. The shareholders whose name appears in the Register of members as on the record date i.e. 3rd August 2019 will be eligible for final dividend for the financial year ended 31 March 2019.
26. The dividend as recommended by the Board, if declared at this meeting, will be paid within a period of 30 days from the date of declaration, to those shareholders whose name appears in the Register of members as on the record date. The dividend would be paid on or before August 30, 2019.
27. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e 3rd August 2019 only shall be entitled to avail the facility of remote e-voting / Insta Poll.
28. The remote e-voting facility will be available during the following period: Commencement of remote e-voting: From 9.00 a.m. (IST) on 07th August 2019 End of remote e-voting: Up to 5.00 p.m. (IST) on 9th August 2019. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of the aforesaid period.
29. The Scrutinizer, after scrutinising the votes cast at the meeting (Insta Poll) and through remote e-voting, will make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.vrlgroup.in](http://www.vrlgroup.in) and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013**

### **ITEM - 5**

#### **RE-APPOINTMENT OF MR. ANAND SANKESHWAR (DIN: 00217773) AS A MANAGING DIRECTOR OF THE COMPANY**

The tenure of Mr. Anand Sankeshwar as a Managing Director of the Company expired on March 31, 2019. Considering the fact that Mr. Anand Sankeshwar has rich and varied experience in the Industry and has been involved in the operations of the Company for more than two decades, and also considering his immense contribution to the progress of the Company, it would be in the interest of the Company to continue the employment of Mr. Anand Sankeshwar as a Managing Director of the Company as per the terms stated herein below.

Pursuant to recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors of the Company, at their meeting held on February 09, 2019 have unanimously approved the re-appointment of Mr. Anand Sankeshwar as a Managing Director of the Company w. e. f. April 01, 2019 for a further period of 5 (five) years, subject to the approval of Shareholders at this Annual General Meeting.

Approval of the members by way of a Special Resolution is also sought as required under Regulation 17 (6) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details of remuneration payable to Mr. Anand Sankeshwar and the terms and conditions of the re-appointment are given below:

##### **Period:**

5 years w.e.f. April 01, 2019 subject to a notice period 3 (three) months' from either side for termination of services.

##### **Remuneration:**

No remuneration increase is proposed and as such his remuneration would be an amount not exceeding ₹ 25,00,000/- (Rupees Twenty Five Lacs only) per month inclusive of perquisites detailed below which may be revised by the Nomination and Remuneration Committee with subsequent approval by the Board from time to time.

##### **► Perquisites**

- Perquisites and allowance will include house maintenance allowance together with reimbursement of expenses or allowances for utilities as electricity, security, maintenance, staff salary etc.
- Reimbursement of expenses pertaining to electricity, gas, water, telephone and other reasonable expenses for the upkeep and maintenance in respect of such accommodation.
- Contribution towards Provident Fund and Superannuation Fund or Annuity Fund, National Pension Scheme - as per the policy of the Company.
- Leave and encashment of leave - as per the policy of the Company.
- Gratuity and / or contribution to the Gratuity Fund of Company - as applicable to other officers of the Company and as per the policy of the Company
- Other Allowances / benefits, perquisites - any other allowances, benefits and perquisites as per the Rules applicable to the Senior Executives of the Company and / or which may become applicable in the future and / or any other allowance, perquisites as the Board may from time to time decide.
- The following perquisites shall not be included in the computation of remuneration stated above:
  - a. Gratuity as per rules of the Company (which shall not exceed one half month's Salary for each completed year of service);
  - b. Earned leave with full pay or encashment as per rules of the Company.
  - c. Contribution towards Provident Fund and Superannuation Fund or Annuity Fund, National Pension Scheme - as per the policy of the Company.
  - d. Provision for use of the Company's car for official duties and telephone at residence (including

payment for local calls and long distance official calls but excluding long distance personal calls to be paid by Managing Director) shall not be included in the computation of perquisites.

For the purpose of calculation of remuneration, perquisites shall be evaluated as per Income Tax Rules, wherever applicable.

#### **OTHER TERMS & CONDITIONS OF APPOINTMENT:-**

- In the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Mr. Anand Sankeshwar, the remuneration by way of salary, perquisites or any other allowances as specified above and in accordance with the limits specified under the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.
- No sitting fees shall be paid for attending the meetings of the Board of Directors or Committees thereof.
- In accordance with Article 97 of the Articles of Association, Mr. Anand Sankeshwar shall not be liable to retire by rotation.

The terms as set out in the explanatory statement may be treated as the terms of the appointment of Mr. Anand Sankeshwar under Section 190 of the Companies Act 2013.

The Board recommends the resolution set forth in Item No. 5 for the approval of the Members by way of a Special Resolution.

Except Dr. Vijay Sankeshwar and Mr. Anand Sankeshwar, none of the other Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in this Resolution.

Information pursuant Listing Regulations and Secretarial Standard 2 issued by the Institute of Company Secretaries of India are provided as annexure to this Notice.

#### **ITEM - 6**

Shareholders at the 31st Annual general meeting of the Company held on July 18, 2014 approved the appointment of Dr. Prabhakar Kore as an Independent Director of the Company w.e.f., April 01, 2014 for a period of five years i.e., up to March 31, 2019. As per section 149(10) and (11) of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company, but shall be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

The Board, based on the performance evaluation and recommendation of Nomination and Remuneration Committee, considers that given his background, stature, experience and immense contribution, the continued association of Dr. Prabhakar Kore would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director.

The Board has re-appointed Dr. Prabhakar Kore as an Independent Director on the Board of the Company at its meeting held on February 09, 2019, not liable to retire by rotation, for a second term of five years w.e.f. April 01, 2019, subject to the approval of shareholders of the Company. The Company has received notice under Section 160 of the Act proposing his candidature for Directorship. Company has also received from Dr. Prabhakar Kore (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) Intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of Act, (iii) A declaration to the effect that he meets the criteria of independence as provided in Section 149 (6) of Act and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

In the opinion of the Board, he fulfils the conditions for appointment as Independent Director, as specified in the Act and the SEBI Listing Regulations and is Independent of the Management and the Company. The resolution seeks the approval of the shareholders in terms of Section 149 and other applicable provisions of the Act, read with Schedule IV of the Act and the Rules made thereunder, for re-appointment of Dr. Prabhakar Kore as an Independent Director of the Company for a second term of five years commencing w.e.f. April 01, 2019.

Dr. Prabhakar Kore is not liable to retire by rotation. A copy of the draft letter of appointment setting out the terms and conditions of appointment of an Independent Director is available for inspection, without any fee,

by the shareholders at the Company's registered office during normal hours on working days up to the date of the AGM and will also be kept open at the venue of the AGM.

Except Dr. Prabhakar Kore and his relatives, None of Director, Key Managerial Personnel or their respective relatives are interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 6 for approval of the shareholders

Information pursuant Listing Regulations and Secretarial Standard 2 issued by the Institute of Company Secretaries of India are provided as annexure to this Notice.

#### **ITEM – 7 & 8**

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on November 03, 2018 appointed Mrs. Smriti Bellad (DIN 06732781) as an Independent Director of the Company, not liable to retire by rotation, for a term of 5 years i.e. from November 03, 2018 to November 02, 2023, subject to approval of the Members.

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on February 09, 2019 appointed Mr. Gurudas Narekuli (DIN 07950458) as an Independent Director of the Company, not liable to retire by rotation, for a term of 5 years i.e. from April 01, 2019 to March 31, 2024, subject to approval of the Members.

Pursuant to the provisions of Section 160(1) of the Act, the Company has received in writing a notice from Member(s), proposing their candidature for the office of Directors.

The Company has received declarations from Mrs. Smriti Bellad and Mr. Gurudas Narekuli to the effect that they meet the criteria of independence as provided in Section 149(6) of the Act read with the Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

In the opinion of the Board, each of these Directors fulfil the conditions specified in the Act, Rules and SEBI Listing Regulations for appointment as Independent Directors and they are independent of the management and the Company. The terms and conditions of their appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day and will also be kept open at the venue of the AGM till the conclusion of the AGM.

In compliance with the provisions of Section 149, read with Schedule IV of the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the appointments of Mrs. Smriti Bellad and Mr. Gurudas Narekuli as Independent Directors are now being placed before the Members for their approval. The Board recommends the Resolutions at Item Nos. 7 and 8 of this Notice for approval of the Members.

Except Mrs. Smriti Bellad and Mr. Gurudas Narekuli, none of the other Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, in the Resolutions set out at Item Nos. 7 and 8 of the Notice.

Information pursuant Listing Regulations and Secretarial Standard 2 issued by the Institute of Company Secretaries of India are provided as annexure to this Notice.

#### **ITEM 9**

The Shareholders of the Company at the 34th Annual General Meeting held on August 04, 2017 approved re-appointment of Dr. Vijay Sankeshwar as the Chairman and Managing Director of the Company for a period of five years effective from January 01, 2017 through an Ordinary Resolution under the relevant provisions of the Companies Act, 2013. Dr. Vijay Sankeshwar, Chairman & Managing Director would be attaining the age of 70 years during August 2020.

In compliance with the provisions of the Companies Act, 2013, and considering his immense contribution to the progress of the Company, his continuance as Chairman and Managing Director in the company is absolutely essential. Hence, the consent of the members by way of special resolution is sought for continuation of his office as Managing Director upto the end of his tenure viz. December 31, 2021 as per the terms of his appointment as sanctioned by the members in the AGM held on August 04, 2017 for continuance of his existing office after attaining the age of 70 years during the currency of his term of appointment under the

provisions of Section 196 (3) (a) of the Companies Act, 2013. Approval of the members by way of a Special Resolution is also sought as required under Regulation 17 (6) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board therefore recommends the special resolution for your approval. Except Dr. Vijay Sankeshwar and Mr. Anand Sankeshwar, none of the other Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the said resolution.

#### **ITEM 10**

#### **RATIFICATION OF REMUNERATION FIXED BY THE BOARD FOR COST AUDITOR TO CONDUCT THE COST AUDIT OF THE WIND POWER DIVISION OF THE COMPANY**

The Ministry of Corporate Affairs has issued Companies (Cost Records & Audit) amendment rules 2014 which *inter alia* warrants the maintenance of cost records in respect of the wind power generation activity of the Company. In compliance of the said rules and based on the recommendation of Audit Committee, the Board has approved the re-appointment of M/s. S K Tikare & Co, Cost Auditors to audit the cost records of the wind power division of the Company at a remuneration of ₹ 65,000/- for the financial year 2019-20, subject to ratification by members.

Accordingly, the resolution as stated in the Notice is commended for approval of the members.

None of the Directors, Key Managerial Personnel or their relatives are interested in this item of business.

By order of the Board of Directors

**Aniruddha Phadnavis**

Company Secretary & Compliance Officer

Date: 16.07.2019

Place: Hubballi

**Annexure**

**Details of Directors seeking appointment / reappointment as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Secretarial Standard issued by the Institute of Company Secretaries of India.**

<b>Name of Director: Mr. L R Bhat</b>	
DIN	01875068
Date of Birth	27/01/1959
Date of Initial Appointment	04/08/2017
Tenure of appointment	Retirement by Rotation
Qualification	Diploma in Mechanical engineering & Certified member of Institute of Engineers
Expertise in Specific functional area	Mr. L R Bhat holds a diploma in mechanical engineering from the State Board of Technical Education & Training, Tamil Nadu and is certified member of the Institute of Engineers in tool design. He has been associated with the Company since July 1, 1995 and instrumental in developing in house IT which has resulted in enormous growth coupled with cost saving. He has more than 2 decades of experience in the IT field. He also heads the vehicle maintenance function in the Company.
Directorship held in other Listed Companies	None
Membership of Committee in other Listed Companies	None
Category	Executive Director – Whole time director
Relationship with other directors	Not related to any director
Shareholding in the Company as on 31st March 2019	2115 shares held jointly with spouse Mrs. Usha Ramanand Bhat (name of the latter appears as the first holder)
Shareholding in the Company as on 31st March 2019	Nil

<b>Name of Director: Dr. Ashok Shettar</b>	
DIN	07038714
Date of Birth	26/06/1958
Date of Initial Appointment	08/08/2015
Tenure of appointment	Retirement by rotation
Qualification	B.E. (Civil.) & Ph.D. in civil engineering
Expertise in Specific functional area	Dr. Ashok Shettar holds B.E. in Civil Engineering from Karnataka University, Dharwad and Ph.D. in Civil Engineering from Indian Institute of Science, Bengaluru. He was Former Member, Executive Council, Visvesvaraya Technological University, Belgaum and Former Member of Higher Education Council, Government of Karnataka. Presently he is member of the Indian Society for Technical Education as also the Vice Chancellor of KLE Technological University. In 2005 he got "Rotary Centennial" award for Professional Excellence Administrative and Teaching Experience. He has more than 3 decades of teaching experience at Undergraduate and Postgraduate Levels.
Directorship held in other Listed Companies	None
Membership of Committee in other Listed Companies	None
Category	Non-Executive Director
Relationship with other directors	Not related to any director
Shareholding in the Company as on 31st March 2019	Nil

<b>Name of Director: Mr. Anand Sankeshwar</b>	
DIN	00217773
Date of Birth	14/11/1974
Date of Initial Appointment	19/06/2007
Tenure of appointment	5 years
Qualification	B.Com
Expertise in Specific functional area	Managing Director and Promoter, supervises marketing operations and he is actively involved in the day-to-day affairs of the Company. He holds a Bachelor's Degree in commerce from Karnataka University, Dharwad. He has 24 years of experience in the transport industry. He has been awarded the 'Youth Icon' award in 2004 by Annual Business Communicators of India and 'Marketing Professional of the Year' in the year 2005 by the Indira Group of Companies. He was also awarded the Best 2nd Generation Entrepreneur by TiE Global, USA in 2010. He was honoured as an 'Inspirational leader of New India' at Singapore.
Directorship held in other Listed Companies	None
Membership of Committee in other Listed Companies	None
Category	Executive Director – Managing Director
Relationship with other directors	Related to Dr. Vijay Sankeshwar, Chairman & Managing Director
Shareholding in the Company as on 31st March 2019	3,12,65,250 equity shares

<b>Name of Director: Dr. Prabhakar Kore</b>	
DIN	00509836
Date of Birth	01/08/1947
Date of Initial Appointment	01/04/2014
Tenure of appointment	5 years
Qualification	B.Com
Expertise in Specific functional area	He is a member of the Parliament, the Chancellor of Karnataka Lingayat Education University and the Chairman of Karnataka Lingayat Education Society. He is a commerce graduate from Karnataka University and is involved in various activities such as Education, Agriculture, Co-operative endeavor, community building & politics. He is the recipient of several awards and recognitions such as "Life time achievement award for Education, Service & Commitment to Society by Veerashaiva Society of North America", "Suvarna Karnataka Rajyothsava Award" for outstanding contribution in the field of education by the Government of Karnataka & an Honorary Doctorate from the Karnataka University. He has over 42 years of experience in the industry.
Directorship held in other Listed Companies	None
Membership of Committee in other Listed Companies	None
Category	Independent Director
Relationship with other directors	Not related to any director
Shareholding in the Company as on 31st March 2019	Nil

<b>Name of Director: Mrs. Smriti Bellad</b>	
DIN	06732781
Date of Birth	19/09/1969
Date of Initial Appointment	03/11/2018
Tenure of appointment	5 years
Qualification	B.E (Computer Science)
Expertise in Specific functional area	She is actively engaged in managing her family business having interests in the automobile dealership and spares space and has a rich and diverse experience in this sector. She has also worked as a guest lecturer at Karnataka University, Dharwad from 1997 to 1999.
Directorship held in other Listed Companies	None
Membership of Committee in other Listed Companies	None
Category	Independent Director
Relationship with other directors	Not related to any director
Shareholding in the Company as on 31st March 2019	Nil

<b>Name of Director: Mr. Gurudas Narekuli</b>	
DIN	07950458
Date of Birth	27/07/1950
Date of Initial Appointment	01/04/2019
Tenure of appointment	5 years
Qualification	M.Com, CAIIB
Expertise in Specific functional area	He holds a post graduate degree in commerce from Karnataka University, Dharwad and is also a Certified Associate member of the Indian Institute of Bankers. He has more than 38 years of rich and diverse experience in the banking industry. He was working with Vijay Bank at an executive role and retired in the year 2010.
Directorship held in other Listed Companies	None
Membership of Committee in other Listed Companies	None
Category	Independent Director
Relationship with other directors	Not related to any director
Shareholding in the Company as on 31st March 2019	Nil

For other details such as the number of meetings of the board attended during the year, remuneration drawn in respect of above directors, please refer to the Corporate Governance Report which is a part of this Annual Report.

**By order of the Board of Directors  
Aniruddha Phadnavis  
Company Secretary & Compliance Officer  
Date: 16.07.2019  
Place: Hubballi**



### VRL LOGISTICS LIMITED

**Regd. Office: RS No. 351/1, Varur, Post Chabbi, Taluk Hubballi,  
District Dharwad, Hubballi (Karnataka) - 581 207**

**(18<sup>th</sup> KM, NH-4, Bengaluru Road, Varur)**

**Tel: 0836 2237613, Fax: 0836 2237614, Email: investors@vrllogistics.com**

**CIN: L60210KA1983PLC005247, Website: www.vrlgroup.in**

### Attendance Slip

Members attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 36th Annual General Meeting of the Company at 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) on 10th August 2019 at 4.00 pm.

Full Name	
Address	
Folio No.	
DP ID	
Client ID	
No. of Shares held	

I certify that I am the registered shareholder/proxy for the registered shareholder of the Company

.....  
Full name of the shareholder / proxy (in block letters)

.....  
Signature of shareholder / Proxy

Note:

1. Electronic copy of the Annual Report for FY 2018-19 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is being sent to all the shareholders whose email address is registered with the Company/Depository Participant unless any shareholder has requested for a hard copy of the same. Shareholders receiving electronic copy and attending the Annual General Meeting can print copy of this Attendance Slip.
2. Physical copy of the Annual Report for FY 2018-19 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all shareholders whose email ids are not registered with the Company or have requested for a hard copy.



### VRL LOGISTICS LIMITED

**Regd. Office: RS No. 351/1, Varur, Post Chabbi, Taluk Hubballi,  
District Dharwad, Hubballi (Karnataka) - 581 207  
(18<sup>th</sup> KM, NH-4, Bengaluru Road, Varur)**

**Tel: 0836 2237613, Fax: 0836 2237614, Email: investors@vrllogistics.com  
CIN: L60210KA1983PLC005247, Website: www.vrlgroup.in**

### PROXY FORM - MGT-11

**(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)**

CIN : L60210KA1983PLC005247

Name of the Company : VRL LOGISTICS LIMITED

Registered Office : RS, No.351/1, Varur Post Chabbi Taluk Hubballi, District Dharwad, Hubballi - 581207 India.  
(18th KM, NH- 4, Bengaluru Road, Varur)

Website: [www.vrlgroup.in](http://www.vrlgroup.in) Email: investors@vrllogistics.com

Name of the Member (s):.....

Registered address:.....

E-mail Id: ..... DP ID No. .....

Client ID No. .... Folio No:.....

I / We, being the member(s) of ..... Equity Shares of VRL Logistics Limited, hereby appoint

1. Name : .....

Address : .....

E-mail Id : .....

Signature : ..... , or failing him / her

2. Name: .....

Address: .....

E-mail Id: .....

Signature: ..... , or failing him / her

3. Name: .....

Address: .....

E-mail Id: .....

Signature: .....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 36th Annual General Meeting of the Company, to be held on the 10th August 2019 at 4.00 p.m. at the Registered Office of the Company and at any adjournment thereof, in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

SI.No	Resolutions	Optional*	
		For	Against
<b>Ordinary Business</b>			
1	Adoption of Audited Annual Accounts for the FY 2018-19 together with the Reports of Board of Directors and Auditors thereon		
2	Confirm the payment of interim dividend and declaration of Final Dividend at ₹ 2/- per share		
3	Appointment of Mr. L R Bhat, who retires by rotation, being eligible, offers himself for reappointment.		
4	Appointment of Dr. Ashok Shettar, who retires by rotation, being eligible, offers himself for reappointment.		
<b>Special Business</b>			
5	To re-appoint Mr. Anand Sankeshwar as a Managing Director		
6	To re-appoint Dr. Prabhakar Kore as an Independent Director		
7	To appoint Mrs. Smriti Bellad as an Independent Director		
8	To appoint Mr. Gurudas Narekuli as an Independent Director		
9	To approve the continuation of office by Dr. Vijay Sankeshwar after attaining the age of 70 years during his term of appointment		
10	To consider, approve and ratify the remuneration payable to M/s. S K Tikare & Co, Cost Accountants for FY 2019-20		

Affix Re.1  
Revenue  
Stamp  
here

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2019

Signature of Shareholder

Signature of Proxy Holder (s)

Note:

1. The Proxy to be effective should be deposited at the Registered office of the company not less than FORTY EIGHT HOURS before the commencement of the Meeting.
2. A Proxy need not be a member of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
4. The form of Proxy confers authority to demand or join in demanding a poll.
5. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
6. \* In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns "For" or "Against" as appropriate.

## INSTRUCTIONS AND OTHER INFORMATION RELATING TO REMOTE E-VOTING:

1. Please take note of the below:

- A. In case a Member receiving an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participant(s)]:
  - (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - (ii) Enter the login credentials (**i.e. User ID and Password mentioned above**). Your Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - (iii) After entering these details appropriately, Click on “LOGIN”.
  - (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - (v) You need to login again with the new credentials.
  - (vi) On successful login, the system will prompt you to select the “EVENT” i.e., VRL Logistics Limited.
  - (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off date under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially in “AGAINST” but the total number in “FOR/AGAINST” taken together should not exceed your total shareholding as mentioned hereinabove. You may also choose the option ABSTAIN. If the shareholder does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
  - (viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
  - (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
  - (x) You may then cast your vote by selecting an appropriate option and click on “Submit”.
  - (xi) A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on all the Resolution(s).
  - (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e mail ID: [cs\\_akshaysp@yahoo.com](mailto:cs_akshaysp@yahoo.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format “Corporate Name\_EVENT NO.” The documents should reach the Scrutinizer and such other person on or before 9th August 2019 at 5.00 P.M.
- B. In case of Members receiving physical copy of the AGM Notice by Courier [for Members whose email IDs are not registered with the Company/Depository Participant(s)]:
  - (i) User ID and initial password as provided above.
  - (ii) Please follow all steps from Sr.No. (i) to (xii) as mentioned in (A) above, to cast your vote.
- C. In case a person has become the Member of the Company after the dispatch of AGM Notice but on or before the cut-off date i.e. 3rd August 2019, may write to the Karvy on the email Id [evoting@karvy.com](mailto:evoting@karvy.com) or to Mrs. C Shobha Anand Contact No. 040-67162222 at Karvy Fintech Private Limited, Unit- VRL Logistics Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast the vote.

2. The remote e-voting period commences on 7th August 2019 at 9.00 a.m. and ends on 9th August 2019 at 5.00 p.m. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date, being 3rd August 2019, may cast their vote by electronic means in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not vote at the AGM.
3. The facility for voting through electronic means ('Insta Poll') shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through 'Insta Poll'.
4. The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
5. The Company has engaged the services of Karvy Fintech Private Limited ("Karvy") as the Agency to provide e-voting facility.
6. The Board of Directors of the Company has appointed Mr. Akshay Pachlag, Practicing Company Secretary as Scrutinizer to scrutinize the Insta Poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the said purpose.
7. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 3rd August 2019.
8. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e 3rd August 2019 only shall be entitled to avail the facility of remote e-voting / Insta Poll.
9. The remote e-voting facility will be available during the following period: Commencement of remote e-voting: From 9.00 a.m. (IST) on 7th August 2019 End of remote e-voting: Up to 5.00 p.m. (IST) on 9th August 2019. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.
10. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, will first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and will make, not later than 48 hours from the conclusion of the AGM, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairperson or a person authorised by him in writing who shall countersign the same. The Chairperson or a person authorised by him in writing will declare the result of voting forthwith.
11. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 10th August 2019.
12. The Results on resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
13. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company ([www.vrlgroup.in](http://www.vrlgroup.in)) and on Service Provider's website (<https://evoting.karvy.com>) and communication of the same would be made to the BSE Limited and the National Stock Exchange of India Limited within 48 hours from the conclusion of the AGM.

E-Voting event Number	User ID	Password

Note: Route Map to reach the Registered Office of the Company (AGM Venue) is annexed at the end of this report for convenience of the members.

## DIRECTORS' REPORT

Dear Members,

Your directors are pleased to present the thirty sixth annual report of your Company together with the audited financial statements for the financial year ended March 31, 2019.

### SUMMARY OF FINANCIAL RESULTS

(₹ in lakhs)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>Total Income</b>	<b>2,11,746.82</b>	<b>1,93,655.07</b>
Profit before Finance cost and Depreciation	25,191.92	24,846.44
Finance Costs	1,086.37	1,144.09
Depreciation & Amortization expense	10,058.09	9,763.42
<b>Profit Before Tax</b>	<b>14,047.46</b>	<b>13,938.93</b>
Tax Expense	4,855.85	4,682.51
<b>Net Profit After Tax</b>	<b>9,191.61</b>	<b>9,256.42</b>
Other comprehensive income	(288.34)	(186.01)
Total Comprehensive income	8,903.27	9,070.41
Basic & diluted Earning per Share (₹)	10.17	10.17

### OPERATING HIGHLIGHTS / STATE OF COMPANY'S AFFAIRS

During the year under consideration, your Company garnered gross revenues of ₹ 2,11,746.82 lakhs as against ₹1,93,655.07 lakhs for the earlier fiscal depicting a growth of 9.34 %. The Profit before tax (PBT) was ₹ 14,047.46 lakhs as against the Profit before tax of ₹ 13,938.93 lakhs in the previous year depicting growth rate of 0.78%.

While the Company's Goods Transport Division achieved a turnover of ₹1,68,601.88 lakhs registering a growth rate of 11.13% as compared to the previous year, Bus Operations division achieved a turnover of ₹38,032.74 lakhs registering a growth rate of 6.03%. A detailed financial performance analysis is provided in the Management Discussion & Analysis Report, which is part of this Annual Report.

### SHARE CAPITAL

The paid up equity share capital as at March 31, 2019 stood at ₹ 9,034.35 lakhs. There was no change in the paid up share capital during the fiscal.

The company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2019, none of the Directors of the company hold instruments convertible into equity shares of the Company.

### CHANGE IN THE NATURE OF BUSINESS

There is no change in nature of business of the Company. Your Company continues to be one of the leading Logistics service providers in the country. The service offering of the Company in the Logistics space are Goods transport, Passenger transport and Courier services apart from Transport of Passenger by Air and Wind Power Generation business.

### CAPITAL EXPENDITURE:

During the Financial year 2018-19, the company has incurred a capital expenditure of ₹18,022.04 lakhs. Out of the same, an amount of ₹8,158.35 lakhs was invested on purchase of land out of which ₹6,633.04 lakhs related to the upcoming transportation hub at Surat and ₹1,523.62 lakhs related to purchase of godown at Mangalore. ₹7,933.01 lakhs was invested in addition of new fleet, predominantly comprising of lorries. Other capex components include the cost incurred on additions to Buildings, Plant & Equipment, Office Equipment, Leasehold Improvements and Furniture & Fittings. Apart from the same the Company has also extended substantial advance for construction of transport infrastructure at Surat. including the same there was a total defrayment of ₹ 21,116.39 lakhs towards capital expenditure during the year.

### DIVIDEND:

During the Financial year 2018-19, your Board had declared and paid an interim dividend of ₹3.50/- per share. The Board further recommends a final dividend at the rate of ₹2.00/- per share for the fiscal. The said final dividend, if approved by the shareholders, would be paid within 30 days from the date of the ensuing Annual General Meeting of the Company.

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

## **TRANSFER OF UNPAID AND UNCLAIMED AMOUNT TO IEPF:**

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

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

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

## **TRANSFER TO RESERVES**

The Company has transferred an amount of ₹9,19.16 lakhs to the General Reserve out of current year's profits in line with earlier years.

## **SUBSIDIARY COMPANIES**

The Company does not have any subsidiary.

## **FIXED DEPOSITS**

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

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013. Details of investments made by the company are given in the notes to the financial statements.

## **CREDIT RATING**

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

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

## **BUSINESS RESPONSIBILITY REPORT**

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

## **CORPORATE GOVERNANCE**

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

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

## **BOARD 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 Independent 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, 2019, the Board comprised of twelve directors. Out of these, two are Managing Directors who are also the Promoters of the Company and two are Whole Time Directors, the others being Non-Executive Directors.

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

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

All Independent Directors have given due declarations that they meet the criteria of independence as laid down under section 149(7) of the Companies Act, 2013 and under extant provisions of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors.

### **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 requirements stipulated under the provisions of the Companies Act, 2013.

### **COMMITTEES OF THE BOARD**

The Board has the following committees:

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

The Board has accepted all recommendations made by the Audit Committee during the year.

### **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

#### **a) Inductions**

At the Board meeting held on November 03, 2018, Mrs. Smriti Bellad was appointed as an Independent Director, subject to approval of shareholders at the 36th Annual General Meeting, the said appointment being for a period of 5 years w.e.f. November 03, 2018.

Board at its meeting held on February 09, 2019, appointed Mr. Gurudas Narekuli as an Independent Director, subject to approval of shareholders at the 36th Annual General Meeting, the said appointment being for a period of 5 years w.e.f. April 01, 2019.

Being Independent Directors, both the directors are not liable to retire by rotation. These appointments were based on the recommendation of Nomination and Remuneration Committee.

#### **b) Retirement/Re-appointment**

Mr. Ramanand Bhat, Whole-time Director and Dr. Ashok Shettar, Non-Executive Director, retire by rotation owing to their tenure being the longest amongst retiring directors and being eligible, offer themselves for reappointment. The Board recommends their re-appointment.

Based on the recommendation of Nomination and Remuneration Committee, Board at its meeting held on February 09, 2019 re-appointed Mr. Anand Sankeshwar as a Managing Director for further period of 5 years w.e.f. April 01, 2019 subject to approval of shareholders on such terms and conditions as detailed in the Notice of the Annual General Meeting.

Dr. Prabhakar Kore, Independent Director was appointed w.e.f. April 01, 2014 and his term concluded on March 31, 2019. Based on the recommendation of Nomination and Remuneration Committee, Board at its meeting held on February 09, 2019 re-appointed him for a second term of 5 years w.e.f. April 01, 2019 subject to approval of shareholders by Special Resolution at the ensuing General Meeting. Detailed reasons as required under the Companies Act, 2013, have been set out in the Notice of the Annual General Meeting.

Mr. J S Korlahalli, Independent Director was appointed w.e.f. April 01, 2014 and his term concluded on March 31, 2019. He expressed his unwillingness to be considered for re-appointment citing age related reasons. As such he ceased to be Director of the Company w.e.f. March 31, 2019. The Board places on record its appreciation for his support and invaluable contribution in the functioning of the Board.

#### **c) Resignation**

During the year under review, the Company was in receipt of resignation from Mr. C. Karunakara Shetty, Independent Director of the Company citing personal reasons and he had requested the Board to relieve him from directorship w.e.f. November 03, 2018. He confirmed that there are no material reasons for his resignation. The Board at the meeting held on November 03, 2018 accepted his resignation and placed on record its appreciation for his support and invaluable contribution in the functioning of the Board.

#### d) Continuation of employment and passing of Special Resolutions

In terms of Section 196 of the Companies Act, 2013, Company needs to get shareholders' approval by Special Resolution to continue the appointment of Managing Director who has attained the age of 70 years. Dr. Vijay Sankeshwar, Chairman and Managing Director would be attaining the age of 70 years in the next financial year and members are requested to pass a special resolution to enable the continuation of his services after his attaining the age of 70 years. Detailed reasons as required under the Companies Act, 2013, have been set out in the Notice of the Annual General Meeting.

SEBI has amended the SEBI Listing Regulations whereby remuneration in excess of 2.5% of net profits, as computed under Section 198 of the Companies Act, 2013, can be paid to Directors who are promoters or belong to the promoter group, subject to approval of shareholders by way of a special resolution. Though your Board believes that the present day remuneration would be within such limits, it is proposed that approval of the members by of a Special Resolution be obtained to ensure continued compliance with the said Regulations.

#### KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel (KMP) of the Company are Dr. Vijay Sankeshwar, Chairman and Managing Director, Mr. Anand Sankeshwar, Managing Director, Mr. K N Umesh, Whole time Director, Mr. L R Bhat, Whole time Director, Mr. Sunil Nalavadi, Chief Financial Officer and Mr. Aniruddha Phadnavis, Company Secretary. There was no change in Key Managerial Personnel of the Company during the year.

#### STATUTORY DISCLOSURES

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

#### BOARD EVALUATION

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

#### BOARD DIVERSITY

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

[http://vrlgroup.in/vrl\\_investor\\_desk.aspx?display=policies](http://vrlgroup.in/vrl_investor_desk.aspx?display=policies)

#### DIRECTOR'S RESPONSIBILITY STATEMENT

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

- i) In the preparation of the annual accounts, the applicable accounting standards (IndAS) have been followed along with proper explanation relating to material departures.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The directors have prepared the annual accounts on a going concern basis.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls established and maintained by the Company, work performed by the internal, statutory and secretarial auditors, reviews performed by the management and the relevant Board Committees, the Board, in concurrence with the Audit Committee, is of the opinion that the Company's internal financial controls were adequate, operational and effective as on March 31, 2019.

## **RELATED PARTY TRANSACTIONS:**

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

All Related Party Transactions are placed before the Audit Committee Omnibus approval was obtained semi annually for transactions which are repetitive in 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](http://vrlgroup.in/investor_download/RPT%20Policy.pdf)

There were no material significant related party transactions entered between the Company, Directors, management, or their relatives. All the contracts/arrangements/transactions entered into by the Company with the related parties during the financial year 2018-19 were in the ordinary course of business and at an arm's length. In our opinion there were no "material" transactions that warrant a disclosure in this report.

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

## **NOMINATION AND REMUNERATION POLICY**

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

[http://vrlgroup.in/investor\\_download/Nomination\\_Remuneration%20Policy.pdf](http://vrlgroup.in/investor_download/Nomination_Remuneration%20Policy.pdf)

## **CODE OF CONDUCT**

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

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has a Vigil Mechanism Policy to deal with instances of fraud and mismanagement, if any. Staying true to our core values being committed to high standards of Corporate Governance and stakeholder responsibility, the said policy ensures that strict confidentiality is maintained in respect of whistle blowers whilst dealing with concerns and also specifies 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 had 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](http://vrlgroup.in/investor_download/vigil_Mechanism.pdf)

## **PREVENTION OF INSIDER TRADING**

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

Board at its meeting held on February 09, 2019 revised the said policy to encompass the regulatory changes as also formulated the new policies in relation to "Policy for determination of Legitimate Purposes" and 'Policy and Procedure of Inquiry in case of Leak or Suspected Leak of UPSI'. Board at its meeting held on May 18, 2019, made changes to the policy in terms of Circulars issued by the Stock Exchanges to ensure that trading window closure commences immediately after the closure of every

quarter and concludes only after 48 hours from the Board meeting wherein the financial results for the respective quarter are approved.

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

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Board of the Company has 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 provide for means to minimize / mitigate the risks affecting the business of the Company as a whole. Auditors, as required under the Companies Act 2013, have also certified that these internal financial controls are in order and efficient in mitigating the risks.

The Company's internal audit department enables the Management to mitigate the risks and prevent non-compliance with 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 the locations of the Company. Based on the internal audit report from time to time, the management undertakes corrective actions in their deficient areas and thereby strengthen controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee.

### **BUSINESS RISK MANAGEMENT**

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

The Audit Committee (Earlier Named as Audit and Risk Management Committee) on a regular basis, reviewed the Company's portfolio of risks and examines it under the light of the Company's Risk Appetite. The Board at its meeting held on February 09, 2019, constituted a separate Risk Management Committee in accordance with Regulation 21 of SEBI Listing Regulations, 2015. The composition, terms of reference and role of the committee is enumerated under the Corporate Governance report which forms 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](http://vrlgroup.in/investor_download/Risk%20Management%20Policy.pdf)

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

The Company's Equity Shares are listed on the BSE and NSE and the Company has paid its Annual listing fees to these stock exchanges for the Financial Year 2019-2020. The Company has also formulated the following Policies as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

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

The said policy can be accessed at the following link:

[http://vrlgroup.in/vrl\\_investor\\_desk.aspx?display=policies](http://vrlgroup.in/vrl_investor_desk.aspx?display=policies)

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

The said policy can be accessed at the following link:

[http://vrlgroup.in/vrl\\_investor\\_desk.aspx?display=policies](http://vrlgroup.in/vrl_investor_desk.aspx?display=policies)

### **AUDITORS & AUDIT REPORTS**

#### **a) Statutory Auditors & Audit Report:**

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

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

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for the financial year ended March 31, 2019. 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 category prescribed in the Rules to undertake a Cost Audit. In compliance with said provision, Company had appointed M/s S.K. Tikare & Co., Cost Accountants, Belagavi to audit the cost records for FY 2018-19. The Cost Auditor has submitted the Cost Audit report for FY 2018-19 and the same is annexed as Annexure C herewith.

There are no qualifications, reservations or adverse remarks made by the Cost Auditors in their report for the financial year ended March 31, 2019.

Pursuant to the recommendation of the Audit Committee, the Board of Directors have re-appointed M/s S K Tikare & Co., Cost Accountants, Belagavi as the Cost Auditors for FY 2019-20 at a fixed remuneration of ₹65,000/-, excluding applicable taxes, subject to ratification by the members at the ensuing Annual General Meeting 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 2018-19. The Secretarial Audit report is annexed herewith as Annexure D.

There are no qualifications made by the Secretarial Auditor in his report for the financial year ended March 31, 2019. Response to the comment made by the Secretarial Auditor in respect of the Company not fully expending the requisite quantum of CSR spend during the year as required under Section 135 of the Companies Act 2013 is given in Annual Report on CSR activities – Annexure E.

Pursuant to the recommendation of the Audit Committee, the Board of Directors have re-appointed Mr. R Parthasarathi, Company Secretary in Practice to conduct the Secretarial Audit for FY 2019-20 at its meeting held on May 18, 2019.

### **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

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

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

[http://vrlgroup.in/investor\\_download/CSR%20POLICY.pdf](http://vrlgroup.in/investor_download/CSR%20POLICY.pdf)

### **EXTRACT OF ANNUAL RETURN**

Extract of the Annual Return in form MGT-9 is annexed herewith as Annexure F. The same can be accessed at our website [www.vrlgroup.in](http://www.vrlgroup.in).

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

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

### **PARTICULARS OF EMPLOYEES**

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

A statement containing top ten employees in terms of remuneration and the names of every employee who was in employment of the Company throughout the year and was in receipt of annual remuneration of ₹102 Lakhs or more or employed for a

part of year and was in receipt of ₹8.50 lakhs or more per month needs to be disclosed in the Board's report. As such the information is annexed as Annexure H to this report.

#### **COMPLIANCE WITH SECRETARIAL STANDARDS**

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

#### **MATERIAL CHANGES AND COMMITMENTS**

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

#### **INDUSTRIAL RELATIONS**

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

#### **SIGNIFICANT AND MATERIAL ORDERS**

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

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

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

No. of complaints filed during the year	No. of complaints disposed off during the year	No. of complaints pending
Nil	Nil	Nil

#### **ACKNOWLEDGMENTS AND APPRECIATION**

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

**For and on behalf of the Board**

**Dr. Vijay Sankeshwar  
Chairman & Managing Director  
DIN: 00217714**

Place: Hubballi  
Date: 18<sup>th</sup> May 2019

**Annexure A**  
**DIVIDEND DISTRIBUTION POLICY**

**1. PREAMBLE**

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

**2. OBJECTIVE**

The Key Objectives of the Committee would be:

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

**3. APPLICABILITY:**

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

The Board of Directors reserves the right to modify this policy to accommodate the preference shares or make separate policy for preference shares or any other security in accordance with applicable provisions of the Companies Act, 2013 read with rules made there under as and when it deems fit and necessary or as and when it is statutorily required to the company.

The policy set out herein relates to final as well as Interim Dividend as may be proposed / recommended or declared by the Board from time to time.

**4. SCOPE, LAW, RULES AND REGULATIONS:**

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

Other applicable Acts and guidelines include:

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

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

**5. DECLARATION AND PAYMENT OF DIVIDEND**

**5.1 CIRCUMSTANCES UNDER WHICH DIVIDEND IS DECLARED**

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

**a) Adequate Profits:**

The Company shall declare dividends for a financial year out of the profits of the company for that year or out of the profits of the company for any previous financial year or years after providing for depreciation in accordance with applicable laws. The Company has a practice of paying dividend and has been consistently declaring and paying dividend for the previous

5 years. The Company reserves the right to declare interim dividend during any financial year out of the surplus in the profit and loss account and out of the profits of the financial year in which such interim dividend is sought to be declared.

**b) In-adequate Profits:**

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

- (a) The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by the Company in the three years immediately preceding that year.
- (b) The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid-up share capital and free reserves of the Company as appearing in the latest audited financial statement.
- (c) The amount so drawn shall first be utilized to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.
- (d) The balance of reserves after such withdrawal shall not fall below fifteen per cent of the Company's paid up share capital as appearing in the latest audited financial statement.
- (e) The Company shall not declare the dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the Company of the current year. Further, in the event the Company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the Company during the immediately preceding three financial years.

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

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

## **5.2 FINANCIAL PARAMETERS OR FACTORS DETERMINING DIVIDEND**

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

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

## **5.3 USAGE OF RETAINED EARNINGS**

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

## **5.4 PERSONS ENTITLED TO RECEIVE DIVIDENDS**

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

## **5.5 PROCEDURE FOR PAYMENT OF DIVIDEND**

- Company shall declare and disclose the dividend on per share basis only in terms of Regulation 43 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Section 91 of Companies Act, 2013.

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

## **6. TAXATION**

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

## **7. UNCLAIMED DIVIDEND**

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

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

#### **8. AMENDMENTS TO THE POLICY:**

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

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

**Annexure B**  
**NOMINATION AND REMUNERATION POLICY**

**I. PREAMBLE**

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company has already constituted Remuneration Committee as required under the said laws. In order to align with the provisions of the Companies Act, 2013 and the Listing Agreement as amended from time to time, the Board on 26 August 2014 changed the nomenclature of the "Remuneration Committee" to "Nomination and Remuneration 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 applicable provisions of SEBI 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 / SEBI Listing Regulations.
- (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 SEBI 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, SEBI 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, if any, 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 P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
    2. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
    3. Provisions for excess remuneration: If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
  - **Remuneration to Non-Executive / Independent Director:**
    1. Remuneration / Commission: The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
    2. Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
    3. Limit of Remuneration /Commission: Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
    4. Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

#### **XV. MINUTES OF COMMITTEE MEETING**

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

#### **XVI. DEVIATIONS FROM THIS POLICY**

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

#### **XVII. AMENDMENTS TO THE POLICY**

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

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

We, S. K. Tikare & Co. Cost Accountants, having been appointed as Cost Auditors under Section 148(3) of the Companies Act, 2013 of VRL LOGISTICS LIMITED having its registered office at 18th KM, Bangalore Road, NH 4, Varur, Hubballi 581207 (hereinafter referred to as company) have audited the books of Cost Records maintained under section 148 of the said Act, in compliance with the Cost Auditing Standards Records in respect of Wind Power Division, Product Group No 2008 for the year 2018-19 (April 2018 to March 2019) maintained by the company and report,

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of this audit;
- (ii) In our opinion proper cost records, as per Rule 5 of the Companies (Cost Records and Audit) Amendment Rules, 2014 have been maintained by the company in respect of the product(s)/ service (s) under reference.
- (iii) In our opinion proper returns adequate for the purpose of Cost Audit have been received from the branches not visited by us;
- (iv) In our opinion and to the best our information, the said books and records give the information required by the Companies Act, 2013 in the manner so required;
- (v) In our opinion, the company has adequate system of internal audit of cost records which to our opinion is commensurate to its nature and size of its business.
- (vi) In our opinion, information, statements in the annexure to this cost audit report gives a true and fair view of the cost of production of product(s)/rendering of services, cost of sales, margin and other information relating to the product(s)/service(s) under reference.
- (vii) Detailed unit-wise and product/service wise cost statements and schedules thereto in respect of the product/services under reference of the Company duly audited and Certified by us are kept in the company.

**Date : 18<sup>th</sup> May, 2019**

**Place : Belgaum**

**Signature & Seal of the Cost Auditor**

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

**Annexure D****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31st MARCH 2019****(Form MR-3)**

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

To,

The Members,

VRL Logistics Limited

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

Based on my verification of the VRL Logistics Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March,2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by VRL Logistics Limited ("the Company") for the financial year ended on 31st March,2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as ;
  - (c) The Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.
  - (d) 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, Buy-Back of Equity Shares, and therefore the following regulations are not applicable:-

- (a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (c) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013
- (d) The Securities and Exchange Board of India (Buy-Back of Securities ) Regulations,2018; and

- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009(SEBI ICDR Regulations, up to September 10,2018 And SEBI ICDR Regulations,2018 w.e.f September 11,2018

(vi) Other laws applicable as per the representations made by the management;

- Carriage by Road Act 2007,
- Motor Vehicles Act, 1988
- The Aircraft Act, 1934
- The Carriage by Air Act 1972
- The Electricity Act, 2003
- The Petroleum Act 1934
- The Food Safety and Standards Act 2006
- Consumer Protection Act 1986

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

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

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

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

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

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

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

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

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

I further report that during the audit period,

- (a) The Company has communicated to stock exchange regarding change in record date and public announcement has since been made relating to the same;
- (b) There are some continuing civil/criminal proceedings pending disposal with appropriate authorities/ courts and the same is not likely to have a major bearing on the Affairs of the Company.

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

**Place : Bangalore**

**Date : 18-05-2019**

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

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**'Annexure A' to the Secretarial Audit Report**

To,  
The Members,  
VRL Logistics Limited.,  
R S 351/1, 17<sup>th</sup> 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 : 18-05-2019**

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

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

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

The CSR policy of the Company is hosted on the website of the Company and can be accessed at the below link –  
[http://www.vrlgroup.in/investor\\_download/CSR%20POLICY.pdf](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 line with the contents of Schedule VII of the Companies Act, 2013. The trust has also received recognition as a Charitable Trust under Section 12A of the Income Tax Act 1961.

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

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

**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
Mrs. Medha Pawar	Member
Mr. Raghottam Akamanchi	Member

Note: - Mr. Karunakara Shetty has resigned from the Committee w.e.f. November 3, 2018 and Mr. Raghottam Akamanchi was inducted as a member of the Committee.

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

The average net profits for the last three financial years computed as stated under Section 135 of the said act is ₹13,443.97 Lakhs.

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

As stipulated under the Companies Act, 2013, the prescribed CSR expenditure i.e 2 % of the amount as in item no.3 above comes to ₹ 268.88 lakhs.

##### **5. Details of CSR spent during the financial year:**

- Total amount to be spent for the Financial Year - ₹268.88 lakhs
- Amount Spent - ₹166.95 lakhs
- Amount unspent - ₹101.93 lakhs
- Manner in which the amount spent during the financial year is detailed below:

(₹ in Lakhs)

Sl. No.	CSR Project or activity identified	Sector in which project is covered	Projects or programs - State / Union territories where the project / program undertaken	Projects or programs - specify the district where the project / program undertaken	Amount outlay (Budget) project or programs wise	Amount spent on project or programs	Expenditure on administration overheads *	Mode of amount spent
1.	VRL Foundation – Contribution towards Corpus fund	Health & Education	Karnataka	Multiple districts	81.50	81.50	Not quantified	Corpus contribution
2.	TATA Mumbai Marathon (TMM-2018) under flagship of ISHA Foundation)	Sports	Maharashtra	Mumbai	NA	1.00		Project contribution
3.	Aptekar Sports Foundation	Sports/ Healthcare	Karnataka	Belagavi	16.85	4.00		Project contribution
4.	Global Business School	Education	Karnataka	Dharwad	7.40	1.00		Sponsorship of Seminar
5.	Christ University Trust	Education	Karnataka	Bengaluru	NA	2.95		Scholarship to students
6.	Govandi Education Society	Education	Maharastra	Mumbai	NA	10.00		Project contribution
7.	Yatiraj Education Society	Education	Karnataka	Kalaburgi	38.00	10.00		Project contribution
8.	Keralathinu M Oru Kaithangu	Flood Relief activities	Kerala	Flood affected Areas in Kerala	NA	5.00		Project contribution
9.	Srimad Vibhuthipura Veerasimhasana Samsthana Math	Education	Karnataka	Bengaluru	35.00	10.00		Project Contribution
10.	Samarthanam Trust for Disabled	Education	Karnataka	Bengaluru	24.00	10.00		Project Contribution
11.	Sri Sri Karirushabha Deshikendra Nonavinkere	Education	Karnataka	Bengaluru	30.00	20.00		Project Contribution
12.	Athreya Sports Academy	Sports	Karnataka	Dharwad	4.80	1.50		Sports Encouragement
13.	Bharatiya Govansha Rakshan Samvardhan Parishad	Animal welfare	Maharastra	Nagpur	NA	10.00		Project Contribution
<b>Total</b>					<b>NA</b>	<b>166.95</b>		

\* As a matter of policy we have decided not to quantify the administrative overheads attributable to these activities. Were we to consider the same a significant addition to the actual CSR spend would be visible.

#### **6. Reason for not expending prescribed amount to be specified**

The CSR committee of the Board has laid down the policy and has laid down guidelines for undertaking suitable projects to the Trustees of VRL Foundation. Your Company also participates / contributes directly to projects on merit basis. VRL Foundation participated in projects relevant to education, sports and healthcare. It has also extended support to several needy educational institutions for infrastructure development etc. Such defrayment 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 positively 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 18, 2019**

**Dr. Prabhakar Kore**  
**Chairman - CSR Committee**  
**(DIN: 00509836)**  
**Place: Hubballi**  
**Date: May 18, 2019**

**Annexure F**
**FORM NO. MGT 9**
**EXTRACT OF ANNUAL RETURN**
**Financial year ended on 31.03.2019**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (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 FINTECH PVT LIMITED (Unit: VRL Logistics Limited) Tower B, Plot No. 31 & 31, Karvy Selenium, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032 <b>U67200TG2017PTC117649</b> Telephone: +91-40-23312454 Fax: +91-40-23311968 Email: einward.ris@karvy.com Website: www.karvyfintech.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	78.82
2	Passenger Transportation	49231	18.67

**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-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	61480000	-	61480000	68.05	61480000	-	61480000	68.05	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>(2) Foreign - Promotors</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	<b>61480000</b>	-	<b>61480000</b>	<b>68.05</b>	<b>61480000</b>	-	<b>61480000</b>	<b>68.05</b>	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	10629313	-	10629313	11.77	17510393	-	17510393	19.38	7.62
b) Banks / FI	28618	-	28618	0.03	40313	-	40313	0.04	0.01
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs/FPIs	10866930	-	10866930	12.03	5341806	-	5341806	5.91	-6.12
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Alternative Investment Fund)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>21524861</b>	-	<b>21524861</b>	<b>23.83</b>	<b>22892512</b>	-	<b>22892512</b>	<b>25.33</b>	<b>1.51</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	1927165	-	1927165	2.13	871253	-	871253	0.97	-1.17
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-

b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	4228392	56	4228448	4.68	3943803	56	3943859	4.37	-0.32
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	624217	-	624217	0.69	654272	-	654272	0.72	0.03
c) Others (specify) NBFCs Registered with RBI	86283	-	86283	0.10	24040	-	24040	0.03	-0.07
Non Resident Indians	330262	-	330262	0.37	307942	-	307942	0.34	-0.03
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	34605	-	34605	0.03	28577	-	28577	0.03	-
Trusts	684	-	684	0.00	365	-	365	0.00	-
Alternative Investment Fund	106970	-	106970	0.12	140675	-	140675	0.16	0.15
<b>Sub-total (B)(2):-</b>	<b>7338578</b>	<b>56</b>	<b>7338634</b>	<b>8.12</b>	<b>5970927</b>	<b>56</b>	<b>5970983</b>	<b>6.62</b>	<b>-1.51</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>28863439</b>	<b>56</b>	<b>28863495</b>	<b>31.95</b>	<b>28863439</b>	<b>56</b>	<b>28863495</b>	<b>31.95</b>	<b>-</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>90343439</b>	<b>56</b>	<b>90343495</b>	<b>100</b>	<b>90343439</b>	<b>56</b>	<b>90343495</b>	<b>100</b>	<b>--</b>

## 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	29792000	32.97	0	29792000	32.97	0	--
2	Mr. Anand Sankeshwar	31265250	34.60	0	31265250	34.60	0	--

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

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	61480000	68.05	61480000	68.05
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	61480000	68.05
At the end of the year	61480000	68.05	61480000	68.05

Note:- – Promoters' Shareholdings includes Promoters Group Shareholding

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

SL No	Name of the Share Holder	Type	Share-holding at the beginning of the Year	% of share holding	Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	% of share holding at the end of financial year
1	Reliance Capital Trustee Co Ltd.A/C Reliance Large	Opening Balance	2343962	2.59	31/03/2018			2343962	2.59
					06/04/2018	104558	Purchase	2448520	2.71
					20/04/2018	100000	Purchase	2548520	2.82
					08/06/2018	1738000	Purchase	4286520	4.74
					15/06/2018	860000	Purchase	5146520	5.70
					29/06/2018	153800	Purchase	5300320	5.87
					06/07/2018	100000	Purchase	5400320	5.98
					13/07/2018	48000	Purchase	5448320	6.03
					20/07/2018	113500	Purchase	5561820	6.16
					27/07/2018	13193	Purchase	5575013	6.17
					14/09/2018	39732	Purchase	5614745	6.21
					21/09/2018	50000	Purchase	5664745	6.27
					28/09/2018	36000	Purchase	5700745	6.31
					05/10/2018	100000	Purchase	5800745	6.42
					12/10/2018	15200	Purchase	5815945	6.44
					02/11/2018	102720	Purchase	5918665	6.55
					15/02/2019	9000	Purchase	5927665	6.56
					01/03/2019	698000	Purchase	6625665	7.33
					15/03/2019	218649	Purchase	6844314	7.58
					22/03/2019	1095	Purchase	6845409	7.58
					29/03/2019	100000	Purchase	6945409	7.69
					30/03/2019			6945409	7.69

2	ICICI Prudential Business Cycle Fund Series 1	Opening Balance	3708897	4.11	31/03/2018			3708897	4.11
					20/04/2018	27643	Purchase	3736540	4.14
					25/05/2018	72884	Purchase	3809424	4.22
					01/06/2018	92433	Purchase	3901857	4.32
					08/06/2018	30000	Purchase	3931857	4.35
					29/06/2018	66292	Purchase	3998149	4.43
					20/07/2018	-1775	Sale	3996374	4.42
					03/08/2018	-13813	Sale	3982561	4.41
					10/08/2018	-87807	Sale	3894754	4.31
					17/08/2018	-4826	Sale	3889928	4.31
					14/09/2018	-11	Sale	3889917	4.31
					21/09/2018	-19197	Sale	3870720	4.28
					28/09/2018	215585	Purchase	4086305	4.52
					28/09/2018	-39456	Sale	4046849	4.48
					05/10/2018	206016	Purchase	4252865	4.71
					05/10/2018	-179194	Sale	4073671	4.51
					12/10/2018	28263	Purchase	4101934	4.54
					19/10/2018	185660	Purchase	4287594	4.75
					26/10/2018	105195	Purchase	4392789	4.86
					01/02/2019	34216	Purchase	4427005	4.90
					22/03/2019	-108167	Sale	4318838	4.78
					29/03/2019	-41795	Sale	4277043	4.73
					30/03/2019			4277043	4.73
		Closing Balance							

3	IDFC Equity Opportunities Fund - Series 4	Opening Balance	2025000	2.24	31/03/2018			2025000	2.24
					06/04/2018	125000	Purchase	2150000	2.38
					13/04/2018	145000	Purchase	2295000	2.54
					20/04/2018	11620	Purchase	2306620	2.55
					04/05/2018	13380	Purchase	2320000	2.57
					11/05/2018	7620	Purchase	2327620	2.58
					18/05/2018	12380	Purchase	2340000	2.59
					25/05/2018	15000	Purchase	2355000	2.61
					01/06/2018	10000	Purchase	2365000	2.62
					15/06/2018	115000	Purchase	2480000	2.75
					29/06/2018	20000	Purchase	2500000	2.77
					06/07/2018	70000	Purchase	2570000	2.84
					27/07/2018	5000	Purchase	2575000	2.85
					03/08/2018	15000	Purchase	2590000	2.87
					10/08/2018	5000	Purchase	2595000	2.87
					24/08/2018	5000	Purchase	2600000	2.88
					31/08/2018	30000	Purchase	2630000	2.91
					21/09/2018	55000	Purchase	2685000	2.97
					16/11/2018	25000	Purchase	2710000	3.00
					23/11/2018	20000	Purchase	2730000	3.02
					07/12/2018	23393	Purchase	2753393	3.05
					07/12/2018	-763	Sale	2752630	3.05
					14/12/2018	15384	Purchase	2768014	3.06
					21/12/2018	5675	Purchase	2773689	3.07
					28/12/2018	15548	Purchase	2789237	3.09
					04/01/2019	15000	Purchase	2804237	3.10
					18/01/2019	20000	Purchase	2824237	3.13
					25/01/2019	10000	Purchase	2834237	3.14
					08/02/2019	10000	Purchase	2844237	3.15
					15/02/2019	2606	Purchase	2846843	3.15
					22/02/2019	7394	Purchase	2854237	3.16
					08/03/2019	10000	Purchase	2864237	3.17
					15/03/2019	15000	Purchase	2879237	3.19
					22/03/2019	40000	Purchase	2919237	3.23
					29/03/2019	37843	Purchase	2957080	3.27
		Closing Balance			30/03/2019			2957080	3.27
4	Goldman Sachs India Limited	Opening Balance	2204660	2.44	31/03/2018			2204660	2.44
					12/10/2018	-112301	Sale	2092359	2.32
					19/10/2018	-103150	Sale	1989209	2.20
					26/10/2018	-45982	Sale	1943227	2.15
					30/03/2019			1943227	2.15
		Closing Balance							

5	HDFC Trustee Company Ltd. A/C Hdfc Capital Builder	Opening Balance	0	0.00	31/03/2018			0	0.00		
					29/06/2018	112000	Purchase	112000	0.12		
					03/08/2018	75500	Purchase	187500	0.21		
					24/08/2018	100000	Purchase	287500	0.32		
					31/08/2018	725000	Purchase	1012500	1.12		
					14/09/2018	200000	Purchase	1212500	1.34		
					28/09/2018	22000	Purchase	1234500	1.37		
					05/10/2018	147100	Purchase	1381600	1.53		
					12/10/2018	100000	Purchase	1481600	1.64		
					02/11/2018	100000	Purchase	1581600	1.75		
					22/02/2019	95000	Purchase	1676600	1.86		
					01/03/2019	85000	Purchase	1761600	1.95		
					08/03/2019	48000	Purchase	1809600	2.00		
					30/03/2019			1809600	2.00		
6	UTI Infrastructure Fund	Opening Balance	799749	0.89	31/03/2018			799749	0.89		
					20/04/2018	-9075	Sale	790674	0.88		
		Closing Balance			24/08/2018	-19000	Sale	771674	0.85		
					30/03/2019			771674	0.85		
7	The Master Trust Bank Of Japan, Ltd. As Trustee Of	Opening Balance	0	0.00	31/03/2018			0	0.00		
					27/04/2018	40361	Purchase	40361	0.04		
					04/05/2018	5958	Purchase	46319	0.05		
					11/05/2018	6758	Purchase	53077	0.06		
					18/05/2018	19857	Purchase	72934	0.08		
					25/05/2018	43661	Purchase	116595	0.13		
					01/06/2018	113000	Purchase	229595	0.25		
					15/06/2018	107800	Purchase	337395	0.37		
					22/06/2018	96764	Purchase	434159	0.48		
					29/06/2018	27837	Purchase	461996	0.51		
					06/07/2018	42681	Purchase	504677	0.56		
					13/07/2018	23681	Purchase	528358	0.58		
					20/07/2018	130639	Purchase	658997	0.73		
					14/09/2018	75543	Purchase	734540	0.81		
					30/03/2019			734540	0.81		
		Closing Balance			31/03/2018			0	0.00		
					02/11/2018	706009	Purchase	706009	0.78		
					30/03/2019			706009	0.78		
8	AB SICAV I - India Growth Portfolio	Opening Balance	0	0.00	31/03/2018			0	0.00		
					02/11/2018	706009	Purchase	706009	0.78		
					30/03/2019			706009	0.78		
		Closing Balance			31/03/2018			143545	0.16		
					13/04/2018	495000	Purchase	638545	0.71		
					24/08/2018	-15200	Sale	623345	0.69		
					21/09/2018	-15758	Sale	607587	0.67		
					05/10/2018	-9000	Sale	598587	0.66		
9	Aditya Birla Sun Life Trustee Private Limited A/C	Opening Balance	143545	0.16	04/01/2019	-10000	Sale	588587	0.65		
					30/03/2019			588587	0.65		

10	Emerging Markets Core Equity Portfolio (The Portfo	Opening Balance	320675	0.35	31/03/2018			320675	0.35
					20/04/2018	1979	Purchase	322654	0.36
					27/04/2018	15736	Purchase	338390	0.37
					11/05/2018	8629	Purchase	347019	0.38
					18/05/2018	10732	Purchase	357751	0.40
					25/05/2018	3212	Purchase	360963	0.40
					15/06/2018	7055	Purchase	368018	0.41
					22/06/2018	3489	Purchase	371507	0.41
					06/07/2018	2661	Purchase	374168	0.41
					13/07/2018	10564	Purchase	384732	0.43
					20/07/2018	17756	Purchase	402488	0.45
					03/08/2018	11429	Purchase	413917	0.46
					10/08/2018	2818	Purchase	416735	0.46
					01/03/2019	4989	Purchase	421724	0.47
		Closing Balance			30/03/2019			421724	0.47

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	29792000	32.97	-	-	29792000	32.97
2	Mr. Anand Sankeshwar	31265250	34.60	-	-	31265250	34.60
3	Mr. L R Bhat (jointly held with spouse)	2115	0.002	-	-	2115	0.002
4	Mr. K.N.Umesh	1750	0.002	-	-	1750	0.002
<b>Total</b>		<b>61061115</b>	<b>67.59</b>	-	-	<b>61061115</b>	<b>67.59</b>

Note:-

None of the other Directors or KMPs holds 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 exclu- ding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	8116.70	Nil	Nil	8116.70
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	12.69	Nil	Nil	12.69
<b>Total (i+ii+iii)</b>	<b>8129.39</b>	Nil	Nil	<b>8129.39</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	11320.91	Nil	Nil	11320.91
* Reduction	5369.92	Nil	Nil	5369.92
<b>Net Change</b>	<b>5950.99</b>	<b>Nil</b>	<b>Nil</b>	<b>5950.99</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	14067.69	Nil	Nil	14067.69
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	72.22	Nil	Nil	72.22
<b>Total (i+ii+iii)</b>	<b>14139.91</b>	Nil	Nil	<b>14139.91</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ in lakhs)

SL.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Dr. Vijay Sankeshwar	Mr. Anand Sankeshwar	K.N. Umesh	L.R. Bhat	
1	<b>Gross salary</b>					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	299.33	300.00	102.00	102.00	803.33
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	24.67	Nil	Nil	Nil	24.67
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4	Commission	65.75	Nil	Nil	Nil	65.75
5	Others, please specify – Leave Encashment Salary and Contribution to Provident fund	Nil	Nil	Nil	Nil	Nil
	<b>Total (A)</b>	<b>389.75</b>	<b>300.00</b>	<b>102.00</b>	<b>102.00</b>	<b>893.75</b>
	Ceiling as per the Act (as specified under Section 197 (1) (i))					1499.63

**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	0.50	1.65	1.45	1.35	1.65	0.85	7.45
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	
	<b>Total (1)</b>	<b>0.50</b>	<b>1.65</b>	<b>1.45</b>	<b>1.35</b>	<b>1.65</b>	<b>0.85</b>	<b>7.45</b>
2	Other Non-Executive Directors	Dr. Ashok Shettar	Mr. Raghottam Akamanchi					
	Fee for attending board committee meetings	0.45	0.70					
	Commission	Nil	Nil					
	Others, please specify	Nil	Nil					
	<b>Total (2)</b>	<b>0.45</b>	<b>0.70</b>					<b>1.15</b>
	<b>Total (B)=(1+2)</b>							<b>8.60</b>
	<b>Total Managerial Remuneration</b>	(A) (1) + (B) (1+2)						<b>902.35</b>
	<b>Overall Ceiling as per the Act (as specified under Section 197 (1))</b>							
								<b>1649.60</b>

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

(₹ 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	32.40	36.00	68.40
	(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	-	-	-
	<b>Total</b>	<b>32.40</b>	<b>36.00</b>	<b>68.40</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**

## ANNEXURE 'G'

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

### **A) CONSERVATION OF ENERGY**

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

1. We have increased the installation of solar panel across our branches and now a total of 85 branches are fitted with solar panels.
2. We have added 8 new electric forklifts at various transshipment hubs across the country.
3. LED lighting is being predominantly used across a majority of the offices of the Company. Also, preference is being given for the procurement of energy efficient equipment for new equipment additions as also for replacement of existing equipments.
4. The 100 KW capacity solar facility installed at our Bengaluru transshipment hub has been operationalized during the year and the same has resulted in significant reduction of outside power for the hub operations.
5. Instead using UPS and battery for operation of electronic equipment at branches, we have developed an in-house DC converter device for usage on these equipments. Usage of the same has been regularized at our branches across the country.

#### **II) The steps taken by the Company for utilizing alternate sources of Energy**

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

#### **III) The capital investment energy conservation equipment**

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

### **B) TECHNOLOGY ABSORPTION**

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

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

### **IV. Research and Development**

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

- Nil

#### **2. Benefits Derived out of above R & D.**

- Not Applicable

#### **3. Future plan of action**

Robotic capabilities are being tested for the welding function. Trial runs are on and we expect to take this on stream in the ensuing fiscal.

#### 4. Expenditure on R&D

- a) Capital  
 b) Recurring  
 c) Total  
 d) Total R & D } 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.

The same is an ongoing process. Total and costs incurred on the same are expensed off.

#### C) FOREIGN EXCHANGE EARNINGS AND EXPENDITURE ₹ In lakhs

	Particulars	FY 2017-18	FY 2018-19
<b>A)</b>	<b>Expenditure in foreign currency (accrual basis)</b>		
	Aircraft maintenance	11.64	25.92
	Purchase of spares	108.45	-
	Professional fees	79.56	97.36
	<b>Total</b>	<b>199.64</b>	<b>123.28</b>

During FY 2018-19, the Company has paid ₹91.22 lakhs as a security deposit and an advance of ₹460.56 lakhs as an advance for aircraft engine overhauling charges in foreign currency

<b>B)</b>	<b>Earnings in foreign currency (accrual basis)</b>		
	Transport of passengers by air	11.43	-
	<b>Total</b>	<b>11.43</b>	-
<b>C)</b>	<b>Value of imported and indigenous materials</b> <b>Spare parts and components including tyres, flaps and re-treading</b>		
	Imported -Amount -Percentage	-	0.38
	Indigenous -Amount -Percentage	-	13026.45 100%
	<b>Total</b>	<b>-</b>	

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

Sl. No.	Name	Designation	Ratio of Remuneration
1	Dr. Vijay Sankeshwar	Chairman & Managing Director	262:1
2	Mr. Anand Sankeshwar	Managing Director	202:1
3	Mr. K.N.Umesh	Executive Director	69:1
4	Mr. L. R. Bhat	Executive Director	69:1

**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.
- Computation of median as detailed above is arrived at also considering the salary drawn by said drivers, cleaner, mechanics and hamals.

**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	-
2	Mr. Anand Sankeshwar	Managing Director	-
3	Mr. K.N.Umesh	Executive Director	20.08
4	Mr. L. R. Bhat	Executive Director	20.08
5	Mr. Sunil Nalavadi	Chief Financial Officer	12.32
6	Mr. Aniruddha Phadnavis	Company Secretary	14.08

**Note:**

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

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

The increase in the median remuneration was to the extent of 8.09%. This represents normal increase in the remuneration paid to employees, especially drivers and hamals.

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

There were 19030 employees as on March 31, 2019.

**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.**

The percentile increase in the remuneration of the Managerial Personnel is performance based. Considering the broad base of 19000+ employees, the percentile increase in the remuneration of other employees works out to a significant quantum. We confirm that there are no exceptional circumstances for increase in the managerial remuneration.

**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	68, Chairman & Managing Director	389.75	44	31.03.1983	-
2	Mr. Anand Sankeshwar, B.Com	44, Managing Director	300.00	29	01.12.1990	-
3	Mr. K N Umesh, B.Com	65, Whole-time Director	102.00	36	03.12.1984 (re-appointed on 01.06.2012)	Worked as an accountant at Anil Rerolling Mills Pvt. Ltd. Bengaluru
4	Mr. L R Bhat, D.M.E	64, Whole-time Director	102.00	38	01.07.1995 (re-appointed on 14.03.2014)	14 years service in Ashok Leyland Limited as Deputy Manager
5	Capt. Manesh T Gopal, B.A.	49, Chief Pilot	120.24	29	01.05.2011	21 years 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	68, Chairman & Managing Director	389.75	44	31.03.1983	-
2	Mr. Anand Sankeshwar, B.Com	44, Managing Director	300.00	29	01.12.1990	-
3	Capt. Manesh T Gopal, B.A, ATPL	49, Chief Pilot	120.24	29	01.05.2011	21 years service in Indian Air Force
4	Mr. K N Umesh, B.Com	65, Whole-time Director	102.00	36	03.12.1984 (re-appointed on 01.06.2012)	Worked as an accountant at Anil Rerolling Mills Pvt. Ltd. Bengaluru
5	Mr. L R Bhat, D.M.E	64, Whole-time Director	102.00	38	01.07.1995 (re-appointed on 14.03.2014)	14 years service in Ashok Leyland Limited as Deputy Manager

6	Capt. Raju Stephen, M.Sc. M.Phil	65, Line Captain	81.60	40	15.07.2013	Chief Pilot with TVS Motors
7	Capt. Satish Kumar Singh, B.A.(Maths)	52, Line Captain	48.19	1	01.04.2018	Senior Commander in Jet Airways
8	Sunil Nalavadi B.Com, ACA	43, Chief Financial Officer	36.00	14	31.03.2005	Started his career in the Company as Chief Accounts Officer
9	Aniruddha Phadnavis, B.Com, ACA, ACS, LLB, CISA, CAIIB, CFP	39, Company Secretary & Compliance Officer	32.40	12	01.06.2007	3 years service in Canara Bank as a Manager
10	Raghavendra B Malgi, B.Com, L.L.B, CA	50, Vice President – Accounts	24.00	10	01.06.2009	2 years service as Chief Accounts Officer in Gokak Textiles Ltd.

**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 Whole-time Directors as stated above is contractual. The other individuals named above are employees of the Company.
4. None of the employees listed above held any shares in the Company as of 31.03.2019 except Dr. Vijay Sankeshwar who held 2,97,92,000 shares (32.97% of the paid up capital of the Company), Mr. Anand Sankeshwar who held 3,12,65,250 (34.60% of the paid up capital of the Company) shares, Mr. K N Umesh who held 1,750 shares and Mr. L R Bhat who held 2,115 shares jointly with his spouse, as of that date.
5. Dr. Vijay Sankeshwar and Mr. Anand Sankeshwar are related to each other.

**Dr. Vijay Sankeshwar**  
**Chairman & Managing Director**  
**(DIN: 00217714)**  
**Place: Hubballi**  
**Date: 18<sup>th</sup> May 2019**

**Mr. Anand Sankeshwar**  
**Managing Director**  
**(DIN: 00217773)**  
**Place: Hubballi**  
**Date: 18<sup>th</sup> May 2019**

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Led by years of under-investment, rail has suffered as a mode of freight transportation, even as road networks have grown exponentially with high investments over the years. Road (estimated at 65% of transportation) is likely to remain the dominant mode despite the potential commissioning of Dedicated Freight Corridors in 2021. Within road, eventual growth would be in the LTL and express business models, while FTL is likely to continue to suffer due to fragmented ownership and low pricing power. India's freight transportation is estimated at around USD 150 bn plus. Driven by the underlying economic growth, high infrastructure investments (especially in road transport) and favourable government initiatives, it is expected to grow at 9-10% annually over FY18-25. The road transportation is the dominant category and is expected to remain the main segment.

Road transport in India is dominated by the Full-Truck-Load (FTL) segment, which makes up around 88% of the road industry size, due to low entry barriers. While the FTL business is commoditised, the road express business (2%) requires setting up of a strong network to get adequate tonnage and be profitable. Less than truck load (LTL) is about 10% of the road transportation sector and it is more profitable than FTL. India's USD 100 bn road logistics market has clocked 9-10% CAGR over the past decade. It is believed that with the increased economic activity, current & future mix of rail and roads in surface transport, supported by positive regulatory changes and infrastructure investments will lead to the sector posting CAGR of around 10% to around USD 190 bn by FY25. A key trend that one can observe in the past 12-18 months, is that post GST, there has been a beginning of a shift from FTL to LTL business. This is mainly due to the customers demanding quicker and smaller truck loads directly to distributors rather than multiple warehouses that are situated in every state.

The road transportation sector is highly fragmented with the presence of a large number of unorganised small truck operators. It is estimated that over 70% of truck owners in India have a fleet size of between one and five trucks. Truck operators are heavily dependent on intermediaries such as brokers and booking agents. The handlers hold a dominant position in pricing freight rates, shrinking margins of truck operators. Consequently, pure road transportation or trucking lacks pricing power and has low ability to pass on rising fuel and other costs. Larger fleet owners are obviously much better placed due to a large client base which they use to optimise utilisation and achieve better margins. On per kg basis, LTL has relatively higher margin compared to FTL as the customer has relatively low bargaining power. Established players who have large fleets of about 1,000 plus trucks are able to venture into the high margin LTL business.

#### Demand Drivers

In FY18, India's estimated nominal GDP was USD 2.8 tn and road logistics contributed more than 3.5% to it. In line with growth in economic activity, demand for transportation services is bound to grow. By FY25, it is estimated that freight transportation by road would constitute 70% plus of total domestic freight transportation.

In the 1950s, the proportion of goods carried by rail and road was 89% and 11%, respectively. By 2013, the share of road freight increased to around 65%. Even though freight transportation through rail requires lesser fuel consumption and is cheaper on cost per tonne basis compared to road transport, the shift from rail to road has been majorly on account of capacity constraints, non-competitive tariff, connectivity, infrastructure and subsidisation of passenger transportation by charging higher freights. While initiatives such as Direct Freight Corridor and tariff revisions will boost the sector, road transportation will continue to remain dominant. With infra improvements in roads, positive regulatory changes and growth in overall demand will further increase the share of roads in freight transportation, which is expected to stabilise at around 70%. Consumption in remote locations, rural areas and difficult terrain is expected to increase. Lack of rail or port connectivity will increase dependence on road transport to fulfil the spurt in consumption, which is the only mode of transport which can reach these destinations.

#### Enablers:

India's road network comprises 115,435 kms of national highways, while the total road network spans 5.6 million kms. Road building rate has increased from about 12 km per day in FY15 to around 27 km per day in FY18; the government is targeting around 40 km per day. In FY18, 122,432 kms of highways were constructed. Also, with GST and implementation of e-way bill, transit times at inter-state border check points, which previously accounted for up to 60% of the total transit time, have been reduced. Such reduction is expected to increase the trucking capacity sans further investments due to a skewed demand and the time required to see the full effects of GST, realisation of additional capacity is expected to be gradual.

Technology is changing the landscape of road transport in India. Various startups are using more intensive technology to provide real-time tracking of trucks, increased transparency and accuracy with regard to delivery times and more efficient capacity utilisation. Due to tech-enabled scheduling of loads, the use of middlemen is reducing and resulting in higher efficiency. We can see the apparent benefits of new tech-based business models; however, it poses a threat to established road transport companies and forces them to come up with innovative solutions to hold their market share.

(Source: Extracts from Edelweiss Securities Research report on Logistics)

## 2. SWOT ANALYSIS

### STRENGTHS

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

The two major advantages that your Company enjoys over its competition are its well established wide network of branches and franchisees and its owned fleet of commercial vehicles with dedicated in-house vehicle body designing and vehicle maintenance facilities to cater to the parcel transportation. The Company presently operates across 23 States and 4 Union Territories in India and its reach is unmatched for the offering of LTL goods transportation services. Your Company is also one of the largest fleet owner of commercial vehicles in the Country and the same enables the Company to set unparalleled standards in the movement of LTL cargo in India in terms of service levels and safety of consignments.

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

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

Your Company also benefits from the recent revision in Safe Axle Weights for Goods Transport vehicles by the Transport Division of Ministry of Road Transport and Highways which permits the carrying of higher weight on a Goods Transport vehicle thereby increasing its payload. In combination with own vehicle body designing facility and also with combination of multiple types of commodities handling such as heavy and bulk consignments inside goods carriages, the goods carriages can be utilized at higher capacity as compared to the earlier periods.

Your Company also has a very well diversified customer base. During FY 2018-19, the Company's largest customer and the top 10 customers put together contributed only 1% and 5% of the revenues of the Goods Transport business respectively. This has ensured that the Company has no dependencies on any customers or product categories. Similarly, there are no geographical or product related dependencies for the business which better insulates your Company vis-à-vis competition.

### WEAKNESSES, RISKS AND CONCERNs

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

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

Surat facility in the ensuing fiscal and the management expects the said facility to be operational by the end of FY 2019. Your Company would consider gradually expanding its owned infrastructure at such key locations in the years to come.

### **OPPORTUNITY**

The implementation of GST has been on the back burner for several years 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 your Company. GST would also provide a big boost for the movement of LTL cargo and VRL, being the industry leader in the LTL space is expected to benefit from GST implementation.

After 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 a marked shift in the operating model of surface transporters in the country and the hub-and-spoke model would suddenly find a lot of followers in the Indian context. Your Company operates on a hub-and-spoke model all along and its experience and expertise in the movement of LTL parcels is unmatched which has enabled it to be at the very helm of this business in India.

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

Your Company also has successfully obtained the requisite approvals from the respective RTOs and is now well poised to reap the benefits under the recent revision in Safe Axle Weights for Goods Transport vehicles by the Transport Division of Ministry of Road Transport and Highways which permits the carrying of higher weight on a Goods Transport vehicle. As of date, majority of the high capacity tonnage vehicles have been approved thereunder and these vehicles will be effectively used to carry the additional load as compared to the earlier periods. The same is expected to benefit your Company in the coming days.

### **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 our result of operations.

Whereas GST offers an opportunity, the initial transition still presents lack of clarity, 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 your Company is much better placed as against its competition in this regard.

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

### **3. SEGMENT-WISE PERFORMANCE**

The overall revenues of your Company increased by 9.34% during the current year in comparison with the earlier year.

Goods transportation revenues recorded a growth of 11.13%. The said growth is the result of a growth in the realization per ton and the freight volumes

The Bus Operations division recorded an increase of 6.03%. Despite a small fleet reduction, the realization per passenger and occupancy rates combination yielded additional revenue vis-à-vis the earlier fiscal.

The Wind Power division of the Company recorded revenues of ₹2208.51 lakhs, an increase of 1.68% arising from favourable wind velocity during the year when compared with the earlier period.

The Transport of Passengers by Air divisions recorded revenues of ₹1072.22 lakhs as against corresponding revenues of 1312.97 lakhs for the previous year.

#### **4. OUTLOOK**

With the GST and related E-waybill implementation we expect good days for the entire domestic road freight transport industry. One of the key achievements of the e-way bill will surely be the effective dissolution of state borders. The amount of time wasted at state borders to validate documents with regards to inter-state movements of goods was a hindrance to any business which dared to spread its wings, beyond its home state. Organized players will stand to benefit and the smaller and unorganized players need to step up and meet the compliance requirements which appears very difficult given the present day scenario. Though the initial days could be chaotic we expect that the stabilization of the GST regime will usher in a new era for our industry. Similarly we now expect better utilization and revenue realization per vehicle for our Goods Transport Vehicles in view of the recent revision in Safe Axle Weights for Goods Transport vehicles which permits the carrying of higher weight on a Goods Transport vehicle thereby increasing its payload.

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 function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

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

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

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

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

(₹ in lakhs)

Particulars	Year Ended 31st March, 2019	Year Ended 31st March, 2018
<b>Total Income</b>	<b>2,11,746.82</b>	<b>1,93,655.07</b>
Profit Before Finance Costs and Depreciation	25,191.92	24,846.44
Finance Costs	1,086.37	1,144.09
Depreciation and Amortisation of expenses	10,058.09	9,763.42
Profit Before Tax	<b>14,047.46</b>	<b>13,938.93</b>
Tax Expense	4,855.85	4,682.51
<b>Profit for the Year</b>	<b>9,191.61</b>	<b>9,256.42</b>
Interim Dividend on Equity Shares	3162.02	-
Tax on Interim Dividend	649.96	-
Transfer to General Reserve	919.16	925.64
Other Comprehensive Income	288.34	186.01
<b>Surplus carried to Balance Sheet</b>	<b>4,172.13</b>	<b>8,144.77</b>

The Revenue from operations increased by 9.74% from ₹ 1,92,232.03 lacs to ₹ 2,10,954.40 lacs and including other income the Total income is increased by 9.34% from ₹ 1,93,655.07 lacs to ₹ 2,11,746.82 lacs.

### Goods Transportation (GT)

- GT Revenue increased by 11.13% from ₹ 1,51,722.15 lacs to ₹ 1,68,601.88 lacs
- The increase in Revenue is due to increase in Tonnage by 5.49 % and increase in realization per tonne by 5.79%.
- Despite the growth in revenue the EBITDA Margins showed resilience and was slightly lesser at 11.9% compared with 12.83% in FY 18. The pressure on margin during the year is due to increase in Fuel Expenses which the company was able to pass on with a lag, wherein Average Dealer Procuring cost per ltr was up by 15.70%, from Rs 60.73 in FY-18 to Rs 70.27 in FY-19. Diesel Cost expenses as a % to total income increased by 1.44% from 24.34% to 25.78%. Other Expenses that impacted the margins besides fuel costs were Hamali charges, Vehicle Insurance and Electricity charges.
- Bio-fuel usage was to the tune of 19.45% of the total fuel consumption during FY 2018-19 and the same increased by 5.31% from 14.14% during FY 2017-18.
- Due to revision in axle load norms, the load carrying capacity of the existing vehicles of VRL increased and the operating margins from the goods transportation business improved in H2FY19. Apart from better asset utilisation and improved average billing per trip, the additional capacity available helped in reducing the dependence of VRL on hired vehicles thus bringing down lorry hire charges for the company.

### Passenger Travel (PT)

- PT revenue increased by 6.03% from ₹ 35,870.88 lacs to ₹ 38,032.74 lacs
- The increase in Revenue is due to increase in number of passengers travelled by 1.87% despite of decrease in number of Buses operated during the year by 15 nos from 396 in FY-18 to 381 in FY -19 and Increase in realisation per passenger by 4.12%
- Despite the growth in revenue, the profitability margins have declined in FY2019 as compared to FY2018 due to increase in fuel costs. Since the dynamics of pricing is completely driven by the market Company is unable to increase the realisation per passenger in proportion to the increase in fuel costs. This impacted on EBITDA Margins by 2.05% declined from 12.93% in FY 18 to 10.88% in FY 19.

### Wind power

Sale of Power increased by 1.68% from ₹ 2172.06 lacs to ₹ 2208.51 lacs. Sale of Power increased mainly due to increase in net power units generated during the year by 1.67 % from 63907920 units in FY-18 to 64977676 units in FY-19

### Transport of Passengers by Air

Revenue from this segment decreased from ₹ 1312.97 lacs to ₹ 1072.22 lacs.

### **Cost saving measures**

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

- The Company benefitted from revision in axle load norms for the Goods Transport vehicles. Accordingly as of today majority of the vehicles have been certified and approved by the respective RTO Authorities to carry the additional load as permitted by the Government. On account of this the utilization levels of the existing vehicles have been improved and also realization per trip is increased as compared to the earlier period.
- 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
- Proactive initiatives taken by the company in procurement of fuel like increase in the procurement of Bio-fuel, Redemption benefits from IOC etc.
- We also initiated a negotiation with Banks and FIs to reduce the rate of interest pursuant to repo rate cuts by RBI also used the operating cash flows of the effectively during the year to repay other existing high cost debts. Net debt was 12879.84 lakhs as on Mar 31,2019 compared to 6277.58 akhs as on Mar 31,2018.
- A conscious branch profitability study was initiated and measures were taken to close 43 non performing branches, while adding 23 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.

### **Profitability**

As a result of the above, the EBITDA of the company increased from ₹24846.44 lakhs to ₹25191.92 lakhs in absolute terms and as a percentage of revenue decreased from 12.83% to 11.90%. The same has resulted in to increase in EBIT of the company from ₹15083.02 lakhs to ₹15133.83 lakhs in absolute terms and as a percentage to revenues, decreased from 7.79% to 7.15%. Resultantly, Profit before Tax increased from ₹13938.93 lakhs to ₹14047.46 lakhs and as a percentage of revenue decreased from 7.20% to 6.63%. Profit after Tax decreased from ₹9256.42 lakhs to ₹9191.61 lakhs and as a percentage of revenues decreased by 0.44% from 4.78%. to 4.34%.

### **Significant changes to key financial Ratios:**

Barring Debt Equity ratio and Current Ratio, there was no significant change to the other key financial ratios, i.e. Debtors Turnover, Inventory Turnover, Interest Coverage ratio, Operating Profit margin and the Net profit margin.

The Debt Equity ratio was 0.1 as of March 31, 2018 and the same increased to 0.2 as of March 31, 2019. The same is the result of meeting capex by raising debt. During the year the Company raised loans to finance the purchase of certain Goods Transportation Vehicles as also for setting up the Logistics infrastructure at Surat.

The Current ratio of the Company improved from 1.07 as of March 31, 2018 to 1.38 as of March 31, 2019. Whereas the key current asset holding period remained more or less the same, the improvement in this ratio is on account of a drastic reduction in the Short term borrowing, i.e. utilization of cash credit limits.

### **Return on Net Worth**

The Return on net worth declined from 15.60% for financial year 2017-18 to 14.22% for the financial year 2018-19. The same is owing to a decline in the profitability margins, reasons for which have been enumerated above.

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

The total employee strength of the Company as of 31.03.2019 was 19030. Given the nature of operations, a significant portion of the said employee strength comprises of drivers, cleaners, garage mechanics and other unskilled employees.

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

## BUSINESS RESPONSIBILITY REPORT

This report is 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. In compliance with the requirement, the complete Business Responsibility report is given below. This report describes the initiatives taken by the Company on Business Responsibilities vis-à-vis the nine principles of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business framed by the Ministry of Corporate affairs.

### Section A: General Information about the Company

- Corporate Identity Number: L60210KA1983PLC005247
- Registered address: RS. NO. 351/1, Varur, Post Chabbi, Taluk Hubballi, District Dharwad, Hubballi - 581 207
- Website: www.vrlgroup.in
- Email-id: investors@vrllogistics.com
- Financial year reported: April 1, 2018 to March 31, 2019
- 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 <sup>st</sup> March 2019 (₹ in lakhs)
1.	Paid up capital	₹ 9034.35 lakhs
2.	Total turnover	₹ 211746.82 lakhs
3.	Total profit after tax	₹ 9191.61 lakhs
4.	Total spending on corporate social responsibility (CSR) by the Company	During FY 2018-19 the Company spent an amount of ₹166.95 lakhs on CSR activities
5.	List of activities in which expenditure in 4 above has been incurred.	As per internal policy, majority of the CSR spend is towards Healthcare, Education and encouragement of sports. For details refer Annexure A of the Directors' Report

### Section C: Other Details

About Subsidiary – NA

### Section D: BR Information

#### 1. Details of Director/Directors responsible for BR:

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

DIN: 00217714

Name: Dr. Vijay Sankeshwar

Designation: Chairman & Managing Director

##### b) Details of the BR Head:

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

### Principles covered under the Business Responsibility Report

SI No	Description	Reference of our Policies
P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability	1. Vigil mechanism 2. Code of Conduct for Directors and Senior Management
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	1. Quality Policy 2. Business Procedure Manual
P3	Businesses should promote the well-being of all employees	HR Policies including Employment Policy and Policy on Prevention of Sexual Harassment at Workplace
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	As specific to our business, we ensure compliance with all laws related to Pollution and emissions norms. We are also pioneers in the usage of bio diesel on our vehicles. During FY 2018-19, 19.45% was the bio-diesel consumption out of the total fuel consumed
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	We have been making several representations to the GST council in the interest of the Industry and the same have been well received
P8	Businesses should support inclusive growth and equitable development	Corporate Social Responsibility Policy
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	1. IT Policy 2. Quality Policy 3. Business Procedure Manual

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

Sl	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	N	Y	N	N	N	Y

#### Note:

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](http://www.vrlgroup.in)

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

(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:

- a) The Governance related to BR is being reviewed periodically by the Chairman and Managing Director.  
Frequency –Annual
- b) A copy of the report will also be made available at [www.vrlgroup.in](http://www.vrlgroup.in)

#### Section E: Principle wise performance

P. No.	Description	Response
<b>Principle 1 – Business should conduct and govern themselves with Ethics, Transparency and Accountability</b>		
1.1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?	We are committed to observing good corporate governance practices. Our policy on Code of Ethics and Business Code which is applicable to all employees and Directors to guide them to conduct business in an ethical, responsible and transparent manner. Presently, we have not covered outsiders such as Contractors / Suppliers etc. and would do so in due course. Our policy lays down the conduct expectations for our employees while dealing with the outside world. We do not propose to include outsiders under our policy for the time being.
1.2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	No complaints in this regard were received during the year.
<b>Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.</b>		
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): <ul style="list-style-type: none"> <li>(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?</li> <li>(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?</li> </ul>	NA

2.3	Does the company have procedures in place for sustainable sourcing (including transportation)?	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?	As indicated above 99% plus of our procurement is indigenous. We encourage local industrial units in sourcing our vehicle maintenance related procurements.
2.5	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	We do not generate significant waste as our operations are scattered across the country. It is pertinent here to however state that our centralized vehicle maintenance facility at Varur, Hubballi, has a suitable discharge treatment mechanism. All our major hubs and facilities have proper discharge treatment systems in place.

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

VRL employs in excess of 19000 individuals across India. We belong to the surface transportation industry which is highly unorganized 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 19030 employees as of March 31, 2019
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.	287
3.4	Please indicate the number of permanent employees with disabilities	7
3.5	Do you have an employee association that is recognized by management?	We do not 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 18-19.
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 and we try to do our bit as Staff Welfare measures as also contribute to activities under CSR predominantly relating to Healthcare, Sports and Education 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 Company has identified healthcare, sports and education as its key focus areas and works towards a betterment of the local populace. Apart from the same we have also participated in limb replacement camps, health awareness camps, contribution to select deserving schools and hospitals etc. during the year. For more details, please refer "Corporate Social Responsibility" section of Director's Report of the Annual Report.

**Principle 5 - Businesses should respect and promote human rights**

5.1	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers /Contractors /NGOs/Others?	Our policies cover only our employees and do not extend to external stakeholders. Also the very basic culture of our organization is based on extending respect to all concerned, especially when we deal with lakhs of bus passengers travelling on our buses, dealing with thousands of customers on a daily basis as also engaging the services of outside vehicles requiring extensive engagement with external drivers and diverse workforce.
5.2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	We were not in receipt of any complaints which can be covered under the ambit of human rights during the year.

**Principle 6 - Business should respect, protect and make efforts to restore the environment**

6.1	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures /Suppliers /Contractors /NGOs/ others.	We do not have a documented environment policy. We would come out with a policy with due consideration to the nuances and requirements as applicable to us. The norms applicable to commercial vehicles w.r.t. pollution are ever changing and the Government is also committed to implementing vehicle aging and related replacement policy. We would come out with a policy only once the ever changing regulatory dynamism surrounding this matter achieves some stability. We wish to also emphatically submit that we are in full compliance with all the environmental laws applicable to us.
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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 any documented literature enumerating our strategies on that front.</p> <p>We would however like to state that the lack of a documented policy does not mean that we do not appreciate the importance of the issues relating to environment. We are very environment cautious and wish to state as under</p> <ul style="list-style-type: none"> <li>- We have installed a wind farm with a capacity of 42.50 MW and the said project has due recognition under the United Nations Framework on Climate Change Convention – We are eligible for carbon credits and have earned significant revenue from the sale of such units as well in the past</li> <li>- All our vehicles are in compliance with the emission norms</li> <li>- We ensure good quality of fuel and reduce emissions and wastages by usage of additives as well</li> <li>- 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</li> <li>- We have installed solar panels for electricity in most of our bigger branches</li> <li>- 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</li> </ul> <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?	As listed above.
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 year 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 - <ul style="list-style-type: none"> <li>- All Indian Motor Transport Congress (AIMTC) the nodal body of surface logistics players in the country.</li> <li>We are members of the State Level Goods Transport Associations</li> <li>- Members of the Federation of Karnataka of Chamber of Commerce and Industry (FKCCI)</li> <li>- Approved Logistics Service Provider of the Indian Banks Association (IBA)</li> <li>- Members of International Air Transport Association (IATA)</li> <li>- Members of the Bus Operators Confederation of India (BOCI) etc.</li> <li>- Member of the Karnataka Tourist Bus Operators Association</li> </ul>
7.2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	We have participated in the various forums of the above organizations and actively take up matters which we consider as industry grievances.

**Principle 8 – Businesses should support inclusive growth and equitable development**

8.1	Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Our CSR initiatives are based on the principle of making enduring impact through programs that promote social and economic inclusion. We strongly believe that we can sustain in the society only if it is not deprived of good health and sound education. We promote and participate in projects related to healthcare, health awareness, yoga, educations, sports facilities etc. with due consideration to the underprivileged and marginalized sections of the local community. For more details, please refer "Corporate Social Responsibility" section of Director's Report of this Annual Report.
8.2	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?	Our CSR initiatives are carried out under the aegis of "VRL Foundation" a trust formed by us as also by way of direct participation / contribution to projects deemed deserving,.
8.3	Have you done any impact assessment of your initiative?	We have not specifically conducted an impact assessment but wish to acknowledge the tremendous positive feedback received on our initiatives
8.4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?	During FY 2018-19, our Company spent an amount of ₹166.95 lakhs towards its CSR initiatives. For more details, please refer "Corporate Social Responsibility" section of Director's Report.
8.5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	We have taken steps to ensure that our initiatives are successfully adopted by the community. We undertake a thorough study prior to committing ourselves. We ensure that our diligence is comprehensive enough to warrant a commitment. We have a dedicated Trust to oversee the activities and the same is manned by full time employees. Our executives are also selectively attached to different initiatives and they too spend sufficient time and oversee the implementation of our initiatives.

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

9.1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	2.93% of the customer complaints remained pending as on 31st March 2019. Also a total of 24 consumer forum cases are pending in relevant District / State consumer forums
9.2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes /No /N.A. /Remarks (additional information)	Not applicable
9.3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No cases relating to Unfair Trade Practice, Irresponsible advertising or anti-competitive behavior were filed that remain pending as of the end of the financial year.
9.4	Did your company carry out any consumer survey/consumer satisfaction trends?	We regularly interact with our customers to get their feedback on our services and deliverables. We have not carried out any specific consumer survey though. We have dedicated 24/7 customer care set up for our goods as well as passenger business.

## REPORT ON CORPORATE GOVERNANCE

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

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

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

### I) Board of Directors

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

#### (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 Independent 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, 2019, the Board comprised of twelve Directors. Out of these, four are Executive Directors - Chairman & Managing Director, Managing Director who are also the Promoters of the Company and by virtue of the Company's Articles of Association not liable to retire by rotation and two other Whole time Directors who are liable to retire by rotation.

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

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

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

#### (b) Number of Board Meetings

The Board of Directors met four times during the financial year 2018-19. The meetings were held on May 26, 2018, August 11, 2018, November 03, 2018 and February 09, 2019. The maximum time gap between two consecutive meetings did not exceed one hundred and twenty days.

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

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

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

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

**Table 1: Details of the Directors as on March 31, 2019**

Name of the Director	Category	Number of Board meetings		Meetings held during tenure as Director	Whether attended last AGM	Number of Directorships of other public companies <sup>(a)</sup>	Committee Positions <sup>#</sup>	
		Held	Attended				Chairman	Member
Dr. Vijay Sankeshwar (DIN:00217714)	Executive Director - Chairman and Managing Director	4	4	4	Yes	1	-	-
Mr. Anand Sankeshwar (DIN:00217773)	Executive Director - Managing Director	4	3	4	Yes	1	-	-
Mr. K N Umesh (DIN:02602595)	Executive Director - Whole time director	4	4	4	Yes	-	-	-
Mr. L R Bhat (DIN:01875068)	Executive Director - Whole time director	4	4	4	Yes	-	-	-
Mr. C Karunakara Shetty* (DIN:01560349)	Independent Director	4	3	3	Yes	-	-	-
Dr. Prabhakar Kore (DIN:00509836)	Independent Director	4	3	4	No	1	-	2
Mr. J S Korlahalli (DIN:00528428)**	Independent Director	4	3	4	Yes	-	-	-
Mr. Shankarasa Ladwa (DIN:06964188)	Independent Director	4	4	4	Yes	-	-	-
Mrs. Medha Pawar (DIN:06921510)	Independent Director	4	4	4	Yes	-	-	-
Dr. Anand Pandurangi (DIN:07038691)	Independent Director	4	4	4	Yes	-	-	-
Dr. Ashok Shettar (DIN:07038714)	Non-Executive Director	4	2	4	Yes	-	-	-
Dr. Raghottam Akamanchi (DIN:07038738)	Non-Executive Director	4	4	4	Yes	-	-	-
Mrs. Smriti Bellad <sup>\$</sup> (DIN: 06732781)	Independent Director	4	0	1	NA	-	-	-

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.

\* Resigned from the office of Director w.e.f. November 03, 2018.

\*\* Mr. J S Korlahalli retired w.e.f. March 31, 2019 coinciding with the end of his five year term as an Independent Director of the Company. Board at its meeting held on February 9, 2019 appointed Mr. Gurudas Narekuli as an Independent Director w.e.f. April 1, 2019 subject to approval of shareholders at the ensuing General Meeting.

\$ Appointed as an Independent Director w.e.f. November 03, 2018 subject to approval of shareholders at the ensuing General Meeting.

**Note: None of the Directors of the Company are on the Board of any other listed entity.**

**(d) Information to the Board**

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

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

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

**(e) Disclosure of relationships between directors inter-se**

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

**(f) Shareholding of Non-Executive Directors**

As on March 31, 2019, none of the Non-Executive Directors of the Company held any shares or convertible instruments 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](http://vrlgroup.in/investor_download/Familiarisation%20Programme%20for%20Independent%20Directors.pdf)

#### (h) Skills, expertise and competencies of the Board

The list of core skills / expertise / competencies identified by the Board of Directors as required in the context of its business and sector for it to function effectively and those actually available with the Board are summarized below. All the individuals comprising the Board of the Company are eminent personalities and are people of repute and standing in their individual core sectors / fields. The Company draws upon certain skills the tabular capturing of which is attempted here below:

Core skills / expertise identified by the Board as requirement for the Company												
Name of the Directors	Logistics experience	Business Operations & Mgmt.	Information Technology	Business Development	Resource mobilisation & optimisation	Risk Management	Business Strategy	Corporate Governance	Liaisoning	Finance & Accounts	Legal expertise	Human Resource Management
Dr. Vijay Sankeshwar	√	√		√	√	√	√	√	√	√		√
Mr. Anand Sankeshwar	√	√		√	√	√	√	√	√	√		√
Mr. K N Umesh	√	√		√	√	√	√	√	√	√		√
Mr. L R Bhat	√	√	√	√	√	√	√	√				
Dr. Prabhakar Kore	√	√		√	√	√	√	√	√		√	
Mrs. Medha Pawar			√			√		√		√	√	
Dr. Anand Pandurangi		√			√		√	√	√		√	√
Dr. Raghottam Akamanchi			√		√			√	√		√	√
Dr. Ashok Shettar		√	√	√	√		√	√				
Mr. Shankarasa Ladwa			√	√		√	√	√		√		√
Mrs. Smriti Bellad		√	√	√	√	√	√	√	√	√		
Mr. J S Korlahalli					√	√		√		√		√

#### (i) Confirmation on Independent Directors

The Board based on the disclosures received from all Independent Directors, confirms that all Independent Directors fulfill the conditions of Independence as specified in SEBI Listing Regulations and are independent of the management of the Company for the year ended March 31, 2019.

#### (j) Resignation of Independent Directors

During the year, Mr. C Karunakara Shetty resigned from the office of Director w.e.f November 03, 2018 owing to his pre-occupation. He confirmed that there are no material reasons for his resignation.

## (k) Remuneration to Directors

### Directors with pecuniary relationship or business transactions with the Company

The CMD, the MD and Whole time directors of the Company receive Salary, Perquisites, Allowances, commission on net profits and other benefits as stated in the agreements entered into between the Company and CMD/MD/ Whole time directors as the case may be, while all the Non-Executive Directors receive Sitting Fees. It is to be noted that the transactions with other entities where CMD/MD/Whole time Directors are interested are being carried out at an arm's length and in compliance with the laws applicable thereto. There are no pecuniary transactions/relationships of the Company with Non-Executive Directors except sitting fees and reimbursement of expenses for attending meetings.

### Criteria of making payments to Non-Executive Directors

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

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

### Remuneration to Executive Directors

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

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

Any annual pay, variable pay or incentives payable to Executive Directors is approved by the Board based on recommendation from Nomination and Remuneration Committee.

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, 2019 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, 2019.**

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

Name of the Director	Salaries, perquisites and allowances	Commission	Sitting fees	Total
Dr. Vijay Sankeshwar	324.00	65.75	-	389.75
Mr. Anand Sankeshwar	300.00	-	-	300.00
Mr. K N Umesh	102.00	-	-	102.00
Mr. L R Bhat	102.00	-	-	102.00
Dr. Prabhakar Kore	-	-	0.50	0.50
Mr. J S Korlahalli\$	-	-	1.65	1.65
Mr. C Karunakara Shetty\$\$	-	-	1.45	1.45
Mrs. Medha Pawar	-	-	1.35	1.35
Dr. Anand Pandurangi	-	-	0.85	0.85
Mr. Shankarasa Ladwa	-	-	1.65	1.65
Dr. Raghottam Akamanchi	-	-	0.70	0.70
Dr. Ashok Shettar	-	-	0.45	0.45
Mrs. Smriti Bellad*	-	-	-	-
<b>Total</b>	<b>828.00</b>	<b>65.75</b>	<b>8.60</b>	<b>902.35</b>

\$Retired from directorship w.e.f. March 31, 2019.

\$\$Resigned from directorship w.e.f. November 03, 2018.

\* Appointed as an Independent Director w.e.f. November 03, 2018 subject to approval of shareholders at the ensuing general meeting.

#### **Service Contracts, Notice Period and Severance fees:**

As at March 31, 2019, the Board comprised of twelve directors including four Executive Directors, two Non-Executive Directors and six Independent Directors. Company has entered into agreements with Dr. Vijay Sankeshwar, Chairman and Managing Director, Mr. Anand Sankeshwar, Managing Director, Mr. K N Umesh, Whole time Director and Mr. L R Bhat, Whole time director which *inter alia* stipulate a three months' notice period to vacate the office of Managing Director / Whole time Director. There is no provision for payment of severance fees. However, other Non-Executive Directors and Independent Directors are not subject to any specific requirement of notice period and severance fees.

#### **(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](http://www.vrlgroup.in/investor_download/Code_of_Conduct.pdf). All the Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct as applicable to them. A declaration to this effect signed by Dr. Vijay Sankeshwar, Chairman and Managing Director is annexed to this Report.

#### **II) Board Committees**

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

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

\* Board at its meeting held on February 09, 2019 constituted the Risk Management Committee in accordance with amendment to SEBI Listing Regulations.

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference / role of the Committees are taken by the Board of Directors. During the year under review, Board of Directors at their meetings held on May 26, 2018 has dissolved the Buy-back Committee and on February 09, 2019 changed nomenclature of Audit and Risk Management Committee to Audit Committee. Pursuant to amendment to SEBI Listing Regulations, Board at its meeting held on February 09, 2019 also constituted a separate Risk Management Committee.

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

##### **(a) Audit Committee**

As on March 31, 2019, the Audit Committee comprised of three Directors. viz Mr. Shankarasa Ladwa (Chairman), Mr. J S Korlahalli, and Mrs. Medha Pawar. All members of the Audit Committee are independent directors who possess accounting, financial, taxation, management and legal knowledge.

Considering that Mr. J S Korlahalli's tenure expired on March 31, 2019, the Board at its meeting held on February 09, 2019 revised the composition of committee to include Mr. Gurudas Narekuli, Independent Director to replace him subsequently.

The Senior Management team comprising of Chief Financial Officer and Vice-President (Accounts), as also Internal Auditors, Secretarial auditor and the Statutory Auditors were invited for all 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 2018-19 on May 26, 2018, August 11, 2018, November 3, 2018 and February 09, 2019. The maximum time gap between two consecutive meetings did not exceed one hundred and twenty days. The minutes of the meetings of the Committee are noted by the Board. The Board accepted all recommendations made by the Audit Committee 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 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
Mr. Shankarasa Ladwa	Independent Director	Chairman	4	4	0.55
Mr. J S Korlahalli	Independent Director	Member	4	3	0.45
Mrs. Medha Pawar	Independent Director	Member	4	4	0.55
Mr. C Karunakara Shetty*	Independent Director	Member	3	3	0.40

\* Mr. C Karunakara Shetty resigned w.e.f. November 03, 2018.

The Chairman of the Audit Committee was present at the 35th Annual General Meeting of the Company held on August 11, 2018 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 of the Committee and its 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.
21. Reviewing the utilization of loans and/ or advances from/investment by the Company, if any.

#### **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;
7. Statements of deviations, if any.

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 and Managing Director of the Company. The Internal Audit Department monitors and evaluates the efficacy and

adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the internal audit reports issued from time to time, the management undertakes corrective actions in their respective areas and thereby strengthens the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee.

The Company continuously invests in strengthening its internal control and processes. The Internal Auditors attend the Meetings of the Audit Committee and submit their recommendations to the Audit Committee which after due deliberations provide a road map for the future.

#### **(b) Nomination and Remuneration Committee**

As on March 31, 2019, the Committee comprises of four Directors wherein three are Independent Directors and one is Non-Executive Director. They are Mr. J S Korlahalli (Chairman), Mrs. Medha Pawar, Dr. Anand Pandurangi and Dr. Ashok Shettar. Board at its meeting held on November 03, 2018 re-constituted the committee and inducted Mrs. Medha Pawar as a member of the Committee owing to resignation of Mr. C Karunakara Shetty. Further, Board at its meeting held on February 09, 2019 re-constituted the committee effective from April 01, 2019 and inducted Mr. Shankarasa Ladwa as a Chairman of the Committee owing to retirement of Mr. J S Korlahalli.

The Chairman of the Committee was present at the 35th Annual General Meeting of the Company held on August 11, 2018 to answer shareholder queries.

This Committee met twice during the financial year i.e. on November 03, 2018 and February 09, 2019.

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

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

**Table 4: Details of the Nomination and Remuneration Committee**

(₹ in lakhs unless otherwise stated)

Name of the Member	Category	Position	Number of meetings held	Number of meetings attended	Sitting fees
Mr. J S Korlahalli <sup>#</sup>	Independent Director	Chairman	2	2	0.30
Mr. C Karunakara Shetty <sup>\$</sup>	Independent Director	Member	1	1	0.15
Dr. Anand Pandurangi	Independent Director	Member	2	2	0.30
Dr. Ashok Shettar	Non-Executive Director	Member	2	1	0.15
Mrs. Medha Pawar*	Independent Director	Members	1	1	0.15

# Upto March 31, 2019

\$ Mr. C Karunakara Shetty resigned w.e.f. November 03, 2018

\* Board at its meeting held on November 03, 2018 re-constituted the Committee and inducted Mrs. Medha Pawar as a member of the Committee.

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

- To formulate criteria for determining qualifications, positive attributes and independence of Directors.
- Formulate criteria for evaluation of Independent Directors and the Board.
- Identify persons who are qualified to become Directors and individuals who may be appointed in Senior Management positions in accordance with the criteria laid down by the Committee.
- To carry out evaluation of every Director's performance.
- To recommend to the Board, the appointment and removal of Directors and Senior Management.
- To recommend to the Board, policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To devise a policy on Board diversity.

- To carry out any other function as is mandated by the Board from time to time and/or as required under any statutory notification, amendment or modification, as may be applicable.
- To determine the extension or continuation of term of Independent Directors on the basis of the report of their performance evaluation.
- To perform such other functions as may be necessary or appropriate for the performance of such duties.

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

#### **Board evaluation and criteria for evaluation of performance of independent directors**

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

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

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

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

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

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

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

Directors and Independent Directors towards the Board's functioning.

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

### **Nomination and Remuneration Policy**

The Non-Executive Directors (NEDs) are eligible to receive sitting fees for attending the Meetings of the Board of Directors and the Board Committees, which are within the limits prescribed by the Central Government. The Board at its meeting held on May 26, 2018 revised the sitting fees payable to Directors from ₹ 10,000/- to ₹ 15,000/- prospectively. The Company pays a sitting fee of ₹ 15,000/- 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](http://www.vrlgroup.in/investor_download/Nomination_Remuneration%20Policy.pdf)

### **c) Stakeholders' Relationship Committee**

As on March 31, 2019 this Committee comprises three Directors viz. Mr. Shankarasa Ladwa (Chairman), Mr. J S Korlahalli and Mr. Raghottam Akamanchi. Mr. Aniruddha Phadnavis, Company Secretary, has been appointed as the Compliance Officer of the Company as per Regulation 6 of the SEBI Listing Regulations to discharge all duties under the said SEBI Listing regulations. The Board at its meeting held on February 09, 2019 re-constituted the committee and inducted Mrs. Medha Pawar as a member of the Committee owing to retirement of Mr. J S Korlahalli w.e.f. April 01, 2019.

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 26, 2018, August 11, 2018, November 03, 2018, and February 09, 2019.

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 during their tenure	Number of meetings attended	Sitting fees
Mr. C Karunakara Shetty\$	Independent Director	Chairman	3	3	0.40
Mr. J. S. Korlahalli\$\$	Independent Director	Member	4	3	0.40
Mr. Shankarasa Ladwa	Independent Director	Member/ Chairman	4	4	0.55
Mr. Raghottam Akamanchi*	Non-Executive Director	Member	1	1	0.15

\$ Mr. C Karunakara Shetty resigned w.e.f. November 03, 2018

\$\$ Member upto March 31, 2019.

\* Board at its meeting held on November 03, 2018 re-constituted the Committee and inducted Mr. Raghottam Akamanchi as a member.

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, 2019 are as under:

Table 5A – Details of Shareholders' complaints received, resolved and pending during the year 2018-19

Pending as on April 1, 2018	Complaints Received during the year	Complaints Resolved during the year	Pending as on March 31, 2019
Nil	42	42	Nil

#### **d) Corporate Social Responsibility (CSR) Committee**

As on March 31, 2019 CSR Committee comprises of one Executive Director and two Independent Directors viz. Dr.Prabhakar Kore (Chairman), Mr. Anand Sankeshwar and Mrs. Medha Pawar. Board at its meeting held on February 09, 2019 re-constituted the committee effective from April 01, 2019 and inducted Mr. Raghottam Akamanchi as a member of the Committee.

Terms of reference of the Committee are as under:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company within the ambit of Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the activities referred in the CSR policy;
- Monitor the CSR Policy of the Company and its implementation from time to time;
- Such other functions as the Board may deem fit.

During 2018-19, the Committee met once i.e. on May 26, 2018.

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 during tenure	Number of Meetings attended	Sitting fees
Dr. Prabhakar Kore	Independent Director	Chairman	1	1	0.10
Mr. Anand Sankeshwar	Executive Director	Member	1	-	-
Mr. C Karunakara Shetty <sup>\$</sup>	Independent Director	Member	1	1	0.10
Mrs. Medha Pawar	Independent Director	Member	1	1	0.10

\$ Mr. C Karunakara Shetty resigned w.e.f. November 03, 2018

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

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

[http://vrlgroup.in/investor\\_download/CSR%20POLICY.pdf](http://vrlgroup.in/investor_download/CSR%20POLICY.pdf)

**e) Risk Management Committee**

The Board in its meeting held on February 09, 2019, constituted the Risk Management Committee in accordance with Regulation 21 of the SEBI Listing Regulations, 2015. The said Committee comprises of six members viz., Dr. Vijay Sankeshwar, Chairman, Mr. Shankarasa Ladwa, Mr. K N Umesh, Mr. L R Bhat, Mr. Sunil Nalavadi and Mr. Raghavendra Malgi.

**Terms of Reference:**

- Identify and review the critical risk exposures of the Company and assess Management's actions to mitigate the exposures in a timely manner;
- Review the Company's risk appetite and tolerance limit;
- Review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
- Annually review the overall risk management framework with respect to risk assessment and management;
- Review and assess the effectiveness of the company-wide risk assessment processes;
- To perform such functions as may be delegated by the Board and/or are prescribed under Companies Act, 2013, SEBI Listing Regulations and any other applicable laws from time to time.

As the Risk Management Committee has been constituted in February 09, 2019, therefore, no meeting of the Committee was held during the financial year.

**f) Administration Committee**

The Administration Committee has been constituted by the Board at its meeting held on October 27, 2016 to authorize persons to appear before court of law / tribunal, enter into lease / leave and license agreements and to do other things on behalf of the Company on a routine basis. 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 to 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 five times during 2018-19 i.e. on June 26, 2018, July 28, 2018, September 17, 2018, September 27, 2018 and March 02, 2019. No sitting fee was paid for the said meetings.

#### **g) Finance Committee**

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

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

As on March 31, 2019 the committee comprises of three directors viz. Dr. Vijay Sankeshwar (Chairman), Mr. Anand Sankeshwar and Mr. Raghottam Akamanchi. The Board at its meeting held on November 03, 2018 re-constituted the committee and inducted Mr. Raghottam Akamanchi in place of Mr. J S Korlahalli. The said committee met twenty-two times during the year.

The details of the composition of the Committee, meetings held, attendance at the meetings alongwith 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 in their tenure	Number of meetings attended	Sitting fees
Dr. Vijay Sankeshwar	Executive Director	Chairman	22	22	-
Mr. Anand Sankeshwar	Executive Director	Member	22	22	-
Mr. J S Korlahalli	Independent Director	Member	11	-	-
Mr. Raghottam Akamanchi	Non-Executive Director	Member	11	-	-

### III) INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on February 09, 2019, inter alia, to discuss:

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

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

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

**Table 7: Details of the Independent Directors' Meeting**

Name of the member	Position	Number of meeting held	Number of meeting attended
Dr. Prabhakar Kore	Member	1	1
Mr. J S Korlahalli	Chairman	1	1
Dr. Anand Pandurangi	Member	1	1
Mr. Shankarasa Ladwa	Member	1	1
Mrs. Medha Pawar	Member	1	1
Mrs. Smriti Bellad	Member	1	0

### IV) 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 February 09, 2019 have re-appointed Mr. Anand Sankeshwar as a Managing Director of the Company and Dr. Prabhakar Kore as an Independent Director for a further period of 5 years subject to approval of the shareholders at the ensuing Annual General Meeting of the Company.

Mr. J S Korlahalli expressed unwillingness to be considered for re-appointment citing his age related reasons. As such, his tenure as an Independent Director was concluded w.e.f. closing hours of March 31, 2019.

Board at its meeting held on November 03, 2018 and February 09, 2019 appointed Mrs. Smriti Bellad and Mr. Gurudas Narekuli as an Independent Directors of the Company w.e.f. November 03, 2018 and April 01, 2019 respectively. The said appointments are subject to approval of shareholders at the ensuing Annual General Meeting of the Company.

Mr. C Karunakara Shetty resigned from the office of Director w.e.f November 03, 2018. He confirmed that there are no material reasons for his resignation.

Dr. Ashok Shettar and Mr. L R Bhat are liable to retire by rotation under Section 152 of the Companies Act, 2013 and both of them have expressed their willingness to get re-appointed as Directors of the Company. The other details of Directors' appointment / re-appointment, resignation and retirement are provided in the Directors' Report.

There are six Independent Directors on the Board of the Company as on March 31, 2019.

The Company has received declarations from all the above Independent Directors stating that they meet the criteria of Independence as prescribed under extant provisions of the Companies Act, 2013 and 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](http://www.vrlgroup.in) containing basic information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, etc. The contents of the said website are updated as and when required.

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

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

For the benefit of the members, a separate email id has been created for member correspondence viz., [investors@vrllogistics.com](mailto: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
2018-19	August 11, 2018 at 3.00 PM	None	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi – 581207
2017-18	August 4, 2017 at 4.30 PM	None	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi – 581207
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

#### **Postal Ballot**

During the year under review, no resolution was passed through postal ballot process. No resolution is proposed to be passed through postal ballot.

#### **(d) General Shareholder Information**

- Forthcoming Annual General Meeting**

Date : August 10, 2019

Day : Saturday

Time : 4:00 p.m.

Venue : Registered office of the Company situated at RS. No. 351/1 Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi – 581 207 (18th KM, NH-4, Bengaluru Road, Varur).

- Last date for Receipt of Proxies**

August 08, 2019 (before 4:00 p.m. at the Registered Office of the Company)

- Financial Year**

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

The tentative dates of the Board Meetings for consideration of financial results for the year ending March 31, 2020 are as follows:

1st Quarter Results	: August 10, 2019
2nd Quarter Result	: October 29, 2019
3rd Quarter Result	: January 28, 2020
4th Quarter & Annual Results	: May 20, 2020

- Dividend Payment date**

The Board at their meeting held on May 18, 2019 have recommended a final dividend of ₹ 2/- (Rupees Two only) each per equity share having face value of ₹ 10/- each for FY 2018-19 subject to approval of the shareholders at the ensuing General Meeting. If approved, the dividend would be paid within 30 days from the date of Annual General Meeting of the Company.

- 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 2019-20 to BSE and NSE.

- Stock Codes:**

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

- Corporate Identification Number:**

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

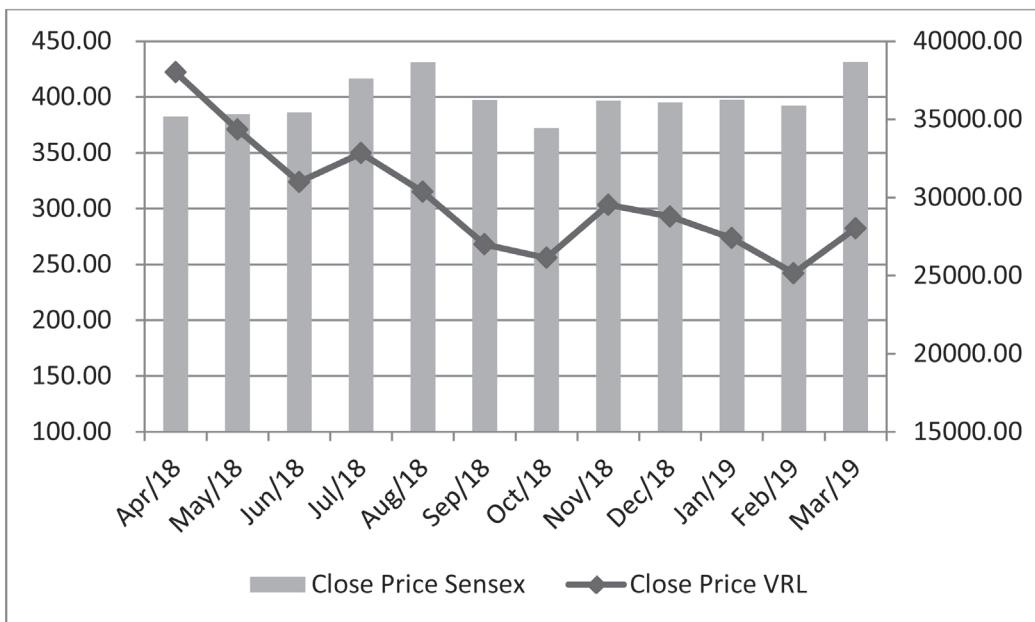
- Share Price Data: High/Low and Volume during each month of 2018-2019 at BSE and NSE:**

**Chart A: VRL vs. Sensex**

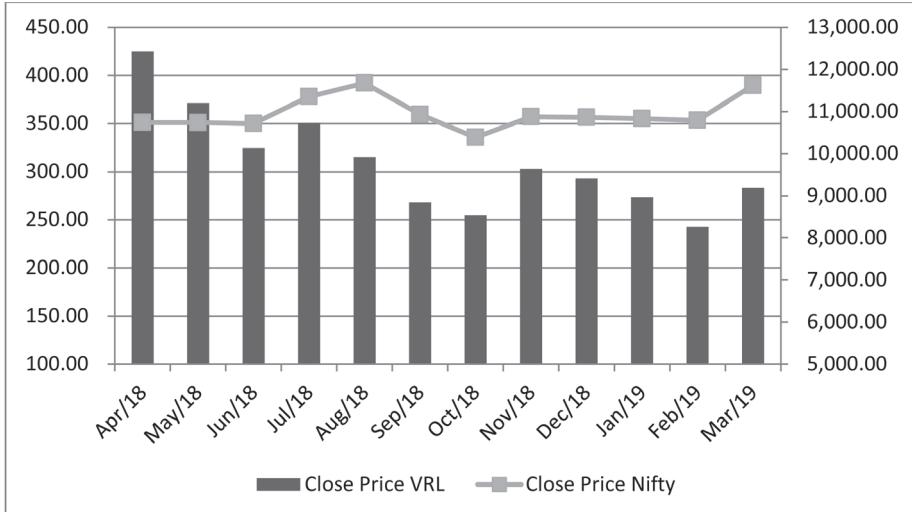
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2018	450.00	380.00	94,967,099	445.90	379.95	1,077,672,823
May 2018	459.90	358.00	43,284,025	433.95	358.55	787,015,025
June 2018	377.00	300.60	376,903,721	374.70	308.00	1,365,346,161
July 2018	378.90	310.95	27,848,506	373.35	311.00	544,026,910
August 2018	363.00	308.35	22,515,835	364.50	311.00	631,511,295
September 2018	320.80	266.55	42,330,122	321.00	266.20	430,816,080
October 2018	290.00	248.50	74,027,215	282.00	248.45	570,017,502
November 2018	318.80	258.00	45,363,894	319.40	254.50	402,603,665
December 2018	307.75	274.00	37,839,729	307.00	273.50	304,147,693
January 2019	297.00	255.15	32,464,786	296.00	255.00	181,564,565
February 2019	273.40	238.00	128,873,579	274.95	237.15	290,173,338
March 2019	286.50	240.90	19,083,475	287.50	240.00	482,272,819

- 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, 2019

Distribution range of shareholding	Number of Shareholders	% of Shareholders	Total number of Shares	Total Amount	Total Amount %
1-5000	34,579	96.06	2,555,300	25,553,000	2.83
5001- 10000	757	2.10	574,236	5,742,360	0.64
10001- 20000	347	0.96	507,447	5,074,470	0.56
20001- 30000	98	0.27	241,154	2,411,540	0.27
30001- 40000	45	0.13	157,630	1,576,300	0.17
40001- 50000	29	0.08	131,268	1,312,680	0.15
50001- 100000	67	0.19	504,033	5,040,330	0.56
100001 & Above	76	0.21	85,672,427	856,724,270	94.82
<b>Total</b>	<b>35,998</b>	<b>100.00</b>	<b>90,343,495</b>	<b>903,434,950</b>	<b>100.00</b>

- Shareholding Pattern as on March 31, 2019

SL	Description	As on 31st March 2019		As on 31st March 2018	
		Total Shares	Total %	Total Shares	Total %
1	Promoters	61,480,000	68.05	61,480,000	68.05
2	Mutual Funds	17,510,393	19.38	10,629,313	11.76
3	Foreign Portfolio Investors	5,302,942	5.87	10,467,651	11.59
4	Foreign Institutional Investors	38,864	0.04	399,279	0.44
5	Resident Individuals	4,325,568	4.79	4,642,725	5.14
6	Bodies Corporates	871,253	0.96	1,927,165	2.13
7	H U F	272,563	0.30	209,940	0.23
8	Non Resident Indians	307,942	0.34	330,262	0.37
9	ClearingMembers	28,577	0.03	34,605	0.04
10	Indian Financial Institutions	25,730	0.03	24,417	0.03
11	Banks	14,583	0.02	4,201	0.00
12	NBFCs	24,040	0.03	86,283	0.10
13	Trusts	365	0.00	684	0.00
14	Alternative Investment Fund	140,675	0.16	106,970	0.12
Total		90,343,495	100.00	90,343,495	100.00

- List of shareholders holding more than 1 % of the paid up capital as March 31, 2019

SL	Name	No. of shares	% to Equity
1	Mr. Anand Vijay Sankeshwar	31,265,250	34.61
2	Dr. Vijay Basavanneppa Sankeshwar	29,792,000	32.98
3	Reliance Capital Trustee Co. Ltd.A/C Reliance Multicap Fund	5,962,409	6.60
4	IDFC Sterling Value Fund	1,955,000	2.16
5	Goldman Sachs India Limited	1,943,227	2.15
6	HDFC Trustee Company Ltd. A/C HDFC Capital Buildervalue Fund	1,809,600	2.00
7	ICICI Prudential Multi-Asset Fund	1,400,000	1.55
8	ICICI Prudential Exports And Services Fund	1,387,132	1.54
9	IDFC Tax Advantage (ELSS) Fund	932,843	1.03
10	Reliance Capital Trustee Co Ltd.A/C Reliance Largecap Fund	926,000	1.02
Total		77,373,461	85.64

- Share Transfer System

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

There are no shares in demat suspense account or unclaimed suspense account as on March 31, 2019.

- Dematerialization of Shares and Liquidity

As on March 31, 2019, 90,343,439 equity shares representing nearly 99.99% of the total equity share capital of the Company, were held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited and only 56 equity shares of the Company are held in physical form. The

International Securities Identification Number (ISIN) allotted to the shares under the Depository System is INE366I01010.

The break-up of equity shares held in dematerialized and physical form as on March 31, 2019 is given below:

Category	Number of shareholders	Total shares	Percentage
Physical	3	56	0.00
N S D L	22,074	2,67,84,795	29.65
C D S L	13,921	6,35,58,644	70.35
<b>Total</b>	<b>35,998</b>	<b>90,343,495</b>	<b>100.00</b>

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.

**• Credit Rating:**

Details relating to credit rating are provided in the Directors report.

**• 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. As such no disclosure is warranted in terms of SEBI circular SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018.

**• Registrars and Share Transfer Agents:**

Karvy Fintech 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.karvyfintech.com

**• Plant Locations:**

**Registered Office:**

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

**Corporate Office:**

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

**• Address for members' correspondence**

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

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

#### **V) Auditor's Certificate on Corporate Governance Compliance**

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

#### **VI) Statement of unclaimed share application money and dividend as on March 31, 2019**

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

Year	Date	Particulars	Dividend amount per share (in ₹)	Amount unclaimed as on March 31, 2019 (₹)	Last date for claim	Due date to transfer unclaimed amount to IEPF
2015-16	February 1, 2016	Interim Dividend	5.00	184,695	March 7, 2023	April 6, 2023
2015-16	April 25, 2015	IPO Share Application Money	NA	1,465,750	June 1, 2022	June 30, 2022
2016-17	January 25, 2017	Interim Dividend	4.00	273,168	March 3, 2024	April 2, 2024
2018-19	November 03, 2018	Interim Dividend	3.50	144,347	December 8, 2025	January 7, 2025

#### **VII) Management**

##### **Management Discussion and Analysis**

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

Company has adopted a Related Party Transactions Policy which is available on the website of the Company i.e. [http://www.vrlgroup.in/investor\\_download/RPT%20Policy.pdf](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](http://vrlgroup.in/investor_download/vigil_Mechanism.pdf)

### e) Accounting treatment in preparation of financial statements

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

### f) Risk Management

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

To address these risks in a comprehensive manner, each risk is mapped to the concerned department for further action. Based on this framework, the Company has set in place various robust procedures for risk management. The same is reviewed and monitored by the Audit Committee of the Board. Pursuant to amendment to SEBI Listing Regulations, Board at its meeting held on February 09, 2019 constituted Risk Management Committee and entrusted the committee to review and monitor the risk management process.

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](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.

Pursuant to amendment to Regulations, Board at its meeting held on February 09, 2019 approved the revised code of conduct effective from April 01, 2019. The said code has been hosted on the Company's website and can be accessed through the following link:

[http://vrlgroup.in/vrl\\_investor\\_desk.aspx?display=policies](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, 2019 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, 2019.

**(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) Compliance with Secretarial Standards**

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

**m) Subsidiary**

The Company has no subsidiary.

**n) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)**

During the year under review, the Company has not raised any amount through preferential allotment or qualified institutions placement.

**o) A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.**

The Company has obtained a Certificate pursuant to the Regulation 34(3) read with Schedule V of the Listing Regulations, from a Practicing Company Secretary, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Companies either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities. The said certificate forms part of this report.

**p) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:**

Not Applicable

**q) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.**

Details of remuneration paid to Auditors of the Company are provided below:

SI.No.	Particulars	Amount (₹ In Lakhs)
1	Audit Fees	77.88
2	Reimbursement of Expenses	1.06
	<b>Total</b>	<b>78.94</b>

**r) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The details of relating to the same is provided in the Boards' report.

#### **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-MailAddress/Bank Details**

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

- **Electronic Service of Documents to Members at the Registered Email Address**

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

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

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

In view of the above, the Company shall send all documents like General Meeting Notices (including AGM notices), Annual Reports comprising Audited Financial Statements, Directors' Report, Auditors' Report and any other future communication (hereinafter referred as "documents") in electronic form, in lieu of physical form, to all those members, whose email address is registered with Depository Participant (DP)/Registrars and Share Transfer Agents (RTA) (hereinafter "registered email address") and made available to us, which would be deemed to be the member's registered email address for serving the aforesaid documents. To enable the servicing of documents electronically to the registered email address, we request the members to keep their email addresses validated/updated from time to time. We wish to reiterate that Members holding shares in electronic form are requested to please inform any changes in their registered e-mail address to

their DP from time to time and Members holding shares in physical form have to write to our RTA, Karvy Fintech 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](http://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 36th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Fintech Private Limited.

- **Register Nomination(s)**

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

- **Dealings of Securities with Registered Intermediaries**

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

**Dr. Vijay Sankeshwar**  
**Chairman & Managing Director**  
**(DIN: 00217714)**  
**Place: Hubballi**  
**Date: May 18, 2019**

**Mr. Anand Sankeshwar**  
**Managing Director**  
**(DIN: 00217773)**  
**Place: Hubballi**  
**Date: May 18, 2019**



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## 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 2019

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

Place: Hubballi  
Date: May 18, 2019

**COMPLIANCE CERTIFICATE****Ref: Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015****May 18, 2019**

**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, 2019 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, 2019 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**  
**DIN: 00217714**

**SUNIL NALAVADI**  
**Chief Financial Officer**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
**(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI**  
**(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s VRL Logistics Limited, having its Registered office at RS No.351/1, Varur, Post Chabbi, Taluk Hubballi, District Dharwad, Hubballi – 581 207, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verification (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory.

**For A S Pachlag and Co.,  
Company Secretaries**

**Akshay S Pachlag  
M. No.30741, CP: 11710**

**Date: 30.04.2019  
Place: Hubballi**

## Independent Auditor's Certificate on Corporate Governance

1. This certificate is issued in accordance with the terms of our engagement letter dated 23 August 2018.
2. We have examined the compliance of conditions of corporate governance by VRL Logistics Limited (the 'Company') for the year ended 31 March 2019, 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.
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 2019.

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

**UDIN No: 19106815AAAAAI9456**

Place : Hubballi  
Date: 18 May 2019

## **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 Audit of the Financial Statements**

### **Opinion**

1. We have audited the accompanying financial statements of VRL Logistics Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2019, 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.
2. 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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matter**

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition - Goods transport and Bus operations</b>            (Refer Note 1(n) and Note 23 of the accompanying financial statements)</p> <p>The Company has high volume of transactions each day recorded across various branches and through agencies using complex information technology systems which are linked to the financial reporting process. A high number of sale transactions in goods transport and bus operations business are settled in cash. Further, Standards on Auditing mandate a presumed significant risk of fraud in revenue recognition.</p> <p>Further, Ind AS 115, Revenue from Contracts with Customers, adopted by the Company with effect from 1 April 2018 requires management to make certain key judgements relating to identifying contracts with customers, performance obligations involved in contracts, determining transaction price which involves variable consideration elements, allocation of the transaction price to such performance obligations and satisfaction of performance obligations.</p> <p>Due to the significance of the item to the financial statements, complexities involved including high inherent risk associated with cash transactions, information technology systems relied on and management judgement involved for ensuring appropriateness of accounting treatment of revenue generated from goods transport and bus operations business, this matter has been identified as a key audit matter for the current year's audit.</p>	<p>Our audit work included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> <li>• Understood the revenue and receivable business process for goods transport and bus operations, and assessed the appropriateness of the accounting policy adopted by the Company for revenue recognition.</li> <li>• Evaluated the design and implementation of the key financial and Information Technology (IT) controls around the revenue recognition process including controls around issuance of invoices/ bus tickets to customers based on underlying goods consignment notes and other evidences around service delivery, price approvals, cash collections and timing of transaction recording in the books of account including cut off procedures.</li> <li>• Tested operating effectiveness of above identified key controls over the recognition and measurement of revenue during the year and as at year end.</li> <li>• Assessed the appropriateness of the accounting policy for revenue recognition from goods transport and bus operations business in accordance with Ind AS 115, 'Revenue from Contracts with Customers'.</li> <li>• Attended and re-performed cash counts at year end for locations selected on sample basis.</li> <li>• Inspected the internal audit reports for any observations reported based on such internal audits conducted at branches during the year on rotation basis to evaluate if any such observations materially impact the financial statements or impact our assessment of relevant key internal financial controls tested as above or otherwise materially impacts recognition and measurement of revenue.</li> <li>• Performed test of details on a sample of revenue transactions recorded during the year including specific periods before and after year end. For the samples selected, inspected supporting documents such as invoices, contracts, goods consignment notes, evidence of delivery of service, cash receipt, etc.</li> <li>• Performed substantive analytical procedures like occupancy analysis for bus operations, tonnage growth, price yield growth, etc.</li> <li>• On a sample basis, compared the daily cash collection with the bank deposit reconciliation prepared by each branch and agency and submitted to head office periodically by tracing the same to relevant bank statements.</li> <li>• Tested the appropriateness and rationale for specific manual journal entries impacting revenue, as well as other adjustments made in the preparation of the financial statements, selected through a combination of risk-based and high-value transactions selection criteria.</li> <li>• Evaluated the appropriateness of the disclosures made in the financial statements for revenue recorded during the year.</li> </ul>

### **Information other than the Financial Statements and Auditor's Report thereon**

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 of 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.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

15. As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
16. 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.
17. 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 on 31 March 2019 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 on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 18 May 2019 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 33 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;

- 
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019;
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

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

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

Place : Hubballi  
Date: 18 May 2019

**Annexure A 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 2019**

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, goods and services 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 and Interest levied under Section 234B and 234C	149.06	149.06	2003-04 (Assessment year)	Income Tax Appellate Tribunal
	Demand of tax not deducted at source on body building charges, contribution to power evacuation facilities, etc.	105.73	105.73	2007-08 (Assessment year)	Income Tax Appellate Tribunal
	Revenue from sale of power considered as Section 80IA income, disallowance of communication expenses, disallowance of certain expenses treating them as personal expenses, etc.	220.46	Nil	2008-09 (Assessment year)	Income Tax Appellate Tribunal
	Demand of tax not deducted at source on body building charges	1.75	1.75	2008-09 (Assessment year)	Income Tax Appellate Tribunal

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 lease rent paid for leased land, amortisation of leasehold improvements and disallowance of certain expenses treating them as personal expenses	3.18	Nil	2010-11 (Assessment year)	Income Tax Appellate Tribunal
	Disallowance of certain expenses treating them as personal expenses	40.25	Nil	2011-12 (Assessment year)	Commissioner of Income Tax (Appeals)
	Disallowance of certain expenditure such as advances claimed as bad debts and disallowance of certain expenses treating them as personal expenses	25.01	Nil	2012-13 (Assessment year)	Income Tax Appellate Tribunal
	Disallowance of certain expenses treating them as personal expenses	14.23	Nil	2016-17 (Assessment year)	Commissioner of Income Tax (Appeals)
Customs Act, 1962	Customs duty on import of aircraft and related interest/ penalties/fines	1,569.02	688.05	2007-08 (Financial year)	Customs, Excise and Service Tax Appellate Tribunal (Ahmedabad)
Finance Act, 1994	Non-refund of service tax paid	242.88	-	2000-01 to 2001-02	Customs, Excise and Service Tax Appellate Tribunal (Bengaluru)
	Service tax arising due to reclassification of services	328.45	-	April 2014 to February 2017	Customs, Excise and Service Tax Appellate Tribunal (Bengaluru)
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 during the year. The Company has no loan or borrowing payable to government and no dues payable to debenture holders during the year.
- (ix) The Company did not raise moneys by way of further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

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

Place : Hubballi  
Date: 18 May 2019

**Annexure B 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 2019**

**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 2019, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as at that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

**Annexure B 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 2019**

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

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place : Hubballi  
Date: 18 May 2019

**BALANCE SHEET AS AT 31 MARCH 2019**  
(Rupees in Lakhs, except for share data, and if otherwise stated)

PARTICULARS	NOTE	As at 31st March 2019	As at 31st March 2018
<b>Assets</b>			
<b>Non- current assets</b>			
Property, plant and equipment	2	70,131.64	62,170.49
Capital work-in-progress	2.1	4,164.49	764.21
Investment properties	3	248.93	254.11
Intangible assets	4	124.76	71.57
<b>Financial assets</b>			
Investments	5	5.75	5.75
Other financial assets	6	2,818.81	2,655.07
Income tax assets		575.73	560.68
Other non- current assets	7	2,544.89	2,602.64
		<b><u>80,615.00</u></b>	<b><u>69,084.52</u></b>
<b>Current assets</b>			
Inventories	8	2,979.82	2,413.34
<b>Financial assets</b>			
Trade receivables	9	7,952.99	8,074.68
Cash and cash equivalents	10	1,260.07	1,851.81
Bank balances other than cash and cash equivalents	11	54.09	83.57
Other financial assets	12	1,082.10	1,101.56
Other current assets	13	3,837.90	3,616.74
		<b><u>17,166.97</u></b>	<b><u>17,141.70</u></b>
<b>Total assets</b>		<b><u>97,781.97</u></b>	<b><u>86,226.22</u></b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	14	9,034.35	9,034.35
Other equity	15	55,559.45	50,287.62
		<b><u>64,593.80</u></b>	<b><u>59,321.97</u></b>
<b>Liabilities</b>			
<b>Non- current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	16	10,335.76	494.43
Other financial liabilities	17	702.05	741.80
Provisions	18	1,644.45	892.48
Deferred tax liabilities (net)	30.2	7,376.58	8,079.07
Other non-current liabilities	19	741.16	709.67
		<b><u>20,800.00</u></b>	<b><u>10,917.45</u></b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	16	2,735.85	6,390.68
Trade payables	20	3.25	0.30
total outstanding dues of micro enterprises and small enterprises		607.33	682.57
total outstanding dues of creditors other than micro enterprises and small enterprises		6,381.46	6,165.26
Other financial liabilities	21	997.63	1,137.79
Provisions	18	370.53	125.08
Current tax liabilities (net)		1,292.12	1,485.12
Other current liabilities	22	<b><u>12,388.17</u></b>	<b><u>15,986.80</u></b>
<b>Total equity and liabilities</b>		<b><u>97,781.97</u></b>	<b><u>86,226.22</u></b>

**Notes to the financial statements** 1 to 48

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

Membership No: 106815

Place : Hubballi

Date : 18 May 2019

**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 : 18 May 2019

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019**

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

PARTICULARS	NOTE	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations	23	210,954.40	192,232.03
Other income	24	792.42	1,423.04
		<b><u>211,746.82</u></b>	<b><u>193,655.07</u></b>
<b>Expenses</b>			
Freight, handling and servicing cost	25	147,433.88	131,891.93
Employee benefits expense	26	36,667.96	34,577.44
Finance costs	27	1,086.37	1,144.09
Depreciation and amortisation expense	28	10,058.09	9,763.42
Other expenses	29	2,453.06	2,339.26
<b>Total expenses</b>		<b><u>197,699.36</u></b>	<b><u>179,716.14</u></b>
<b>Profit before tax</b>		<b><u>14,047.46</u></b>	<b><u>13,938.93</u></b>
<b>Tax expense</b>	30		
Current tax		5,500.19	5,464.45
Deferred tax credit		(644.34)	(781.94)
<b>Profit for the year</b>		<b><u>9,191.61</u></b>	<b><u>9,256.42</u></b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Re-measurement gain/(losses) on defined benefit plans		(443.25)	(285.94)
Deferred tax credit		154.91	99.93
<b>Other comprehensive income for the year, net of tax</b>		<b><u>(288.34)</u></b>	<b><u>(186.01)</u></b>
<b>Total comprehensive income for the year</b>		<b><u>8,903.27</u></b>	<b><u>9,070.41</u></b>
<b>Basic and diluted earnings per share of face value ₹ 10 each (in ₹)</b>	31	10.17	10.17
<b>Notes to the financial statements</b>		1 to 48	

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  
Membership No: 106815

Place : Hubballi  
Date : 18 May 2019

**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 : 18 May 2019

**Anand Sankeshwar**  
Managing Director  
(DIN: 00217773)

**Aniruddha Phadnavis**  
General Manager (Finance)  
and Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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

PARTICULARS	Year ended 31 March 2019	Year ended 31 March 2018
<b>A Cash flows from operating activities</b>		
Profit before tax	<b>14,047.46</b>	<b>13,938.93</b>
<b>Adjustments for :</b>		
Depreciation and amortisation expense	10,058.09	9,763.42
Finance costs	1,100.04	1,128.95
Interest income from fixed deposit	(7.13)	(4.52)
Rent income from investment property	(143.59)	(136.18)
Interest on income tax refund	(39.41)	-
Dividend income	(0.71)	(0.74)
(Profit)/Loss on sale of property, plant and equipment (net)	35.21	(28.24)
Advances/bad debts written off	21.20	40.17
Provision for doubtful advances and debts	23.01	-
Credit balances written back	-	(51.60)
Unwinding of discount on security deposit	-	(214.97)
Notional rent expense	1.42	235.80
Rent income arising on fair valuation of security deposits received	3.08	(5.47)
Fair valuation of financial liabilities	(8.44)	8.06
Finance cost recognised based on effective interest cost	(5.23)	7.08
<b>Operating profit before working capital changes</b>	<b>25,085.00</b>	<b>24,680.69</b>
<b>Adjustments for :</b>		
Decrease/ (Increase) in trade receivables	383.99	(532.99)
(Increase) in financial and other current assets	(750.72)	(427.62)
(Increase) in Inventories	(566.48)	(581.23)
Increase in trade payables, other liabilities and provisions	297.80	2,513.56
Cash generated from operating activities	24,449.59	25,652.41
Direct taxes paid (net of refunds)	(5,230.38)	(5,104.09)
<b>Net cash generated from operations (A)</b>	<b>19,219.21</b>	<b>20,548.32</b>
<b>B Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets (including capital work in progress and capital advances)	(21,116.39)	(4,733.65)
Proceeds from sale of property, plant and equipment	22.40	186.28
Movement of fixed deposits with bank	29.48	(14.58)
Rent received from investment property	143.59	136.18
Interest received	5.53	3.12
Dividend income received	0.71	0.74
<b>Net cash (used in) investing activities (B)</b>	<b>(20,914.68)</b>	<b>(4,421.91)</b>
<b>C Cash flows from financing activities</b>		
Buyback of equity shares	-	(3,871.61)
Proceeds from/(Repayment of) short term borrowings (net)	(3,654.83)	75.76
Proceeds from long term borrowings	11,320.91	-
Repayment of long term borrowings	(1,709.86)	(10,432.79)
Dividend paid and tax thereon	(3,811.98)	-
Interest and processing fees paid	(1,040.51)	(1,201.64)
<b>Net cash generated from/(used in) financing activities (C)</b>	<b>1,103.73</b>	<b>(15,430.28)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(591.74)</b>	<b>696.13</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,851.81</b>	<b>1,155.68</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,260.07</b>	<b>1,851.81</b>
<b>Cash and cash equivalents comprise:</b>		
Cash on hand	381.74	412.45
Balances with banks	878.33	1,439.36
- in current accounts	-	-
<b>Cash and cash equivalents as per note 10 to the financial statements</b>	<b>1,260.07</b>	<b>1,851.81</b>

**Notes:**

1) The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard 7, Statement of cash flows.

**Notes to the financial statements**

The notes referred to above form an integral part of the financial statements  
As per our report of even date attached

**1 to 48**

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

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

**Bharat Shetty**  
Partner  
Membership No: 106815

**Vijay Sankeshwar**  
Chairman and Managing Director  
(DIN: 00217714)

**Anand Sankeshwar**  
Managing Director  
(DIN: 00217773)

Place : Hubballi  
Date : 18 May 2019

**Sunil Nalavadi**  
Chief Financial Officer  
Place : Hubballi  
Date : 18 May 2019

**Aniruddha Phadnavis**  
General Manager (Finance)  
and Company Secretary

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

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

a	<b>Equity share capital</b>	<b>Number</b>	<b>Amount</b>
	<b>As at 01 April 2017</b>	<b>91,243,495</b>	<b>9,124.35</b>
	Less: Buyback of shares during the year (refer note 46)	900,000	90.00
	<b>Balance as at 31 March 2018</b>	<b>90,343,495</b>	<b>9,034.35</b>
	Issue of share capital	-	-
	<b>Balance as at 31 March 2019</b>	<b>90,343,495</b>	<b>9,034.35</b>

### b Other equity

	<b>Reserves and surplus</b>				
	<b>Securities premium</b>	<b>General reserve</b>	<b>Capital redemption reserve</b>	<b>Retained earnings</b>	<b>Total Equity</b>
<b>As at 1 April 2017</b>	<b>21,557.39</b>	<b>6,419.69</b>	-	<b>17,021.74</b>	<b>44,998.82</b>
Profit for the year	-	-	-	9,256.42	9,256.42
Other comprehensive income for the year	-	-	-	(186.01)	(186.01)
<b>Total Comprehensive income for the year ended 31 March 2018</b>	-	-	-	<b>9,070.41</b>	<b>9,070.41</b>
Transfer to general reserve	-	925.64	-	(925.64)	-
"Amount utilised on account of buyback of shares (refer note 46)"	(3,781.61)	-	-	-	(3,781.61)
Amount transferred to capital redemption reserve on account of buyback of shares	(90.00)	-	90.00	-	-
<b>Balance as at 31 March 2018</b>	<b>17,685.78</b>	<b>7,345.33</b>	<b>90.00</b>	<b>25,166.51</b>	<b>50,287.62</b>
Change in accounting policy (refer note 47)	-	-	-	180.54	180.54
<b>Restated Balance as at 1 April 2018</b>	<b>17,685.78</b>	<b>7,345.33</b>	<b>90.00</b>	<b>25,347.05</b>	<b>50,468.16</b>
Profit for the year	-	-	-	9,191.61	9,191.61
Other comprehensive income for the year	-	-	-	(288.34)	(288.34)
<b>Total Comprehensive income for the year ended 31 March 2019</b>	-	-	-	<b>8,903.27</b>	<b>8,903.27</b>
Cash dividends	-	-	-	(3,162.02)	(3,162.02)
Dividend distribution tax	-	-	-	(649.96)	(649.96)
Transfer to general reserve	-	919.16	-	(919.16)	-
<b>Balance as at 31 March 2019</b>	<b>17,685.78</b>	<b>8,264.49</b>	<b>90.00</b>	<b>29,519.18</b>	<b>55,559.45</b>

### Notes to the financial statements

### 1 to 48

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  
Membership No: 106815

Place : Hubballi  
Date : 18 May 2019

**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 : 18 May 2019

**Anand Sankeshwar**  
Managing Director  
(DIN: 00217773)

**Aniruddha Phadnavis**  
General Manager (Finance)  
and Company Secretary

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

## **Company Overview**

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

## **1 Significant Accounting Policies**

### **a) Basis for preparation of financial Statements**

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

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

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

### **b) Use of estimates and judgements**

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

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

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

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

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

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

### **d) Investment Property**

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

## **Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

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

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

### **e) Intangible assets**

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

### **f) Depreciation/Amortisation**

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

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

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

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

### **g) Leases**

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

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

### **h) Impairment of non-financial assets**

Assessment is done at each Balance Sheet date to evaluate whether there is any indication that a non-financial asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows

## **Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to their recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

### **i) Foreign currency transactions**

#### **Functional and presentation currency**

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

#### **Foreign currency transactions and balances**

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

### **j) Financial instruments**

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

#### **Financial Assets**

##### **Initial recognition**

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

##### **Subsequent measurement**

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

###### **(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

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**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

**(b) Financial Assets measured at fair value**

Financial assets are measured at fair value through other comprehensive income (FVOCI) if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through

OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

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

**Impairment of Financial Assets**

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

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

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

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

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

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

**De-recognition of Financial Assets**

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

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.

## **Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

### **Equity investments**

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

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

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

### **Financial Liabilities**

#### **Initial Recognition**

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

#### **Subsequent measurement**

##### **Financial liabilities at FVPL**

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

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

##### **Financial liabilities at amortised cost**

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

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

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

## **Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### **Offsetting financial instruments**

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

#### **k) Fair value measurement**

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

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

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

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

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

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

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

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.

#### **I) 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.

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

**m) Cash and cash equivalents**

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

**n) Revenue recognition**

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) -'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 is disclosed in note 47.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

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

Contract assets includes costs incurred to fulfill a contract with a customer. Where the amount of consideration received from a customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

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

- i. Revenue from Goods transport and Courier service is recognised as and when goods and documents are transported
- ii. Revenue from Bus operation and Transport of passengers by air is recognised as and when transportation is provided.
- iii. Revenue from sale of power is recognised upon deposit of units of generated power at the grid of the purchasing electricity company.
- iv. 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.
- v. Revenue from hotel operations is recognized upon rendering of service.
- vi. 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.
- vii. Dividend income is recognised when the right to receive the dividend is established.
- viii. Rent income is recognised on a straight-line basis over the period of the lease.
- ix. Advertisement income is recognised when the related advertisement or commercial appears before the public.

**Summary of the significant accounting policies and other explanatory information for the  
year ended 31 March 2019**

**o) Employee benefits**

**Defined contribution plan**

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

**Defined benefit plan**

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

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

**Compensated absences**

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

**p) Borrowing costs**

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

**q) Borrowings and other financial liabilities**

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

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

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

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

**Summary of the significant accounting policies and other explanatory information for the  
year ended 31 March 2019**

**r) Trade receivables**

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

**s) Trade payables**

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

**t) Taxation**

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

**u) Provisions and Contingent liabilities**

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

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Such liabilities are disclosed by way of notes to the financial

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**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

statements. No disclosure is made if the possibility of an outflow on this account is remote.

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

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

**Impairment of non-financial assets**

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

**Depreciation and useful lives of property, plant and equipment**

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

**Recoverability of trade receivable**

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

**Provisions**

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

**Defined benefit obligation (DBO)**

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

**Fair value measurement**

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

**w) Recent accounting pronouncements**

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**Summary of the significant accounting policies and other explanatory information for the  
year ended 31 March 2019**

**Ind AS 116: Leases**

On 30 March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116, Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1 April 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on right of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116 which might have significant impact on key profit and loss and balance sheet ratios i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc.

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**  
(Rupees in Lakhs, except for share data, and if otherwise stated)

**2 Property, Plant & Equipment**

<b>Gross block</b>	<b>Freehold Land</b>	<b>Buildings</b>	<b>Plant &amp; Equipment</b>	<b>Furniture &amp; Fixtures</b>	<b>Office Equipment</b>	<b>Vehicles</b>	<b>Aircrafts</b>	<b>Leasehold Improvements</b>	<b>TOTAL</b>
<b>Balance as at 01 April 2017</b>	<b>6,632.84</b>	<b>9,466.82</b>	<b>14,582.11</b>	<b>540.72</b>	<b>2,245.12</b>	<b>50,555.31</b>	<b>2,643.69</b>	<b>600.23</b>	<b>87,266.84</b>
Additions	56.19	87.53	385.73	88.44	439.66	1,759.11	-	213.18	3,029.84
Disposals	(2.37)	(8.80)	-	-	(2.05)	(330.07)	-	-	(343.29)
<b>Balance as at 31 March 2018</b>	<b>6,686.66</b>	<b>9,545.55</b>	<b>14,967.84</b>	<b>629.16</b>	<b>2,682.73</b>	<b>51,984.35</b>	<b>2,643.69</b>	<b>813.41</b>	<b>89,953.39</b>
Additions	8,158.35	591.22	732.15	155.38	417.00	7,933.01	-	34.93	18,022.04
Disposals	-	-	(6.29)	-	(0.13)	(212.21)	-	-	(218.63)
<b>Balance as at 31 March 2019</b>	<b>14,845.01</b>	<b>10,136.77</b>	<b>15,693.70</b>	<b>784.54</b>	<b>3,099.60</b>	<b>59,705.15</b>	<b>2,643.69</b>	<b>848.34</b>	<b>107,756.80</b>
<b>Accumulated depreciation and amortisation</b>									
<b>Balance as at 01 April 2017</b>	<b>-</b>	<b>712.48</b>	<b>2,629.69</b>	<b>138.46</b>	<b>742.87</b>	<b>13,473.94</b>	<b>380.02</b>	<b>180.90</b>	<b>18,258.36</b>
Depreciation and amortisation charge	-	361.05	1,354.96	67.10	488.18	7,113.06	190.01	135.43	9,709.79
Reversal on disposal of assets	-	(0.76)	-	-	(0.67)	(183.82)	-	-	185.25
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>1,072.77</b>	<b>3,984.65</b>	<b>205.56</b>	<b>1,230.38</b>	<b>20,403.18</b>	<b>570.03</b>	<b>316.33</b>	<b>27,782.90</b>
Depreciation and amortisation charge	-	360.11	1,389.67	61.91	522.55	7,378.84	190.01	100.19	10,003.28
Reversal on disposal of assets	-	-	(2.91)	-	-	(158.11)	-	-	(161.02)
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>1,432.88</b>	<b>5,371.41</b>	<b>267.47</b>	<b>1,752.93</b>	<b>27,623.91</b>	<b>760.04</b>	<b>416.52</b>	<b>37,625.16</b>
<b>Net block</b>									
<b>Balance as at 31 March 2018</b>	<b>6,686.66</b>	<b>8,472.78</b>	<b>10,983.19</b>	<b>423.60</b>	<b>1,452.35</b>	<b>31,581.17</b>	<b>2,073.66</b>	<b>497.08</b>	<b>62,170.49</b>
<b>Balance as at 31 March 2019</b>	<b>14,845.01</b>	<b>8,703.89</b>	<b>10,322.29</b>	<b>517.07</b>	<b>1,346.67</b>	<b>32,081.24</b>	<b>1,883.65</b>	<b>431.82</b>	<b>70,131.64</b>
<b>2.1 Capital work-in-progress</b>									
As at 31 March 2018									<b>764.21</b>
As at 31 March 2019									<b>4,164.49</b>

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

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



**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

**3 Investment properties**

<b>Gross carrying amounts</b>	<b>Amount</b>
Balance as at 1 April 2017	269.65
Additions	-
<b>Balance as at 31 March 2018</b>	<b>269.65</b>
Additions	-
<b>Balance as at 31 March 2019</b>	<b>269.65</b>

**Accumulated depreciation**

Balance as at 01 April 2017	10.36
Depreciation	5.18
<b>Balance as at 31 March 2018</b>	<b>15.54</b>
Depreciation	5.18
<b>Balance as at 31 March 2019</b>	<b>20.72</b>

**Net block**

Balance as at 31 March 2018	254.11
Balance as at 31 March 2019	248.93

**Fair value**

As at 31 March 2018	1,071.14
As at 31 March 2019	1,049.72

	<b>Year ended 31 March 2019</b>	<b>Year ended 31 March 2018</b>
Rental income derived from investment properties	143.59	136.18
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
<b>Income arising from investment properties before depreciation</b>	<b>143.59</b>	<b>136.18</b>
Depreciation	5.18	5.18
<b>Income arising from investment properties (Net)</b>	<b>138.41</b>	<b>131.00</b>

**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**

<b>Gross block</b>	<b>Computer software</b>
<b>Balance as at 01 April 2017</b>	<b>221.71</b>
Additions	-
<b>Balance as at 31 March 2018</b>	<b>221.71</b>
Additions	102.82
<b>Balance as at 31 March 2019</b>	<b>324.53</b>
 <b>Accumulated amortisation</b>	
<b>Balance as at 01 April 2017</b>	<b>101.69</b>
Amortisation charge	48.45
<b>Balance as at 31 March 2018</b>	<b>150.14</b>
Amortisation charge	49.63
<b>Balance as at 31 March 2019</b>	<b>199.77</b>
 <b>Net block</b>	
<b>Balance as at 31 March 2018</b>	<b>71.57</b>
<b>Balance as at 31 March 2019</b>	<b>124.76</b>

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

Particulars	As at 31 March 2019	As at 31 March 2018
<b>5 Investments</b>		
<b>Unquoted investments in equity instruments at FVTPL</b>		
Shri Basaveshwar Sahakari Bank Niyamit (500 equity shares (31 March 2018: 500 equity shares) of ₹ 100 each fully paid up))	0.50	0.50
The Shamrao Vithal Co-operative Bank Limited (20,000 equity shares (31 March 2018: 20,000 equity shares) of ₹ 25 each fully paid up)	5.00	5.00
The Saraswat Co-operative Bank Limited (2,500 equity shares (31 March 2018: 2,500 equity shares) of ₹ 10 each fully paid up)	0.25	0.25
	<b>5.75</b>	<b>5.75</b>
Aggregate amount of quoted investment and market value thereof	-	-
Aggregate amount of unquoted investments	5.75	5.75
Aggregate amount of impairment in value of investments	-	-
<b>6 Other non-current financial assets</b>		
Unsecured, considered good, unless otherwise stated		
Security deposits	2,484.38	2,418.37
Other receivables	334.43	236.70
	<b>2,818.81</b>	<b>2,655.07</b>
<b>7 Other non-current assets</b>		
Unsecured, considered good, unless otherwise stated		
Prepaid expenses	1,068.73	703.46
Capital advances	743.45	1,154.37
Deposits with customs authorities and others	732.71	744.81
	<b>2,544.89</b>	<b>2,602.64</b>

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

	As at 31 March 2019	As at 31 March 2018
<b>8 Inventories</b>		
valued at lower of cost and net realisable value		
Raw materials	2.05	0.83
Stores and spares	2,977.77	2,412.51
	<b>2,979.82</b>	<b>2,413.34</b>
Write down of inventory to net realisable value	-	-
<b>9 Trade receivables (Unsecured, considered good, unless otherwise stated)</b>		
Others	7,946.84	8,054.17
Receivables from related parties (refer note 45) #	6.15	20.51
Trade Receivables which have significant increase in credit risk)	145.00	130.00
Trade receivables - Credit Impaired	8,097.99	8,204.68
Less : Allowance for doubtful debts	145.00	130.00
	<b>7,952.99</b>	<b>8,074.68</b>
# Includes ₹ 1.44 lakhs ( 31 March 2018 : ₹0.45 lakhs) due from a private company in which director of the Company is a director		
Refer Note 42 for information about credit risk and market risk of trade receivables.		
<b>10 Cash and cash equivalents</b>		
Balances with banks		
- in current accounts	878.33	1,439.36
Cash on hand	381.74	412.45
	<b>1,260.07</b>	<b>1,851.81</b>
<b>11 Bank balances other than cash and cash equivalents</b>		
- Unclaimed dividend account	6.02	2.18
- Deposits with maturity more than 3 months but less than 12 months	2.41	-
- Balance with bank held as margin money	45.66	81.39
	<b>54.09</b>	<b>83.57</b>
<b>Fixed Deposits pledged with banks</b>		
Against bank guarantees	45.66	81.39
	<b>45.66</b>	<b>81.39</b>

**Summary of the significant accounting policies and other explanatory information for the  
year ended 31 March 2019**

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

	As at 31 March 2019	As at 31 March 2018
<b>12 Other current financial assets</b>		
Unsecured, considered good, unless otherwise stated		
Other receivables	459.51	430.34
Receivables from related parties (refer note 45)	23.16	25.58
Interest accrued on bank deposits	6.11	4.51
Unbilled revenue	96.74	-
<b>Security deposits</b>		
- Considered good	496.58	641.13
- Considered doubtful	58.42	50.41
Less : Allowances for doubtful assets	58.42	50.41
	<b>1,082.10</b>	<b>1,101.56</b>
<b>13 Other current assets</b>		
Unsecured, considered good, unless otherwise stated		
Prepaid expenses	2,651.32	2,673.39
Contract assets (refer note 1(n))	173.30	-
Advance to suppliers, other than capital advance	402.89	493.09
Other advances		
- Considered good	610.39	450.26
- Considered doubtful	21.30	21.30
Less : Allowances for doubtful assets	21.30	21.30
	<b>3,837.90</b>	<b>3,616.74</b>

## **Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

	<b>14 Equity share capital</b>	As at		<b>As at 31 March 2018</b>			
		<b>31 March 2019</b>	<b>Number</b>		<b>Amounts</b>	<b>Number</b>	<b>Amounts</b>
	<b>Authorised share capital</b>						
	Equity shares of ₹ 10 each	125,000,000	12,500.00	125,000,000	12,500.00		
	0.001% Compulsorily and mandatorily convertible participation preference shares of ₹ 100 each	11,200,000	11,200.00	11,200,000	11,200.00		
		<b>136,200,000</b>	<b>23,700.00</b>		<b>136,200,000</b>		<b>23,700.00</b>
	Issued, subscribed and fully paid up						
	Equity shares of ₹ 10 each	90,343,495	9,034.35	90,343,495	9,034.35		
		<b>90,343,495</b>	<b>9,034.35</b>		<b>90,343,495</b>		<b>9,034.35</b>
	<b>Total</b>						
		<b>90,343,495</b>	<b>9,034.35</b>		<b>90,343,495</b>		<b>9,034.35</b>
a)	<b>Reconciliation of equity share capital</b>						
	<b>Balance at the beginning of the year</b>	90,343,495	9,034.35	91,243,495	9,124.35		
	Add : Issued during the year	-	-	-	-		
	Less: Buyback of shares during the year (refer note 46)	-	-	900,000	90,00		
	<b>Balance at the end of the year</b>	<b>90,343,495</b>	<b>9,034.35</b>	<b>90,343,495</b>	<b>9,034.35</b>		
b)	<b>Rights/preferences/restrictions attached to equity shares</b>						
	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)	<b>Shareholders holding more than 5% of the shares</b>						
	<b>Equity shares of ₹ 10 each</b>						
	Dr. Vijay Sankeshwar	29,792,000	32.98%	29,792,000	32.98%		
	Mr. Anand Sankeshwar	31,265,250	34.61%	31,265,250	34.61%		



**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

**15 Other equity**

	Reserves and surplus				
	Securities premium	General reserve	Capital redemption reserve	Retained earnings	Total Equity
Balance as at 1 April 2017	21,557.39	6,419.69	-	17,021.74	44,998.82
<b>Profit for the year</b>	-	-	-	<b>9,256.42</b>	<b>9,256.42</b>
<b>Other comprehensive income for the year</b>	-	-	-	<b>(186.01)</b>	<b>(186.01)</b>
<b>Total Comprehensive income for the year ended 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,070.41</b>	<b>9,070.41</b>
Transfer to general reserve	-	925.64	-	(925.64)	-
Amount utilised on account of buyback of equity shares (refer note 46)	(3,781.61)	-	-	-	(3,781.61)
Amount transferred to capital redemption reserve on account of buyback of equity shares	(90.00)	-	90.00	-	-
<b>Balance as at 31 March 2018</b>	<b>17,685.78</b>	<b>7,345.33</b>	<b>90.00</b>	<b>25,166.51</b>	<b>50,287.62</b>
<b>Change in accounting policy (refer note 47)</b>	-	-	-	180.54	180.54
<b>Restated Balance as at 1 April 2018</b>	<b>17,685.78</b>	<b>7,345.33</b>	<b>90.00</b>	<b>25,347.05</b>	<b>50,468.16</b>
<b>Profit for the year</b>	-	-	-	<b>9,191.61</b>	<b>9,191.61</b>
<b>Other comprehensive income for the year</b>	-	-	-	<b>(288.34)</b>	<b>(288.34)</b>
<b>Total Comprehensive income for the year ended 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,903.27</b>	<b>8,903.27</b>
Cash dividends	-	-	-	(3,162.02)	(3,162.02)
Dividend distribution tax	-	-	-	(649.96)	(649.96)
Transfer to general reserve	-	919.16	-	(919.16)	-
<b>Balance as at 31 March 2019</b>	<b>17,685.78</b>	<b>8,264.49</b>	<b>90.00</b>	<b>29,519.18</b>	<b>55,559.45</b>

**Nature and purpose of reserves**

**Securities premium:**

Securities premium is used to record the premium on issue of shares . The reserve will be utilised in accordance with the provisions of the Act.

**General reserve:**

The reserve is created out of surplus balance of profit of the Company and is a distributable reserve maintained by the Company.

**Capital redemption reserve:**

Represents reserve created during buy-back of Equity Shares and it is a non-distributable reserve.

**Retained earnings:**

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

## **Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

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

	As at 31 March 2019		As at 31 March 2018	
	Non- current	Current	Non- current	Current
<b>Borrowings</b>				
<b>Secured</b>				
Term loans				
From banks				
Loans repayable on demand	11,331.84	-	1,726.02	-
Working capital loan from banks	-	2,735.85	-	6,390.682
	<b>11,331.84</b>	<b>2,735.85</b>	<b>1,726.02</b>	<b>6,390.68</b>
Less : Current maturities of long-term debt (refer note 21)	996.08	-	1,231.59	-
<b>Total borrowings</b>	<b>10,335.76</b>	<b>2,735.85</b>	<b>494.43</b>	<b>6,390.68</b>
<b>Nature of Security and terms of repayment for secured borrowings</b>				
<b>Nature of Security</b>				
<b>Term loans from banks are secured by:</b>				
i. Term loan from bank, balance outstanding amounting to ₹ 4,100.56 Lakhs (31 March 2018 : ₹978.89 lakhs) is secured by first charge by way of hypothecation of certain Lorries.	Terms of Repayment Repayable in 51 to 60 equal monthly instalments (EMI) from the end of the reporting period, EMI ranging between ₹ 0.71 lakhs to ₹ 12.52 lakhs along with interest and having interest rate ranging from 8.25% p.a. to 8.85% p.a.(31 March 2018 - 9.30% p.a. to 10.75% p.a.)			
ii. Term loan from bank, balance outstanding amounting to ₹ 249.75 Lakhs (31 March, 2018 : ₹750.28 lakhs) is secured by first charge by way of Registered equitable mortgage of land and Building situated at Mangalore	Repayable in 6 EMIs from the end of reporting period having EMI ₹ 41.66 Lakhs along with interest and having interest rate of 9.15% p.a. (31 March 2018 - 9.50% p.a.)			
iii. Term loan from bank, balance outstanding amounting to ₹ 6,989.60 Lakhs (31 March 2018 : Nil) is secured by first charge by way of Registered equitable mortgage of land situated at Surat, Gujarat and Collateral security by registered equitable mortgage of Land and Building situated at Gulbarga, Davangere, Belgaum and Chitradurga .	Repayment will commence after 24 months of Moratorium period from date of disbursement. Repayable in 60 EMIs ranging between ₹62.42 lakhs to ₹ 103.46 lakhs along with interest and having interest rate of 9.25% p.a. (31 March 2018 - Nil )			
<b>Working capital loan from banks are secured by:</b>				
i. First charge by way of equitable mortgage on Land and Building situated at Mangalore.				
ii. First charge by way of hypothecation of trade receivable				
iii. First charge by way of hypothecation of inventory (net of trade payables) Amount of ₹ 8.07 lakhs (31 March 2018: ₹ 3.15 lakhs) related to deferred expense towards processing charges is netted off against loan.				
The carrying amounts of financial and non financial assets as security for secured borrowings are disclosed in Note 32.				
	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>		
<b>Other non-current financial liabilities</b>				
Deposits from agents and others	702.05	741.80		
	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>		



**Summary of the significant accounting policies and other explanatory information for  
the year ended 31 March 2019**

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

	As at 31 March 2019		As at 31 March 2018	
	Non- current	Current	Non- current	Current
<b>18 Provisions</b>				
Provision for Gratuity (refer note (a) below)	824.68	687.89	267.24	861.19
Provision for Compensated absences (refer note (a) below)	819.77	309.74	625.24	276.60
	<b>1,644.45</b>	<b>997.63</b>	<b>892.48</b>	<b>1,137.79</b>

a) **Employee benefits**

i) **Defined Contribution Plans:**

The amount recognised as an expense during the year is ₹ 2,983.30 lakhs (31 March 2018: ₹ 3,137.82 lakhs).

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Employer's Contribution to Provident Fund	1,948.34	2,209.24
Employer's Contribution to Labour Welfare Fund	3.91	4.31
Employer's Contribution to Employees State Insurance Scheme	1,031.05	924.27

ii) **Defined Benefit Plans**

- **Gratuity**

I. Valuations in respect of Gratuity has been carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation, as at the Balance Sheet Date, based on the following assumptions:

	31 March 2019	31 March 2018
Discount rate	Staff 7.43% Drivers and Hamals 7.69%	Staff 7.45% Drivers and Hamals 6.84%
Rate of increase in compensation levels	Staff 5.00% Drivers and Hamals 0.05%	Staff 4.00% Drivers and Hamals 0.05%
Estimated rate of return on plan assets	7.43%	7.45%
Attrition rate	Staff 14% Drivers and Hamals 40%	Staff 14 % Drivers and Hamals 40%
Mortality rate	Indian assured lives (2006-2008) ultimate mortality table	
Retirement age	Staff 60 Drivers and Hamals 60	Staff 60 Drivers and Hamals 60

**II. Amounts recognised in the Balance Sheet**

Present value of obligation as at the end of the year Fair value of plan assets as at the end of the year Funded status- Surplus/(Deficit) Net asset /(liability) recognised in the Balance Sheet	4,438.36 2,925.79 (1,512.57) (1,512.57)	3,495.51 2,367.08 (1,128.43) (1,128.43)
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**Summary of the significant accounting policies and other explanatory information  
for the year ended 31 March 2019**

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

**III. Changes in present value of obligations**

	<b>31 March 2019</b>	<b>31 March 2018</b>
Present value of obligation as at the beginning of the year	3,495.51	2,398.05
Current service cost	549.03	828.29
Past service cost	-	23.83
Interest cost	250.09	185.17
Actuarial (gain)/loss on obligations	436.43	297.98
Benefits paid	(292.70)	(237.81)
Present value of obligation as at the end of the year	4,438.36	3,495.51

**IV. Changes in fair value of plan assets**

Fair value of plan assets at the beginning of the year	2,367.08	2,179.10
Expected return on plan assets	189.83	162.83
Actuarial gain/(loss) on plan assets	(6.83)	12.04
Contributions	668.41	250.92
Benefits paid	(292.70)	(237.81)
Fair value of plan assets at the end of the year	2,925.79	2,367.08

<b>V. Actual return on plan assets</b>	183.00	174.87
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**VI. Other Comprehensive Income**

Remeasurements - Actuarial (gain)/ loss for the year	443.25	285.94
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**VII. Major category of plan assets\***

Gratuity scheme of Insurance Companies	100%	100%
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\*In case of certain employees, the Gratuity liability is funded by payments to the trust administered by the Company.

**VIII. Remeasurements - Actuarial (gain) / loss**

Actuarial (Gain) / Loss due to change in Demographic Assumptions	(559.55)	(0.16)
Actuarial (Gain) / Loss due to change in financial assumptions	164.56	(378.29)
Actuarial (Gain)/ Loss due to Experience adjustments	831.41	676.43
Return on Plan Assets (Greater) / Less than Discount rate	6.83	(12.04)
Total	443.25	285.94

**IX. Expense recognised in Statement of Profit and Loss**

Current service cost	549.03	828.29
Past service cost	-	23.83
Interest cost	250.09	185.17
Expected return on plan assets	(189.83)	(162.83)
Expense recognised in Statement of Profit and Loss	<b>609.29</b>	<b>874.46</b>

**Summary of the significant accounting policies and other explanatory information for the  
year ended 31 March 2019**

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

<b>X. Sensitivity Analysis of the defined benefit obligation:</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
a) Impact of the change in discount rate		
Present value of obligation at the end of the period	4,438.36	3,495.51
i) Impact due to increase of 1.00%	(285.77)	(148.32)
ii) Impact due to decrease of 1.00%	319.06	162.85
b) Impact of the change in salary increase		
Present value of obligation at the end of the period	4,438.36	3,495.51
i) Impact due to increase of 1.00%	311.87	143.86
ii) Impact due to decrease of 1.00%	(283.18)	(133.23)
c) Impact of change in attrition rate		
Present value of obligation at the end of the period	4,438.36	3,495.51
i) Impact due to increase of 1.00%	69.74	12.25
ii) Impact due to decrease of 1.00%	(83.75)	(13.10)

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

2019		700.77
2020		574.07
2021		456.09
2022		386.95
2023		351.01
2024		353.23
Thereafter		2,772.19
	6,370.90	

XII. The Company expects to contribute around ₹ 604 lakhs to the funded plan in financial year 2019-20 for gratuity.

**- Compensated absences**

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the Statement of Profit and Loss for the year is ₹318.50 lakhs (31 March 2018: ₹ 460.04 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 2019**

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

	As at 31 March 2019	As at 31 March 2018
<b>19 Other non- current liabilities</b>		
Provision for lease equalisation	741.16	709.67
	<b>741.16</b>	<b>709.67</b>
<b>20 Trade payables</b>		
Micro, Small and Medium Enterprises	3.25	0.30
Payables to related parties (refer note 45)	5.10	6.24
Others	602.23	676.33
	<b>610.58</b>	<b>682.87</b>

Refer Note 42 for information about liquidity risk and market risk of trade payables.

- a) The Company has amount due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act). The disclosure pursuant to the said Act is as under:

	As at 31 March 2019	As at 31 March 2018
a) The principal amount remaining unpaid to any supplier at the end of the year	3.25	0.30
b) Interest due remaining unpaid to any supplier at the end of the year	-	-
c) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the year or on balance brought forward from previous year.

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

	As at 31 March 2019	As at 31 March 2018
<b>21 Other financial liabilities</b>		
Current maturities of long- term debt (refer note 16)	996.08	1,231.59
Interest accrued but not due on borrowings	72.22	12.69
Unclaimed dividends*	6.02	2.18
Employee related liabilities	3,033.59	2,708.12
Other accrued liabilities	2,272.99	2,207.95
Payables for capital expenditure	0.56	2.73
	<b>6,381.46</b>	<b>6,165.26</b>

\*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	-	8.60
Advance from customers	209.91	702.17
Contract liability ( refer note 1(n))	438.61	-
Advance from related parties (refer note 45)	1.91	3.19
Statutory dues	641.69	771.16
	<b>1,292.12</b>	<b>1,485.12</b>

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

	Year ended 31 March 2019	Year ended 31 March 2018
<b>23 Revenue from operations</b>		
<b>Sale of products</b>		
Sale of power	2,208.51	2,172.06
<b>Sale of services</b>		
Goods transport	167,500.16	150,668.06
Bus operations	37,869.98	35,707.53
Income from hotel operations	162.76	163.35
Transport of passengers by air	1,072.22	1,312.97
Courier service	1,025.00	864.00
<b>Other operating revenues</b>		
Sale of scrap materials	1,039.05	1,153.97
Advertisement income	76.72	190.09
	<b>210,954.40</b>	<b>192,232.03</b>
<b>24 Other income</b>		
Rent income	619.80	658.57
Interest income	7.13	95.72
Dividend income from equity investment designated at FVTPL	0.71	0.74
Credit balances written back	-	51.60
Interest on income tax refund	39.41	-
Service tax refund	-	242.88
Profit on sale of Property, plant and equipment (net)	-	28.24
Interest income resulting from fair valuation of security deposits paid	-	214.97
Miscellaneous income	125.37	130.32
	<b>792.42</b>	<b>1,423.04</b>

**Summary of the significant accounting policies and other explanatory information for the  
year ended 31 March 2019**

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>25 Freight, handling and servicing cost</b>		
Lorry hire	17,727.87	16,116.42
Aircraft hire charges	179.05	-
Diesel cost	58,039.55	49,725.83
Vehicle running, repairs and maintenance (net)	11,599.64	12,238.51
Stores and spares consumed	7,635.08	6,581.88
Tyres, flaps and re-treading	4,826.11	4,441.54
Bridge and toll charges	11,668.79	11,513.56
Repairs and maintenance		
- Plant and equipments	814.27	1,021.22
- Buildings	559.48	482.48
- Others	212.64	153.65
Security charges	316.08	295.10
Power	576.55	502.86
Wind turbine generator operation and maintenance expenses	592.04	575.75
Rent	10,665.46	9,538.41
Vehicle taxes	3,707.92	3,789.42
Insurance	1,830.91	1,495.03
Agency commission	6,622.45	6,247.91
Hamaali	9,206.55	6,481.06
Clearing and forwarding charges	317.96	312.41
Claims	250.90	289.16
Hotel operating expenses	84.58	89.73
	<b>147,433.88</b>	<b>131,891.93</b>
<b>26 Employee benefits expense</b>		
Salaries, wages and bonus	31,718.35	29,077.92
Contribution to provident and other funds (refer note 18(a))	2,983.30	3,137.82
Gratuity and compensated absences	927.79	1,334.50
Staff welfare expenses	1,038.52	1,027.20
	<b>36,667.96</b>	<b>34,577.44</b>
<b>27 Finance costs</b>		
Interest on borrowings	963.37	1,100.40
Interest on security deposit from agents	29.17	26.02
Other borrowing costs	93.83	17.67
	<b>1,086.37</b>	<b>1,144.09</b>

**Summary of the significant accounting policies and other explanatory information for the  
year ended 31 March 2019**

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>28 Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment (refer note 2 )	10,003.28	9,709.79
Depreciation of investment properties (refer note 3 )	5.18	5.18
Amortisation of intangible assets (refer note 4)	49.63	48.45
	<b>10,058.09</b>	<b>9,763.42</b>
<b>29 Other expenses</b>		
Travelling and conveyance	806.30	735.30
Printing and stationery	294.63	270.01
Legal and professional expenses	194.61	246.73
Payment to auditors (refer details below)	78.94	78.55
Office expenses	136.15	119.66
Communication costs	494.07	495.48
Advertisement and business promotion	88.95	100.97
Loss on sale of Property, plant and equipment (net)	35.21	-
Bad debts/advances written off	21.20	40.17
Allowance for doubtful advances and debts	23.01	-
Bank charges	48.15	58.42
Donation	1.45	7.72
Directors' sitting fees	10.15	7.86
Miscellaneous expenses	53.29	31.12
Corporate social responsibility expenses (refer note 40)	166.95	147.27
	<b>2,453.06</b>	<b>2,339.26</b>
<b>Payment to auditors* ( including taxes)</b>		
As auditor:		
Audit fee	77.88	77.88
Reimbursement of expenses	1.06	0.67
	<b>78.94</b>	<b>78.55</b>

\* excluding ₹ 2.36 lakhs for the year ended 31 March 2018 towards certification work in relation to Buy-back of Equity shares, adjusted in reserve under note 15

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>30 Tax expense</b>		
Current tax expense	5,500.19	5,464.45
Deferred tax	(644.34)	(781.94)
	<b>4855.85</b>	<b>4682.51</b>

**30.1 Tax reconciliation (for profit and loss)**

Profit before income tax expense	14,047.46	13,938.93
Current tax expense on Profit before tax at the enacted income tax rate in India	4,908.74	4,823.98

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

Donation	0.51	6.13
Corporate Social Responsibility expenses	58.34	47.51
(Profit)/Loss on sale of Property, plant and equipment	12.30	(9.78)
Rent from Building - Considered Separately	(50.18)	(47.13)
Differential tax rate on capital gains on sale of land	-	5.25
Others	(3.21)	10.55
<b>Other tax deductions</b>		
Deduction under section 80IA	(203.64)	(176.65)
Deduction under section 80JJAA/reversals	105.72	(81.49)
Deduction under section 80G	(7.85)	(7.49)
Change in tax rate	-	78.64
Income from house property	35.12	32.99
Tax expense for the year	4,855.85	4,682.51

**30.2 The movement in deferred tax assets and liabilities during the year ended 31 March 2018 and 31 March 2019 are as follows:**

	As at 01 April 2017	Credit/(charge) in statement of Profit and Loss	Credit/ (charge) directly to equity	Credit/(charge) in statement of Other comprehensive income	As at 31 March 2018
Asset/(Liabilities)					
Depreciation / Amortisation	(9,982.23)	302.73	-	-	(9,679.50)
Allowance for doubtful debts and advances	77.45	(7.11)	-	-	70.34
Provision for Gratuity, compensated absences and lease equalisation	463.77	393.74	-	99.93	957.44
Provision for bonus	318.68	92.97	-	-	411.65
Others	161.39	(0.39)	-	-	161.00
<b>Total</b>	<b>(8,960.94)</b>	<b>781.94</b>	<b>-</b>	<b>99.93</b>	<b>(8,079.07)</b>

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

	As at 01 April 2018 Deferred tax Asset/(Liabilities)	Credit/(charge) in statement of Profit and Loss	Credit/ (charge directly to equity	Credit/(charge) in statement of Other comprehensive income	As at 31 March 2019 Deferred tax Asset/ (Liabilities)
Depreciation / Amortisation	(9,679.50)	506.23	-	-	(9,173.27)
Allowance for doubtful debts and advances	70.34	8.19	-	-	78.53
Provision for Gratuity, compensated absences and lease equalisation	957.44	69.89	-	154.91	1,182.24
Provision for bonus	411.65	74.93	-	-	486.58
Others	161.00	(14.90)	(96.76)	-	49.34
<b>Total</b>	<b>(8,079.07)</b>	<b>644.34</b>	<b>(96.76)</b>	<b>154.91</b>	<b>(7,376.58)</b>

### 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 2019	Year ended 31 March 2018
Net profit after tax attributable to equity shareholders	9,191.61	9,256.42
Weighted average number of shares outstanding during the year - Basic and Diluted	90,343,495	91,031,518
<b>Basic and Diluted earnings per share (₹ )</b>	<b>10.17</b>	<b>10.17</b>
Nominal value per equity share (₹ )	10.00	10.00

### 32 Assets Pledged as security

	As at 31 March 2019	As at 31 March 2018
<b>Current Assets</b>		
<b>Financial Assets</b>		
Trade Receivables	7,952.99	8,074.68
	<b>7,952.99</b>	<b>8,074.68</b>
<b>Non Financial Assets</b>		
Inventories	2,979.82	2,413.34
<b>Total Current assets Pledged as security</b>	<b>10,932.81</b>	<b>10,488.02</b>
<b>Non Current Assets</b>		
Land	7,080.34	447.30
Building	1,017.02	1,065.94
Vehicles	4,261.36	1,839.15
Capital work-in-progress	2,546.76	-
<b>Total non-current assets Pledged as security</b>	<b>14,905.48</b>	<b>3,352.39</b>
<b>Total assets Pledged as security</b>	<b>25,838.29</b>	<b>13,840.41</b>

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

**33 Contingent Liabilities not provided for**

	Particulars	As at 31 March 2019	As at 31 March 2018
<b>A] Claims against the Company not acknowledged as Debts</b>			
Income tax matters	559.67	1,087.67	
Customs Duty (refer note (b) below)	1,569.02	1,569.02	
Service tax matters	571.33	571.33	
ESIC matter	12.92	12.92	
Additional Bonus that may be payable	202.00	202.00	
	<b>2,914.94</b>	<b>3,442.94</b>	
B] Disputed claims pending in Courts	283.86	1,077.12	
C] Guarantees given on behalf of the Company by banks	45.66	81.39	
D] Other contractual matters	27.92	52.77	
<b>Total</b>	<b>3,272.38</b>	<b>4,654.22</b>	

**E] Provident Fund**

The Honourable Supreme Court, has passed a judgement on 28 February 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Company, based on legal advice, is awaiting further clarifications in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.

(F) Also refer notes 34 and 35 for other disputes.

**Notes:-**

- a. The Company is in appeal against demands on Income Tax, Customs duty, service tax and ESIC dues.
- b. Customs duty liability is in respect of alleged violation of terms and conditions of Non Scheduled Air Transport Service, as claimed by the Customs Department to the extent it can be quantified. The said department has issued a Show cause cum demand notice alleging violation of terms and conditions of Non Scheduled Air Transport Service and demanded, amongst others, customs duty on the import of aircraft, interest and penalty/fine thereon. The Company had earlier availed of the exemption available under the Customs Act, 1962 (the 'Act') and was accordingly assessed to Nil duty under the Act. The Company has deposited the Customs duty, including interest thereon, without prejudice to further rights. These payments have been disclosed under non-current assets in the books of account. The Company has already filed the necessary response to the demand notice and expects a favourable order in this regard.
- c. The above figures for contingent liabilities do not include amounts towards certain additional penalties/interest that may devolve on the Company in the event of an adverse outcome as the same is subjective and not capable of being presently quantified.
- d. Future cash outflows in respect of (A) above can be determined only on receipt of judgments/decisions pending with various forums/authorities.
- e. The amount disclosed in respect of (B) above represents the estimated liability based on independent legal opinion obtained by the management in relation to the various cases of Motor Vehicle Accidents, Consumer disputes, Workmen compensation, etc. filed against the Company.

34 The Department of Stamps and Registration, Government of Karnataka had issued a notice towards stamp duty payable on acknowledgment of delivery of a letter, article, document, parcel, package or consignment, given by the Company to the sender of such letter, article, document, etc. in accordance with the Karnataka Stamp Act, 1957 (Article- 1 (ii) of the Schedule). The Company has challenged the constitutional validity of the said provision by way of Writ Petition before the Honourable High Court of Karnataka, Circuit Bench at Dharwad. The Writ Petition came-up for hearing and subject to deposit of a sum of ₹ 25 lakhs, the authorities have been directed not to take any coercive action and also to determine the

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

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.

“35 The Bhiwandi property admeasuring 240,000 square feet purchased for a total consideration of ₹3,240 lakhs from M/s Indian Corporation, represented by its proprietor, Mr.Rudrapratap Urmaliya Tripathi, as a Power of Attorney holder of the original land owners is registered in the name of VRL by paying appropriate stamp duty and registration fees. The Company is in actual and physical possession of the property and has been carrying out its business activities in the aforesaid premises without any hindrance from anybody whatsoever. However, the Company has been facing difficulties in getting its name updated in the relevant Revenue Records i.e 7/12 extract and has accordingly brought this to the notice of the vendor, who is trying to solve the matter and get the name of the Company entered into the Revenue Records as the owner of the property. Considering the fact that the property is already registered in the name of the Company vide Registered Sale Deed and further since the Company is in actual and physical possession of the property and has been carrying out its business activities without any hindrance from anybody whatsoever, except that there has been some difficulty in entering the name of the Company in the Revenue Records, the investment made by the Company is safe and fully recoverable. The Company has also obtained appropriate legal opinion in this regard to support its view. That however, in case, for any reasons, entering the name of the Company in the revenue records is not possible, the Vendor has given an option to the Company to buy back the property at mutually agreed consideration, which shall not be less than the purchase price indicated above. Management does not expect any financial impairment of the book value of the aforesaid property considering the representations received from Mr. Rudrapratap Tripathi through his attorney and also the legal opinion obtained by the Company and accordingly no adjustments have been made to the financial statements to this effect.”

36 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - ₹ 12,802.69 lakhs (31 March 2018: ₹ 41,597.81 lakhs). Commitment relating to lease arrangements (refer note 38) ₹10,324.31 lakhs (31 March 2018: ₹ 7,762.30 lakhs).

37 The land whereat 33 Wind Turbine Generators (WTGs) are installed (at Kappatgudda, Gadag District, Karnataka) is leased to Suzlon Energy Limited by Karnataka Forest Department. Consequently, Suzlon Energy Limited has transferred the lease in favour of the Company with requisite clearances from Karnataka Forest Department.

38 The Company has entered into Operating lease agreements for godowns and office facilities and such leases include both cancellable and non-cancellable leases.

Lease rental expense recognized in the Statement of Profit and Loss for the year ended 31 March 2019 in respect of the operating leases is ₹ 10,665.46 lakhs (31 March 2018 : ₹ 9,538.41 lakhs).

Lease rental income recognized in the Statement of Profit and Loss for the year ended 31 March 2019 in respect of operating leases is ₹619.80 lakhs (31 March 2018: ₹ 658.57 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 2019	As at 31 March 2018
Not later than 1 year	2,036.64	1,427.39
Later than 1 year but not later than 5 years	7,256.36	5,315.89
Later than 5 years	1,031.31	1,019.02
	<b>10,324.31</b>	<b>7,762.30</b>

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

**39 Certified Emission Reductions Credits**

In earlier years, the Company had recognised income by trading complete amount of possible Green House Gas (GHG) emission reductions generated by its Windmill project. The Company's Clean Development Mechanism (CDM) project is registered with the United Nations Framework Convention on Climate Change (UNFCCC) and necessary approvals for the trade of carbon credits has been procured.

The Company has Certified Emission Reductions (CERs) balance of 248,066 units (net of 2% CDM administration fees) for the period 1 January 2013 to January 2017 which has been certified. Further, the certification of CERs generated during the period February 2017 to January 2018 is underway and hence is not quantifiable.

The financial impact of outstanding CERs remains unrecognised in the books of account, the impact of which, as per the management, is not expected to be material to the financial statements.

**40 Contribution towards Corporate Social Responsibility (CSR)**

	As at 31 March 2019	As at 31 March 2018
Average net profit of the Company for last three financial years	13,443.97	13,338.17
Prescribed CSR expenditure (2% of the average net profit as computed above)	268.88	266.76
<u>Details of CSR expenditure during the financial year</u>		
Total amount to be spent for the financial year	268.88	266.76
Amount spent	166.95	147.27
Amount unspent	101.93	119.49

**41 Fair value measurements**

Financial instruments by category:

All financial assets and financial liabilities of the Company are under the amortised cost measurement category at each of the reporting dates except Equity investments which are recognised and measured at fair value through profit or loss.

**Fair value hierarchy**

The following table provides the fair value measurement hierarchy of Company's financial assets and financial liabilities

Category	31 March 2019			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
<b>Financial liabilities</b>				
Borrowings (other than current borrowings)	11,331.84	-	-	11,331.84
Other financial liabilities	702.05	-	-	702.05
<b>Financial assets</b>				
Non-current Security deposits	2,484.38	-	-	2,484.38
FVTPL financial investments	5.75	-	-	5.75
Other financial assets	334.43	-	-	334.43

Category	31 March 2018			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
<b>Financial liabilities</b>				
Borrowings (other than current borrowings)	1,726.02	-	-	1,777.28
Other financial liabilities	741.80	-	-	741.80
<b>Financial assets</b>				
Non-current Security deposits	2,418.37	-	-	2,418.37
FVTPL financial investments	5.75	-	-	5.75
Other financial assets	236.70	-	-	236.70

## **Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

- During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.
- The carrying amounts of Security deposits, trade receivables, other financial assets, cash and cash equivalents, 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 3 fair values in the fair value hierarchy due to the use of indirectly observable inputs.

### **Valuation process**

The Company evaluates the fair value of financial assets and financial liabilities on periodic basis using the best and most relevant data available.

## **42 Financial risk management objectives and policies**

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds investments.

The Company is exposed to market risk, credit risk and liquidity risk. Company's senior management oversees the management of these risks. It is Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

### **a) Market risk**

Market risk is the risk of any loss in future earnings, in realisable fair value or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of change in the interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

#### **I. Interest rate sensitivity**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company does not have significant exposure to the risk of changes in market interest rates as Company's long-term debt obligations is at fixed interest rates.

#### **II. Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. However, Company is not exposed to foreign currency risk since it has no unhedged exposure as at reporting date.

### **b) Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – borrowings, trade payables and other financial liabilities.

#### **Liquidity risk management**

Company's treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

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

**As at 31 March 2019**

Particulars	On demand	Less than 6 months	6 to 12 months	1 to 5 years	Beyond 5 years	Total
Borrowings	2,735.85	1,094.36	873.11	10,882.51	2,004.04	17,589.87
Other financial liabilities	-	5,313.16	-	702.05	-	6,015.21
Trade payables	-	610.58	-	-	-	610.58

**As at 31 March 2018**

Particulars	On demand	Less than 6 months	6 to 12 months	1 to 5 years	Beyond 5 years	Total
Borrowings	6,390.68	767.85	584.29	519.47	-	8,262.29
Other financial liabilities	-	4,920.98	-	747.81	-	5,668.79
Trade payables	-	679.18	3.69	-	-	682.87

**c) Credit risk**

Credit risk arises from cash and bank balances, current and non-current financial assets, trade receivables and other financial assets carried at amortised cost.

**Credit risk management**

To manage credit risk, the Company periodically assesses the financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. The Company uses a provision margin to compute the expected credit loss allowance for trade receivable.

Bank balances are held with only high rated banks. Trade receivables are generally recovered within the credit period. Accordingly, the provision for impairment is considered immaterial. Also, trade receivables are monitored on periodic basis for any non-recoverability of the dues.

**Trade receivables:**

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

Particulars	Not due	0-60 days	61-180 days	181-365 days	above 365 days	Total
As at 31 March 2019	4,678.94	2,828.96	401.79	33.66	154.64	8,097.99
As at 31 March 2018	5,349.61	2,366.34	358.39	6.77	123.57	8,204.68

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

Particulars	Amount
As at 01 April 2017	130.00
Provision for doubtful debts	-
Bad debts	-
As at 31 March 2018	130.00
Provision for doubtful debts	15.00
Bad debts	-
As at 31 March 2019	145.00

**43 Capital management**

**43.1 Risk management**

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Company may adjust the amount of dividends paid to shareholders.

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

Particulars	As at 31 March 2019	As at 31 March 2018
Borrowings #	14,139.91	8,129.39
Less: Cash and cash equivalents	(1,260.07)	(1,851.81)
Net debt	12,879.84	6,277.58
Equity	64,593.80	59,321.97
Capital and net debt	77,473.64	65,599.55
Gearing ratio	16.62%	9.57%

#Borrowings for the above purpose includes non-current borrowings, current borrowings, current maturities of non current borrowings and Interest accrued but not due on borrowings.

#### 43.2 Net debt reconciliation

Particulars	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents	1,260.07	1,851.81
Non-current borrowings ( including current maturities)	(11,331.84)	(1,726.02)
Current borrowings	(2,735.85)	(6,390.68)
Interest payable	(72.22)	(12.69)
<b>Net Debt</b>	<b>(12,879.84)</b>	<b>(6,277.58)</b>

Particulars	Cash and cash equivalents	Non-current borrowings (including current maturities)	Current borrowings	Interest Payable	Total
<b>Net debt as on 01 April 2017</b>	<b>1,155.68</b>	<b>(12,151.73)</b>	<b>(6,314.92)</b>	<b>(85.38)</b>	<b>(17,396.35)</b>
Cash flows	696.13	10,432.79	(75.76)	-	11,053.16
Finance cost	-	(7.08)	-	(1,128.95)	(1,136.03)
Interest paid	-	-	-	1,201.64	1,201.64
<b>Net debt as on 01 April 2018</b>	<b>1,851.81</b>	<b>(1,726.02)</b>	<b>(6,390.68)</b>	<b>(12.69)</b>	<b>(6,277.58)</b>
Cash flows	(591.74)	(9,611.05)	3,654.83	-	(6,547.96)
Finance cost	-	5.23	-	(1,100.04)	(1,094.81)
Interest paid	-	-	-	1,040.51	1,040.51
<b>Net debt as on 31 March 2019</b>	<b>1,260.07</b>	<b>(11,331.84)</b>	<b>(2,735.85)</b>	<b>(72.22)</b>	<b>(12,879.84)</b>

#### 43.3 Dividends

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Equity dividend</b> Proposed final dividend for the year ended 31 March 2019 of ₹ 2 (31 March 2018 - Nil) per fully paid share of ₹ 10 each	1,806.87	-

**Summary of the significant accounting policies and other explanatory information for the  
year ended 31 March 2019**

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

#### **44 Segment Reporting**

The Company's chief operating decision maker - Board of Directors examines the Company's performance from a product perspective and has identified four reportable segments of its business as follows:

- **Goods transport division:** Offers services for the transportation of Goods across India using a range of road transportation solutions to the customers, including less than full truck load and full truck load. Under this segment, Company also does courier business for transportation of small parcels and documents using range of multi model solutions.
- **Bus operations division:** Offers services of transportation solutions through Buses.
- **Sale of power division:** The wind farm consists of Wind Turbine Generators (WTGs) having individual capacity of 1.25 MW.
- **Transport of passengers by air:** Offers services for the transportation of passengers by Air through the Aircrafts owned by the Company. The services are offered to the Individuals and corporate representatives.

The above operating segments have been identified considering:

- (i) The internal financial reporting systems
- (ii) The nature of the product/services
- (iii) The risk return profile of individual divisions

Revenue and expenses has been accounted on the basis of their relationship to the operating activities of the segment. Income and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable Income" and "Unallocable Expenses" respectively. Assets and Liabilities, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable Assets/ Liabilities". Inter-segment transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods/services.

No operating segments have been aggregated to form the above reportable operating segments.

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Segment Revenue</b>		
- <b>Income from operations</b>		
a) Goods transport	168,525.16	151,532.06
b) Bus operations	38,032.74	35,870.88
c) Sale of power	2,208.51	2,172.06
d) Transport of passengers by air	1,072.22	1,312.97
- <b>Other operating income</b>		
a) Goods transport	76.72	190.09
b) Un-allocable revenue	1,039.05	1,153.97
<b>Net Sales/Income</b>	<b>210,954.40</b>	<b>192,232.03</b>
<b>Segment results</b>		
<b>(Profit before Interest and Taxation from each segment)</b>		
a) Goods transport	15,210.57	13,640.92
b) Bus operations	1,657.05	2,109.91
c) Sale of power	460.93	521.33
d) Transport of passengers by air	(215.77)	(21.71)
	<b>17,112.78</b>	<b>16,250.45</b>
Less: Finance costs	(1,086.37)	(1,144.09)
Less: Other un-allocable expenditure net of un-allocable income	(1,978.95)	(1,167.43)
<b>Profit before tax</b>	<b>14,047.46</b>	<b>13,938.93</b>

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Segment Depreciation and Amortisation</b>		
a) Goods transport	5,310.55	5,004.06
b) Bus operations	2,479.22	2,526.82
c) Sale of power	1,083.01	1,083.01
d) Transport of passengers by air	153.27	142.54
e) Un-allocable Depreciation / Amortisation	1,032.04	1,006.99
Total	<b>10,058.09</b>	<b>9,763.42</b>
<b>Segment revenue by location of customers:</b>		
a) Domestic	210,954.40	192,232.03
b) Overseas	-	-
Total	<b>210,954.40</b>	<b>192,232.03</b>
<b>Cost incurred on acquisition of Capital items (including capital advances):</b>		
a) Domestic	21,114.22	4,725.77
b) Overseas	-	-
Total	<b>21,114.22</b>	<b>4,725.77</b>

**Other Information**

Particulars	As at 31 March 2019	As at 01 April 2018
<b>The carrying amount of non-current operating assets by location of assets</b>		
a) Domestic	72,636.87	61,460.41
b) Overseas	-	-
Total	<b>72,636.87</b>	<b>61,460.41</b>
<b>Particulars</b>	<b>As at 31 March 2019</b>	<b>As at 01 April 2018</b>
<b>Assets</b>		
a) Goods transport	65,494.24	50,757.88
b) Bus operations	8,348.14	10,564.15
c) Sale of power	7,787.49	9,260.59
d) Transport of passengers by air	3,300.28	3,043.91
e) Un-allocable assets	12,851.82	12,599.69
Total	<b>97,781.97</b>	<b>86,226.22</b>
<b>Liabilities</b>		
a) Goods transport	8,721.55	7,862.37
b) Bus operations	1,359.74	1,421.50
c) Sale of power	2.87	3.00
d) Transport of passengers by air	109.07	51.38
e) Un-allocable liabilities	22,994.94	17,566.00
Total	<b>33,188.17</b>	<b>26,904.25</b>
<b>Capital expenditure (including capital advances)</b>		
<b>Total cost incurred during the year to acquire segment assets</b>		
a) Goods transport	19,036.50	3,671.35
b) Bus operations	189.30	48.34
c) Sale of power	-	15.34
d) Transport of passengers by air	460.57	-
e) Un-allocable capital expenditure	1,427.85	990.74
Total	<b>21,114.22</b>	<b>4,725.77</b>

Considering the nature of business of the Company in which it operates, the Company deals with various customers. Consequently, none of the customers contribute materially to the revenue of the Company.

**Summary of the significant accounting policies and other explanatory information for the  
year ended 31 March 2019**

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

#### **45 Related party disclosures**

As per Ind AS 24 "Related party Disclosures", disclosure of transactions with the related parties as defined in the Accounting Standard are given below:

##### **a) Names of related parties and description of relationship:**

Key Management Personnel (KMP) and their relatives	a. Dr.Vijay Sankeshwar (Chairman & Managing Director)
	b. Mr.Anand Sankeshwar (Managing Director)
	c. Mr. Kalliveerappa Umesh (Executive director) (w.e.f. 19 May 2017)
	d. Mr. Ramanand Laxminarayan Bhat (Executive director) (w.e.f. 04 August 2017)
	e. Mrs.Vani Sankeshwar (President) - relative of director
	f. Mrs.Lalitha Sankeshwar - relative of director
	g. Mrs.Bharati Holkunde - relative of director
	h. Mr. Sunil Nalavadi (Chief Financial Officer)
	i. Mr. Aniruddha Phadnavis (Company Secretary)
Non executive directors and Independent directors (with whom transactions have taken place)	a. Dr. Prabhakar Kore
	b. Mr. J S Korlahalli (till 31 March 2019)
	c. Mr. C Karunakar Shetty (till 03 November 2018)
	d. Mrs. Medha Pawar
	e. Mr. S R Prabhu (till 19 May 2017)
	f. Mr. Ramesh Shetty (till 04 August 2017)
	g. Mr. Shankarasa Ladwa
	h. Dr. Anand Pandurangi
	i. Dr. Ashok Shettar
	j. Mrs. Smriti Bellad (from 03 November 2018)
Enterprises in which KMP or their relative have significant influence (with whom transactions have taken place)	k. Dr. Raghottam Akamanchi
	a. Aradhana Trust
	b. Ayyappa Bhaktha Vrunda Trust
	c. Shiva Agencies
	d. Sankeshwar Minerals Private Limited
	e. Sankeshwar Printers Private Limited
	f. VRL Media Limited
	g. VRL employees group gratuity trust
	h. VRL Foundation
	i. Vijayanand Infotech Private Limited
	j. Hyperkonnect Technologies Private Limited
	k. VRL Electronics Private Limited
	l. Vijayanand institute of Technologies

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

**b) Disclosures of transactions between the Company and its related parties, along with outstanding balances as at year end**

Nature of transactions	Name of the Party	Nature of relationship	Year ended 31 March 2019	Year ended 31 March 2018
<b>Income</b>				
Rent	Aradhana Trust	Enterprise in which KMP or their relative have significant influence	12.70	12.70
	Shiva Agencies		2.38	15.63
	Sankeshwar Minerals Private Limited		0.72	0.80
	VRL Foundation		0.26	2.16
	VRL Media Limited		211.79	192.60
Freight	Sankeshwar Minerals Private Limited	Enterprise in which KMP or their relative have significant influence	17.28	13.71
	Sankeshwar Printers Private Limited		13.84	10.77
	VRL Foundation		0.92	1.57
	VRL Media Limited		279.23	353.40
Reimbursements	VRL Media Limited	Enterprise in which KMP or their relative have significant influence	20.26	58.55
Advertisement	VRL Media Limited	Enterprise in which KMP or their relative have significant influence	3.41	5.35
		<b>Total</b>	<b>562.79</b>	<b>667.24</b>

**Expenditure/Payments**

Remuneration/Commission#	Dr.Vijay Sankeshwar	KMP	389.75	403.88
	Mr.Anand Sankeshwar	KMP	300.00	310.00
	Mr.Sunil Nalavadi	KMP	36.00	32.05
	Mr.Aniruddha Phadnavis	KMP	32.40	28.40
	Mrs.Vani Sankeshwar	KMP/ Relative of KMP	18.00	18.75
	Mr. Ramanand Laxminarayan Bhat	KMP	102.00	64.91
	Mr. Kalliveerappa Umesh	KMP	102.00	84.94
Director Sitting fees (excluding taxes)	Dr. Prabhakar Kore	Director	0.50	0.20
	Mr. J S Korlahalli	Director	1.65	1.40
	Mr. C Karunakar Shetty	Director	1.45	1.49
	Mrs. Medha Pawar	Director	1.35	0.80
	Mr. S R Prabhu	Director	-	0.10
	Mr. Ramesh Shetty	Director	-	0.10
	Mr. Shankarasa Ladwa	Director	1.65	1.30
	Dr. Anand Pandurangi	Director	0.85	0.60
	Dr. Ashok Shettar	Director	0.45	0.20
	Dr. Raghottam Akamanchi	Director	0.70	0.50

**Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2019**

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

Printing and stationery	Sankeshwar Printers Private Limited	Enterprise in which KMP or their relative have significant influence	39.57	37.60
Staff Training Expenses	Vijayanand institute of Technologies.	Enterprise in which KMP or their relative have significant influence	9.15	8.79
Advertisement expenses	VRL Media Limited	Enterprise in which KMP or their relative have significant influence	34.05	33.36
Corporate social responsibility expenses	VRL Foundation	Enterprise in which KMP or their relative have significant influence	81.50	106.00
Gratuity contribution	VRL employees group gratuity trust	Employees' Benefit Plan where there is significant influence	633.31	218.96
Dividend paid	Dr.Vijay Sankeshwar	KMP	1,042.72	-
	Mr.Anand Sankeshwar	KMP	1,094.28	-
	Mrs.Vani Sankeshwar	KMP/ Relative of KMP	14.00	-
	Mrs.Lalitha Sankeshwar	Relative of KMP	0.74	-
	Mrs.Bharati Holkunde	Relative of KMP	0.06	-
	<b>Total</b>		<b>3,938.13</b>	<b>1,354.33</b>

**Balance as at year end:**

Nature of balance	Name of the Party	Nature of relationship	As at 31 March 2019	As at 31 March 2018
<b>Assets:</b>				
Receivables	Shiva Agencies	Enterprise in which KMP or their relative have significant influence	-	1.54
	Sankeshwar Minerals Private Limited		1.28	0.25
	Sankeshwar Printers Private Limited		0.16	0.20
	VRL Foundation		0.02	-
	VRL Media Limited		27.85	44.10
	<b>Total</b>		<b>29.31</b>	<b>46.09</b>

**Liabilities:**

Payables	Sankeshwar Printers Private Limited	Enterprise in which KMP or their relative have significant influence	0.41	1.07
	VRL Foundation		0.58	2.45
	VRL Media Limited		4.69	5.17
	Sankeshwar Minerals Private Limited		0.57	-
	Vijayanand Institute of Technologies		0.76	0.74
Remuneration / Commission payable	Dr.Vijay Sankeshwar	KMP	62.73	48.32
	Mr.Anand Sankeshwar	KMP	16.20	5.48
	Mr.Sunil Nalavadi	KMP	2.42	2.34
	Mr.Aniruddha Phadnavis	KMP	2.06	1.99
	Mr. Kalliveerappa Umesh	KMP	9.40	5.32
	Mr Ramanand Laxminarayan Bhat	KMP	4.69	5.21
		<b>Total</b>	<b>104.51</b>	<b>78.09</b>

**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 2019, Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: 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 2019	Year ended 31 March 2018
Short-term employee benefits:		
- Salaries including bonuses	980.15	942.93

# This amount does not include amount in respect of gratuity and compensated absences as the same is not determinable.

**Summary of the significant accounting policies and other explanatory information for the  
year ended 31 March 2019**

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

**46 Related party disclosures**

During the year ended 31 March 2018, the Board of Directors of the Company at its meeting held on 3 November 2017, approved a proposal for Buy-back by the Company of fully paid up Equity Shares for an aggregate amount not exceeding ₹ 4,140 lakhs (referred to as the "Maximum Buyback Size"), at a price not exceeding ₹ 460/- per Equity Share from the shareholders of the Company excluding promoters, promoter group, persons acting in concert and persons who are in control of the Company, in cash via the open market route through the stock exchanges in accordance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (as amended) and the Companies Act, 2013 and rules made thereunder, as amended. The Company bought back 900,000 equity shares resulting in total cash outflow of ₹ 3,774.50 lakhs (including premium of ₹ 3,684.50 lakhs). In line with the requirement of the Companies Act, 2013, an amount of ₹ 3684.50 lakhs has been utilized from the securities premium balance for the buyback. In addition, ₹ 97.11 lakhs was incurred on account of buyback expenses which was adjusted from the securities premium balance. The shares so bought back were extinguished and the issued and paid-up capital stands amended accordingly.

47 The Company has adopted Ind AS-115, Revenue from Contracts with Customers, with effect from 1 April 2018, which resulted in changes in accounting policies and adjustments to the amount recognized in the financial statements. In accordance with the transition provisions in Ind AS -115, the Company has adopted the new rules using modified retrospective method. As a result of change in accounting policies, adjustments due to the transition provision has been made in respective items as at 1 April 2018 with corresponding impact to equity net of tax. Details of changes made in relevant items along with equity has been given in table below :-

Particulars	As at 31 March 2018 (Reported as per earlier accounting policies)	Adjustments [Refer note 1(n)]	As at 01 April 2018 (Restated numbers)
Trade receivables	8,074.68	277.30	8,351.98
Equity	59,321.97	180.54	59,502.51
Deferred tax liabilities (net)	8,079.07	96.76	8,175.83

48 The Financial Statements were authorised for issue by the Board of directors on 18 May 2019.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Bharat Shetty**

Partner

Membership No: 106815

Place : Hubballi

Date : 18 May 2019

**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

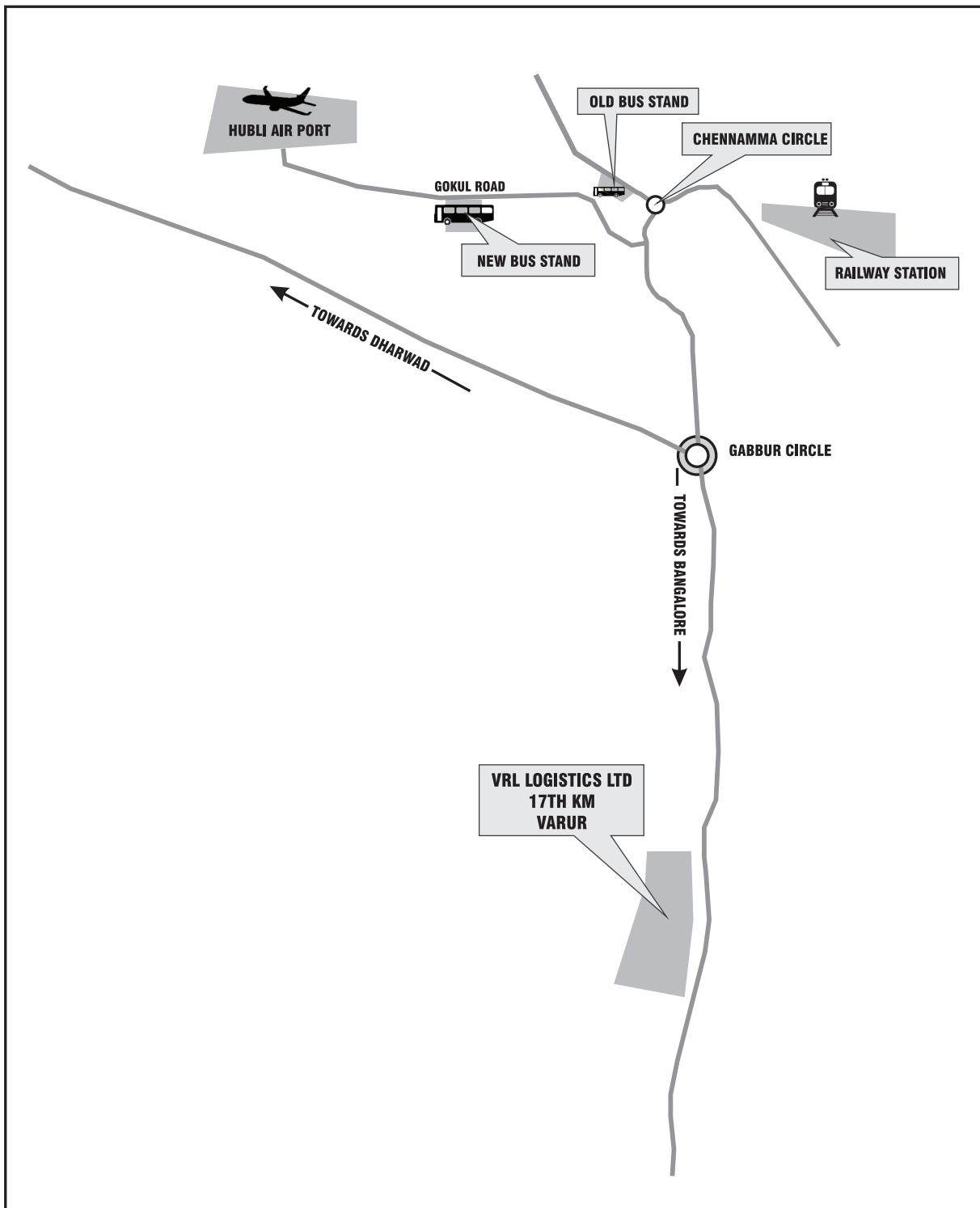
**Aniruddha Phadnavis**

General Manager (Finance)  
and Company Secretary

Place : Hubballi

Date : 18 May 2019

Route Map to reach the Registered Office of the Company (AGM Venue)





## NOTES

# THINK LOGISTICS TRUST VRL



**VRL LOGISTICS LIMITED**

#### REGISTERED OFFICE

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**Raghavendra**

93793 37773

[varurho@vrllogistics.com](mailto:varurho@vrllogistics.com)

#### CORPORATE OFFICE

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**Vishwanath**  
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