



32nd ANNUAL REPORT 2014-15

Jammu & Kashmir



Gujarat

Punjab

Uttarakhand

Haryana

Delhi

Rajasthan

Uttar Pradesh

Madhya Pradesh

Sikkim

A
Megha

West

Chhattisgarh

Maharashtra

Telangana

VRL
HEAD OFFICE
● Hubli

Andhra
Pradesh

Karnataka

Orissa



Pondicherry

Kerala

Tamilnadu



VRL LOGISTICS LIMITED

OUR VISION

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

Hubballi



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.

Head Office



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.

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COMPANY INFORMATION

BOARD OF DIRECTORS

Dr. Vijay Sankeshwar
Chairman and Managing Director

Mr. Darius Pandole
Non-Executive Director

Dr. Prabhakar Kore
Independent Director

Mrs. Medha Pawar
Independent Director

Mr. Shankarasa Ladwa
Independent Director

Mr. Ramesh Shetty
Non-Executive Director

Mr. Anand Sankeshwar
Managing Director

Mr. J S Korlahalli
Independent Director

Mr. C Karunakara Shetty
Independent Director

Dr. Anand Pandurangi
Independent Director

Dr. Raghottam Akamanchi
Non-Executive Director

Mr. S R Prabhu
Non-Executive Director

Mr. Sunil Nalavadi
Chief Financial Officer

Mr. R B Gadagkar
Legal Advisor

Mr. Aniruddha Phadnavis
Company Secretary

STATUTORY AUDITORS

M/s H.K. Veerbhadrappa & Co.
Chartered Accountants
Hubballi

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

COST AUDITORS

Sanjay Tikare & Co.,
Cost Accountants, Dharwad

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

REGISTERED OFFICE

18th KM, NH 4,
Bengaluru Road, Varur
Hubballi – 581 207 Karnataka
Phone: 0836-2237613
Fax : 0836-2237614
E-mail: varurho@vrllogistics.com

CIN: L60210KA1983PLC005247

Website: www.vrlgroup.in

COMPANY INFORMATION

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. C. Karunakara Shetty – Chairman
 Mr. J.S. Korlahalli
 Mr. Darius Pandole

FINANCE COMMITTEE

Dr. Vijay Sankeshwar - Chairman
 Mr. Anand Sankeshwar
 Mr. Darius Pandole

REMUNERATION & NOMINATION COMMITTEE

Mr. J.S. Korlahalli – Chairman
 Mr. C. Karunakara Shetty
 Mr. Darius Pandole

IPO COMMITTEE

Dr. Vijay Sankeshwar - Chairman
 Mr. Anand Sankeshwar
 Mr. J. S. Korlahalli
 Mr. Darius Pandole

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. C. Karunakara Shetty - Chairman
 Mr. J. S. Korlahalli
 Mr. Darius Pandole

CSR COMMITTEE

Dr. Prabhakar Kore - Chairman
 Mr. Anand Sankeshwar
 Mr. C Karunakara Shetty
 Mr. Darius Pandole

RISK MANAGEMENT COMMITTEE

Dr. Vijay Sankeshwar - Chairman
 Mr. Anand Sankeshwar
 Mr. J S Korlahalli
 Mr. Darius Pandole

SHARE TRANSFER COMMITTEE

Mr. C Karunakara Shetty - Chairman
 Mr. J S Korlahalli
 Mr. Darius Pandole

BANKERS

The Shamrao Vithal Co-operative Bank Ltd
 Saraswat Co-operative Bank Ltd.
 HDFC Bank Ltd.
 ICICI Bank Ltd.
 IDBI Bank Ltd.
 Kotak Mahindra Bank Ltd.
 NKGSSB Co-operative Bank Ltd.
 State Bank of Mysore
 Axis Bank
 Yes Bank

REGISTRAR & TRANSFER AGENTS

KARVY COMPUTER SHARE PRIVATE LTD.
 Unit - VRL Logistics Limited, Karyv Selenium
 Tower B, Plot 31-32, Gachibowli, Financial
 District, Nanakramguda,
 Hyderabad - 500 032

PROMOTERS



DR. VIJAY SANKESHWAR
Chairman and Managing Director



ANAND SANKESHWAR
Managing Director



LISTING

PROUD AND HISTORICAL MOMENT

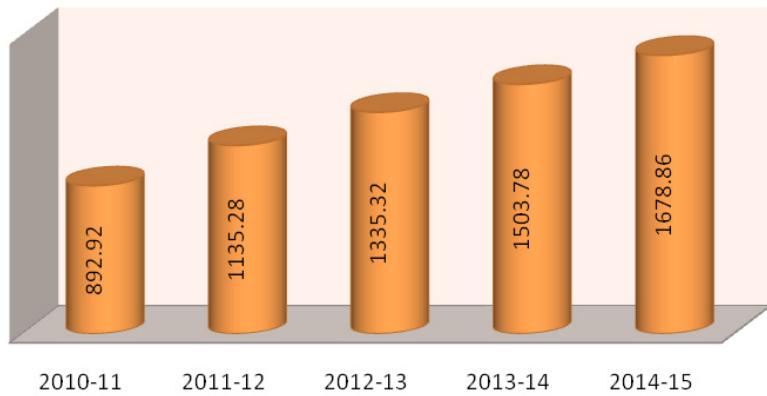
Bell ringing ceremony at BSE

30th April 2015

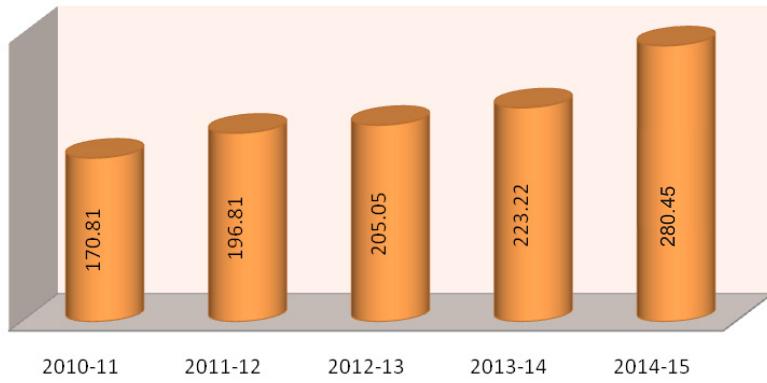


KEY PERFORMANCE INDICATORS

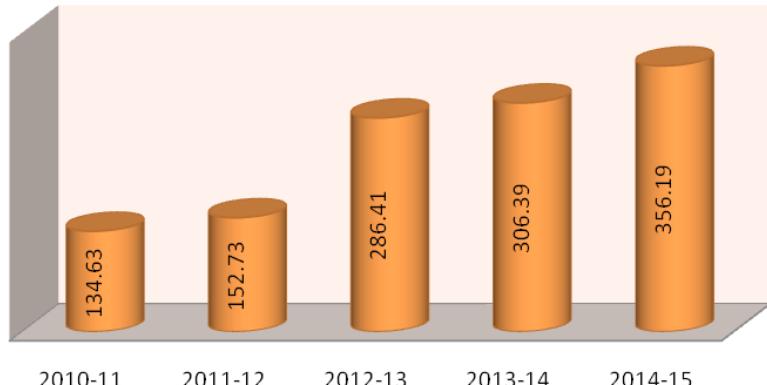
TURNOVER (Rs. In Crores)



EBITDA (Rs. In Crores)



NETWORTH (Rs. In Crores)



TRACK RECORD OF PAST GROWTH – YEAR ON YEAR

YEAR	NO OF VEHICLES	TOTAL TURNOVER RS. IN CRORES
1983-84	8	0.28
1984-85	11	0.40
1985-86	15	0.68
1986-87	24	1.40
1987-88	45	1.99
1988-89	81	2.90
1989-90	117	4.05
1990-91	147	7.09
1991-92	215	10.63
1992-93	248	13.75
1993-94	292	17.63
1994-95	398	23.86
1995-96	525	31.05
1996-97	596	41.89
1997-98	621	50.78
1998-99	792	64.59
1999-00	945	93.37
2000-01	1022	120.73
2001-02	1121	146.52
2002-03	1202	168.26
2003-04	1255	204.19
2004-05	1683	277.39
2005-06	1891	356.95
2006-07	2426	442.95
2007-08	2697	546.95
2008-09	2668	650.66
2009-10	2733	716.25
2010-11	2978	892.92
2011-12	3529	1135.28
2012-13	3591	1335.32
2013-14	3877	1503.78
2014-15	4087	1678.66

AWARDS

FROST & SULLIVAN 2014

**Voice of Customer Award for excellence In Logistics in India
Best Logistics Provider in the Retail and FMCG Segment in India**

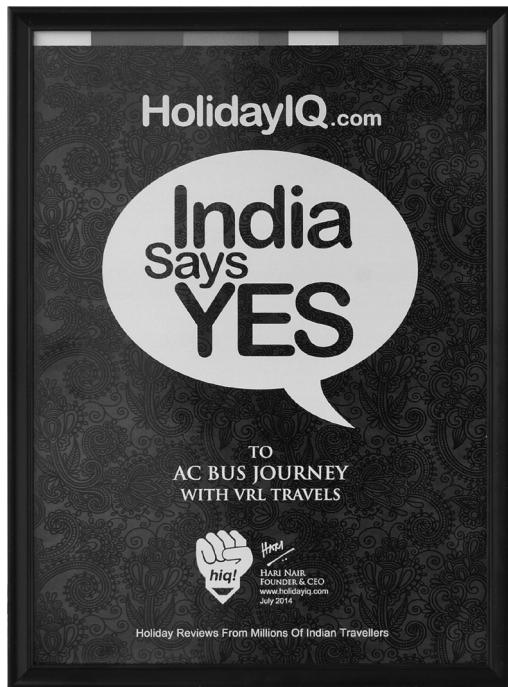


**VRL Received the 2nd Equipment India Award
(Commercial Vehicle Truck Fleet Operator of the Year Category)
in December 2014**



AWARDS

India Says Yes from HolidayIQ.com for its best AC Bus service in 2014



**Excellence in Bus Transport Services - National Region & Southern Region
at the INDIA BUS AWARDS 2015**



OUR BOARD OF DIRECTORS



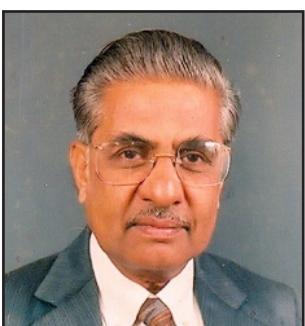
Dr. Vijay Sankeshwar
Chairman and Managing Director



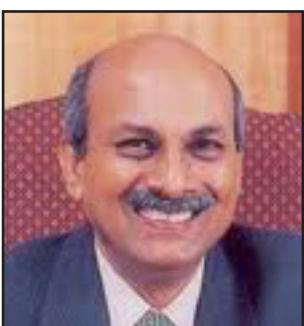
Mr. Anand Sankeshwar
Managing Director



Mr. Darius Pandole
Nominee Director



Mr. J. S. Korlahalli
Independent Director



Dr. Prabhakar Kore
Independent Director



Mr. C. Karunakara Shetty
Independent Director



Mrs. Medha Pawar
Independent Director



Dr. Anand Pandurangi
Independent Director



Mr. Shankarasa Ladwa
Independent Director



Mr. Ramesh Shetty
Non-Executive Director



Dr. Raghottam Akamanchi
Non-Executive Director



Mr. S. R. Prabhu
Non-Executive Director

OUR BOARD OF DIRECTORS

Dr. Vijay Sankeshwar, (DIN: 00217714) Chairman & Managing Director and Promoter of the Company, he is actively involved in the day-to-day affairs of the Company, as a Whole Time Director. He holds a Bachelor's Degree in commerce from Karnatak University, Dharwad. He was a former Member of Parliament and was elected from the Dharwad (North) constituency in the 11th, 12th and 13th Lok Sabha elections and he was also a member of the Legislature of the State of Karnataka. He was a member of Central Government committees, such as, the Committee of Finance between 1996 and 1997, the Consultative Committee, Ministry of Surface Transport between 1996 and 2000 and the Committee of Transport and Tourism between 1998 and 2000. He has over three decades of experience in the transport industry. He has received various awards including the 'Udyog Ratna' in 1994 by the Institute of Economic Studies, New Delhi, Aaryabhat Award in 2002, Sir M. Visvesvaraya Memorial Award in 2007 and the Transport Samrat in 2008. He was selected as 'Transport Personality of the year' at the India Road Transportation Awards 2012 (IRTA). He was conferred with honorary Doctorate by the Karnatak University Dharwad for his achievement in Industry. He has received various awards during the current year among which are Purushottam award, Chanakya Award are noteworthy.

Mr. Anand Sankeshwar, (DIN: 00217773) Managing Director and Promoter, supervises our marketing and finance operations and he is actively involved in the day-to-day affairs of the Company, as a Whole Time Director. He holds a Bachelor's Degree in commerce from Karnatak University, Dharwad. He has 25 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 a recently concluded glittering gala ceremony at Las Vegas, USA.

Mr. Darius Pandole, (DIN: 00727320) is a Non-Executive Director of the Company. He has been a partner at a New Silk Route Advisors Pvt Ltd. since its inception in February 2006 and manages the firm's private equity investment operations. He has outstanding academic background. He has a degree in Arts(Economics) from Harvard and a MBA from the University of Chicago. In 1997, he joined the investment team at Ind Ocean Fund (established by Chase Capital Partners and Soros Fund Management), amongst the first private equity funds to be established in India. In February 1999, he co founded and served as a Managing Director of Ind Asia Fund Advisors Pvt Ltd. He joined IDFC PE Ltd, In February 2003, and was the Executive Director, and later Chief Operating Officer of this asset management company that managed the India Development Fund, an infrastructure focused private equity fund. He was the Indian Junior national squash champion and has represented the country at various squash tournaments.

Mr. J.S.Korlahalli, (DIN: 00528428) a Non-Executive Independent Director of the Company, he is the president of Shri Krishna Shikshana Samsthe, Gadag. He is a member on the advisory committee of the Manorama Institute of Management Studies, Gadag, and is also a Managing Committee member of Adarsh Shikshana Samiti, Gadag. He has a post graduate degree in commerce from Karnatak University and is an outstanding academician. As an academician he holds several positions of honour such as Member of the Senate and Academic Council, Karnatak University and Member of the Board of Studies in Commerce and Management Studies, Karnatak University. He has over 45 years of experience in the industry.

Dr. Prabhakar Kore, (DIN: 00509836) a Non-Executive Independent Director of the Company, 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 Karnatak University and is involved in various activities such as Education, Agriculture, Co-operative endeavor, community building and politics. He is a currently a Member of the Parliament from Belgaum, Karnataka. He is the recipient of several awards and recognitions such as "Life time achievement award for Education, Service and 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 and an Honorary Doctorate from the Karnatak University. He has over 38 years of experience in the industry.

Mr. C.Karunakara Shetty, (DIN: 01560349) a Non-Executive Independent Director of the Company, he holds a post graduation degree in commerce from Karnatak University, Dharwad and is also a Certified Associate member of Indian Institute of Banking (CAIIB). He was employed with Vijaya Bank between 1974 and 1998. He has over 20 years of experience in the banking industry. Currently, he is the managing director of Bhagavathi Chits Private Limited, which is also a member of Bangalore Stock Exchange.

Mrs. Medha Pawar, (DIN: 06921510) is an Independent woman Director of the Company. She has a post graduate degree in law from the Bangalore University. She has also completed a certificate course in Cyber Laws from G. K Law College, Hubballi in collaboration with Cyber Law College, Chennai. She is a practicing advocate with more than 20 years experience.

Dr Anand Pandurangi, (DIN: 07038691) is an Independent Director in the Company. He is a consulting Psychiatrist in Dharwad and holds a bachelors degree in medicine and surgery from the Karnatak University, Dharwad. He also has a Diploma in Psychological Medicine from the Karnatak University, Dharwad. He has been awarded a certificate of Life Fellowship by the Indian Psychiatric Society on January 1, 1999. He was awarded with a certificate of registration by the Karnataka Private Medical Establishment Authority Dharwad. He has received the "Karnataka Rajyotsava Award" by the Government of Karnataka.

Mr. Shankarasa Ladwa, (DIN: 06964188) is an Independent Director of the Company. He holds a Certificate of Practice and has been admitted as a Fellow member of the Institute of Chartered Accountants of India since June 1993. He is the President of Sri Somavamsha Sahasrarjuna Kshatriya Samaj (R) as also the team leader of the legal & grievances sub-committee of Akhila Bharatiya Saomavanshiya Sahasrarjuna Kshatriya Samaj.

Mr. Ramesh Shetty, (DIN: 01051743) is a Non – Executive Director on the Board of the Company. He holds a bachelors degree in Law from the Karnatak University, Dharwad. He is the promoter of Madhura Developers Private Limited, an entity with significant Real Estate presence in Hubballi - Dharwad. He also has business interests in the hospitality space and owns and operates the "Anant" chain of restaurants in North Karnataka.

Dr. Raghottam Akamanchi, (DIN: 07038738) is a Non-Executive Director of the Company. He holds a post graduate degree in Science (Statistics) from the Gulbarga University and a Doctorate in Statistics from the University of Mysore. He was on the Board of Management of the Karnataka State Open University during 2009-2011. He was also the National Vice President of Akhil Bharatiya Vidyarthi Parishad. He is also the President of Seva Bharati Trust, Hubballi, a Non Government organization established in 1999 and serving the socially and economically backward section of the society.

Mr. S. R. Prabhu, (DIN: 07038691) is a Non-executive Director in the Company. He holds a bachelors degree in Mechanical Engineering from the Bangalore University. His experience includes association with HMT Limited at Tumkur for nine years. He was elected as a Fellow of the Institution of Valuers, India in the machinery and plant category in the year 2002. He has also been recognised as an "Approved Valuer" by the Institution of Valuers in 2004. He is a member of the Institution of Engineers (India). He participated in the short term course on "Solar Energy Technologies" conducted by the Solar Energy Centre of the Ministry of New and Renewable Energy, Government of India.



CHAIRMAN'S MESSAGE



Year 2015 is one of the significant landmarks in the history of VRL Logistics Limited. The Company emerged very successful in its maiden public equity offering. The issue was oversubscribed over 74 times making it one of the most successful IPO in the last decade. We at VRL are indeed humbled by this response from the investing fraternity and recognize also the added obligation to ensure that future performance and results meet the stakeholder expectations on a sustained basis. After the successful IPO, the shares of the Company are listed on the BSE and NSE with effect from 30th April 2015.

Year 2014-15 saw your Company posting a growth in excess of 11% over the previous year's revenues. Year 2013-14 and the earlier year had witnessed margin erosion which was largely attributable to the Andhra / Telangana disturbance which affected our Goods Transportation as well as our Bus Operation businesses adversely. After stabilization of the Telangana matter, our operations in these areas recovered and the same was a major factor for the improved performance. Especially, the Bus Operations division posted significantly good results given the consolidation of routes during 2014-15 and stabilization of a few new routes in the said division as well such as Pune – Nagpur, Bangalore – Jodhpur, etc.

Your Company has successfully met the obligation of providing an exit to NSR PE Mauritius LLC within the agreed timeframe and the said private equity investor earned a very good return on investment pursuant to the said IPO. NSR had invested capital in your Company during April 2012 and an exit was made available to them after a period of exactly three years. NSR has not divested its entire stake and it continues to hold over 5% in your Company post the IPO.

IPO proceeds received by the Company have been significantly earmarked for acquisition of new goods transportation vehicles and a small portion also for retiring certain higher cost debts. The fleet addition would complement the existing resources of the Company and help scale up for future growth.

Year 2014-15 also witnessed a lot of fluctuation in the prices of fuel and the Company was responsive to the same by periodically varying its freight rates to ensure that a pass through structure was implemented to protect its profitability margins. This was possible owing to the low dependence on contracted freight, wherein our freight rates stay fixed irrespective of fluctuations in input costs. Such wide spread customer base also ensures that the Company requires lower working capital resources for day to day functioning.

The strategy of the Company in the near medium term would continue to be focused on existing businesses being transacted by the Company as also a wider geographical presence in the Eastern and Central part of India. Your Company would also shortly commence a full-fledged branch at Kathmandu in Nepal and would also look at the North Eastern States to service the demand emanating from the said region. The existing branch network would also be focused upon to increase the freight sourcing density of the Company and to add newer customers within our fold.

VRL has received several awards during the current year in recognition of its service quality and the management would strive to further better its services in the days to come. As a matter of policy, the management of the Company continues to engage extensively with the senior and middle level management of the Company across India to guide and mentor these individuals as also set a tone for inclusive decision making and the same has extensively benefitted the Company in the past. The same also enables the effective implementation of the Company's business strategy keeping in mind the interest of all concerned stakeholders.

I believe that a lot of opportunity awaits organized transporters like us. The near implementation of the impending GST is now imminent and would boost up volumes for surface transporters operating within the Less Than Truckload (LTL) movement of goods within the country with a PAN India presence. With GST, the logistics companies, which are currently forced to set up many small warehouses across multiple cities can set up just a few, big warehouses region wise and can follow the hub-and-spoke model for freight movement from the warehouses to the different manufacturing plants, wholesale outlets, retail outlets and the various point of sales. This would increase the service geography of the logistics firms but they also have to meet the demands of quick delivery and tight service level agreements.

The Government has proposed a new Road Safety and Transport Bill, 2014 to amend the existing Motor Vehicles Act, 1988 (Transport Bill) which seeks to provide a framework for safer, faster, cost effective and inclusive movement of passengers and freight in the country. It seeks to promote innovation and improved technology and vehicle design for safer travel. It also provides for a unified vehicle registration system with integration of all stakeholders such as manufacturer, owner, transport authorities, insurer and enforcement authorities and also proposes a simplified system of permits and single portal clearances for the goods transportation Industry. The Transport bill also proposes a two-tier system – at the national and the intrastate levels for the passenger transportation industry, as also develop and regulate various public passenger transport schemes.

The above coupled with the other Government announced initiatives such as Make in India, Smart cities concept and other promise a lot of business activity in the days to come and the need for surface transportation for all businesses is inevitable. We await the implementation of these positive initiatives.

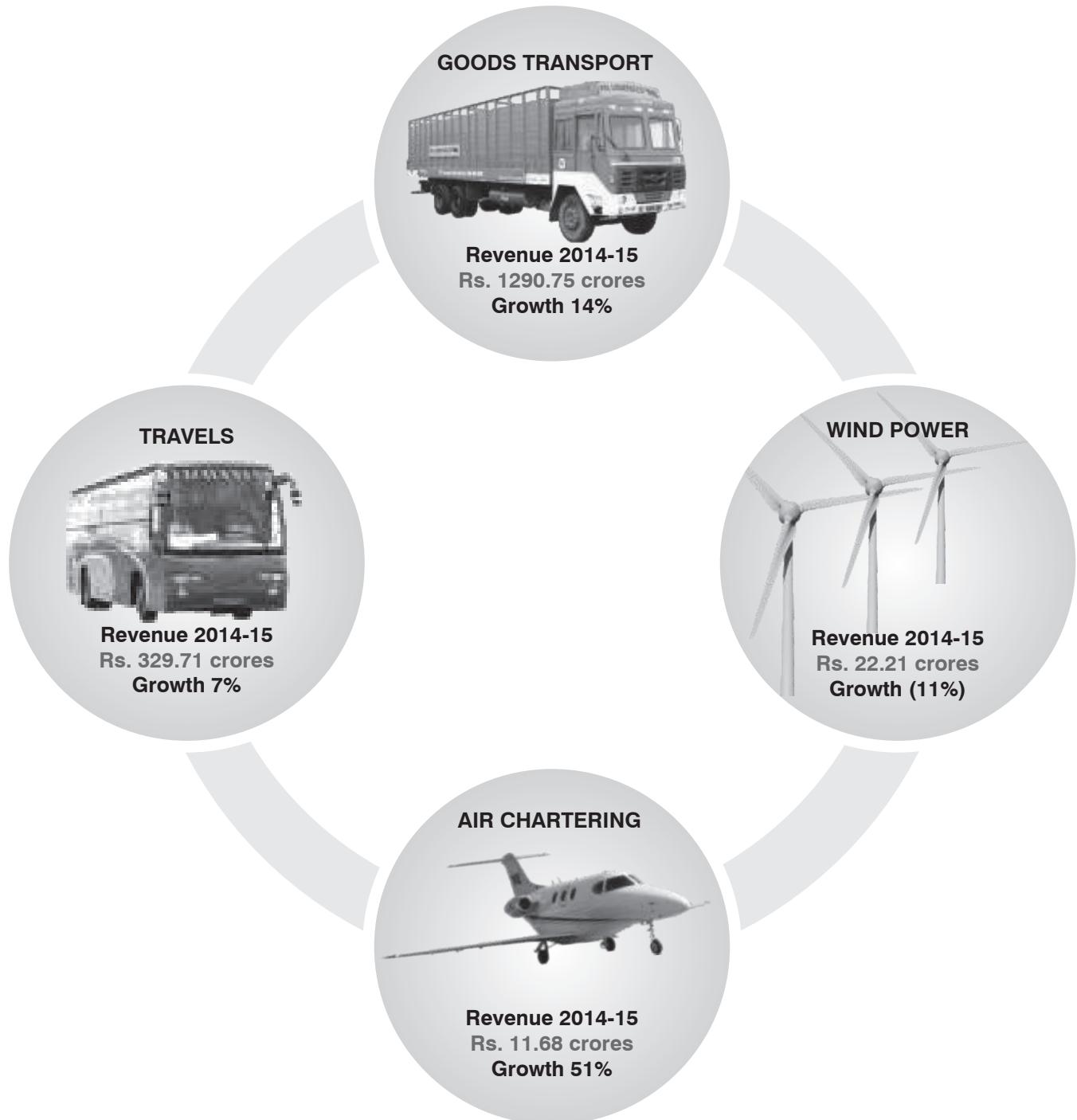
The Board remains focused on robust risk management and endeavors to improve on existing customer service levels. We also believe that quality Corporate Governance is critical to achieve our organizational goals and set higher benchmarks in our services. The Board members of the Company are eminent individuals with diverse expertise and enough experience to lead the organization. Their appointment meets with the requisite criteria set by the Companies Act and Listing Agreements. The present day Board comprises of 12 members including six independent directors. The requirement of having a woman director on the Board has also been complied with. The Board and management of the Company have developed an ethical work environment and established good internal practices and procedures which enable the Company to operate in a compliant manner. The Board has also formulated several policies for effective implementation of applicable regulatory requirements on a sustained basis.

I complement each and every member of the VRL family for their valuable contribution at all levels during the year. I also take this opportunity to thank all the stakeholders – employees, bankers, investors, customers, suppliers, government authorities, regulators and the management team of the Company for their association with the Company and I look forward to a positive interaction with all in the days to come.

Sincerely yours,

Dr. Vijay Sankeshwar
Chairman & Managing Director
(DIN: 00217714)

OVERVIEW OF BUSINESS





GOODS TRANSPORTATION

BUSINESS

VRL LOGISTICS LTD is engaged in the business of providing goods and passenger transportation services and finds mention in the Limca Book of Records as the single largest single owner of commercial vehicles in the private sector in India.

The Company offers services for the transportation of goods across India using a range of road transportation solutions to our customers, including less than truck load ("LTL"), full truck load ("FTL") and priority services.

The goods transport business can broadly be divided into General Parcel and VRL Priority. General Parcel basically caters to godown to godown movement of consignments across the country and is mainly used by wholesalers, retailers and other non-corporate entities. VRL Priority caters to the door to door movement of consignments and this service is mainly availed by corporates. Other verticals include car carrying, liquid transportation and Courier activities.

FLEET

3500 plus vehicles owned by the Company complemented by a large number of outside vehicles used for goods transportation.

STRONG NETWORK

Our goods transportation network spans 28 States and 4 Union Territories and covers nearly all major cities and towns throughout India.

OUR BRANCHES

We have an extensive network of operations, with nearly 1000 branches and franchisees which enables us to provide connectivity to even remote locations. This branch network is further complemented by 48 strategically located transshipment hubs.

HUB AND SPOKE MODEL

We operate on a Hub-and-Spoke operating model, which gives us the flexibility to transport a broad range of parcel sizes for both regional and national customers while providing customers access to multiple destinations for delivery of their goods.

TECHNOLOGICALLY ADVANCED

Some of the important developments of our information technology division include:

1. Vehicle Maintenance Tracker
2. Vehicle Traffic Application
3. Consignment Delivery Application
4. Hub Application
5. Accounting package
6. Consignment booking application
7. RFID based driver attendance module
8. RFID based tyre tracking system
9. Online system for inventory management
10. Online vehicle documentation package

STRONG CUSTOMER BASE

Our goods transportation business services numerous industries. We transport fast moving consumer goods and general commodities which includes food, textile, apparel, furniture, appliances, pharmaceutical products, rubber, plastics, metal and metal products, wood, footwear and machinery.



BUS OPERATIONS

BUSINESS

In the passenger transportation business we are a private operator of passenger buses and our operations are focused on high density urban commuter markets, such as Bangalore, Mumbai, Pune, Hyderabad, Ahmedabad, Jodhpur, Panjim and Jalore. We also connect metropolitan and tier-2 cities, such as Hubballi, Vijaypur, Dharwad, Belgavi, Hospet, Mangalaru, Bagalkot, Kalburgi and Bhatkal.

VRL has pioneered the country's largest commercial bus route from Bangalore – Jodhpur, a route of nearly 2000

km. which represents one of the longest route operated by any passenger bus service provider in the country.

Our passenger transportation business operates in the States of Karnataka, Maharashtra, Andhra Pradesh, Telangana, Tamil Nadu, Gujarat, Rajasthan and Goa. We facilitate the booking of tickets for our passengers through a wide network of agents as well as the internet through leading web based travel agents and the online ticket booking facility on our website. Passengers can avail very attractive discounts by booking their tickets online through the Company's own website.

FLEET

VRL operates exclusively through its owned fleet of nearly 375 buses which includes the latest state-of-the art Multi Axle Volvo seater buses, Multi Axle Volvo I-shift sleeper buses, Isuzu seater buses, non-volvo A/c sleeper, sleeper buses and semi sleeper buses. VRL has the requisite bus offering to cater to a diverse customer base and hence witnesses unparalleled customer loyalty.

STRONG NETWORK

Our Passenger transportation network spans across 8 States and covers key cities in these states.

OUR BRANCHES

This division operates through 86 Company owned branches, 728 franchisees including web agents and 339 prepaid agencies across this network.

TECHNOLOGY

VRL has invested huge amounts in technology to keep abreast of the latest market trends and has continuously upgraded its technology. It has its in-house technology innovation team. Most of the hardware and software used is developed by its own IT Professionals. Usage of CC TV in buses to prevent any theft and to provide secured service to customers etc., are the technologically advanced services.



WIND POWER GENERATION BUSINESS

In 2006 we commenced our wind power business in southern India at Kappatgudda, Gadag district in the State of Karnataka by setting up a wind farm of 42.5 MW. The wind farm consists of 34 Wind Turbine Generators (WTGs) having individual capacity of 1.25 MW. The turbines are of S66 technology developed by Suzlon Energy Limited and the power generated is sold to Hubli Electricity Supply Company Limited ("HESCOM") under six Power Purchase Agreements (PPAs).

The registration of the our wind power project with the United Nations Framework Convention on Climate Change (UNFCCC) is complete and necessary approvals for the trade of carbon credits have already been procured.

During the year the revenue from sale of power was Rs.2221.82 lakhs.



AIR CHARTER BUSINESS

We entered the air charter business in 2008 to provide services to individuals and corporate clients. We purchased a new Premier 1A aircraft from Hawker Beechcraft Inc., USA. The Premier 1A aircraft is a twin engine sophisticated aircraft with space for 2 pilots and 6 passengers. This aircraft has a Non Scheduled Operator Permit issued by the Director General of Civil Aviation (DGCA), Government of India.

The Company has also acquired a second hand Premier 1 aircraft from Force Motors, Pune in the year 2013. The acquisition of this aircraft is expected to strengthen the capacity to garner more chartering business owing to better aircraft availability for routine long term charters.

We offer charter services, bulk-charters, wet-lease, or on any customized requirement and offer services to individuals, corporate clients and Government of Karnataka.



OUR KEY MILESTONES

- 1976** Commencement of Transport service through proprietorship concern by Dr.Vijay Sankeshwar- commencement of business with single truck
- 1983** Business being converted into a private limited company by the name of Vijayanand Roadlines Private Limited
- 1992** Commencement of Courier Service within the state of Karnataka
- 1994** Vijayanand Roadlines Private Limited becomes deemed Public Limited Company
- 1996** Commencement of Passenger Transportation Business
- 1997** The status of the company changed from a deemed public Limited company to Public Limited Company
- 2003** Vijayanand Printers Limited becomes our wholly owned subsidiary
- 2003** Entered in to LIMCA BOOK OF RECORDS as single largest fleet owner of commercial vehicles in the private sector in India
- 2004** Commercial operation of gigantic infrastructure facility at Varur, Hubli
- 2005** ISO 9001:2000 Certification for providing passengers travels service at Hubli, Bangalore, Belgaum (presently ISO 9001:2008)
- 2006** Entire stake in Vijayanand Printers Limited divested to Times Group
- 2007** Company diversified into power generation installed 34 Wind Turbine Generators with capacity of 1.25 MW each
- 2008** Company entered into air charter business and purchased IA aircraft from Hawker Beechcraft Incorporation
- 2009** UNFCCC approval for Company's wind power project – Eligible for carbon credits
- 2010** Efforts of Company being recognised by way of several awards and recognitions
- 2011** Foray into New Logistics Verticals – car carrying and Chemical Transportation
- 2012** CER income recognised for the first time in accounts
- 2012** Private Equity investment by NSR PE Mauritius LLC in the Company
- 2013** Addition of one more Aircraft to the Air Charter business of the Company
- 2014**
 - a) Implementation of internally developed ERP named as "All in One"
 - b) Turnover crosses Rs.1500 crores
- 2015** Successful IPO - Company's shares have been listed on BSE and NSE w.e.f 30th April 2015.



KEY STRENGTHS

Established & Reputed Brand:

- Over three decades of brand history, commitment to Quality, reliability and punctuality.
- Good relationship with business associates
- Consistent enhancement of scale and scope on the back of strong belief in industry growth potential enabling better Service to customers.
- VRL name synonymous with “service excellence”.

Strong In-house Capabilities:

- In-house body designing facility enabling higher payload.
- Vehicle repair and maintenance facility.
- Tie-ups with spare part suppliers resulting in cost savings.
- Dedicated research and development team

Large Size and Scale of Operations

- Multi-service transport and logistics provider with goods transport service present in 28 states and 4 Union Territories service across the length and breadth of India.
- Passenger transport business covering around 125 cities with 80+ branches, nearly 1000 + agencies across Karnataka, Maharashtra, Goa and Andhra Pradesh,

Telangana, Tamil Nadu, Gujarat and Rajasthan

- Passenger Travel - Wide range of vehicles with 180 plus routes and around 10000 plus average passengers per day.

Experienced Management Team

- Highly experienced management with sound industry expertise.
- Active involvement of promoters in the management.
- Access to internally generated talent pool with requisite technical skills.

Integrated Business Model

- Range of complementary services forming a unique business framework.
- Diversified customer base leading to enhanced brand visibility

Inhouse Information Technology

- “All in One” internally developed ERP enabling Online Real Time data processing
- Integration with key customer ERPs
- Integration with Web agents and Electronic Funds Transfer System gateways for passenger ticketing Effective consignment tracking tool made available to customers

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Thirty Second Annual Report of your Company together with the audited financial statements for the financial year 2014-15

FINANCIAL RESULTS

(Rs. in lakhs)

PARTICULARS	Year Ended 31st March, 2015	Year Ended 31st March, 2014
Total Revenue	167886.10	150377.85
EBIDTA	28044.59	21658.66
Finance Charges	5859.98	5984.00
Provision for Depreciation	8766.03	8661.60
Profit Before Tax (including exceptional income of Rs. 371.63 lakhs)	13790.21	7676.78
Provision for Tax	4667.87	975.54
Net Profit After Tax	9122.34	5701.24
Balance of Profit brought forward	7416.58	6288.43
Balance available for appropriation		
Interim Dividend on Equity Shares including DDT	3421.45	3421.49
Tax on proposed Dividend	614.82	581.48
Transfer to General Reserve	912.23	570.12
Transitional Adjustment on account of change in Depreciation method	106.30	Nil
Surplus carried to Balance Sheet	11484.12	7416.58

OPERATING HIGHLIGHTS:

During the last year your Company recorded revenues of Rs.1678.86 crores as against previous year's revenues of Rs.1503.77 Crores depicting a growth rate of 11.64% and earned Profit before tax (PBT) of Rs.137.90 crores inclusive of an exceptional item of Rs.3.72 crores which represents the profit earned on the sale of land held by the Company at Bangalore, Karnataka. The corresponding PBT for the earlier year was Rs. 76.76 Crores.

The company's Goods Transport Division has achieved a growth rate of 13.88% as compared to previous year and the Bus Operations division witnessed an increase in the divisional revenues by 7.26%.

CAPITAL EXPENDITURE:

During the Financial year 2014-15, the company has incurred a capital expenditure of Rs.8964.28 lakhs. Out of the same, a sum of Rs.7517.59 lakhs was invested for fleet addition. Other capex components included a sum of Rs.469.30 lakhs towards Office Equipments, Rs.429.33 lakhs towards Plant and equipment, Rs.344.50 towards Building costs and a sum of Rs.83.07 lakhs towards Furniture and Fittings. The said capex also included a sum of Rs.120.49 expended on leasehold improvements.

DIVIDEND:

During the Financial year 2014-15, your directors declared total Interim Dividend at the rate of 40% translating to Rs. 4.00 per Equity share. The Board recommends no further dividend and proposes that the interim dividend so declared and paid be treated as the final dividend for the financial year 2014-15.

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.

SUCCESSFUL INITIAL PUBLIC ISSUE

The Company has successfully completed initial public offering (IPO) in the current year pursuant to applicable SEBI rules and Regulations. The IPO of the Company received an overwhelming response from the investors and the public issue was oversubscribed by more than 74 times thereby making this IPO a historical one. Shares have been listed with both BSE and NSE w.e.f 30th April 2015.

Consequently, the Company's paid up capital increased from Rs.85,53,61,620/- to Rs.91,24,34,950/. The equity shares of Rs.10/- each were issued at a premium of Rs.195/- per share.

- a) NSR PE Mauritius LLC, investor has divested its equity from 22.51% to 5.16% of paid up capital and
- b) The promoters have divested their equity from 76.71% to 69.11%.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size, scale and nature of its operations. The scope and authority of the Internal Audit function is well defined and to maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board as well as directly to the Chairman & Managing Director. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

Based on the 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.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has not incurred any expenditure on Corporate Social Responsibility during 2014-15 as required under Section 135 of the Companies Act 2013. The total 15000+ employee strength of the Company, predominantly comprising of Drivers, maintenance workers and other unskilled workers cannot exclusively benefit from the CSR spend under the extant rules which your management finds unfortunate. Given the nature of the road transport industry and the constituent workforce engaged therein, there are several areas where such fund could be utilized for the encouragement, upliftment and skill development of needy employees.

Your management is however committed to the CSR initiative and expects to incur CSR expenditure as applicable for 2014-15 during the ensuing year through the trust which has already been set up for the purpose. The Company has constituted a Corporate Social Responsibility Committee and has identified the twin areas of "Education" and "Healthcare" for utilizing the CSR spends applicable. Recently, the Company has set up a trust – VRL Foundation under the aegis of which the Company would conduct its CSR activities. Your management wants to ensure that the fund so earmarked reaches out to the needy and is in the process of outlining a program to benefit the needy local populace.

Annual report on CSR activities is enclosed as Annexure "A" to this report.

TRANSFER TO RESERVES:

The Company has transferred an amount of Rs.9.12 crores to the General Reserve put of current year's profits and the same is in compliance with the applicable provisions prescribed under the Companies Act, 2013.

INDUSTRIAL RELATIONS:

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

DIRECTORS**Number of Meetings of the Board:**

During the year Seven Board Meetings were convened and held, details of which are provided in the Corporate Governance Report. The intervening gap between the Meetings was in compliance with the Companies Act, 2013.

Nomination and Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes and other matters provided under sub section (3) of section 178 of the Companies Act 2013. The Remuneration Policy is stated in the Corporate Governance Report and can be accessed on the website of the Company as well.

Declaration by Independent Directors

All independent directors have given declarations that they meet the criteria of independence as laid down under section 149(7) of the Companies Act, 2013 and clause 49 of the Listing Agreement.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Inductions

In compliance with section 149 of the Companies Act 2013 which mandates the appointment of woman director on the Board, your Company has appointed Mrs. Medha Pawar, Practicing Advocate as an independent director in the Company and such appointment was confirmed by the shareholders of your Company at the extraordinary General Meeting held on 12th December 2014.

To comply with the composition of Board as provided in clause 49 of the Listing agreement as also under Section 152 of the Companies Act, 2013, the following new Directors were appointed:-

1. Dr. Anand Pandurangi – Independent Director

2. Mr. Shankarasa Ladwa – Independent Director

3. Dr. Raghottam Akamanchi – Non-Executive Non-independent Director
4. Mr. Ramesh Shetty - Non-Executive Non-independent Director
5. Mr. S R Prabhu - Non-Executive Non-independent Director

The appointment of said directors was confirmed by the shareholders of the Company at the extra-ordinary General Meeting held on 19th February 2015.

Retirement/Re-appointment

Mr. Darius Pandole, nominee Director of NSR PE Mauritius LLC, investor, retires by rotation and in view of dilution of shareholdings by NSR PE Mauritius LLC as a part of IPO, he is not seeking re-appointment though being eligible. The Board wishes to place on record its appreciation for his valuable contribution for the growth of the Company and the support extended by NSR PE Mauritius.

The Board recommends the appointment of Dr. Ashok Shettar, in the place of the retiring Director referred above, in respect of whom a notice has received from member as required under the Companies Act 2013.

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

Resignation

Mr. Sudhir Ghate, director resigned from the Board on June 26, 2014 due to personal reasons.

The Board hereby places on record his valuable contribution towards the growth and development of the company during his tenure as director of the Company.

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 have been followed.
- 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 the year under review.

- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The directors have prepared the annual accounts on a going concern basis.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

RELATED PARTY TRANSACTIONS:

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

SUBSIDIARY COMPANIES:

The Company does not have any subsidiary.

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 / behaviour 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 through examples on the expected behaviour from an employee in a given situation and the reporting structure. All the Board Members and the Senior Management personnel have confirmed compliance with the Code.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has a Vigil Mechanism Policy to deal with instances of fraud and mismanagement, if any. Staying true to our core values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility. The said Policy ensures that strict confidentiality is maintained in respect of whistle blowers whilst dealing with concerns and also specified that no discrimination will be meted out to any person for a genuinely raised concern.

PREVENTION OF INSIDER TRADING:

The Company has adopted a Code of Conduct for Prevention of Insider Trading 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. All Board Directors and the designated employees have confirmed compliance with the Code.

AUDIT COMMITTEE:

The Audit Committee comprises of 2 Independent Directors and a Non Executive Director. The Audit Committee met five times during the year on 25th May, 2014, 26th June, 2014, 10th October, 2014,

VRL LOGISTICS LIMITED

8th January, 2015 and 9th February, 2015. Further details relating to Audit Committee are dealt with in Corporate Governance Report forming part of this report.

AUDITORS

Statutory Auditors:

In terms of section 139 of the Companies Act, 2013 and rules framed thereunder, appointment of Statutory Auditors of the Company is subject to approval of Members, after considering the previous service, if any, in accordance with the provisions contained in the said enactment as well as rules made thereunder. The provisions further provide that firm of auditors shall be appointed for a maximum 2 terms of 5 years each, including the earlier service, if any. M/s Walker Chandiok & Co., LLP , Chartered Accountants, Mumbai and M/s H. K. Veerbhadrappa & Co., Chartered Accountants, Hubballi, are the Joint Statutory Auditors of the Company.

M/s. H. K. Veerbhadrappa & Company, Chartered Accountants, Hubballi, would retire at the conclusion of the forthcoming Annual General Meeting and can continue in such capacity for a maximum period of two more years subject to ratification at subsequent annual general meetings. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed under the provisions and that they are not disqualified for re-appointment under Section 139 of the Companies Act, 2013.

Similarly, M/s. Walker, Chandiok & Co. LLP, Chartered Accountants, Mumbai, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment for a period of further five years subject to ratification at every annual general meeting. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed under the provisions and that they are not disqualified for re-appointment under Section 139 of the Companies Act, 2013.

Pursuant to the recommendations of the Audit Committee, the Board of Directors have, at their meeting held on 25th May 2015, recommended the re-appointment of Joint

Statutory Auditors for the respective tenure as stated above and the same would be subject to the approval of the shareholders of the Company, at the ensuing Annual General Meeting.

Cost Auditors:

In conformity with the rules prescribed by the Central Government, the Company has appointed M/s Sanjay Tikare & Co, Cost Accountants, Dharwad, as the Cost Auditors for audit of cost accounting records for Wind Power Division for the year ended 31.03.2015. The Cost Audit Report would need to be submitted to the Central Government before the due date i.e. 30th September, 2015. In accordance with the rules prescribed by Central Government, remuneration of cost auditor shall be ratified by members at the general meeting. Pursuant to the recommendation of the Audit Committee, the Board of Directors have re-appointed M/s Sanjay Tikare & Co, Cost Accountants, Dharwad as the Cost Auditors for FY 2015-16 at a fixed remuneration of Rs.50,000/- subject to approval by the members at the ensuing Annual General Meeting of the Company.

Secretarial Auditor:

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 2014-15. The Secretarial Audit report is annexed herewith as "Annexure B". The Board of Directors has re-appointed Mr. R Parthasarathi, Company Secretary in Practice to conduct Secretarial Audit for FY 2015-16 at its meeting held on 25th May 2015.

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure C".

BUSINESS RISK MANAGEMENT:

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, the company has constituted a risk management committee. The details of the committee and its terms of reference are set out in the

VRL LOGISTICS LIMITED

corporate governance report forming part of the 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.

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 "D" and forms part of this Report.

PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, forms part of this report and annexed herewith as Annexure "E". In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, including the information on employees' particulars which is available for inspection by the members at the Registered office of the company during business hours on working days of the company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the company secretary in advance.

CORPORATE GOVERNANCE

The Company is committed to maintain the steady standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The Company has also voluntarily implemented several good corporate governance practices even before becoming listed Company. The Report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Clause 49, as also certificate from CEO/CFO are attached to the Report on corporate governance.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of the Annual Report.

SIGNIFICANT AND MATERIAL ORDERS

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

SEXUAL HARASSMENT

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. The Company has complied with the requirement of formation of a suitable committee as required under the said act.

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.

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

(DIN: 00217714)

Place: HUBBALLI

Date: 25th May 2015

Annexure A

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 is stated herein below:

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

Our aim is to deliver superior and everlasting value to all our customers, associates, shareholders, employees and Society at large.

The CSR initiatives focus on holistic development of host communities and create social, environmental and economic value to the society. To pursue these objectives we will :

- 1) Work actively in areas of community healthcare, sanitation and hygiene, opportunity and financial assistance for the promotion of education, provide medical aid to the needy and down trodden.
- 2) Establishing a charitable trust to carry out the objectives.
- 3) Interact regularly with stakeholders, review and publicly report our CSR initiatives.

Web Link:

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

2. COMPOSITION OF THE CSR COMMITTEE

Name of the Member	Designation
Dr. Prabhakar Kore	Chairman
Mr. C Karunakara Shetty	Member
Mr. Anand Sankeshwar	Member
Mr. Darius Pandole	Member
Mr. Aniruddha Phadnavis	Secretary

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

Average net profit: 5945.45 lakhs (based on the reported net profits for the financial years 2011-12, 2012-13 and 2013-14)

4. Prescribed CSR Expenditure (Two percent of the amount as in item 3 above)

The Company was required to spend Rs. 118.91 Lakhs during the year 2014-15.

5. Details of CSR spend for the financial year:

The Company has not incurred the requisite spend on Corporate Social Responsibility during 2014-15 as required under Section 135 of the Companies Act 2013. The total 15000+ employee strength of the Company, predominantly comprising of Drivers, maintenance workers and other unskilled workers cannot exclusively benefit from the CSR spend under the extant rules which your management finds unfortunate. Given the nature of the road transport industry and the constituent workforce engaged therein, there are several areas where such fund could be utilized for the encouragement, upliftment and skill development of needy employees.

Your management is however committed to the CSR initiative and expects to incur CSR spends as applicable for 2014-15 during the ensuing year through the trust set up for the purpose. The Company has constituted a Corporate Social Responsibility Committee and has identified the twin areas of "Education" and "Healthcare" for utilizing the CSR spends applicable. Recently, the Company has set up a trust – VRL Foundation under the aegis of which the Company would conduct its CSR activities. Your management wants to ensure that the fund so earmarked reaches out to the needy and is in the process of outlining a program to benefit the needy local populace.

Annexure B

Secretarial Audit Report**FOR THE FINANCIAL YEAR ENDED 31st MARCH 2015**

[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.,
R S 351/1, 17th KM, NH-4, Bangalore Road,
Varur - 581 207, Hubli.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by VRL Logistics Limited. (here in after 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, 2015 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, 2015 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (2) The Company being an unlisted Company during the year under consideration, Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment;
- (5) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

The Company being an unlisted Company during the year under Secretarial Audit, the various other Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable.

- (6) Other laws applicable as per the representations made by the management such as

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

VRL LOGISTICS LIMITED

In view of Secretarial Standards issued by ICSI not being mandatory and Company being unlisted during the year under consideration, the compliance under

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. and
- (ii) The Listing Agreements; are not applicable.

During the period under review the Company and 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 neither provided nor spent the amount as prescribed under Section 135 of the Companies Act, 2013 and the rules framed thereunder, relating to Corporate Social Responsibility.
2. As claimed by Management, no show cause notices were received from Statutory Authorities during the year under consideration, though civil/criminal proceedings were pending disposal with appropriate authorities/courts mainly under specific and other laws applicable to the Company as mentioned in Draft Red Herring Prospectus filed with SEBI and RHP/Prospectus filed with ROC during the current year.

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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are in general, adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines subject to observations mentioned above.

I further report that during the audit period the company has

- a) Passed necessary resolutions for IPO, seeking listing of Securities and appointment of required agencies. As per Management Representation, necessary applications and filings are done and the Company has obtained approval from BSE and NSE for initial listing and was in the process of obtaining final acknowledgement from SEBI. As on the date of the Report, the Company has become a listed Company consequent to completion of IPO and listing by Stock Exchanges.
- b) Passed necessary resolutions for borrowings/mortgage powers as per Section 180 (1) (a) and (c) of Companies Act, 2013.
- c) Resolution for Increase in Foreign Direct Investment as a part of IPO was passed.

Place : Bangalore

Date : 25-05-2015

R.Parthasarathi

ACS/FCS No.3667

CPNo.:838

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

'Annexure A' to the Secretarial Audit report

To,

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

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
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.

Signature:

Place : Bangalore

Date : 25-05-2015

Annexure C

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L60210KA1983PLC005247 (changes pursuant to listing – CIN as of 31.03.2015 was U60210KA1983PLC005247)
2.	Registration Date	31/03/1983
3.	Name of the Company	VRL LOGISTICS LIMITED
4.	Category/Sub-category of the Company	PUBLIC LIMITED COMPANY
5.	Address of the Registered office & contact details	RS No.351/1 Varur Post Chabbi Taluk Hubbali District Dharwad Hubbali - 581 207
6.	Whether listed company	No as of the reporting date (31.03.2015). Shares of the Company were listed on the BSE and NSE w.e.f. 30th April 2015.
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Contact Officer : Mr.M Murali Krishna General Manager Karvy Computershare Private 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: vrl.ipo@karvy.com Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Goods Transportation	49221	76.86
2	Passenger Transportation	49231	19.73

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - Not Applicable

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1			
2			
3			

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-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	66276000	-	66276000	77.48	66046000	-	66046000	77.21	-0.27
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)	66276000	-	66276000	77.48	66046000	-	66046000	77.21	0.27
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (Foreign Corporate Bodies)	19254912	-	19254912	22.51	19254912	-	19254912	22.51	-
Sub-total (B)(1):-	19254912	-	19254912	22.51	19254912	-	19254912	22.51	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									

b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	5250	-	5250	0.01	5250	-	5250	0.01	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh					230000	-	230000	0.27	+0.27
c) Others (specify)									
Non Resident Indians									
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									
Trusts									
Foreign Bodies -									
Sub-total (B)(2):-	5250	-	5250	0.01	235250	-	235250	0.28	+0.27
Total Public Shareholding (B)=(B)(1)+ (B)(2)	19260162	-	19260162	22.52	19490162	-	19490162	22.79	+0.27
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	85536162	-	85536162	100	85536162	-	85536162	100	-

ii) Shareholding of Promoter-

SN	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	33,075,000	38.67	-	33,075,000	38.67	-	-
2	Mr. Anand Sankeshwar	32,778,250	38.32	-	32,548,250	38.05	-	0.27

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

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	65853250		76.99	76.99
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	01.10.2014 Transfer of 2,30,000 equity shares	0.27	65623250	76.72
	At the end of the year	65623250		76.72	76.72

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

		Shareholding at the beginning of the year		Change in Shareholding (No.of Shares)		Shareholders at the end of the year	
Sr. No	Name of Shareholders	No.of Shares	% of total shares	Increase	Decrease	No of Shares	% of total shares
1	NSR-PE Mauritius, LLC	19254912	22.511	-	-	19254912	22.511
2	Mrs.Vani Sankeshwar	400000	0.468	-	-	400000	0.468
3	Mrs. Lalitha Sankeshwar	21000	0.025	-	-	21000	0.025
4	Mrs.Bharati Holkunde	1750	0.002	-	-	1750	0.002
5	Mr.K.N. Umesh	1750	0.002	-	-	1750	0.002
6	Mr.L. Ramanand Bhat	1750	0.002	-	-	1750	0.002
7	Mr.Y.M. Honnalli	1750	0.002	-	-	1750	0.002
8	Mr.T. Kasivel (Date: 01.10.2014 Purchase of 1,20,000 equity shares)	-	-	120000.00	-	120000	0.140
9	Mrs.Vasantha Kasivel (Date: 01.10.2014 Purchase of 1,10,000 equity shares)	-	-	110000.00	-	110000	0.129
TOTAL		85536162	100.000	230000.00	-	85536162	100.000
Except promoter directors there were only nine other shareholders in the Company.							

v) Shareholding of Directors and Key Managerial Personnel:

		Shareholding at the beginning of the year		Change in Shareholding (No.of Shares)		Shareholders at the end of the year	
Sr. No	Name of Shareholders	No.of Shares	% of total shares	Increase	Decrease	No of Shares	% of total shares
1	Dr. Vijay Sankeshwar	33075000	38.67	-	-	33075000	38.67
2	Mr. Anand Sankeshwar (Date: 01.10.2014 Transfer of 2,30,000 equity shares)	32778250	38.62	-	230000	32548250	38.05
	TOTAL	85536162	100.000	-	230000.00	85536162	100.000

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

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

(Amount in Lakhs unless otherwise stated)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	50546.93	Nil	Nil	50546.93
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	286.79	Nil	Nil	286.79
Total (i+ii+iii)	50833.72	Nil	Nil	50833.72
Change in Indebtedness during the financial year				
* Addition	10100.72	Nil	Nil	10100.72
* Reduction	16318..60	Nil	Nil	16318..60
Net Change	-6217.88	Nil	Nil	-6217.88
Indebtedness at the end of the financial year				
i) Principal Amount	44335.11	Nil	Nil	44335.11
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	280.73	Nil	Nil	280.73
Total (i+ii+iii)	44615.84	Nil	Nil	44615.84

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Dr. Vijay Sankeshwar	Mr. Anand Sankeshwar
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	256.33	1,98.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	22.67	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission- as % of profit- others, specify...	42.00	Nil
5	Others, please specify – Leave Encashment Salary and Contribution to Provident fund	6.67	4.29
	Total (A)	327.67	202.29
	Ceiling as per the Act	706.13	706.13
			1412.26

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors							Total Amount
		Dr. Prabhakar Kore	Mr. J S Korlahalli	Mr. C Karunakara Shetty	Mrs. Medha Pawar	Mr. Shankarasa Ladwa	Dr. Anand Pandurangi	Mr. Sudhir Ghate	
1	Independent Directors	0.22	1.69	1.46	0.22	Nil	Nil	0.45	4.04
	Fee for attending board committee meetings*								
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	0.34	1.57	1.46	0.22	Nil	Nil	0.45	4.04
2	Other Non-Executive Directors	Mr. Darius Pandole	Mr. S.R. Prabhu	Mr. Ramesh Shetty	Mr. Raghu Akamanchi				
	Fee for attending board committee meetings	0.90	Nil	Nil	Nil				
	Commission	Nil	Nil	Nil	Nil				
	Others, please specify	Nil	Nil	Nil	Nil				
	Total (2)	Nil	Nil	Nil	Nil				
	Total (B) = (1+2)	0.90	Nil	Nil	Nil				0.90
	Total Managerial Remuneration								530.86
	Overall Ceiling as per the Act								1553.48

* - Inclusive of service tax applicable on sitting fees

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

SN	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	21.30	23.39	44.69
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	- as % of profit			
	others, specify...			
5	Others, please specify	Nil	Nil	Nil
	Total	21.30	23.39	44.69

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

ANNEXURE 'D'

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) The steps taken by the Company or impact on conservation of energy

- 1) We have installed solar panels atop few Company operated branches and the energy generated was used for lighting for our godown operations
- 2) We have commenced the usage of battery operated forklifts at a few of our major transshipment hubs instead of diesel operated machines.
- 3) We have replaced the battery operated OEM fitted tail lamps on a few of our vehicles with LED lamps which consume lesser energy.
- 4) A lot of godowns are now fitted with LED lighting which results in energy savings.

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

As stated above, the Company has experimented with Solar lighting which once viable, is proposed extensively used throughout the country.

III) The capital investment energy conservation equipment

A sum of around Rs.80,000 – 100,000 lakhs per KW is spent on the Solar branch lighting equipment which is presently undergoing testing at a few branches.

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

Development of new android based application
Anti-sleep device on vehicles
Air suspension for trucks

2. Benefits Derived out of above R&D.

Android based applications can be operated from smart phones the usage of which is much in vogue today. We have android based applications for daily activity report in respect of our marketing executives, consignment tracking application for customers, internal application for vehicle tracking, etc. This internally developed device is fitted in the driver cabin and ensures that the driver is awake and alert while driving the vehicle. An Infrared beam is strategically setup which has to be cut by the driver using his fingers at periodic intervals failing which the device triggers a mechanism which cuts the engine and brings the vehicle to a halt.

Having air suspension on trucks results in reduction of vehicle weight by roughly 250 kgs resulting in higher payload without affecting the safety as also without affecting the maintenance costs related to suspension.

3. Future plan of action

We have plans to further improve the suspension design of trucks which result in cost reduction. We also are conducting trials on the usage of bio-diesel to bring down fuel costs.

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 as a percentage of turnover. The same is an ongoing process and costs incurred on the same are expensed off.

C. FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

		(Rs. In lakhs)	
	Particulars	FY 2014-15	FY 2013-14
A)	Expenditure in foreign currency		
	(accrual basis)		
	Aircraft maintenance	108.64	52.77
	Purchase of Spares	2.79	62.46
	Professional fees on sale of certified Emission reductions units	30.79	9.18
	Total	142.22	124.41

(Apart from the above, USD Equivalent for a sum of Rs.770.20 Lakhs was remitted to M/s NSR PE Mauritius LLC as their share of dividend).

B)	Earnings in foreign currency		
	(Accrual basis)		
	Sale of certified emission reductions units	-	608.73
	Aircraft Charter Receipt	396.66	240.16
	Total	396.66	848.89
C)	Value of imported and indigenous materials Spare parts and components including Tyres, flaps and re-treading		
	- Imported	2.79	62.46
	- Indigenous	0.03%	0.66%
	Amount	10,169.43	9367.18
	- Percentage	99.97%	99.34%
	Total	10,172.22	9429.64

"ANNEXURE 'E' "**Statement of Particulars of Employees pursuant to the Provisions of Rule 5 (2) of the 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 and Managing Director	455:1
2	Mr. Anand Sankeshwar	Managing Director	281:1

Note: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 structure in which the Company is operating a majority portion of the 15652 employees of the Company comprises Drivers, Cleaners and Hamalas whose salary would be as per the industry standard. Accordingly employees drawing performance based salary such as drivers/hamals etc, are paid remuneration that is split into employee cost (based on applicable minimum wages internal policies of the Company) and vehicle operation cost and costs related to material handling that form part of the operational expenditure in the books of accounts.
- Computation of median as detailed above would also include the salary drawn by said drivers, cleaner and hamals.
- Computation of the said median salary is purely based on the employee cost to the Company which excludes other allowances drawn by said persons which are accounted in the vehicle maintenance category.

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

Sl. No	Name	Designation	% increase
1	Dr. Vijay Sankeshwar	Chairman & Managing Director	10.13%
2	Mr. Anand Sankeshwar	Managing Director	Nil
3	Mr. Sunil Nalavadi	Chief Financial Officer	3.40%
4	Mr. Aniruddha Phadnavis	Company Secretary	0.57%

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

The median remuneration of the employees in the financial year increased by 13.49%. The calculation of % increase in Median Remuneration is done based on overall employee cost.

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

There were 15652 employees as on March 31, 2015.

5. The explanation on the relationship between average increase in remuneration and Company performance

The increase in the average remuneration of employees was in line with the average increase in the Company's revenues and profits.

6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company

The increase effected in the remuneration to Key Managerial Personnel is in line with the increased revenues and profitability of the Company.

7. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed Companies and in case of unlisted Companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year

The net worth of the Company increased from Rs.30639.12 lakhs to Rs.35618.89 lakhs registering an increase of Rs.4979.77 lakhs. The net worth thereby depicted an increase of 16.25%. The same is the effect of transfer of net profits to the reserves net of dividend payments during the year.

8. 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 increase in the managerial remuneration as well as that relating to the CFO and CS are at percentages that are lesser than the increase effected in the salaries of employees other than Managerial personnel.

9. Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company

Particulars	2014-15	2013-14
Total Operating Revenues	167886.10	150377.85
Profit Before Tax and Exceptional Items	13418.58	7013.06
Profit after tax	9122.34	5701.24

The total revenues of the Company increased by 11.64%. The net profit of the Company increased from Rs.5701.24 lakhs to Rs.9122.34 lakhs translating to an increase of 60%. The remuneration paid to the Key Managerial Personnel and the increase therein during the year is in much lesser proportion to the increase in profitability and revenues as depicted above. The table below depicts the details of the employee remuneration as against the performance of the Company -

Sl. No	Name	Designation	% to the net profits
1	Dr. Vijay Sankeshwar	Chairman & Managing Director	3.59%
2	Mr. Anand Sankeshwar	Managing Director	2.22%
3	Mr. Sunil Nalavadi	Chief Financial Officer	0.26%
4	Mr. Aniruddha Phadnavis	Company Secretary	0.23%

10. The key parameters for any variable component of remuneration availed by the Directors

Dr. Vijay Sankeshwar is paid a commission on the net profits of the Company. Barring the same there is no variable component paid to any of the Directors of the Company.

11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year.

Not applicable

12. 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.

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

A. Employed throughout the year and were in receipt of remuneration of not less than Rs.60 lacs per annum

SI No	Name & Qualification	Age, Designation	Remuneration (in Lakhs Rs.)	Exp in Yrs	Date of Joining	Previous employment/ position held of employment
1	Dr. Vijay Sankeshwar B.Com	65, Chairman & Managing Director	327.67	40	31.03.1983	-----
2	Mr. Anand Sankeshwar. B.Com	41, Managing Director	202.29	25	01.12.1990	-----
3	Capt. Manesh T. Gopal B.A., ATPL	46, Head Aviation	63.00	25	01.05.2011	21 year Service in Indian Air Force
4	Capt. B. N. Kishore B.Sc., B.A., ATPL	53, Line Captain	59.00	27	01.10.2012	Line Captain with Kingfisher Airlines
5	Capt. Raju Stephen M.Sc. M.Phil	61, Line Captain	59.00	37	15.07.2013	Chief Pilot with TVS Motors

Notes:

1. Remuneration shown above includes salary, perquisites, and commission on profits and Company's contribution to Provident Fund but does not include Company's contribution to Gratuity Fund. The monetary value of perquisites is calculated in accordance with the provisions of the Income Tax Act, 1961 and Rules made there under.
2. Nature of Employment of the Managing Directors as stated above is contractual. The other individuals named above are normal employees of the Company.
3. None of the employees listed above held any shares in the Company as of 31.03.2015 except Dr. Vijay Sankeshwar who held 33,075,000 (38.67% of the paid up capital of the Company) shares and Mr. Anand Sankeshwar who held 32,548,250 (38.05% of the paid up capital of the Company) shares as of that date.
4. Except Dr. Vijay Sankeshwar and Mr. Anand Sankeshwar, who are related to each other, none of the other employees as listed above are related.

Dr. Vijay Sankeshwar
Chairman & Managing Director
(DIN: 00217714)
Place: HUBBALLI
Date: 25th May 2015

Mr. Anand Sankeshwar
Managing Director
(DIN: 00217773)
Place: HUBBALLI
Date: 25th May 2015

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The domestic freight transportation services industry is largely dominated by roads. However, this segment is highly fragmented with a large number of small players and few, large and organized players. This provides consumers with a high bargaining power and intensifies competition among the players. The industry broadly comprises transport operators, intermediaries, brokers and consignors or end-users. India spends around 14.4% of its GDP on logistics and transportation as compared to less than 8% spent by the other developing countries. Indian freight transport market is expected to grow at a CAGR of 13.35% by 2020 driven by the growth in the manufacturing, retail, FMCG and e-commerce sectors. Freight transport market in India is expected to be worth US\$ 307.70 billion by 2020.

In India road freight constitutes around 63% of the total freight movement consisting of 2.2 million heavy duty trucks and 0.6 million light duty trucks covering more than 18,00,000 kms of road length carrying more than 3000MMT (million metric ton) of load annually.

NOVONOUS estimates that the road freight movement is expected to increase at a CAGR of 15%. This will be driven by the growth in Indian FMCG, retail and pharmaceutical sectors, which have large freight transport requirements across the country which is generally done by road transportation.

This report found that the rail freight constitutes around 27% of the total freight movement in India. It consists of a large infrastructure of more than 65000 kms of rail network carrying more than 1400MMT of load annually. With the growth in core manufacturing sector and with the proposed "Make in India" campaigns it is expected that the freight movement of core commodities like iron ore, steel, coal, petroleum etc are projected to increase at a fast pace. NOVONOUS estimates that Indian rail freight market will grow at a rate of around 10% CAGR over the next 5 years.

This report also found that the air freight consists of around 1% of the total freight market in India and approximately 4MMT of freight tonnage is transported through air. NOVONOUS estimates that Indian air freight market will grow at an impressive rate of around 12.5% CAGR over the next 5 years with more number of private airlines entering this space coupled with the lower turnaround time needed for delivery such as "24 hour delivery" needed by the E-commerce sector.

2. SWOT ANALYSIS

STRENGTHS

VRL is a well established brand in the country when it comes to surface transportation as well as the leading name amongst the private bus operators. With a track record of over three decades, VRL has increased its scale of operations and operates across the length and breadth of India. We believe 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 acclimating this fact. Apart from the movement of General Parcel, the goods transportation services bouquet of the Company also encompasses other services such as Full Truck Load (FTL), Priority Cargo Services, Liquid Transportation and Car carrying.

Two critical strengths of the Company are its well established wide network of branches and its owned fleet of commercial vehicles. Your Company operates across 28 States and 4 Union Territories in India and its reach is unmatched for the offering of LTL goods transportation services with a branch network of around 1000 branches. Your Company is also

one of the largest fleet owner of commercial vehicles in the Country, if not the largest, and the same enables the Company to set unparalleled standards in the movement of LTL cargo in India.

With the imminent advent of GST which is expected to roll out during the calendar year 2016, there would a marked shift in the operating model of surface transporters in the country and the hub-and-spoke model would find a lot of followers in the Indian context. Your Company operates on a hub-and-spoke model since over three decades 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.

The ideology at VRL is to own its vehicles for offering LTL services as also own significant infrastructure facilities comprising of warehouses and maintenance facilities. Also, in-house IT capabilities is the single most significant strength of your Company and the same has offered 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 a online real time basis across all its business verticals. Your Company also has built up the capability to maintain its owned vehicle fleet and the cost savings arising out of economies of scale by way of tie with oil supplying companies, vehicle manufactures for supply of spare parts, tyres etc as well as in-house R&D in this domain have enabled the Company to utilize its vehicles for a very long term vis-à-vis the industry as also at significantly lesser maintenance costs. The in-house body designing facility for trucks enables the Company to have higher payload vis-à-vis market vehicles.

Your Company has a very well diversified customer base and this has ensured that the Company has no dependencies on any customers or any product categories. Similarly, there are no geographical dependencies for the business and the customer base of the Company is well spread over entire country.

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 crucial weakness that affects the transporters one and all. Your Company is however better placed when compared with the other business owners. 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 each and every of its drivers on its payrolls and extends all statutory benefits such as PF, ESI, etc. to its drivers which is not generally available elsewhere. The Company offers a very 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 checks and health camps for the drivers so as to make them more health conscious. Shortages however still remain and your Company is striving to further encourage more and more individuals to take up driving by visiting potential villages and towns and trying to remove the stigma being associated with the driving profession. The management also propagates at several forums the necessity of a joint industry effort to overcome this problem which is only expected to become more challenging in the days to come.

Lack of owned infrastructure at key centers is another present day weakness in the management's opinion. The Company has established owned transshipment hubs at key locations like Hubballi, Mumbai, Mangaluru, Mysuru, Bhilwara etc. 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 enable the Company to scale up considering its track record of sustained business growth. Setting up such owned infrastructure would however entail significant investments which in turn impact the return ratios and the management would need to balance the two so as to optimize stakeholder value as well as to cater to business growth for future. Your Company would consider gradually expanding its owned infrastructure at such key locations in the years to come.

OPPORTUNITY

Transformation from Unorganised to organized players

The single biggest opportunity that awaits your Company as well as the Industry itself is the implementation of GST which has been seen as a high priority agenda of the current regime. 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. Unorganized players engaging in unethical business practices would be the worst affected with such implementation and the same would bring in 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 significantly benefit from GST implementation.

The present day legislation on motor vehicles involves a lot of official intervention on part of the government authorities as also results in the incurrence of significant costs for staying compliant with the related requirements. The Government has proposed a new Road Safety and Transport Bill, 2014 to amend the existing Motor Vehicles Act, 1988 (Transport Bill) which seeks to provide a framework for safer, faster, cost effective and inclusive movement of passengers and freight in the country. It seeks to promote innovation and improved technology and vehicle design for safer travel. It proposes unified, transparent and single window driver licensing system with simplified procedures, relaxation in existing requirements, unified biometric systems and adoption of technology for driver testing facilities. It also provides for a unified vehicle registration system with integration of all stakeholders such as manufacturer, owner, transport authorities, insurer and enforcement authorities. It aims to increase logistics efficiency which in turn is expected to reduce inflation and enable Indian manufacturing to become globally competitive and therefore proposes a simplified system of permits and single portal clearances for the goods transportation Industry. The Transport bill also proposes a two-tier system – at the national and the intrastate levels for the passenger transportation industry, as also develop and regulate various public passenger transport schemes.

Further, the bill also contemplates providing an integrated transportation system in collaboration with the State owned transport corporations and private operators which is expected to improve competitive conditions for private bus operators like us. Your Company is indeed well positioned to benefit from the proposed changes as enumerated above.

THREAT

Fluctuations in fuel prices, lorry hire charges payable to third party vehicles and input costs especially those related to tolls as also others like rent, etc. have a significant bearing on our profitability margins. These represent a significant portion of our operating costs and any inability to pass on the same in entirety affects our profit margins. In particular, the cost of fuel has increased in the recent years and fluctuates significantly due to various factors which are beyond our control. Historically, due to low customer dependencies, we have always been in a position to pass on predominantly, or even fully, such increases to our customers through periodic increase in our freight rates or bus ticket prices. However, the ever present volatility represents a considerable threat to our result of operations.

Our 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 our vehicles and cargo / passengers. Even though we undertake various measures to avoid or mitigate such factors to the extent possible, some of these have the potential of causing extensive impact on our operations and assets. The recent disturbance in the erstwhile unified Andhra Pradesh over the Telangana matter had severely impacted our business operations during fiscals 2012-13 and 2013-14 and is an apt example of such a threat.

3. SEGMENT-WISE PERFORMANCE

The overall performance of your Company improved during the current year in comparison with the earlier performance led by the improved performance of the Bus Operations division.

Goods transportation revenues recorded a growth of 13.88% and were Rs.129075.24 lakhs as against revenues of Rs. 113342.60 lakhs corresponding to the previous fiscal. The said growth is the result of a growth in the volume as well as the freight rates. The said growth is also attributable to the branch expansion that your Company undertook in the last year. During 2014-15 the Company opened 71 new branches in the country.

The Bus Operations division recorded revenues of Rs.33157.39 lakhs as against Rs.30912.55 lakhs for the earlier year clocking a growth of 7.26%. This was despite a drastic reduction in the fleet size wherein the present day fleet comprises of around 375 vehicles as against the fleet size of 475 buses during the earlier year. During the current year the company has undertaken consolidation in this segment and has consciously not replaced the permit expired vehicles with new vehicles. The company operated existing vehicle fleet over the premium and high demand routes which resulted into improved passenger realization and occupancy levels. Also, the stabilization of the Telangana / Andhra Pradesh issue which adversely affected the revenues of this division during the earlier two fiscals resulted in improved performance during the year.

The Wind Power division of the Company recorded revenues of Rs.2221.82 lakhs as against Rs.2501.42 lakhs. The reduction in revenues was due to the reduced wind velocity during the period. Also the division had recognized revenue from sale of Certified Emission Reduction (Carbon credits) during the earlier year to the tune of Rs.608.73 lakhs and similar revenues did not accrue during the year. The Air Chartering operations recorded revenues of Rs.1168.39 lakhs during the current year as against corresponding revenues of Rs.775.11 lakhs during the earlier period as a result of better hourly revenue realization.

4. OUTLOOK

Implementation of GST is eagerly awaited by the entire industry. Anticipating the implementation of GST from the next fiscal, several bodies have indicated that the road transportation is expected to grow at high levels. This growth rate is based on the expectation that the new government will soon implement GST and the logistics companies can optimize their operations to reduce cost and increase their margins. With GST, the logistics companies, which are currently forced to set up many small warehouses across multiple cities can set up just a few, big warehouses region wise and can follow the hub-and-spoke model for freight movement from the warehouses to the different manufacturing plants, wholesale outlets, retail outlets and the various point of sale. This has increased the service geography of the logistics firms but they also have to meet the demands of quick delivery and tight service level agreements. Your Company is well positioned to benefit from such implementation and already holds leadership position in the LTL freight movement in India.

Industry reports suggest that the Indian logistics industry spends as a % of the GDP on different types of cost incurred in logistics operation is very high in comparison to the logistics cost incurred by different nations. The logistics firms are moving from a traditional setup to the integration of IT and technology to their operations to reduce the costs incurred as well as to meet the service demands. The industry as a whole has moved from being just service provider to the position where they provide end to end supply chain solutions to their customers.

The other Government initiatives such as Make in India as well as Development of Smart Cities across India definitely points out to additional business in the days to come which is expected to benefit one and all in the Industry. Your Company, being one of the leading organized players in the Industry would stand to gain from the implementation of these initiatives.

Your Company also plans to expand its goods transport business in the eastern and north eastern parts of the country. Operations of the Nepal office are expected to commence shortly and the Company is also looking at servicing the north eastern states where its present day presence is absent or is minimal. Your management is confident that the said expansion would provide a good impetus for business growth from that sector.

Your Company would also be undertaking capex on the infrastructure front as well as for fleet addition in the years to come. Having owned infrastructure would enable a further improvement in the service level and the same would also accord due flexibility to the Company in conducting its operations including mechanization of material handling. Investment then can also be made for infrastructure related to fleet maintenance activities at these locations. Your Company could also look at investing in cost saving measures such as dedicated fuel stations as also weigh bridges at these locations.

An addition to the fleet would also be called for considering the expected rise in the business volumes arising out of the growth opportunity that GST presents. Increased vehicle fleet would also provide greater operating flexibility as also reduce dependency on outside vehicles at key locations. The addition to the fleet is expected to be the addition of the higher capacity vehicles that would also reduce the driver related costs on a per kg basis owing to larger per vehicle capacity.

Your Company keenly awaits the developments on the new transport bill front and expects an implementation of the same soon. The said bill is expected to increase the efficiency of the goods transportation in India and also bring in parity between the state run passenger bus corporations and the private operators wherein the service quality would be the success factor and your Company is best positioned to encash this opportunity as it comes.

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 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 Chairman & Managing Director. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the 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 a Procedure Manual. The said manual describes in detail 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 Chairman and Managing Director.

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 its working and recognizes its responsibility in establishing controls as also effectively implementing them and monitoring their effectiveness on an ongoing basis.

6. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

PARTICULARS	2014-15	2013-14	Growth (%)
Revenue from Operations	1671.20	1493.79	11.88
Other Income	7.66	9.99	-23.35
Total Revenue	1678.86	1503.78	11.64
EBITDA	280.45	216.59	29.48
Depreciation	87.66	86.62	1.21
PBIT	192.79	129.97	48.33
Finance Costs	58.60	59.84	-2.07
Profit Before Exceptional Item & Tax	134.19	70.13	91.34
Exceptional Item	3.72	6.64	-44.01
Profit Before Tax	137.91	76.77	79.64
Tax Expenses	46.69	19.76	136.28
Profit for the Year	91.22	57.01	60.01
Basic and Diluted EPS	10.66	7.19	48.26
Cash Profit	184.82	149.39	23.72

During the year the Total Revenue of the Company increased to Rs. 1678.86 Crores compared to Rs. 1503.78 Crores for the previous year resulting in a growth of 11.64%. Goods Transportation Segment registered a turnover of Rs. 1290.75 Crores as compared to Rs. 1133.43 Crores for the previous year translating to a growth of 13.88%. Passenger Segment registered a turnover of Rs. 331.57 Crores as compared to Rs. 309.13 Crores for the previous year registering a growth of 7.26%.

Wind Power segment registered a turnover of Rs.22.22 Crores as compared to Rs. 31.10 Crores of the previous year which also included revenues of Rs.6.09 crores arising out of sale of Certified Emission Reduction (CER) units. Air chartering Segment registered a turnover of Rs. 11.68 Crores as compared to Rs.7.75 Crores of the previous year. The overall performance of your Company improved during the current year in comparison with the earlier performance.

The EBITDA margins of the Company increased to Rs. 280.45 Crores as compared to Rs. 216.59 Crores for the previous year resulting a growth of 29.48%. As a percentage to the Total Revenue the EBITDA margins increased to 16.70% as compared to the previous year's 14.40%. The increase in EBITDA was on account of an increase in the EBITDA of Goods Transport Segment which contributed 76.88 % of the total Revenue as well as an increase in the EBITDA of Bus Operations which contributes 19.75% to the Total Revenue. The EBITDA of Goods Transportation Segment increased to Rs. 208.51 Crores as compared to Rs.166.29 Crores for the previous year resulting in a growth of 25.39% and the same as a percentage to the Revenue increased to 16.15% when compared with the previous year's 14.67%.

The EBITDA of Goods Transport Segment improved on account of overall improvement in volumes and also periodical cost and margin analysis by the Management of the company which helped initiate periodic freight rates increases during the year and effectively passing on the increase in cost of operation to the customers. Further, the company has given more thrust on covering operational KMs through own vehicles as a result of which the Lorry hire charges paid to outside vehicles declined as a percentage to the segment revenue by 3.13%. The core operational expenditure for owned vehicles such as Diesel, Vehicle Running, Repairs & Maintenance, Bridge & Toll Charges, Tyre cost, Rates & Taxes and Insurance put together increased by 1.94%. Other costs like agency commission as a % to the goods transport revenue reduced by 0.31%, C&F reduced by 0.17%, admin costs reduced by 0.08%, employee costs 0.02%. Rent increased by 0.10%, Hamali increased by 0.18% and overall the operational expense reduced by 1.48% as a percentage of the Goods Transport revenue which resulted in an increase in the segment EBITDA. Also, EBITDA of Bus Operations increased to Rs.59.50 Crores as compared to Rs. 28.83 Crores for the previous year resulting in a growth of 106.38%. As a percentage of the Revenue, the same increased to 17.94% as compared to the previous year's 9.33%. The increased EBITDA in this segment is on account of an increase in the occupancy levels as well as an increase in the realization per passenger during the year. In effect, the overall cost of operations including Fuel Costs, running and Repair and Maintenance expenses, Bridge and Toll Charges, Rates and Taxes, insurance, Employees cost, when measured as a percentage to the segment revenue, have reduced resulting in an increase in EBITDA.

In addition to the above the operations in Andhra Pradesh and Telangana area have stabilized in the current year whereas the same adversely affected the margins of Goods Transportation and Bus Operations Segments in the previous two years.

The Depreciation costs of the company increased to Rs. 87.66 Crores as compared to Rs. 86.62 Crores for the previous year. During the current year, the management has adopted depreciation rates considering the useful life of the Assets as prescribed under Schedule-II of the Companies Act, 2013 except on Vehicles and Wind Turbine Generators (part of Plant and equipments). As regards Vehicles and Wind Turbine Generators, the same are depreciated over a period of nine years and nineteen years respectively, based on internal assessment and independent technical evaluation carried out by an external valuer. The management opines that the useful life considered represents the period over which the 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 Companies Act, 2013.

The addition to Fixed Assets is Rs. 90.64 Crores as compared to previous year is Rs. 118.31 Crores.

The Finance costs during the year decreased to Rs. 58.60 Crores as compared to Rs. 59.84 Crores of the previous year on account of reduction in the overall debt position of the Company.

With a result of increase in EBITDA, low increase in Depreciation and reduction in Finance Costs the Profit Before Exceptional Item and Tax during the year increased to Rs. 134.19 Crores as compared to Rs. 70.13 of the previous year resulting a growth of 91.35% and as a percentage to the revenue increase to 7.99% as compared to previous year 4.66%.

An exceptional revenue of Rs. 3.72 Crores was recorded during the year as compared to the previous year's figure of Rs. 6.64 Crores. Both exceptional items relate to profits recorded on the sale of land owned by the Company.

During the year the Company paid taxes under the normal tax provisions as compared to the previous year wherein taxes were covered under the MAT provisions of the Income Tax Act. Accordingly, the Current tax accounted to Rs. 40.97 Crores as compared to previous year's 13.99 Crores with a net of MAT Credit Entitlement of Rs. 2.15 Crores. The deferred tax accounted during the year is Rs. 5.94 Crores as compared to Rs. 5.76 crores for the previous year.

On account of the above, the Net Profit for the year increased to Rs. 91.22 Crores as compared to previous year Rs. 57.01 crores resulting a growth of 60% and as a percentage to the total revenue, the same increased to 5.43% when compared to the previous year's 3.79%.

As a result, the basic and diluted earnings per share increased to Rs. 10.66 as compared to previous year's Rs. 7.19 registering a growth of 48.26%.

As recommended by the Board of Directors, the Company paid interim dividend during the year amounting to Rs. 34.21 Crores with tax on dividend amounting to Rs. 6.15 Crores. During the previous year, dividend paid amounted to Rs. 34.21 Crores with tax on dividend amounting to Rs. 5.81 Crores.

Return on Capital Employed increased to 18.74 % and Return on Equity increased to 25.61% as compared to the previous year's corresponding ratios of 14.39% and 18.61% respectively. Return ratios improved during the year on account of increase in the margins of Goods Transportation as well as Bus Operations segments.

The Total Borrowings of the Company as at the Balance Sheet date reduced to Rs. 443.35 Crores as compared to the amount as at previous year Balance Sheet date which stood at Rs. 505.47 Crores. The reduction in Debt is on account of strong cash profits of the Company during the year which amounted to Rs. 184.82 Crores as compared to previous year's corresponding cash profits of Rs. 149.39 Crores (an increase of 23.72%), which were predominantly used for repayment of debt after incurring outflows for capex , dividend payout and other working capital requirements.

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

The total employee strength of the Company as of 31.03.2015 was 15652. Given the nature of the 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 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 within the organization.

Dr. Vijay Sankeshwar
Chairman & Managing Director
(DIN: 00217714)
Place: HUBBALLI
Date: 25th May 2015

Mr. Anand Sankeshwar
Managing Director
(DIN: 00217773)
Place: HUBBALLI
Date: 25th May 2015

CAUTIONARY STATEMENT – Statements made herein describing the Company's objectives, projections, estimates, plans etc. may be forward looking statements. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand / supply and price conditions in the markets in which the Company operates, changes in the Government regulations, Tax laws, Statutes and other incidental factors.

Auditor's Certificate on Compliance of Conditions of Corporate Governance

To

The Members of VRL Logistics Limited

We have examined the compliance of conditions of Corporate Governance by **VRL Logistics Limited** (the 'Company') for the year ended 31 March 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with Guidance Note on Certification of Corporate Governance (As stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

The equity shares of the Company have been listed on 30 April 2015, which is after the completion of financial year under consideration.

In our opinion and to the best of our information and according to the explanations given to us and representation made by the management, even though, the provisions of Clause 49 of the Listing Agreement were not applicable for the financial year under consideration, we certify that the Company has complied with nearly all the provisions of Clause 49 of the Listing Agreement, to the extent possible.

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

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per Khushroo B. Panthaky

Partner

Membership No.: 42423

Place: Hubballi

Date: 25 May 2015

Report on Corporate Governance

The Company's philosophy on Corporate Governance has been developed with a tradition of fair and transparent governance even before the same was mandatorily applicable to the Company. Transparency, integrity, professionalism and accountability - based values form the basis of the Company's philosophy for Corporate Governance. The Company believes that good Corporate Governance is a continuous improvement seeking process and strives to improve the Corporate Governance practices to meet the expectations of all the stakeholders. Your company has fulfilled all the existing guidelines under Clause 49 of the Listing Agreement with Stock Exchanges (the 'Listing Agreement').

I) Board of Directors

(a) Composition of the Board

The composition of the Board is in conformity with Clause 49 of the Listing Agreement, which stipulates that the Board should have optimum combination of executive and non-executive directors with at least one woman director and at least 50% of the Board should consist of Independent Directors, as the Chairman of our Board is an Executive Director.

As on March 31, 2015, the Board comprised of Twelve Directors. Out of these, two are Executive Directors, i.e the Chairman & Managing Director and Managing Director who are also the Promoters of the Company.

Of the ten Non-Executive Directors, six are Independent Directors. The Company has also appointed one woman Director who is also an Independent Director. All the Directors possess the requisite qualifications and/or 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.

As mandated under Clause 49 of the Listing Agreement, the Independent Directors on the Board of the Company.

- Are persons of integrity and possesses relevant expertise and experience;
- Are not the Promoters of the Company or its Holding, Subsidiary or Associate Company;
- Are not related to Promoters or Directors of the Company, its Holding, Subsidiary or Associate Company;
- Apart from receiving sitting fees, do not have any material pecuniary relationships or transactions with the Company, its holding, subsidiary or associate company or their Promoters or Directors, during the two immediately preceding financial years or during the current financial year;
- Are persons, none of whose relatives have or had pecuniary relationships or transactions with the company, its holding, subsidiary or associate company or their promoters, or directors, amounting to 2% or more of Company's gross turnover or total income or Rs.50 lacs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- Are persons who neither themselves nor through any of their relatives hold or have held the position of a key managerial personnel or is or has been an employee of the Company or its holding, subsidiary or associate company in the immediately preceding three financial years i.e. FY 2012-13, 2013-14 and 2014-15;
- Are not partner(s) or executive(s) or were not partner(s) or executive(s) during the preceding three years, of any of the following:
 - i. Statutory audit firm or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company;
 - ii. Legal firm(s) and consulting firm(s) that have transactions with the Company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;

- Are not holding, together with their relatives, 2% or more of the total voting power of the Company;
- Are not the CEO or Director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the Company;
- Are not material supplier(s), service provider(s) or customer(s) or lessor(s) or lessee(s) of the Company, which may affect independence of the Director;
- Are not less than 21 years of age.

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

(b) Number of Board Meetings

The Board of Directors met 7 times during 2014-15. The meetings were held on May 25, 2014, June 26, 2014, August 26, 2014, October 10, 2014, November 17, 2014, January 08, 2015 and February 09, 2015. The maximum time gap between any two consecutive meetings did not exceed one hundred and twenty days.

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

As mandated by Clause 49 of the Listing Agreement, 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 an Independent Director in more than seven listed companies.

Table 1 gives 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, 2015

Name of the Director	Category	Number of Board meetings held	Number of Board meetings attended	Meetings held during tenure as Director	Whether attended last AGM	Number of Directorships of other public companies(a)	Committee Positions #		Any pecuniary or business relation
							Chairman	Member	
Dr. Vijay Sankeshwar	Chairman and Managing Director	7	7	7	Yes	2	1	-	None
Mr. Anand Sankeshwar	Managing Director	7	7	7	Yes	1	-	-	None
Mr. C Karunakara Shetty	Independent Director	7	7	7	Yes	-	2	-	None
Dr. Prabhakar Kore	Independent Director	7	3	7	No	1	-	1	None
Mr. J S Korlahalli	Independent Director	7	6	7	No	-	-	2	None
Mr. Darius Pandole	Non-executive Director	7	4	7	No	3	-	3	Nominee of NSR- PE
Mr. Sudhir Ghate (b)	Director	7	2	2	Yes	-	-	-	None
Mrs. Medha Pawar (c)	Independent woman Director	7	2	2	No	-	-	-	None
Dr. Anand Pandurangi (d)	Independent Director	7	-	-	No	-	-	-	None
Mr. Shankarasa Ladwa (d)	Independent Director	7	-	-	No	-	-	-	None
Dr. Raghottam Akamanchi (d)	Non-executive Director	7	-	-	No	-	-	-	None
Mr. Ramesh Shetty (d)	Non-Executive Director	7	-	-	No	-	-	-	None
Mr. S R Prabhu (d)	Non-executive Director	7	-	-	No	-	-	-	None

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 public companies has been considered.

b Mr. Sudhir Ghate has resigned from the office of Director w.e.f. June 26, 2014

c Mrs. Medha Pawar, Advocate has been appointed on the Board w.e.f. December 12, 2014

d Appointed as a director on the Board of the Company w.e.f. February 19, 2015

(d) Information to the Board

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

- Annual operating plans and updates
- Quarterly, Half yearly and Annual results of the Company.
- Minutes of the Meetings of the Audit Committee and other Committees of the Board.
- Materially important show cause notices, demand notices, prosecution notices and penalty notices, if any.
- Fatal or serious accidents, dangerous occurrences and any other material adverse developments.
- Any material default in financial obligations to and by the Company, or substantial non-payments by clients.
- Any issue, which involves possible public or product liability/claims of substantial nature, including any judgments or orders which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Significant development in human resources or on the industrial relations front such as signing of wage agreement, etc.
- Sale transaction of a material nature, of assets which are not in the normal course of business.
- Compliance of regulatory and statutory requirements.
- Approval of Related Party Transactions though all transactions with related party are at arm's length basis.
- Appointment, remuneration and resignation of Directors.
- Formation/reconstitution of Board Committees.
- Declaration of Independent Directors at the time of appointment/annually.
- Disclosure of Directors' interest and their shareholding.
- Appointment or removal of the Key Managerial Personnel.
- Declaration of Dividend.

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

(e) Directors with pecuniary relationship or business transaction with the Company:

The Chairman & Managing Director (CMD) and the Managing Director (MD) receive Salary, Perquisites, Allowances, Commission on net profit and other benefits as stated in the agreements entered into between the Company and CMD / MD as the case may be, while all the Non-Executive Directors receive Sitting Fees. It is to be noted that the transactions with other entities where CMD/MD are interested are being carried out at an arm's length and in compliance with the laws applicable thereto.

(f) Remuneration to Directors:

Table 2 below provides the details of remuneration paid to Directors for the year ended March 31, 2015.

The Company did not advance any loans to any of its Directors during 2014-15.

Mrs. Vani Sankeshwar, Vice President of the Company is wife of Mr. Anand Sankeshwar, Managing Director of the Company. The gross remuneration paid to her for the year ended March 31, 2015, was Rs.18 lac which is within the statutory limits and also approved by the members.

Table 2: Remuneration paid / payable to Directors (Rs. In lakhs unless otherwise stated)

Name of the Director	Salaries, perquisites and Allowances	Commission	Sitting fees* (Inclusive of Service Tax)	Total
Dr. Vijay Sankeshwar	285.67	42.00	-	327.67
Mr. Anand Sankeshwar	202.29	-	-	202.29
Dr. Prabhakar Kore	-	-	0.34	0.34
Mr. J S Korlahalli	-	-	1.57	1.57
Mr. C Karunakara Shetty	-	-	1.46	1.46
Mr. Darius Pandole	-	-	0.90	0.90
Mr. Sudhir Ghate*	-	-	0.45	0.45
Mrs. Medha Pawar	-	-	0.22	0.22
Dr. Anand Pandurangi**	-	-	-	-
Mr. Shankarasa Ladwa**	-	-	-	-
Dr. Raghottam Akamanchi**	-	-	-	-
Mr. Ramesh Shetty**	-	-	-	-
Mr. S R Prabhu**	-	-	-	-
Total	487.96	42.00	4.94	534.90

* Mr. Sudhir Ghate has resigned from Directorship w.e.f June 26, 2014.

** Directors have been appointed w.e.f February 19, 2015. As there was no meeting of Board held after February 19, 2015, sitting fees have not been paid.

(g) Code of Conduct

The Board of Directors has laid down Code of Conduct ('Code'), for the Directors and designated / specified employees of the Company in the year 2015. The Code has been posted on the Company's website and can be accessed at http://www.vrlgroup.in/investor_download/Code_of_Conduct.pdf. All the Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct as applicable to them. A declaration to this effect signed by Dr. Vijay Sankeshwar, Chairman & Managing Director is annexed to this Report.

II) Board Committees

The Board of Directors has constituted eight Board Committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee, Risk Management Committee, Initial Public Offering (IPO) Committee, Share Transfer Committee and Finance Committee. All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference / role of the Committees are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and attendance at meetings, are provided below.

(a) Audit Committee

As on March 31, 2015, the Audit Committee comprises of three Directors. viz Mr. C Karunakara Shetty - (Chairman), Mr. J S Korlahalli and Mr. Darius Pandole. Committee consists of two Independent Directors and one Non-executive Director and they possess accounting and financial management knowledge.

The Senior Management team, Chief Operating Officer, Chief Financial Officer, Chief Technical Officer, Internal Auditor and the Statutory Auditors are invited for the meetings of the Audit Committee. Mr. Aniruddha Phadnavis, Company Secretary is the Secretary to this Committee.

The Audit Committee met five times during the year 2014-15 on May 22, 2014, June 26, 2014, October 10, 2014, January 8, 2015 and February 9, 2015. The maximum time gap between any two consecutive meetings did not exceed one hundred and twenty days. The minutes of the meetings of the Audit Committee are noted by the Board. The details of the composition of the Committee, meetings held, attendance at the meetings along with sitting fees paid, are given in Table 3.

Table 3: Details of the Audit Committee (Rs. In lakhs unless otherwise stated)

Name of the Member	Category	Position	No. of meetings held	No. of meetings attended	Sitting fees (Inclusive of Service Tax)
Mr. C Karunakara Shetty	Independent Director	Chairman (w.e.f October 10, 2014)	5	5	0.56
Mr. J S Korlahalli	Independent Director	Member	5	5	0.56
Mr. Darius Pandole	Non-Executive Director	Member	5	3	0.34
Mr. Sudhir Ghate*	Independent Director	Member	5	2	0.22

*Mr. Sudhir Ghate resigned as a Director w.e.f June 26, 2014

The erstwhile Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on July 18, 2014 to answer member queries.

The terms of reference of the Audit Committee are in conformity with the requirements of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013. Further, the Audit Committee has been granted powers as prescribed under Clause 49 of the Listing Agreement.

The Audit Committee has the powers as prescribed under Clause 49 of the listing agreement including the following

Powers of 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 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 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 there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, where applicable;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of Information by Audit Committee:

The Audit Committee mandatorily reviews the following information:

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. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor;

(b) Nomination and Remuneration Committee

This Committee comprises of three Directors wherein two are Independent directors and one is a Non –Executive Director. They are Mr. J S Korlahalli – (Chairman), Mr. C Karunakara Shetty and Mr. Darius Pandole.

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This Committee met once during the financial year i.e. on January 8, 2015. Mr. Aniruddha Phadnavis, Company Secretary is the secretary to the committee.

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

Table 4: Details of the Nomination and Remuneration Committee (Rs. In lakhs unless otherwise stated)

Name of the Member	Category	Position	No. of Meetings held	No. of Meetings attended	Sitting fees (Inclusive of Service Tax)
Mr. J S Korlahalli	Independent Director	Chairman	1	1	0.11
Mr. C Karunakara Shetty	Independent Director	Member	1	1	0.11
Mr. Darius Pandole	Non-Executive Director	Member	1	1	0.11

In accordance with Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the role of the Nomination and Remuneration Committee of the Company is as under:

- To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- Formulate criteria for evaluation of Independent Directors and the Board.
- 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.
- 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 enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of such duties.

Nomination and Remuneration Policy

The Non-Executive Directors (NEDs) are paid sitting fees for attending the Meetings of the Board of Directors and the Board Committees, which are within the limits prescribed by the Central Government. The Company pays a sitting fee of Rs.10,000/- plus Service Tax to each NED for every Board meeting or Board constituted Committee Meeting attended by such Director.

Remuneration paid / payable to Key Managerial Personnel (KMP) and Senior Managerial Personnel of the Company is approved by the Board on the recommendation of the Nomination and Remuneration Committee. Board has adopted the 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

(c) Stakeholders Relationship Committee

This Committee comprises three Directors viz. Mr. C Karunakara Shetty – (Chairman), Mr. J S Korlahalli and Mr. Darius Pandole. The Company Secretary, Mr. Aniruddha Phadnavis, the Compliance Officer of the Company is the secretary to this Committee as well.

During the year, no complaints have been received by the Company from the stakeholders. No meeting of the Committee was held during financial year 2014-15

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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 de-materialisation 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 to investigate any activity within terms of its reference

(d) Corporate Social Responsibility (CSR) Committee:

In accordance with Section 135 of the Companies Act, 2013, the Board of Directors of the Company at their meeting held on August 26, 2014, have approved the constitution of the CSR Committee which comprises four directors viz. Dr. Prabhakar Kore (Chairman), Mr. C Karunakara Shetty, Mr. Anand Sankeshwar and Mr. Darius Pandole and defined the role of the Committee, as under:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in 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 2014-15, the Committee met once i.e. on February 9, 2015.

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 Corporate Social Responsibility Committee

Name of the Member	Category	Position	No. of Meetings held	No. of Meetings attended
Dr. Prabhakar Kore	Independent Director	Chairman	1	1
Mr. Anand Sankeshwar	Executive Director	Member	1	1
Mr. C Karunakara Shetty	Independent Director	Member	1	1
Mr. Darius Pandole	Non-Executive Director	Member	1	-

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

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

(e) Risk Management Committee:

In accordance with the provisions of Clause 49 of the Listing Agreement, the Board of Directors of the Company at its Meeting held on October 10, 2014 had constituted Risk Management Committee. This Committee comprises of four Members i.e. Dr. Vijay Sankeshwar, Chairman and Managing Director, Mr. Anand Sankeshwar, Managing Director, Mr. J S Korlahalli, Independent Director and Mr. Darius Pandole, Non-Executive Director. This Committee has been delegated the authority by the Board to monitor and review the implementation of the risk management policy of the Company.

No meeting of this Committee was held during the current financial year i.e. 2014-15.

(f) Initial Public Offering (IPO) Committee

IPO committee was constituted to overview the progress of Initial Public Offer of the Company and to approve the necessary documents including Draft Red Herring Prospectus (DRHP), Red Herring Prospectus (RHP), Prospectus etc. The said Committee comprises of four members viz., Dr. Vijay Sankeshwar, Chairman and Managing Director, Mr. Anand Sankeshwar, Managing Director, Mr. J S Korlhalli, Independent Director and Mr. Darius Pandole, non-executive Director. The term of reference of the IPO Committee is as under:

1. To decide on the timing, pricing and all the terms and conditions of the issue of the shares as Public Issue, including the price, and to accept any amendments, modifications, variations or alterations thereto;
2. To appoint and enter into arrangements with the book running lead managers, underwriters to the Public Issue, syndicate members to the Public Issue, brokers to the Public Issue, escrow collection bankers to the Public Issue, registrars, legal advisors and any other agencies or persons or intermediaries to the Public Issue and to negotiate and finalise the terms of their appointment, including but not limited to execution of the agreement with Global Co-ordinators and Book Running Lead Managers (GCBRLMs), mandate letter, negotiation, finalisation and execution of the memorandum of understanding with the GCBRLMs etc.;
3. To finalise and settle and to execute and deliver or arrange the delivery of the DRHP, the RHP, the final prospectus, syndicate agreement, underwriting agreement, escrow agreement and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Public Issue;
4. To open with the bankers to the Public Issue, such accounts as are required by the regulations issued by SEBI;
5. To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, finalizing the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules, etc.;
6. Do all such acts, deeds and things as may be required to dematerialise the equity shares of the Company and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) limited and such other agencies, authorities or bodies as may be required in this connection;
7. To make applications for listing of the shares in one or more stock exchange(s) for listing of the equity shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s); and
8. To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit.

The committee met two times during FY 2014-15.

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

Table 6: Details of the IPO Committee (Rs. In lakhs unless otherwise stated)

Name of the Member	Category	Position	No. of Meetings held	No. of Meetings attended	Sitting fees (Inclusive of Service Tax)
Dr. Vijay Sankeshwar	Executive Director	Chairman	2	2	-
Mr. Anand Sankeshwar	Executive Director	Member	2	2	-
Mr. J S Korlahalli	Independent Director	Member	2	2	0.22
Mr. Darius Pandole	Non-Executive Director	Member	2	-	-

(g) Share Transfer Committee

The Share Transfer Committee has been constituted to deal with the allotment or transfer of shares in general and to maintain complete records of issue and transfer of securities of the Company. The committee comprises of three members viz. Mr. C Karunakara Shetty, Chairman, Mr. J S Korlahalli and Mr. Darius Pandole.

No meeting of the Committee was held during financial year 2014-15

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

The committee comprises of three directors viz. Dr. Vijay Sankeshwar, Chairman, Mr. Anand Sankeshwar and Mr. J S Korlahalli. The said committee met 30 times during the year. No sitting fee was paid for the said meetings.

III) INDEPENDENT DIRECTORS MEETING:

During the year under review, the Independent Directors met on February 09, 2015, 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 were present at the meeting and have expressed satisfaction over the conduct of the above matters.

The details of the composition of the Committee, meetings held, attendance at the meetings along with sitting fees paid, are given in Table 7.

Table 7: Details of the Independent directors' meeting

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Dr. Prabhakar Kore	Chairman	1	1
Mr. J S Korlahalli	Member	1	1
Mr. C Karunakara Shetty	Member	1	1
Mrs. Medha Pawar	Member	1	1

IV) Management**Management Discussion and Analysis Report**

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

Disclosures**(a) Related Party Transactions**

Details of materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the Directors or the management, their relatives, etc. are presented under 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 2014-15, there were no related party transactions of material nature that could have a potential conflict with the interests of the Company.

As required under Clause 49 of the Listing Agreement, the 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

(b) Accounting treatment in preparation of financial statements

The Company has followed the Accounting Standards, as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 in preparation of its financial statements.

(c) Risk Management

The Company has established a robust risk management framework. The Company has also constituted Risk Management Committee, which is delegated the authority by the Board to review and monitor the implementation of the Risk Management Policy of the Company. 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 procedures for Risk Management.

Risk management policy adopted by the Company can be accessed at the below link on the website of the Company:
http://vrlgroup.in/investor_download/Risk%20Management%20Policy.pdf

(d) Subsidiary Companies

The Company has no subsidiary.

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

The equity shares of the Company have been listed both on BSE and NSE w.e.f April 30, 2015. As on March 31, 2015, the Company was not a listed company and as such regulations of insider trading were not applicable for FY 2014-15. However, the Company has adopted the policy on prevention of insider trading practices in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 after being listed. 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/specify 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.

(f) CEO/CFO Certification

As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Chairman & Managing Director and the Chief Financial Officer of the Company have certified to the Board on the Financial Statements for the year ended March 31, 2015, which is annexed to the Annual Report.

(g) 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, 2015.

V) Shareholder Information**(a) Disclosures regarding the Board of Directors:**

As per the provisions of Section 152 of the Companies Act, 2013, Mr. Darius Pandole, Director of the Company retires by rotation at the ensuing Annual General Meeting. Mr. Darius Pandole has expressed his intention not to seek re-election as a Director of the Company. The Company has received a notice from a member proposing Dr. Ashok Shettar to the office of Director and the Board recommends his appointment at the ensuing Annual General Meeting. Brief profile and other information as required under the Act as well as Listing Agreement forms a part of the Notice of Annual General Meeting.

There are six Independent Directors on the Board of the Company as on March 31, 2015.

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

The Board of Directors of the Company opine that the said Directors meet the criteria of Independence as per Section 149(6) of the Companies Act, 2013 and the rules made thereunder and also meet the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, for being the Independent Directors on the Board of the Company.

(b) Means of Communication:

In accordance with Clause 54 of the Listing Agreement, the Company has maintained a functional website at www.vrlgroup.in containing basic information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for handling investor grievances etc. The contents of the said website are updated from time to time.

During the FY 2014-15, the quarterly and annual results were not published in newspapers owing to the fact that the equity shares of the Company have been listed w.e.f April 30, 2015 only and accordingly the requirement for publication of results were not applicable during FY 2014-15.

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

(c) General Body Meetings:

The Company convenes the Annual General Meeting (AGM) generally during the month of July / August.

Details of Annual/Extraordinary General Meetings are as under:

Financial Year	Date and Time	Special Resolutions passed	Venue
2014-15	October 16, 2014 at 10.30 AM*	<ul style="list-style-type: none"> a) Alteration of Articles of Association of the Company (Replacement of Earlier Articles of Association under Companies Act 1956 in line with the New Companies Act, 2013) b) Increase in the borrowing powers of the Company upto Rs.1,000 crores c) Authorizing Board of Directors for creation of charges / mortgages in respect of borrowings d) Increase in limit of foreign investment in the Company upto an aggregate limit of 49% of the paid up equity share capital of the Company e) Approval for further issue of Share Capital f) Approval of appointment of Mr. Ramesh Shetty as a Non-Executive and Non-Independent Director g) Approval for appointment of Dr. Raghottam Akamanchi as non-executive and non-independent Director h) Approval for appointment of Mrs. Medha Pawar as an Independent woman Director i) Approval for appointment of Dr. Ashok Shettar as an Independent Director j) Approval for appointment of Dr. Anand Pandurangi as an Independent Director k) Approval for appointment of Mr. Shankarasa Ladwa as an Independent Director l) Approval for appointment of Mr. S R Prabhu as an Independent Director 	Corporate Office: Giriraj Annexe, Circuit House Road Hubballi - 580 029
	December 12, 2014 at 11.00 AM*	<ul style="list-style-type: none"> a) Appointment of Mrs. Medha Pawar as an Independent woman Director b) Alteration of Articles of the Company (Amendment of Article 12 of Part B) 	Corporate Office: Giriraj Annexe, Circuit House Road Hubballi - 580 029

	February 19, 2015 at 11.00 AM*	<ul style="list-style-type: none"> a) Revision in remuneration of Dr. Vijay Sankeshwar, Chairman and Managing Director from Rs.22 lacs per month to Rs.27 lacs per month w.e.f 1 January 2015 b) Appointment of Mr. Ramesh Shetty as a Non-Executive Director on the Board of the Company c) Appointment of Dr. Raghottam Akamanchi as a Non-Executive Director of the Company d) Appointment of Mr. S R Prabhu as a Non-Executive Director of the Company e) Appointment of Dr. Anand Pandurangi as an Independent Director of the Company f) Appointment of Mr. Shankarasa Ladwa as an Independent Director of the Company g) Ratification of Remuneration fixed by the Board for Cost Auditor to conduct the Cost Audit of the Wind Power division of the Company 	Corporate Office: Giriraj Annexe, Circuit House Road Hubballi - 580 029
	March 20, 2015 at 11.00 AM*	Alteration of Articles of Association of the Company (Deletion of definition of promoter group and Articles 95, 96 and amendment of Article 97 of Part A)	Corporate Office: Giriraj Annexe, Circuit House Road Hubballi - 580 029
2013-14	July 18, 2014 at 11.00 AM	Re-appointment of Mr. Anand Sankeshwar as Managing Director of the Company, for a period of 5 (five) years with effect from 01 April 2014, at a monthly remuneration not exceeding Rs.16.50 lacs for an initial period of 3 (three) years	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi – 581 207
	August 29, 2013 at 11.00 AM*	Commencement of Hotel business at Tumkur	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi – 581 207
2012-13	April 04, 2012 at 11.00 AM*	<ul style="list-style-type: none"> a) Increase in Authorized Share Capital from Rs.125 crores to Rs.237 crores and Alteration of Memorandum of Association of the Company b) Alteration of Articles of Association of the Company (Amendment in Part A & Insertion of Special Articles as Part B) 	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi – 581 207
	March 26, 2013 at 11.00 AM*	<ul style="list-style-type: none"> a) Transfer of Wind Power undertaking of the Company b) Alteration to the Articles of Association of the Company (Amendments in Articles 144, 148, 155(b) and 248) 	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi – 581 207

	August 07, 2013 at 11.00 AM	None	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubbballi District Dharwad Hubbballi – 581 207
2011-12	January 31, 2012 at 11.00 AM*	a) Re-appointment of Dr. Vijay Sankeshwar as Chairman & Managing Director b) Further issue of Capital by way of Private Placement to NSR PE Mauritius LLC	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubbballi District Dharwad Hubbballi – 581 207
	August 03, 2012 at 11.00 AM	Revision of Remuneration of Mr. Anand Sankeshwar from Rs.15 lakhs to Rs.16.50 lakhs	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubbballi District Dharwad Hubbballi – 581 207

*Extra-ordinary General Meeting

Postal Ballot

No resolution was passed through Post Ballot during the FY 2014-15 as the same was not mandatory for unlisted Companies.

(d) Book Closure:

The register of members and share transfer books of the Company shall remain closed from August 01, 2015 to August 08, 2015 (both days inclusive).

(e) General Shareholder Information :

- Forthcoming Annual General Meeting for FY 2014-15

Date : August 08, 2015

Day : Saturday

Time : 11.00 a.m.

Venue : Registered office of the Company situated at RS. No. 351/1 Varur Post Chabbi Taluk Hubbballi District Dharwad, Hubbballi – 581 207.

- Last date for Receipt of Proxies

August 06, 2015 (before 11:00 a.m. at the Registered Office of the Company)

- Financial year

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

The tentative dates of the Board Meetings for consideration of financial results for the year ending March 31, 2016 are as follows:

1st Quarter Results : August 7, 2015

2nd Quarter Results : October 29, 2015

3rd Quarter Results : January 28, 2016

4th Quarter & Annual Results : May 24, 2016

- Listing**

Presently, the Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE).

The Company has paid the annual listing fees for the year 2015-16 to BSE and NSE.

The Company has paid custodial fees for the year 2015-16 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), on the basis of number of beneficial accounts maintained by them as on March 31, 2015.

- 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 2014-2015 at BSE and NSE:

The Shares of the Company got listed on April 30, 2015, hence the market price data and performance in comparison to broad-based indices such as BSE, NSE for the financial year, 2014-15 are not available/applicable.

Distribution of shareholding as on March 31, 2015

Distribution range of Shares	No. of Shares	Percentage of Shares	No. of Shareholders	Percentage of Shareholders
1 to 500	Nil	Nil	Nil	Nil
501 to 1000	Nil	Nil	Nil	Nil
1001 to 2000	7,000	0.01	4	36.36
2001 to 3000	Nil	Nil	Nil	Nil
3001 to 4000	Nil	Nil	Nil	Nil
4001 to 5000	Nil	Nil	Nil	Nil
5001 to 10000	Nil	Nil	Nil	Nil
Greater than 10000	85,529,162	99.99	7	63.64
Total	85,536,162	100.00	11	100.00

Shareholding Pattern

Categories	As on March 31,2015		As on March 31,2014	
	Number of Shares	%	Number of Shares	%
Promoter and Promoter Group and Directors and their Relatives	66,046,000	77.21	66,276,000	77.48
Foreign Institutional Investors (FII) /Foreign Portfolio Investors (FPI) –Corporation	19,254,912	22.51	19,254,912	22.51
Public Financial Institutions/State Financial Corporation/ Insurance Companies	Nil	Nil	Nil	Nil
Mutual Funds (Indian) and UTI	Nil	Nil	Nil	Nil
Nationalised and other Banks	Nil	Nil	Nil	Nil
Non Resident Indian/Overseas Corporate Bodies	Nil	Nil	Nil	Nil
Public	235,250	0.28	5,250	0.01
Total	85,536,162	100.00	85,536,162	100.00

List of shareholders of the Company as on March 31, 2015

Sr. no.	Name of the Shareholder	Category	No. of Shares	% to Share Capital
1	Dr. Vijay Sankeshwar	Promoter	33,075,000	38.67
2	Mr. Anand Sankeshwar	Promoter	32,548,250	38.05
3	NSR PE Mauritius LLC	Foreign Corpn.	19,254,912	22.51
4	Mrs. Vani Sankeshwar	Promoter group	400,000	0.47
5	Mrs. Lalitha Sankeshwar	Promoter group	21,000	0.02
6	Mrs. Bharati Holkunde	Promoter group	1,750	0.002
7	Mr. K N Umesh	Public	1,750	0.002
8	Mr. L Ramanand Bhat	Public	1,750	0.002
9	Mr. Y.M.Honnalli	Public	1,750	0.002
10	Mr. T.Kasivel	Public	120,000	0.14
11	Mrs. Vasantha Kasivel	Public	110,000	0.14
Total			85,536,162	100.00

- Dematerialization of Shares and Liquidity**

As on March 31, 2015, 85,536,162 equity shares representing 100% of the total equity share capital of the Company, were held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

The break-up of equity shares held in dematerialised form as on March 31, 2015, is given below:

Particulars	No. of shares	Percentage
NSDL	21,934,412	25.64
CDSL	63,601,750	74.36
Total	85,536,162	100.00

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

W.e.f April 30, 2015, the Company's equity shares are regularly traded on the BSE and NSE.

- Registered Office:**

RS No.351/1,

Varur Post Chabbi Taluk Hubballi,

District Dharwad, Hubballi – 581 207

- Share transfer system**

The Registrars and Share Transfer Agents have put in place an appropriate Share Transfer system to ensure timely share transfers. Share Transfers are registered and returned in the normal course within an average period of 30 days from the date of receipt, if the documents are clear in all respects. Requests for dematerialisation of shares are processed and confirmation is given to the respective depositories i.e. NSDL and CDSL within 21 days.

- Address for members' correspondence:**

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

- Registrars and share transfer agents:**

Contact Officer: Mr. M Murali Krishna

General Manager

Karvy Computershare Private 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: vrl.ipo@karvy.com

Website: www.karvycomputershare.com

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

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

Members may contact the Compliance Officer 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

VI) Compliance under Clause 49 of the Listing Agreement:**(i) Details of non-compliance, if any**

The Equity Shares of the Company have been listed on April 30, 2015, hence, compliance with provisions of Clause 49 of the Listing Agreement in relation to capital market matters is not applicable. Accordingly, there are no penalties or strictures that have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.

(ii) Compliance with mandatory requirements

The Equity Shares of the Company have been listed on April 30, 2015, which is after the completion of financial year under consideration. Even though, the provisions of Clause 49 of the Listing Agreement were not applicable for the financial year under consideration, the Company has complied with nearly all the provisions of Clause 49 of the Listing Agreement, to the extent possible.

(iii) Adoption of non-mandatory requirements**Audit Qualifications:**

During the year under review, there is no audit qualification in the Auditor's Report. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

(iv) Auditors' Certificate on Corporate Governance

The Company has obtained a Certificate from its Statutory Auditors in relation to compliance with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement, which together with this Report on Corporate Governance is annexed to the Directors' Report and shall be sent to all the members of the Company and the Stock Exchanges along with the Annual Report of the Company.

VII) Investor safeguards and other information:

- **Dematerialisation of Shares**

As on March 31, 2015, the entire paid up share capital of the Company is held in dematerialized form.

- **Revalidation of Dividend Warrants**

There are no unclaimed / unencashed dividend warrants.

- **Transfer of Unclaimed Dividend to Investor Education & Protection Fund (IEPF)**

Under the Companies Act, 2013, dividends which remain unclaimed for a period of 7 years are required to be transferred to the Investor Education & Protection Fund (IEPF) administered by the Central Government. As on the date of this report, there are no unclaimed dividends.

- **Update Address/ E-Mail Address/Bank Details**

To receive all communications/corporate actions promptly, members holding shares in dematerialised form are requested to please update their address/e- mail address/bank details with the respective Depository Participants.

- 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.

In view of the above, the Company shall send all documents to members like General Meeting Notices (including AGM), 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 & 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.

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

- E-Voting Facility to members**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 32nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

Pursuant to the amendments made in clause 35B of the Listing Agreement by SEBI, the Company has sent assent/dissent forms to the members to enable those who do not have access to e-Voting facility to cast their vote on the shareholders’ resolution to be passed at the ensuing Annual General Meeting, by sending their assent or dissent in writing.

- 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: 25th May 2015

Mr. Anand Sankeshwar
Managing Director
(DIN: 00217773)
Place: HUBBALLI
Date: 25th May 2015

CEO/CFO CERTIFICATION TO THE BOARD

We, Dr. Vijay Sankeshwar, Chairman and Managing Director and Mr. Sunil Nalavadi, Chief Financial Officer of VRL Logistics Limited certify that --

- a. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2015 and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
 - ii. 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. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which 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 that we have evaluated the effectiveness of the 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 the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee -
 - i. significant changes in internal control over the financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours faithfully,

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

MR. SUNIL NALAVADI
CHIEF FINANCIAL OFFICER

Date: 25.05.2015
Place: Hubballi

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 Clause 49 I (D) of the 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 March 31, 2015.

Dr. Vijay Sankeshwar

Chairman & Managing Director

(DIN: 00217714)

Place: HUBBALLI

Date: 25th May 2015

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

H. K. Veerbhadrappa & Co

Chartered Accountants

4th Floor, Sumangala Complex

Lamington Road

Hubballi- 580 020

Karnataka

Independent Auditor's Report

To the Members of VRL Logistics Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of VRL Logistics Limited, ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors as at 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. as detailed in Note 27 to the financial statements, the Company has disclosed the impact of pending litigations on its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Walker Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No.: 001076N/N500013

per Khushroo B. Panthaky
Partner

Membership No.: 42423
Place: Hubballi
Date: 25 May 2015

For H. K. Veerbhadrappa & Co
Chartered Accountants
Firm's Registration No.: 004578S

per Arvvind Kubsad
Partner

Membership No.: F-85618
Place: Hubballi
Date: 25 May 2015

Annexure to the Independent Auditor's Report of even date to the members of VRL Logistics Limited, on the financial statements for the year ended 31 March 2015

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, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory 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 or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) 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, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with 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.

Annexure to the Independent Auditor's Report of even date to the members of VRL Logistics Limited, on the financial statements for the year ended 31 March 2015

(b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Lacs)	Amount paid under protest (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of prior period expenses, expenses incurred towards construction of building, notional interest on funds provided to Vijayanand Printers Limited and Interest levied under section 234B and 234C	377.15	Nil	2003-04 (Assessment year)	Commissioner of Income Tax (Appeals)
	Demand of tax not deducted at source on body building charges, contribution to power evacuation facilities, etc.	105.73	105.73	2007-08 (Assessment year)	Commissioner of Income Tax (Appeals)
	Demand of tax not deducted at source on body building charges.	1.75	1.75	2008-09 (Assessment year)	Commissioner of Income Tax (Appeals)
	Revenue from sale of wind power considered as Section 80IA income, disallowance of communication expenses, Air Charter expenses, etc.	220.46	Nil	2008-09 (Assessment year)	Commissioner of Income Tax (Appeals)
	Disallowance of prior period expenses, provision for lease equalization and aircraft expenditure with assumption that directors of the Company used Company's assets for personal purposes	17.40	Nil	2009-10 (Assessment year)	Commissioner of Income Tax (Appeals)

Annexure to the Independent Auditor's Report of even date to the members of VRL Logistics Limited, on the financial statements for the year ended 31 March 2015

Name of the statute	Nature of dues	Amount (₹ in Lacs)	Amount paid under protest (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of certain expenditure such as lease rent, amortisation of leasehold improvements, proportionate disallowance of aircraft expenditure with assumption that directors of the Company used Company's assets for personal purposes	14.11	Nil	2010-11 (Assessment year)	Commissioner of Income Tax (Appeals)
	Disallowance of certain expenditure such as amortisation of leasehold improvements, proportionate disallowance of aircraft expenditure with assumption that directors of the Company used Company's assets for personal purposes	14.31	Nil	2011-12 (Assessment year)	Commissioner of Income Tax (Appeals)
	Disallowance of certain expenditure such as Interest on income tax, advances claimed as bad debts and personal usage of aircraft expenditure with assumption that directors of the Company used Company's assets for personal purposes	25.01	Nil	2012-13 (Assessment year)	Commissioner of Income Tax (Appeals)
Customs Act, 1962	Customs duty on import of aircraft and related interest/ penalties/fine	1,569.02	688.05	2007-08 (Financial year)	Customs, Excise and Service Tax Appellate Tribunal (Ahmedabad)
Employees' State Insurance Act, 1948	Contribution on drivers' wages	12.92	3.17	October 2005 to January 2006	High Court of Karnataka

Annexure to the Independent Auditor's Report of even date to the members of VRL Logistics Limited, on the financial statements for the year ended 31 March 2015

- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (viii) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (ix) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.
- (x) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.
- (xi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For Walker Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No.: 001076N/N500013

per **Khushroo B. Panthaky**
Partner
Membership No.: 42423

Place: Hubballi
Date: 25 May 2015

For H. K. Veerbhadrappa & Co
Chartered Accountants
Firm's Registration No.: 004578S

per **Arrvvind Kubsad**
Partner
Membership No.: F-85618

Place: Hubballi
Date: 25 May 2015

BALANCE SHEET AS AT 31 MARCH 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

PARTICULARS	NOTES	As at 31st March 2015	As at 31st March 2014
Equity and liabilities			
Shareholders' funds			
Share capital	2	8,553.62	8,553.62
Reserves and surplus	3	27,065.27	22,085.50
		35,618.89	30,639.12
Non-current liabilities			
Long-term borrowings	4	19,179.75	25,287.97
Deferred tax liabilities (net)	5	8,875.15	8,336.37
Other long term liabilities	6	851.27	886.61
Long-term provisions	7	589.91	264.00
		29,496.08	34,774.95
Current liabilities			
Short-term borrowings	4	9,967.33	10,942.49
Trade payables	8	447.22	931.09
Other current liabilities	9	18,928.25	18,251.18
Short-term provisions	7	852.88	2,229.36
		30,195.68	32,354.12
	Total	95,310.65	97,768.19
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	70,514.56	73,936.35
Intangible assets	11	171.03	97.20
Capital work-in-progress		907.42	1,403.72
Non-current investments	12	10.75	10.75
Long-term loans and advances	13	8,198.78	9,074.66
Other non-current assets	14	252.71	252.14
		80,055.25	84,774.82
Current assets			
Inventories	15	1,499.70	1,347.58
Trade receivables	16	9,018.15	7,995.64
Cash and bank balances	17	1,660.80	1,509.24
Short-term loans and advances	13	2,587.13	1,980.52
Other current assets	18	489.62	160.39
		15,255.40	12,993.37
	Total	95,310.65	97,768.19

Notes to the financial statements 1 to 42

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
(Formerly Walker, Chandiok & Co)
Chartered Accountants

Khushroo B. Panthaky
Partner

For H. K. Veerbhadrappa & Co
Chartered Accountants

Arrvvind Kubsad
Partner

For and on behalf of the Board of Directors

Vijay Sankeshwar
Chairman and
Managing Director
(DIN: 00217714)

Sunil Nalavadi
Chief Financial Officer

Anand Sankeshwar
Managing Director
(DIN: 00217773)

Aniruddha Phadnavis
General Manager (Finance)
and Company Secretary

Place : Hubballi
Date : 25 May 2015

Place : Hubballi
Date : 25 May 2015

Place : Hubballi
Date : 25 May 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015

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

PARTICULARS	NOTES	As at 31st March 2015	As at 31st March 2014
Revenue			
Revenue from operations	19	167,120.07	149,378.51
Other income	20	766.03	999.34
Total revenue		167,886.10	150,377.85
Expenses			
Operating expenses	21	117,937.66	109,117.15
Employee benefits expense	22	19,799.04	17,445.91
Finance costs	23	5,859.98	5,984.00
Depreciation and amortisation expense	24	8,766.03	8,661.60
Other expenses	25	2,095.98	2,156.13
Prior period items	26	8.83	-
Total expenses		154,467.52	143,364.79
Profit before exceptional item and tax		13,418.58	7,013.06
Add: Exceptional item	30	371.63	663.72
Profit before tax		13,790.21	7,676.78
Tax expense			
Current tax		4,096.88	1,614.33
Minimum alternate tax (MAT) credit entitlement		-	(215.23)
Deferred tax		593.51	576.44
MAT credit entitlement pertaining to earlier year		(22.52)	-
Profit for the year		9,122.34	5,701.24
Basic and Diluted Earnings per share of face value Rs. 10 each (in Rs.)	36	<u>10.66</u>	<u>7.19</u>
Notes to the financial statements		1 to 42	

For Walker Chandiok & Co LLP
 (Formerly Walker, Chandiok & Co)
 Chartered Accountants

Khushroo B. Panthaky
 Partner

Place : Hubballi
 Date : 25 May 2015

For H. K. Veerbhadrappa & Co
 Chartered Accountants

Arrvvind Kubsad
 Partner

Place : Hubballi
 Date : 25 May 2015

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 : 25 May 2015

Anand Sankeshwar
 Managing Director
 (DIN: 00217773)

Aniruddha Phadnavis
 General Manager (Finance)
 and Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

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

	PARTICULARS	NOTES	As at	As at
			31st March 2015	31st March 2014
A Cash flows from operating activities				
Profit before tax			13,790.21	7,676.78
Adjustments for :				
Depreciation and amortisation expense			8,766.03	8,661.60
Finance costs			5,859.98	5,984.00
Interest income			(27.64)	(27.34)
Dividend income			(1.02)	(0.99)
Loss on sale of fixed assets (net)			174.73	78.68
Provision for doubtful advances and debts			-	25.00
Advances and bad debts written off			57.25	118.03
Credit balances written back			(57.94)	(76.27)
Prior period items			8.83	-
Adjustment for Exceptional item			(371.63)	(663.72)
Operating profit before working capital changes			28,198.80	21,775.77
Adjustments for :				
(Increase) / decrease in trade receivables			(1,022.51)	657.92
(Increase) in loans and advances and other current assets			(1,309.84)	(364.69)
(Increase) in inventories			(152.12)	(379.16)
Increase in trade payables, other liabilities and provisions			328.82	127.05
Cash generated from operating activities			26,043.15	21,816.89
Direct taxes paid (net of refunds)			(2,868.79)	(1,490.70)
Net cash generated from operations	(A)		23,174.36	20,326.19
B Cash flows from investing activities				
Purchase of fixed assets (including capital advance)			(8,589.11)	(10,935.80)
Proceeds from sale of fixed assets			3,681.47	1,906.10
Encashment/(Placement) of fixed deposits with bank			0.53	(109.53)
(Purchase) of non-current investments			-	(3.00)
Interest received			-	34.67
Dividend income received			1.02	0.99
Net cash (used in) investing activities	(B)		(4,906.09)	(9,106.57)
C Cash flows from financing activities				
Repayment of public deposits (net)			-	(259.62)
Proceeds/(repayment) from/of short term borrowings (net)			(975.16)	1,558.29
Proceeds from long term borrowings			10,100.72	11,926.31
Repayment of long term borrowings			(15,337.40)	(12,759.36)
Dividend paid and tax thereon			(6,037.73)	(5,635.94)
Interest and processing fees paid			(5,866.04)	(6,012.67)
Net cash (used in) financing activities	(C)		(18,115.61)	(11,182.99)
Net increase in cash and cash equivalents (A+B+C)			152.66	36.63
Cash and cash equivalents at the beginning of the year			1,504.14	1,467.51
Cash and cash equivalents at the end of the year			1,656.80	1,504.14
Cash and cash equivalents comprise:				
Cash on hand			462.14	366.25
Cheques/drafts in hand/transit			-	41.79
Balances with banks				
- in current accounts			1,171.04	1,072.44
- in deposit accounts (with maturity upto 3 months)			21.21	5.00
Cash in transit			2.41	18.66
Cash and cash equivalents as per note 17 to the financial statements			1,656.80	1,504.14
Restricted Cash				
Fixed deposits pledged with banks			21.21	5.00

Notes:

1] The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3, "Cash Flow Statements", prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

2] Figures in brackets represent outflows.

As per our report of even date attached

For Walker Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)
Chartered Accountants

Khushroo B. Panthaky
Partner

For H. K. Veerbhadrappa & Co
Chartered Accountants

Arvvind Kubsad
Partner

For and on behalf of the Board of Directors

Vijay Sankeshwar
Chairman and
Managing Director
(DIN: 00217714)

Sunil Nalavadi
Chief Financial Officer

Anand Sankeshwar
Managing Director
(DIN: 00217773)

Aniruddha Phadnavis
General Manager (Finance)
and Company Secretary

Place : Hubballi
Date : 25 May 2015

Place : Hubballi
Date : 25 May 2015

Place : Hubballi
Date : 25 May 2015

Company overview

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

1: Significant Accounting Policies**a) Basis for Preparation of Financial Statements**

The financial statements, which have been prepared under the historical cost convention on the accrual basis of accounting, are in accordance with the applicable requirements of the Companies Act, 2013 (the 'Act') (to the extent notified) and comply in all material aspects with the Accounting Standards as prescribed under Section 133 of the Act read with the Rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year

b) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

All assets and liabilities have been classified as current and non-current as per normal operating cycle of the Company and other criteria set out in Schedule III to the Companies Act, 2013. Based on nature of products / services, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

c) Fixed Assets and Capital Work in progress

- i. Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation/amortisation. Cost includes inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.
- ii. Direct expenses as well as clearly identifiable indirect expenses, incurred during the period of construction of building and body building of vehicles are capitalised with the respective assets in accordance with the ratio determined and certified by Company's Management.
- iii. Assets acquired but not ready for use and stock of body building materials are classified under Capital work in progress and are stated at cost comprising direct cost and related incidental expenses.

d) Depreciation

- i. Depreciation on fixed assets is provided under the straight line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act, 2013 except on Vehicles and Wind Turbine Generators (part of Plant and equipments).

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 Companies Act, 2013.

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

- v. Depreciation on replaced vehicle bodies is restricted to the period that is co-terminus with balance working life of such vehicles.

e) Leases

Operating Leases are those leases where the lessor retains substantial risks and benefits of ownership of leased assets. Rentals in such cases are expensed with reference to lease terms and other considerations on a straight line basis.

f) Impairment of Assets

Management evaluates at regular intervals, using external and internal sources, the need for impairment of any asset. Impairment occurs where the carrying value of the asset exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its net realisable value on eventual disposal. Any loss on account of impairment is expensed as the excess of the carrying amount over the higher of the asset's net sales price or present value, as determined.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining 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.

g) Foreign Currency Transactions

- 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.

h) Investments

Investments are classified into current investments and non-current investments. Current investments, i.e. investments that are readily realisable and intended to be held for not more than a year are valued at lower of cost and net realisable value. Any reduction in the carrying amount or any reversal of such reductions are charged or credited to the Statement of Profit and Loss.

Non-current investments are stated at cost. Provision for diminution in the value of these investments is made only if such decline is other than temporary, in the opinion of the Management.

i) Valuation of Inventories

Consumables and stores and spares are valued at lower of cost computed on first-in-first out basis or net realisable value. Stock of tyres is valued based on specific identification method. Obsolete, defective, unserviceable and slow/non moving stocks are duly provided for.

j) Recognition of Income and Expenditure

- i. Income and Expenditure is recognised on accrual basis and provision is made for all known losses and liabilities.
- ii. Revenue from Goods transport and Courier service is recognised when goods / documents are delivered to the customers/nearest destination branches.
- iii. Revenue from Bus operation is recognised upon commencement of journey of passengers.
- iv. Revenue from sale of power is recognised upon deposit of units of generated power at the grid of the purchasing electricity company.
- v. Revenue from sale of eligible carbon credit units such as Verified / Certified Emission Reductions units (VERs) / (CERs) is recognised on completion of the validation process for units generated and entering of a definitive binding agreement for the sale of such units.

- vi. Revenue from passenger air charter is recognised upon commencement of flight journey.
- vii. Revenue from hotel operations is recognized upon rendering of service.
- viii. Freight income related to unclaimed parcels is recognised on realisation basis.
- ix. Interest on deposits is recognised on time proportion basis.
- x. Dividend income is recognised when the right to receive the dividend is established.
- xi. Rent income is recognised on time proportion basis.
- xii. Advertisement income is recognised when the related advertisement or commercial appears before the public.
- xiii. Provision for expenses against trip advance is made on an estimated basis.

k) Employee Benefits

- i. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.
- ii. 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. The Company has categorised its Provident Fund and the Employees State Insurance Scheme as a defined contribution plan since it has no further obligations beyond these contributions.
- iii. The Company's liability towards gratuity and compensated absences, being defined benefit plans are accounted for on the basis of an independent actuarial valuation and actuarial gains/losses are charged to the Statement of Profit and Loss. Gratuity liability is funded by payments to the trust established for the purpose.

l) Borrowing Costs

Borrowing costs attributable to the acquisition and construction of qualifying assets are capitalised as part of the cost of such assets up to the date such assets are ready for their intended use. Other borrowing costs are treated as revenue expenditure.

m) Taxation

- i. Tax expenses comprise current tax (amount of tax for the period determined in accordance with the Income Tax Regulations in India) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).
- ii. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably / virtually certain, as the case may be, to be realised.
- iii. 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.

n) Provisions and Contingent Liabilities

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

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

PARTICULARS	As at 31 March 2015		As at 31 March 2014	
	Number	Amounts	Number	Amounts
2 SHARE CAPITAL				
Authorised share capital				
Equity shares of Rs.10 each	125,000,000	12,500.00	125,000,000	12,500.00
0.001% Compulsorily and mandatorily convertible participatory preference shares of Rs.100 each	11,200,000	11,200.00	11,200,000	11,200.00
	136,200,000	23,700.00	136,200,000	23,700.00
Issued, subscribed and fully paid up				
Equity shares of Rs.10 each	85,536,162	8,553.62	85,536,162	8,553.62
0.001% Compulsorily and mandatorily convertible participatory preference shares of Rs.100 each	-	-	-	-
Total	85,536,162	8,553.62	85,536,162	8,553.62
a) Reconciliation of share capital				
Equity shares				
Balance at the beginning of the year	85,536,162	8,553.62	70,700,000	7,070.00
Add : Issued during the year			14,836,162	1,483.62
Balance at the end of the year	85,536,162	8,553.62	85,536,162	8,553.62
Preference shares				
Balance at the beginning of the year	-	-	11,046,875	11,046.88
Less : Conversion of 0.001% Compulsorily and mandatorily convertible participatory preference shares	-	-	11,046,875	11,046.88
Balance at the end of the year	-	-	-	-
b) Rights/preferences/restrictions attached to equity shares				
The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Any fresh issue of equity shares shall rank pari-passu with the existing shares. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing General Meeting, except interim dividend.				
In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.				
c) Shareholders holding more than 5% of the shares				
Equity shares of Rs.10 each	Number	% holding	Number	% holding
Mr. Vijay Sankeshwar	33,075,000	38.67%	33,075,000	38.67%
Mr. Anand Sankeshwar	32,548,250	38.05%	32,778,250	38.32%
NSR- PE Mauritius LLC	19,254,912	22.51%	19,254,912	22.51%
d) Terms of conversion of preference shares				
The conversion parameters are specified in the Share Purchase and Subscription Agreement and Shareholder's agreement dated 15 December 2011 entered into by the Company with the promoters, other shareholders and NSR - PE Mauritius, LLC (the 'investor'), based on which the Company had issued 11,046,875, 0.001% Compulsorily and mandatorily convertible participatory preference shares (CCPPS) of face value of Rs.100 each. These shares were converted on 1 September 2013 in accordance with the conversion parameters specified in the agreements, into 14,836,162 equity shares of Rs.10 each fully paid.				

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
3 RESERVES AND SURPLUS		
Securities premium account		
Balance at the beginning of the year	10,889.32	1,326.06
Add : Premium on shares issued during the year	-	9,563.26
Balance at the end of the year	10,889.32	10,889.32
General reserve		
Balance at the beginning of the year	3,779.60	3,209.48
Add : Transferred from Statement of Profit and Loss	912.23	570.12
Balance at the end of the year	4,691.83	3,779.60
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	7,416.58	6,288.43
Less : Transitional adjustment on account of		
Schedule II to Companies Act, 2013*	106.30	-
Add : Transferred from Statement of Profit and Loss	9,122.34	5,701.24
Less : Interim dividend paid	3,421.45	1,710.72
Less : Interim dividend paid on preference shares	-	0.05
Less : Tax on interim dividend	614.82	290.74
Less : Interim dividend declared on equity shares	-	1,710.72
Less : Tax on interim dividend declared	-	290.74
Less : Transferred to general reserve	912.23	570.12
Balance at the end of the year	11,484.12	7,416.58
	27,065.27	22,085.50

*Represents the written down value of fixed assets (net of residual value), which have no balance useful life in accordance with Schedule II to Companies Act, 2013 as at 1 April 2014. These balances (net of deferred tax benefit of Rs.54.73 lacs) have been adjusted against the opening balance of Retained Earnings.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

PARTICULARS	As at 31 March 2015		As at 31 March 2014	
	Long Term	Short Term	Long Term	Short Term
4 BORROWINGS				
Secured				
Term loans				
From banks	26,142.08	-	28,541.39	-
From Non-Banking Financial Companies (NBFCs)	8,225.70	-	11,063.05	-
Loans repayable on demand				
Working capital loan from banks	-	9,967.33	-	10,942.49
	34,367.78	9,967.33	39,604.44	10,942.49
Less : Current maturities of long-term debt (refer note 9)	15,188.03	-	14,316.47	-
Total borrowings	19,179.75	9,967.33	25,287.97	10,942.49

a) Details of guarantee for each type of borrowings

Guaranteed by directors

Term loans

From banks	8,655.97	-	10,738.29	-
From NBFCs	1,215.01	-	2,180.13	-
Loans repayable on demand				
Working capital loan from banks	-	9,967.33	-	10,942.49

b) Nature of Security and terms of repayment for secured borrowings

Nature of Security

Term loans from Banks are secured by:

- i. First charge by way of equitable mortgage on Land and Building.
- ii. First charge by way of hypothecation of certain Lorries and Vans, Buses, Tankers, Cars, Car carriers and fork lifts acquired there against.
- iii. Collateral security by way of mortgage of Land and Building.

Terms of Repayment

Repayable over the period of 5 years from the reporting date alongwith interest rate ranging between 9.40% p.a. to 14.50% p.a.

Term loans from NBFCs are secured by:

- i. First charge by way of hypothecation of certain number of Lorries and Vans, Buses, Car carriers and fork lifts.
- ii. First charge by way of equitable mortgage on Land and Building.

Repayable over the period of 5 years from the reporting date alongwith interest rate ranging between 9.25% p.a. to 13.75% p.a.

Working capital loan from banks are secured by:

- i. First charge by way of hypothecation of Company's Inventories and Book Debts
- ii. Collateral security by way of equitable mortgage of Land and Building
- iii. Collateral security by way of pledge of deposits
- iv. Hypothecation of Vehicles

Interest rate ranging between 12.50% p.a. to 13.75% p.a.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

PARTICULARS	As at 31 March 2015	As at 31 March 2014
5 DEFERRED TAX LIABILITIES (NET)		
a) Liabilities		
Depreciation / Amortisation* (also refer note 3 and 10)	9,321.26	8,637.22
Total	9,321.26	8,637.22
b) Assets		
Allowance for doubtful debts and advances	58.14	57.10
Provision for compensated absences and lease equalisation	254.87	116.47
Provision for bonus	133.10	127.28
Total	446.11	300.85
	8,875.15	8,336.37

* Net of deferred tax benefit of Rs.54.73 lacs on write off of written down value of fixed assets (net of residual value), which have no balance useful life in accordance with Schedule II to Companies Act, 2013 as at 1 April 2014.

6 OTHER LONG TERM LIABILITIES

Deposits from agents and others	851.27	886.61
	851.27	886.61

PARTICULARS	As at 31 March 2015 Long Term	As at 31 March 2015 Short Term	As at 31 March 2014 Long Term	As at 31 March 2014 Short Term
7 PROVISIONS				
Provisions for employee benefits (refer note (a) below)	257.57	760.66	166.44	174.85
Provision for taxation (net of advance tax)	-	92.22	-	53.05
Provision for lease equalisation	332.34	-	97.56	-
Interim dividend declared	-	-	-	1,710.72
Tax on interim dividend declared	-	-	-	290.74
	589.91	852.88	264.00	2,229.36

a) Employee benefits

Gratuity is provided based on actuarial valuation for employees covered under the Group Gratuity Scheme. Few employees like drivers and hamaals are not covered under the Group Gratuity Scheme on account of very high attrition rates (specific to the industry and in their categories) and therefore gratuity payments made to them during each of the reporting periods are charged to the Statement of Profit and Loss of such periods. Further, no provision is made for compensated absences for drivers and hamaals on similar grounds and such compensated absences are charged to Statement of Profit and Loss in the reporting periods during which such payments are made.

i) Defined Contribution Plans: The amount recognised as an expense during the year is Rs.1,527.89 lacs (Previous year: Rs.1186.38 lacs).

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

ii) Defined Benefit Plans (Gratuity scheme and compensated absences):

PARTICULARS	Gratuity		Compensated absences	
	Year Ended 31st March 2015	Year Ended 31st March 2014	Year Ended 31st March 2015	Year Ended 31st March 2014
I. Changes in present value of obligations				
Present value of obligation as at the beginning of the year	937.14	859.88	245.09	287.95
Current service cost	93.19	63.64	75.59	60.93
Interest cost	68.23	74.47	17.05	19.69
Actuarial (gain)/loss on obligations	525.98	30.97	120.60	22.10
Benefits paid	(129.29)	(91.82)	(54.19)	(145.58)
Present value of obligation as at the end of the year	1,495.25	937.14	404.14	245.09
II. Changes in fair value of plan assets				
Fair value of plan assets at the beginning of the year	840.94	785.64	-	-
Expected return on plan assets	63.33	62.19	-	-
Actuarial gain/(loss) on plan assets	9.90	10.69	-	-
Contributions	96.28	74.24	54.19	145.58
Benefits paid	(129.29)	(91.82)	(54.19)	(145.58)
Fair value of plan assets at the end of the year	881.16	840.94	-	-
III. Actuarial gain / loss recognised				
Actuarial (gain)/loss for the year – Obligation	525.98	30.97	120.60	22.10
Actuarial (gain)/loss for the year – Plan assets	(9.90)	(10.69)	NA	NA
Total (gain)/loss for the year	516.08	20.28	120.60	22.10
Actuarial (gain)/loss recognized during the year	516.08	20.28	120.60	22.10
IV. Amounts recognised in the Balance Sheet				
Present value of obligation as at the end of the year	1,495.25	937.14	404.14	245.09
Fair value of plan assets as at the end of the year	881.16	840.94	-	-
Funded status- Surplus/(Deficit)	(614.09)	(96.20)	(404.14)	(245.09)
Net asset /(liability) recognised in the Balance Sheet	(614.09)	(96.20)	(404.14)	(245.09)
V. Expense recognised in Statement of Profit and Loss				
Current service cost	93.19	63.64	75.59	60.93
Interest cost	68.23	74.47	17.05	19.69
Expected return on plan assets	(63.33)	(62.19)	-	-
Net actuarial (gain)/loss recognized during the year	516.08	20.28	120.60	22.10
Expense recognised in Statement of Profit and Loss	614.17	96.20	213.24	102.72
VI. Experience adjustments				
On plan liabilities:- (gain) / loss	525.98	30.97	120.60	22.10
On plan assets:- (gain) / loss	(9.90)	(10.69)	-	-
VII. The major category of plan assets as a percentage of total plan assets are as followsa				
Gratuity scheme of Insurance Companies	100%	100%	NA	NA
VIII. Assumptions used				
Discount rate	7.82%	9.15%	7.82%	9.15%
Rate of increase in compensation levels	6.00%	6.00%	6.00%	6.00%
Estimated rate of return on plan assets	8.00%	8.00%	NA	NA
Attrition rate	13.00%	5.00%	13.00%	5.00%
Mortality rate	Indian assured lives (2006-2008) ultimate mortality table		Indian assured lives (2006-2008) ultimate mortality table	
Retirement age	60	60	60	60

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

Notes

(i) The gratuity and compensated absences expense has been recognized under Note 22.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

PARTICULARS	As at 31 March 2015	As at 31 March 2014
8 TRADE PAYABLES		
Dues to micro, small and medium enterprises (refer note (a) below)	-	-
Dues to others	447.22	931.09
	<u>447.22</u>	<u>931.09</u>

- a) There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31 March 2015. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the statutory auditors of the Company.

PARTICULARS	As at 31 March 2015	As at 31 March 2014
9 OTHER CURRENT LIABILITIES		
Current maturities of long term debt (refer note 4)	15,188.03	14,316.47
Interest accrued but not due on borrowings	280.73	286.79
Advance from customers and agents	277.64	216.91
Payables for capital expenditure	24.97	91.75
Advance for sale of Wind Turbine Generators	25.00	25.00
Employee related liabilities	1,156.32	1,297.08
Other accrued liabilities	1,507.61	1,638.22
Statutory dues	467.95	378.96
	<u>18,928.25</u>	<u>18,251.18</u>

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

10 TANGIBLE ASSETS

PARTICULARS	Freehold Land	Leasehold Land	Building	Plant & Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Aircrafts	Leasehold Improvements	TOTAL
Gross block										
Balance as at 01 April 2013	8,905.49	510.00	10,138.75	23,114.56	893.51	1,518.90	61,943.59	2,546.10	441.90	110,012.80
Additions	341.02	-	690.89	155.80	82.62	318.72	8,814.20	1,208.65	127.56	11,739.46
Disposals	-	-	-	-	-	(0.09)	(729.98)	-	-	(730.07)
Balance as at 31 March 2014	9,246.51	510.00	10,829.64	23,270.36	976.13	1,837.53	70,027.81	3,754.75	569.46	121,022.19
Additions	-	-	344.50	429.33	83.07	469.30	7,517.59	-	120.49	8,964.28
Disposals	(3,128.37)	-	-	-	-	(3.12)	(2,718.99)	-	-	(5,850.48)
Balance as at 31 March 2015	6,118.14	510.00	11,174.14	23,699.69	1,059.20	2,303.71	74,826.41	3,754.75	689.95	124,135.99
Accumulated depreciation										
Balance as at 01 April 2013	-	156.75	1,166.59	7,327.65	621.41	903.71	27,923.59	731.26	172.47	39,003.43
Depreciation charge	-	25.50	273.31	1,214.58	87.52	146.12	6,601.03	189.79	108.85	8,646.70
Reversal on disposal of assets	-	-	-	-	-	(0.03)	(564.26)	-	-	(564.29)
Balance as at 31 March 2014	-	182.25	1,439.90	8,542.23	708.93	1,049.80	33,960.36	921.05	281.32	47,085.84
Depreciation charge	-	25.50	347.95	1,407.86	65.21	301.08	6,286.12	190.01	116.74	8,740.47
Adjustment *	-	-	-	9.77	17.14	134.12	-	-	-	161.03
Reversal on disposal of assets	-	-	-	-	-	(0.10)	(2,365.81)	-	-	(2,365.91)
Balance as at 31 March 2015	-	207.75	1,787.85	9,959.86	791.28	1,484.90	37,880.67	1,111.06	398.06	53,621.43
Net block										
Balance as at 31 March 2014	9,246.51	327.75	9,389.74	14,728.13	267.20	787.73	36,067.45	2,833.70	288.14	73,936.35
Balance as at 31 March 2015	6,118.14	302.25	9,386.29	13,739.83	267.92	818.81	36,945.74	2,643.69	291.89	70,514.56

*Represents the written down value of fixed assets (net of residual value), which have no balance useful life in accordance with Schedule II to Companies Act, 2013 as at 1 April 2014. These balances (net of deferred tax benefit of Rs.54.73 lacs) have been adjusted against the opening balance of Retained Earnings.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

11 INTANGIBLE ASSETS

Gross block	Good Will	Computer Software	Total
Balance as at 01 April 2013	78.39	477.07	555.46
Additions	-	92.01	92.01
Disposals	-	-	-
Balance as at 31 March 2014	78.39	569.08	647.47
Additions	-	99.39	99.39
Disposals	-	-	-
Balance as at 31 March 2015	78.39	668.47	746.86
Accumulated amortisation			
Balance as at 01 April 2013	78.39	456.98	535.37
Amortisation charge	-	14.90	14.90
Balance as at 31 March 2014	78.39	471.88	550.27
Amortisation charge	-	25.56	25.56
Balance as at 31 March 2015	78.39	497.44	575.83
Net block			
Balance as at 31 March 2014	-	97.20	97.20
Balance as at 31 March 2015	-	171.03	171.03
PARTICULARS	As at 31 March 2015	As at 31 March 2014	
12 NON-CURRENT INVESTMENTS			
(Valued at cost unless stated otherwise)			
Trade, Unquoted			
Investments in equity shares of Co-operative Banks			
Shri Basaveshwar Sahakari Bank Niyamit (500 equity shares (Previous year: 500 equity shares) of Rs.25 each fully paid up)	0.50	0.50	
The Shamrao Vithal Co-operative Bank Limited (20,000 equity shares (Previous year: 20,000 equity shares) of Rs.25 each fully paid up)	5.00	5.00	
NKGSB Co-operative Bank Limited (50,000 equity shares (Previous year: 50,000 equity shares) of Rs.10 each fully paid up)	5.00	5.00	
The Saraswat Co-operative Bank Limited (2,500 equity shares (Previous year: 2,500 equity shares) of Rs.10 each fully paid up)	0.25	0.25	
	<u>10.75</u>	<u>10.75</u>	
Aggregate amount of unquoted investments	10.75	10.75	

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

PARTICULARS	As at 31 March 2015		As at 31 March 2014	
	Long Term	Short Term	Long Term	Short Term
13 LOANS AND ADVANCES				
Unsecured, considered good, unless otherwise stated				
Capital advances	3.10	-	48.14	-
	3.10	-	48.14	-
Security deposits				
- Considered good	3,502.69	29.73	3,098.48	93.13
- Considered doubtful	-	55.00	-	55.00
	3,502.69	84.73	3,098.48	148.13
Less : Allowances for bad and doubtful deposits	-	55.00	-	55.00
	3,502.69	29.73	3,098.48	93.13
Deposits with customs authorities and others	1,016.10	-	1,012.23	-
Minimum alternate tax credit entitlement	3,255.01	-	4,438.87	-
Advance tax and TDS receivable (net of tax provision)	304.04	-	295.41	-
Advance to suppliers	-	334.12	-	166.03
Prepaid expenses	117.84	1,908.53	181.53	1,259.88
Other advances				
- Considered good	-	314.75	-	461.48
- Considered doubtful	-	33.00	-	33.00
	4,692.99	2,590.40	5,928.04	1,920.39
Less : Allowances for bad and doubtful advances	-	33.00	-	33.00
	4,692.99	2,557.40	5,928.04	1,887.39
	8,198.78	2,587.13	9,074.66	1,980.52
14 OTHER NON-CURRENT ASSETS				
Non-current bank balances (refer note 17)				
	252.71		252.14	
	252.71		252.14	
15 INVENTORIES				
(valued at lower of cost and net realizable value)				
Raw materials	1.99		1.94	
Stores and spares	1,497.71		1,345.64	
	1,499.70		1,347.58	
16 TRADE RECEIVABLES				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	20.17		-	
Doubtful	80.00		80.00	
	100.17		80.00	
Less : Allowances for bad and doubtful debts	80.00		80.00	
	20.17		-	
Other debts				
Unsecured, considered good	8,997.98		7,995.64	
	8,997.98		7,995.64	
	9,018.15		7,995.64	

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

PARTICULARS	As at 31 March 2015	As at 31 March 2014
17 CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	462.14	366.25
Cheques, drafts on hand/transit	-	41.79
Balances with banks		
- in current accounts	1,171.04	1,072.44
- in deposit accounts (with maturity upto 3 months)	21.21	5.00
Cash in transit	2.41	18.66
	<u>1,656.80</u>	<u>1,504.14</u>
Other bank balances		
Deposits with maturity more than 3 months but less than 12 months	4.00	5.10
Bank deposits with maturity of more than 12 months	252.71	252.14
	<u>256.71</u>	<u>257.24</u>
Less : Amounts disclosed as other non-current assets (refer note 14)	252.71	252.14
	<u>1,660.80</u>	<u>1,509.24</u>
Fixed Deposits pledged with banks		
For working capital loan	240.14	240.14
Against bank guarantees	37.78	22.10
	<u>277.92</u>	<u>262.24</u>
18 OTHER CURRENT ASSETS		
Unsecured, considered good		
Interest accrued on bank deposits	48.09	20.45
Other receivables	87.66	139.94
Unamortised share issue expenses	353.87	-
	<u>489.62</u>	<u>160.39</u>

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

PARTICULARS	As at 31 March 2015	As at 31 March 2014
19 REVENUE FROM OPERATIONS		
A) Sale of products		
Sale of power	2,221.82	2,501.42
Sale of certified emission reductions units	-	608.73
B) Sale of services		
Goods transport	128,441.45	112,811.47
Bus operations	32,970.70	30,811.03
Income from hotel operations	186.69	101.52
Air chartering service	1,168.39	775.11
Courier service	633.79	531.13
C) Other operating income		
Sale of scrap materials	1,497.23	1,238.10
	<u>167,120.07</u>	<u>149,378.51</u>
20 OTHER INCOME		
Interest income on fixed deposits with banks	27.64	27.34
Dividend income from long term investments	1.02	0.99
Rent income	410.54	498.46
Credit balances written back	57.94	76.27
Gain on foreign exchange fluctuation	-	23.03
Advertisement income	163.23	195.41
Miscellaneous income	105.66	177.84
	<u>766.03</u>	<u>999.34</u>
21 OPERATING EXPENSES		
Lorry hire	12,354.34	14,390.84
Vehicle operation-diesel cost	44,767.38	40,663.59
Vehicle running, repairs and maintenance	11,632.69	9,802.73
(Net of insurance claims received)		
Stores and spares consumed	4,932.21	4,472.98
Tyres, flaps and re-treading	5,240.01	4,956.66
Bridge and toll charges	9,439.74	7,788.43
Repairs and maintenance		
a. Plant and equipments	812.69	454.17
b. Buildings	450.81	376.58
c. Others	126.94	200.65
Security charges	281.35	280.11
Electricity charges	350.80	320.19
Wind turbine generator operation and maintenance expenses	531.41	495.97
Rent	6,949.59	5,981.19
Vehicle taxes	3,274.86	3,729.95
Insurance	959.95	848.68
Agency commission	5,516.20	5,383.32
Hamaali	6,074.05	5,126.83
Clearing and forwarding	3,949.32	3,660.73
Claims	176.21	118.06
Hotel operating expenses	117.11	65.49
	<u>117,937.66</u>	<u>109,117.15</u>

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

PARTICULARS	As at 31 March 2015	As at 31 March 2014
22 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	16,578.28	15,302.73
Contribution to provident and other funds (refer note 7(a))	2,142.06	1,282.59
Staff welfare expenses	1,078.70	860.59
	<u>19,799.04</u>	<u>17,445.91</u>
23 FINANCE COSTS		
Interest expense	5,836.79	5,947.22
Other borrowing costs	23.19	36.78
	<u>5,859.98</u>	<u>5,984.00</u>
24 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets (refer note 10)	8,740.47	8,646.70
Amortisation of intangible assets (refer note 11)	25.56	14.90
	<u>8,766.03</u>	<u>8,661.60</u>
25 OTHER EXPENSES		
Travelling and conveyance	531.59	450.10
Printing and stationery	297.02	304.63
Legal and professional expenses	163.60	258.48
Payment to auditors (refer details below)	49.89	35.56
Office expenses	95.44	130.66
Communication expenses	461.36	402.45
Advertisement and business promotion	121.71	200.24
Interest on security deposit from agents	71.75	83.52
Loss on sale of fixed assets (net)	174.73	78.68
Loss on foreign exchange fluctuation	4.79	-
Advances and bad debts written off	57.25	118.03
Provision for doubtful advances and debts	-	25.00
Bank charges	29.41	47.13
Donation	6.61	5.34
Directors' sitting fee	4.94	4.26
Miscellaneous expenses	25.89	12.05
	<u>2,095.98</u>	<u>2,156.13</u>
Payment to auditors		
As auditor:		
Statutory audit fee	42.70	32.58
Tax audit	5.62	2.25
In other capacity		
Other services *	31.60	0.50
Reimbursement of expenses	0.31	0.23
	<u>80.23</u>	<u>35.56</u>
* Including Rs.30.34 lacs paid towards assurance services in connection with the Initial Public Offering of equity shares of the Company and disclosed as 'Unamortised share issue expenses' in note 18.		
26 PRIOR PERIOD ITEMS		
Interest on income tax	7.29	-
Wealth tax	1.54	-
	<u>8.83</u>	<u>-</u>

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

PARTICULARS	As at 31 March 2015	As at 31 March 2014
27 CONTINGENT LIABILITIES NOT PROVIDED FOR		
A] Claims against the Company not acknowledged as Debts		
Income tax matters	775.92	513.43
Customs Duty (refer note (c) below)	1,569.02	1,569.02
ESIC matter	12.92	12.92
	2,357.86	2,095.37
B] Disputed claims pending in Courts	638.55	529.19
C] Guarantees given on behalf of the Company by banks	37.78	22.10
D] Other contractual matters	334.31	273.50
Total	3,368.50	2,920.16

Notes:-

- a. The Company is in appeal against demands from Income Tax, Customs duty and ESIC authorities.
- b. 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.
- c. 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 and interest 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 as deposits in the books of account. The Company has already filed the necessary response to the notice and expects a favourable order in this regard.
- 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.
- 28 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 Rs.25 lacs, the authorities have been directed not to take any coercive action and also to determine the Stamp Duty liability. The Company has paid the deposit of Rs 25 lacs 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.
- 29 The Company has issued a notice dated 5 November 2014 to Mr. Rudrapratap Tripathi, proprietor of M/s Indian Corporation, alleging that he has entered into a sale deed with the Company in relation to property situated at Bhiwandi, without being duly authorized to do so by the original land owners. The Company has further alleged that Mr. Rudrapratap Tripathi has not disclosed the defects in the title to the property including the fact that the land is an agricultural land. The Company has paid a sale consideration of Rs.3,240 lacs towards purchase of the property. In the aforesaid notice, the Company has also alleged cheating and breach of trust by Mr. Rudrapratap Tripathi and has called upon him to refund Rs.3,240 lacs paid to him along with the stamp duty, registration and other expenses incurred together with

interest at the rate of 22% p.a. from the date of payment till the payment receive date, failing which the Company has the rights to initiate criminal proceedings against him. Management has received necessary representations from the attorney of Mr. Rudrapratap Tripathi in relation to sanctity of title and permitted utility of the aforesaid land towards industrial use and occupation. The attorney has also indicated the intention of Mr. Rudrapratap Tripathi to re-purchase the aforesaid property, if required, at the sale consideration paid by the Company. Management does not expect any financial impairment of the book value of the aforesaid property considering the representations received from Mr. Rudrapratap Tripathi through his attorney and accordingly no adjustments have been made to the financial statements to this effect

- 30** During the year ended 31 March 2015, the Company had sold land at Bangalore, having book value of Rs.3,128.37 lacs for value aggregating Rs.3,500 lacs. The profit on sale of the aforesaid land amounting to Rs.371.63 lacs has been accounted as exceptional item in the Statement of Profit and Loss for the year ended 31 March 2015.

During the year ended 31 March 2014, the Company had sold land at Gurgaon, Haryana having book value of Rs.1,155.28 lacs for value aggregating Rs.1,860 lacs. An amount of Rs.41 lacs was incurred towards the sale process including conversion of land into Non Agricultural Land. The profit on sale of the aforesaid land amounting to Rs.663.72 lacs has been accounted as exceptional item in the Statement of Profit and Loss for the year ended 31 March 2014.

- 31** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - Nil (Previous year: Rs.59.16 lacs).

- 32** The land whereat 34 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.

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

Lease rental expense recognized in the Statement of Profit and Loss for the year ended 31 March 2015 in respect of the operating leases is Rs.6,949.59 lacs (Previous year: Rs 5,981.19 lacs).

Lease rental income recognized in the Statement of Profit and Loss for the year ended 31 March 2015 in respect of operating leases is Rs. 410.54 lacs (Previous year: Rs.498.46 lacs).

Certain non-cancellable operating leases extend upto a maximum of nine years from their respective dates of incep-

tion. 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:

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
Not later than 1 year	1,236.93	1,170.45
Later than 1 year but not later than 5 years	4,080.16	4,340.77
Later than 5 years	4,235.93	5,212.26
	9,553.02	10,723.48

34 CERTIFIED EMISSION REDUCTIONS CREDITS

The Company earns 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 entered into an agreement dated 29 October 2009 with Asian Development Bank (ADB) (as trustee of the Asia Pacific Carbon Fund) amended vide 'Amendment and Restatement Agreement' dated 01 August 2011, for sale of Certified Emission Reductions (CERs), generated during the period March 2009 to December 2012 (delivery period). The Company had generated and delivered the relevant units of CERs in accordance with the aforesaid agreements in earlier years and recognised revenue accordingly.

However, as per the 'Sale and Purchase of surplus CER's clause in the aforesaid agreement, whenever the Company generates surplus CER's i.e. CER's in excess of the contract CER's on or before 31 December 2012, which has been later verified and certified, ADB shall have the right but not the obligation, to purchase the said surplus CER's from the Company. Correspondingly, ADB had procured 61,366 CERs during an earlier year, in accordance with the contract. The balance 11,563 (net of 2% CDM administration fees) CERs, which has been certified but not purchased by ADB along with 69,342 (net of 2% CDM administration fees) CERs certified for the period January 2013 to January 2014, 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.

Further, the certification of CERs generated during the period February 2014 to March 2015 is underway and hence is not quantifiable.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

35 MANAGERIAL REMUNERATION:

Managerial remuneration under Section 197 of the Companies Act, 2013, read along with provisions of Schedule V, paid / payable to the Directors is as under:

PARTICULARS	As at 31 March 2015	As at 31 March 2014
Salary and Allowances	465.12	470.03
Contribution to Provident and other funds *	0.17	0.09
Perquisites**	22.67	14.52
Commission on profits	42.00	27.75
	<u>529.96</u>	<u>512.39</u>

* The above figures exclude contribution to the approved Group Gratuity Fund, which is actuarially determined for the Company as a whole.

** Value of perquisites has been determined in accordance with the provisions of Income Tax Act, 1961.

36 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 / extra ordinary 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	As at 31 March 2015	As at 31 March 2014
Net profit after tax attributable to equity shareholders	9,122.34	5,701.24
Weighted average number of shares outstanding during the year	85,536,162	79,317,168
Basic and Diluted earnings per share (Rs.)	10.66	7.19
Nominal value per equity share (Rs.)	10.00	10.00

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

37 SEGMENT REPORTING

Reporting segments in accordance with Accounting Standard 17, Segment reporting, prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, are Goods transport, Bus operations, Sale of power and Air chartering service.

PARTICULARS	As at 31 March 2015	As at 31 March 2014
SEGMENT REVENUE		
(Net Sales/Income from external customers)		
a) Goods transport	129,075.24	113,342.60
b) Bus operations	33,157.39	30,912.55
c) Sale of power	2,221.82	3,110.15
d) Air chartering service	1,168.39	775.11
	165,622.84	148,140.41
Un-allocable revenue	1,497.23	1,238.10
Net Sales/Income	167,120.07	149,378.51
SEGMENT RESULTS		
(Profit before Interest and Taxation from each segment)		
a) Goods transport	16,698.37	12,510.85
b) Bus operations	3,620.85	230.00
c) Sale of power	482.26	1,322.59
d) Air chartering service	(233.91)	(213.86)
	20,567.57	13,849.58
Less: Finance costs	(5,859.98)	(5,984.00)
Less: Other un-allocable expenditure net of un-allocable income	(1,289.01)	(852.52)
Add: Exceptional item	371.63	663.72
Profit before tax	13,790.21	7,676.78
OTHER INFORMATION		
ASSETS		
a) Goods transport	49,122.18	43,953.57
b) Bus operations	13,181.55	15,373.43
c) Sale of power	12,556.68	13,704.21
d) Air chartering service	3,583.85	3,815.42
e) Un-allocable assets	16,866.39	20,921.56
Total	95,310.65	97,768.19
LIABILITIES		
a) Goods transport	4,245.94	4,419.86
b) Bus operations	839.24	179.13
c) Sale of power	27.15	26.48
d) Air chartering service	34.89	20.32
e) Un-allocable liabilities	54,544.54	62,483.28
Total	59,691.76	67,129.07
CAPITAL EXPENDITURE (including capital advances)		
Total cost incurred during the year to acquire segment assets		
a) Goods transport	6,772.97	8,153.71
b) Bus operations	160.24	850.54
c) Sale of power	-	-
d) Air chartering service	-	1,208.65
e) Un-allocable capital expenditure	1,589.12	801.58
Total	8,522.33	11,014.48
SEGMENT DEPRECIATION AND AMORTISATION		
a) Goods transport	4,152.67	4,118.42
b) Bus operations	2,328.66	2,653.30
c) Sale of power	1,140.85	1,140.40
d) Air chartering service	190.01	189.79
e) Un-allocable Depreciation / Amortisation	953.84	559.69
Total	8,766.03	8,661.60

Note: The Company operates only in India and hence reporting based on geographical segments is not applicable.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

38 RELATED PARTY DISCLOSURES

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged. Parties are considered to be related, if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial or operating decisions. Parties are considered to be related if they are subject to common control or significant influence. List of related parties, as certified by the management, together with the transactions and related balances are given below:

Key Management Personnel (KMP) and their relatives	a. Dr.Vijay Sankeshwar (Chairman & Managing Director)
	b. Mr.Anand Sankeshwar (Managing Director)
	c. Mrs.Vani Sankeshwar (President) - relative of director
	d. Mrs.Lalitha Sankeshwar - relative of director
	e. Mrs.Bharati Holkunde - relative of director
	f. Mr. Sunil Nalavadi (Chief Financial Officer) (disclosures applicable w.e.f. 1 April 2014)
	g. Mr. Aniruddha Phadnavis (Company Secretary) (disclosures applicable w.e.f. 1 April 2014)
Companies in which KMP or their relative have significant influence	a. Aradhana Trust
	b. Ayyappa Bhaktha Vrunda Trust
	c. Shiva Agencies
	d. Sankeshwar Minerals Private Limited
	e. Sankeshwar Printers Private Limited
	f. VRL Media Limited
Enterprise having significant influence over the entity	NSR- PE Mauritius LLC

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015

(Rupees in Lacs, 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 31 March 2015

Nature of transactions	Name	Nature of relationship	Year ended 31 March 2015	Year ended 31 March 2014
Income				
Rent	Aradhana Trust Shiva Agencies Sankeshwar Minerals Private Limited VRL Media Limited	Companies in which KMP or their relative have significant influence	9.60 20.06 3.98 175.85	9.60 26.86 3.98 186.76
Freight	Sankeshwar Minerals Private Limited Shiva Agencies VRL Media Limited	Companies in which KMP or their relative have significant influence	4.54 12.77 420.53	5.40 75.30 294.71
Reimbursements	Sankeshwar Minerals Private Limited VRL Media Limited	Companies in which KMP or their relative have significant influence	13.67 53.96	30.61 68.99
Advertising/ Hoarding	VRL Media Limited	Companies in which KMP or their relative have significant influence	12.57	12.59
		TOTAL	727.53	714.80
Expenditure				
Remuneration/ Commission (including compensated absences)	Dr.Vijay Sankeshwar Mr.Anand Sankeshwar Mr. Sunil Nalavadi Mr. Aniruddha Phadnavis Mrs. Vani Sankeshwar	KMP KMP KMP KMP KMP/Relative of KMP	327.67 202.29 23.39 21.30 18.00	297.53 214.86 - - 18.00
Printing and stationery	Sankeshwar Printers Private Limited	Companies in which KMP or their relative have significant influence	6.04	17.44
Advertisement expenses	VRL Media Limited	Companies in which KMP or their relative have significant influence	13.17	41.67
Dividend Paid and Proposed	Dr.Vijay Sankeshwar Mr.Anand Sankeshwar Mrs.Vani Sankeshwar Mrs.Lalitha Sankeshwar Mrs.Bharati Holkunde NSR - PE Mauritius LLC	KMP KMP KMP /Relative of KMP Relative of KMP Relative of KMP Enterprise having significant influence over the entity	1,323.00 1,308.14 16.00 0.84 0.07 770.20	1,323.00 1,311.13 16.00 0.84 0.07 770.24
		TOTAL	4,030.11	4010.78

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

Balance as at year end

Nature of transactions	Name	Nature of relationship	Year ended 31 March 2015	Year ended 31 March 2014
Assets:				
Receivables	Shiva Agencies Sankeshwar Minerals Private Limited VRL Meida Limited	Companies in which KMP or their relative have significant influence	- 0.57 29.24	11.12 3.25 29.24
		TOTAL	29.81	49.39
Liabilities :				
Payables	Sankeshwar Printer Priviate Limtied Shiva Agencies	Companies in which KMP or their relative have significant influence	0.71 -	1.48 0.09
Rent Deposit	Aradhana Trust	Companies in which KMP or their relative have significant influence	-	3.36
Remuneration/ Commission Payable	Dr. Vijay Sankeshwar Mr. Anand Sankeshwar	KMP KMP	28.69 -	22.12 11.07
Proposed dividend	Dr. Vijay Sankeshwar Mr. Anand Sankeshwar Mrs. Vani Sankeshwar Mrs. Lalitha Sankeshwar Mrs. Bharati Holkunde NSR - PE Mauritius LLC	KMP KMP KMP /Relative of KMP Relative of KMP Relative of KMP Enterprise having significant influence over the entity	- - - - -	661.50 655.56 8.00 0.42 0.04 385.10
		TOTAL	29.40	1,748.74

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

39 ADDITIONAL INFORMATION PURSUANT TO SCHEDULE III TO THE COMPANIES ACT, 2013:

	PARTICULARS	Year Ended 31 March 2015		Year Ended 31 March 2014	
		Quantity (In units)	Amount	Quantity (In units)	Amount
A) Generation of Energy					
Opening units		-	-	-	-
Generated during the year (net of transmission loss)		65,624,679	-	73,817,429	-
Less: Captive consumption		255,282	-	224,509	-
Less: Sale of energy units		65,369,397	2,221.82	73,592,920	2,501.42
Closing units		-	-	-	-
B) Expenditure in foreign currency (accrual basis)					
Aircraft maintenance		108.64		52.77	
Purchase of spares		2.79		62.46	
Professional fees		30.79		9.18	
		142.22		124.41	
C) Earnings in foreign currency (accrual basis)					
Sale of certified emission reductions units		-		608.73	
Air chartering service		396.66		240.16	
		396.66		848.89	
D) Value of imported and indigenous materials					
Spare parts and components including tyres, flaps and re-treading					
- Imported					
- Amount		2.79		62.46	
- Percentage		0.03%		0.66%	
- Indigenous					
- Amount		10,169.43		9,367.18	
- Percentage		99.97%		99.34%	
	Total	10,172.22		9,429.64	
E) Dividend remitted in foreign currency					
Number of non-resident shareholders		1		1	
Number of Equity shares held by them		19,254,912		19,254,912	
Final dividend		-			
Gross amount of dividend remitted		-		587.80	
The financial year to which it relates		-		2012-13	
Interim dividend					
1 Gross amount of dividend remitted		770.20		385.14	
The financial year to which it relates		2014-15		2013-14	
2 Gross amount of dividend remitted		385.10		-	
The financial year to which it relates		2013-14		-	

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(Rupees in Lacs, except for share data, and if otherwise stated)

40 UNHEDGED FOREIGN CURRENCY EXPOSURE

PARTICULARS	As at 31 March 2015	As at 31 March 2014
Receivable		
Foreign Currency		
USD	73,986	24,662
Balance	46.31	14.82

41 SUBSEQUENT EVENT

The Company completed its Initial Public Offering (IPO) pursuant to which 22,823,333 equity shares of the Company of Rs. 10 each were allotted at a price of Rs. 205 per equity share consisting of fresh issue of 5,707,333 equity shares and an offer for sale of 17,116,000 equity shares by the selling shareholders. The equity shares of the Company were listed on The National Stock Exchange of India Limited and Bombay Stock Exchange Limited on 30 April 2015.

42 PREVIOUS YEAR FIGURES

The previous year's figures have been recast / regrouped / rearranged wherever considered necessary.

For Walker Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)
Chartered Accountants

For H. K. Veerbhadrappa & Co
Chartered Accountants

For and on behalf of the Board of Directors

Khushroo B. Panthaky
Partner

Arrvvind Kubsad
Partner

Vijay Sankeshwar
Chairman and
Managing Director
(DIN: 00217714)

Anand Sankeshwar
Managing Director
(DIN: 00217773)

Place : **Hubballi**
Date : 25 May 2015

Place : **Hubballi**
Date : 25 May 2015

Sunil Nalavadi
Chief Financial Officer

Aniruddha Phadnavis
General Manager (Finance)
and Company Secretary

Place : **Hubballi**
Date : 25 May 2015

NOTES



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