

ANNUAL REPORT 2015 -16

Contents

02 / About VRL

04 / Chairman's Statement

06 / Financial Highlights

07 / Strategies KPIs & Goals

08 / Major Milestones

09 / Review of Business Segments

13 / Board of Directors

15 / Corporate Social Responsibility

16 / Awards & Events

17 / Year on Year Growth

18 / Company Information

19 / Directors' Report

47 / Management Discussion and Analysis

53 / Report on Corporate Governance

84 / Financial Statements



Vision

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

Mission

To provide the highest quality service to our customers by continuously increasing cost efficiency and maintaining delivery deadlines.

To encourage our workforce to continuously strive for quality and excellence in everything they do. To promote team work and create work environment that encourages talent and brings out the best in our employees.

Quality Policy

We are committed to provide quality logistics services consistently at reasonable price and to continually improve the same to achieve customers delight on a sustainable basis.



About VRL

Established in 1976 by Dr. Vijay Sankeshwar, VRL Logistics (VRL) is one of the leading pan-India surface logistics and parcel delivery service provider. VRL is currently the largest fleet owner of commercial vehicles in India's private sector. The company mainly provides less than truckload services (LTL) for general and priority parcels and caters to a broad range of industries like FMCG, textiles, apparel, furniture, metal and metal products, automotive parts, etc. The company operates through a network of 1024 branches and franchisees and this network is complemented by 48 strategically located transshipment hubs. Other service verticals in the goods transportation space include full truck load (FTL), car carrying, priority cargo and courier services.

VRL also provides luxury bus services across high density urban commuter cities like Bengaluru, Mumbai, Pune, Ahmedabad, Hyderabad and Panjim and also connect tier-II and tier-III cities. The VRL bus service network covers Karnataka, Maharashtra, Goa, Andhra Pradesh, Telengana, Tamil Nadu, Gujarat as well as Rajasthan.



3872
Trucks



381
Buses



48
Logistics Hubs



19194
Employees

Key Advantages

- Extensive network across the country with last mile delivery even in remote locations
- Largest fleet of owned vehicles further complemented by outside vehicles
- Integrated hub-and-spoke operating model which enables effective consolidation and distribution of consignments and transport various parcel sizes across the country
- Optimal aggregation of LTL and FTL parcels to maximize asset utilization
- Diverse customer mix of corporates, SMEs and smaller traders
- Wide customer base with revenue from top 10 clients in goods transport business contributing 6.5% Only
- Diversified Customer base from multiple industry sectors
- Own body building and fleet maintenance facility at Hubballi
- In House IT development
- Own fuel stations at key locations and tie up with IOC
- Own highway resting points/restaurant to facilitate VRL bus passengers
- Sustainability and Social initiatives

Chairman's Statement

Dear Shareholder

VRL Logistics Limited has completed one year since its successful listing. The year gone by presented many challenges and we had to work hard to overcome these. I take great delight on the company crossing Rs.100 crores in net profits, a first in its history.

The overall economy remained sluggish during the year. Reality at the ground level is that the business volume across sectors struggles to sustain preceding levels. Our company has had a long history of sustained growth even during similar tough times in the past. We managed to post a nominal growth in the overall business volume but remain satisfied that we have not compromised on the quality of our business for the sake of growth.

The erosion in margin was predominantly on account of a significant increase in employee costs. We divided our business operations into metro, mid sized cities and smaller towns and have affixed a minimum salary scale for each of these to ensure a decent pay package for our staff, especially the lower level cadre and the same has resulted in salary correction. This is a one-time measure and I do not envisage something similar in the near medium term.

On the capex front, we would continue to add to our fleet. Such fleet addition should not be linked to the immediate performance but would be undertaken with a long term perspective. Addition of vehicles would reduce dependence on outside vehicles, ensure vehicle availability during festive seasons and peak periods, lead to better service levels as also would be necessary to remain compliant with environmental regulatory requirements in certain pockets of the country. I am confident that we would complete the pending utilization of IPO proceeds earmarked for fleet addition in the coming year.

On the business front we will continue to remain

focused on existing verticals and aim to increase freight tonnage in the goods transportation division as also improve occupancy levels in the bus operation segment. The company's top management 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 benefited the company in the past. Regaining the erstwhile business growth would be the focal point in all such interactions.

GST would soon be a reality and after overcoming the hiccups associated with the initial implementation this law will provide a big boost to organized players in our industry. VRL today is GST ready and eagerly awaits the stabilization of the new GST regime. I am confident that the share of Less than Truck Load (LTL) business would go up post implementation. I hope however that this law is implemented in right earnest and would actually bring in the benefits being anticipated by my fellow transport brethren. I sincerely hope that the government would also play equal emphasis in speeding up the passage and implementation of the impending Road Safety and Transport Bill. Coupled with GST this would bring in a seamless movement of goods vehicles across the country, reducing transit times and bring in more economy to the end users. The other developmental schemes and initiatives being announced by the present government are also expected to fuel growth in the days to come.

At the Board level, the directors remain aware of their obligations to the business operations more specifically in respect of setting up internal controls and ensuring that these continue to operate in a satisfactory manner. The Board is committed to maintain the highest standards of Corporate Governance and integrity. The Board also opines that more executive representation is warranted at the Board level and there could be some changes on this front in the near future.



On the business front we will continue to remain focused on existing verticals and aim to increase freight tonnage in the goods transportation division as also improve occupancy levels in the bus operation segment. The company's top management 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 benefited the company in the past.



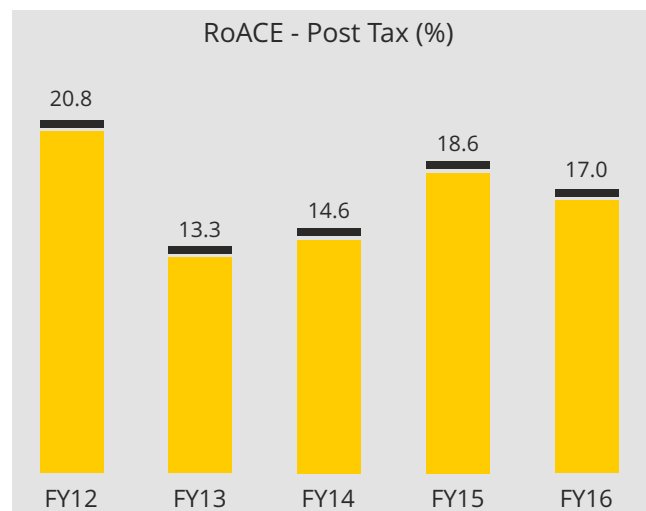
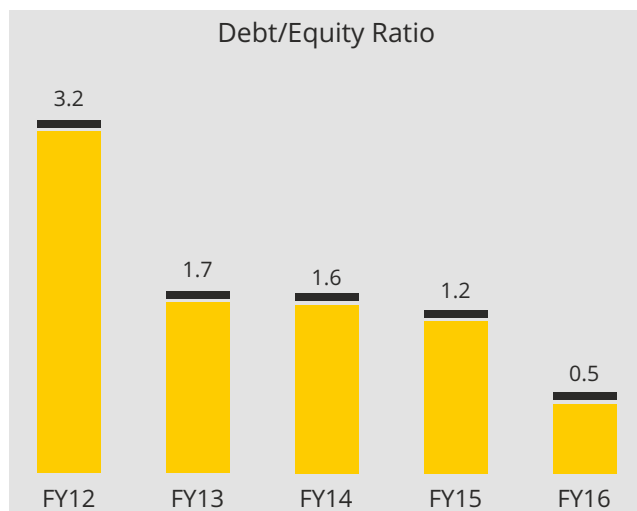
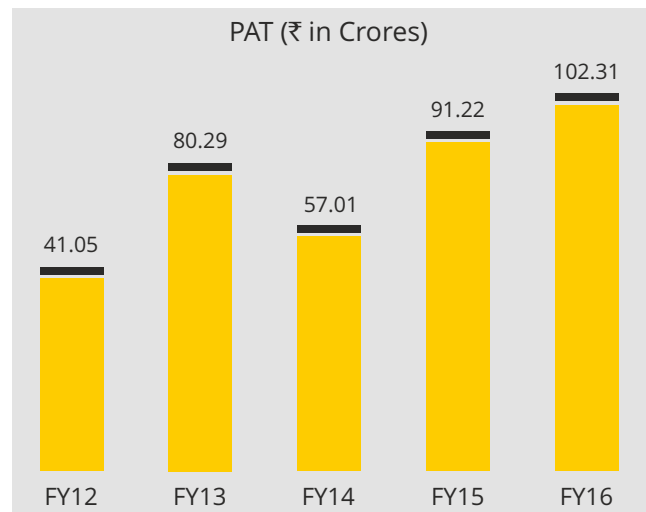
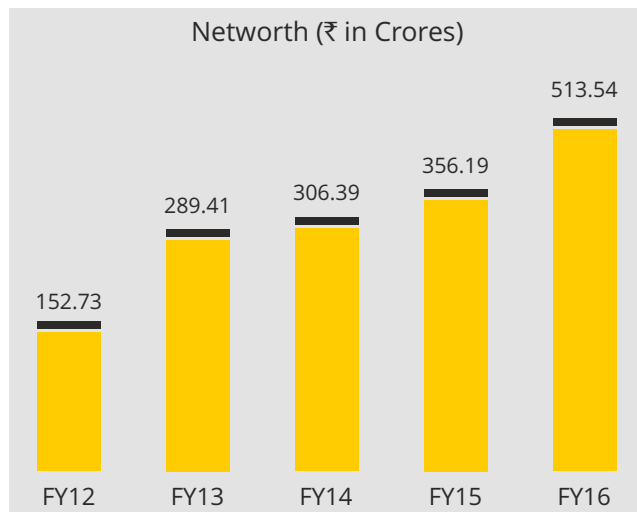
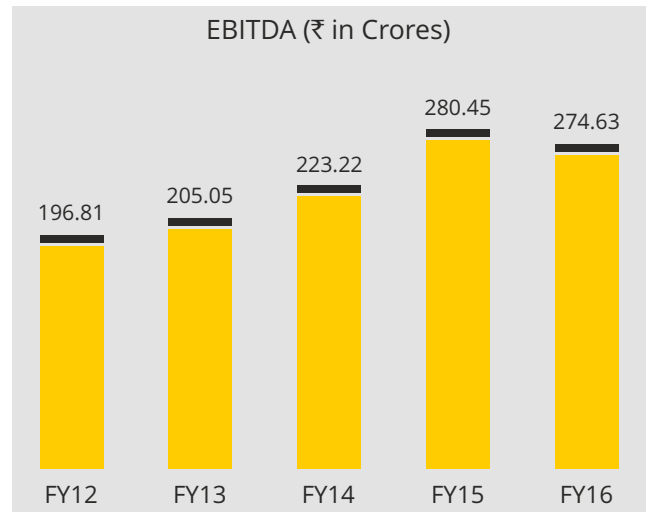
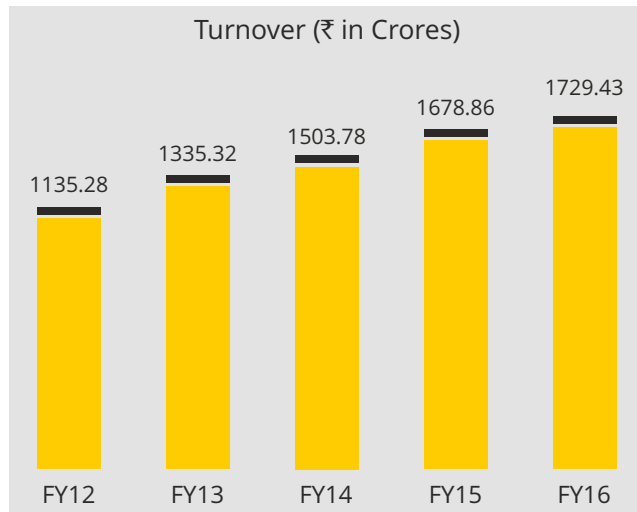
Lastly, I wholeheartedly complement all the employees of VRL for their individual contribution at all levels. I also thank all the stakeholders – Bankers, Investors, Customers, Suppliers, Government authorities, Regulators and the management team including the Co-Directors on the Board for their continued association with VRL. I look forward to regaining our growth in the days to come.

Sincerely,

DR. VIJAY SANKESHWAR

CHAIRMAN & MANAGING DIRECTOR

Financial Highlights



Strategies KPIs & Goals

Strategies	Achievements during the year	Key Performance Indicators (KPI)	Future Plan
Consolidation of Bus Operations	EBITDA at peak in comparison with the past	The company has not replaced the buses for which the operating permits have expired. On account of this the company operated with lesser number of vehicles and achieved better occupancy levels as well as better realization per passenger.	Considering the EBITDA achieved in the segment we will concentrate and may be enhance the fleet size gradually in the coming days while also strive to balance the same with increased occupancy level and improved realization per passenger.
Adopted best practices in its operations for cost saving.	Usage of bio-diesel resulted in reduction of cost of Fuel as a percentage to the revenue. Owing to internal best practices, the company was recognized as the "Best practice adopter of the year" at the Apollo CV Awards 2016 as also bagged the ET Logistics Award 2016 for the best "Road Transport Company of the year"	The company gained on an average Rs. 4-5 per litre when the bio-fuel was used. During the year the 26.69% of the total fuel consumption was bio diesel. The same cannot be used throughout the year though.	Company will continuously concentrate to adopt the best practices in its operations through its own maintenance facility as well as through its Research and development team. Company will try to overcome the shortcomings of bio-diesel for a sustained usage.
Improvement in Leverage Metrics	During the year the company concentrated on reducing its Debt resulting in reduction of its Net Debt from Rs. 429 Crores to Rs. 273 Crores.	The Net debt/Equity(x) has been improved from 1.2 to 0.5, Net Debt/EBITDA (x) 1.5 to 1.0 and EBITDA/Finance cost (x) 4.8 to 8.9.	Will maintain healthy Debt equity ratio considering the cash flows and operational metrics of the company.
Focus on Infrastructure facilities in terms of Vehicles and Network of the company.	As its continuous strategy company added 223 goods transport vehicles and 13 Buses during the year. Also added 48 new locations to its Goods Transport Network and closed 24 non-performing locations	Due to fleet addition, the dependency on the outside (hired) vehicle has reduced when measured in terms of the total KMs operated by the company.	As its continuous strategy company will focus on the Infrastructure facilities in terms of vehicles and addition of new locations to its network to fuel business growth.

Major Milestones



1976

Commencement of Transport service through proprietorship concern by Mr.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

1996

Commencement of Passenger Transportation Business

1997

The status of the company changed from a deemed public Limited company to Public Limited Company

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

2011

Foray into New Logistics Verticals - car carrying and Chemical Transportation

2012

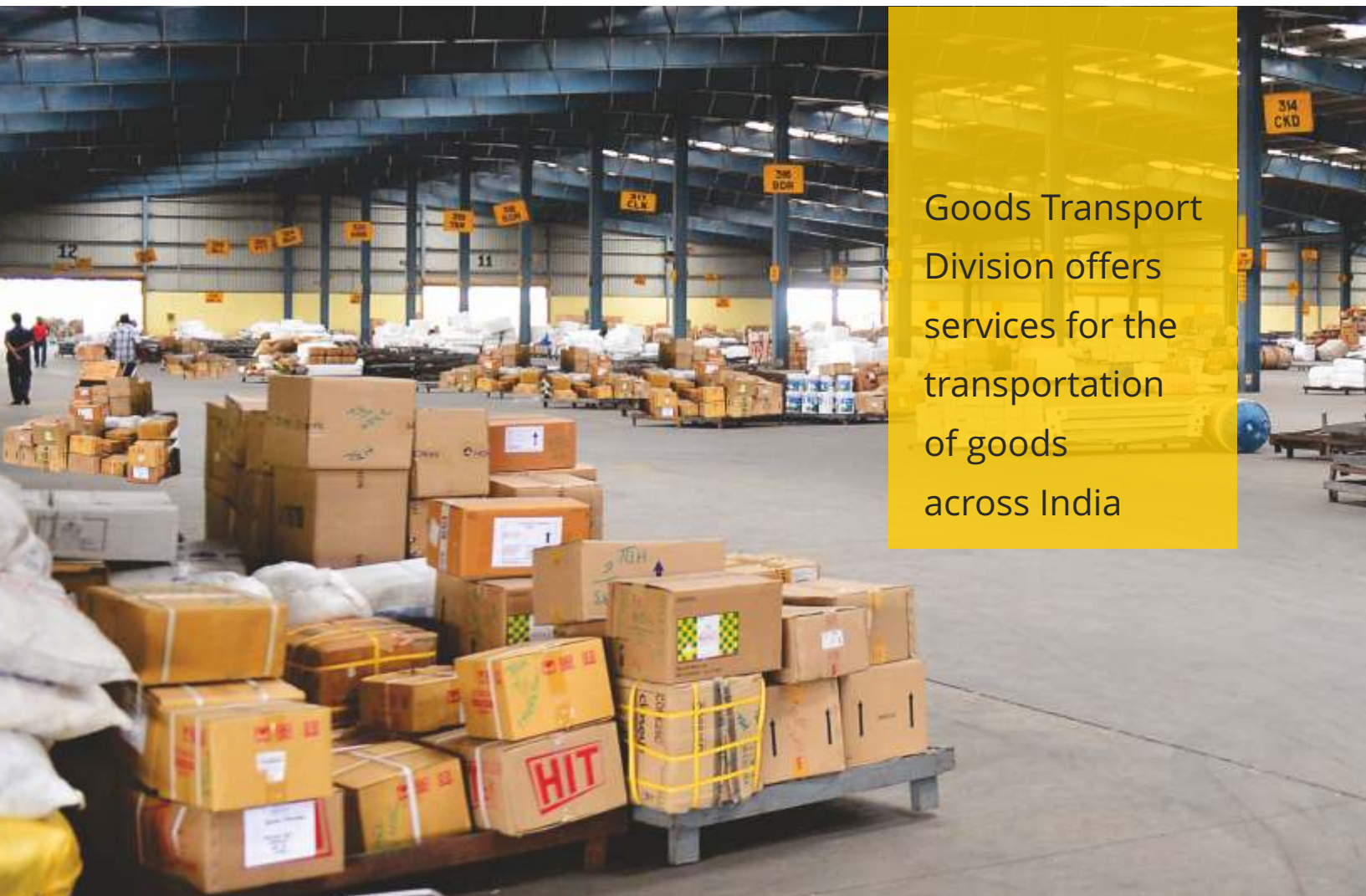
Private Equity investment by NSR PE Mauritius LLC in the Company

2015

Company's shares have been listed on BSE and NSE w.e.f 30th April 2015.



Goods Transport Division



Goods Transport Division offers services for the transportation of goods across India

Goods Transport Division offers services for the transportation of goods across India using a range of road transportation solutions to the customers, including less than truck load ("LTL"), full truck load ("FTL") and Priority services.

The less than truck load ("LTL") 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 door to door movement of consignments and this service is mainly availed by corporates.

FLEET

As of March 31, 2016 the fleet size was 3872 vehicles owned by the Company as also 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 plus branches and franchisees which enables us to provide connectivity to certain remote locations. This branch network is complemented by 48 strategically located transshipment hubs.



Revenue FY16
₹1356.26
Crores

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. Remote access to networked computers
7. RFID based driver attendance module
8. RFID based tyre tracking system
9. Online system for inventory management
10. Online system for ensuring compliance with vehicle documentation renewal requirements.

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, glass and machinery. A pertinent point to note is that there is no customer concentration and the highest single customer contribution is 1.2% of the total turnover.

Passenger Transportation



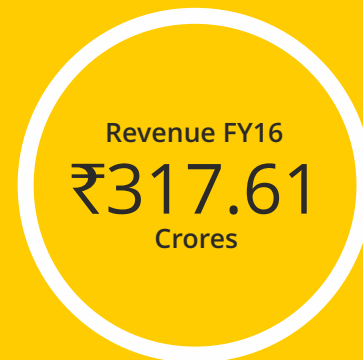
In the passenger transportation business VRL is a private operator of passenger buses and our operations are focused on high density urban commuter markets, such as Bengaluru, Mumbai, Pune, Hyderabad, Chennai, Vijayawada, Nagpur, Ahmedabad, Jodhpur and Panjim.

VRL connects metropolitan and tier-2 cities, such as Hubballi, Vijayapur, Dharwad, Belagavi, Hospet, Mangaluru, Bagalkot, Kalaburgi and Bhatkal.

VRL operates Bengaluru – Jodhpur route of nearly 2000 km. which represents one of the longest route operated by any passenger service provider in the country.

The passenger transportation business operates in the States of Karnataka, Maharashtra, Andhra Pradesh, Tamil Nadu, Gujarat, Rajasthan, Telangana and Goa.

VRL facilitates the booking of tickets for 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. It has also developed a M-ticketing mobile app in-house to facilitate ticket bookings over mobile phones.



STRONG NETWORK

The Passenger transportation network spans across 8 States and covers the major cities in these states.

FLEET

VRL operates exclusively through its owned fleet of nearly 381 buses which includes the latest state-of-the-art Multi Axle Volvo seater buses, Multi Axle Volvo I-shift sleeper 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 un-paralled customer loyalty.

BRANCHES

This division operates through 75 Company owned branches, 1369 franchisees including web agents and prepaid / postpaid agencies & payment gateway agents across this network.

TECHNOLOGY

VRL has invested in-house 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. Anti collision and anti sleep device as well as usage of CC TV in buses to prevent any theft and to provide secured service to customers etc., are the internal value additions by this technical team.

Wind Power Generation



In 2006 VRL commenced its wind power business in southern India at Kappatgudda, Gadag district in the State of Karnataka by setting up a wind farm of 42.50 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 necessary registration of the 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. The company has earned significant revenues from the sale of carbon credits in the past.



Air Chartering

The Company entered the air charter business in 2008 to provide services to individuals and corporate clients. The aircrafts are twin engine sophisticated jet aircrafts with space for 2 pilots and 6 passengers each. These aircrafts have a Non Scheduled Operator Permit issued by the Director General of Civil Aviation (DGCA), Government of India.

Client Profile & Product

The Company offers charter services, bulk-charters, or any customized requirement and offer services to individuals, corporate clients & Government officials.

The Company renders this service through a fleet of a Premier 1A and a Premier 1 aircraft of Hawker Beechcraft make.



Board of Directors



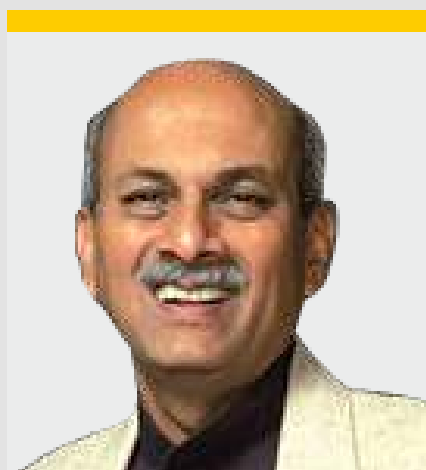
Dr. Vijay Sankeshwar
Chairman and Managing Director



Anand Sankeshwar
Managing Director



J S Korlahalli
Independent Director



Dr. Prabhakar Kore
Independent Director



C Karunakara Shetty
Independent Director



Dr. Anand Pandurangi
Independent Director

Board of Directors



Mrs. Medha Pawar
Independent woman Director



Shankarasa Ladwa
Independent Director



Dr. Raghottam Akamanchi
Non-Executive Director



Ramesh Shetty
Non-Executive Director



Dr. Ashok Shettar
Non-Executive Director



S R Prabhu
Non-Executive Director

Corporate Social Responsibility

VRL considers its contribution to the society akin to its business goals. The company has established a public charitable trust "VRL Foundation" to carry out its CSR activities. Few objectives of the Foundation are eradication of hunger, poverty and malnutrition; promotion of preventive healthcare and sanitation including contribution to Swachh Bharat set up by the Central Government; promotion of education, skill & livelihood development programs, women empowerment, setting up of homes for women and orphans, old age homes and day care centres facilities for senior citizens.

In the recent years VRL Foundation has been propagating the usage of health supplements as also natural and organic products for better health amongst the public. The Trust is procuring such products directly from the manufacturers and making them available for consumption of the people of Karnataka through several of its offices as well as through courier. Such products

are also subsidized by the trust. Some of the proven traditional and ayurvedic products being propagated and subsidized by the company are Spirulina, Jambul Honey, Karavand Jam, Wheatgrass & Natural coconut oil (for more details of VRL's CSR initiatives during the year refer Page 25)



Sustainability: The company has various initiatives and policies to conserve energy. Apart from its own wind mill facility with a capacity of 42.50 MW, the company at its various facilities, logistic hubs, and branches is maintaining rain water harvesting pit, solar energy panels, small water bodies as well as various other energy conservation initiatives. The company has also pioneered the use of bio-fuels for its fleet of trucks & buses. Owing to the use of bio-fuel, fuel costs as a percentage of revenue predominantly reduced during the year.



Awards & Events

VRL Logistics Limited was felicitated with the “Best Practice Adopter of the Year” at Apollo CV Awards 2016



Mr. Sunil Nalavadi, Chief Financial Officer and Mr. Suresh Annavajhala - Vice President Marketing, Mumbai receiving the award on behalf of Dr. Vijay Sankeshwar, Chairman & Managing Director.

The Apollo - CV Awards celebrates and encourages the performance of Fleet Operators, Original Equipment Manufacturer (OEMs) as well as ancillary. All these categories were evaluated in the Self Assessment Forms and post detailed due diligence winners were announced on the evening of January 21st, 2016.

VRL Logistics Limited received “Road Transport Company of the Year” at The ET Logistics Awards 2016



Mr. K. N. Umesh, Chief Operating Officer (second from right) receiving the “Road Transport Company of the Year” award on behalf of Dr. Vijay Sankeshwar, Chairman & Managing Director.

ET Awards backed by The Economic Times recognized the commitment and efforts delivered by Companies and brought out the most deserving Companies as its winners at the Award ceremony held on the evening of January 22nd, 2016. This prestigious award was bestowed on VRL Logistics Limited for its unhindered and exceptional transportation services provided to its customers.

VRL was actively associated with the first Hubballi 10 K Run as the event's main sponsor. The event was organized to create awareness on public health.



Year on Year Growth

YEAR	NO. OF VEHICLES	TOTAL TURNOVER
		Rs. in crore
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	7.09
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
2015-16	4316	1729.42

Company Information

BOARD OF DIRECTORS

Dr. Vijay Sankeshwar
Chairman and Managing Director

J S Korlahalli
Independent Director

Mrs. Medha Pawar
Independent Director

Dr. Raghottam Akamanchi
Non-executive Director

Anand Sankeshwar
Managing Director

Dr. Prabhakar Kore
Independent Director

Dr. Ashok Shettar
Non-executive Director

Ramesh Shetty
Non-executive Director

Dr. Anand Pandurangi
Independent Director

C Karunakara Shetty
Independent Director

Shankarasa Ladwa
Independent Director

S R Prabhu
Non-executive Director

Sunil Nalavadi
Chief Financial Officer

Aniruddha Phadnavis
Company Secretary

R B Gadagkar
Legal Advisor

BOARD COMMITTEES

AUDIT COMMITTEE

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

FINANCE COMMITTEE

Dr. Vijay Sankeshwar - Chairman
Anand Sankeshwar
J S Korlahalli

STAKEHOLDER RELATIONSHIP COMMITTEE

C Karunakara Shetty - Chairman
J S Korlahalli
Shankarasa Ladwa

NOMINATION & REMUNERATION COMMITTEE

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

SHARE TRANSFER COMMITTEE

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

CSR COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

AUDITORS

STATUTORY AUDITORS

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

M/s H K Veerbhadrappa & Co
Chartered Accountants
Hubballi

COST AUDITOR

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

SECRETARIAL AUDITOR

Mr. R Parthasarathi
Company Secretary in Practice
Bengaluru

REGISTRAR & TRANSFER AGENTS

KARVY COMPUTER SHARE PRIVATE LTD.
Karvy Selenium Tower B,
Plot No. 31 & 32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032

BANKERS

SVC Co-Operative Bank Ltd.
Saraswat Co-operative Bank Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.
Kotak Mahindra Bank Ltd.
Axis Bank
YES Bank
State Bank of India
IDBI Bank Ltd.
State Bank of Mysore
Syndicate Bank

Directors' Report

Dear Members,

Your Directors are pleased to present the thirty third annual report of your Company together with the audited financial statements for the financial year ended 31st March 2016.

SUMMARY FINANCIAL RESULTS

(Rs. in Lakhs)

Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Total Income	172942.98	167886.10
EBITDA	27462.91	28044.59
Finance Costs	3069.32	5859.98
Depreciation and amortisation expense	8995.04	8766.03
Net Profit Before Tax (incl. exceptional income item)	15398.55	13790.21
Tax Expense	5167.20	4667.87
Net Profit After Tax	10231.35	9122.34
Balance of Profit brought forward	11484.12	7416.58
Balance available for appropriation		
Interim Dividend on Equity Shares	4562.17	3421.45
Tax on Interim Dividend	928.75	614.82
Transfer to General Reserve	1023.13	912.23
Transitional Adjustment on account of change in Depreciation method	-	106.30
Surplus carried to Balance Sheet	15201.42	11484.12

OPERATING HIGHLIGHTS:

During the last year your Company earned revenues of Rs. 172942.98 lakhs as against previous year's revenues of Rs. 167886.10 lakhs depicting a growth rate of 3.01% and earned Profit before tax (PBT) of Rs. 15398.55 lakhs. The corresponding PBT for the earlier year was Rs. 13790.21 Lakhs. Profit after Tax (PAT) for the year was Rs.10231.35 lakhs as against Rs.9122.34 of the previous year.

The Company's Goods Transport Division achieved revenues of Rs.135626.19 lakhs registering a growth rate of 5.08% as compared to previous year. The Company earned revenues of Rs.31760.97 lakhs from bus division and Rs. 2139.42 lakhs from the sale of power generated through the windmills owned by the Company.

CHANGE IN NATURE OF BUSINESS OF THE COMPANY:

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

MATERIAL CHANGES AND COMMITMENTS

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

CAPITAL EXPENDITURE:

During the Financial year 2015-16, the company has undertaken a capital expenditure of Rs.10,127.75 lakhs. Out of the same, a sum of Rs.7754.75 lakhs was invested for fleet addition. Other capex components included a sum of Rs.1382.38 lakhs towards Plant & Office Equipments and Furniture / Fittings, Rs.524 lakhs towards freehold land and Rs.202.26 lakhs towards Building improvement costs,. The said capex also included a sum of Rs.264.36 lakhs expended on leasehold improvements.

DIVIDEND:

During the Financial year 2015-16, your directors declared an Interim Dividend at the rate of 50% amounting to

Rs. 5.00 per equity share. The Board recommends no further dividend and proposes that the interim dividend so declared and paid be treated and declared as the final dividend for the financial year 2015-16.

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) during the year 2015-16 pursuant to applicable SEBI rules and Regulations. The IPO of the Company received an overwhelming response from the investors and was oversubscribed by more than 74 times thereby making this IPO a historical one. Shares of the Company 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/- and Share premium increased from Rs.10,889.32 lakhs to Rs.21313.09 lakhs. Fresh 5,707,333 equity shares of Rs.10/- each were issued at a premium of Rs. 195/- per share.

Apart from the aforementioned fresh issue of shares, NSR PE Mauritius LLC, a private equity investor offloaded 1,45,50,000 equity shares and the promoters offered 25,66,000 equity shares held by them as a part of the said public offering.

The company has utilised the issue proceeds as per the objects stated in the prospectus and as of March 31, 2016 a sum of Rs. 2922.19 lakhs remain unutilised which is expected to be fully utilised in the coming year.

CLOSURE OF NEPAL BRANCH:

Company had extended its business operations to Kathmandu, Nepal by incorporating a branch under the extant provisions of the Laws prevailing in Nepal with a view to provide quality logistics services to the customers. However, owing to the disturbances and uncertain conditions prevalent in Nepal, Management has decided to close its operations in the said country. Requisite legal formalities to close the branch office have been initiated and are expected to be completed soon.

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 complexity of its

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

The Company's internal audit department enables the Management to mitigate the risks or prevent the non compliances of laws which would affect the financial position of the Company. The scope and authority of the Internal Audit function is well defined and to maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board as well as directly to the Chairman & Managing Director. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the 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

As required under the provisions of the section 135 of the Companies Act 2013, the Company has constituted the Corporate Social Responsibility Committee which monitors and oversees various CSR initiatives and activities of the Company. Composition, terms and functions of the said committee are provided in the Corporate Governance report forming part of this Annual Report.

The Company has set up a trust – VRL Foundation under the aegis of which the Company conducts its CSR activities. Amongst others Health and Education are the focus areas for the trust. A detailed report of CSR activities including the amount spent / unspent for CSR activities is annexed to this report as Annexure A to this report.

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

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

TRANSFER TO RESERVES:

The Company has transferred an amount of Rs.1023.13 lakhs to the General Reserve out of current year's profits.

TRANSFER OF UNPAID AND UNCLAIMED AMOUNT TO IEPF:

Pursuant to section 125 of the Companies Act 2013, dividend and refund of Share Application Money due for refund which remains unpaid for seven years from the date of its transfer to unpaid dividend / unclaimed account is required to be transferred by the Company to Investor Education and Protection Fund (IEPF) established by the Government. During the year, no amount was due for transfer to IEPF.

INDUSTRIAL RELATIONS:

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

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

During the year, your Company executed the Uniform Listing Agreement in accordance with the requirements of SEBI Circular DCS/ COMP/12/2015-16 dated October 13, 2015, with BSE Limited and National Stock Exchange of India Limited (NSE). The Company's Equity Shares are listed on the BSE and NSE and it has paid its Annual listing fee to these stock exchanges for the Financial Year 2016-2017. The Company has formulated the following Policies as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

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

The said policy can be accessed at the following link:

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

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

The said policy can be accessed thru the following link:

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Number of Meetings of the Board:

During the year five 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 provisions contained in 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 also annexed to this report as Annexure B. The said policy alternatively can be accessed on the website of the Company at the following link:

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

Declaration by Independent Directors

All independent directors have given due declarations that they meet the criteria of independence as laid down under section 149(7) of the Companies Act, 2013 and under extant provisions of the SEBI (Listing Obligations and Disclosure) Requirements) Regulations 2015.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure) Requirements) Regulations 2015, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Board Diversity

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

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

Inductions

Dr. Ashok Shettar, was appointed as Non-Executive Director in the AGM held on 8th August, 2015, in the place of Retiring Director, Mr. Darius Pandole (the representative of NSR) who had not sought reappointment from the Board. The Board wishes to place on record, the immense contribution made by Mr. Darius Pandole in his capacity as a Director.

Retirement/Re-appointment

Mr. S R Prabhu, Non-Executive Director and Mr. Raghottam Akamanchi, Non-Executive Director, retire by rotation and being eligible, offer themselves for reappointment.

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

Based on the framework of internal financial controls established and maintained by the Company, reviews performed by the Management in concurrence with the Audit Committee, your Board is of the opinion that the Company's internal controls were adequate and effective as on March 31, 2016.

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 thru the following link.

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

There were no material significant related party transactions entered between the Company, Directors, management, or their relatives except for those disclosed in the financial statements. All the contracts/arrangements/transactions

entered into by the Company with the related parties during the financial year 2015-16 were in the ordinary course of business and on an arm's length basis. In our opinion there were no "material" transactions that warrant a disclosure in this report.

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

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

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

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

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

PREVENTION OF INSIDER TRADING:

The Company has adopted a Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders with a view to regulate trading in securities by the Directors and certain designated

employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

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

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

BUSINESS RISK MANAGEMENT:

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the company has constituted a risk management committee. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Boards report. The identification of material risks affecting Company along with related mitigation measures are elaborated in the Risk Management Policy of the Company which has been hosted on the website of the Company and can be accessed at the following link.

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

AUDIT COMMITTEE:

The Audit Committee comprises of 4 directors and all of them are Independent Directors. The Audit Committee met five times during the year. Further details such as terms of reference, powers, functions, meetings, attendance of directors etc are dealt with in Corporate Governance Report forming part of this Annual report.

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

AUDITORS

Statutory Auditors:

In accordance with Section 139 of the Companies Act, 2013 and Rules made thereunder, Members at the 32nd Annual General Meeting of the Company approved the appointment of Joint Statutory Auditors, M/s Walker Chandiook & Co LLP, Chartered Accountants, Mumbai and M/s H K Veerbhadrappa & Co., Chartered Accountants, Hubballi for a period of 5 years and 2 years respectively. The said appointment was subject to ratification by members every year.

The Company has received a resignation letter from M/s H K Veerbhadrappa & Co, Chartered Accountants, Hubballi, one of the Joint Statutory Auditors of the Company. The Board at the meeting held on August 01, 2016, on the

recommendation of the Audit Committee, approved the same. As the said firm is associated with your Company as Statutory Auditors since inception and considering their long association as also their in-depth knowledge and expertise w.r.t. the business operations of your Company, the Board is considering their appointment as Internal Auditors of the Company to strengthen the Internal Audit functions of the Company in the days to come.

As such, M/s Walker Chandiook & Co LLP, Chartered Accountants, Mumbai, the other Joint Statutory Auditor of the Company would continue as the sole Statutory Auditor till the conclusion of their tenure. Board recommends the ratification of their appointment as required under Section 139 of the Companies Act 2013, for approval by the members.

Cost Auditors:

Section 148 of the Companies Act 2013 read with Rules made thereunder mandates every Company belonging to category prescribed in the Rules to undertake a Cost Audit. Cost Records of Wind Power Division of the Company need to be audited as it is covered in the category prescribed. In compliance with said provision, Company had appointed M/s S.K. Tikare & Co., Cost Accountants, Dharwad to audit the cost records for FY 2015-16. The Cost Auditor has submitted the Cost Audit report for FY 2015-16 and the same is annexed as Annexure C to this report.

Pursuant to the recommendation of the Audit Committee, the Board of Directors have re-appointed M/s S K Tikare & Co., Cost Accountants, Dharwad as the Cost Auditors for FY 2016-17 at a fixed remuneration of Rs.50,000/-, the latter subject to approval by the members at the ensuing Annual General Meeting of the Company.

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

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 2015-16. The Secretarial Audit report is annexed herewith as Annexure D. Pursuant to the recommendation of the Audit Committee, the Board of Directors have re-appointed Mr. R Parthasarathi, Company Secretary in Practice to conduct the Secretarial Audit for FY 2016-17 at its meeting held on May 23, 2016.

BOARD'S RESPONSE ON THE REMARKS MADE BY STATUTORY AUDITORS, COST AUDITORS AND SECRETARIAL AUDITORS

There were no qualifications, reservations and adverse remarks made by the statutory auditors in their Audit

Report and by the Cost Auditors in their Cost Audit Report. Response to the comment made by the secretarial auditor that the company has not fully spent the CSR expenditure as per section 135 of the Companies Act 2013 is given in Annual Report on CSR activities - Annexure A.

EXTRACT OF ANNUAL RETURN:

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

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

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

PARTICULARS OF EMPLOYEES:

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

A statement containing the names of every employee who is in employment of the Company throughout the year and is in receipt of annual remuneration of Rs. 60 lakhs or more or employed for a part of year and in receipt of Rs.5 lakh or more per month needs to be disclosed in the Board's report. As such the information is annexed as Annexure G to this report.

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance and adhere to the corporate governance requirements set out under extant law. The Report on corporate governance as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V thereto forms part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Regulations, as also the related certificate from CEO/ CFO are attached to the Report on corporate governance.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V thereto, 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 for a foreseeable future.

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

During the year under review, there were no cases reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

STATUTORY DISCLOSURES

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

FRAUDS REPORTED BY AUDITORS

There were no frauds reported by the auditors under Section.143(12) of the Companies Act, 2013

ACKNOWLEDGMENTS AND APPRECIATION

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

For and on behalf of the Board

Dr. Vijay Sankeshwar
Chairman & Managing Director
DIN: 00217714

Place: Hubballi
Date: August 01, 2016

Annexure A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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)

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

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

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

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

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

Composition of the CSR Committee

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

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

Prescribed CSR Expenditure - 2% of Average Net profit of the Company for last 3 financial years:

As stipulated under the Companies Act, 2013, the Company was required to spend Rs.180.50 lakhs during the year 2015-16 (based on the average net profits for the financial years 2012-13, 2013-14 & 2014-15 computed as stated under Section 135 of the said act).

Details of CSR spend for the financial year:

The Company has contributed a sum of Rs.108.18 lakhs towards the corpus of VRL Foundation which would qualify as the eligible CSR expenditure. As such, an amount of Rs.72.32 lakhs remained unspent.

Reason for not expending prescribed amount to be specified

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

The unspent amounts would not be carried forward for spends to future years. The Trust would undertake projects purely on merits and going by this ideology, there is a chance that there could be a situation that the trust may spend more than the available CSR budget on projects that it deems are genuine and would affect the society at large.

Brief details of a few of the activities of the Trust during the year and positive feedback received from the public is listed below -

Promotion of Healthy and natural / organic food supplements:

VRL Foundation is propagating the usage of health supplements as also natural and organic products for better health amongst the public. The Trust is procuring such products directly from the manufacturers and

making them available for consumption of the people of Karnataka through several of its offices as well as through courier. Such products are also subsidized by the trust. A brief overview of these is as under -

Spirulina – It has been certified as one of the most wholesome food supplement by WHO. The said product is used to fight malnutrition and is a part of several related campaigns the world over. It is rich in vitamins, protein and minerals and also a complete food. This supplement has more Vitamin A than Carrot and Papaya, more protein than eggs, more calcium than milk and several minerals and micro nutrients that human body requires.

Jambhul Honey - This honey is collected from flora of *Syzygium cumini* and other medicinal plants in Sahyadri valley. It contains active enzymes, phenolics, amino acids and proteins useful to diabetes patients. It also reduces the risk of cancer due to its anti-mutagenic activity. It is a delicious nutritional food for diabetics and cancer patients to get fast recovery in treatments.

Karavand Jam – Made from crane berry (Carissa Carandas) also known as “Karonda” a small black fruit usually grown during the early summer period. This product prepared

from this fruit grown in the Coastal Konkan region of Maharashtra has been very useful by virtue of the significant health benefits associated with it. It is a rich source of haemoglobin and also found to be very effective for females having menstruation problems.

Others – Other products being promoted by the Trust include Wheatgrass, Natural coconut oil, Millets, etc.

The Trust is in receipt of a very positive feedback from users of these products and is encouraged by the positive contribution made to the society.

Other Activities:

During the year the trust was also involved in the Inaugural Hubballi 10 K Marathon, an event which saw the participation of more than 2000 individuals from all age groups.

Amongst the other activities, the Trust also has extended financial aid for the construction of infrastructure facilities to schools for the blind, construction of toilets and provision of clean drinking water at a school at Hubballi, etc.

Annexure B

NOMINATION AND REMUNERATION POLICY

I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company has already constituted Remuneration Committee comprising of two Independent and a Non-Executive Director as required under the said laws. In order to align with the provisions of the Companies Act, 2013 and the Listing Agreement as amended from time to time, the Board on 26 August 2014 changed the nomenclature of the "Remuneration Committee" to "Nomination and Remuneration Committee" and reconstituted the Committee with two Independent and a Non-Executive Director as Members of the said Committee.

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement.

II. OBJECTIVE

The Key Objectives of the Committee would be:

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

III. DEFINITIONS

- (i) "Board" means Board of Directors of the Company.
- (ii) "Company" means "VRL Logistics Limited."
- (iii) "Employees' Stock Option" means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.
- (iv) "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.

- (v) "Key Managerial Personnel" (KMP) means
 - (i) Chief Executive Officer or the Managing Director or the Manager,
 - (ii) Company Secretary,
 - (iii) Whole-time Director,
 - (iv) Chief Financial Officer and
 - (v) Such other officer termed as KMP by the Company
- (vi) "Nomination and Remuneration Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.
- (vii) "Policy or This Policy" means, "Nomination and Remuneration Policy."
- (viii) "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- (ix) "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Board of Directors, including all the functional heads.

IV. INTERPRETATION

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

V. GUIDING PRINCIPLES

The Policy ensures that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Management team . Directors of the quality required to run the Company successfully
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

VI. ROLE OF THE COMMITTEE

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

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

VII. MEMBERSHIP

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

VIII. CHAIRMAN

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

IX. FREQUENCY OF MEETINGS

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

X. COMMITTEE MEMBERS' INTERESTS

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

XI. VOTING

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

XII. SECRETARY

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

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

- **Appointment criteria and qualifications:**
 1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
 2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion

to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

• **Term / Tenure:**

1. Managing Director/Whole-time Director/Manager (Managerial Person): - The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of such term.
2. Independent Director:
 - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
 - No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
 - At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

• **Evaluation:**

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

• **Removal:**

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

• **Retirement:**

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

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

• **General:**

1. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required under law.
2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders whenever required under law. Increments will be effective from the date of reappointment in respect of Managerial Person.
4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability,

the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

- **Remuneration to Managerial Person, KMP and Senior Management:**

1. Fixed pay: Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
2. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
3. Provisions for excess remuneration: If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

- **Remuneration to Non-Executive / Independent Director:**

1. Remuneration / Commission: The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

2. Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
3. Limit of Remuneration /Commission: Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
4. Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

XV. MINUTES OF COMMITTEE MEETING

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

XVI. DEVIATIONS FROM THIS POLICY

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

XVII. AMENDMENTS TO THE POLICY

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

Annexure C

CRA - 3

COST AUDIT REPORT

We, S. K. Tikare & Co. Cost Accountants, having been appointed as Cost Auditors under Section 148(3) of the Companies Act, 2013 of VRL LOGISTICS LIMITED having its registered office at 18th KM, Bengaluru Road, NH 4, Varur, Hubballi 581207 (hereinafter referred to as company) have audited the books of Cost Records maintained under section 148 of the said Act, in compliance with the cost auditing standards records in respect of Wind Power Division, Product Group No 2008 for the year 2015-16 (April 2015 to March 2016) maintained by the company and report that:

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

For S K Tikare & co
Cost Accountants

(CMA. Sanjay K Tikare)
M No 20794. F R No 101039

Date : 23 May, 2016
Place : Dharwad

Annexure D

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2016

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

To,
The Members,
VRL Logistics Limited

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

Based on my verification of the VRL Logistics Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March,2016 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,2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

- (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- (vi) Other laws applicable as per the representations made by the management;
- Carriage by Road Act 2007,
Motor Vehicles Act, 1988
The Aircraft Act, 1934
The Carriage by Air Act 1972
The Electricity Act, 2003
The Petroleum Act 1934
The Food Safety and Standards Act 2006
Consumer Protection Act 1986
- I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
 - (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange.

During the period under review 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 not fully spent the amount as prescribed under Section 135 of the Companies Act, 2013 and the rules framed thereunder, relating to Corporate Social Responsibility.

I further report that based on the information provided and representation made by the Company and on the basis of Compliance report taken on record by the Board, in my opinion adequate systems and processes exist in the Company to monitor and ensure Compliance with provisions of Labour laws and Environmental Laws.

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

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

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

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

I further report that during the audit period the company has

- a) made an Initial Public Offer for 2,28,23,333 Equity Shares of face value of INR 10 each, consisting of a fresh issue of 57,07,333 Equity Shares and an offer for sale of upto 1,71,16,000 shares and complied with the requirements thereon.
- b) Listed its shares on the Bombay Stock Exchange and National Stock Exchange with effect from April 30,2015.
- c) Foreign Direct Investment held by New Silk Route has been divested to the extent of two thirds of the holding leading to reduction in the shareholding from 22.5% to 5.16%.
- d) As claimed by Management, no show cause notice has been received from Statutory Authorities, though civil/criminal proceedings were pending disposal with appropriate authorities/courts as mentioned in the Prospectus and the same is not likely to have a major bearing on the Affairs of the Company.

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

Place : Bengaluru
Date : 21-05-2016

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 Secretarial Audit Report'

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

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

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

Signature:

Place : Bengaluru
Date : 21-05-2016

Annexure E

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

Financial year ended on 31.03.2016

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

I. REGISTRATION & OTHER DETAILS:

1. CIN	L60210KA1983PLC005247
2. Registration Date	31/03/1983
3. Name of the Company	VRL LOGISTICS LIMITED
4. Category/Sub-category of the Company	PUBLIC LIMITED COMPANY
5. Address of the Registered office & contact details	RS No.351/1, Varur, Post Chabbi, Taluk Hubballi, District Dharwad, Hubballi - 581 207, Karnataka.
6. Whether listed company	Yes
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited (Unit: VRL Logistics Limited) Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Telephone: +91-40-23312454 Fax: +91-40-23311968 Email: einward.ris@karvy.com Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Goods Transportation	49221	78
2	Passenger Transportation	49231	18

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

VI. 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-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	66046000	-	66046000	77.21	63480000	-	63480000	69.57	-7.64
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)	66046000	-	66046000	77.21	63480000	-	63480000	69.57	-7.64
B. Public Shareholding									
1. Institutions									
a) Mutual Funds					6054917	-	6054917	6.64	+6.64
b) Banks / FI					16566	-	16566	0.02	+0.02
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FII's/FPIs					10862508	-	10862508	11.90	+11.90
h) Foreign Venture Capital Funds									
i) Others (Foreign Corporate Bodies)	19254912	-	19254912	22.51	4704912	-	4704912	5.16	-17.35
Sub-total (B)(1):-	19254912	-	19254912	22.51	21638903	-	21638903	23.72	+1.21

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.					1540101	-	1540101	1.69	+1.69
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	5250	-	5250	0.01	3757305	-	3757305	4.12	+4.11
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	230000	-	230000	0.27	529504	-	529504	0.58	+0.31
c) Others (specify)									
NBFCs Registered with RBI					3335	-	3335	0.00	
Non Resident Indians					267645	-	267645	0.29	+0.29
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members					26402	-	26402	0.03	+0.03
Trusts					300	-	300	0.00	
Foreign Bodies									
Sub-total (B)(2):-	235250	0	235250	0.28	6124592	-	6124592	6.71	+6.43
Total Public Shareholding (B)=(B)(1)+ (B)(2)	19490162	0	19490162	22.79	27763495	-	27763495	30.43	+7.64
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	85536162	0	85536162	100	91243495	-	91243495	100	

ii) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding 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	0	31,792,000	34.84	0	-3.83
2	Mr. Anand Sankeshwar	32,548,250	38.05	0	31,265,250	34.27	0	-3.78

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

Sr. No.	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	65623250	76.72	65623250	76.72
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	25.04.2015 Sale of 2566000 equity shares in IPO.	7.61	63057250	69.11
	At the end of the year	63057250	69.11	63057250	69.11

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

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year		Change in Shareholding (No. of Shares)		Shareholding at the end of the year	
		No. of Shares	% of total shares	Increase	Decrease	No of Shares	% of total shares
1	NSR-PE Mauritius LLC	19254912	22.511	-	14550000	4704912	5.16
2	Goldman Sachs India Fund Limited	0	0	3343220	440118	2903102	3.18
3	Ashoka PTE Ltd	0	0	2077728	526058	1551670	1.70
4	IDFC Sterling Equity Fund	0	0	1175715	-	1175715	1.29
5	Abu Dhabi Investment Authority – Behave	0	0	1007017	-	1007017	1.10
6	HDFC Standard Life Insurance Company Limited	0	0	1010736	134417	876319	0.96
7	The Wellington Trust Company National Association	0	0	747687	-	747687	0.82
8	Goldman Sachs Trust – Goldman Sachs Emerging Market	0	0	637257	68345	568912	0.62
9	Goldman Sachs Funds S.I.C.A.V. Goldman Sachs GL	0	0	557460	-	557460	0.61
10	Fullerton Lux Funds – Asian Small Cap Equities	0	0	549607	-	549607	0.60

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year		Change in Shareholding (No. of Shares)		Shareholding at the end of the year	
		No. of Shares	% of total shares	Increase	Decrease	No of Shares	% of total shares
1	Dr. Vijay Sankeshwar	33075000	38.67	-	1283000	31792000	34.84
2	Mr. Anand Sankeshwar	32548250	38.05	-	1283000	31265250	34.27
	Total	65623250	76.72	-	2566000	63057250	69.11

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

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

(Rs. in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	44335.11	Nil	Nil	44335.11
ii) Interest due but not paid	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
Change in Indebtedness during the financial year				
* Addition	3970.55	Nil	Nil	3970.55
* Reduction	22080.59	Nil	Nil	22080.59
Net Change	-18110.04	Nil	Nil	-18110.04
Indebtedness at the end of the financial year				
i) Principal Amount	26225.07	Nil	Nil	26225.07
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	141.92	Nil	Nil	141.92
Total (i+ii+iii)	26366.99	Nil	Nil	26366.99

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

Sr. No.	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	300.10	198.00	498.10
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	23.90	0	23.90
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	
2	Stock Option	Nil	Nil	
3	Sweat Equity	Nil	Nil	
4	Commission			
	- as % of profit	50.00	Nil	50.00
	- others, specify...			
5	Others, please specify – Leave Encashment Salary and Contribution to Provident fund	13.88	8.47	22.35
	Total (A)	387.88	206.47	594.35
	Ceiling as per the Act (as specified under Section 197 (1) (i))			1595.40

B. Remuneration to other directors (Rs. in lakhs)

Sr. No.	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	
1	Independent Directors							
	Fee for attending board committee meetings*	0.34	1.47	1.48	0.57	0.91	0.57	
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	
	Total (1)	0.34	1.47	1.48	0.57	0.91	0.57	5.34
2	Other Non-Executive Directors	Dr. Ashok Shettar	Mr. S.R. Prabhu	Mr. Ramesh Shetty	Mr. Raghottam Akamanchi	Mr. Darius Pandole**		
	Fee for attending board committee meetings*	0.23	0.45	0.45	0.57	0.22		
	Commission	Nil	Nil	Nil	Nil	Nil		
	Others, please specify	Nil	Nil	Nil	Nil	Nil		
	Total (2)	0.23	0.45	0.45	0.57	0.22		1.92
	Total (B)=(1+2)							7.26
	Total Managerial Remuneration							601.61
	Overall Ceiling as per the Act (as specified under Section 197 (1))							1754.94

* Inclusive of service tax applicable on sitting fees

** Retired on August 8, 2015

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

(Rs. in lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24.24	27.62	51.86
	(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 - as % of profit others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	24.24	27.62	51.86

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Not Applicable

Annexure F

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

A) CONSERVATION OF ENERGY

- I) Steps taken by the Company or impact on conservation of energy
 1. We have increased the installation of solar panel across our branches and now a total of 35 branches are fitted with solar panels.
 2. The initial test with battery operated forklifts was successful at the Bengaluru transshipment and the same is now under implementation across all the transshipment hubs of the Company.
- II) The steps taken by the Company for utilizing alternate sources of Energy
The Company pioneered the usage of bio-diesel on its fleet of trucks and buses. The same has given good results and has also resulted in cost savings. Efforts and in-house studies are on to ascertain ways of overcoming the shortcomings of this alternative fuel for an all-year-round operation.
- III) The capital investment energy conservation equipment
On an average, a sum of around Rs.70,000 per KW is spent on the Solar branch lighting equipment which is being presently installed across select branch offices of the Company.

B) TECHNOLOGY ABSORPTION

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

- I. Efforts, in brief, made towards absorption, adaptation and innovation - NIL
 - II. Benefits derived as a result of the above efforts, e.g. products, improvement, cost reduction, product developments, import substitution etc. NIL
 - III. In case imported technology (imported during the last 5 years reckoned from the beginning of the financial year) - NIL
 - IV. Research and Development
 1. Specific Areas in which R& D is carried out by Company
 - Modified suspension for 10 wheelers
 - Development and fitment of Unitized bearings on wheels
 - Experimentation with engine oil and transmission oil variants
 2. Benefits Derived out of above R&D.
Modified suspension on 10-wheeler vehicles and fitment of unitized bearing on vehicle wheels would lead to lesser maintenance costs as also improve the working efficiency of vehicle.
The Company also aims to reduce the cost being incurred on lubricants by improving the engine oil and transmission oil efficiency with a view to have a longer replacement period for these.
 3. Future plan of action
We are testing ways 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 2015-16	FY 2014-15
A) Expenditure in foreign currency (accrual basis)		
Aircraft maintenance	48.02	108.64
Purchase of spares	9.68	2.79
Professional fees	7.03	30.79
Foreign Branch expenses	29.79	-
Total	94.52	142.22

(Apart from the above, USD Equivalent for a sum of Rs. 235.25 Lakhs was remitted to M/s NSR PE Mauritius LLC as their share of dividend).

(Rs. in lakhs)

Particulars	FY 2015-16	FY 2014-15
B) Earnings in foreign currency (accrual basis)		
Air chartering service	477.73	396.66
Goods transport (foreign branch)	21.85	-
Total	499.58	396.66
C) Value of imported and indigenous materials Spare parts and components including tyres, flaps and re-treading		
Imported		
-Amount	9.68	2.79
-Percentage	0.09%	0.03%
Indigenous		
-Amount	10,721.43	10,169.43
-Percentage	99.91%	99.97%
Total	10,731.11	10,172.22

Annexure G

Statement of particulars of Employees pursuant to Rule 5 (1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of the remuneration of each Director to the median remuneration of the employee for the financial year

Sl. No.	Name	Designation	Ratio of Remuneration
1	Dr. Vijay Sankeshwar	Chairman & Managing Director	377:1
2	Mr. Anand Sankeshwar	Managing Director	248:1

Notes:

- None of the other directors are paid any remuneration other than sitting fees. As such their names are not included in the above table.
- Considering the industry in which the Company operates, it is pertinent to note that a majority portion of the 19194 employees of the Company comprise of Drivers, Cleaners, Mechanics and Hamals whose salary would be as per the industry standard. Accordingly employees drawing performance based salary such as drivers / hamals etc; are paid remuneration that is split into employee cost (based on applicable minimum wages in tune with the internal policies of the Company) and vehicle operation cost and costs related to material handling respectively and these costs form part of the Operational Expenses in the books of accounts.
- Computation of median as detailed above is arrived at also considering the salary drawn by said drivers, cleaner, mechanics and hamals.
- Computation of the said median salary is purely based on the expenditure recognized under employee cost to the Company which excludes other allowances and incentives drawn by these employees which are accounted under Operating Expenses as indicated above.

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

Sl. No.	Name	Designation	Increase in %
1	Dr. Vijay Sankeshwar	Chairman & Managing Director	Nil
2	Mr. Anand Sankeshwar	Managing Director	Nil
3	Mr. Sunil Nalavadi	Chief Financial Officer	15%
4	Mr. Aniruddha Phadnavis	Company Secretary	11%

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 11.73%.

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

There were 19194 employees as on March 31, 2016.

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

The increase in the average remuneration of employees is in line with the industry standards. As indicated earlier the employee base predominantly comprises of drivers, cleaners, mechanics and hamals and their remuneration cannot be performance linked from a retention perspective.

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

The increase in remuneration was effected from July 2015 onwards on the backdrop of the successful IPO as well as the quarterly results then announced. Also the same is nominal and as per industry standards. There was no increase in the remuneration of CMD and MD. The CFO and Company Secretary were given remuneration increase of 15% and 11% respectively. As regards performance of the Company the overall revenues increased by 2.97% and the profit after tax increased by 12.16% and thereby the management believes that the same is commensurate with the performance 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 shares of the Company were listed on the Stock Exchanges w.e.f. 30th April 2015. As such, market capitalization and price earnings comparison on the respective year end date is not feasible.

Under the said IPO, equity shares were offered for subscription at a price of Rs.205/- per share and upon listing, the market price has never gone below the listing price. As of 31st March 2016, the closing price of equity shares was Rs.370.80/- at BSE and Rs. 368.80/- at NSE. Also, the net worth of the Company increased from Rs. 35,618.89 lakhs to Rs. 51,353.82 lakhs registering an increase of Rs. 15,734.93 lakhs comprising of addition to Securities Premium arising from the IPO as also additions arising out of business profits for the financial 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 average percentile increase in the overall employees (other than KMP) remuneration for the year is higher than the percentile increase in the managerial remuneration.

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

Particulars	(Rs. in lakhs)	
	2015-16	2014-15
Total Operating Revenues	1,72,942.98	1,67,886.10
Profit Before Tax and Exceptional Items	15,398.55	13,418.58
Profit after Tax	10,231.35	9,122.34

The total revenues of the Company increased by 2.97%. The net profit of the Company increased from Rs. 9122.34 lakhs to Rs. 10231.35 lakhs translating to an increase of 12.15%. The remuneration paid to the Key Managerial Personnel and the increase therein during the year is in 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	3.79%
2	Mr. Anand Sankeshwar	Managing Director	2.01%
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 other 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) of Companies (Appointment and Remuneration of Key Managerial Personnel) Rules, 2014

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

SL 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	66, Chairman & Managing Director	387.88	41	31.03.1983	-----
2	Mr. Anand Sankeshwar B.Com	42, Managing Director	206.47	26	01.12.1990	-----
3	Mr. K. N. Umesh B.Com	62, Chief Operating Officer	63.66	33	03.12.1984 (re-appointed on 01.06.2012)	One year service in Anil Rerolling Mills (P) Ltd., Bengaluru as Accountant
4	Mr. L. Ramanand Bhat D.M.E	61, Chief Technical Officer	63.66	35	01.07.1995 (re-appointed on 14.03.2014)	14 year Service in Ashok Leyland Limited as Deputy Manager
5	Capt. Manesh T. Gopal B.A., ATPL	47, Head Aviation	78.93	26	01.05.2011	21 year Service in Indian Air Force
6	Capt. Raju Stephen M.Sc. M.Phil	62, Line Captain	63.50	38	15.07.2013	Chief Pilot with TVS Motors

B. Employed part of the year and were in receipt of remuneration of not less than Rs. 5 lakhs per month

SL No	Name & Qualification	Age, Designation	Remuneration (in Lakhs Rs.)	Exp in Yrs	Date of Joining	Previous employment/ position held of employment
1	Capt. B. N. Kishore B.Sc., B.A., ATPL	54, Line Captain	15.00	21	01.10.2012 (resigned on 30.06.2015)	Line Captain with Kingfisher Airlines
2	Capt. Vinod Mittal M.B.A	45, Line Captain	28.50	22	Appointed on 01.09.2015	21 Years in Indian Air Force as Pilot 11 Months in SPAN Air Private Limited

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 employees of the Company.
3. None of the employees listed above held any shares in the Company as of 31.03.2016 except Dr. Vijay Sankeshwar who held 31,792,000 (34.84% of the paid up capital of the Company) shares, Mr. Anand Sankeshwar who held 31,265,250 (34.26% of the paid up capital of the Company) shares, Mr. K.N. Umesh and Mr. L Ramanand Bhat who held 1750 shares each 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.

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.

A leading industry report estimates that 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. Also it states 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.

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. The report 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 and the industry leader in the parcel transportation space. It is also the leading name in the private bus operations industry and one of the, if not the biggest private sector operator in this space. With a track record of over four decades, VRL has increased its size and scale of operations and operates on a pan India basis. We maintain our stand that your Company also occupies the leadership position in the country for Less than Truck Load (LTL) movement of goods and it is only the absence of validated industry data that prevents us from acclaiming this fact. Apart from the movement of General Parcel, the surface transportation operations also cover other services such as Full Truck Load (FTL), Priority Cargo Services and Car carrying.

The two major advantages that your Company enjoys over its competition are its well established wide network of branches and franchisees and its owned fleet of commercial vehicles with dedicated in-house vehicle body designing facilities to cater to the parcel transportation. Though the Company is in the process of closing its branch office at Nepal as also has curtailed its presence in the North Eastern States during the year, it presently operates across 24 States and 4 Union Territories in India and its reach is unmatched for the offering of LTL goods transportation services. Your Company is also one of the largest fleet owner of commercial vehicles in the Country, if not the largest, and the same enables the Company to set unparalleled standards in the movement of LTL cargo in India in terms of service levels and safety of consignments.

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

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

Your Company also benefits from in-house research and development with a capability to try its findings and experiment with newer products and technologies on its owned vehicles. Several of its key findings have today been accepted and implemented even by vehicle manufacturers. To quote an example, the Company toyed with the idea of filling up bio-diesel in its vehicles and pioneered the concept by implementing the same. Subsequently many State operators as also other fleet owners followed suit. The Company also derived significant fuel cost savings for a short duration during such implementation. Owing to a few adverse factors associated with this fuel such as lack of suitability during winters etc. as also due to a lack of sustained supply source the Company has to do away with this fuel after a while. It however continues to explore avenues for sustained supply and further product development to increase the suitability of this fuel to its fleet.

Your Company also has a very well diversified customer base and the largest customer accounts for hardly 1% of the Company's revenues in the Goods Transportation space. This has ensured that the Company has no dependencies on any customers or product categories. Similarly, there are no geographical or product related dependencies for the business which better insulates your Company vis-à-vis competition.

WEAKNESSES, RISKS AND CONCERNS

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

Lack of owned infrastructure at key centers is another present day weakness in the management's

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

OPPORTUNITY

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

The present day legislation on motor vehicles involves a lot of official intervention on part of the government authorities as also results in the incurrance 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.

Your management believes that the amendments proposed by the Transport bill are likely to result in an increase in the availability of qualified drivers through the introduction of simplified licensing procedures. 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 competition and benefit to organized players in the industry. Your Company is indeed well positioned to benefit from the proposed changes as enumerated above.

The 'Make in India' campaign promises to be a catalyst in reviving Indian economy and pave way for a sustained growth in the country's manufacturing capabilities by inviting foreign capital and technology. With major emphasis being on manufacturing, the supply chain needs to be redefined in being a non linear and more of a hub & spoke connectivity to ensure reach and deliverance. Your company is well positioned in this form of logistics network and expects good days ahead as against the current sluggish scenario in the country.

THREAT

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

The Company's operations could also be affected owing to development of newer policies by the different State Governments of the country. To quote an example, several states / cities have prohibited the entry of commercial diesel operated vehicles that are beyond a certain age. This necessitates the shifting of older vehicles and deploying these over other permitted routes which entails a cost. Also, one can never be certain as to when similar

decisions would be implemented across other States and major cities which could affect us adversely. Also, protectionism policies in respect of passenger buses being considered by a few states could also affect the passenger travel business. We however have adequate strength in our business model to overcome any such developments albeit the same could have a bearing on associated costs. Needless to say, the inherent business model of the Company ensures that your Company is much better placed as against its competition in this regard.

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

3. SEGMENT-WISE PERFORMANCE

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

Goods transportation revenues recorded a growth of 5.08% at Rs.1356.26 crores as against revenues of Rs. 1290.75 crores 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 2015-16 the Company added 24 new branches in the country.

The Bus Operations division recorded revenues of Rs. 317.61 crores as against Rs. 331.57 crores for the earlier year, a decrease of 4.21%. This was because of decrease in average no of Buses operated as compared to earlier year. During the earlier year the company has undertaken consolidation steps in this segment and vehicles with expired permits were disposed and were not replaced with new vehicles. The company operated its buses on premium and high demand routes which resulted in increase in per head passenger realization as also an increase in the occupancy levels.

The Wind Power division of the Company recorded revenues of Rs.21.39 crores as against Rs.22.22 crores. The reduction in revenues was due to the reduced wind velocity during the period owing to weak monsoon.

The Air Chartering operations recorded revenues of Rs. 11.18 crores during the current year as against corresponding revenues of Rs.11.68 crores during the earlier period.

4. OUTLOOK

The Government is announcing a slew of initiatives and measures to boost the economy. The Make in India initiative and the implementation of GST promise a big positive potential for the Logistics industry. The actual benefits of these would however be evident in the near medium term as no immediate economic revival is foreseen in this initial phase. In the near short term the Company's focus would remain on improving the business volumes the growth of which is seen as shrinking over the last few years.

Your Company would also be undertaking capex for fleet addition in the years to come. Such fleet addition was already listed as one of the objects of the IPO undertaken during the year. Your Company could also look at investing in cost saving measures such as dedicated fuel stations as also weigh bridges to develop its owned infrastructure facilities. The fleet addition is warranted owing to 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 by way of addition of higher capacity vehicles that would also reduce the driver related costs on a per kg basis owing to larger per vehicle capacity. Also, certain environment related legal developments have necessitated the deployment of newer vehicles in certain pockets of the country.

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 availability of driver workforce owing to the proposed simplified licensing requirements as 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 Internal Control function emanates at the Board level and its scope and authority of the Internal Audit function is well defined. To maintain objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the executive

Chairman & Managing Directors. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies across the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

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

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

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

6. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

(Rs. in crores)			
PARTICULARS	2015-16	2014-15	Growth (%)
Revenue from Operations	1722.52	1672.83	2.97
Other Income	6.91	6.03	14.60
Total Revenue	1729.43	1678.86	3.01
EBITDA	274.63	280.45	(2.07)
Depreciation	89.95	87.66	2.61
PBIT	184.68	192.79	(4.21)
Finance Costs	30.69	58.6	(47.62)
Profit Before Exceptional Item & Tax	153.99	134.19	14.76
Exceptional Item	-	3.72	-
Profit Before Tax	153.99	137.90	11.66
Tax Expenses	51.67	46.68	10.70
Profit for the Year	102.31	91.22	12.16
Basic and Diluted EPS	11.26	10.66	5.63
Cash Profit	193.88	184.82	4.90

During the year the Total Revenue of the Company increased to Rs. 1722.52 crores compared to Rs. 1672.83 crores of the previous year resulting a growth of 2.97%. The overall performance of your Company improved during the current year in comparison with the earlier performance.

EBITDA for the fiscal was Rs.274.63 crores as compared to Rs.280.45 crores for the previous year. As a percentage to the Total Revenue the EBITDA margins stood at 15.88 % as compared to 16.70% for the previous year. The major reason for EBITDA reduction is the increase in Employee costs as a base salary was fixed for the lower levels across the Company also owing to a significant addition to the workforce. The total employee cost for the current year was Rs.245.49 crores as against Rs.197.99 crores for the earlier year representing a quantum leap of 23.99%.

The EBITDA of Goods Transportation Segment decreased to Rs.192.13 crores as compared to Rs.208.51 crores for the previous year resulting in a reduction of 7.86% again driven predominantly due to the increase in employee costs. As a percentage to the Revenue it decreased to 14.17% as compared to 16.15% for the previous year. The EBITDA of Goods Transport Segment reduced on account of increase in Lorry Hire Charges from 9.57% to 9.68%, Vehicle running, repairs & maintenance from 8.97% to 9.66%, Tyre related costs from 3.18 % to 3.37%, Bridge & toll charges from 5.94% to 6.52%, Rent from 5.07 % to 5.39%, Administrative expenses from 0.97% to 1.10% and Employee costs from 12.93% to 15.62%. On the other hand, Fuel costs reduced from 25.36% to 21.70% predominantly owing to usage of bio-fuel on the Company's fleet of vehicles and also due to decline in fuel prices. [All percentages herein being % to the respective segment revenue]

The EBITDA of Bus Operations increased to Rs.733.51 crores as compared to Rs.594.95 crores for the previous year representing a growth of 23.29% in absolute terms. As a percentage to the Revenue the same increased to 23.09% vis-à-vis the previous year's 17.94%. The increase in EBITDA of this segment is on account of reduction in total operating costs by 6.31% offset by increase in Employee costs by 0.96% and increase in Administrative expenses by 0.2%. Fuel costs reduced from 35.04% to 28.36% predominantly owing to usage of bio-fuel and also due to decline in fuel prices. [All percentages herein being % to the respective segment revenue]

The Depreciation costs of the company increased to Rs. 89.95 crores as compared to Rs. 87.66 crores of the previous year due to a corresponding increase in the asset base. 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.

During the year, the addition to Fixed Assets was Rs.101.28 crores as compared to Rs.89.64 crores during the previous year. Out of the same, a sum of Rs.77.55 crores was invested on fleet addition. Other capex components included a sum of Rs.6.18 crores towards Office Equipments, Rs.5.89 crores towards Plant and equipment, Rs.2.02

crores towards Building improvements, Rs.5.24 crores towards freehold land and a sum of Rs.1.75 crores towards Furniture and Fittings. The said capex also included a sum of Rs.2.64 crores expended on leasehold improvements.

The Finance costs during the year decreased to Rs. 30.69 crores as compared to Rs. 58.60 crores of the previous year on account of reduction in overall debt position of the Company due to repayment of high cost debts through IPO proceeds and regular repayments met from the free cash flows during the year.

Profit before Exceptional Item and Tax for the year increased to Rs.153.99 crores as compared to Rs.134.19 crores of the previous year resulting a growth of 14.76%.

During the year the Company has paid taxes under the normal tax provisions as against payment under MAT for the previous year. Current tax accounted to Rs. 49.81 crores as compared to previous year 40.97 crores. The deferred tax recognized for the year is Rs. 1.62 crores as compared to Rs. 5.94 crores for the previous year.

Basic and Diluted Earnings per Share for the year was Rs.11.26 as compared to Rs.10.66 for the previous year.

As recommended by the Board of Directors, the Company has paid interim dividend during the year amounted to Rs. 45.62 crores and tax thereon amounted to Rs. 9.29 crores as against the corresponding figure of previous year which were Rs. 34.21 crores and Rs. 6.15 crores respectively.

Return on Average Capital Employed (post tax) was maintained at 17% and Return on Average Equity stood at 23.5% as compared to the previous year's ratios of 18.60% and 27.5% respectively.

The Total Borrowings of the Company as at the Balance Sheet date reduced to Rs. 262.25 crores as compared to Rs.443.35 crores for the previous year. The reduction in Debt is on account of regular repayments out of the Cash Profits of the Company as also repayment of certain high cost debt as listed in the IPO objects.

IPO

During the year, the Company raised Rs.117 crores out of the fresh issue of equity shares as a part of the IPO and the same has been deployed for repayment of certain high cost loans to the extent of Rs.28 crores, purchase of vehicles to the extent of Rs.38.19 crores upto March 31, 2016. Also, a sum of Rs.7.06 crores was incurred on issue related expenses and a sum of Rs.14.53 crores were deployed for General Corporate purposes as stated in the Objects for the said issue. The same is in line with the Objects of the Issue as listed in the offer documents. The unutilized proceeds are temporarily deployed with a scheduled commercial bank.

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

The total employee strength of the Company as of 31.03.2016 was 19194. Given the nature of operations, a significant portion of the said employee strength comprises of drivers, cleaners, garage mechanics and other unskilled employees.

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

Report on Corporate Governance

The Company's philosophy on Corporate Governance has been developed with a tradition of fair and transparent governance – which was in place even before the same was mandatorily applicable to the Company. Transparency, integrity, professionalism and accountability based values form the basis of the Company's philosophy for Corporate Governance. 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. We detail here under the Company's compliance with Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (here in after referred to as "SEBI Listing Regulations"):

I) Board of Directors

(a) Composition of the Board

The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations, which stipulates that the Board should have optimum combination of executive and non-executive directors with at least one women 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, 2016, the Board comprised of twelve Directors. Out of these, two are Executive Directors - Chairman & Managing Director and Managing Director, who are also the Promoters of the Company.

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

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

(b) Number of Board Meetings

The Board of Directors met five times during the financial year 2015-16. The meetings were held on April 28, 2015, May 25, 2015, August 7, 2015, November 2, 2015, and February 1, 2016. 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 SEBI Listing Regulations, none of the Directors on Board is a member of more than ten Board-level committees and Chairman of more than five such committees, across all such Companies in which he/she is a Director.

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

Table 1 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, 2016

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	5	5	5	Yes	2	1	-	None
Mr. Anand Sankeshwar	Managing Director	5	5	5	Yes	1	-	-	None
Mr. C Karunakara Shetty	Independent Director	5	5	5	Yes	-	-	-	None
Dr. Prabhakar Kore	Independent Director	5	2	5	No	1	-	1	None
Mr. J S Korlahalli	Independent Director	5	4	5	Yes	-	-	-	None
Mr. Shankarasa Ladwa	Independent Director	5	5	5	Yes	-	-	-	None
Mr. Darius Pandole ^(b)	Non-Executive Director	5	1	3	No	-	-	-	None
Mrs. Medha Pawar	Independent Women Director	5	4	5	Yes	-	-	-	None
Dr. Anand Pandurangi	Independent Director	5	5	5	Yes	-	-	-	None
Dr. Ashok Shettar ^(c)	Non-Executive Director	5	2	2	NA	-	-	-	None
Dr. Raghottam Akamanchi	Non-Executive Director	5	5	5	Yes	-	-	-	None
Mr. Ramesh Shetty	Non-Executive Director	5	4	5	Yes	-	-	-	None
Mr. S R Prabhu	Non-Executive Director	5	4	5	Yes	-	-	-	None

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

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).

b Mr. Darius Pandole has retired by rotation in the AGM held on August 8, 2015 and did not seek re-appointment.

c Dr. Ashok Shettar, has been appointed as a director on the Board of the Company w.e.f. August 8, 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. *Interalia*, the following information, as may be applicable and required, is provided to the Board as a part of the agenda papers.

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

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

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

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

(f) Shareholding of non-executive directors

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

(g) Details of familiarization programmes imparted to independent directors

Regulation 25(7) of SEBI Listing Regulations stipulates that the Company shall familiarize the independent directors with the Company, their roles, rights, responsibilities, nature of the industry etc., through various programmes. The details of familiarization programmes held for directors can be accessed through the following link.

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

(h) Remuneration to Directors

Criteria of making payments to non-executive directors

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

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

During the year, no stock options were granted to any executive / non-executive directors of the Company. Also the Company did not advance any loan to any of its Directors during 2015-16.

Mrs. Vani Sankeshwar, President of the Company is the wife of Mr. Anand Sankeshwar, MD of the Company. The gross remuneration paid to her for the year ended March 31, 2016 was Rs. 18.73 Lakhs which is within the statutory limits and also approved by the members. Table 2 below gives the details of remuneration paid to Directors for the year ended March 31, 2016.

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	337.88	50.00	-	387.88
Mr. Anand Sankeshwar	206.47	-	-	206.47
Dr. Prabhakar Kore	-	-	0.34	0.34
Mr. J S Korlahalli	-	-	1.47	1.47
Mr. C Karunakara Shetty	-	-	1.48	1.48
Mr. S R Prabhu	-	-	0.45	0.45
Mr. Darius Pandole	-	-	0.22	0.22
Mrs. Medha Pawar	-	-	0.57	0.57
Dr. Anand Pandurangi	-	-	0.57	0.57
Mr. Shankarasa Ladwa	-	-	0.91	0.91
Dr. Raghottam Akamanchi	-	-	0.57	0.57
Mr. Ramesh Shetty	-	-	0.45	0.45
Dr. Ashok Shettar	-	-	0.23	0.23
Total	544.35	50.00	7.26	601.61

Service Contracts, Notice Period and Severance fees:

As at March 31, 2016, the Board comprised of twelve directors including two executive directors, four non-executive directors and six independent directors. Company has entered into agreements with Dr. Vijay Sankeshwar, Chairman and Managing Director and Mr. Anand Sankeshwar, Managing Director which inter alia stipulates a three months' notice period to vacate the office of Managing Director. There is no provision for payment of severance fees. However, Independent Directors are not subject to any specific requirement of notice period and severance fees.

(i) Code of Conduct

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

II) Board Committees

The Board of Directors had constituted eight Board Committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility (CSR) Committee, Risk Management Committee, Initial Public Offering (IPO) Committee (dissolved w.e.f. August 7, 2015), 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, 2016, the Audit Committee comprises of four Directors. viz Mr. Shankarasa Ladwa (Chairman), Mr. J S Korlahalli, Mr. C Karunakara Shetty and Mrs. Medha Pawar. The Audit Committee consists of Independent Directors who possess accounting, financial management and legal knowledge.

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

The Audit Committee met five times during the year 2015-16 on April 28, 2015, May 25, 2015, August 7, 2015, November 2, 2015 and February 1, 2016. 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 Audit Committee was reconstituted at the Board Meeting held on August 7, 2015. 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. Shankarasa Ladwa **	Independent Director	Chairman (w.e.f. August 8, 2015)	5	2	0.22
Mr. J S Korlahalli	Independent Director	Member	5	4	0.45
Mrs. Medha Pawar**	Independent Director	Member	5	1	0.11
Mr. C Karunakara Shetty	Independent Director	Member (Chairman upto August 8, 2015)	5	5	0.57
Mr. Darius Pandole*	Non-Executive Director	Member	5	1	0.11

*Mr. Darius Pandole retired by rotation w.e.f. August 8, 2015

** Mr. Shankarasa Ladwa and Mrs. Medha Pawar were inducted as members of the committee w.e.f. August 07, 2015

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on August 8, 2015 to answer shareholder queries.

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

Powers of the Audit Committee

The Audit Committee has powers, which include the following:

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

Terms of reference of the Audit Committee

The role of the Audit Committee includes the following:

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

1. Management Discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by Management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors, if any;
4. 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

As on March 31, 2016, the Committee comprises of four Directors wherein three are Independent Directors and one is Non-Executive Director. They are Mr. J S Korlahalli (Chairman), Mr. C Karunakara Shetty, Dr. Anand Pandurangi and Dr. Ashok Shettar.

This Committee met once during the financial year i.e. on August 7, 2015. The Nomination and Remuneration Committee was reconstituted at the Board Meetings held on August 7, 2015 and November 2, 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
Dr. Anand Pandurangi*	Independent Director	Member	1	-	-
Dr. Ashok Shettar**	Non-Executive Director	Member	1	-	-
Mr. Darius Pandole***	Non-Executive Director	Member	1	-	-

* Dr. Anand Pandurangi was inducted as member of the committee w.e.f. August 7, 2015

**Dr. Ashok Shettar was inducted as a member of the committee w.e.f. November 2, 2015

*** Mr. Darius Pandole retired by rotation w.e.f. August 8, 2015

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

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

(c) Performance evaluation criteria for independent directors

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

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

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

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

- Size and structure of the Board/Committees;
- Review of strategies, risk assessment, robustness of policies and procedures by the Board;
- Review of the financial reporting process & monitoring Company's internal control system with a special focus on internal controls in relation to financial reporting;
- Review of flow of information to the Board members, Comprehensive coverage of matters in the agenda papers, conduct of meeting, etc.;
- Effective discharge of functions by the Committee vis-a-vis their terms of reference;
- Appropriateness and timeliness of reports relating to compliance with laws and regulations as are applicable to the Company;
- Review of engagement with senior management team by the Committees and the Board.

The Board acknowledged the efforts put in by the Executive, Non-executive and Independent Directors and on the basis of the above parameters concluded that its functioning as also the functioning of its committees is effective.

Nomination and Remuneration Policy

The Non-Executive Directors (NEDs) are eligible for 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 a policy for Nomination and Remuneration of Directors/ KMPs and Senior Managerial Personnel which can be accessed at the following link:

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

(d) Stakeholders' Relationship Committee

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

The Chairman and all the other members of the said Committee are Independent Directors. This Committee met once during the financial year i.e. on February 1, 2016. The Stakeholders' Relationship Committee was reconstituted at the Board Meeting held on August 7, 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 Stakeholders' Relationship 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	1	1	0.11
Mr. J. S. Korlahalli	Independent Director	Member	1	1	0.11
Mr. Shankarasa Ladwa*	Independent Director	Member	1	1	0.11

* Mr. Shankarasa Ladwa was inducted as member of the committee w.e.f. August 7, 2015

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 dematerialisation 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.

Details of Shareholders' complaints

The Company's shares were listed on BSE Limited and National Stock Exchange of India Limited w.e.f. April 30, 2015. Details of complaints received, resolved and pending as on March 31, 2016 are as under:

Table 5A – Details of Shareholders’ complaints received, resolved and pending during the year 2015-16

Pending as on April 1, 2015	Complaints received during the year	Complaints resolved during the year	Pending as on March 31, 2016
-	12,232	12,232	-

(e) Corporate Social Responsibility (CSR) Committee

The Board of Directors of the Company at their meeting held on August 7, 2015, have reconstituted the CSR Committee which comprises of one Executive Director and three Independent Directors viz. Dr. Prabhakar Kore (Chairman), Mr. Anand Sankeshwar, Mr. C Karunakara Shetty and Mrs. Medha Pawar.

Terms of reference of the Committee are as under:

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

During 2015-16, the Committee met once i.e. on February 1, 2016.

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

Table 6: Details of the Corporate Social Responsibility Committee (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. Prabhakar Kore	Independent Director	Chairman	1	1	0.11
Mr. Anand Sankeshwar	Executive Director	Member	1	1	-
Mr. C Karunakara Shetty	Independent Director	Member	1	1	0.11
Mrs. Medha Pawar*	Independent Director	Member	1	-	-

* Mrs. Medha Pawar was inducted as member of the committee w.e.f. August 7, 2015

CSR Policy of the Company can be accessed at the following link: http://vrlgroup.in/investor_download/CSR%20POLICY.pdf

(f) Risk Management Committee

In accordance with the Regulation 21 of SEBI Listing Regulations, Risk Management Committee has been constituted with 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. The committee was re-constituted on August 7, 2015. This Committee comprises of seven members i.e. Dr. Vijay Sankeshwar, Chairman and Managing Director, Mr. Anand Sankeshwar, Managing Director, Mr. J S Korlahalli, Independent Director, Mr. Shankarasa Ladwa, Independent Director, Mr. L. R. Bhat, Chief Technical Officer, Mr. K. N. Umesh, Chief Operating Officer and Mr. Sunil Nalavadi, Chief Financial Officer. The Board has delegated the authority to monitor and review the implementation of the risk management policy of the Company to the Risk Management Committee.

Functions of the Risk Management Committee includes the following:

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

No meeting of this Committee was held during the current financial year i.e. 2015-16.

(g) 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), and Prospectus etc. The said Committee comprised of four members viz., Dr. Vijay Sankeshwar, Chairman & Managing Director, Mr. Anand Sankeshwar, Managing Director, Mr. J S Korlahalli, Independent Director and Mr. Darius Pandole, non-executive Director.

The Committee met six times during the financial year 2015-16 i.e. on April 3, 2015, April 6, 2015, April 13, 2015, April 18, 2015, April 20, 2015 and April 25, 2015. Pursuant to the listing of the Company's shares w.e.f. April 30, 2015, the said Committee was dissolved at the Board Meeting held on August 7, 2015.

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

Table 7: 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	6	5	-
Mr. Anand Sankeshwar	Executive Director	Member	6	6	-
Mr. J S Korlahalli	Independent Director	Member	6	3	0.34
Mr. Darius Pandole	Non-Executive Director	Member	6	1	-

(h) Share Transfer Committee

The Share Transfer Committee has been constituted to deal with the allotment or transfer of shares in general and to maintain complete records of issue and transfer of securities of the Company. The committee comprises of four members viz. Mr. C Karunakara Shetty (Chairman), Mr. J S Korlahalli, Mr. Shankarasa Ladwa and Mrs. Medha Pawar. The committee was reconstituted on August 7, 2015 to include the membership of Mr. Shankarasa Ladwa and Mrs. Medha Pawar.

No meeting of the Committee was held during financial year 2015-16.

(i) Finance Committee

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

- 1) To avail Non-Fund based credit limits including Bank Guarantees from Banks upon such security as may be required by the Banks and agreed to by the Finance Committee and the aggregate amount of such Non-fund based limits including Bank Guarantees shall not exceed Rs.5 Crores.
- 2) To avail credit/financial facilities of any description from Banks/Financial Institutions/ Bodies Corporate (hereinafter referred to as 'Lenders') upon such security as may be required by the Lenders and agreed to by the said committee, provided however that, the aggregate amount of such credit/ financial facilities to be availed by the said Committee between any two consecutive Board meetings shall not exceed Rs.150.00 Crores.
- 3) To hypothecate or create mortgage on assets offered as security in favour of the lenders and file requisite particulars of such charge in favour of the lenders with Registrar of Companies within the time prescribed under the applicable law.
- 4) To invest and deal with any monies of the Company upon such security (not being shares of the Company) or without security, in such manner as the said committee may deem fit, and from time to time to vary or realize such investments.
- 5) To make loans to individuals, to place deposits with other Companies/Firms upon such security or without security in such manner as the said committee may deem fit and from time to time vary/recover such loans/ deposits, provided however, that the aggregate amount of such loans/deposits shall not at any time exceed 30% of the aggregate subscribed equity share capital and free reserves of the Company.

- 6) To open Current Account(s), Collection Account(s), Operation Account(s), or any other Account(s) with Banks and also to close such accounts, which the said Committee may consider necessary and expedient and do such other acts incidental or connected therewith.
- 7) To do all acts, deeds and things as the said committee may deem fit and consider necessary by exercising the powers of the Board which the said committee may lawfully exercise by virtue of the powers here in above conferred.

The committee comprises of three directors viz. Dr. Vijay Sankeshwar (Chairman), Mr. Anand Sankeshwar and Mr. J S Korlahalli. The said committee met twenty one times during the year. No sitting fees were paid for the said meetings.

III) INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on February 1, 2016, inter alia, to discuss:

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

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

The details of the attendance of the Independent Directors at the meetings is given in Table 8. No sitting fee was paid for the said meeting.

Table 8: 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
Dr. Anand Pandurangi	Member	1	1
Mr. Shankarasa Ladwa	Member	1	1
Mrs. Medha Pawar	Member	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 related party transactions are presented as part of the Notes to the Financial Statements. All details on the financial and commercial transactions, where Directors may have a potential interest, are provided to the Board. The interested Directors neither participate in the discussion, nor vote on such matters. During 2015-16, there were no related party transactions of a material nature that could have a potential conflict with the interests of the Company.

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

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

The Company got listed on April 30, 2015 and Company has complied with all requirements of the Stock Exchanges or SEBI or any other statutory authority on all matters related to capital markets, since listing on the Stock Exchanges. Further, there were no non-compliances, no penalties, no strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority during the last three years.

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

The Company has implemented the vigil mechanism policy to report genuine concerns. The policy provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. During the year, none of such personnel have been denied access to the audit committee. The whistle blower policy of the Company can be accessed through the following link.

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

(d) 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 (as amended) in preparation of its financial statements.

(e) Risk Management

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

To address these risks in a comprehensive manner, each risk is mapped to the concerned department for further action. Based on this framework, the Company has set in place various robust procedures for risk management.

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

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

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

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

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

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

(g) CEO/CFO Certification

As required under Regulation 17 (8) of the SEBI Listing Regulations, the Chairman & Managing Director and the Chief Financial Officer of the Company have certified to the Board on the Financial Statements for the year ended March 31, 2016, and the certificate is annexed to this report.

(h) 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, 2016.

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

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

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

(j) **Details of compliances with mandatory requirements of corporate governance and adoption of non mandatory requirements**

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

(k) **Subsidiary**

The Company has no subsidiary.

V) **Shareholder Information**

(a) **Disclosures regarding the Board of Directors**

As per the provisions of Section 152 of the Companies Act, 2013, Mr. S R Prabhu and Mr. Raghottam Akamanchi, Non-Executive Directors of the Company retire by rotation at the ensuing Annual General Meeting. Both the directors have expressed their willingness to get re-appointed as Directors of the Company.

There are six Independent Directors on the Board of the Company as on March 31, 2016.

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

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

(b) **Means of Communication**

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

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

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

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

(c) **General Body Meetings**

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

Details of last three Annual General Meetings/other General Meetings are as under:

Financial Year	Date and Time	Special Resolutions passed	Venue
2015-16	August 08, 2015 at 11:00 AM	None	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi - 581207

Financial Year	Date and Time	Special Resolutions passed	Venue
2014-15	July 18, 2014 at 11.00 AM	Re-appointment of Mr. Anand Sankeshwar as Managing Director of the Company, for a period of 5 (five) years with effect from April 1, 2014, at a monthly remuneration not exceeding Rs.16.50 lakhs for an initial period of 3 (three) years.	Registered Office: RS No.351/1, Varur Post Chabbi Taluk Hubballi District Dharwad Hubballi – 581 207.
	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 with a new one in line with the 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 	Corporate office: Giriraj annexe, circuit house road, Hubballi -580029
	December 12, 2014 at 11.00 AM*	a) Alteration of Articles of the Company (Amendment of Article 12 of Part B)	Corporate office: Giriraj annexe, circuit house road, Hubballi -580029
	February 19, 2015 at 11.00 AM*	a) Revision in remuneration of Dr. Vijay Sankeshwar, Chairman and Managing Director from Rs.22 lakhs per month to Rs.27 lakhs per month w.e.f. January 1, 2015	Corporate office: Giriraj annexe, circuit house road, Hubballi -580029
	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 -580029
2013-14	August 7, 2013 at 11.00 AM	None	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 4, 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

*Extra-ordinary General Meeting

Postal Ballot

No resolution was passed through Postal Ballot during the FY 2015-16.

(e) General Shareholder Information

- **Forthcoming Annual General Meeting**

Date : September 24, 2016

Day : Saturday

Time : 11.00 a.m.

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

- **Last date for Receipt of Proxies**

September 22, 2016 (before 11:00 a.m. at the Registered Office of the Company)

- **Financial Year**

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

The tentative dates of the Board Meetings for consideration of quarterly/annual financial results for FY 2016-17 are as follows:

1st Quarter Results	:	August 1, 2016
2nd Quarter Results	:	October 28, 2016
3rd Quarter Results	:	February 1, 2017
4th Quarter & Annual Results	:	May 25, 2017

- **Listing**

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

The Company has paid the annual listing fees for the year 2016-17 to BSE and NSE.

The Company has paid annual custodial fees for the year 2016-17 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, 2016.

- **Stock Codes:**

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

- **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 2015-2016 at BSE and NSE:

MONTH	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April 2015	309.10	281.00	7,108,614	309.00	286.00	22,868,893
May 2015	329.00	261.10	5,634,686	328.70	261.05	19,821,472
June 2015	324.50	275.60	2,021,500	324.50	275.75	7,679,151
July 2015	390.00	305.10	3,179,245	393.00	305.30	1,1371,686
August 2015	478.00	345.40	2,552,673	479.00	345.50	9,740,314
September 2015	478.70	383.00	2,323,399	477.80	383.05	8,310,019
October 2015	424.00	368.65	1,289,507	424.00	368.40	6,015,039
November 2015	449.50	359.20	1,351,009	450.00	358.20	5,378,872
December 2015	448.30	399.70	919,066	448.90	400.00	3,769,154
January 2016	434.80	365.90	377,052	434.00	365.00	1,849,414
February 2016	412.00	297.90	640,654	412.00	298.00	2,370,859
March 2016	389.60	314.90	489,587	390.00	314.40	2,273,075

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

Chart A: VRL vs. Sensex

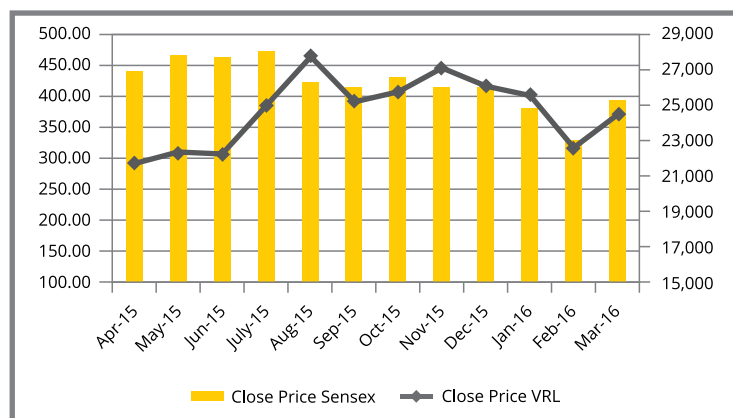
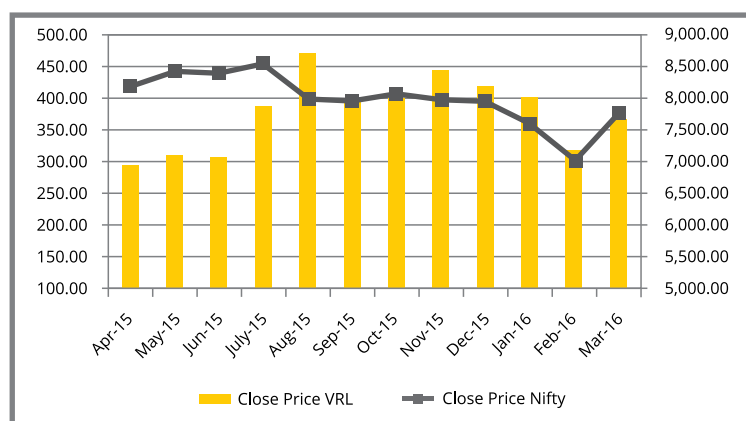


Chart B: VRL vs. Nifty



Distribution of shareholding as on March 31, 2016

Distribution range of shareholding	Number of shares	% of shares	Number of shareholders	% of shareholders
1 to 5,000	2,505,738	2.75	35,273	96.73
5,001 to 10,000	472,595	0.52	620	1.70
10,001 to 20,000	391,582	0.43	271	0.74
20,001 to 30,000	229,049	0.25	91	0.25
30,001 to 40,000	144,675	0.16	41	0.11
40,001 to 50,000	155,060	0.17	33	0.09
50,001 to 100,000	312,674	0.34	44	0.12
Greater than 100,000	87,032,122	95.38	96	0.26
Total	91,243,495	100.00	36,469	100.00

Shareholding Pattern

Categories	As on March 31, 2016		As on March 31, 2015	
	Number of Shares	%	Number of Shares	%
Promoter and Promoter Group and Directors and Relatives	63,480,000	69.57%	66,046,000	77.21%
Foreign Institutional Investors/ Foreign Portfolio Investors-Corporates	15,567,420	17.06%	19,254,912	22.51%
Public Financial Institutions/State Financial Corporation/Insurance Companies	1,540,101	1.69%	-	-
Mutual Funds (Indian) and UTI	6,054,917	6.64%	-	-
Nationalised and other Banks	6,770	0.01%	-	-
Non Resident Indians/Oversees Corporate Bodies	267,645	0.29%	-	-
Clearing Members	26,402	0.03%	-	-
Public	4,300,240	4.71%	235,250	0.28%
Total	91,243,495	100%	85,536,162	100%

List of shareholders holding more than 1% of the paid up share capital as on March 31, 2016

Sl. No	Name	Number of shares	% to paid up capital
1	Dr. Vijay Sankeshwar	31,792,000	34.84
2	Mr. Anand Sankeshwar	31,265,250	34.27
3	NSR PE Mauritius LLC	4,704,912	5.16
4	Goldman Sachs India Fund Limited	2,903,102	3.18
5	IDFC Sterling Equity Fund	1,581,777	1.73
6	Ashoka PTE Limited	1,551,670	1.70
7	BNP Paribas Equity Fund	1,030,163	1.13
8	Abu Dhabi Investment Authority – BEHAVE	1,007,017	1.10
9	L and T Mutual Fund Trustee Limited – L and T Mid cap fund	955,574	1.05
	Total	76,791,465	84.16

- **Dematerialization of Shares and Liquidity**

As on March 31, 2016, 91,243,484 equity shares representing nearly 99.99% of the total equity share capital of the Company, were held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited and Only 11 Equity shares of the Company are held in physical form.

The break-up of equity shares held in dematerialized and physical form as on March 31, 2016, is given below:

Particulars	Number of Shares	%
Demat Segment :-		
NSDL	26,067,544	28.57
CDSL	65,175,940	71.43%
Physical Segment	11	00.00
Total	91,243,495	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.

- **Outstanding Instruments**

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

- **Commodity price risk or foreign exchange risk and hedging activities**

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

- **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. There are no shares in demat suspense account or unclaimed suspense account as on March 31, 2016.

- **Plant Locations:**

Registered Office:

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

Corporate Office:

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

- **Address for members' correspondence**

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

- **Registrars and Share Transfer Agents:**

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

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

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

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

- **Compliance Officer:**

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

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

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

VI) Auditors Certificate on Corporate Governance Compliance

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

VII) Statement of unclaimed share application money and dividend as on March 31, 2016

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

Sl. No	Year	Date	Particulars	Dividend Amount per Share (in Rs.)	Amount unclaimed as on March 31, 2016 (Rs.)	Last date for claim	Due date to transfer unclaimed amount to IEPF
1	2015-16	February 1, 2016	Interim Dividend	5.00	125,224.40	March 7, 2023	April 6, 2023
2	2015-16	April 25, 2015	IPO Share application money	NA	1,105,975.00	June 1, 2022	June 30, 2022

VIII) Investor safeguards and other information:

- **Dematerialization of Shares**

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

- **Revalidation of Dividend Warrants**

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

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

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

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

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

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

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

In view of the above, the Company shall send all documents 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 and Share Transfer Agents (RTA) (hereinafter “registered email address”) and made available to us, which would be deemed to be the member’s registered email address for serving the aforesaid documents. To enable the servicing of documents electronically to the registered email address, we request the members to keep their email addresses validated/ updated from time to time. We wish to reiterate that Members holding shares in electronic form are requested to please inform any changes in their registered e-mail address to their DP from time to time and Members holding shares in physical form have to write to our RTA, Karvy Computershare Private Limited at their specified address, so as to update their registered email address from time to time.

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

- **E-Voting Facility to members**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 33rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computer share Private Limited.

- **Register Nomination(s)**

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

- **Dealings of Securities with Registered Intermediaries**

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

Dr. Vijay Sankeshwar
Chairman & Managing Director
(DIN: 00217714)
Place: HUBBALLI
Date: August 01, 2016

Mr. Anand Sankeshwar
Managing Director
(DIN: 00217773)
Place: HUBBALLI
Date: August 01, 2016

Compliance Certificate

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

August 01, 2016

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

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

- A. We have reviewed the financial statements and cash flow statement for the year ended March 31, 2016 and that to the best of our knowledge and belief:
 1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2016 are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have been taken to rectify these deficiencies.
- D. We have indicated to the Auditors and Audit Committee that there are no:
 1. Significant changes in internal control over financial reporting during the year;
 2. Significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Dr. VIJAY SANKESHWAR
Chairman and Managing Director
(DIN: 00217714)

SUNIL NALAVADI
Chief Financial Officer

Code of Conduct Declaration

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

To

The Members of VRL Logistics Limited

Pursuant to Regulation 34 (3) Part D of the SEBI Listing Regulation and Listing Agreement entered into with the Stock Exchanges, I hereby declare that the Company has obtained affirmative compliance with the Code of Conduct from all the Board members and Senior Management personnel of the Company for the financial year ended 31 March 2016.

Dr. VIJAY SANKESHWAR
Chairman and Managing Director
(DIN: 00217714)

Place: Hubballi
Date: August 01, 2016

Auditor's Certificate on 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 on 31 March 2016, as stipulated in:

- Clause 49 {excluding Clause 49 (VII) (E)} of the Listing Agreements of the Company with the stock exchanges ('Listing Agreements') for the period 01 April 2015 to 30 November 2015;
- Clause 49 (VII) (E) of the Listing Agreements for the period 01 April, 2015 to 01 September, 2015;
- Regulations 17 to 27 {excluding regulation 23(4)}, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 01 December 2015 to 31 March 2016; and
- Regulation 23(4) of the Listing Regulations for the period 02 September 2015 to 31 March 2016.

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

We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements and regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended 31 March 2016.

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

Restriction on use

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

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

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

Hubballi
01 August, 2016

Independent Auditor's Report

Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & 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 2016, the Statement of Profit and Loss, 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; safeguarding the assets of the Company; 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. 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 2016, 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, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
- 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;
 - 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;
 - the financial statements dealt with by this report are in agreement with the books of account;
 - 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);
 - on the basis of the written representations received from the directors as at 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 23 May 2016 as per Annexure B expressed an unmodified opinion;
 - 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:
 - as detailed in Note 27 to the financial statements, the Company has disclosed the impact of pending litigations on its financial position;
 - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - 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's Registration No.: 001076N/N500013

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

per Khushroo B. Panthaky
Partner
Membership No.: 42423

per Arrvind Kubsad
Partner
Membership No.: 85618

Place : Hubballi
Date : 23 May 2016

Place : Hubballi
Date : 23 May 2016

Annexure A

Annexure A to the Independent Auditor's Report of even date to the members of VRL Logistics Limited, on the financial statements for the year ended 31 March 2016

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

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

Statement of disputed dues

Name of the statute	Nature of dues	Amount (Rs. in Lakhs)	Amount paid under Protest (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of prior period expenses, expenses incurred towards construction of building, notional interest on funds provided to Vijayanand Printers Limited and Interest levied under Section 234B and 234C	377.15	Nil	2003-04 (Assessment year)	Commissioner of Income Tax (Appeals)

Name of the statute	Nature of dues	Amount (Rs. in Lakhs)	Amount paid under Protest (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
	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)
	Revenue from sale of power considered as Section 80IA income, disallowance of communication expenses, Air Charter expenses, etc	220.46	Nil	2008-09 (Assessment year)	Commissioner of Income Tax (Appeals)
	Demand of tax not deducted at source on body building charges	1.75	1.75	2008-09 (Assessment year)	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)
	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 advances claimed as bad debts and proportionate disallowance of aircraft expenditure with assumption that directors of the Company used Company's assets for personal purposes	25.01	Nil	2012-13 (Assessment year)	Commissioner of Income Tax (Appeals)
	Disallowance of Section 80IA deduction for income from Sale of Certified Emission Reductions (CERs) and personal usage of aircraft expenditure with assumption that directors of the Company used Company's assets for personal purposes	197.96	Nil	2013-14 (Assessment year)	Commissioner of Income Tax (Appeals)
Customs Act, 1962	Customs duty on import of aircraft and related interest/ penalties/fines	1,569.02	688.05	2007-08 (Financial year)	Customs, Excise and Service Tax Appellate Tribunal (Ahmedabad)
Employees' State Insurance Act, 1948	Contribution on drivers' wages	12.92	3.17	October 2005 to January 2006	High Court of Karnataka

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

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

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

per Khushroo B. Panthaky
Partner
Membership No.: 42423

per Arrvwind Kubsad
Partner
Membership No.: 85618

Place : Hubballi
Date : 23 May 2016

Place : Hubballi
Date : 23 May 2016

Annexure B

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

1. In conjunction with our audit of the financial statements of VRL Logistics Limited ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

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

per Khushroo B. Panthaky
Partner
Membership No.: 42423

per Arrvwind Kubsad
Partner
Membership No.: 85618

Place : Hubballi
Date : 23 May 2016

Place : Hubballi
Date : 23 May 2016

Balance Sheet as at 31 March 2016

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

Particulars	Notes	As at 31 March 2016	As at 31 March 2015
Equity and liabilities			
Shareholders' funds			
Share capital	2	9,124.35	8,553.62
Reserves and surplus	3	42,229.47	27,065.27
		51,353.82	35,618.89
Non-current liabilities			
Long-term borrowings	4	11,568.88	19,179.75
Deferred tax liabilities (net)	5	9,037.29	8,875.15
Other long term liabilities	6	821.46	851.27
Long-term provisions	7	359.30	257.57
		21,786.93	29,163.74
Current liabilities			
Short-term borrowings	4	4,971.47	9,967.33
Trade payables	8		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		529.39	447.22
Other current liabilities	9	14,856.73	19,260.59
Short-term provisions	7	860.85	852.88
		21,218.44	30,528.02
		94,359.19	95,310.65
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	71,589.47	70,514.56
Intangible assets	11	166.61	171.03
Capital work-in-progress		1,623.38	907.42
Non-current investments	12	5.75	10.75
Long-term loans and advances	13	5,618.99	8,198.78
Other non-current assets	14	-	252.71
		79,004.20	80,055.25
Current assets			
Inventories	15	1,833.33	1,499.70
Trade receivables	16	7,302.44	9,018.15
Cash and bank balances	17	1,958.55	1,660.80
Short-term loans and advances	13	4,055.31	2,587.13
Other current assets	18	205.36	489.62
		15,354.99	15,255.40
		94,359.19	95,310.65

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 Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
Chartered Accountants

For H. K. Veerbhadrappa & Co
Chartered Accountants

For and on behalf of the Board of Directors

Khushroo B. Panthaky
Partner

Arrvwind Kubsad
Partner

Vijay Sankeshwar
Chairman and
Managing Director
(DIN: 00217714)

Anand Sankeshwar
Managing Director
(DIN: 00217773)

Sunil Nalavadi
Chief Financial Officer

Aniruddha Phadnavis
General Manager (Finance)
and Company Secretary

Place : Hubballi
Date : 23 May 2016

Place : Hubballi
Date : 23 May 2016

Place : Hubballi
Date : 23 May 2016

Statement of Profit and Loss for the year ended 31 March 2016

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

Particulars	Notes	Year ended 31 March 2016	Year ended 31 March 2015
Revenue			
Revenue from operations	19	1,72,252.18	1,67,283.30
Other income	20	690.80	602.80
Total revenue		1,72,942.98	1,67,886.10
Expenses			
Operating expenses	21	1,18,496.77	1,17,937.66
Employee benefits expense	22	24,549.73	19,799.04
Finance costs	23	3,069.32	5,859.98
Depreciation and amortisation expense	24	8,995.04	8,766.03
Other expenses	25	2,433.57	2,095.98
Prior period items	26	-	8.83
Total expenses		1,57,544.43	1,54,467.52
Profit before exceptional item and tax		15,398.55	13,418.58
Add: Exceptional item	30	-	371.63
Profit before tax		15,398.55	13,790.21
Tax expense			
Current tax		4,980.57	4,096.88
Deferred tax		162.14	593.51
Tax adjustments pertaining to earlier year		24.49	-
Minimum alternate tax (MAT) credit entitlement pertaining to earlier year		-	(22.52)
Profit for the year		10,231.35	9,122.34
Basic and Diluted Earnings per share of face value Rs. 10 each (in Rs.)	37	11.26	10.66

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 Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
Chartered Accountants

For H. K. Veerbhadrappa & Co
Chartered Accountants

For and on behalf of the Board of Directors

Khushroo B. Panthaky
Partner

Arrvind Kubsad
Partner

Vijay Sankeshwar
Chairman and
Managing Director
(DIN: 00217714)

Anand Sankeshwar
Managing Director
(DIN: 00217773)

Sunil Nalavadi
Chief Financial Officer

Aniruddha Phadnavis
General Manager (Finance)
and Company Secretary

Place : Hubballi
Date : 23 May 2016

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Date : 23 May 2016

Place : Hubballi
Date : 23 May 2016

Cash Flow Statement for the year ended 31 March 2016

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

Particulars		Year ended 31 March 2016	Year ended 31 March 2015
A	Cash flows from operating activities		
	Profit before tax	15,398.55	13,790.21
	Adjustments for :		
	Depreciation and amortisation expense	8,995.04	8,766.03
	Finance costs	3,069.32	5,859.98
	Interest income	(55.02)	(27.64)
	Dividend income	(1.30)	(1.02)
	Loss on sale of fixed assets (net)	18.20	174.73
	Provision for doubtful advances and debts	69.00	-
	Advances and bad debts written off	1.64	57.25
	Credit balances written back	(36.97)	(57.94)
	Prior period items	-	8.83
	Adjustment for Exceptional item	-	(371.63)
	Operating profit before working capital changes	27,458.46	28,198.80
	Adjustments for :		
	(Increase) / decrease in trade receivables	1,665.71	(1,022.51)
	(Increase) in loans and advances and other current assets	(433.48)	(955.97)
	(Increase) in inventories	(333.63)	(152.12)
	Increase in trade payables, other liabilities and provisions	1,500.54	328.82
	Cash generated from operating activities	29,857.60	26,397.02
	Direct taxes paid (net of refunds)	(3,373.51)	(2,868.79)
	Net cash generated from operations (A)	26,484.09	23,528.23
B	Cash flows from investing activities		
	Purchase of fixed assets (including capital advance)	(11,090.59)	(8,589.11)
	Proceeds from sale of fixed assets	91.51	3,681.47
	Encashment of fixed deposits with bank	137.57	0.53
	Sale of non-current investments	5.00	-
	Interest received	13.25	-
	Dividend income received	1.30	1.02
	Net cash (used in) investing activities (B)	(10,841.96)	(4,906.09)
C	Cash flows from financing activities		
	Proceeds from issue of shares (including securities premium)	11,700.03	-
	Share issue expenses	(351.66)	(353.87)
	(Repayment) of short term borrowings (net)	(4,995.86)	(975.16)
	Proceeds from long term borrowings	3,970.55	10,100.72
	Repayment of long term borrowings	(17,084.73)	(15,337.40)
	Dividend paid and tax thereon	(5,490.92)	(6,037.73)
	Interest and processing fees paid	(3,208.13)	(5,866.04)
	Net cash (used in) financing activities (C)	(15,460.72)	(18,469.48)
	Net increase in cash and cash equivalents (A+B+C)	181.41	152.66
	Cash and cash equivalents at the beginning of the year	1,656.80	1,504.14
	Cash and cash equivalents at the end of the year	1,838.21	1,656.80
	Cash and cash equivalents comprise:		
	Cash on hand	389.73	462.14
	Balances with banks		
	- in current accounts	1,045.53	1,171.04
	- in deposit accounts (with maturity upto 3 months)	402.21	21.21
	Cash in transit	0.74	2.41
	Cash and cash equivalents as per note 17 to the financial statements	1,838.21	1,656.80
	Restricted Cash		
	Fixed deposits pledged with banks	253.93	21.21

Notes:

- 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 (as amended).
- Figures in brackets represent outflows.

As per our report of even date attached

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

For H. K. Veerbhadrappa & Co
Chartered Accountants

For and on behalf of the Board of Directors

Khushroo B. Panthaky
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Sunil Nalavadi
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General Manager (Finance)
and Company Secretary

Place : Hubballi
Date : 23 May 2016

Place : Hubballi
Date : 23 May 2016

Place : Hubballi
Date : 23 May 2016

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

Company Overview

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

1 Significant Accounting Policies

a) Basis for Preparation of Financial Statements

The 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 (as amended). 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 the year. Actual results could differ from these estimates. The impact of 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 of the Act. 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. Assets acquired but not ready for use are classified under Capital work in progress and are stated at cost comprising direct cost and related incidental expenses.

d) 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 Act 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 Act.

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.

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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

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, stores and spares are valued at cost computed on first-in-first out basis. 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 and passenger air charter is recognised as and when transportation is provided i.e. when the service is rendered.
- iv. Revenue from sale of power is recognised upon deposit of units of generated power at the grid of the purchasing electricity company.
- v. Revenue from sale of eligible carbon credit units such as Verified / Certified Emission Reductions units (VERs)/ (CERs) is recognised on completion of the validation process for units generated and entering of a definitive binding agreement for the sale of such units.
- vi. Revenue from hotel operations is recognized upon rendering of service.
- vii. Interest on deposits is recognised on time proportion basis.
- viii. Dividend income is recognised when the right to receive the dividend is established.
- ix. Rent income is recognised on time proportion basis.
- x. Advertisement income is recognised when the related advertisement or commercial appears before the public.
- xi. 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 on accrual basis. 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.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

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, when 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 2016

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	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	91,243,495	9,124.35	85,536,162	8,553.62
Total	91,243,495	9,124.35	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	85,536,162	8,553.62
Add : Issued during the year (refer note 40(F))	5,707,333	570.73	-	-
Balance at the end of the year	91,243,495	9,124.35	85,536,162	8,553.62

b) Rights/preferences/restrictions attached to equity shares

The Company has only one class of equity shares having a par value of 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
Dr. Vijay Sankeshwar	31,792,000	34.84%	33,075,000	38.67%
Mr. Anand Sankeshwar	31,265,250	34.27%	32,548,250	38.05%
NSR- PE Mauritius LLC	4,704,912	5.16%	19,254,912	22.51%

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

Particulars	As at 31 March 2016	As at 31 March 2015
3 RESERVES AND SURPLUS		
Securities premium account		
Balance at the beginning of the year	10,889.32	10,889.32
Add : Premium on shares issued during the year	11,129.30	-
Less: Deduction on account of IPO expenses (refer note 40(F))	705.53	-
Balance at the end of the year	21,313.09	10,889.32
General reserve		
Balance at the beginning of the year	4,691.83	3,779.60
Add : Transferred from Statement of Profit and Loss	1,023.13	912.23
Balance at the end of the year	5,714.96	4,691.83
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	11,484.12	7,416.58
Less : Transitional adjustment on account of Schedule II to Companies Act, 2013*	-	106.30
Add : Transferred from Statement of Profit and Loss	10,231.35	9,122.34
Less : Interim dividend paid	4,562.17	3,421.45
Less : Tax on interim dividend	928.75	614.82
Less : Transferred to general reserve	1,023.13	912.23
Balance at the end of the year	15,201.42	11,484.12
	42,229.47	27,065.27

*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 lakhs) 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 2016

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Long term	Short term	Long term	Short term
4 BORROWINGS				
Secured				
Term loans				
From banks	17,281.10	-	26,142.08	-
From Non-Banking Financial Companies (NBFCs)	3,972.50	-	8,225.70	-
Loans repayable on demand				
Working capital loan from banks	-	4,971.47	-	9,967.33
	21,253.60	4,971.47	34,367.78	9,967.33
Less : Current maturities of long-term debt (refer note 9)	9,684.72	-	15,188.03	-
Total borrowings	11,568.88	4,971.47	19,179.75	9,967.33

a) Details of guarantee for each type of borrowings

Guaranteed by directors

Term loans

From banks	-	-	8,655.97	-
From NBFCs	-	-	1,215.01	-

Loans repayable on demand

Working capital loan from banks	-	-	-	9,967.33
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b) Nature of Security and terms of repayment for secured borrowings

Nature of Security

Term loans from Banks are secured by:

- | | |
|---|--|
| <ul style="list-style-type: none"> i. First charge by way of equitable mortgage on Land and Buildings situated at Varur, Belgaum and Mangalore. ii. First charge by way of hypothecation of certain Lorries and Vans, Buses, Tankers, Cars, Car carriers and fork lifts acquired there against. | Repayable in 49 EMI's from the end of the reporting period ranging between Rs. 0.12 Lakhs to Rs. 166.50 Lakhs along with interest rate ranging between 9.30% p.a. to 12.25% p.a. |
|---|--|

Term loans from NBFCs are secured by:

- | | |
|--|--|
| <ul style="list-style-type: none"> 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 situated at Bijapur, Gadag and Raichur. | Repayable in 43 EMI's from the end of the reporting period ranging between Rs. 0.09 Lakhs to Rs. 47.19 Lakhs along with interest rate ranging between 10.00% p.a. to 13.50% p.a. |
|--|--|

Working capital loan from banks are secured by:

- | | |
|---|---------------------------|
| <ul style="list-style-type: none"> i. First charge by way of equitable mortgage on Land and Building situated at Davangere. ii. Hypothecation of Vehicles | Interest rate is 11% p.a. |
|---|---------------------------|

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

Particulars	As at	
	31 March 2016	31 March 2015
5 DEFERRED TAX LIABILITIES (NET)		
a) Liabilities		
Depreciation / Amortisation* (also refer note 3 and 10)	9,762.31	9,321.26
	9,762.31	9,321.26
b) Assets		
Allowance for doubtful debts and advances	82.02	58.14
Provision for compensated absences and lease equalisation	358.02	254.87
Provision for bonus	284.98	133.10
	725.02	446.11
	9,037.29	8,875.15

* Net of deferred tax benefit of Rs.54.73 lakhs 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.

Particulars	As at	
	31 March 2016	31 March 2015
6 OTHER LONG TERM LIABILITIES		
Deposits from agents and others	821.46	851.27
	821.46	851.27

Particulars	As at		As at	
	31 March 2016		31 March 2015	
	Long term	Short term	Long term	Short term
7 PROVISIONS				
Provision for Gratuity (refer note (a) below)	-	648.79	-	614.09
Provision for Compensated absences (refer note (a) below)	359.30	166.37	257.57	146.57
Provision for taxation (net of advance tax)	-	45.69	-	92.22
	359.30	860.85	257.57	852.88

a) **Employee benefits**

i) **Defined Contribution Plans:** The amount recognised as an expense during the year is Rs.1,850.43 Lakhs (Previous year: Rs.1,527.89 Lakhs).

ii) **Defined Benefit Plans**

- **Gratuity**

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

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
I. Valuations in respect of Gratuity has been carried out by an independent actuary, as at the Balance Sheet Date, based on the following assumptions:		
Discount rate	7.73%	7.82%
Rate of increase in compensation levels	6.00%	6.00%
Estimated rate of return on plan assets	8.00%	8.00%
Attrition rate	13.00%	13.00%
Mortality rate	Indian assured lives (2006-2008) ultimate mortality table	
Retirement age	60	60
II. Changes in present value of obligations		
Present value of obligation as at the beginning of the year	1,495.25	937.14
Current service cost	164.14	93.19
Interest cost	111.29	68.23
Actuarial (gain)/loss on obligations	491.73	525.98
Benefits paid	(110.97)	(129.29)
Present value of obligation as at the end of the year	2,151.44	1,495.25
III. Changes in fair value of plan assets		
Fair value of plan assets at the beginning of the year	881.16	840.94
Expected return on plan assets	90.61	63.33
Actuarial gain/(loss) on plan assets	27.68	9.90
Contributions	614.17	96.28
Benefits paid	(110.97)	(129.29)
Fair value of plan assets at the end of the year	1,502.65	881.16
IV. Actual return on plan assets	118.29	73.23
V. Actuarial gain / loss recognised		
Actuarial (gain)/loss for the year – Obligation	491.73	525.98
Actuarial (gain)/loss for the year – Plan assets	(27.68)	(9.90)
Total (gain)/loss for the year	464.05	516.08
Actuarial (gain)/loss recognized during the year	464.05	516.08
VI. Amounts recognised in the Balance Sheet		
Present value of obligation as at the end of the year	2,151.44	1,495.25
Fair value of plan assets as at the end of the year	1,502.65	881.16
Funded status- Surplus/(Deficit)	(648.79)	(614.09)
Net asset /(liability) recognised in the Balance Sheet	(648.79)	(614.09)

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
VII. Expense recognised in Statement of Profit and Loss		
Current service cost	164.14	93.19
Interest cost	111.29	68.23
Expected return on plan assets	(90.61)	(63.33)
Net actuarial (gain)/loss recognized during the year	464.05	516.08
Expense recognised in Statement of Profit and Loss	648.87	614.17
VIII. The major category of plan assets as a percentage of total plan assets are as follows:-		
Gratuity scheme of Insurance Companies	100%	100%
IX. Expected Employer's contribution for the next year	648.79	614.09

X. Details of Present Value of Obligation, Plan Assets and Experience Adjustments:

Particulars	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2012
Present value of obligation	2,151.44	1,495.25	937.14	859.88	803.93
Fair value of plan assets	1,502.65	881.16	840.94	785.64	704.98
Deficit	648.79	614.09	96.20	74.24	98.95
Experience Adjustments:					
On plan liabilities:- (gain) / loss	491.73	525.98	30.97	24.04	10.91
On plan assets:- (gain) / loss	(27.68)	(9.90)	(10.69)	(9.56)	(0.41)

- Compensated absences

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the Statement of Profit and Loss for the year is Rs. 285.41 Lakhs (Previous year: Rs. 213.24 Lakhs).

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

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

Particulars	As at 31 March 2016	As at 31 March 2015
8 TRADE PAYABLES		
Total outstanding dues of micro enterprises and small enterprises (refer note (a) below)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	529.39	447.22
	529.39	447.22

- 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 2016. This information 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 2016	As at 31 March 2015
9 OTHER CURRENT LIABILITIES		
Current maturities of long term debt (refer note 4)	9,684.72	15,188.03
Interest accrued but not due on borrowings	141.92	280.73
Advance from customers and agents	330.90	277.64
Advance for sale of Wind Turbine Generators	-	25.00
Payables for capital expenditure	7.05	24.97
Unclaimed dividends*	1.20	-
Provision for lease equalisation	508.86	332.34
Employee related liabilities	1,964.50	1,156.32
Other accrued liabilities	1,715.18	1,507.61
Statutory dues	502.40	467.95
	14,856.73	19,260.59

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

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

10 TANGIBLE ASSETS

Particulars	Freehold land	Leasehold land	Buildings	Plant & equipments	Furniture & fixtures	Office Equipment	Vehicles	Aircrafts	Leasehold improvements	Total
GROSS BLOCK										
Balance as at 01 April 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
Additions	524.00	-	202.26	589.26	174.75	618.37	7,754.75	-	264.36	10,127.75
Disposals	-	-	-	-	-	-	(515.93)	-	-	(515.93)
Balance as at 31 March 2016	6,642.14	510.00	11,376.40	24,288.95	1,233.95	2,922.08	82,065.23	3,754.75	954.31	133,747.81
Accumulated depreciation										
Balance as at 01 April 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
Depreciation charge	-	25.50	357.31	1,336.86	64.60	323.56	6,567.10	190.01	78.19	8,943.13
Reversal on disposal of assets	-	-	-	-	-	-	(406.22)	-	-	(406.22)
Balance as at 31 March 2016	-	233.25	2,145.16	11,296.72	855.88	1,808.46	44,041.55	1,301.07	476.25	62,158.34
Net block										
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
Balance as at 31 March 2016	6,642.14	276.75	9,231.24	12,992.23	378.07	1,113.62	38,023.68	2,453.68	478.06	71,589.47

*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 lakhs) have been adjusted against the opening balance of Retained Earnings.

The above table includes following assets given on operating lease

Particulars	As at 31 March 2016			As at 31 March 2015		
	Gross block	Accumulated depreciation	Net block	Accumulated depreciation	Net block	Depreciation charge for the year
Buildings	399.62	75.27	324.35	68.97	330.65	6.30

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

Particulars	Goodwill	Computer software	Total
11 INTANGIBLE ASSETS			
Gross block			
Balance as at 01 April 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
Additions	-	47.49	47.49
Disposals	-	-	-
Balance as at 31 March 2016	78.39	715.96	794.35
Accumulated amortisation			
Balance as at 01 April 2014	78.39	471.88	550.27
Amortisation charge	-	25.56	25.56
Reversal on disposal of assets	-	-	-
Balance as at 31 March 2015	78.39	497.44	575.83
Amortisation charge	-	51.91	51.91
Reversal on disposal of assets	-	-	-
Balance as at 31 March 2016	78.39	549.35	627.74
Net block			
Balance as at 31 March 2015	-	171.03	171.03
Balance as at 31 March 2016	-	166.61	166.61

Particulars	As at 31 March 2016	As at 31 March 2015
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.100 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 (Nil equity shares (Previous year: 50,000 equity shares) of Rs.10 each fully paid up)	-	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
	5.75	10.75
Aggregate amount of unquoted investments	5.75	10.75

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Long term	Short term	Long term	Short term
13 LOANS AND ADVANCES				
Unsecured, considered good, unless otherwise stated				
Capital advances	184.57	-	3.10	-
	184.57	-	3.10	-
Security deposits				
- Considered good	3,801.00	17.03	3,502.69	29.73
- Considered doubtful	-	63.00	-	55.00
	3,801.00	80.03	3,502.69	84.73
Less : Allowances for bad and doubtful deposits	-	63.00	-	55.00
	3,801.00	17.03	3,502.69	29.73
Deposits with customs authorities and others	1,043.50	233.94	1,016.10	-
Minimum alternate tax credit entitlement	-	1,575.45	3,255.01	-
Advance tax and TDS receivable (net of tax provision)	305.52	-	304.04	-
Advance to suppliers	-	219.82	-	334.12
Prepaid expenses	284.40	1,667.96	117.84	1,908.53
Other advances				
- Considered good	-	341.11	-	314.75
- Considered doubtful	-	44.00	-	33.00
	1,633.42	4,082.28	4,692.99	2,590.40
Less : Allowances for bad and doubtful advances	-	44.00	-	33.00
	1,633.42	4,038.28	4,692.99	2,557.40
	5,618.99	4,055.31	8,198.78	2,587.13

Particulars	As at	As at
	31 March 2016	31 March 2015
14 Other non-current assets		
Non-current bank balances (refer note 17)	-	252.71
	-	252.71

Particulars	As at	As at
	31 March 2016	31 March 2015
15 INVENTORIES (VALUED AT COST)		
Raw materials	2.47	1.99
Stores and spares	1,830.86	1,497.71
	1,833.33	1,499.70

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

Particulars	As at 31 March 2016	As at 31 March 2015
16 TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	13.38	20.17
Doubtful	130.00	80.00
	143.38	100.17
Less : Allowances for bad and doubtful debts	130.00	80.00
	13.38	20.17
Other debts		
Unsecured, considered good	7,289.06	8,997.98
	7,289.06	8,997.98
	7,302.44	9,018.15

Particulars	As at 31 March 2016	As at 31 March 2015
17 CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	389.73	462.14
Balances with banks		
- in current accounts	1,045.53	1,171.04
- in deposit accounts (with maturity upto 3 months)	402.21	21.21
Cash in transit	0.74	2.41
	1,838.21	1,656.80
Other bank balances		
Unclaimed dividend account	1.20	-
Deposits with maturity more than 3 months but less than 12 months	119.14	4.00
Bank deposits with maturity of more than 12 months	-	252.71
	120.34	256.71
Less : Amounts disclosed as other non-current assets (refer note 14)	-	252.71
	1,958.55	1,660.80
Fixed Deposits pledged with banks		
For working capital loan	-	240.14
Against bank guarantees	285.72	37.78
	285.72	277.92

Particulars	As at 31 March 2016	As at 31 March 2015
18 OTHER CURRENT ASSETS		
Unsecured, considered good		
Interest accrued on bank deposits	89.86	48.09
Other receivables	115.50	87.66
Unamortised share issue expenses	-	353.87
	205.36	489.62

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
19 REVENUE FROM OPERATIONS		
A) Sale of products		
Sale of power	2,139.42	2,221.82
B) Sale of services		
Goods transport	134,891.34	128,441.45
Bus operations	31,580.91	32,970.70
Income from hotel operations	180.06	186.69
Air chartering service	1,117.78	1,168.39
Courier service	734.85	633.79
C) Other operating income		
Sale of scrap materials	1,439.35	1,497.23
Advertisement income	168.47	163.23
	172,252.18	167,283.30

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
20 OTHER INCOME		
Interest income on fixed deposits with banks	55.02	27.64
Dividend income from long term investments	1.30	1.02
Rent income	447.62	410.54
Credit balances written back	36.97	57.94
Miscellaneous income	149.89	105.66
	690.80	602.80

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
21 OPERATING EXPENSES		
Lorry hire	13,177.17	12,354.34
Vehicle operation-diesel cost	38,696.17	44,767.38
Vehicle running, repairs and maintenance (Net of insurance claims received)	12,865.98	11,632.69
Stores and spares consumed	5,310.39	4,932.21
Tyres, flaps and re-treading	5,420.72	5,240.01
Bridge and toll charges	10,566.24	9,439.74
Repairs and maintenance		
a. Plant and equipments	843.30	812.69
b. Buildings	709.59	450.81
c. Others	133.09	126.94
Security charges	276.70	281.35
Electricity charges	436.62	350.80
Wind turbine generator operation and maintenance expenses	511.76	531.41
Rent	7,858.30	6,949.59
Vehicle taxes	3,167.16	3,274.86
Insurance	1,091.31	959.95
Agency commission	5,421.66	5,516.20
Hamaali	7,333.35	6,074.05
Clearing and forwarding	4,383.31	3,949.32
Claims	178.91	176.21
Hotel operating expenses	115.04	117.11
	118,496.77	117,937.66

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
22 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	20,704.32	16,578.28
Contribution to provident and other funds (refer note 7(a))	2,499.23	2,142.06
Staff welfare expenses	1,346.18	1,078.70
	24,549.73	19,799.04

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
23 FINANCE COSTS		
Interest expense	3,060.19	5,836.79
Other borrowing costs	9.13	23.19
	3,069.32	5,859.98

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
24 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets (refer note 10)	8,943.13	8,740.47
Amortisation of intangible assets (refer note 11)	51.91	25.56
	8,995.04	8,766.03

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
25 OTHER EXPENSES		
Travelling and conveyance	667.08	531.59
Printing and stationery	310.72	297.02
Legal and professional expenses	151.09	163.60
Payment to auditors (refer details below)	65.27	49.89
Office expenses	116.46	95.44
Communication expenses	540.05	461.36
Advertisement and business promotion	169.43	121.71
Interest on security deposit from agents	57.66	71.75
Loss on sale of fixed assets (net)	18.20	174.73
Loss on foreign exchange fluctuation	3.42	4.79
Advances and bad debts written off	1.64	57.25
Provision for doubtful advances and debts	69.00	-
Bank charges	75.32	29.41
Donation	6.14	6.61
Directors' sitting fee	7.26	4.94
Miscellaneous expenses	66.65	25.89
Corporate Social Responsibility expenses (refer note 35)	108.18	-
	2,433.57	2,095.98
Payment to auditors		
As auditor:		
Statutory audit fee	40.93	42.70
Limited reviews	20.61	-
Tax audit	2.29	5.62
In other capacity		
Other services *	1.44	31.60
Reimbursement of expenses	-	0.31
	65.27	80.23

* Amount for the previous year includes Rs. 30.34 lakhs paid towards assurance services in connection with the Initial Public Offering (IPO) of equity shares of the Company and included in 'Unamortised share issue expenses' under note 18.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
26 PRIOR PERIOD ITEMS		
Interest on income tax	-	7.29
Wealth tax	-	1.54
	-	8.83

Particulars	As at 31 March 2016	As at 31 March 2015
27 CONTINGENT LIABILITIES NOT PROVIDED FOR		
A] Claims against the Company not acknowledged as Debts		
Income tax matters	973.88	775.92
Customs Duty (refer note (b) below)	1,569.02	1,569.02
ESIC matter	12.92	12.92
Additional Bonus that may be payable	202.00	-
	2,757.82	2,357.86
B] Disputed claims pending in Courts	635.03	638.55
C] Guarantees given on behalf of the Company by banks	285.72	37.78
D] Other contractual matters	395.55	334.31
Total	4,074.12	3,368.50

Notes:-

- a. The Company is in appeal against demands on Income Tax, Customs duty and ESIC dues.
 - b. Customs duty liability is in respect of alleged violation of terms and conditions of Non Scheduled Air Transport Service, as claimed by the Customs Department to the extent it can be quantified. The said department has issued a Show cause cum demand notice alleging violation of terms and conditions of Non Scheduled Air Transport Service and demanded, amongst others, customs duty on the import of aircraft, interest and penalty/fine thereon. The Company had earlier availed of the exemption available under the Customs Act, 1962 (the 'Act') and was accordingly assessed to Nil duty under the Act. The Company has deposited the Customs duty, including interest thereon, without prejudice to further rights. These payments have been disclosed as deposits in the books of account. The Company has already filed the necessary response to the demand notice and expects a favourable order in this regard.
 - c. The above figures for contingent liabilities do not include amounts towards certain additional penalties/interest that may devolve on the Company in the event of an adverse outcome as the same is subjective and not capable of being presently quantified.
 - d. Future cash outflows in respect of (A) above can be determined only on receipt of judgments/decisions pending with various forums/authorities.
 - e. The amount disclosed in respect of (B) above represents the estimated liability based on independent legal opinion obtained by the management in relation to the various cases of Motor Vehicle Accidents, Consumer disputes, Workmen compensation, etc. filed against the Company.
- 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 Lakhs, the authorities have been directed not to take any coercive action and also to determine the Stamp Duty liability. The Company has paid the deposit of Rs. 25 Lakhs but the quantum of Stamp Duty payable is yet to be arrived at by the department. In the opinion of the management, no financial liability is expected to arise in this regard. The financial liability that may ultimately devolve upon the Company is currently not ascertainable and as such no amount has been included as contingent liability towards the same.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

- 29 During the year ended 31 March 2015, the Company had issued a notice to Mr. Rudrapratap Tripathi, proprietor of M/s Indian Corporation, alleging that he has entered into a sale deed with the Company in relation to property situated at Bhiwandi, without being duly authorized to do so by the original land owners. The Company has further alleged that Mr. Rudrapratap Tripathi has not disclosed the defects in the title to the property including the fact that the land is an agricultural land. The Company had paid a sale consideration of Rs. 3,240 Lakhs towards purchase of the property. In the aforesaid notice, the Company has also alleged cheating and breach of trust by Mr. Rudrapratap Tripathi and has called upon him to refund Rs. 3,240 Lakhs paid to him along with the stamp duty, registration and other expenses incurred together with interest at the rate of 22% p.a. from the date of payment till the payment receive date, failing which the Company has the rights to initiate criminal proceedings against him. Management has received necessary representations from the attorney of Mr. Rudrapratap Tripathi in relation to sanctity of title and permitted utility of the aforesaid land towards industrial use and occupation. The attorney has also indicated the intention of Mr. Rudrapratap Tripathi to re-purchase the aforesaid property, if required. Management does not expect any financial impairment of the book value of the aforesaid property considering the representations received from Mr. Rudrapratap Tripathi through his attorney and accordingly no adjustments have been made to the financial statements to this effect.
- 30 During the year ended 31 March 2015, the Company had sold land at Bengaluru, having book value of Rs.3,128.37 Lakhs for value aggregating Rs. 3,500 Lakhs. The profit on sale of the aforesaid land amounting to Rs. 371.63 Lakhs has been accounted as exceptional item in the Statement of Profit and Loss for the year ended 31 March 2015.
- 31 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - Nil (Previous year: Nil). Commitment relating to lease arrangements (refer note 33) Rs. 10,061.72 Lakhs (Previous year: 9,553.02 Lakhs).
- 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 2016 in respect of the operating leases is Rs. 7,858.30 Lakhs (Previous year: Rs. 6,949.59 Lakhs).

Lease rental income recognized in the Statement of Profit and Loss for the year ended 31 March 2016 in respect of operating leases is Rs. 447.62 Lakhs (Previous year: Rs. 410.54 Lakhs).

Certain non-cancellable operating leases extend upto a maximum of eight years from Balance Sheet Date. Some of such lease agreements have a price escalation clause. Maximum obligations on long term non-cancellable operating leases in accordance with the rentals stated in the respective agreements are as under:

Particulars	As at 31 March 2016	As at 31 March 2015
Not later than 1 year	1984.05	1,236.93
Later than 1 year but not later than 5 years	4,832.72	4,080.16
Later than 5 years	3,244.95	4,235.93
	10,061.72	9,553.02

34 CERTIFIED EMISSION REDUCTIONS CREDITS

In earlier years, the Company had recognised income by trading complete amount of possible Green House Gas (GHG) emission reductions generated by its Windmill project. The Company's Clean Development Mechanism (CDM) project is registered with the United Nations Framework Convention on Climate Change (UNFCCC) and necessary approvals for the trade of carbon credits has been procured.

The Company has Certified Emission Reductions (CERs) balance of 1,28,821 units (net of 2% CDM administration fees) for the period 1 January 2013 to January 2015 which has been certified. Further, the certification of CERs generated during the period February 2015 to March 2016 is underway and hence is not quantifiable.

The financial impact of outstanding CERs remains unrecognised in the books of account, the impact of which, as per the management, is not expected to be material to the financial statements.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

35 CONTRIBUTION TOWARDS CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Particulars	Amounts
Average net profit of the Company for last three financial years	9,025.04
Prescribed CSR expenditure (2% of the average net profit as computed above)	180.50
Details of CSR expenditure during the financial year	
Total amount to be spent for the financial year	180.50
Amount spent	108.18
Amount unspent	72.32

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
36 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:		
Salary and Allowances	520.23	465.12
Contribution to Provident and other funds *	0.22	0.17
Perquisites**	23.90	22.67
Commission on profits	50.00	42.00
	594.35	529.96

* 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.

37 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	Year ended 31 March 2016	Year ended 31 March 2015
Net profit after tax attributable to equity shareholders	10,231.35	9,122.34
Weighted average number of shares outstanding during the year – Basic and Diluted	90,869,244	85,536,162
Basic and Diluted earnings per share (Rs.)	11.26	10.66
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 2016

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

38 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 (as amended), are Goods transport, Bus operations, Sale of power and Air chartering service.

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Segment Revenue (Net Sales/Income from external customers)		
a) Goods transport	135,626.19	129,075.24
b) Bus operations	31,760.97	33,157.39
c) Sale of power	2,139.42	2,221.82
d) Air chartering service	1,117.78	1,168.39
	170,644.36	165,622.84
Un-allocable revenue	1,607.82	1,660.46
Net Sales/Income	172,252.18	167,283.30
Segment results (Profit before Interest and Taxation from each segment)		
a) Goods transport	14,683.99	16,698.37
b) Bus operations	5,153.72	3,620.85
c) Sale of power	478.64	482.26
d) Air chartering service	(302.08)	(233.91)
	20,014.27	20,567.57
Less: Finance costs	(3,069.32)	(5,859.98)
Less: Other un-allocable expenditure net of un-allocable income	(1,546.40)	(1,289.01)
Add: Exceptional item	-	371.63
Profit before tax	15,398.55	13,790.21
Other Information		
Assets		
a) Goods transport	49,552.43	49,122.18
b) Bus operations	13,831.54	13,181.55
c) Sale of power	11,259.36	12,556.68
d) Air chartering service	3,661.47	3,583.85
e) Un-allocable assets	16,054.39	16,866.39
	94,359.19	95,310.65
Liabilities		
a) Goods transport	5,681.19	4,245.94
b) Bus operations	875.12	839.24
c) Sale of power	2.60	27.15
d) Air chartering service	44.99	34.89
e) Un-allocable liabilities	36,401.47	54,544.54
	43,005.37	59,691.76
Capital expenditure (including capital advances) Total cost incurred during the year to acquire segment assets		
a) Goods transport	6,679.35	6,772.97
b) Bus operations	2,758.32	160.24
c) Sale of power	-	-
d) Air chartering service	-	-
e) Un-allocable capital expenditure	1,635.00	1,589.12
	11,072.67	8,522.33
Segment Depreciation and Amortisation		
a) Goods transport	4,528.61	4,152.67
b) Bus operations	2,181.37	2,328.66
c) Sale of power	1,140.85	1,140.85
d) Air chartering service	190.01	190.01
e) Un-allocable Depreciation / Amortisation	954.20	953.84
	8,995.04	8,766.03

The Company has no geographical segments based on criteria defined in Accounting Standard 17, 'Segment Reporting'.

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

39 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:

a) Names of related parties and description of relationship:

Key Management Personnel (KMP) and their relatives	a.	Dr. Vijay Sankeshwar (Chairman & Managing Director)
	b.	Mr. Anand Sankeshwar (Managing Director)
	c.	Mrs. Vani Sankeshwar (President) - relative of director
	d.	Mrs. Lalitha Sankeshwar - relative of director
	e.	Mrs. Bharati Holkunde - relative of director
	f.	Mr. Sunil Nalavadi (Chief Financial Officer)
	g.	Mr. Aniruddha Phadnavis (Company Secretary)
Companies in which KMP or their relative have significant influence	a.	Aradhana Trust
	b.	Ayyappa Bhaktha Vrunda Trust
	c.	Shiva Agencies
	d.	Sankeshwar Minerals Private Limited
	e.	Sankeshwar Printers Private Limited
	f.	VRL Media Limited
	g.	VRL Foundation (wef 08 May 2015)
Enterprise having significant influence over the entity		NSR- PE Mauritius LLC (till 25 April 2015)

b) Disclosures of transactions between the Company and its related parties, along with outstanding balances as at year end

Income

Nature of transactions	Name of the Party	Nature of relationship	Year ended 31 March 2016	Year ended 31 March 2015
Rent	Aradhana Trust	Companies in which KMP or their relative have significant influence	11.04	9.60
	Shiva Agencies		16.32	20.06
	Sankeshwar Minerals Private Limited		1.87	3.98
	VRL Foundation		1.47	-
	VRL Media Limited		192.33	175.85
Freight	Sankeshwar Minerals Private Limited	Companies in which KMP or their relative have significant influence	11.86	4.54
	Shiva Agencies		-	12.77
	VRL Foundation		4.79	-
	VRL Media Limited		313.22	420.53
Reimbursements	Sankeshwar Minerals Private Limited	Companies in which KMP or their relative have significant influence	-	13.67
	VRL Media Limited		47.45	53.96
Advertisement	VRL Media Limited	Companies in which KMP or their relative have significant influence	12.58	12.57
		Total	612.93	727.53

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

Expenditure

Nature of transactions	Name of the Party	Nature of relationship	Year ended 31 March 2016	Year ended 31 March 2015
Remuneration/ Commission (including compensated absences paid)	Dr. Vijay Sankeshwar	KMP	387.88	327.67
	Mr. Anand Sankeshwar	KMP	206.47	202.29
	Mr. Sunil Nalavadi	KMP	27.62	23.39
	Mr. Aniruddha Phadnavis	KMP	24.24	21.30
	Mrs. Vani Sankeshwar	KMP/ Relative of KMP	18.73	18.00
Printing and stationery	Sankeshwar Printers Private Limited	Company in which KMP or their relative have significant influence	9.67	6.04
Advertisement expenses	VRL Media Limited	Company in which KMP or their relative have significant influence	24.23	13.17
Corporate Social Responsibility Expenses	VRL Foundation	Companies in which KMP or their relative have significant influence	108.18	-
Dividend Paid	Dr. Vijay Sankeshwar	KMP	1,589.60	1,323.00
	Mr. Anand Sankeshwar	KMP	1,563.26	1,308.14
	Mrs. Vani Sankeshwar	KMP/ Relative of KMP	20.00	16.00
	Mrs. Lalitha Sankeshwar	Relative of KMP	1.05	0.84
	Mrs. Bharati Holkunde	Relative of KMP	0.09	0.07
	NSR- PE Mauritius LLC (till 25 April 2015)	Enterprise having significant influence over the entity	-	770.20
			3,981.02	4,030.11

Balance as at year end:

Assets:

Nature of transactions	Name of the Party	Nature of relationship	Year ended 31 March 2016	Year ended 31 March 2015
Receivables	Shiva Agencies	Companies in which KMP or their relative have significant influence	1.49	-
	Sankeshwar Minerals Private Limited		1.53	0.57
	VRL Media Limited		27.70	29.24
			30.72	29.81

Liabilities:

Nature of transactions	Name of the Party	Nature of relationship	Year ended 31 March 2016	Year ended 31 March 2015
Payables	Sankeshwar Printers Private Limited	Companies in which KMP or their relative have significant influence	0.06	0.71
	VRL Foundation		6.34	-
Remuneration / Commission payable	Dr. Vijay Sankeshwar	KMP	29.46	28.69
			35.86	29.40

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2016

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

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

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
	Quantity (in units)	Amount	Quantity (in units)	Amount
A) Generation of Energy				
Opening units	-		-	
Generated during the year (net of transmission loss)	63,255,976		65,624,679	
Less: Captive consumption	294,268		255,282	
Less: Sale of energy units	62,961,708	2,139.42	65,369,397	2,221.82
Closing units	-	-	-	-
B) Expenditure in foreign currency (accrual basis)				
Aircraft maintenance		48.02		108.64
Purchase of spares		9.68		2.79
Professional fees		7.03		30.79
Foreign Branch expenses		29.79		-
		94.52		142.22
C) Earnings in foreign currency (accrual basis)				
Air chartering service		477.73		396.66
Goods transport (foreign branch)		21.85		-
		499.58		396.66
D) Value of imported and indigenous materials				
Spare parts and components including tyres, flaps and re-treading				
- Imported				
- Amount		9.68		2.79
- Percentage		0.09%		0.03%
- Indigenous				
- Amount		10,721.43		10,169.43
- Percentage		99.91%		99.97%
		10,731.11		10,172.22
E) Dividend remitted in foreign currency				
Number of non-resident shareholders		1		1
Number of Equity shares held by them		4,704,912		19,254,912
Interim dividend				
1 Gross amount of dividend remitted		235.25		770.20
The financial year to which it relates		2015-16		2014-15
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 2016

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

- F) 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 existing shareholders. Out of the total proceeds from the IPO of Rs. 46,787.83 Lakhs, the Company's share is Rs. 11,700.03 Lakhs arising from the fresh issue of equity shares. The equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on 30 April 2015.

The utilisation of IPO proceeds is summarised below:-

Particulars	Objects of the issue as per the Prospectus	Utilisation upto 31 March 2016	Unutilised amounts as at 31 March 2016
Purchase of goods transportation vehicles	6,741.51	3,819.32	2,922.19
Repayment/pre-payment, in full or part, of certain borrowings availed by the Company	2,800.00	2,800.00	-
General corporate purposes (including Rs. 164.79 Lakhs being unspent amount of issue related expenses, now transferred for general corporate purposes in accordance with terms of Prospectus)	1,452.99	1,452.99	-
Issue related expenses (only those apportioned to the Company)	705.53	705.53	-
	11,700.03	8,777.84	2,922.19

The unutilised amounts of the issue as at 31 March 2016, have been temporarily deployed in cash credit account with a scheduled commercial bank. There are adequate cash credit drawing limits available with this bank for the Company, which will be utilised towards the objects as stated in the Prospectus.

41 UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars	As at 31 March 2016	As at 31 March 2015
Receivable		
Foreign Currency		
USD	50,652	73,986
Nepalese rupee	1,88,993	-
Balance (Rupees in Lakhs)	34.75	46.31
Payable		
Foreign Currency		
Nepalese rupee	21,27,832	-
Balance (Rupees in Lakhs)	13.30	-

42 PREVIOUS YEAR FIGURES

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

As per our report of even date attached

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

Khushroo B. Panthaky
Partner

Place : Hubballi
Date : 23 May 2016

For H. K. Veerbhadrappa & Co
Chartered Accountants

Arrvind Kubsad
Partner

Place : Hubballi
Date : 23 May 2016

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 : 23 May 2016

Anand Sankeshwar
Managing Director
(DIN: 00217773)

Aniruddha Phadnavis
General Manager (Finance)
and Company Secretary



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