30th ANNUAL REPORT 2012-13

LEADING AHEAD

VRL LOGISTICS LIMITED

OUR VISION

To become the premier company that cuts across various business segments and emerges as the torchbearer of each segment that the Group ventures into.

OUR MISSION

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

Head Office

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COMPANY INFORMATION

BOARD OF DIRECTORS

Vijay Sankeshwar
Chairman & Managing Director

Anand Sankeshwar
Managing Director

Darius Pandole
Non-executive Nominee Director

J.S. Korlahalli
Director

Prabhakar Kore
Director

Sudhir Ghate
Director

C. Karunakara Shetty
Director

CHIEF FINANCIAL OFFICER
Sunil Nalavadi

COMPANY SECRETARY
Aniruddha Phadnavis

VICE PRESIDENT (ACCOUNTS)
Raghavendra B. Malgi

STATUTORY AUDITORS
M/s H.K. Veerabhaddrappa & Co.
Chartered Accountants
Hubballi

M/s Walker, Chandiok & Co
Chartered Accountants
Mumbai

COST AUDITOR
Sanjay Tikare & Associates
Cost Accountants, Dharwad

LEGAL ADVISOR
R.B. Gadagkar

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

BANKERS
Axis Bank Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.
IDBI Bank Ltd.
ING Vysya Bank Ltd.
Kotak Mahindra Bank Ltd.
NKGSB Co-Operative Bank Ltd.
Saraswat Co-operative Bank Ltd.
State Bank of Mysore
Syndicate Bank Ltd.
The Shamrao Vithal Co-Operative Bank Ltd.
Union Bank of India

BOARD COMMITTEES

AUDIT COMMITTEE
Sudhir Ghate – Chairman
J.S. Korlahalli
C. Karunakara Shetty
Darius Pandole

FINANCE COMMITTEE
Vijay Sankeshwar – Chairman
Anand Sankeshwar
J.S. Korlahalli

REMUNERATION COMMITTEE
J.S. Korlahalli – Chairman
C. Karunakara Shetty
Sudhir Ghate
Darius Pandole

FIXED DEPOSIT COMMITTEE
Vijay Sankeshwar – Chairman
Anand Sankeshwar
C. Karunakara Shetty
Darius Pandole

SHAREHOLDERS AND INVESTORS GRIEVANCE COMMITTEE
Sudhir Ghate – Chairman
C. Karunakara Shetty
J.S. Korlahalli
Darius Pandole

SELECTION COMMITTEE
Sudhir Ghate – Chairman
J.S. Korlahalli
S. R. Hosamani
Darius Pandole

REGISTRAR TO FIXED DEPOSIT SCHEME
KARVY COMPUTER SHARE PRIVATE LTD.
Plot No.17 to 24, Vittalrao Nagar, Madhapur
Hyderabad – 500 081

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

OUR LEADERSHIP TEAM

Mr. Vijay Sankeshwar
Chairman & Managing Director

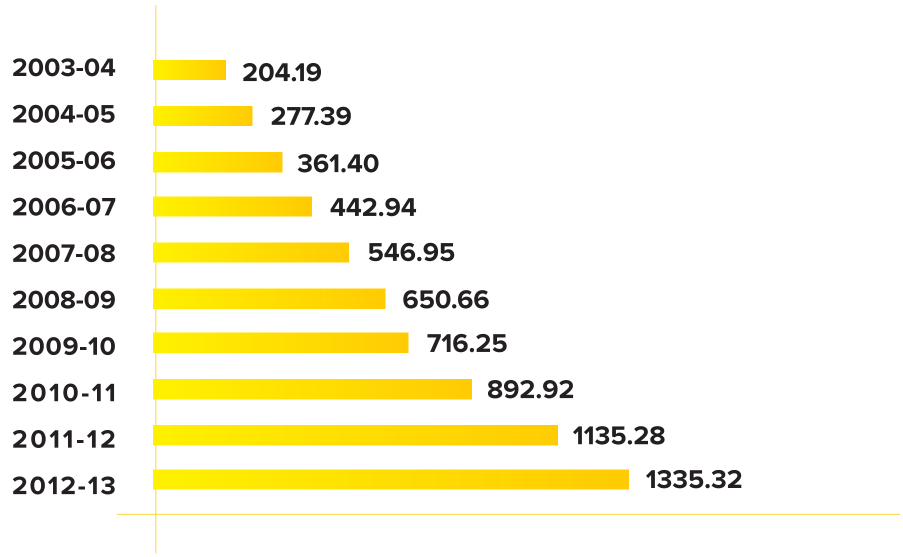
Mr. Anand Sankeshwar
Managing Director

The leadership

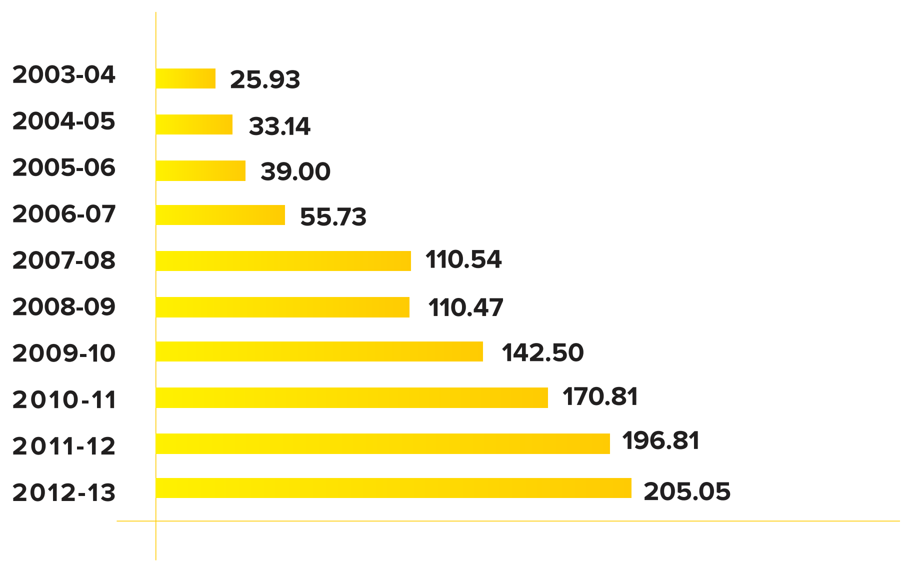
Delivering Strategy

10 YEAR FINANCIAL PERFORMANCE OF THE COMPANY

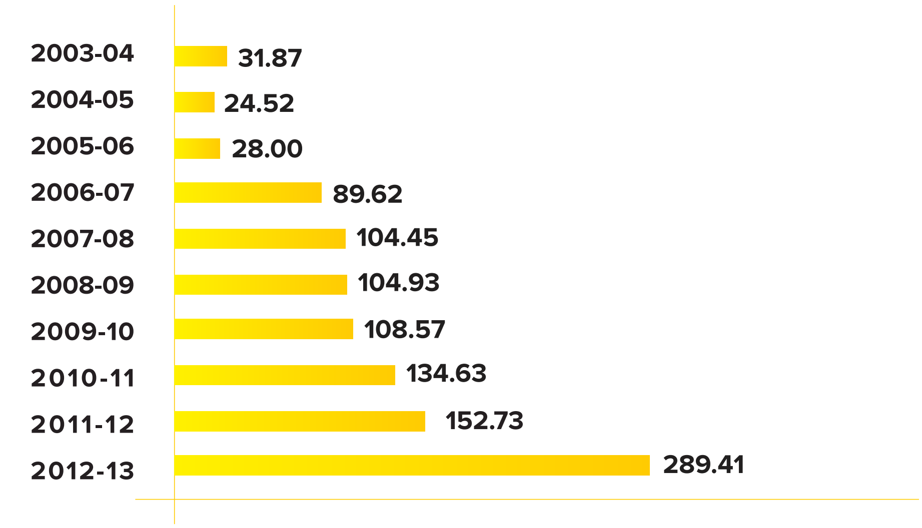
TURNOVER (Rs. in Crores)



EBITDA (Rs. in Crores)



NETWORTH (Rs. in Crores)



FINANCIAL HIGHLIGHTS

2012-13

(Rs. in lakhs)

Particulars	Amount
Total Income	133532.33
EBIDTA	20504.64
PBT	6358.75
Net Profit	8029.23

GENERAL PARCEL | VRL PRIORITY | PASSENGER SERVICE | COURIER SERVICES | CAR CARRIER SERVICES | LIQUID TRANSPORTATION | AVIATION | WIND ENERGY

OUR BOARD OF DIRECTORS

Drawing on expertise

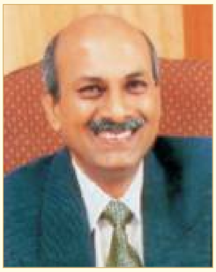
Mr. Vijay Sankeshwar
Chairman &
Managing Director

Mr. Anand Sankeshwar
Managing Director

Mr. Darius Pandole
Non-Executive
Nominee Director

Mr. Sudhir Ghate
Non-Executive
Director

Mr. J.S. Korlahalli
Non-Executive
Director



Dr. Prabhakar Kore
Non-Executive
Director

Mr. C. Karunakara Shetty
Non-Executive
Director

Mr. VIJAY SANKESHWAR

Chairman and Managing Director and Promoter of the Company, he is actively involved in the day-to-day affairs of the Company, as a Whole Time Director. He holds a Bachelor's Degree in Commerce from Karnatak University, Dharwad. He was a former Member of Parliament and was elected from the Dharwad (North) constituency in the 11th, 12th and 13th Lok Sabha elections and he was also a member of the Legislature of the State of Karnataka. He was a member of Central Government committees, such as, the Committee of Finance between 1996 and 1997, the Consultative Committee, Ministry of Surface Transport between 1996 and 2000 and the Committee of Transport and Tourism between 1998 and 2000. He has over three decades of experience in the transport industry. He has received various awards including the 'Udyog Ratna' in 1994 by the Institute of Economic Studies, New Delhi, Aaryabhat Award in 2002, Sir M. Visvesvaraya Memorial Award in 2007 and the Transport Samrat in 2008. He was selected as 'Transport Personality of the year' during the recently concluded India Road Transportation Awards 2012 (IRTA).

Mr. ANAND SANKESHWAR

Managing Director and Promoter, supervises our marketing operations and he is actively involved in the day-to-day affairs of the Company, as a Whole Time Director. He holds a Bachelor's Degree in Commerce from Karnatak University, Dharwad. He has 19 years of experience in the transport industry. He has been awarded the 'Youth Icon' award in 2004 by Annual Business Communicators of India and 'Marketing Professional of the Year' in the year 2005 by the Indira Group of Companies. He was also awarded the Best 2nd Generation Entrepreneur by TiE Global, USA in 2010. He was honoured as an 'Inspirational leader of New India' at a recently concluded glittering gala ceremony at Las Vegas, USA.

Mr. DARIUS PANDOLE

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

Mr. SUDHIR GHATE

A non-executive Independent Director of the Company, he holds a Bachelor's Degree in commerce from Mysore University and is a fellow member of the Institute of Chartered Accountants of India. He was a partner at Ganesh and Sudhir, Chartered Accountants, Mangalore between 1982 and 1994. He is the Chairman of Magnum Intergrafiks Private Limited, a national advertising, design and communication company accredited with the Indian News Paper Society, a member of Audit Bureau of Circulation and Advertising Agency Association of India. He was a member of National Council of Textiles Design, New Delhi between 2002 and 2004 and he was a member of the National Executive Committee of the Advertising Agency Association of India till June 2013.

Mr. J.S. KORLAHALLI

A non-executive Independent Director of the Company, he is the President of Shri Krishna Shikshana Samsthe, Gadag. He is a member on the advisory committee of the Manorama Institute of Management Studies, Gadag, and is also a Managing Committee member of Adarsh Shikshana Samiti, Gadag. He has a post graduate degree in commerce from Karnatak University and is an outstanding academician. As an academician he holds several positions of honour such as Member of the Senate and Academic Council, Karnatak University and Member of the Board of Studies in Commerce and Management Studies, Karnatak University. He has over 45 years of experience in the industry.

Dr. PRABHAKAR KORE

A non-executive Independent Director of the Company, he is a member of the Parliament, the Chancellor of Karnataka Lingayat Education University and the Chairman of Karnataka Lingayat Education Society. He is a commerce graduate from Karnatak Unversity and is involved in various activities such as Education, Agriculture, Co-operative endeavor, community building and politics. He is a currently a Member of the Parliament from Belgaum, Karnataka. He is the recipient of several awards and recognitions such as "Life time achievement award for Education, Service and Commitment to Society by Veerashaiva Society of North America", "Suvarna Karnataka Rajyothsava Award" for outstanding contribution in the field of education by the Government of Karnataka and an Honorary Doctorate from the Karnatak University. He has over 38 years of experience in the industry.

Mr. C. KARUNAKARA SHETTY

A non-executive Independent Director of the Company, he holds a post graduation degree in Commerce from Karnatak University, Dharwad and is also a Certified Associate member of Indian Institute of Banking (CAIIB). He was employed with Vijaya Bank between 1974 and 1998. He has over 20 years of experience in the banking industry. Currently, he is the managing director of Bhagavathi Chits Private Limited, which is also a member of The Bangalore Stock Exchange.

CHAIRMAN'S
MESSAGE

I take pleasure in presenting the 30th Annual Report of the Company. VRL has completed 3 decades of corporate existence and this fiscal was indeed a landmark in the Company's history as FDI infusion was made during this year clearly depicting the confidence placed by the investing community in your Company.

NSR PE Mauritius LLC, a PE fund of repute, has partnered us in our business and intends to be a part of our growth plans. Apart from a small stake purchase from an existing shareholder, the said investor has infused a total equity of Rs.125 crores and the same has significantly bolstered the financial position of the Company. The said investor seeks to contribute its might to complement the business efforts of the Company. Your Company is expected to benefit from this association over the long term.

VRL recorded total revenues of Rs.1335.32 crores for the year at a growth rate of 17.62% over the corresponding earlier fiscal I regard the same as extremely encouraging considering the somewhat grim economic scenario. We would aim to maintain a similar growth pattern even though the economy is not expected to improve in the short to medium term. Our service quality and unmatched value proposition to customers would drive this growth in the coming years and we yearn to further improve upon the quality benchmarks set by us in the days to come. "*VRL*" has indeed become a hallmark of quality service and I feel encouraged by the customer feedback received which is highly satisfactory.

Profit before tax for the year was Rs.63.58 crores vis-à-vis Rs.62.06 crores for the earlier year. However, considering the deferred tax reversal on account of commencement of tax holiday period for the windmill division, the net profit after tax was significantly higher at Rs.80.29 crores vis-à-vis Rs.41.06 crores for the earlier year.

During the year, the profitability margins were under stress as the increasing input costs, especially those related to toll, tyre prices and driver related costs could not be passed on to the customers in entirety as even today only the fuel price increase remains a trigger for seeking a price hike from customers. We seek to change this and inform our customers of the other related cost factors which remain equally if not even more severe in the aggregate than the fuel price escalation. I am confident that our industry will see better days if the Indian business fraternity appreciate these concerns in the right earnest.

I have been a part of VRL's growth since its inception and firmly believe that business growth should never be achieved by taking undue risks, especially credit risk. Your Company has always been selective in accepting new business on credit terms and does have a very robust internal mechanism to ensure that dues get collected and the Company does not have to resort to any material compromise in any manner. In comparison to industry players, VRL's receivables are much lower and we would ensure that these good practices continue to be sustained in the organization even if it results in lower revenue growth. During the year, your management has taken a very stringent view of receivables and has clearly earmarked this as a focus area also for the ensuing fiscal. VRL has already terminated its association with clients who did not stick on their payment obligations on time and has chosen to discontinue this business with them. New customers are being very selectively approached and we have decided to grow our business in the goods transportation domain only on terms acceptable to us. Though we do not anticipate any immediate improvement in the overall economic scenario, we would continue to religiously follow this principle and ensure that our growth does not compromise with our asset quality. We firmly believe that the unique solutions being offered by us as well as the service level being operated by VRL would ensure that the business so foregone would be replaced by a much more mature business which other industry players cannot service.

The management and the investor have taken a serious view of the fall in margins and have decided to improve upon the same. Your management is confident of sustaining revenue growth and this will have to be complemented with conscious cost reduction measures across the organization. I have been emphasizing this aspect at all the management meetings and I remain confident that our efforts will bring about the desired results and we would recover lost ground on the profitability front.

During the year, the company completed the purchase of property at Bhiwandi, Mumbai at a cost of Rs.36.84 crores, which represents an exciting logistics market and the 2.40 lakh sq.ft. godown there provides us with ample opportunity to also explore the provision of warehousing services to our customers, an area which hitherto was being not considered as a part of our core logistics service offering. Apart from the same, the Company also spent significant resources on the shoring up of additional vehicle maintenance facilities at Varur, Hubballi as well as other office locations such as Raichur, Chitradurga and Mysore. The Company added 25 new goods transport vehicles to its fleet during the year at a cost of Rs.5.26 crores and 59 passenger buses at a cost of Rs.31.47 crores.

The Goods transport division clocked revenues of Rs.992.33 crores as against Rs.863.00 crores for the earlier year at a 15% growth rate. The said division however witnessed significant margin erosion owing to increased input costs, especially toll charges, driver costs and frequent increase in fuel cost as these could not be passed on to the customers in entirety. Key godowns signed up on lease basis are under construction at Karur, Solapur, Ahmedabad, Bangalore and the like. VRL would be in possession of ideal transshipment offices at nearly all key locations in the country by the end of next fiscal and the service level of the company would then further improve owing to such excellent infrastructure.

The Car Carrying and Liquid Transportation activities remained unattractive during the year and we have presently decided to operate these verticals at the same levels without considering any further asset addition here. These aspects would be considered at a suitable future date when the economy shows signs of revival and till such time we would strive to operate these specialized vehicles in an optimum manner.

A key growth parameter marked for growth in the ensuing period would be the “VRL Priority” service. This offering mainly caters to corporate customers and mainly is on credit basis. This area has seen a decline in volumes towards the end of the year owing to a conscious approach to ensure a better control over receivables. We would however keep focus on our core competencies in the goods transportation arena to aggressively approach customers with challenging service requirements which we alone can cater owing to our ownership of a well maintained vehicle fleet as well as the unmatched network of branch offices across the length and breadth of the country. We today move consignments right upto Bhutan, Bangladesh border and other relatively inaccessible areas of the north eastern region. We are in receipt of several customer enquiries in this division and we would ensure a marked growth in this vertical without compromising on the quality of receivables as mentioned earlier.

The Passenger division operations were satisfactory during the year with the introduction of lot of new routes. During the year, the Company commenced operations at Jodhpur, Nagpur and several other destinations for the first time. Depending on the flow of business, a few routes have been discontinued but a majority of these continue to operate. VRL commenced Bangalore-Jodhpur daily service, which today represents the longest route catered to by a private bus operator in India. It is also noteworthy that several key long routes operated by this division such as Bangalore–Ahmedabad, Bangalore–Jodhpur etc. continue to operate at near full occupancy. The Company does not face major competition at these longer routes and commands a premium fare for the same. Your Company continues to focus on good passenger facilities, especially good toileting facilities for elderly and lady passengers as well as good food stoppages. Your Company has very recently acquired an existing hotel near Tumkur and the same would be made operational by September 2013 which will further improve customer experience. The focus of the division during the next fiscal would be to consolidate on new routes, wage a price war for competition removal on existing routes as well as to improve upon its customer interface with a better digital marketing footprint. We have recently tied up with a professional setup to improve upon our digital marketing effort by overhauling our ticket booking website as well as developing a new App for smartphones to improve upon the overall customer experience. The said division recorded total revenues of Rs.284.84 crores as against a corresponding figure of Rs.217.81 crores for the earlier fiscal.

Courier division clocked revenues of Rs.4.52 crores and this division earns revenue that complements the bus operations and goods transport divisions. The management would continue to operate this division at similar level in the near future and would not seek an aggressive growth strategy for this vertical.

The Windmill division has been performing satisfactorily and the current year has seen total revenues of Rs.33.14 crores out of which Rs.6.03 crores is from the sale of Certified Emission Reduction (CER) units (Carbon credits) to the Asian Development Bank with whom we have tied up for such sale. The CER purchase agreement with ADB would conclude in the ensuing fiscal and we would need to scout for other suitable tie ups for the disposal of CERs accruing to us. We may take a view in consultation with industry experts in the matter and may choose to aggregate these carbon credits or such other suitable strategy as the situation may demand. The management attempted to divest this division during the year but the transaction could not fructify for reasons beyond the Company's control. The profitability of the Company has been boosted during the year owing to the tax holiday available to this division under the provisions of Section 80 IA of the Income Tax law. Such tax holiday would continue to be available to us for a considerable foreseeable time and would augment the Company's profitability.

The air chartering division achieved revenues of Rs.4.17 crores and the Company had to forego the tying up of aircraft for steady charter owing to scheduled maintenance activities and other flying. As such, the management has purchased a second-hand aircraft in the month of June from Force Motors at an attractive price and the addition of the said aircraft would enable the Company to cash in on attractive contracts which had to be hitherto missed owing to capacity constraints.

Our in-house IT has been one of our biggest strengths and our team is all set to roll out a new in-house developed software on the lines of "Integrated ERP" systems which will further boost our reporting capabilities as well as enable the key functional decision makers to pro-actively initiate remedial measures in a timely manner. This ambitious operation would encompass the computerization of entire booking and delivery functions and would reduce data redundancy to a great extent. This attempt would also bring down costs over a long term. The integration of all independent activities would also ensure better quality MIS and the data availability in a real time environment. It is pertinent to note here that the same comes at hardly any incremental cost and would not drain the resources of the company as would have been the case if an outside agency were to be appointed for this purpose. Any kind of changes or improvements can also be easily accommodated on an ongoing basis and I am confident that the results would be for all to see.

We have recently established a branch in the State of Jammu and Kashmir and have identified Gujarat as the next destination for consignee business for achieving business growth. We have already taken up steps to increase our presence in Gujarat and seek to establish a network of around 50-60 branches in the state to cash in on the vast business opportunities that lie there.

Concluding, I would say that the entire VRL team is ready and geared up for the challenge of sustaining growth and reviving the profitability margins in a challenging economic scenario which is expected to pervade in the near medium term. Our investors have put in their faith in us and stand by us in these challenging times. Identifying and capturing attractive business opportunities, keeping a continuous eye on rising costs and initiating measures to contain these is a thing that our team has successfully done in the past. There would be a need to operate at an acceptable equilibrium in balancing the input costs increase and passing these as well as ensuing that no compromise is made on the asset quality. I have a great confidence in the capability of our team at VRL which would definitely stand tall and deliver the expected results.

I thank all the employees who have shown immense dedication and sincerity to the organization. Our employees have taken all pains to implement the management directions and all the success so far achieved by VRL is mainly on their account. I remain confident of the ability of our VRL employees to stand up to the business expectations in this difficult scenario and serve the Company satisfactorily in the days to come.

I also take this opportunity to express my gratitude and heartfelt thanks to our customers, bankers, financial institutions, suppliers, business associates as well as government agencies and industry bodies for their co-operation and support.

With best wishes

VIJAY SANKESHWAR

CHAIRMAN & MANAGING DIRECTOR

OVERVIEW OF BUSINESS

GOODS TRANSPORTATION

Revenue 2012-13 :	**Rs.992.33 crores**
Growth over previous year :	**15%**
Contribution to total revenue :	**74%**
Service :	**Provides total transportation solutions**

BUSINESS

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

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

The goods transport business can broadly be divided into General Parcel and VRL Priority. General Parcel basically caters to godown to godown movement of consignments across the country and is mainly used by wholesalers, retailers and other non-coporate entities. VRL Priority caters to door to door movement of consignments and this service is mainly availed by corporates.

FLEET

3000 plus vehicles owned by the Company as also a large number of outside vehicles used for goods transportation.

STRONG NETWORK

Our goods transportation network spans 21 States and 6 Union Territories and covers nearly all major cities and towns of India.

OUR BRANCHES

We have an extensive network of operations, with 906 branches and franchisees which enables us to provide connectivity to certain remote locations. This branch network is further complemented by 46 strategically located transhipment hubs.

HUB AND SPOKE MODEL

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

TECHNOLOGICALLY ADVANCED

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

1. Vehicle Maintenance Tracker
2. Vehicle Traffic Application
3. Consignment Delivery Application
4. Hub Application
5. Accounting package
6. 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
11. 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.

PASSENGER TRANSPORTATION

Revenue 2012-13 :	**Rs.285 crores**
Growth over previous year :	**31%**
Contribution to total revenue :	**21%**
Service :	**Passenger Travel**

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

VRL has recently commenced Bangalore–Ahmedabad–Jodhpur a route of nearly 2000 km. which represents one of the longest route operated by any passenger service provider in the country.

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

FLEET

VRL operates exclusively through its owned fleet of nearly 500 buses which includes the latest state-of-the-art Multi Axle Volvo seater buses, Multi Axle Volvo I-shift sleeper buses, Isuzu seater buses, non-volvo A/c sleeper, sleeper buses and semi sleeper buses. VRL has the requisite bus offering to cater to a diverse customer base and hence witnesses unparalled customer loyalty.

STRONG NETWORK

This division operates through 125 Company owned branches, 700 franchisees including web agents and 1050 prepaid agencies across this network.

WIND POWER GENERATION BUSINESS

Revenue 2012-13 :	**Rs.33 crores**
Contribution to total revenue :	**2.48%**
Service :	**Sale of Power Units / Carbon Credits**

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

The necessary registration of the our wind power project with the United Nations Framework Convention on Climate Change (UNFCCC) is complete and necessary approvals for the trade of carbon credits have already been procured. We have entered into an agreement dated October 29, 2009 with Asian Development Bank (as trustee of the Asia Pacific Carbon Fund) for sale of CERs generated during the period March 2009 to December 2012.

During the year the revenue from sale of power was Rs.2710.65 lakhs and the revenue from sale of certified emission reduction units (CERs) was Rs.603.65 lakhs.

OUR AIR CHARTER BUSINESS

Revenue 2012-13 :	**Rs. 4.17 crores**
Contribution to total revenue :	**0.32%**
Service :	**Air Chartering**

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

Client profile & product

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

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

KEY MILESTONES

1976	Commencement of Goods Transport Service through proprietorship concern by Mr. Vijay Sankeshwar with single truck
1983	Business being converted into a private limited company by the name of Vijayanand Roadlines Private Limited
1992	Commencement of Courier Service within the State of Karnataka
1994	Vijayanand Roadlines Private Limited becomes Deemed Public Limited Company
1996	Commencement of Passenger Transportation Business
1997	The status of the company changed from a Deemed Public Limited company to Public Limited Company
2003	Vijayanand Printers Limited becomes a wholly owned subsidiary
2003	Entery in to LIMCA BOOK OF RECORDS as the single largest fleet owner of commercial vehicles in the private sector in India
2004	Commercial operation of gigantic infrastructure facility at Varur, Hubballi
2005	ISO 9001:2000 Certification for providing passengers travels service at Hubballi, Bangalore, Belgaum (presently ISO 9001:2008)
2006	Entire stake in Vijayanand Printers Limited divested to Times Group
2007	Company diversified into power generation and installed 34 Wind Turbine Generators with capacity of 1.25 MW each
2008	Company entered into air charter business and purchased a brand new IA aircraft from Hawker Beechcraft Incorporation
2009	UNFCCC approval for Company's wind power project – Eligible for carbon credits
2010	Efforts of Company being recognised by way of several awards and recognitions
2011	Foray into New Logistics Verticals – Car Carrying and Liquid Transportation
2012	CER income recognised for the first time in accounts
2012	Private Equity investment by NSR PE Mauritius LLC in the Company
2013	Addition of one more Aircraft to the Air Charter business of the Company

AWARDS

'INSPIRATIONAL LEADER OF NEW INDIA AWARD 2013'

Mr. Anand Sankeshwar, Managing Director receiving the **'INSPIRATIONAL LEADER OF NEW INDIA AWARD 2013'.**

Planman Media confers every year a award for an young entrepreneur who has achieved a enormous success and is treated as a role model for youngsters who are willing to become a successful entrepreneur. Mr. Anand Sankeshwar, Managing Director of the Company is conferred "Inspirational Leader of New India" which is because of his vision, strategy which has led him to be a successful young entrepreneur in India.

'TRANSPORT PERSONALITY OF THE YEAR'

Mr. Vijay Sankeshwar, Chairman and Managing Director receiving **'TRANSPORT PERSONALITY OF THE YEAR'** award at the recently concluded India Road Transportation Awards 2012 (IRTA).

KEY AWARDS TO THE PROMOTERS

Mr. Vijay Sankeshwar was awarded the
SARIGE RATNA AWARD in the year 1998.

Mr. Vijay Sankeshwar was conferred with the
SIR M. VISVESVARAYA MEMORIAL AWARD
in 2007 for outstanding contribution to the
economic social development of Karnataka.

Mr. Vijay Sankeshwar was awarded the
TRANSPORT SAMRAT - 2008
during the national convention for
outstanding achievement in the field of transport Industry.

Mr. Anand Sankeshwar was conferred with the
ABCI award in the year 2005
from the Association of
Business Communicators of India.

Mr. Anand Sankeshwar was
awarded with the
'MARKETING PROFESSIONAL
OF THE YEAR'
for marketing excellence by
Indira Group of Institutes
in 2006.

Mr. Anand Sankeshwar
was honoured by TIE (USA)
in 2010 as the
'BEST 2[nd]GENERATION ENTREPRENEUR'.

KEY STRENGTHS

Established & Reputed Brand

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

Strong in-house Capabilities

- In-house body designing facility enabling maximum vehicle utilization.
- Vehicle repair and maintenance facility.
- Tie-ups with spare part suppliers resulting in cost savings.
- Dedicated research and development team.
- Information technology support for greater efficiency, better vehicle management and customer interface.

Large Size and Scale of Operations

- Multi-service transport and logistics provider with goods transport service present in 21 states and 6 Union Territories service across the length and breadth of India.
- Passenger transport business covering 125 cities with 80+ branches, nearly 1000 agencies and across Karnataka, Maharashtra, Goa, Andhra Pradesh, Tamil Nadu, Gujarat and Rajasthan.
- Passenger Travel – Wide range of vehicles with 350 plus routes and around 11000 passengers per day.

Experienced Management Team

- Highly experienced management with sound industry Expertise.
- Active involvement of promoters in the management.
- Access to internally generated talent pool with requisite technical skills.
- Opportunity to benefit from the value add that would be forthcoming from the expertise of our PE partners, M/s NSR PE Mauritius LLC.

Integrated Business Model

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

VRL LOGISTICS LIMITED

Regd. Office: 18th KM, NH 4, Bangalore Road
Varur, **Hubballi** – 581 207, Karnataka

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirtieth Annual General Meeting of VRL Logistics Limited will be held on 7th August 2013 at 11.00 am, at the Registered Office of the Company, situated at 18th KM, NH 4, Bangalore Road, Varur, Hubballi – 581 207, Karnataka to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements as at 31st March 2013 and the report of the Board of Directors and Auditors thereon.
2. To confirm interim dividend paid and to declare final dividend on Equity Shares for the year ended on 31st March 2013.
3. To declare a proportionate dividend on Compulsorily Convertible Participatory Preference Shares, and the annual dividend applicable thereon.
4. To appoint a Director in place of Mr. Sudhir Ghate, who retires from office by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. C. Karunakara Shetty, who retires from office by rotation, and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT M/s. H.K. Veerbhaddrappa & Co., Chartered Accountants, Hubballi and M/s Walker, Chandiok & Co., Chartered Accountants, Mumbai, be and are hereby appointed as the Joint Statutory Auditors of the Company for the financial year 2013-14, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company."

By order of the board of Directors

Aniruddha Phadnavis
General Manager (Finance) &
Company Secretary

Registered Office:
18th KM, NH-4
Bangalore Road,
Varur, **Hubballi** – 581 207
KARNATAKA
e-mail: aniruddha@vrllogistics.com

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY (IES) TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. In terms of Article 145 of the Articles of Association of the Company, Mr. Sudhir Ghate, Director and Mr. C. Karunakara Shetty, Director, retire by rotation and being eligible offer themselves for re-appointment. The Board of Directors of the Company recommend such re-appointment.
3. The Register of contracts maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the members at the registered office of the Company.

DIRECTORS' REPORT

Dear Shareholders,

We take pleasure in presenting the Thirtieth Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2013

(Rs. in lakhs)

PARTICULARS	Year Ended 31.03.2013	Year Ended 31.03.2012
INCOME		
Income from Services	128134.25	108558.95
Sale of Power	2710.65	2538.90
Sale of Certified Emission Reduction units	603.65	1014.49
Other Income	2083.78	1415.49
Total	**133532.33**	**113527.83**
EXPENDITURE		
Employee Costs	14825.51	12891.87
Operating Costs	96264.71	79111.86
Finance Cost	5912.30	6514.17
Depreciation / Amortisation	8233.59	6959.86
Other Expenses	1937.47	1843.58
Total	**127173.58**	**107321.34**
Profit before Tax	**6358.75**	**6206.49**
Taxation	**(1670.48)**	**2100.61**
Net Profit	**8029.23**	**4105.88**

1. DIVIDEND

During the financial year 2012-13, your Directors declared an interim dividend at the rate of 26% translating to Rs.2.60 per equity share as well as proportionate dividend to the Compulsorily Convertible Participating Preference Shareholders (CCPPS) based on the provisional unaudited financial statements for the nine month period ended 31st December 2012. Based on the Company's performance, the directors are pleased to recommend, for the approval of the members, a further Dividend at the rate of 38% to Equity Shareholders as well as a proportionate dividend on the Compulsorily Convertible Participatory Preference Shares (CCPPS) for the financial year 2012-13 as a final dividend for the year. Record date for the dividend would be 10th July 2013.

2. TRANSFER TO RESERVES

The Company has transferred an amount of Rs.802.92 lakhs to the General Reserve out of the current year's profits in compliance with the provisions prescribed under the Companies (Transfer of Profits to Reserves) Rules, 1975.

3. COMPANY PERFORMANCE

During the year under review, company has achieved turnover of Rs.133532.33 lakhs as against Rs.113527.83 lakhs in the previous year depicting a growth rate of 17.62% and earned a net profit of Rs.8029.23 lakhs during the financial year 2012-13 as against Rs.4105.88 lakhs in the previous year.

The goods transport division witnessed growth compared to the earlier year at a rate of 15 %. The margins however was under pressure owing to the inflationary trend in cost variables such as fuel price, toll charges, driver costs, etc. which could not be passed on to the customers in entirety, to remain competitive.

Propelled by the substantial recent capex in the Bus fleet, a significant revenue growth was seen in the Passenger transportation division with the Company recording revenues of Rs.28483.77 lakhs vis-à-vis a revenue of Rs.21781.19 lakhs for the corresponding previous fiscal. Company invested in the purchase of Volvo, Multi Axle buses for meeting the needs of the customers. Company expanded its services in several new routes including the service of Bangalore to Jodhpur which is one of the longest route in India introduced by a private sector industry player.

4. CAPITAL EXPENDITURE

Financial year 2012-13 witnessed significant capital expenditure in your Company. A summary of the same is as under:

- Purchase of 25 goods transport vehicles for a sum of Rs.525.80 lakhs

- Purchase of 21 Multi-axle Volvo buses at a cost of Rs.2093.12 lakhs
- Purchase of 38 Non-Volvo Sleeper / Seater buses at a cost of Rs.1054.01 lakhs.

Apart from the above, the Company has purchased a new Godown at Bhiwandi, Mumbai at a cost of Rs.3683.86 lakhs as well as invested certain amounts in the improvement of properties situated at Varur, Hubballi, Mysore, Chitradurga and Bijapur.

5. FIXED DEPOSITS

Your Company has not accepted any deposits from the Public during the current year. Deposits accepted which have matured and are unclaimed are being reflected under the head "Unclaimed Matured Deposits" in Note 9, Other Current Liabilities. Interest due on these deposits is also disclosed separately. Fixed Deposits of the Company stood at Rs.259.62 lakhs as at the end of the financial year 2012-13, out of which Rs.8.45 lakhs have matured and are unclaimed. There were no overdue deposits. Your Company has complied with the provisions stipulated under the Companies Act, 1956, as applicable to such deposits.

6. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sudhir Ghate and Mr. C. Karunakara Shetty retire by rotation owing to their present tenure as directors being the longest and being eligible, they offer themselves for re-appointment at the ensuing Annual General Meeting. The Board recommends their reappointment for consideration of the shareholders.

7. JOINT STATUTORY AUDITORS

M/S H.K. Veerbhaddrappa & Co., Chartered Accountants, Hubballi and M/s Walker, Chandiok & Co., Chartered Accountants, Mumbai, Joint Statutory Auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The company has received letters from them to the effect that their reappointment, if made, would be within the prescribed limits u/s 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment u/s 226 of the Companies Act, 1956. Pursuant to the recommendations of the Audit Committee, the Board of Directors have, at their meeting held on 10 July 2013, recommended the re-appointment of the Joint Statutory Auditors and the same is subject to the approval of the shareholders of the Company, at the ensuing Annual General Meeting.

8. COST AUDITOR

In conformity with the circulars issued by the Central Government, the Company has appointed S.K. Tikare & Co., Cost Accountants, Dharwad, as the Cost Auditors for our Wind Power business for the year ending 31 March 2013. Pursuant to the recommendation of the Audit Committee, the Board at its meeting held on 10 July 2013 has retained their services for the financial year 2013-14.

9. DETAILS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

The particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange earnings and expenditure are annexed hereto as Annexure "A" and form part of this Report.

10. PARTICULARS OF EMPLOYEES

The particulars of employees of the company, in terms of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are given in Annexure "B" to this report.

11. DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;

b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;

c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

d) They have prepared the annual accounts on a going concern basis.

12. ACKNOWLEDGMENTS AND APPRECIATION

The Directors take this opportunity to thank the Company's customers, fixed deposit holders, shareholders, 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. The enthusiasm and unstinting efforts of the employees have enabled the Company to maintain its position in the industry in the face of a difficult economic scenario.

For and on behalf of the Board
Vijay Sankeshwar
Chairman & Managing Director
Place: **Hubballi**
Date: 10 July 2013

ANNEXURE 'A' TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES
(DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

FORM A
CONSERVATION OF ENERGY

The Company has taken a conscious decision of going in for vehicles with lower fuel consumption. Also, we attempt to operate vehicles at optimum speed as per manufacturer recommendations to conserve and save fuel. We also conduct preventive maintenance for vehicles. Apart from this, during the year, the following measures were taken:

1) Fitment of AMT (Automated mechanical transmission): On about 32 buses we have fitted this system and this takes care of the gear shifting at proper speed there by reducing the drivers fatigue and saving fuel to the extent of about 15%.

2) As a special drive, bus drivers were specially trained by driver trainers and due to proper driving and incentives for better fuel average, the fuel consumption is down by about 10%.

FORM B
TECHNOLOGY ABSORPTION

DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY ETC.

I. RESEARCH AND DEVELOPMENT

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

- Development of Android application for data collection
- Experimentation with internal wiring in Volvo buses
- Developing a mechanism to protect A/c functioning in buses

2. Benefits Derived out of above R&D

- The Android data application would result in cost saving for processing of data and certain application such as bus timing recorder are already implemented and are yielding results.
- The Company has around 130 Volvo buses. The internal wiring in these buses is complicated and subject to frequent wear and tear. The cost of replacement works out to Rs.2 lakhs per bus the Company has been successful in simplifying the wiring and reducing this cost to around Rs.20,000/- per bus without compromising on safety. Gradual implementation of the same is expected in the ensuing years.
- Drivers tend to switch off A/cs in during late night resulting in a lot of inconvenience to passengers. Efforts are on to develop a mechanism whereby the A/c would remain operational as long as the engine without being able to be affected by driver intervention.

3. Future plan of action

It is the constant endeavor of the company to come up with innovative ideas and work methods to enhance utilization of owned assets and achieve cost reduction in every sphere of activity.

4. Expenditure on R&D

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.

II. Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards absorption, adaptation and innovation – NIL

2. Benefits derived as a result of the above efforts, e.g. products, improvement, cost reduction, product developments, import substitution etc. – NIL

3. In case imported technology (imported during the last 5 years reckoned from the beginning of the financial year). Following information may be furnished – NIL

   a) Technology Imported.

   b) Year of import.

   c) Has technology been fully absorbed, areas where this has not taken place.

   d) If not fully absorbed, areas where this has not taken place reasons therefore and future plans of action.

III. FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

(Rs. in lakhs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
A) Expenditure in foreign currency (accrual basis)		
Aircraft maintenance	39.35	18.08
Professional fees on sale of certified Emission reductions units	46.73	12.32
Total	**86.08**	**30.40**
(Apart from the above a sum of Rs.402.11 Lakhs and Rs.92.79 Lakhs was paid to M/s NSR PE Mauritius LLC as their share of dividend for the financial years 2012-13 and 2011-12 respectively)		
B) Earnings in foreign currency (accrual basis)		
Sale of certified emission reductions units	603.65	1014.49
Total	**603.65**	**1014.49**
C) Value of imported and indigenous materials Spare parts and components including tyres, flaps and re-treading		
– Imported	–	–
– Indigenous		
– Amount	8758.88	6654.30
– Percentage	100%	100%
Total	**8758.88**	**6654.30**

ANNEXURE 'B' TO DIRECTORS' REPORT

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31 March 2012.

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

Sl. No.	Name and Qualification	Age Destination/ Nature of duties	Remuneration (in lakhs) Rs.	Exp. in Yrs.	Date of joining	Previous employment/ position held of employment
1.	Mr. Vijay Sankeshwar B.Com	63, Chairman & Managing Director	281.50	37	01.08.1984	–
2.	Mr. Anand Sankeshwar B.Com	38, Managing Director	198.00	22	01.12.1990	–

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

Sl. No.	Name and Qualification	Age Destination/ Nature of duties	Remuneration (in lakhs) Rs.	Exp. in Yrs.	Date of joining	Previous employment/ position held of employment
1.	Capt. S.C. Mehta	Chief Pilot	35.94	42	01.01.2007	Senior GM (Fight operations) Taneja Aerospace & Aviation Ltd.

Notes:

1. Remuneration shown above includes salary, perquisites and commission on profits 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 in the above cases is contractual.
3. Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar are related to each other.

Walker, Chandiok & Co.
Chartered Accountants
16th Floor, Tower II
Indiabulls Finance Centre
S.B. Marg, Elphinstone (W)
Mumbai – 400 013
Maharashtra

H.K. Veerbhaddrappa & Co.
Chartered Accountants
4th Floor, Sumangala Complex
Lamington Road
Hubballi – 580 020
Karnataka

Independent Auditors' 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 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for 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 referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the 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:

   i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;

   ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and

   iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by Section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the financial statements dealt with by this report are in agreement with the books of account;

   d. in our opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and

   e. on the basis of written representations received from the directors, as at 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For Walker, Chandiok & Co. Chartered Accountants Firm Registration No.: 001076N	For H.K. Veerbhaddrappa & Co. Chartered Accountants Firm Registration No.: 004578S
per Amyn Jassani Partner Membership No.: F-46447	per Arrvvind Kubsad Partner Membership No.: F-85618
Mumbai 10 July 2013	**Hubballi** 10 July 2013

Annexture to the Auditors' Report of even date to the members of VRL Logistics Limited, on the financial statements for the year ended 31 March 2013

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

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

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

c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

ii) a) The management has conducted physical verification of inventory at reasonable intervals during the year.

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

c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.

iii) a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4 (iii) (b) to 4 (iii) (d) of the Order are not applicable.

e) The Company has taken unsecured loans from two parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is Rs.3,045 lakhs and the year-end balance is Nil.

f) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are not, prima facie, prejudicial to the interest of the Company.

g) In respect of loans taken, repayment of the principal amount and the interest is regular.

iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

v) a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.

b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi) In our opinion, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 58A and 58AA and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975, as applicable, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard.

vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

viii) 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 clause (d) of sub-section (1) of Section 209 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.

ix) a) The Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

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

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 and expenses incurred towards construction of building	50.68	Nil	Assessment Year 2003-04	Karnataka High Court
	Notional interest on funds provided to Vijayanand Printers Limited	106.39	Nil	Assessment Year 2003-04	Karnataka High Court
	Demand of tax not deducted at source on body building charges, contribution to power evacuation facilities etc.	105.73	105.73	Assessment Year 2007-08	Commissioner of Income Tax (Appeals)
	Demand of tax not deducted at source on body building charges	1.75	1.75	Assessment Year 2008-09	Deputy Commissioner of Income Tax (TDS)
	Revenue from sale of wind power considered as Section 80IA income, disallowance of communication expenses, Air Charter expenses etc.	220.46	Nil	Assessment Year 2008-09	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	Assessment Year 2010-11	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Excise duty on body building, scrap sales and interest thereon	1085.35	Nil	January 2003 to September 2011	Commissioner of Central Excise & Customs

x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

xi) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.

xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Order are not applicable.

xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, provisions of clause 4 (xiii) of the Order are not applicable.

xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4 (xv) of the Order are not applicable.

xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.

xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.

xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4 (xviii) of the Order are not applicable.

xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable.

xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For Walker, Chandiok & Co Chartered Accountants Firm Registration No.: 001076N	For H.K. Veerbhaddrappa & Co Chartered Accountants Firm Registration No.: 004578S
per Amyn Jassani Partner Membership No.: F-46447	per Arrvvind Kubsad Partner Membership No.: F-85618
Mumbai 10 July 2013	**Hubballi** 10 July 2013

BALANCE SHEET AS AT 31 MARCH 2013

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

PARTICULARS	Notes	As at 31.03.2013	As at 31.03.2012
Equity and liabilities			
Shareholders' funds			
Share capital	2	18116.88	7070.00
Reserves and surplus	3	10823.97	8203.34
		28940.85	**15273.34**
Non-current liabilities			
Long-term borrowings	4	28516.25	40351.15
Deferred tax liabilities (net)	5	7759.93	9998.42
Other long term liabilities	6	865.99	782.90
Long-term provisions	7	291.26	215.66
		37433.43	**51348.13**
Current liabilities			
Short-term borrowings	4	9384.20	7290.32
Trade payables	8	3784.92	3572.24
Other current liabilities	9	13266.85	14591.07
Short-term provisions	7	3696.75	761.07
		30132.72	**26214.70**
Total		**96507.00**	**92836.17**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	71009.37	69419.64
Intangible assets	11	20.09	37.54
Capital work-in-progress		1402.84	1002.05
Non-current investments	12	7.75	12.75
Long-term loans and advances	13	9654.97	8769.71
Other non-current assets	14	71.59	122.67
		82166.61	**79364.36**
Current assets			
Inventories	15	968.42	873.11
Trade receivables	16	8442.06	7785.79
Cash and bank balances	17	1543.63	1360.03
Short-term loans and advances	13	1952.03	1580.91
Other current assets	18	1434.25	1871.97
		14340.39	**13471.81**
Total		**96507.00**	**92836.17**

Notes to the financial statements 1 to 42
The notes referred to above form an integral part of the financial statements
As per our report of even date attached

For Walker, Chandiok & Co
Chartered Accountants

Amyn Jassani
Partner

Place: **Mumbai**
Date: 10 July 2013

For H.K. Veerbhaddrappa & Co
Chartered Accountants

Arrvvind Kubsad
Partner

Place: **Hubballi**
Date: 10 July 2013

For and on behalf of the Board of Directors

Vijay Sankeshwar
Chairman and
Managing Director

Anand Sankeshwar
Managing Director

Sunil Nalavadi
Chief Financial Officer

Aniruddha Phadnavis
General Manager (Finance)
and Company Secretary

Place: **Hubballi**
Date: 10 July 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

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

PARTICULARS	Notes	Year Ended 31.03.2013	Year Ended 31.03.2012
Revenue			
Revenue from operations	19	132549.71	113038.33
Other income	20	982.62	489.50
Total revenue		**133532.33**	**113527.83**
Expenses			
Operating expenses	21	96264.71	79111.86
Employee benefits expense	22	14825.51	12891.87
Finance costs	23	5912.30	6514.17
Depreciation and amortisation expense	24	8233.59	6959.86
Other expenses	25	1937.47	1843.58
Total expenses		**127173.58**	**107321.34**
Profit before tax		**6358.75**	**6206.49**
Tax expense			
Current tax (minimum alternate tax)		1280.84	1256.44
Less: Minimum alternate tax (MAT) credit entitlement		(327.38)	(536.36)
Deferred tax		(2238.49)	768.37
Tax adjustments pertaining to earlier years		(4.46)	612.16
MAT credit entitlement pertaining to earlier years		(380.99)	-
Profit for the year		**8029.23**	**4105.88**
Basic and Diluted Earnings per share of face value Rs.10 each (in Rs.)	37	11.36	5.81

Notes to the financial statements 1 to 42
The notes referred to above form an integral part of the financial statements
As per our report of even date attached

For Walker, Chandiok & Co
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Partner

Place: **Mumbai**
Date: 10 July 2013

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General Manager (Finance) and Company Secretary

Place: **Hubballi**
Date: 10 July 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

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

PARTICULARS	Year Ended 31.03.2013	Year Ended 31.03.2012
A Cash flows from operating activities		
Profit before tax	6358.75	6206.49
Adjustments for:		
Depreciation and amortisation expense	8233.59	6959.86
Interest expenses	5912.30	6482.14
Interest income	(32.18)	(21.57)
Dividend income	(2.92)	(0.96)
Loss on sale of fixed assets (net)	31.36	3.25
Advances and bad debts written off	0.90	75.32
Provision for doubtful advances and debts	43.00	5.00
Credit balance written back	(61.06)	(9.70)
Operating profit before working capital changes	**20483.74**	**19699.83**
Adjustments for:		
(Increase) / decrease in trade receivables	(699.27)	(933.72)
(Increase) / decrease in loans and advances and other current assets	(1873.30)	(961.54)
(Increase) / decrease in inventories	(95.31)	(265.65)
Increase / (decrease) in trade payables, other liabilities and provisions	(92.74)	528.40
Cash generated from operating activities	**17723.12**	**18067.32**
Direct taxes paid (net of refunds)	(1311.87)	(1573.31)
Net cash generated from operations (A)	**16411.25**	**16494.01**
B Cash flows from investing activities		
Purchase of fixed assets (including capital advance)	(9140.68)	(24335.26)
Proceeds from sale of fixed assets	74.42	88.97
Encashment / (placement) of fixed deposits with bank	55.67	(203.38)
Sale / (purchase) of non-current investments	5.00	(0.25)
Interest received	18.91	24.81
Dividend income	2.92	0.96
Net cash (used in) investing activities (B)	**(8983.76)**	**(24424.15)**
C Cash flows from financing activities		
Proceeds from issue of shares (including securities premium)	12500.00	-
Share issue expenses	(104.88)	(435.41)
Repayment of public deposits (net)	(607.33)	(308.84)
Repayment of unsecured loans from corporates	(55.00)	(2460.00)
Proceeds from short term borrowings (net)	2148.88	893.11
Proceeds from long term borrowings	9317.98	30287.11
Repayment of long term borrowings	(21079.68)	(12340.78)
Dividend paid and tax thereon	(3040.26)	(1725.56)
Interest and processing fees paid	(6319.01)	(6268.11)
Net cash from / (used in) financing activities (C)	**(7239.30)**	**7641.52**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**188.19**	**(288.62)**
Cash and cash equivalents at the beginning of the year	**1279.32**	**1567.94**
Cash and cash equivalents at the end of the year	**1467.51**	**1279.32**
Cash and cash equivalents comprise:		
Cash on hand	376.89	359.71
Cheques / drafts in hand / transit	57.03	87.33
Balances with banks		
- in current accounts	820.81	752.60
- in deposit accounts (with maturity upto 3 months)	188.81	64.33
Cash in transit	23.97	15.35
Cash and cash equivalents as per note 17 to the financial statements	**1467.51**	**1279.32**
Restricted Cash		
Fixed deposits pledged with banks	91.77	20.00

Notes:

1) The above Chas Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3, "Cash Flow Statements", notified under the Companies (Accounting Standards) Rules, 2006.
2) Figures in brackets represent outflows.

As per our report of even date attached

For Walker, Chandiok & Co
Chartered Accountants

Amyn Jassani
Partner

Place: **Mumbai**
Date: 10 July 2013

For H.K. Veerbhadrappa & Co
Chartered Accountants

Arrvvind Kubsad
Partner

Place: **Hubballi**
Date: 10 July 2013

For and on behalf of the Board of Directors

Vijay Sankeshwar
Chairman and Managing Director

Anand Sankeshwar
Managing Director

Sunil Nalavadi
Chief Financial Officer

Aniruddha Phadnavis
General Manager (Finance) and Company Secretary

Place: **Hubballi**
Date: 10 July 2013

Company overview

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

1 Significant Accounting Policies

a) Basis for Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis using accounting principles generally accepted in India and comply with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, to the extent applicable and the provisions of the Companies Act, 1956, as applied consistently by the Company.

b) Use of Estimates

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

All assets and liabilities have been classified as current and non-current as per normal operating cycle of the Company and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on nature of products / services, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

c) Fixed Assets and Capital Work in progress

i. Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation / amortisation. Cost includes inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.

ii. Direct expenses as well as clearly identifiable indirect expenses, incurred during the period of construction of building and body building of vehicles are capitalised with the respective assets in accordance with the ratio determined and certified by Company's Management.

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

d) Depreciation

I. Depreciation on fixed assets is provided under the straight line method at the rates and in the manner specified under Schedule XIV to the Companies Act, 1956, which also represents the useful life of the fixed assets.

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 amortised over a period of five years.

iv. Software is amortised over a period of five years.

v. Furniture, Fixtures and Office Equipment is depreciated over a period of fifteen years.

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

vii. Assets costing less than Rs.5,000 are fully depreciated on the date of purchase.

e) Leases

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

f) Impairment of Assets

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

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

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

g) Foreign Currency Transactions

i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction.

ii. Monetary assets and liabilities denominated in foreign currencies at the year end are restated at the rate of exchange prevailing on the date of the Balance Sheet.

iii. Any exchange difference on account of settlement of foreign currency transactions and restatement of monetary assets and liabilities denominated in foreign currency is recognised in the Statement of Profit and Loss.

h) Investments

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

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

i) Valuation of Inventories

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

j) Recognition of Income and Expenditure

i. Income and Expenditure is recognised on accrual basis and provision is made for all known losses and liabilities.

ii. Revenue from Goods transport and Courier service is recognised when goods / documents are delivered to the customers.

iii. Revenue from Bus operation is recognised upon commencement of journey of passengers.

iv. Revenue from sale of power is recognised upon deposit of units of generated power at the grid of the purchasing electricity company.

v. Revenue from sale of eligible carbon credit units such as Verified / Certified Emission Reductions units (VERs) / (CERs) is recognised on completion of the validation process for units generated and entering of a definitive binding agreement for the sale of such units.

vi. Revenue from passenger air charter is recognised upon commencement of flight journey.

vii. Freight income related to unclaimed parcels is recognised on realisation basis.

viii. Interest on deposits is recognised on time proportion basis.

ix. Dividend income is recognised when the right to receive the dividend is established.

x. Rent income is recognised on time proportion basis.

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. The Company has categorised its Provident Fund and the Employees State Insurance Scheme asa 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 is accounted for on the basis of an independent actuarial valuation done as at the year end and actuarial gains / losses are charged to the Statement of Profit and Loss. Gratuity liability is funded by payments to the trust established for the purpose.

l) Borrowing Costs

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

m) Taxation

i. Tax expenses comprise current tax (amount of tax for the period determined in accordance with the Income Tax Regulations in India) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

ii. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably / virtually certain, as the case may be, to be realised.

iii. Tax credit is recognised in respect of Minimum Alternate Tax (MAT) as per the provisions of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within the statutory time frame and is reviewed at each Balance Sheet date.

n) Provisions and Contingent Liabilities

Provisions are recognised in the financial statements in respect of present probable obligations, for amounts which can be reliably estimated.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

PARTICULARS	As at 31 March 2013 Number	As at 31 March 2013 Amounts	As at 31 March 2012 Number	As at 31 March 2012 Amounts
2 SHARE CAPITAL				
Authorised share capital				
Equity shares of Rs.10 each	125,000,000	12500.00	125,000,000	12500.00
0.001% Compulsorily and mandatorily convertible participatory preference shares of Rs.100 each	11,200,000	11200.00	–	–
	136,200,000	**23700.00**	**125,000,000**	**12500.00**
Issued, subscribed and fully paid up				
Equity shares of Rs.10 each	70,700,000	7070.00	70,700,000	7070.00
0.001% Compulsorily and mandatorily convertible participatory preference shares of Rs.100 each	11,046,875	11046.88	–	–
Total	**81,746,875**	**18116.88**	**70,700,000**	**7070.00**
a) Reconciliation of share capital				
Equity shares				
Balance at the beginning of the year	**70,700,000**	**7070.00**	**70,700,000**	**7070.00**
Add: Issued during the year	–	–	–	–
Balance at the end of the year	**70,700,000**	**7070.00**	**70,700,000**	**7070.00**
Preference shares				
Balance at the beginning of the year	–	–	–	–
Add: Issued during the year	11,046,875	11046.88	–	–
Balance at the end of the year	**11,046,875**	**11046.88**	–	–

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) Term of conversion/right attached to preference shares

"The compulsorily and mandatorily convertible participatory preference shares (CCPPS) are entitled to dividend at 0.001% per annum per CCPPS. In addition, the CCPPS holders have the right to participate further in the distributable profits of the Company and to receive dividends as may be determined by the Board in accordance with and subject to applicable laws (the “Participatory Preferential Dividend” and together with the Fixed Preferential Dividend, the “Preferential Dividend”) provided that the aggregate preferential dividend in any period shall be equal to the amount which would have been payable as dividend to the holders of the CCPPS assuming all the CCPPS had been converted into equity shares. The CCPPS shall be mandatorily and compulsorily converted into equity shares on 1 September 2013 in accordance with the conversion parameters specified in the Share Purchase and Subscription Agreement and Shareholder's agreement dated 15 December 2011. The holders of preference shares have rights to receive notices of, attend or vote at general meetings subject to conditions mentioned in the aforesaid agreement. In the event of liquidation of the Company before conversion of CCPPS, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.”

d) Shareholders holding more than 5% of the shares

Equity shares of Rs.10 each	Number	% holding	Number	% holding
Mr. Vijay Sankeshwar	33,075,000	46.78%	33,075,000	46.78%
Mr. Anand Sankeshwar	32,778,250	46.36%	37,197,000	52.61%
NSR – PE Mauritius LLC	4,418,750	6.25%	–	–

Compulsorily and mandatorily convertible participatory preference shares of Rs.100 each	Number	% holding	Number	% holding
NSR – PE Mauritius LLC	11,046,875	100.00%		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

PARTICULARS	As at 31.03.2013	As at 31.03.2012
3 RESERVES AND SURPLUS		
Securities premium account		
Balance at the beginning of the year	630.00	630.00
Add: Shares issued during the year	1453.12	–
Less: Security issue expenses written off in terms of Section 78 of Companies Act, 1956	757.06	–
Balance at the end of the year	**1326.06**	**630.00**
General reserve		
Balance at the beginning of the year	2406.56	1995.97
Add: Transferred from Statement of Profit and Loss	802.92	410.59
Balance at the end of the year	**3209.48**	**2406.56**
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	5166.78	3767.10
Add: Transferred from Statement of Profit and Loss	8029.23	4105.88
Less: Interim dividend paid	2125.42	1484.70
Less: Tax on interim dividend	344.80	240.86
Less: Proposed dividend on preference shares (refer note 40)	0.11	–
Less: Proposed dividend on equity shares (refer note 40)	2686.60	424.20
Less: Proposed participatory dividend on preference shares (refer note 40)	419.78	66.28
Less: Tax on proposed dividend	527.95	79.57
Less: Transferred to general reserve	802.92	410.59
Balance at the end of the year	**6288.43**	**5166.78**
Total	**10823.97**	**8203.34**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

PARTICULARS	As at 31 March 2013 Long term	As at 31 March 2013 Short term	As at 31 March 2012 Long term	As at 31 March 2012 Short term
4 BORROWINGS				
Secured				
Term loans				
From banks	25789.39	510.00	35724.36	–
From Non-Banking Financial Companies (NBFCs)	14648.10	–	16474.84	–
Loans repayable on demand				
Working capital loan from banks	–	8874.20	–	7235.32
	40437.49	**9384.20**	**52199.20**	**7235.32**
Unsecured				
Loans and advances from related parties	–	–	–	45.00
Loans and advances from others	–	–	–	10.00
Deposits from public	251.17	–	851.40	–
	251.17	–	851.40	55.00
	40688.66	**9384.20**	**53050.60**	**7290.32**
Less: current maturities of long-term debt (refer note 9)	12172.41	–	12699.45	–
Total borrowings	**28516.25**	**9384.20**	**40351.15**	**7290.32**
a) Details of guarantee for each type of borrowings				
Guaranteed by directors				
Term loans				
From banks	10695.63	–	20585.88	–
From NBFCs	3431.17	–	1006.19	–
Loans repayable on demand				
Working capital loan from banks	–	7874.23	–	6235.32

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

Nature of Security	Terms of Repayment
Term loans from Banks are secured by: i) First charge by way of equitable mortgage on Land and Building. ii) First charge by way of hypothecation of certain Lorries & Vans, Buses, Tankers, Cars and Autos acquired there against. iii) First charge by way of Hypothecation of Plant and Machinery (Logistics Division), Furniture, Fixtures and Office Equipment. iv) Collateral security by way of mortgage of Land and Building. v) First charge by way of hypothecation of 10 Wind Turbine Generators (WTGs) of Wind Power Project and first charge by way of hypothecation / assignment of receivables from the said Wind Power Project.	Repayable over the period of 5 years from the reporting date alongwith interest rate ranging between 9.40% p.a. to 14.50% p.a.
Term loans from NBFCs are secured by: i) First charge by way of hypothecation of certain number of Lorries and Vans, Buses, Autos and Cars. ii) First charge by way of equitable mortgage on Land and Building.	Repayable over the period of 5 years from the reporting date along with interest rate ranging between 8.75% to 13.50% p.a.
Working capital loan from banks are secured by: i) First charge by way of hypothecation of Company's Inventories and Book Debts. ii) First charge by way of hypothecation of certain lorries. iii) Collateral security by way of equitable mortgage of Land and Building. iv) Collateral security by way of pledge of deposits.	Interest rate ranging between 12.50% p.a. to 13.75% p.a.

c) Terms of repayment for unsecured borrowings

i) Loans and advances from related parties and others.	Interest rate of 11% p.a. and 12% p.a. respectively.
ii) Deposits from public.	Repayable within 1 year from the reporting date alongwith interest rate ranging between 11.50% p.a. to 12.50% p.a.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

PARTICULARS	As at 31.03.2013	As at 31.03.2012
5 DEFERRED TAX LIABILITIES (net)		
a) Liabilities		
Depreciation / Amortisation	8054.03	10274.61
Total	**8054.03**	**10274.61**
b) Assets		
Allowance for doubtful debts, advances and contingencies	48.61	47.37
Provision for gratuity, compensated absences and lease equalisation	120.18	131.95
Provision for bonus	125.31	96.87
Total	**294.10**	**276.19**
Deferred tax liabilities	**7759.93**	**9998.42**
6 OTHER LONG TERM LIABILITIES		
Deposits from agents and others	865.99	782.90
Total	**865.99**	**782.90**

PARTICULARS	As at 31 March 2013		As at 31 March 2012	
	Long term	Short term	Long term	Short term
7 PROVISIONS				
Provisions for employee benefits (refer note (a) below)	237.50	50.45	158.73	145.28
Provision for lease equalisation	53.76	11.86	56.93	45.74
Proposed dividend (refer note 40)				
Equity	–	3106.38	–	490.48
Preference	–	0.11	–	–
Corporate dividend tax	–	527.95	–	79.57
Total	**291.26**	**3696.75**	**215.66**	**761.07**

a) Employee benefits

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

i) **Defined Contribution Plans:** The amount recognised as an expense during the year is Rs.1069.65 lakhs (Previous year: Rs.833.86 lakhs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

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

	PARTICULARS	Gratuity		Compensated absences	
		Year ended 31 March 2013	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2012
I.	**Changes in present value of obligations**				
	Present value of obligation as at the beginning of the year	803.93	741.23	205.06	180.90
	Current service cost	53.89	53.17	88.27	NA
	Interest cost	62.83	61.26	16.02	NA
	Actuarial (gain) / loss on obligations	24.04	10.91	0.28	NA
	Benefits paid	(84.81)	(62.64)	(21.68)	NA
	Present value of obligation as at the end of the year	859.88	803.93	287.95	205.06
II.	**Changes in fair value of plan assets**				
	Fair value of plan assets at the beginning of the year	704.98	709.56	–	–
	Expected return on plan assets	56.96	57.65	–	–
	Actuarial gain / (loss) on plan assets	9.56	0.41	–	–
	Contributions	98.95	–	21.68	–
	Benefits paid	(84.81)	(62.64)	(21.68)	–
	Fair value of plan assets at the end of the year	785.64	704.98	–	–
III.	**Actuarial gain / loss recognised**				
	Actuarial (gain) / loss for the year – Obligation	24.04	10.91	0.28	NA
	Actuarial (gain) / loss for the year – Plan assets	(9.56)	(0.41)	NA	–
	Total (gain) / loss for the year	14.48	10.50	0.28	NA
	Actuarial (gain) / loss recognized during the year	14.48	10.50	0.28	NA
IV.	**Amounts recognised in the Balance Sheet**				
	Present value of obligation as at the end of the year	859.88	803.93	287.95	205.06
	Fair value of plan assets as at the end of the year	785.64	704.98	–	–
	Funded status	(74.24)	(98.95)	(287.95)	(205.06)
	Net asset / (Liability) recognised in the Balance Sheet (refer note (ii) below)	–	(98.95)	(287.95)	(205.06)
V.	**Expense recognised in Statement of Profit and Loss**				
	Current service cost	53.89	53.17	88.27	NA
	Interest cost	62.83	61.26	16.02	NA
	Expected return on plan assets	(56.96)	(57.65)	–	–
	Net actuarial (gain) / loss recognized during the year	14.48	10.50	0.28	NA
	Expense recognised in Statement of Profit and Loss	74.24	67.28	104.57	24.15
VI.	**Assumptions used**				
	Discount rate	8.25%	8.50%	8.25%	8.50%
	Rate of increase in compensation levels	10% to 5%	10% for 5 years & 5% thereafter	10% to 5%	10% for 5 years 5% there after
	Estimated rate of return on plan assets	8.00%	8.50%	NA	NA
	Expected average remaining working lives of employees (years)	23.32	23.49	23.32	NA
	Resignation rate	1%	NA	1%	NA
	Mortality rate	Indian assured lives (2006-2008) ultimate mortality table	LIC (1994-96) ultimate Mortality rate	Indian assured lives (2006-08) ultimate mortality table	LIC (1994-96) ultimate Mortality rate
	Retirement age	58	NA	58	NA

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

* NA indicates that relevant information pertaining to the financial year ended 31 March 2012 was not available in the actuarial valuation report on compensated absences as at 31 March 2013.

Notes

i) The gratuity expense has been recognized under Note 22.

ii) Net liability outstanding as at the Balance sheet date is Nil as the Company has discharged the liability to the credit of the Trust established for the purpose.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

PARTICULARS	As at 31.03.2013	As at 31.03.2012
8 TRADE PAYABLES		
Dues to micro, small and medium enterprises (refer note (a) below)	–	–
Dues to others	501.75	555.77
Employee related liabilities	1187.33	1110.24
Other accrued liabilities	2095.84	1906.23
Total	**3784.92**	**3572.24**

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 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the statutory auditors of the Company.

PARTICULARS	As at 31.03.2013	As at 31.03.2012
9 OTHER CURRENT LIABILITIES		
Current maturities of long term debt (refer note 4)	12172.41	12699.45
Interest accrued but not due on borrowings	215.31	604.77
Interest accrued and due on borrowings	96.90	113.26
Unclaimed matured deposits	8.45	15.55
Interest accrued on unclaimed matured deposits	3.26	4.15
Advance from customers	213.81	310.39
Advance received towards certified emission reductions credits	–	328.23
Advance from agents	24.70	14.87
Payables for capital expenditure	13.06	–
Advance for sale of land (refer note 33)	160.11	160.11
Statutory dues	358.84	340.29
Total	**13266.85**	**14591.07**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

10 TANGIBLE ASSETS

PARTICULARS	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and fixtures	Office Equipment	Vehicles	Aircraft	Leasehold improvements	Total
Gross block										
Balance as at 01 April 2011	**1987.48**	**510.00**	**5858.31**	**22427.43**	**738.36**	**1066.24**	**39050.85**	**2546.10**	**103.10**	**74287.87**
Additions	4183.01	–	1768.97	314.79	88.97	155.70	19788.56	–	199.05	26499.05
Disposals	–	–	–	(5.46)	–	(2.56)	(383.10)	–	–	(391.12)
Balance as at 31 March 2012	**6170.49**	**510.00**	**7627.28**	**22736.76**	**827.33**	**1219.38**	**58456.31**	**2546.10**	**302.15**	**100395.80**
Additions	2735.00	–	2511.47	377.80	70.81	300.09	3769.59	–	145.72	9910.48
Disposals	–	–	–	–	(4.63)	(0.57)	(282.31)	–	(5.97)	(293.48)
Balance as at 31 March 2013	**8905.49**	**510.00**	**10138.75**	**23114.56**	**893.51**	**1518.90**	**61943.59**	**2546.10**	**441.90**	**110012.80**
Accumulated depreciation and amortisation										
Balance as at 01 April 2011	**–**	**105.75**	**717.14**	**4943.85**	**442.12**	**642.41**	**17066.61**	**446.10**	**42.65**	**24406.63**
Depreciation charge	–	25.50	124.64	1183.39	92.50	117.98	5128.24	142.58	53.60	6868.43
Adjustment	–	–	–	–	–	–	–	–	–	–
Reversal on disposal of assets	–	–	–	(5.46)	–	(0.47)	(292.97)	–	–	(298.90)
Balance as at 31 March 2012	**–**	**131.25**	**841.78**	**6121.78**	**534.62**	**759.92**	**21901.88**	**588.68**	**96.25**	**30976.16**
Depreciation charge	–	25.50	210.65	1205.87	87.58	143.92	6202.53	142.58	82.19	8100.82
Adjustment	–	–	114.16	–	–	–	–	–	–	114.16
Reversal on disposal of assets	–	–	–	–	(0.79)	(0.13)	(180.82)	–	(5.97)	(187.71)
Balance as at 31 March 2013	**–**	**156.75**	**1166.59**	**7327.65**	**621.41**	**903.71**	**27923.59**	**731.26**	**172.47**	**39003.43**
Net block										
Balance as at 31 March 2012	**6170.49**	**378.75**	**6785.50**	**16614.98**	**292.71**	**459.46**	**36554.43**	**1957.42**	**205.90**	**69419.64**
Balance as at 31 March 2013	**8905.49**	**353.25**	**8972.16**	**15786.91**	**272.10**	**615.19**	**34020.00**	**1814.84**	**269.43**	**71009.37**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

11 INTANGIBLE ASSETS

PARTICULARS	Goodwill	Computer software	Total
Gross block			
Balance as at 01 April 2011	**78.39**	**463.79**	**542.18**
Additions	–	12.12	12.12
Disposals	–	–	–
Balance as at 31 March 2012	**78.39**	**475.91**	**554.30**
Additions	–	1.16	1.16
Disposals	–	–	–
Balance as at 31 March 2013	**78.39**	**477.07**	**555.46**
Accumulated depreciation and amortisation			
Balance as at 01 April 2011	78.39	346.94	425.33
Amortisation charge	–	91.43	91.43
Reversal on disposal of assets	–	–	–
Balance as at 31 March 2012	**78.39**	**438.37**	**516.76**
Amortisation charge	-	18.61	18.61
Reversal on disposal of assets	-	-	-
Balance as at 31 March 2013	**78.39**	**456.98**	**535.37**
Net block			
Balance as at 31 March 2012	0.00	37.54	37.54
Balance as at 31 March 2013	**0.00**	**20.09**	**20.09**

PARTICULARS	As at 31 March 2013		As at 31 March 2012	
	Trade	Others	Trade	Others
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: 5,500 equity shares) of Rs.100 each fully paid up)	–	0.50	–	5.50
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 (20,000 equity shares (Previous year: 20,000 equity shares) of Rs.10 each fully paid up)	–	2.00	–	2.00
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
Total	**–**	**7.75**	**–**	**12.75**
Aggregate amount of unquoted investments	–	7.75	–	12.75

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

PARTICULARS	As at 31 March 2013 Long term	As at 31 March 2013 Short term	As at 31 March 2012 Long term	As at 31 March 2012 Short term
13 LOANS AND ADVANCES				
Unsecured, considered good, unless otherwise stated				
Capital advances	866.01	–	2024.69	–
	866.01	–	**2024.69**	–
Security deposits				
– Considered good	3210.87	–	1963.80	–
– Considered doubtful	44.00	–	24.00	–
	3254.87	–	1987.80	–
Allowances for bad and doubtful deposits	44.00	–	24.00	
	3210.87	–	**1963.80**	–
Loans and advances to related parties	–	–	–	3.08
Deposits with customs authorities and others	988.47	–	935.46	–
Minimum alternate tax credit entitlement	4223.64	–	3515.27	–
Advance tax and TDS receivable (net of tax provision)	365.98	–	330.49	–
Advance to suppliers	–	67.64	–	130.69
Expenses incurred towards availing certified emission reductions credits	–	–	–	40.56
Prepaid expenses	–	1103.69	–	806.92
Other advances				
– Considered good	–	780.70	–	599.66
– Considered doubtful	–	33.00	–	33.00
	5578.09	1985.03	4781.22	1610.83
Allowances for bad and doubtful advances	–	33.00	–	33.00
	5578.09	**1952.03**	**4781.22**	**1577.83**
Total	**9654.97**	**1952.03**	**8769.71**	**1580.91**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

PARTICULARS	As at 31.03.2013	As at 31.03.2012
14 OTHER NON-CURRENT ASSETS		
Non-current bank balances (refer note 17)	71.59	122.67
Total	**71.59**	**122.67**
15 INVENTORIES		
(valued at lower of cost and net realizable value)		
Stores and spares	968.42	873.11
Total	**968.42**	**873.11**
16 TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	37.53	7.23
Doubtful	66.00	43.00
	103.53	50.23
Less: Allowances for bad and doubtful debts	66.00	43.00
	37.53	7.23
Other debts		
Unsecured, considered good	8404.53	7778.56
	8404.53	7778.56
Total	**8442.06**	**7785.79**

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

PARTICULARS	As at 31.03.2013 Current	As at 31.03.2013 Non- current	As at 31.03.2012 Current	As at 31.03.2012 Non- current
17 CASH AND BANK BALANCES				
Cash and cash equivalents				
Cash on hand		376.89		359.71
Cheques, drafts on hand/transit		57.03		87.33
Balances with banks				
– in current accounts		820.81		752.60
– in deposit accounts (with maturity upto 3 months)		188.81		64.33
Cash in transit		23.97		15.35
		1467.51		**1279.32**
Other bank balances				
Deposits with maturity more than 3 months but less than 12 months		76.12		80.71
Bank deposits with maturity of more than 12 months		71.59		122.67
		147.71		**203.38**
Less: Amounts disclosed as other non-current assets (refer note 14)		71.59		122.67
Total		**1543.63**		**1360.03**
Fixed Deposit pledged with banks				
For working capital loan		217.96		210.71
For issue of guarantee in favour of customers		31.45		21.00
		249.41		**231.71**
18 OTHER CURRENT ASSETS				
Unsecured, considered good				
Interest accrued on bank deposits		27.78		14.52
"Assets held for sale (at lower of cost and net realisable value) [refer note 33]"		1155.28		1155.28
Other receivables		251.19		49.99
Unamortised share issue expenses		–		652.18
Total		**1434.25**		**1871.97**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

PARTICULARS	Year ended 31.03.2013	Year ended 31.03.2012
19 REVENUE FROM OPERATIONS		
A) Sale of products		
Sale of power	2710.65	2538.90
Sale of certified emission reductions units	603.65	1014.49
B) Sale of services		
Goods transport	98780.84	85850.63
Bus operations	28483.77	21781.19
Air chartering service	417.26	477.33
Courier service	452.38	449.80
C) Other operating income		
Sale of scrap materials	1101.16	925.99
Total	**132549.71**	**113038.33**
20 OTHER INCOME		
Interest income on fixed deposits with bank	32.18	21.57
Interest from customer on amount overdue	224.00	–
Dividend income from long term investment	2.92	0.96
Rent income	475.51	241.67
Interest on income tax refund	14.58	–
Credit balances written back	61.06	38.52
Miscellaneous income	172.37	186.78
Total	**982.62**	**489.50**
21 OPERATING EXPENSES		
Lorry hire	12852.59	13374.47
Vehicle operation-diesel cost	34290.89	26769.34
Vehicle running, repairs and maintenance (Net of insurance claims received)	10453.35	8532.24
Stores and spares consumed	3932.06	2907.50
Tyres, flaps and re-treading	4826.82	3746.80
Bridge and toll charges	6204.93	4096.43
Repairs and maintenance		
a. Plant and equipments	262.39	270.75
b. Buildings	402.77	282.25
c. Others	104.09	96.32
Security charges	225.97	186.18
Electricity charges	289.01	241.32
Wind turbine generator operation and maintenance expenses	425.97	416.69
Rent	4849.43	3984.61
Vehicle taxes	3289.56	2531.45
Insurance	684.30	358.42
Agency commission	4679.91	4127.75
Hamaali	4783.98	4092.91
Clearing and forwarding	3522.61	2836.31
Claims	184.08	260.12
Total	**96264.71**	**79111.86**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

PARTICULARS	Year ended 31.03.2013	Year ended 31.03.2012
22 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	13005.00	11422.22
Contribution to provident and other funds (refer note 7(a))	1143.89	901.14
Staff welfare expenses	676.62	568.51
Total	**14825.51**	**12891.87**
23 FINANCE COSTS		
Interest expense	5894.24	6419.28
Other borrowing costs	18.06	72.62
Interest on Income tax	–	22.27
Total	**5912.30**	**6514.17**
24 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets (refer note 10)	8214.98	6868.43
Amortisation of intangible assets (refer note 11)	18.61	91.43
Total	**8233.59**	**6959.86**
25 OTHER EXPENSES		
Travelling and conveyance	353.24	285.76
Printing and stationery	329.04	317.71
Professional and legal expenses	202.04	317.89
Payment to auditor (refer details below)	34.52	24.05
Office expenses	93.84	92.73
Communication expenses	341.03	356.08
Advertisement and business promotion	240.10	163.49
Interest on security deposit from agents	82.15	62.86
Loss on sale / discard of assets (net)	31.36	3.25
Foreign exchange difference	49.64	79.42
Advances and bad debts written off	0.90	75.32
Provision for doubtful advances and debts	43.00	5.00
Bank charges	73.21	48.95
Donation	3.53	1.74
Directors' sitting fees	2.82	3.20
Miscellaneous expenses	57.05	6.13
Total	**1937.47**	**1843.58**
Payment to auditor		
As auditor:		
Statutory audit	30.34	21.34
Tax audit	2.25	2.25
In other capacity		
Other services	0.62	0.28
Reimbursement of expenses	1.31	0.18
Total	**34.52**	**24.05**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

PARTICULARS	As at 31.03.2013	As at 31.03.2012
26 CONTINGENT LIABILITIES NOT PROVIDED FOR		
A] Claims against the Company not acknowledged as Debts		
Income tax matters	499.12	485.01
Service tax matters	–	514.40
Central Excise matters	1085.35	1085.35
Customs Duty (refer note (c) below)	694.92	694.92
PF and ESIC matters	12.92	12.92
Other contractual matters	184.63	113.07
	2476.94	**2905.67**
B] Disputed claims pending in Courts	**9560.95**	**7199.47**
Total	**12037.89**	**10105.14**

Notes:

a. The Company is in appeal against demands from Income Tax, Provident Fund and ESIC authorities.

b. The above figures for contingent liabilities do not include amounts towards penalties / interest that may devolve on the Company in the event of an adverse outcome as the same is subjective and not capable of being presently quantified.

c. Customs duty liability is in respect of alleged violation of terms and conditions of Non Scheduled Air Transport Service, as claimed by the Customs Department to the extent it can be quantified. The said department has issued a Show cause cum demand notice alleging violation of terms and conditions of Non Scheduled Air Transport Service and demanded, amongst others, customs duty on the import of aircraft and interest thereon. The Company had earlier availed of the exemption available under the Customs Act, 1962 (the 'Act') and was accordingly assessed to Nil duty under the Act. The Company has deposited the Customs duty, including interest thereon, without prejudice to further rights. These payments have been disclosed as deposits in the books of account. The Company has already filed the necessary response to the notice and expects a favourable order in this regard.

d. Future cash outflows in respect of (A) above can be determined only on receipt of judgments / decisions pending with various forums / authorities.

e. The amount disclosed in respect of (B) above pertains to the various cases of Motor Vehicle Accidents, Consumer disputes, Workmen compensation, etc. filed against the Company. A substantial portion of the expected liability / payment arising out of the same would devolve on third parties such as Insurance Companies, etc.

27 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.

28 During the year ended 31 March 2013, the Company received income tax refund of Rs.279.18 lakhs in relation to assessment year 2011-12, which has been adjusted against the advance tax for the aforesaid year. However, Company is yet to receive the concluding order in this respect. In the opinion of the management, no financial liability is expected to arise in this regard. Further, the appropriate allocation towards amount paid as advance tax in earlier years and interest income will be made once the final orders are received in this respect.

29 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.568.12 lakhs (Previous year: Rs.5,513.86 lakhs).

30 In the opinion of the Management, Current Assets, Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amounts at which they are stated.

31 The land whereat 34 Wind Turbine Generators (WTGs) are installed (at Kappatgudda, Gadag District, Karnataka) is leased to Suzlon Energy Limited by the Karnataka Forest Department. Consequently, Suzlon Energy Limited has transferred the lease in favour of the Company with requisite clearances from Karnataka Forest Department.

32 The Company has entered into Operating leases 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 2013 in respect of the operating leases is Rs.4,849.43 lakhs (Previous year: Rs.3984.61 lakhs).

Lease rental income recognized in the Statement of Profit and Loss for the year ended 31 March 2013 in respect of operating leases is Rs.475.51 lakhs (Previous year: Rs.241.67 lakhs).

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

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Not later than 1 year	945.12	1067.79
Later than 1 year but not later than 5 years	1193.63	891.24
Later than 5 years	12.51	–
Total	**2151.26**	**1959.03**

33 Other current assets as at 31 March 2013 include net book value of land at Gurgaon, Haryana aggregating Rs.1155.28 lakhs which has been retired from active use and is held for disposal. In accordance with Accounting Standard 10, Accounting for Fixed Assets, items of fixed assets that have been retired from active use and held for disposal are stated at the lower of net book value and net realisable value. The net realisable value as per the agreement of sale dated 13 October 2010, entered into with the buyer is Rs.1600 lakhs and therefore it is stated at its book value. Advance received in accordance with the aforesaid agreement is Rs.160 lakhs. An amount of Rs.41 lakhs has been incurred towards the sale process including conversion of land into Non Agricultural Land and hence would be adjusted against the sale consideration when the entire transaction concludes, which is expected in the financial year 2013-14.

The Company had authorised the buyer to construct a warehouse on the said land and enter into lease deed on behalf of the Company. The buyer misused such authorisation and executed and registered a lease deed for the said property in favour of his wife for a period of 30 years. The Company has initiated legal proceedings against the buyer in the Civil and Criminal Court, Gurgaon (the 'Court') and the Court has granted a 'Status Quo Injunction' in respect of the said property and the aforesaid lessee is restrained from occupation of the said property. The management is confident of concluding the entire transaction in the financial year 2013-14 and recovering the balance consideration.

34 The Company was contemplating to purchase properties in Gurgaon for establishing a Transhipment Yard. The Company has entered into an agreement with Vikas Yadav for arranging the sale deed from the respective land owners at Gurgaon and a sum of Rs.660 lacs was paid in the year 2011-12 towards the same. The Company subsequently realised that the property shown by Vikas Yadav has been notified by Government of Haryana for acquisition towards Civic amenities and since this matter was suppressed by Vikas Yadav, the deal had to be cancelled. Further, Vikas Yadav is not able to pay back the amount paid by the Company and accordingly the Company has filed both Civil and Criminal Cases at Hubballi for recovery of the amount. The management is confident of recovering the advance amount in the financial year 2013-14.

35 **CERTIFIED EMISSION REDUCTIONS CREDITS**

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

The Company has entered into an agreement dated 29 October 2009 with Asian Development Bank (ADB) (as trustee of the Asia Pacific Carbon Fund) amended vide 'Amendment and Restatement Agreement' dated 01 August 2011, for sale of Certified Emission Reductions (CERs), generated during the period March 2009 to December 2012 (delivery period). The Company has generated and delivered the relevant units of CERs in accordance with the aforesaid agreements as at 31 March 2013 and recognised revenue accordingly.

As per the 'Sale and Purchase of surplus CER's' clause in the aforesaid agreement, when the Company generates surplus CER's i.e. CER's in excess of the contract CER's on or before 31 December 2012, which are later verified and certified, ADB shall have the right but not the obligation, to purchase the said surplus CER's from the Company. Subsequent to the Balance Sheet date, 72,929 (net of 2% CDM administration fees) CER's have been certified and are ready to be delivered. However, ADB has agreed to procure 61,366 CERs in accordance with the contract.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

36 MANAGERIAL REMUNERATION:

Managerial remuneration under Section 198 of the Companies Act, 1956, read along with provisions of Schedule XIII, paid / payable to the Directors is as under:

PARTICULARS	Year Ended 31.03.2013	Year Ended 31.03.2012
Salary and Allowances	449.59	405.00
Contribution to Provident and other funds*	0.09	0.09
Perquisites**	12.41	13.39
Directors' sitting fees	2.82	3.20
Commission on profits	17.50	18.00
	482.41	**439.68**

* The above figures exclude contribution to the approved Group Gratuity Fund which is actuarially determined.
**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 period. 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 31.03.2013	Year Ended 31.03.2012
Net profit as per Statement of Profit and Loss	8029.23	4105.88
Less:- Preference dividend and tax thereon	0.13	–
Net profit after tax attributable to equity shareholders	8029.10	4105.88
Weighted average number of shares outstanding during the period – Basic and Diluted	70,700,000	70,700,000
Basic and Diluted earnings per share (Rs.)	11.36	5.81
Nominal value per equity share (Rs.)	**10.00**	**10.00**

The financial impact of Compulsorily and mandatorily convertible participatory preference shares on diluted earnings per share cannot be currently determined, since the number of shares to be issued will be determined in accordance with the conversion parameters specified in the Share Purchase and Subscription Agreement and Shareholder's agreement dated 15 December 2011.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

38 SEGMENT REPORTING

Reporting segments in accordance with Accounting Standard 17, Segment reporting, notified under the Companies (Accounting Standards) Rules, 2006, are Goods transport, Bus operations, Sale of power and Air chartering service.

PARTICULARS		Year Ended 31.03.2013	Year Ended 31.03.2012
1 SEGMENT REVENUE			
(Net Sales / Income from external customers)			
a) Goods transport		99233.22	86300.43
b) Bus operations		28483.77	21781.19
c) Sale of power		3538.30	3553.39
d) Air chartering service		417.26	477.33
	Total	**131672.55**	**112112.34**
Un-allocable revenue (Other income)		1859.78	1415.49
Net Sales / Income		133532.33	113527.83
2 SEGMENT RESULTS			
(Profit before Interest and Taxation from each segment)			
a) Goods transport		10025.44	10765.73
b) Bus operations		1871.53	1778.17
c) Sale of power		1707.45	1698.31
d) Air chartering service		(251.33)	(169.59)
		13353.09	**14072.62**
Less: Finance costs		(5912.30)	(6514.17)
Less: Other un-allocable expenditure net of un-allocable income		(1082.04)	(1351.96)
Profit before tax	**Total**	**6358.75**	**6206.49**
3 OTHER INFORMATION			
ASSETS			
a) Goods transport		41267.01	39104.46
b) Bus operations		17419.13	15453.44
c) Sale of power		14687.87	15987.72
d) Air chartering service		2513.35	2674.85
e) Un-allocable assets		20619.64	19615.70
	Total	**96507.00**	**92836.17**
4 LIABILITIES			
a) Goods transport		4529.91	4012.19
b) Bus operations		213.08	169.03
c) Sale of power		1.36	329.44
d) Air chartering service		16.13	15.34
e) Un-allocable liabilities		62805.67	73036.83
	Total	**67566.15**	**77562.83**
5 CAPITAL EXPENDITURE (including capital advances)			
Total cost incurred during the year to acquire segment assets			
a) Goods transport		3191.31	11800.52
b) Bus operations		4330.87	6542.67
c) Sale of power		-	-
d) Air chartering service		-	-
e) Un-allocable capital expenditure		1631.56	5992.07
	Total	**9153.74**	**24335.26**
6 SEGMENT DEPRECIATION/AMORTISATION			
a) Goods transport		4095.84	3357.70
b) Bus operations		2259.39	1787.76
c) Sale of power		1140.40	1140.40
d) Air chartering service		142.58	142.58
e) Un-allocable Depreciation / Amortisation		595.38	531.42
	Total	**8233.59**	**6959.86**

Note: The Company operates only in India and therefore there are no separate geographical segments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

39 PROPOSED DIVIDEND

PARTICULARS	As at 31.03.2013	As at 31.03.2012
The final dividend proposed by the Company for the year is as follows:		
A) On Preference shares of Rs.100 each		
Amount of dividend proposed	0.11	–
Dividend per preference share	0.001	–
B) On Equity shares of Rs.10 each		
Amount of dividend proposed	2686.60	424.20
Dividend per equity share	3.80	0.60
Proposed participatory dividend on preference shares	419.78	66.28
There are no arrears of dividends relating to preference shares.		

40 RELATED PARTY DISCLOSURES

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

Key Management Personnel (KMP) and their relatives	a. Mr. Vijay Sankeshwar (Chairman & Managing Director)
	b. Mr. Anand Sankeshwar (Managing Director)
	c. Mrs. Vani Sankeshwar – relative of director
	d. Mrs. Lalitha Sankeshwar – relative of director
	e. Mrs. Bharati Holkunde – relative of director
Companies in which KMP or their relative have significant influence	a. Aradhana Trust
	b. Shiva Agencies
	c. Sankeshwar Minerals Private Limited
	d. Sankeshwar Printers Private Limited
	e. VRL Cements Limited
	f. VRL Media Limited
Enterprise having significant influence over the entity	NSR – PE Mauritius LLC

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

b) Disclosures of transactions between the Company and its related parties, along with outstanding balances as at 31 March 2013

Nature of transactions	Name	Nature of relationship	Year ended 31 March 2013	Year ended 31 March 2012
Income				
Rent	Aradhana Trust		9.60	9.60
	Shiva Agencies	Companies in which KMP or relative have significant influence	30.18	29.62
	Sankeshwar Minerals Private Limited		4.47	3.62
	VRL Media Limited		208.69	1.14
Freight	Sankeshwar Minerals Private Limited	Companies in which KMP or relative have significant influence	3.74	2.63
	VRL Media Limited		126.81	–
Royalty	Sankeshwar Minerals Private Limited	Companies in which KMP or relative have significant influence	–	0.55
Reimbursements	Sankeshwar Minerals Private Limited	Companies in which KMP or relative have significant influence	37.38	17.98
	VRL Media Limited		54.07	–
Advertising / Hoarding	VRL Media Limited	Companies in which KMP or relative have significant influence	11.74	–
		Total	**486.68**	**65.14**
Expenditure				
Remuneration / Commission	Mr. Vijay Sankeshwar	KMP	281.50	256.48
	Mr. Anand Sankeshwar	KMP	198.09	180.09
	Mrs. Vani Sankeshwar	KMP/Relative of KMP	18.00	15.98
Printing and stationery	Sankeshwar Printers Private Limited	Company in which KMP or relative have significant influence	34.96	38.98
Advertisement Expenses	VRL Media Limited	Company in which KMP or relative have significant influence	21.72	–
Interest on Unsecured Loan	VRL Media Limited	Company in which KMP or relative have significant influence	43.88	153.61
	VRL Cements Limited		0.89	4.96
		Total	**599.04**	**650.10**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

Funding and Investment

Nature of transactions	Name	Nature of relationship	Year ended 31 March 2013	Year ended 31 March 2012
Payments				
Repayment- Unsecured loan	VRL Media Limited	Companies in which KMP or relative have significant influence	3000.00	2460.00
	VRL Cements Limited		45.00	–
		Total	**3045.00**	**2460.00**
Receipts				
Unsecured loan taken	VRL Media Limited	Companies in which KMP or relative have significant influence	3000.00	–
Rent deposits	Aradhana Trust		–	12.00
		Total	**3000.00**	**12.00**
Purchase of fixed assets	VRL Media Limited	Companies in which KMP or relative have significant influence	8.58	–
Dividend Paid and Proposed	Mr. Vijay Sankeshwar	KMP	2116.80	893.02
	Mr. Anand Sankeshwar	KMP	2097.80	1004.13
	Mrs. Vani Sankeshwar	KMP/ Relative of KMP	25.60	11.01
	Mrs. Lalitha Sankeshwar	Relative of KMP	1.35	0.57
	Mrs. Bharati Holkunde	Relative of KMP	0.12	0.04
NSR- PE Mauritius LLC		Enterprise having significant influence over the entity	989.91	---
		Total	**5231.58**	**1908.77**
Balance as at year end				
Assets				
Receivables	Shiva Agencies	Companies in which KMP or relative have significant influence	2.51	–
	Sankeshwar Minerals Private Limited		3.20	1.94
	VRL Media Limited		68.46	1.14
		Total	**74.17**	**3.08**
Liabilities				
Payables	VRL Media Limited	Companies in which KMP or relative have significant influence	1.41	104.59
	VRL Cements Limited		–	51.05
Rent Deposits	Aradhana Trust		12.00	12.00
Proposed dividend	Mr. Vijay Sankeshwar	KMP	1256.85	198.45
	Mr. Anand Sankeshwar	KMP	1245.57	223.18
	Mrs. Vani Sankeshwar	KMP/ Relative of KMP	15.20	2.40
	Mrs. Lalitha Sankeshwar	Relative of KMP	0.80	0.12
	Mrs. Bharati Holkunde	Relative of KMP	0.07	0.01
	NSR - PE Mauritius LLC	Enterprise having significant influence over the entity	587.80	–
		Total	**3119.70**	**591.80**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

41 ADDITIONAL INFORMATION PURSUANT TO REVISED SCHEDULE VI TO THE COMPANIES ACT, 1956:

Particulars	Year ended 31.03.2013 Quantity (in units)	Year ended 31.03.2013 Amount	Year ended 31.03.2012 Quantity (in units)	Year ended 31.03.2012 Amount
A) Generation of Energy				
Opening units	–		–	
Generated during the year (net of transmission loss)	79,991,660		74,949,978	
Less: Captive consumption	242,776		249,177	
Less: Sale of energy units	79,748,884	2710.65	74,700,801	2538.90
Closing units	–	–	–	–
B) Expenditure in foreign currency (accrual basis)				
Aircraft maintenance		39.35		18.08
Professional fees on sale of certified emission reductions units		46.73		12.32
Total		**86.08**		**30.40**
C) Earnings in foreign currency (accrual basis)				
Sale of certified emission reductions units		603.65		1014.49
Total		**603.65**		**1014.49**
D) Value of imported and indigenous materials				
Spare parts and components including tyres, flaps and re-treading				
– Imported	–			–
– Indigenous				
– Amount	–	8758.88	–	6654.30
– Percentage	–	100%	–	100%
Total		**8758.88**		**6654.30**
E) Dividend remitted in foreign currency				
Number of non-resident shareholders		1		
Number of shares held by them				
Equity shares		4,418,750		
Preference shares		11,046,875		
Final dividend				
Gross amount of dividend remitted		92.79		
The financial year to which it relates		2011-12		
Interim dividend				
Gross amount of dividend remitted		402.11		
The financial year to which it relates		2012-13		

42 PREVIOUS YEAR FIGURES

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

For Walker, Chandiok & Co
Chartered Accountants

Amyn Jassani
Partner

Place: **Mumbai**
Date: 10 July 2013

For H.K. Veerbhaddrappa & Co
Chartered Accountants

Arrvvind Kubsad
Partner

Place: **Hubballi**
Date: 10 July 2013

For and on behalf of the Board of Directors

Vijay Sankeshwar
Chairman and Managing Director

Anand Sankeshwar
Managing Director

Sunil Nalavadi
Chief Financial Officer

Aniruddha Phadnavis
General Manager (Finance) and Company Secretary

Place: **Hubballi**
Date: 10 July 2013

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 0 0 5 2 4 7 State Code 0 8

Balance Sheet 3 1 (Date) 0 3 (Month) 2 0 1 3 (Year)

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue	Bonus Issue
NIL	NIL	NIL

Private Placement
1250000

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
9650700	9650700

Sources of Funds

Paid-up Capital	Reserves & Surplus	Long term Borrowings
1811688	1082397	2851625
Short term Borrowings	**Deferred Tax Liability**	**Share Application Money**
938420	775993	NIL

Application of Funds

Net Fixed Assets	Non-current Investments	Current Assets
7102946	775	1434039
Misc. Expenditure	**Accumulated Losses**	**Capital work in progress**
NIL	NIL	140284

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure	+ −	Profit (+)/Loss (–) before extra ordinary items of taxation
13353233	12717358	✓ (+)	635875

+ −	Profit (+)/Loss(–) Before Tax & After extra ordinary items	+ −	Profit (+) / Loss (–) After Tax	Earnings per Share in Rs.	Dividend Rate %
✓ (+)	635875	✓ (+)	802923	11.36	64

V. Generic Names of Three Products / Services of Company (as per mandatory terms)

Item Code No.	Product Description
NIL	GOODS TRANSPORT
NIL	TRAVELS SERVICE
NIL	WIND POWER GENERATION

Note: Classification of products / services under ITC Code being of a technical nature is not verified by the Auditors

For and on behalf of the Board

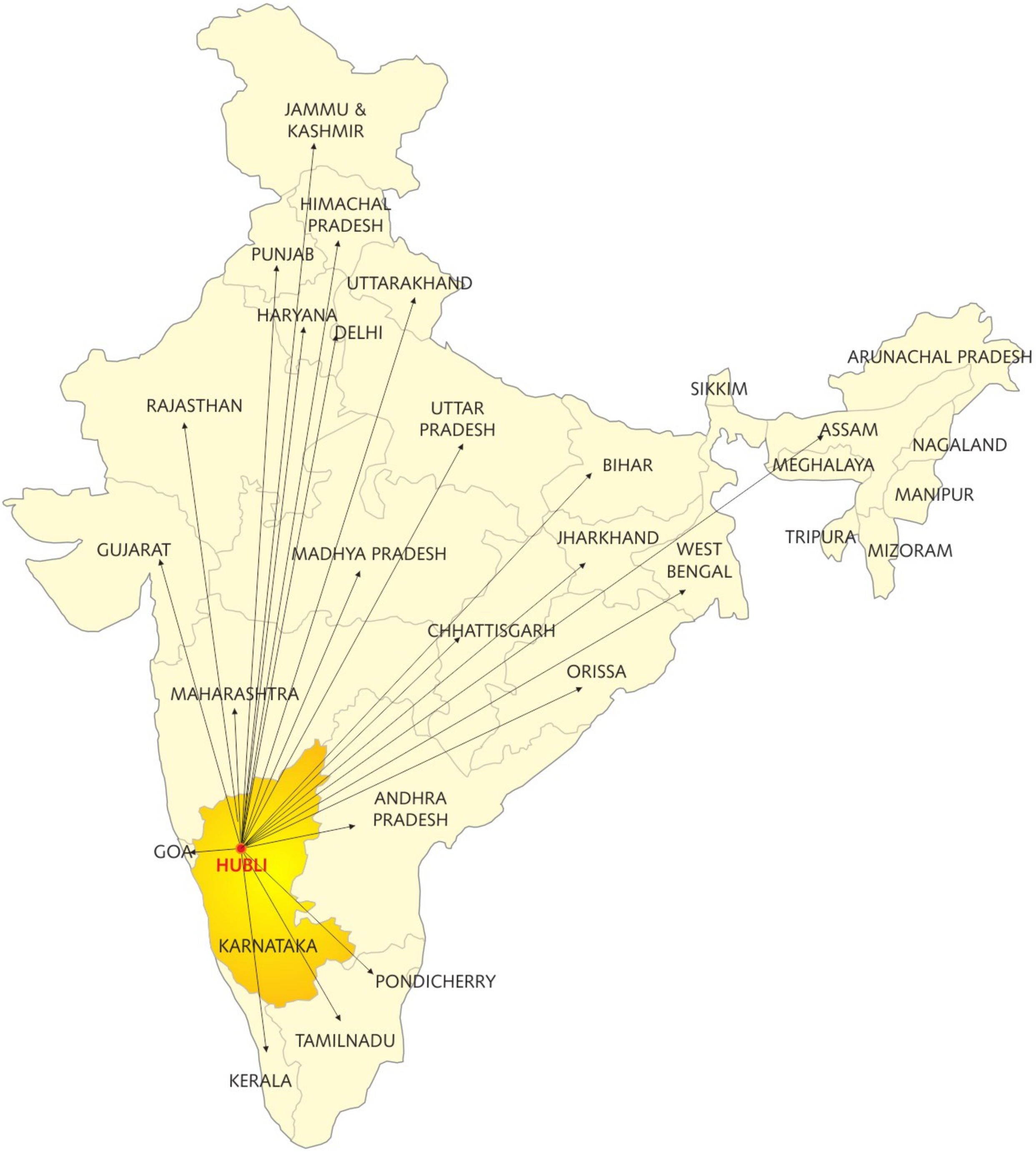
Place: **Hubballi**
Date: 10 July 2013

Vijay Sankeshwar
Chairman & Managing Director

NOTES

NOTES

VRL
COUNTRYWIDE NETWORK



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