



# ANNUAL REPORT 2021-22

**VRL LOGISTICS LIMITED**

## **OUR VISION**

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

## **OUR MISSION**

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

## **QUALITY POLICY**

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

**Hubballi Head Office**



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### DISCLAIMER

This Annual Report may contain certain forward looking statements about the Company. Although the Company believes its expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those predicted. These forward looking statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from those in such statements, many of which are beyond the control of the Company including, among other things, changes in general economic conditions, exchange rate fluctuations, fuel price fluctuations, the impact of business conditions in the Indian market, including those related to competition, price controls and price reductions, exposure to environmental liability, regulatory requirements and the like.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

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

**Dr. Anand Sankeshwar**  
Managing Director

**Mr. K. N. Umesh**  
Executive Director

**Mr. L R Bhat**  
Executive Director

**Dr. Prabhakar Kore**  
Independent Director

**Mr. Gurudas Narekuli**  
Independent Director

**Mrs. Medha Pawar**  
Independent Director

**Mrs. Smriti Bellad**  
Independent Director

**Dr. Anand Pandurangi**  
Independent Director

**Mr. Shankarasa Ladwa**  
Independent Director

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

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

**Sunil Nalavadi**  
Chief Financial Officer

**Aniruddha Phadnavis**  
Company Secretary & Compliance Officer

### BOARD COMMITTEES

#### AUDIT COMMITTEE

Mr. Shankarasa Ladwa - Chairman  
Mrs. Medha Pawar  
Mr. Gurudas Narekuli

#### FINANCE COMMITTEE

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

#### STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Shankarasa Ladwa - Chairman  
Dr. Raghottam Akamanchi  
Mrs. Medha Pawar

#### NOMINATION & REMUNERATION COMMITTEE

Mr. Shankarasa Ladwa - Chairman  
Dr. Anand Pandurangi  
Dr. Ashok Shettar  
Mrs. Medha Pawar

#### CSR COMMITTEE

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

#### ADMINISTRATION COMMITTEE

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

#### RISK MANAGEMENT COMMITTEE

Dr. Vijay Sankeshwar - Chairman  
Mr. Shankarasa Ladwa  
Mrs. Medha Pawar  
Mr. K. N. Umesh  
Mr. L R Bhat  
Mr. Sunil Nalavadi  
Mr. Raghavendra Malgi - Vice President (Accounts)

#### REGISTERED OFFICE

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

#### STATUTORY AUDITORS

M/s Kalyaniwalla & Mistry, LLP  
Chartered Accountants  
Mumbai

#### COST AUDITOR

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

#### SECRETARIAL AUDITOR

Mr. R Parthasarathy  
Company Secretary  
Bengaluru

#### REGISTRAR & TRANSFER AGENTS

Kfin Technologies Limited.  
Selenium Tower B,  
Plot No. 31 & 32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032

#### BANKERS

SVC Co-Operative Bank Ltd.  
ICICI Bank Ltd.  
Kotak Mahindra Bank Ltd.  
Axis Bank Ltd.  
The Federal Bank Ltd.  
HDFC Bank Ltd.  
State Bank of India

#### LEGAL ADVISOR

Mr. R B Gadagkar  
Advocate

#### CORPORATE OFFICE

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



## CHAIRMAN'S MESSAGE



Dear Members,

I present to you the Annual Report for the financial year 2021-22.

The year gone by presented its challenges and I take pride in stating that your Company not only overcame these but also emerged successful in achieving its highest ever profitability. The first quarter of the fiscal presented a daunting scenario wherein the pandemic again raised its ugly head and this time different states had implemented their own differing policies to manage its brunt. Transportation activity was being permitted across the country however business volumes had plummeted thereby presenting us with a grim scenario of patchy demand across the country. We were better prepared and having learnt our lessons in the earlier year, we could respond better to these challenges.

The Company had reported a loss of Rs.6.04 crores during the first quarter ended June 2021. The subsequent opening up of the markets presented us new opportunities and our proper planning helped us to achieve higher freight volumes in the subsequent quarters. The Company's resilience was aptly demonstrated given that we closed the fiscal with a healthy profitability of Rs.160.11 crores for the full financial year.

Freight volumes increased considerably and there is a consolidation phase that our industry is going through. Many of the small fleet owners could not sustain the pandemic presented challenges and have either curtailed their operations drastically or have completely closed down. Organized operators like your Company stood to benefit from these and this same is expected in the current year as well.

I have been lamenting about the lack of strength in the implementation of GST laws in my earlier annual messages and this time around I am happy to state that the enforcement of the GST law has gathered teeth and this is expected to only further strengthen in the near medium term. The implementation of the e-waybill provisions is being monitored and regulated meticulously across India by the enforcement authorities and the gradual reduction of thresholds for e-invoicing is expected to further bring more and more small and mid-size businesses into the GST compliant fold. This will again present a good business opportunity to organized players like us given that the significant portion of our business is sourced from the MSME businesses. It would not be out of place to mention here that we have now started getting significant volumes of commodities such as leather goods, betel nut, coconut products, incense products which were earlier not being moved by us and were the exclusive domain of the unorganized sector. Your management was cautious about network expansion given the constraints of local competition and unhealthy uncompliant competition. However given the above developments, we have now decided to aggressively push for network expansion in areas where our presence is limited.

We have identified several locations in Eastern India for opening up new branches as also certain towns and areas in the vicinity of our existing network that present potential to garner additional freight volume. Our regional incharges were tasked with the identification of such newer markets for us and we commenced our branch expansion in the second half of the financial year. By the end of the fiscal we have already added 91 branches and would look at further expansion into select pockets of Eastern India as also the North Eastern States. We would also look to improve our network density in existing geographies. All these would lead to addition of many new customers and help servicing existing customers for their business in the area covered by our new branches.

To back the expansion plans, we have also firmed up a massive 1600 vehicle order with Tata Motors and Ashok Leyland for the supply of vehicles of varying sizes to cater to the higher business volumes expected to be moved. The supply of these vehicles would commence soon and is expected to conclude within an 18 month horizon. The vehicle body building team is already geared up to attend to this work. The order also includes an addition of significant number of Trailer vehicles which would be used to move parcels over routes having higher load volumes to improve our service levels.

Also, I have initiated the area expansion of certain key hubs across the country so that higher freight volumes expected can be serviced directly to a larger number of branches from such hubs. This would bring down the transit time of consignments as also reduce their handling and facilitate better and faster service to customers. We are also expanding the size of godowns of certain key branches across the country to support business growth. A conscious focus on certain key corporate clientele has also begun for the servicing of their pan-India consignment deliveries.

My team is extensively travelling across the country and continuing to hold regional meetings to encourage the local managers to generate more business. Concentrated local level consignee focused marketing has always yielded results and I would continue to drive our employees to engage more and more with the customers. Area Heads and even branch



inspectors are being advised to meet with customers and potential customers to drive growth. Our management tracks the number of customers based on their GST registration and I am happy to state that since the opening up of the markets we have added a substantial new B2B customer base in our fold which is expected to drive in higher business volumes in the coming days.

Given all of the above I am confident of achieving significant volume growth in the near medium term with such network expansion. I have directed that regional level marketing be aggressively done in the new branches to garner freight volumes.

We had taken a freight rate hike during April 2021 and have not since increased the rates. The constant increase in fuel rates may lead to a small margin reduction but we will remain cautious in our price escalation decision considering our expansion plans. Your management has adopted wait and watch approach on the freight rate increase and is monitoring the fuel price situation as also the overall cost movement and would decide upon this opportunely.

Another significant development during the year was the decision taken on disposing off the wind power undertaking of the Company. The said project has a balance useful life of around 4-5 years and the realization of sale consideration thereof can be applied to meet the capex requirement for fleet addition. The management team was successful in selling off the eligible accrued carbon credits and the realization of this revenue occurred in the last quarter of the fiscal. An interim dividend of Rs.8/- per share was also declared by the Company at the end of the third quarter in line with our practice of earlier years.

The operations of the Bus Operations division were markedly better than that of the earlier pandemic affected year. Though the first quarter opportunity was lost to the pandemic the said division has achieved good revenues for the year and we would adopt a wait and watch approach and assess the strategy to be adopted in respect of this division considering the performance over the next few quarters.

With regard to vehicle scrapping, we have proactively begun the scrapping of older vehicles. A total of 141 vehicles were sold / scrapped during the financial year. As of the end of March 2022 your Company has 1265 vehicles which are older than 15 years and we would consider whether to scrap these or take the vehicles up for fitness assessment to continue their utilization in due course on a case to case basis. To meet the eventuality of vehicle scrapping reducing our fleet capacity we have already placed orders for new vehicles as stated earlier. We would thereby continue to ensure the availability of our owned fleet for our operations at all times.

Overall, I see a potential for considerable business growth going ahead.

I request you to go through the Annual report and send your queries to [investors@vrllogistics.com](mailto:investors@vrllogistics.com). I invite all the members to join us at Hubballi at your Company's Annual General Meeting on the 10th of August 2022, where we would seek your guidance and suggestions. As always, I sincerely thank our shareholders for their trust, support and confidence in us. A special note of thanks to our employees who braved the pandemic and stood strongly at their branch posts even during these difficult days for the Company's sake. I acknowledge that their absolute dedication and efforts are the Company's biggest strength. I also take this opportunity to express my gratitude to all the other stakeholders including Customers, Suppliers, Bankers, Government Authorities, Regulators and the management team including my peer Directors on the Company's Board for their hard work and commitment and seek the continued association of one and all for the Company's advancement in the days to come.

Sincerely,

**DR. VIJAY SANKESHWAR**

CHAIRMAN & MANAGING DIRECTOR

## VRL LOGISTICS LIMITED

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

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

Tel: 0836 2237613, Fax: 0836 2237614, Email: [investors@vrllogistics.com](mailto:investors@vrllogistics.com)

CIN: L60210KA1983PLC005247, Website: [www.vrlgroup.in](http://www.vrlgroup.in)

### NOTICE

**NOTICE** is hereby given that the Thirty Ninth Annual General Meeting of **VRL Logistics Limited** will be held on Wednesday, 10<sup>th</sup> August 2022 at 4:00 p.m. at the Registered Office of the Company situated at RS No.351/1, Varur, Post Chabbi, Taluk Hubballi, District Dharwad, Hubballi – 581 207 (18<sup>th</sup> KM, NH-4, Bengaluru Road, Varur, Hubballi – 581207), Karnataka to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements as at 31<sup>st</sup> March 2022 and the reports of the Board of Directors and Auditors thereon.
2. To confirm the Interim Dividend paid on Equity Shares as the Final Dividend for the financial year ended on 31<sup>st</sup> March 2022.
3. To appoint a Director in the place of Dr. Raghottam Akamanchi (DIN: 07038738) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. K. N. Umesh (DIN: 02602595), who retires by rotation and being eligible, offers himself for reappointment.

#### SPECIAL BUSINESS

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

**“RESOLVED THAT** pursuant to the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors and subject to provisions of Sections 196, 197 and 203 of the Companies Act, 2013 (“Act”) read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) and enactment(s) thereof for the time being in force), and Article 93 of the Articles of Association of the Company and obtaining of such other consents, approvals and permissions as may be necessary, consent of the members be and is hereby accorded for the re-appointment of Mr. L. R. Bhat (DIN: 01875068), aged 63, as a Whole-time Director of the Company for a period of five years with effect from 4<sup>th</sup> August 2022, on a monthly remuneration not exceeding Rs. 13,50,350/- (inclusive of perquisites as stated in explanatory statement ) or such revised remuneration as may be determined by the Board on recommendation of the Nomination and Remuneration Committee for a initial period of three years and on such other terms and conditions as set out in the appointment agreement with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment from time to time within the scope and in compliance with Schedule V of the Companies Act, 2013, or any amendments thereto or any re-enactment thereof as may be agreed between the Company and Mr. L. R. Bhat. a draft copy of which is placed before the meeting and initialed by the Chairman for the purpose of identification;

**RESOLVED FURTHER THAT** the aforesaid remuneration shall be construed as minimum remuneration in the absence of profits or inadequacy of profits, in compliance with Schedule V of the Companies Act, 2013;

**RESOLVED FURTHER THAT** the Board of Directors or any other person authorized by the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

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

**"RESOLVED THAT** pursuant to the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors and subject to provisions of Sections 196, 197 and 203 of the Companies Act, 2013 ("Act") read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) and enactment(s) thereof for the time being in force), and Article 93 of the Articles of Association of the Company and obtaining of such other consents, approvals and permissions as may be necessary, consent of the members be and is hereby accorded for the re-appointment of Mr. K. N. Umesh (DIN: 02602595), aged 68, as a Whole-time Director of the Company for a period of five years with effect from 19<sup>th</sup> May 2022, on a monthly remuneration not exceeding Rs. 13,50,350/- (inclusive of perquisites as stated in explanatory statement ) or such revised remuneration as may be determined by the Board on recommendation of the Nomination and Remuneration Committee for a initial period of three years and on such other terms and conditions as set out in the appointment agreement with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment from time to time within the scope and in compliance with Schedule V of the Companies Act, 2013, or any amendments thereto or any re-enactment thereof as may be agreed between the Company and Mr. K.N. Umesh. a draft copy of which is placed before the meeting and initialed by the Chairman for the purpose of identification;

**RESOLVED FURTHER THAT** the aforesaid remuneration shall be construed as minimum remuneration in the absence of profits or inadequacy of profits, in compliance with Schedule V of the Companies Act, 2013;

**RESOLVED FURTHER THAT** the Board of Directors or any other person authorized by the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of Companies Act, 2013 read with Rules thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), as recommended by the Nomination and Remuneration Committee and by the Board of Directors, consent of the Members be and is hereby accorded for the continuation of Dr. Prabhakar Kore (DIN: 00509836) as an Independent Director of the Company till the conclusion of his term upto 31<sup>st</sup> March 2024, notwithstanding the fact that on 1<sup>st</sup> August 2022, he attains the age of 75 years;

**RESOLVED FURTHER THAT** the Board of Directors or any other person authorized by the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be deemed necessary for giving effect to this Resolution."



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

**“RESOLVED THAT** pursuant to the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), as recommended by the Audit Committee and approved by the Board of Directors, the remuneration of Rs.70,000/- (Rupees Seventy Thousand only) excluding applicable taxes and out of pocket expenses as applicable, payable to M/s. S. K. Tikare & Co, Cost Accountants (Firm Registration No.101039), who were appointed as the Cost Auditors of the Company for the Financial Year 2022-23, be and is hereby ratified;

**RESOLVED FURTHER THAT** the Board of Directors or any other person authorized by the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

**By order of the Board of Directors  
For VRL Logistics Limited**

**Aniruddha Phadnavis**

Company Secretary & Compliance Officer

Date: 16<sup>th</sup> July 2022

**Registered Office:**

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

**KARNATAKA**

CIN:L60210KA1983PLC005247

e-mail: investors@vrllogistics.com

## NOTES

1. An explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 and extant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to the special business to be transacted at the Annual General Meeting ('AGM'), as set out in the notice, is annexed hereto.
2. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend, and on a poll, to vote instead of himself/herself and such proxy need not be a member of the company.
3. Proxies, if any, in order to be effective, must be received at the Company's Registered Office not later than 48 (Forty Eight) hours before the time fixed for holding the meeting. Proxies submitted on behalf of the companies & other entities, must be supported by appropriate resolution/authority, as applicable. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than three days advance notice in writing is given to the Company.
4. A person can act as a proxy on behalf of members not exceeding fifty in number and holding in aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by Companies (Management and Administration) Amendment, Rules, 2015, and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility of remote e-voting to all the members. The complete instructions on e-voting facility provided by the Company are annexed to this Notice, explaining the process of e-voting with necessary user id and password along with procedure for such e-voting. Such remote e-voting facility is in addition to the voting that may take place at the Meeting on Wednesday, 10<sup>th</sup> August 2022.
6. Corporate Members intending to send their authorized representative to attend the meeting are requested to send to the Company a duly certified true copy of the Board Resolution/duly executed authorization document, authorizing their representative(s) to attend and vote on their behalf at the Meeting.
7. Any member proposing to seek any clarification on the accounts is requested to send the queries to the Company at its registered office at least seven days prior to the date of Annual General Meeting to enable the management to compile the relevant information to reply to the same in the meeting.
8. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members during the Annual General Meeting of the Company.
9. The said Notice of AGM along with Annual Report, the Attendance Slip and Proxy Form have been sent to Members whose names are recorded in the Register of Members/Register of Beneficial owners as on 8<sup>th</sup> July 2022 by permitted/requisition mode individually at their registered postal address/sent electronically at their e-mail address available with the Company or with the Depository Participant(s).
10. The Notice calling the 39<sup>th</sup> AGM has been uploaded on the website of the Company under the 'Investors Desk' Section under "Notice, Forms & Voting Result" tab. The Annual Report is also available under the 'Financial Results' under the "Annual Report" tab. The Notice can also be accessed on the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Ltd. at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.
11. Members are requested to bring their copies of Annual Report to the Meeting. In order to enable us to register your attendance at the venue of the Annual General Meeting, members are requested to please bring their folio number/demat account number/DP ID-Client ID to enable us to provide a duly filled attendance slip for participation at the meeting.
12. In case of joint holders attending the Meeting, only such joint holder whose name appears first in the order of names will be entitled to vote.