



ANNUAL REPORT

2022 - 23



OUR VISION

To become the Premier Company in the country's Surface Logistics Industry and emerges as the torchbearer of less than truck load business in India

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. 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)

BUYBACK COMMITTEE

Dr. Vijay Sankeshwar - Chairman
Mr. L R Bhat
Dr. Anand Pandurangi
Mr. Gurudas Narekuli
Dr. Raghottam Akamanchi

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
Bank of Baroda

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 take pride in presenting to you the 40th Annual Report of VRL Logistics Limited for the fiscal year 2022-23. It is satisfying to write to you at the completion of the fourth decade of your Company's existence and highlight the key developments for the past year and my vision for the Company's future.

At the very outset I would like to express my gratitude to our valued stakeholders, including our shareholders, customers, employees, and partners, for their unwavering support and trust in VRL Logistics Limited. It is your continued commitment that has propelled us towards new heights and made this year a remarkable success.

I am pleased to announce that your company has achieved yet another year of robust profitability. Despite the challenging market conditions, VRL has delivered good financial results, demonstrating not only the resilience and adaptability of its business model but also the strong potential it presents. The management's focus on operational efficiency, cost optimization and strategic branch expansion has allowed the Company to navigate several challenges and emerge stronger.

During the past year, VRL has made significant progress in enhancing service offerings and expanding branch network, enabling us to meet the evolving needs of our customers. The most significant development during the year gone by was the rapid branch expansion done by us, especially in the eastern part of our Country.

The rapid reduction in the e-invoicing thresholds being imposed by the Government has benefited organized players like us at the cost of the smaller and unorganized transporters. Customers have shifted to us in large numbers and have retained their confidence after experiencing our services. Addition of newer geographies has further ensured that such new branches get access to our wide network and vice-versa. I take pride in stating that our new branch contribution to the overall volume was around 8%, which is significant and is expected to further increase in the years to come.

We have focused our efforts on expanding our footprint across the country and the Northern, Eastern and North Eastern states have been a key area of strategic expansion for us. I am delighted to report that our newly established branches in this region have yielded substantial business volumes and have exceeded our expectations. By establishing a strong presence in the North East, we have not only tapped into new markets but also facilitated trade and economic development in these regions. We remain committed to further strengthening our presence in these states and unlocking their immense potential.

During the past year, we embarked on a strategic initiative to enhance our fleet and strengthen our logistical capabilities. I am pleased to announce that we have successfully added more than 1000 new vehicles to our fleet. This substantial investment allows us to meet the ever-growing demands of our customers, while also ensuring greater operational efficiency and timely deliveries. These new vehicles will undoubtedly reinforce our position as the market leader in the surface logistics industry. At the same time we are also phasing out our older vehicles as a proactive measure. The vehicles being scrapped are lower capacity vehicles and these are gradually being replaced with new higher capacity vehicles which adds to the overall fleet capacity despite the older vehicles moving out.

We implemented an ambitious Bar code / QR mechanism for the consignments being handled by us our large size and scale of operations as also the varying consignment sizes presented a unique challenge and demanded that the people on the ground let go of status quo and embrace newer technology. I am happy to state that the transition time this project took was much lower than what we anticipated and our employees rose to the occasion and have overcome the initial hiccups, which also impacted our service for a short duration.

As a responsible corporate entity, we have proactively embraced the government's vehicle scrappage policy. By replacing older vehicles with newer, more fuel-efficient, and environmentally friendly models, we have not only reduced emissions but also improved the overall efficiency of our fleet. This initiative aligns with our commitment to sustainability and reinforces our dedication to preserving the environment for future generations.

On a prudent note, considering our imminent vehicle scrappage year on year in the future and the potential that the vehicle scrapping compulsion entails, we are gearing up to establish a vehicle scrappage unit at our centralized vehicle facility at Varur in Hubballi, Karnataka. This would be the best of its kind unit in Northern Karnataka and would cater not only to our in-house vehicles but outside vehicles would be also procured and scrapped. Though not significant in quantum, I am sure that this business would yield positive cash flows. The imminent implementation of the vehicle scrappage policy will provide us with opportunities to leverage government incentives and optimize our operations.

The year gone by also witnessed significant internal restructuring in alignment with our long term goal to position your Company as an entity focusing solely on Goods Transportation business, which is its core competency. We hived off the Wind Power business and Bus Operations Undertaking was also sold as a going concern. The Bus division did not find any takers as a going concern and we roped in the best of external consultants to ensure that pricing related modalities were transacted in a transparent manner and ensured that the Board did an independent evaluation prior to placing the proposal forth to the shareholders for their approval. These two transactions resulted in an exceptional profitability addition for the year as also significant cash inflows to your Company. The bigger objective of ensuring that the Company now solely focuses on its core competency was also achieved. Your Board of Directors at their recently concluded meeting has also approved the in-principle disposal of the lone aircraft owned by the Company and this would ensure that the Company shall continue only with the Goods Transportation business going ahead. These measures were being contemplated by the Company's management over the last few years and the implementation of these measures have resulted in a very positive feedback from the investor community.

To ensure that our shareholders do benefit from the improved financial position, your Company transacted a buyback during the last quarter of the financial year. The buyback was concluded during the initial part of April 2023. As a part of the said buy back, the Company bought back 8,75,000 equity shares from the shareholders at a price of ₹ 700/- per share. Your Board of Directors have also recommended a final dividend of ₹ 5 per share and the shareholders are expected to approve the same at the ensuing Annual General Meeting.

While we celebrate the achievements of the past year, we remain focused on the road ahead. Our commitment to technological innovation, customer satisfaction, and sustainable growth will continue to drive us forward. We will seek to invest in latest technologies, expand our service offerings, and explore newer geographies for volume growth. With an unwavering dedication to excellence, I am confident that VRL Logistics Limited will continue to set new benchmarks in the industry. We remain enthusiastic and optimistic about the future. While we anticipate ongoing market uncertainties, we are confident in our ability to negate challenges and capitalize on opportunities. We will continue to focus on branch expansion and focusing on further optimizing our consignment delivery model to add more and more stations being directly serviced from our larger transshipment hubs so as to reduce material handling and also improve on the service levels.

As the world becomes more environmentally conscious, sustainability has emerged as a key priority for businesses across all sectors. VRL Logistics Limited is deeply committed to minimizing our environmental footprint and promoting sustainable practices throughout our operations. We are actively exploring alternative fuels, electric vehicles, and renewable energy sources to reduce emissions and promote greener logistics.

I would like to extend my heartfelt gratitude to our shareholders for their unwavering trust and confidence in VRL Logistics. Your support has been instrumental in our growth journey, and we are committed to creating long-term value for you.

I would also like to express my appreciation to our customers for their continued loyalty. Your trust in our services has motivated us to go above and beyond to meet your expectations. We are dedicated to further enhancing our offerings and delivering unparalleled value to you.

To our employees, I am immensely proud of your hard work and commitment. Your dedication and resilience have been the very basis for our success, and I express my heartfelt gratitude to each one of you.

Lastly, I would like to thank our partners and stakeholders for their collaboration and support. Your contributions have been invaluable in our journey towards excellence.

Lastly, I wish to assure that myself and the entire management team of your Company will continue to strive and create sustainable value, drive innovation, and foster strong relationships with all our stakeholders in the days to come.

Warm regards,

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

(18th KM, NH-4, Bengaluru Road, Varur)

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

CIN: L60210KA1983PLC005247, Website: www.vrlgroup.in

NOTICE

NOTICE is hereby given that the Fortieth Annual General Meeting of **VRL Logistics Limited** will be held on Monday, August 7, 2023 at 12:30 p.m. at the Registered Office of the Company situated at RS No.351/1, Varur, Post Chabbi, Taluk Hubballi, District Dharwad, Hubballi – 581 207 (18th KM, NH-4, Bengaluru Road, Varur, Hubballi – 581207), Karnataka to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial accounts as at 31st March 2023 and the reports of the Board of Directors and Auditors thereon.
2. To declare Final Dividend of ₹ 5/- per equity share for the year ended on 31st March 2023.
3. To appoint Director in the place of Mr. L R Bhat (DIN: 01875068) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in the place of Dr. Ashok Shettar (DIN: 07038714) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 149, 150, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, the Companies (Amendment) Act, 2017, read with Schedule IV to the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 16(1)(b) & 17 and other applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time, Clause 104 of Articles of Association of the Company, as recommended by the Nomination and Remuneration Committee and Board of Directors and a notice having been received from a member U/s 160(1) of the Companies Act 2013, Shri Shantilal Dhanraj Jain (DIN: 00571902), be and is hereby appointed as an Independent Director of the Company, to hold office for a term of five years, with effect from August 7, 2023 and that his period of office shall not be subject to retirement by rotation;

RESOLVED FURTHER THAT any of the Directors of the Company and/or Mr. Aniruddha Phadnavis, Company Secretary & Compliance Officer of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution and matters incidental thereto."

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

“RESOLVED THAT pursuant to Section 196, 197 & 198, read with Schedule V and other applicable provisions, if any, of the Companies Act 2013, including any statutory modification(s) or re-enactment(s) thereof, Reg. 17(6)(e) of the SEBI (Listing obligation & Disclosure Requirements) Regulations 2015, based

on the recommendation of the Nomination and Remuneration Committee and the Board of Directors and subject to such other approvals as may be necessary, the consent of the members be and is hereby accorded for payment of the existing remuneration to Dr. Anand Sankeshwar, Managing Director for the period of his remaining tenure (01.04.2023 to 31.03.2024) as detailed hereunder:

Remuneration: (Including Salary & Perquisites)	₹ 25 lakhs per month (the total salary indicated above would include all allowances / perquisites and exclude Provident Fund contribution, Gratuity and Leave Encashment & reimbursement)
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RESOLVED FURTHER THAT the aforesaid remuneration be construed as minimum remuneration in the absence of profits/inadequate profits, in compliance with Schedule V.”

RESOLVED FURTHER THAT Mr. Aniruddha Phadnavis Company Secretary & Compliance Officer of the Company be and is hereby authorised to take all steps necessary for giving effect to this resolution.”

By order of the Board of Directors
For VRL Logistics Limited

Aniruddha Phadnavis

Company Secretary & Compliance Officer

Date: 10th July 2023

Registered Office:

RS No. 351/1, Varur, Post Chabbi, Taluk
Hubballi, District Dharwad, Hubballi - 581 207
(18th 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') 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 of advance notice in writing is given to the Company.
4. A person can act as a proxy on behalf of members not exceeding fifty 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 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 August 7, 2023.
6. Corporate Members intending to send their authorised representative to attend the meeting are requested to send to the Company a duly certified true copy of the Board Resolutions/authority, 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 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 June 30, 2023, by permitted / requisitioned 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 40th AGM has been uploaded on the website of the Company in the Investor 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 from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Ltd. at www.bseindia.com and 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 your signature and participation at the meeting.
12. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

13. Relevant documents referred to in the accompanying Notice, are open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of the Meeting.
14. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number(s) in the attendance slip for attending the Meeting to facilitate identification of membership at the meeting.

Members who would like to receive notices, letters, annual reports, documents and any other correspondence by electronic mode are requested to register their email addresses and changes therein, from time to time, with Company's Registrar and Transfer Agent, KFin Technologies Limited ("KFin"), in respect of shares held in physical form.

15. The Members are requested to:

- (a) Intimate change in their registered address, if any, to the Company's Registrar and Share Transfer Agents, KFin in respect of their holdings in physical form.
- (b) Notify immediately any change in their registered address to their Depository Participants in respect of their holdings in electronic form.
- (c) Non-Resident Indian Members are requested to inform KFin immediately of the change in residential status on return to India for permanent settlement.
- (d) Register their email address/bank details/mobile number and changes therein from time to time with Kfin for shares held in physical form and with their respective Depository Participants for shares held in demat form.
- (e) Quote their DPID & Client ID or Folio details respectively in all correspondences, including dividend matters to the Registrar and Share Transfer Agents, KFin Technologies Limited. (Unit: VRL Logistics Ltd.), Plot 31-32, Selenium Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.
- (f) Any person, who acquires shares of the Company and become a member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e, July 31, 2023 may obtain the login id and password by sending a request at evoting@kfintech.com.

16. In accordance with the provisions of Section 72 of the Companies Act, 2013, read with Rule 19(1) of the Rules made thereunder, members are entitled to specify nominations in respect of the Equity Shares held by them, in physical form. Members desirous of specifying nominations may procure the prescribed form (Form SH 13) from the Registrar & Share Transfer Agents KFin Technologies Limited and have it duly filled and sent back to them.
17. In support of the Green initiative by Ministry of Corporate Affairs and pursuant to section 101 of the Companies Act 2013 and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, electronic copy of the Annual Report is being sent to all Members whose email ID's are registered with the Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members, who have not registered their email address, physical copies of the Annual Report are being sent to them in the permitted / requisitioned mode.
18. Members are requested to note that as per Section 124(5) of the Companies Act, 2013, the dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account, is liable to be transferred by the Company to the "Investor Education Protection Fund" (IEPF) established by the Central Government under the provisions of Section 125 of the Companies Act, 2013.
19. In terms of Clause 100 of the Articles of Association of the Company, Mr. L R Bhat, Whole-time Director and Dr. Ashok Shettar, Non-Executive Director retire by rotation and being eligible & offer themselves for re-appointment.
20. Information's required under Regulation 36 of SEBI Listing Regulations, Directors seeking Appointment/ Reappointment at the AGM are furnished as annexure to this Notice. The Directors have furnished consent/ declarations for their appointment/re-appointment as required under Act and rules made thereunder.
21. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are,