

**Corporate Office:**

Giriraj Annexe Circuit House Road  
**HUBBALLI- 580 029** Karnataka State  
 Phone : 0836- 2237511  
 Fax : 0836 2256612  
 e-mail : headoffice@vrllogistics.com

**BSE Limited**  
**PhirozeJeejeebhoy Towers**  
**Dalal Street**  
**Mumbai- 400001**  
**Script Code: 539118**

**National Stock Exchange of India Limited**  
**Exchange Plaza, Plot No.C/1, G-Block,**  
**Bandra – Kurla Complex, Bandra (E),**  
**Mumbai – 400 051**  
**Script Code: VRLLOG**

Dear Sir / Madam,

**Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015**

Pursuant to the provisions of Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we hereby notify that subject to receipt of requisite shareholder approvals, the Board of Directors of the Company at its meeting held on 15<sup>th</sup> September 2022 have, *interalia*, approved the sale/transfer of its Bus Operations undertaking by way of slump sale on a going concern basis to an entity which is owned and controlled by the promoters of the Company.

We enclose herewith a presentation prepared internally in relation to the proposed transaction explaining the rationale for the same.

The details as required under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9th September, 2015 are as under-

<p>The amount and percentage of the turnover or revenue and net worth contributed by such unit or division of the listed entity during the last financial year ended (as of 31.03.2022).</p>	<p><b>Revenue:</b> Bus operations Division recorded revenue of Rs. 20,483.75 Lakhs which contributes 8.50% of the total revenue of the company.</p> <p><b>Net worth:</b> The Net Worth of the Bus Operations Division as of March 31, 2022 was ~Rs. 3,452.09 lakhs as against the overall net worth of Rs.65,163.07 lakhs being 5.30% of the Net Worth.</p>
<p>Date on which the MOU for transfer has been entered into</p>	<p>The Board of Directors of the Company at its meeting held on 15<sup>th</sup> September 2022 have approved the transfer of Bus Operations Division to M/s. Vijayanand Travels Private Limited (VTPL), a Related Party, by way of a Slump Sale on a going concern basis. The Business Transfer Agreement (“BTA”) and</p>

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**Website: www.vrllogistics.com CIN: L60210KA1983PLC005247GSTIN (KAR): 29AABCV3609C1ZJ**

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	supplementary documents would be executed between the parties within a stipulated time period and the slump sale of the Bus Operation Division is conditional on completion of certain conditions (such as receipt of shareholder approvals and other third party consents for the business transfer).
The expected date of completion of sale/disposal	The date of completion of transfer shall be a date falling after confirmation of shareholders' approval for the proposed transaction as may be mutually agreed to between the parties. The same is expected within a period of six months.
Consideration received / expected from such sale/disposal	The approved sale consideration for the said transaction is Rs.23,000 lakhs (Rupees twenty three thousand lakhs) which would be subject to closing date adjustments as mutually agreed between the parties in the BTA.
Brief details of buyers and whether any of the buyers belonging to the promoters/promoters group/ group of companies. If yes, details thereof	Vijayanand Travels Private Limited ( <b>VTPL</b> ) is a private limited company, newly incorporated and owned and controlled by the Promoters/Promoter group.
Whether the transaction would fall within related party transactions? If yes, whether same is done at "arm's length	Yes, the transaction would be a related party transaction.  With regard to whether said transaction is being done at 'arms' length', we wish to confirm that the said Slump Sale is being done on the basis of an independent valuation obtained from M/s Grant Thornton Bharat LLP and being undertaken on an arms' length basis.
Additionally, in case of a slump sale, indicative disclosures provided for amalgamation/merger, shall be disclosed by the listed entity with respect to such slump sale.	As stated earlier, the said transaction would be given effect through execution of BTA subject to the receipt of approvals from the non-Promoter shareholders of the Company and would be finalized only upon receipt of their approval which is being obtained by way of a Postal Ballot.
(i) Name of the entity(ies) forming part of the slump sale/business transfer. Details in brief such as, size, turnover etc.	The proposed transaction contemplates a sale/transfer of the Company's bus operations undertaking to VTPL by way of slump sale on as a going concern.

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	<p>Details such as size and turnover of the Company and VTPL are as follows:</p> <p><b>1. Company</b></p> <p>Size: Net Worth of VRL Logistics Ltd as on 31<sup>st</sup> March 2022 was Rs. 65,163.07 lakhs.</p> <p><b>Turnover:</b> Turnover of VRL Logistics Ltd as on 31<sup>st</sup> March 2022 was Rs. 241,046.54 lakhs.</p> <p><b>2. VTPL</b></p> <p>Size: Not Applicable</p> <p>Turnover: Not Applicable</p> <p>The Buyer, VTPL is a newly incorporated entity and net worth and turnover details are not applicable.</p>
(ii) Whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms length”	As described above.
(iii) Area of business of the entity(ies)	<p>Company: VRL Logistics Ltd. is engaged in the business of Goods Transportation and Bus Operations.</p> <p>VTPL: Not Applicable as VTPL is a newly incorporated entity.</p>
(iv) Rationale for the business transfer/slump sale	The presentation enclosed herewith specifies the rationale for the proposed transaction.
(v) In case of cash consideration – amount or otherwise share exchange ratio;	As described above.
(vi) Brief details of change in shareholding pattern (if any)of listed entity	Not applicable, since there is no share issuance involved as part of the proposed transaction.

**Notes:**

- The numbers contained in the Segment disclosure derived from the audited financial statements for the year ended 31.03.2022 have been considered for the purposes of determining the percentage of revenue and net worth as depicted above. Shared resources which have been classified as ‘Un-allocable’ have not been considered accordingly.

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2. The final consideration would be subject to minor adjustments as on the date of transfer and would be documented in the BTA to be entered into with the Buyer.

You are requested to kindly take the same on record and disseminate the above information in the required manner.

**For VRL LOGISTICS LIMITED**

**ANIRUDDHA PHADNAVIS**  
**COMPANY SECRETARY & COMPLIANCE OFFICER**

**Place: Hubballi**  
**Date: 15.09.2022**



# SALE OF BUS OPERATIONS BUSINESS UNDERTAKING



# DISCLAIMER

- Certain statements contained in this document may be statements of future expectations/forward looking statements that are based on management's current view and assumptions and involve known and unknown risks and uncertainties that could cause actual results/performance or events to differ materially from those expressed or implied herein.
- The information contained in this presentation has not been independently verified and no representation or warranty expressed or implied is made, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information or opinions contained herein.
- This presentation may contain certain forward looking statements within the meaning of applicable securities law and regulations. These statements include descriptions regarding the intent, belief or current expectations of the Company or its directors and officers with respect to the results of operations and financial condition of the Company. Such forward-looking statements are not a guarantee of future performance and actual results may differ from those in such forward-looking statements as a result of various factors and assumptions which the Company presently believes to be reasonable. Many factors could cause the actual results, to be materially different and significant factors that could make a difference to the Company's operations include domestic and international economic conditions, changes in government regulations, tax regime, etc
- None of VRL Logistics Ltd. or any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document.
- This document does not constitute an offer or invitation to purchase or subscribe for any shares and neither it nor any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

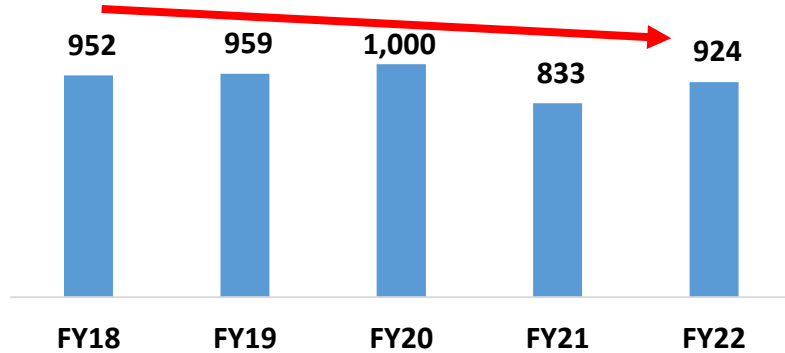
# BUSINESS PROFILE

- Engaged in Passenger transportation service and related parcels
- The Business Unit currently owns a fleet of 277 buses (as on 31.08.2022) of different types such as AC/ Non-AC/ Sleeper / Seater/ Non-AC Semi Sleeper etc.
- Presently operating in the states of Karnataka, Maharashtra, Andhra Pradesh, Telangana and Goa.
- This is a debt free segment as of date.

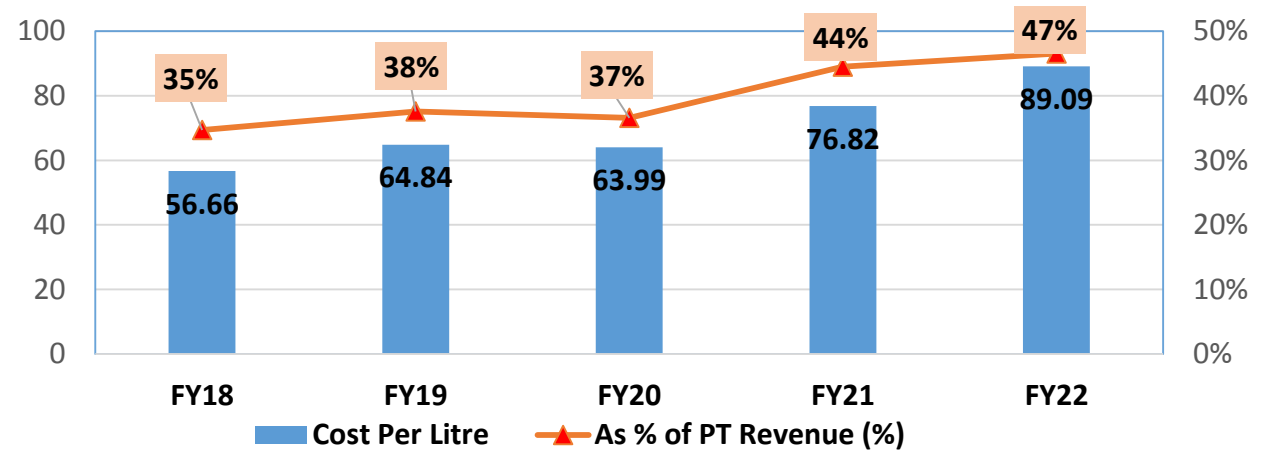
# BUS OPERATIONS- KEY CONCERNS

**Increasing operating costs in bus operations could not be transferred resulting in declining EBITDA**

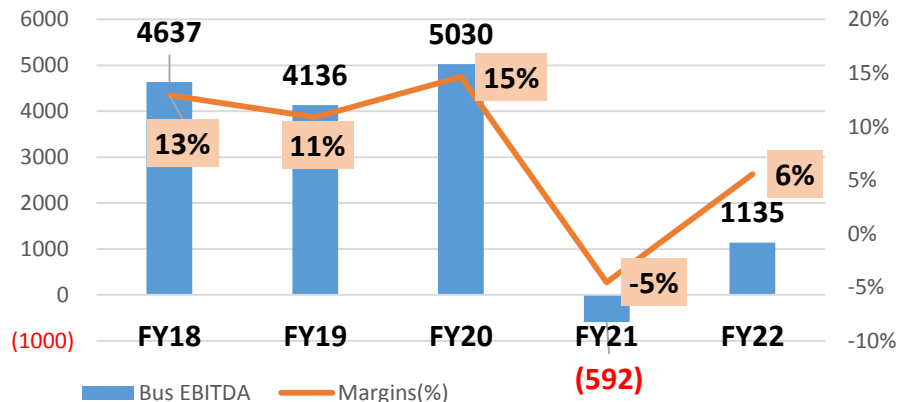
Average revenue per passenger  
(Rs/passenger)



Fuel cost per litre & As a Percent of Revenue



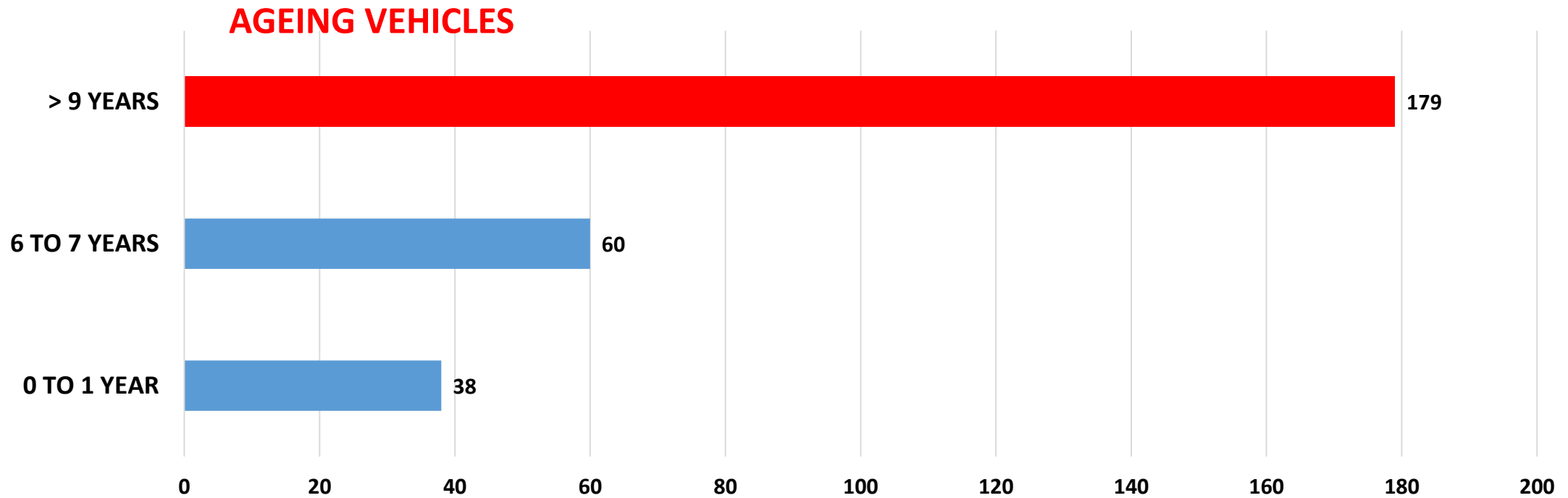
BUS EBITDA & MARGINS(%)



- While Average Revenue per Passenger has declined, Fuel cost per litre has increased 57% from FY18 to FY22 and as a percentage to Revenue has increased from 35% to 47%
- In spite of increasing operating costs, the company has not been able to pass it onto the passengers because of competition
- Bus operations margins have a drag down impact on consolidated results leading to lower EBITDA margins
- Bus operations being a cyclic segment, the first quarter always has a higher EBITDA. The Q1FY23 results would not be representative of the annual FY23 results for the division



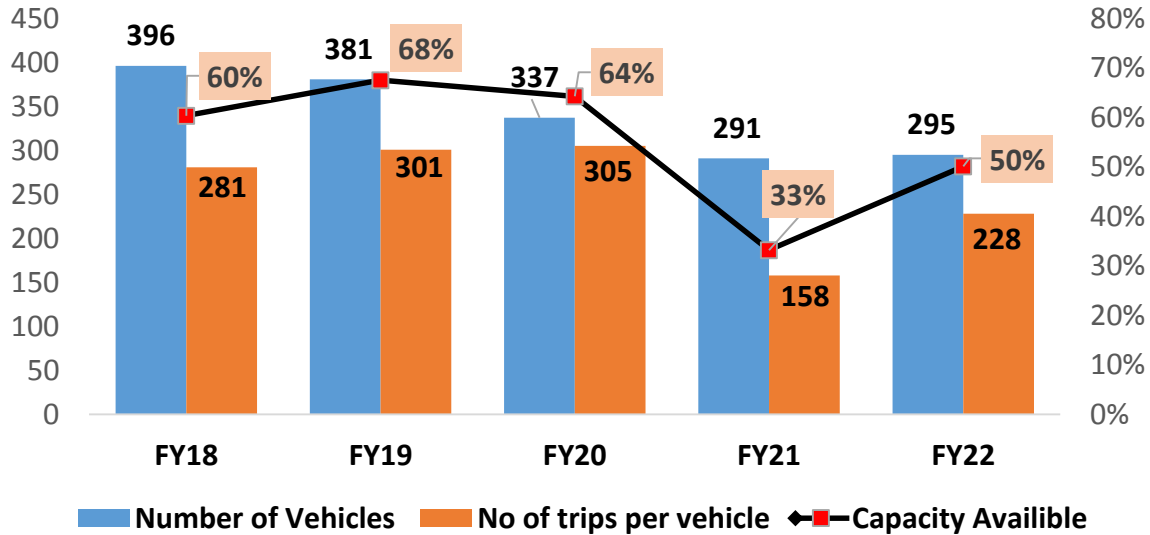
# BUS OPERATIONS- KEY CONCERNS



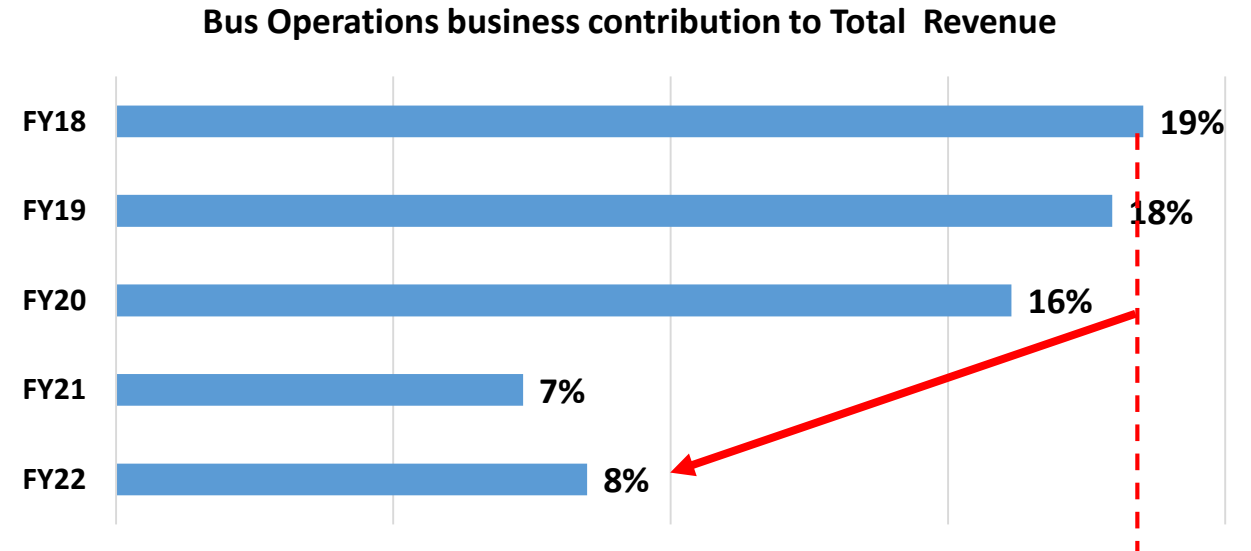
- Ageing fleet is a concern.
- More than 65% of the fleet size is aged above 9 years and due for replacement
- Heavy capex needed to phase out old vehicles and bring new vehicles

# BUS OPERATIONS- KEY CONCERNS

## No growth in Revenue and decline in contribution to Total Revenue



Overall Capacity utilization is on a declining trend from 60% in FY18 to 50% in FY22



Bus operations contribution to Total Revenue has declined from 19% in FY18 to 8% in FY22

# BUS OPERATIONS – NEGATIVE ROCE

*Lower returns on Capital Employed*

*Rs. in lakhs*

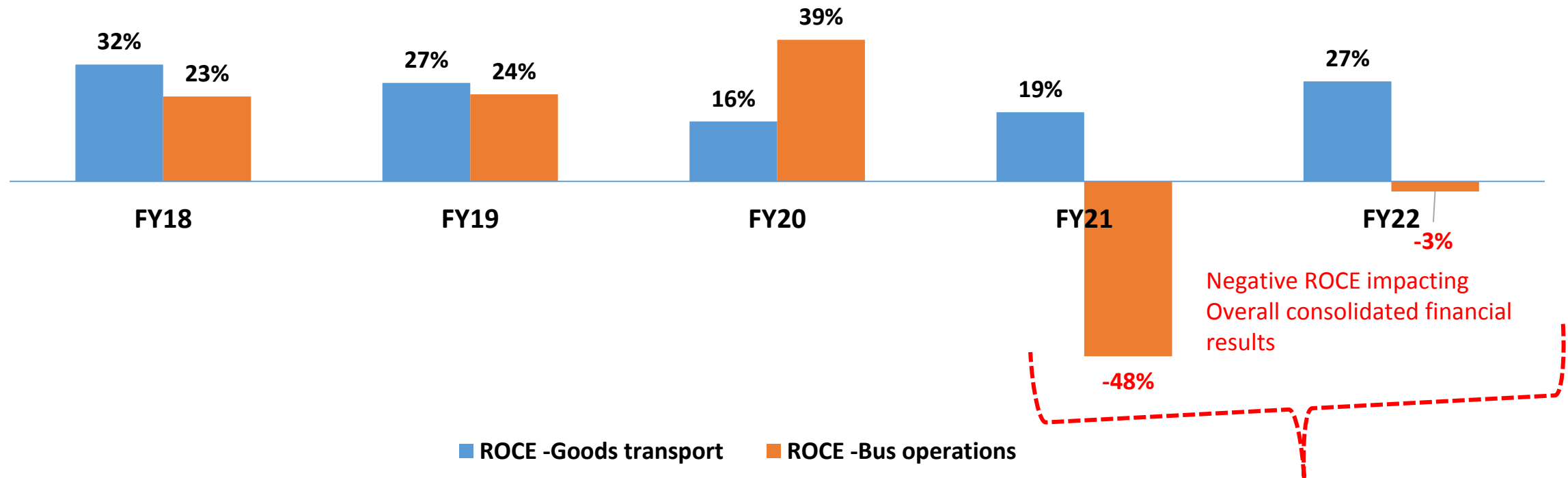
<b>ROCE</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>
SEGMENT ASSETS	10564.15	8348.14	7372.38	5812.70	6139.82
SEGMENT LIABILITIES (excluding borrowings)	1421.50	1359.74	886.27	907.71	1240.92
CAPITAL EMPLOYED	9142.65	6988.40	6486.11	4904.99	4898.90
EBIT	2109.91	1657.05	2497.21	(2334.66)	(136.28)
<b>RETURN ON CAPITAL EMPLOYED</b>	<b>23.08%</b>	<b>23.71%</b>	<b>38.50%</b>	<b>(47.60%)</b>	<b>(2.78%)</b>

Note :

- The above workings are extracted from the audited financial statements as appearing in the Segment Disclosure – the effect of certain shared resources, both assets and liabilities, which have been classified as “Unallocable” therein have not been considered for these workings
- The Bus operations underwent a consolidation process in FY20, resulting in exceptional returns

# ROCE – GT AND BUS OPERATIONS

- Sale of Bus Operations would provide the company a greater Opportunity to concentrate on Goods Transport Business wherein ROCE is significantly higher. It can be seen that the ROCE of Bus Operations has declined from **23%** in FY18 to **(3%)** in FY22.



Note :

- The above workings are extracted from the audited financial statements as appearing in the Segment Disclosure – the effect of certain shared resources, both assets and liabilities, which have been classified as “Unallocable” therein have not been considered for these workings
- The Bus operations underwent a consolidation process in FY20, resulting in exceptional returns

# CHALLENGES POSED & PROPOSED SOLUTION

- Disposal of older vehicles could not be done due to lack of demand from existing operators involved in passenger transport
- Phasing out of older buses gradually would lead to financial stress on consolidated financials
- Huge capex needed to replace aged vehicles
- Even if new vehicles are added, it may not result in incremental revenue and expected returns
- Lower margins and declining returns on capital employed affect the overall consolidated financials
- Threat of competition from Railways and Regional Airlines wherein new routes and capacities are increasing that pose challenges and increased competition on existing Bus routes
- In view of the above, Promoters wish to step in and buy out the Bus Operations segment to overcome these challenges (*Proposed Transaction*). VRL will focus on the Goods Transportation segment, its core competency.
- Being a majority shareholder, the promoters wish to protect the overall value of the Company



# SUMMARY OF PROPOSED TRANSACTION

- Slump sale as defined in under section 50B of the Income Tax Act
- Valuation of Bus Operations undertaking assigned to Grant Thornton Bharat LLP – Independent Agency
- As derived, the Valuation of the Bus Operations Segment is **Rs.228.75 crores**
- Based on the valuation report, the board has approved the transaction at a consideration of **Rs.230 crores**
- Upon consummation of the transaction VRL LOGISTICS LTD will report a significant profit (consideration proposed at Rs.230 crores as against net worth of ~Rs.35 crores as of FY22)
- The entire transaction value, net of Capital Gains thereon, would be an additional cash inflow to VRL
- Completion of the Transaction is subject to approval of non-Promoter shareholders
- Effective date of transaction will be post the non-Promoter share holders approval

**THANK YOU** 