

Walker ChandioK & Co LLP

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Independent Auditor's Review Report on Unaudited Quarterly Financial Results and Year to Date Results of the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of VRL Logistics Limited

1. We have reviewed the accompanying statement of unaudited financial results ('the Statement') of **VRL Logistics Limited** ('the Company') for the quarter ended 30 September 2019 and the year to date results for the period 1 April 2019 to 30 September 2019, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act') and SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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VRL Logistics Limited

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4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, the SEBI Circular, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013



Bharat Shetty

Partner

Membership No. 106815

UDIN No: 19106815AAAADP6395

Place: Hubballi

Date: 09 November 2019



STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2019

Sr. no.	Particulars	Quarter ended			Half year ended		₹ in lakhs
		30.09.2019 (Unaudited)	30.06.2019 (Unaudited)	30.09.2018 (Unaudited)	30.09.2019 (Unaudited)	30.09.2018 (Unaudited)	Year ended 31.03.2019 (Audited)
1	Income						
	Revenue from operations	52,382.23	53,963.75	51,698.56	106,345.98	104,545.59	210,954.40
	Other income	309.46	239.76	234.86	549.22	483.55	792.42
	Total income	52,691.69	54,203.51	51,933.42	106,895.20	105,029.14	211,746.82
2	Expenses						
	Freight, handling and servicing cost	34,844.47	34,919.39	36,506.70	69,763.86	73,808.20	147,433.88
	Employee benefits expense	9,500.59	9,249.79	9,176.06	18,750.38	18,167.37	36,667.96
	Finance costs	879.86	878.76	195.36	1,758.62	354.16	1,086.37
	Depreciation and amortisation expense	4,146.19	3,997.89	2,521.11	8,144.08	4,973.45	10,058.09
	Other expenses	720.14	915.26	609.51	1,635.40	1,140.47	2,453.06
	Total expenses	50,091.25	49,961.09	49,008.74	100,052.34	98,443.65	197,699.36
3	Profit before tax (1-2)	2,600.44	4,242.42	2,924.68	6,842.86	6,585.49	14,047.46
4	Tax expense						
	Current tax	426.11	2,097.99	1,097.47	2,524.10	2,833.58	5,500.19
	Deferred tax credit	(1,298.08)	(600.97)	(236.27)	(1,899.05)	(730.33)	(644.34)
5	Profit for the period (3-4)	3,472.41	2,745.40	2,063.48	6,217.81	4,482.24	9,191.61
6	Other comprehensive income						
	Items that will not be reclassified to profit or loss	(110.82)	(110.81)	(71.49)	(221.63)	(142.98)	(443.25)
	Tax effect	18.07	38.74	24.99	56.81	49.98	154.91
	Other comprehensive income (net of tax)	(92.75)	(72.07)	(46.50)	(164.82)	(93.00)	(288.34)
7	Total comprehensive income (5+6)	3,379.66	2,673.33	2,016.98	6,052.99	4,389.24	8,903.27
8	Paid-up equity share capital (face value of ₹ 10/- each)	9,034.35	9,034.35	9,034.35	9,034.35	9,034.35	9,034.35
9	Other equity (excluding revaluation reserve ₹ Nil)						55,559.45
10	Earnings per share (face value of ₹ 10/- each) (not annualised) (₹)						
	Basic	3.84	3.04	2.28	6.88	4.96	10.17
	Diluted	3.84	3.04	2.28	6.88	4.96	10.17



SEGMENT INFORMATION FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2019

₹ in lakhs

Particulars	Quarter ended			Half year ended		Year ended
	30.09.2019 (Unaudited)	30.06.2019 (Unaudited)	30.09.2018 (Unaudited)	30.09.2019 (Unaudited)	30.09.2018 (Unaudited)	31.03.2019 (Audited)
1. Segment revenue						
- Income from operations						
a) Goods transport	43,186.73	42,304.96	41,891.16	85,491.69	82,869.08	168,525.16
b) Bus operations	7,451.02	10,395.53	8,109.93	17,846.55	18,833.87	38,032.74
c) Sale of power	958.13	483.92	1,165.34	1,442.05	1,709.85	2,208.51
d) Transport of passengers by air	514.92	518.57	255.89	1,033.49	584.09	1,072.22
- Other operating income						
a) Goods transport	15.63	34.06	36.54	49.69	50.45	76.72
b) Un-allocable revenue	255.80	226.71	239.70	482.51	498.25	1,039.05
Total	52,382.23	53,963.75	51,698.56	106,345.98	104,545.59	210,954.40
Less: Inter segment revenue	-	-	-	-	-	-
Income from operations (net)	52,382.23	53,963.75	51,698.56	106,345.98	104,545.59	210,954.40
2. Segment results						
a) Goods transport	2,940.20	3,556.30	3,655.72	6,496.50	6,605.67	15,210.57
b) Bus operations	(191.14)	1,366.96	(835.76)	1,175.82	362.51	1,657.05
c) Sale of power	553.41	27.72	716.14	581.13	826.32	460.93
d) Transport of passengers by air	115.62	100.19	11.09	215.81	6.29	(215.77)
Total	3,418.09	5,051.17	3,547.19	8,469.26	7,800.79	17,112.78
Less: Unallocable (expenditure)/revenue:						
a) Finance costs	(252.08)	(274.76)	(195.36)	(526.84)	(354.16)	(1,086.37)
b) Other expenditure (net of other income)	(565.57)	(533.99)	(427.15)	(1,099.56)	(861.14)	(1,978.95)
Profit before tax	2,600.44	4,242.42	2,924.68	6,842.86	6,585.49	14,047.46
3. Segment assets						
a) Goods transport	87,160.62	86,992.06	56,285.25	87,160.62	56,285.25	65,494.24
b) Bus operations	8,690.42	9,352.02	9,368.36	8,690.42	9,368.36	8,348.14
c) Sale of power	7,732.68	7,671.75	9,455.34	7,732.68	9,455.34	7,787.49
d) Transport of passengers by air	3,447.69	3,381.20	2,891.23	3,447.69	2,891.23	3,300.28
e) Un-allocable	13,270.80	12,917.44	12,821.72	13,270.80	12,821.72	12,851.82
Total assets	120,302.21	120,314.47	90,821.90	120,302.21	90,821.90	97,781.97
4. Segment liabilities						
a) Goods transport	34,120.80	33,156.49	9,110.18	34,120.80	9,110.18	8,721.55
b) Bus operations	3,316.28	3,190.90	1,462.73	3,316.28	1,462.73	1,359.74
c) Sale of power	1.00	0.97	3.74	1.00	3.74	2.87
d) Transport of passengers by air	72.08	123.42	50.04	72.08	50.04	109.07
e) Un-allocable	16,234.73	18,486.76	16,303.46	16,234.73	16,303.46	22,994.94
Total liabilities	53,744.89	54,958.54	26,930.15	53,744.89	26,930.15	33,188.17



BALANCE SHEET

₹ in lakhs

Particulars	As at	
	30.09.2019	31.03.2019
	(Unaudited)	(Audited)
Assets		
Non- current assets		
Property, plant and equipment	95,727.75	70,131.64
Capital work-in-progress	360.93	4,164.49
Investment properties	246.34	248.93
Intangible assets	99.46	124.76
Financial assets		
Investments	5.75	5.75
Other financial assets	2,451.21	2,818.81
Income tax assets	581.99	575.73
Other non- current assets	924.70	2,544.89
	100,398.13	80,615.00
Current assets		
Inventories	2,854.05	2,979.82
Financial assets		
Trade receivables	9,910.36	7,952.99
Cash and cash equivalents	1,782.09	1,260.07
Bank balances other than cash and cash equivalents	49.70	54.09
Other financial assets	1,644.78	1,082.10
Other current assets	3,663.10	3,837.90
	19,904.08	17,166.97
Total assets	120,302.21	97,781.97
Equity and liabilities		
Equity		
Equity share capital	9,034.35	9,034.35
Other equity	57,522.97	55,559.45
	66,557.32	64,593.80
Liabilities		
Non- current liabilities		
Financial liabilities		
Borrowings	31,086.23	10,335.76
Other financial liabilities	697.66	702.05
Provisions	1,644.45	1,644.45
Deferred tax liabilities (net)	4,394.14	7,376.58
Other non-current liabilities	-	741.16
	37,822.48	20,800.00
Current liabilities		
Financial liabilities		
Borrowings	5,428.54	2,735.85
Trade payables		
total outstanding dues of micro enterprises and small enterprises	1.95	3.25
total outstanding dues of creditors other than micro enterprises and small enterprises	720.17	607.33
Other financial liabilities	6,912.06	6,381.46
Provisions	1,225.10	997.63
Current tax liabilities (net)	234.30	370.53
Other current liabilities	1,400.29	1,292.12
	15,922.41	12,388.17
Total equity and liabilities	120,302.21	97,781.97



Cash Flow Statement

₹ in lakhs

Particulars	Half year ended	
	30.09.2019	30.09.2018
	(Unaudited)	(Unaudited)
A Cash flows from operating activities		
Profit before tax	6,842.86	6,585.49
Adjustments for :		
Depreciation and amortisation expense	8,144.08	4,973.45
Finance costs	1,758.62	354.16
Interest income from fixed deposits	(3.07)	(0.14)
Rent income from investment property	(68.46)	(74.73)
Dividend income	(0.71)	(0.66)
Loss on sale of property, plant and equipment (net)	236.90	7.26
Advances/bad debts written off	16.28	10.06
Provision for doubtful advances and debts	30.00	-
Credit balances written back	-	(21.87)
Rent income arising on fair valuation of security deposits received	(4.30)	(0.61)
Operating profit before working capital changes	16,952.20	11,832.41
Adjustments for :		
(Increase) in trade receivables	(1,987.37)	(1,827.71)
(Increase) in financial and other current assets	(471.33)	(654.29)
(Increase) / Decrease in Inventories	125.77	(672.91)
Increase in trade payables, other liabilities and provisions	784.41	1,192.24
Cash generated from operating activities	15,403.68	9,869.74
Direct taxes paid (net of refunds)	(2,666.59)	(2,041.86)
Net cash generated from operations (A)	12,737.09	7,827.88
B Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work in progress and capital advances)	(2,692.20)	(6,685.99)
Proceeds from sale of property, plant and equipment	228.15	12.51
Movement of fixed deposits with bank	4.39	10.16
Rent received from investment property	68.46	72.21
Interest received	1.29	-
Dividend income received	0.71	0.66
Net cash (used in) investing activities (B)	(2,389.20)	(6,590.45)
C Cash flows from financing activities		
Proceeds from/(repayment of) short term borrowings (net)	2,692.69	(2,460.77)
Proceeds from long term borrowings	1,213.17	2,311.58
Repayment of long term borrowings	(7,616.33)	(1,255.80)
Payment of lease obligations	(2,126.92)	-
Dividend paid and tax thereon	(2,178.28)	-
Interest and processing fees paid	(1,810.20)	(359.27)
Net cash (used in) financing activities (C)	(9,825.87)	(1,764.26)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	522.02	(526.83)
Cash and cash equivalents at the beginning of the period	1,260.07	1,851.81
Cash and cash equivalents at the end of the period	1,782.09	1,324.98
Cash and cash equivalents comprise:		
Cash on hand	463.97	429.69
Balances with banks		
- in current accounts	1,318.12	895.29
Cash and cash equivalents as per financial statements	1,782.09	1,324.98



Notes:

1) The financial results are prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) (amended) as prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies, as applicable.

2) The financial results were reviewed by the Audit Committee and were thereafter approved by the Board of Directors of the Company at their respective meetings held on 9 November 2019. There are no qualifications in the limited review report issued for the said period.

3) The Company has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for quarter and half year ended 30 September 2019 and re-measured its deferred tax liabilities/assets basis the rate prescribed in the aforesaid section. The remeasurement of accumulated deferred tax liabilities (net) has resulted in reversal of deferred tax expenses (net) of ₹ 1,289.82 lakhs.

4) The Board of Directors at its meeting held on 9 November 2019 has declared an interim dividend of ₹ 4 per equity share of face value ₹ 10 each for the six months ended 30 September 2019.

5) The Company has adopted Ind AS 116, 'Leases', effective 1 April 2019, using modified retrospective approach, wherein comparative information are not required to be restated. The Company has discounted lease payments using the incremental borrowing rate as at 1 April 2019 for measuring lease liabilities at ₹ 27,047.16 lakhs and accordingly recognised right-of-use assets at ₹ 24,623.53 lakhs by adjusting retained earnings by ₹ 1,911.20 lakhs (net of tax), including adjustments for prepaid/accrued rent and lease equalisation reserve, as at the aforesaid date. In the Statement of Profit and Loss for the current period, expenses in the nature of operating leases are recognised as amortisation of right-of-use assets and finance costs, as compared to lease rent in previous periods, and to this extent, results for the current period are not comparable.

The impact of adopting Ind AS 116 on the financial results for the half year ended 30 September 2019 is as follows:

Particulars	₹ in lakhs		
	Half year ended 30.09.2019 (Erstwhile basis)	Half year ended 30.09.2019 (As per Ind AS- 116)	Increase/ (Decrease) in Profit
Freight, handling and servicing cost	73,619.33	69,763.86	3,855.47
Finance costs	526.84	1,758.62	(1,231.78)
Depreciation and amortisation expense	5,163.74	8,144.08	(2,980.34)
Profit before tax	7,199.51	6,842.86	(356.65)
Profit after tax	6,483.06	6,217.81	(265.25)

The impact of adopting Ind AS 116 on the financial results for the quarter ended 30 September 2019 is as follows:

Particulars	₹ in lakhs		
	Quarter ended 30.09.2019 (Erstwhile basis)	Quarter ended 30.09.2019 (As per Ind AS- 116)	Increase/ (Decrease) in Profit
Freight, handling and servicing cost	36,857.46	34,844.47	2,012.99
Finance costs	252.08	879.86	(627.78)
Depreciation and amortisation expense	2,578.05	4,146.19	(1,568.14)
Profit before tax	2,783.37	2,600.44	(182.93)
Profit after tax	3,624.64	3,472.41	(152.23)

For and on behalf of the Board of Directors

Hubballi
9 November 2019



Vijay Sankeshwar
Chairman and Managing Director

