

**ISO 9001, ISO/TS 16949, ISO 14001, OHSAS 18001 CERTIFIED ORGANISATION**

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CIN : U29130GJ1991PLC016005

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**October 05, 2018**

**To  
DEPARTMENT OF CORPORATE SERVICES  
Bombay Stock Exchange (SME Platform)  
25<sup>th</sup> Floor, P. J. Towers,  
Dalal Street, Fort,  
Mumbai – 400 001.**

**Dear Sir/Ma'm,**

**Sub: Submission of Annual Report of the Company for the Financial Year 2017-2018**

**Ref: Scrip Code: 539398; Scrip ID: VISHALBL**

With reference to Captained subject, please find the enclosed the Annual Report of the Company for the Financial Year 2017-18.

You are requested to please take note of the same on your record.

**Thanking You.**

**Yours Faithfully,  
For VISHAL BEARINGS LIMITED**



**DILIPKUMAR CHANGELA**  
Managing Director  
DIN: 00247302



**27th ANNUAL REPORT  
2017-2018**

## CHAIRMAN MESSAGE

### **Dear shareholders,**

It is truly a proud moment for us to meet after a year of fantastic achievements. The reflect the strength and vitality of our company's products and brands.

It is a great honour and privilege for me to preside over the 27<sup>th</sup> Annual General Meeting of your Company and on behalf of the Board of Directors, I welcome you all to this special occasion. I thank you all for making it convenient to attend the meeting and for your continued support and goodwill, which is essential for the success of your Company.

At VBL, we truly believe that a satisfied customer is the best business strategy of all. Because, in their success lies our sustenance. We recognize the fact that it is the most difficult path to tread – for customer satisfaction is relative; as there can be no real measure for the intangible. Moreover, customer satisfaction is a dynamic parameter, it changes between customers and for the same customer, it changes between time periods. Despite these realities, we continue to stay focused on this course, for when a customer expresses satisfaction, it provides us with energy to achieve more.

Our company's performance in the last fiscal illustrates the opportunities and challenges facing our industry. The phenomenal impact that climate issues are having on businesses around the world is creating exciting and viable new opportunities.

During the year 2017-18, your Company continued to implement mission driven strategies by efficiently implementing the projects and continuing to invest in technology, infrastructure and talent, which are the critical inputs for the future of your Company.

Your Company's management has always been willing to take that extra step for maximizing shareholders' return. The Board of Directors of your Company has recommended an Interim dividend of Re. 0.50 per equity share paid in December 20, 2017 for the financial year 2017-18.

Our People are our greatest assets. I thank the respective teams across the Company for their diligence and dedication and look forward to the achievement of greater goals.

In our journey, the members of the Board have been a great source of strength and support. I thank them sincerely for their active involvement, support and guidance to the Company's Management Team and to me personally.

Thank you for your support for over last 27 years and we hope you continue your association with us forever.

### **Best Wishes,**

Hiralal Changela  
Chairman

## FINANCIAL HIGHLIGHT

| Financial Year                 | 2018    | 2017    | 2016    | 2015    | 2014    | 2013    | 2012    |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|
| <b>SOURCES OF FUNDS</b>        |         |         |         |         |         |         |         |
| Share capital                  | 599.50  | 599.50  | 479.60  | 25.00   | 25.00   | 25.00   | 25.00   |
| Reserves                       | 600.84  | 294.48  | 333.18  | 429.33  | 254.70  | 220.58  | 125.55  |
| Shareholders' funds            | 1200.34 | 893.98  | 812.78  | 454.33  | 279.70  | 245.58  | 150.55  |
| Borrowings                     | 1900.18 | 1664.13 | 1550.98 | 1483.95 | 1187.75 | 1083.70 | 1005.48 |
| Deferred tax liabilities (net) | 57.96   | 63.72   | 70.50   | 62.38   | 51.18   | 52.88   | 47.75   |
| <b>INCOME AND PROFITS</b>      |         |         |         |         |         |         |         |
| Gross Sales                    | 5544.10 | 3306.13 | 2314.60 | 2720.00 | 2109.45 | 1861.01 | 1607.88 |
| Profit before Tax              | 450.70  | 123.45  | 54.296  | 249.41  | 213.64  | 146.69  | 156.38  |
| Profit after tax               | 342.43  | 81.19   | 34.45   | 174.00  | 151.11  | 94.57   | 105.84  |
| Earnings per shares            | 5.71    | 1.36    | 0.65    | 696.04  | 604.48  | 378.29  | 423.37  |

## STEPS INTO THE FUTURE

If success is a journey, the steps that one takes in the right direction are perhaps more important than mere distance covered.

It is good to remember 2017 for some path-breaking steps that our country undertook during the year. ISRO's success in launch of multiple satellites, progress towards GST implementation and demonstration of India's commitment towards climate change by signing of Paris treaty, are some steps that will undoubtedly have strong impact on the future of our nation.

Here at Vishal, your Company not only aligned its approach with the Group's strategy, it also took some concrete steps to strengthen its long-term competitiveness. We strengthened our presence in focus sectors, and consistently pursued localisation goal to expand our manufacturing and engineering footprint. By aligning and involving our people in the organisational renewal process, together we took some solid steps into the future....

In summary, a blueprint and a roadmap of where the Company is heading in its journey to create a profitable enterprise with sustainable value has been laid out.

## Mission

"We understand the quality parameters demanded by leading OEMs and believing in the philosophy of prevention rather than detection. We consider Quality as the main tool to control every activity undertaken in the plant, right from sourcing of raw material to final products and to serve our customer in better way. On the basis of continuous experience & re-engineering approach the company's efforts are on going basis to maintain & improve the efficiency, which indirectly helps to improve the competitiveness to meet today's requirements of the customers."

## Vision

The Visionaries have helped in developing unique and indigenous way to manufacture bearing rollers of the finest quality and at the optimum cost. Because of its innovative technology which is recognized worldwide, the company has carved a niche for itself in the industry. With the help of all our experiences gained in the years so far we are able to give our customers a true 'VALUE FOR MONEY' advantage. Today we are proud to tell that we are among the very few suppliers of bearing rollers who provides finest quality with all in house process in India.



"We have 2018 to fine-tune our strategic concept with 4 focus areas. In doing so, we have been guided by the following fundamental principle: we will only be successful in the long run if we combine long-term thinking and the success factors that have proven themselves over the years – Quality, Technology and Innovation – with a systematic orientation towards the future."

- **Vishal Changela**  
**Chief Financial Officer**

## BASIC KNOWLEDGE OF BEARINGS

Here, we provide basic information on bearings.

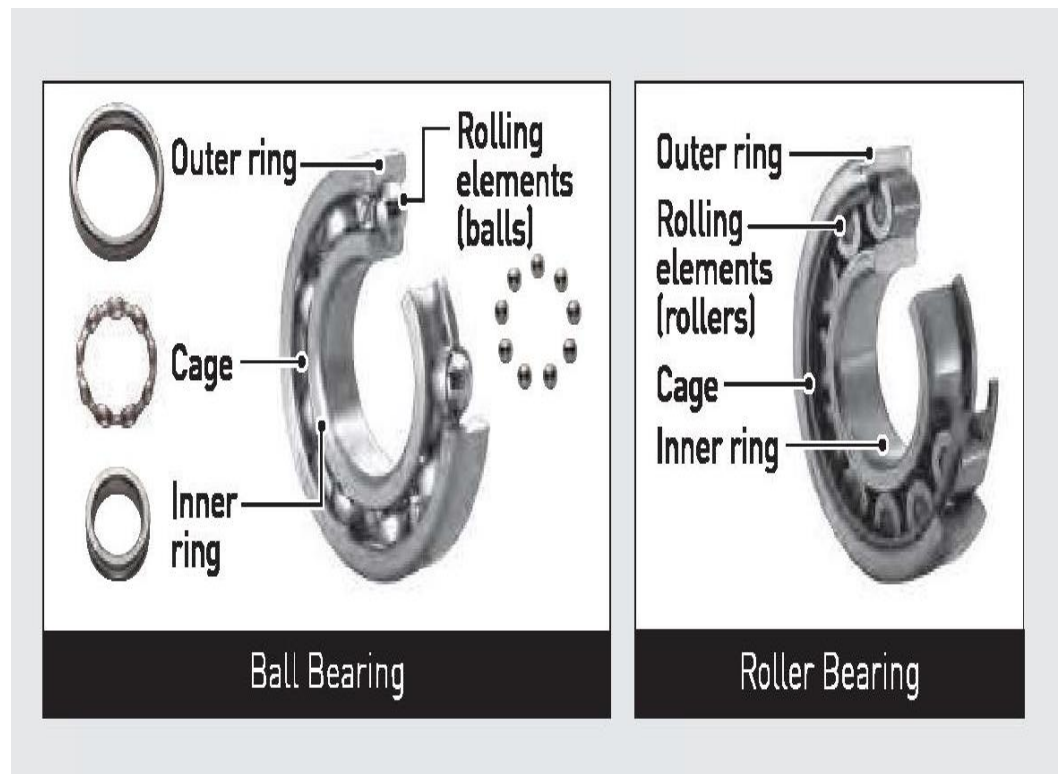
### STRUCTURE AND FUNCTION

A surprisingly large number of bearings can be found all around us. Take automobiles, for example: There are 100 to 150 bearings in a typical car. Without bearings, the wheels would rattle, the transmission gear teeth would not be able to mesh, and the car would not run smoothly. Bearings are used not only in cars but in all kinds of machinery such as trains, airplanes, washing machines, refrigerators, air conditioners, vacuum cleaners, photocopy machines, computers and satellites. Bearings enhance the functionality of machinery and help to save energy. Bearings do their work silently, in tough environments, hidden in machinery where we cannot see them. Nevertheless, bearings are crucial for the stable operation of machinery and for ensuring top performance.

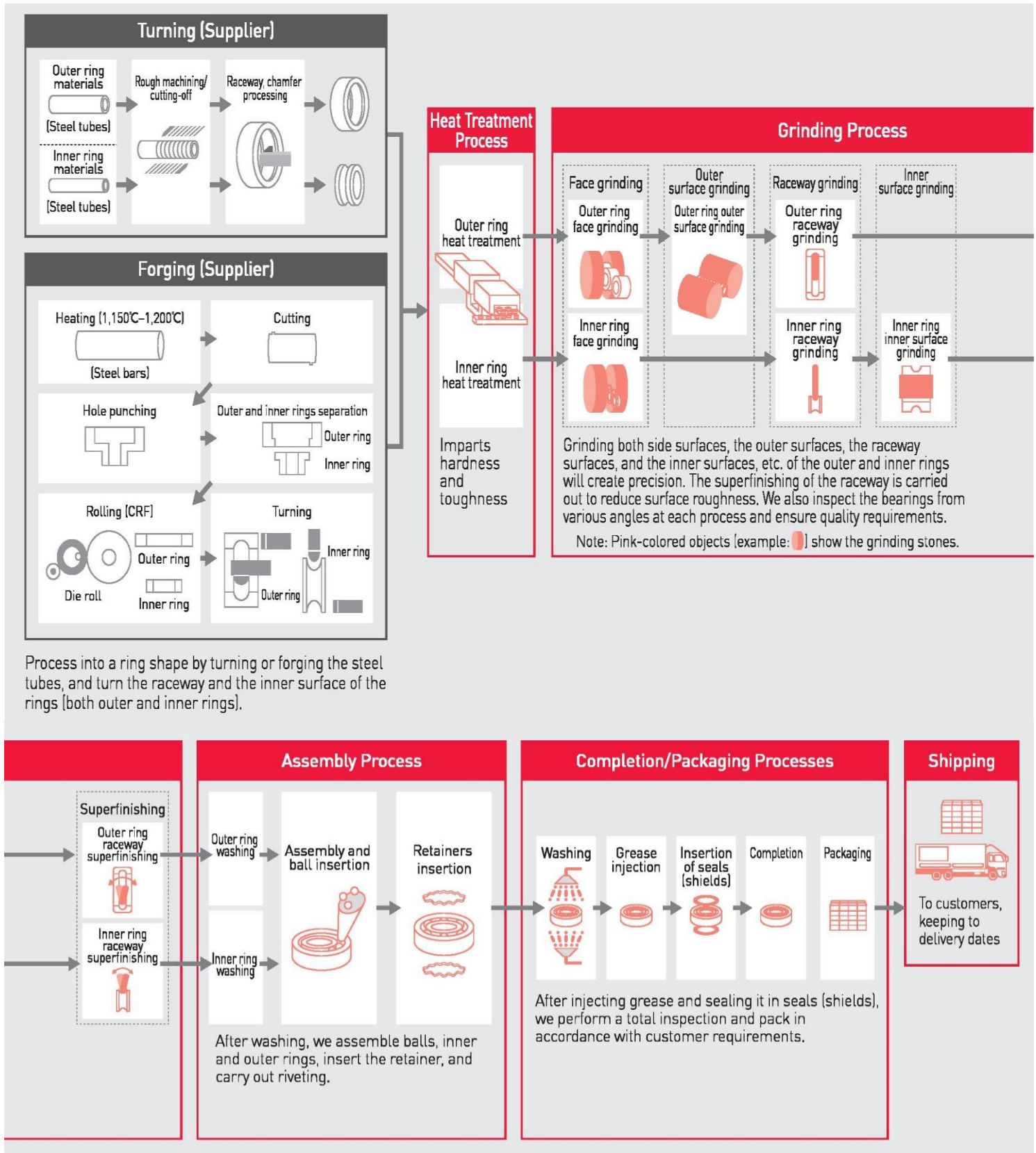
The term **bearings** incorporate the meaning of “to bear”, in the sense of “to support” and “to carry a burden.” This refers to the fact that bearings support and carry the burden of revolving axles.

### STRUCTURE

The ball bearings and roller bearings pictured to the right represent two typical types of the most basic bearings, known as rolling bearings. Rolling bearings are made up of four elements: an outer ring, an inner ring as well as rolling and cage elements and have an extremely simple basic structure.



**Main Manufacturing Processes for Bearings**



## Function




The basic function of bearings is principally to reduce mechanical friction. Reducing friction means:

1. **Machinery will run more efficiently**
2. **There will be less frictional wear, extending the operating life of the machinery**
3. **Preventing abrasion burn and avoiding mechanical breakdown**

Bearings also contribute to lower energy consumption by reducing friction and allowing the efficient transmission of power. This is just one way in which bearings are environmentally friendly.

## Types of Bearings

A brief overview of typical bearings is presented as follows.

|                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                         |                                                                                                                                                                                                                   |                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1 Deep groove ball bearing</b>                                                                                                                                                                                                              | <b>2 Angular contact thrust ball bearing</b>                                                                                                                                                                                            | <b>3 Thrust ball bearing</b>                                                                                                                                                                                      | <b>4 Cylindrical roller bearing</b>                                                                                                                                                                                |
|  <p>This is the most widely used bearing in the world.</p>                                                                                                  |  <p>In this type, the rolling element meets the inner and outer ring raceways at a contact angle. This bearing can carry radial and axial loads.</p> |  <p>Thrust ball bearings are capable of handling loads in the axial direction (axial loads). They can support heavy loads.</p> |  <p>The rolling elements are the cylindrical roller type.</p>                                                                 |
| <b>5 Tapered roller bearing</b>                                                                                                                                                                                                                | <b>6 Self-aligning roller bearing</b>                                                                                                                                                                                                   | <b>7 Thrust needle bearing</b>                                                                                                                                                                                    | <b>8 Cage and roller</b>                                                                                                                                                                                           |
|  <p>The rolling elements are of the tapered roller type. Because the rollers are tapered, this bearing is able to carry combined axial and radial loads.</p> |  <p>This bearing has an automatic aligning function to compensate for minute misalignments between the inner and outer rings during operation.</p>   |  <p>This bearing is used in parts such as compressors that deliver the air in automobile air-conditioning units.</p>           |  <p>This is one of several kinds of bearings used in vehicles' manual transmissions. It is required to be highly durable.</p> |



## EXCELLENCE IN SALES & SERVICES

Customers want more than good products. They demand best-in-class quality, just-in time availability, efficient logistics, affordable price, and excellent pre and after sales service. In summary, maximum value and superior experience. At Vishal, we believe that sales excellence must be embedded in our processes and reflected through passionate way our teams respond to customers' requests and expectations. This year, we took several initiatives to improve the customer experience.

### Core Program

We expanded our core program initiative to ensure that products which are in regular demand are available off-the-shelf.

In aftermarket, we continued promoting us Business activities. The idea obviously is to get involved in and contribute to the success of our customers' operational processes.

### Reach

Through systematic expansion of our distribution network, we extended our market reach. We are focussing on extending our reach in domestic and international markets.

### Competence

We regularly invest in upgradation of sales and technical skills of our sales teams and channel partners. This ensures that we not only understand market requirements well but are also able to effectively respond to the same.

The 2<sup>nd</sup> IPF Industrial Excellence Awards goes to vishal bearings limited in the category of "**Fastest Growing Manufacturing Company 2017**" under the Engineering segment.

As you are aware, **Industrial Products Finder (IPF)** is India's largest circulated industrial magazine published by ASAPP Info Global Group. In IPF's 45th year, we are happy to announce the 2<sup>nd</sup> IPF Industrial Excellence Awards thereby fulfilling the mission to raise the standards of excellence in the industry.

## PASSION FOR PERFORMANCE

When strategy, structure, capabilities and culture are tightly linked, an organisation is geared for a successful and sustainable future. That is one reason why we put People at the centre-stage of all our strategic initiatives. After all, people and their passion drive successful performance of a strategy.

### **Alignment**

Higher level of employee engagement leads to higher level of trust and that in turn leads to closer alignment of strategy, organisation and people. Forum such as town hall meetings have helped immensely in bringing employee alignment with organisational objectives and vice versa at Vishal.

### **Good Start**

A growing company like Vishal requires a talent pipeline. We recruit fresh as well as experienced members to support organisations growing need for talent. Our New Hire Integration program which ensures that new employees get a comprehensive understanding of the organisation, far beyond understanding of their ultimate area, has been very effective in providing a good start to new employees.

### **Family Connect**

Family connect initiatives have been an important part of our organisations culture as we try to provide a bridge between professional and social needs of employees.

### **Talent**

Our talent management process is deeply rooted in our belief that people development must precede organisational development. We have robust processes to capture and shape developmental needs of our employees. Our structured initiatives like Young Leader Program and Accelerated Leadership Program, have been supporting our employees in realisation of their true potential.

## **WORKING IN HIGH PERFORMANCE TEAMS**

Continuous improvement in an organisation requires strong teamwork. A good teamwork brings the best of every member, binds team to the culture of excellence and continuous improvement, and helps overcome failure while systematically discovering better ways to do things. At Vishal, initiatives like Quality Circle and MOVE provide platforms to our employees for collaborative teamwork. Team members identify opportunities for improvement, evaluate current practices and processes, plan and implement improvements in their areas and horizontally. All, they manage the change process to ensure that the gains of improvement are sustainable, and when teamwork is appreciated, it brings smiles on the faces of team members.

## COMPANY INFORMATION

### BOARD OF DIRECTOR

**Hiralal Changela**

*Chairman*

**Dilipkumar Changela**

*Managing Director*

**Vrajlal Changela**

*Whole time director*

**Niteshkumar Patel**

*Independent director*

**Rakesh Savani**

*Independent director*

**Urja Ghetiya**

*Independent director*

**Vishal Changela**

*Chief financial officer*

**Divyesh Changela**

*Chief operating officer*

### STATUTORY AUDITOR

M/s. SVK & Associates  
Chartered Accountant, Rajkot

### Company Secretary & Compliance Officer

Ms. Dimpi Sampat

### REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot No. 31 & 32,  
Financial District, Nanakramguda,  
Gachibowli, Hyderabad-500032,  
Telangana, India, Tel: +91-40-67162222,

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## Notice of 27<sup>th</sup> Annual General Meeting

**VISHAL BEARINGS LIMITED**  
**CIN: L29130GJ1991PLC016005**

Regd. Office: Survey No. 22/1, Plot No.1,  
Shapar Main Road, Shapar (Veraval), Rajkot,  
Gujarat-360002, India.

Tel: 2827-252273, Fax: 2827-253087

Email: [compliance@vishalbearings.com](mailto:compliance@vishalbearings.com)

Website: [www.vishalbearings.com](http://www.vishalbearings.com)

**NOTICE IS HEREBY GIVEN THAT THE 27TH ANNUAL GENERAL MEETING OF THE MEMBERS OF VISHAL BEARINGS LIMITED WILL BE HELD ON SATURDAY, SEPTEMBER 22, 2018 AT 4:00 P.M. AT REGISTERED OFFICE OF THE COMPANY TO TRANSACT THE FOLLOWING BUSINESS:**

### Ordinary Business:

- 1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2018 together with the Reports of the Directors and the Independent Auditors and to pass the following resolution as an ordinary resolution:**

**“RESOLVED THAT** the audited financial statements including the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss for the year ended on March 31, 2018, Notes and the Cash Flow Statement for the year ended on March 31, 2018, the Reports of Independent Auditors and Directors thereon be and are hereby received and adopted”.

- 2. To confirm the payment of interim dividend as a final Dividend on Equity Shares for the year ended March 31, 2018 and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:**

**“RESOLVED THAT** Directors have declared Interim Dividend of Rs. 0.50/- per equity share of Rs. 10/- payable to members as per the Register of members as applicable aggregating Rs. 29,97,500/- be declared and paid.

**RESOLVED FURTHER THAT** the Board of Directors have not recommended any final dividend and decided that the interim dividend be treated as final”.

- 3. To appoint a director in place of Mr. Hiralal Changela, Director (DIN 00247292) who retires by rotation and being eligible offers himself for reappointment and to pass the following resolution as an ordinary resolution:**

**“RESOLVED THAT** Mr. Hiralal Changela, Director (DIN 00247292), who retires by rotation from the Board pursuant to the provisions of Section 152 of the Companies Act, 2013 be and is hereby re-appointed as a Director of the Company”.

- 4. To consider, the reappointment of statutory Auditor, and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rule, 2014 M/s. SVK & Associates, Chartered Accountant, Rajkot (Firm Registration No. 118564W) be and hereby are appointed as Statutory Auditors of the Company to hold office upto the conclusion of 27<sup>th</sup> Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration plus reimbursement of out-of-pocket expenses, as may be mutually agreed to between the Board of Directors and the Auditors”.

“**RESOLVED FURTHER THAT** the Audit Committee and / or Board of Directors be and is hereby authorized to fix their remuneration according to the scope of their services as Statutory Auditors and other permissible assignments, if any, in line with prevailing rules and regulations made in this regard.”

**Special Business:**

**5. To consider, the payment of remuneration to the Managing Director, and if thought fit, to pass with or without modification(s), the following resolution as special resolution:**

**RESOLVED THAT** pursuant to provisions of sections 2(94), 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013, subject to the approval of Central Government or other Government authority/agency/board, if any, approval of the Company be and is hereby accorded to increase a remuneration from Rs. 1,500,000/- (Rupees Fifteen Lac only) to Rs. 25,00,000/- (Rupees Twenty-Five Lacs Only) per annum to Mr. Dilipkumar Changela, Managing Director of the Company, the details of which are given in the Explanatory Statement annexed hereto.

**RESOLVED FURTHER THAT** in the event of inadequacy or absence of profit in any financial term Mr. Dilipkumar G. Changela, Managing Director shall be paid the same remuneration as stated hereinabove, as minimum remuneration but subject to upper limit any prescribed under schedule V of the Companies Act, 2013 from time to time.

**RESOLVED FURTHER THAT** Mr. Hiralal Changela or Mr. Vrajlal Changela, director of the Company be and is hereby severally authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the aforesaid and to settle all matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution and also to revise the remuneration of Mr. Dilipkumar G. Changela within the limits stipulated in the Companies Act, 2013.”

**6. To consider, the payment of remuneration to the Mr. Hiralal Changela, Whole time Director, and if thought fit, to pass with or without modification(s), the following resolution as special resolution:**

**RESOLVED THAT** pursuant to provisions of sections 2(94), 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013, subject to the approval of Central Government or other Government authority/agency/board, if any, approval of the Company be and is hereby accorded to increase a remuneration from Rs. 1,500,000/- (Rupees Fifteen Lac only) to Rs. 25,00,000/- (Rupees Twenty-Five Lacs Only) per annum to Mr. Hiralal Changela, whole time Director of the Company, the details of which are given in the Explanatory Statement annexed hereto.

**RESOLVED FURTHER THAT** on being re-appointed as a director immediately on retirement by rotation, Mr. Hiralal G. Changela, shall continue to hold the office of Whole Time

Director and the reappointment as such director shall not be deemed to constitute a break in her tenure as a Whole Time Director.

**RESOLVED FURTHER THAT** in the event of inadequacy or absence of profit in any financial term Mr. Hiralal G. Changela, whole time director shall be paid the same remuneration as stated herein above, as minimum remuneration but subject to upper limit any prescribed under schedule V of the Companies Act, 2013 from time to time.

**RESOLVED FURTHER THAT** Mr. Dilipkumar Changela or Mr. Vrajlal Changela, director of the Company be and is hereby severally authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the aforesaid and to settle all matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution and also to revise the remuneration of Mr. Hiralal G. Changela within the limits stipulated in the Companies Act, 2013."

**7. To consider, the payment of remuneration to the Mr. Vrajlal Changela, Whole time Director, and if thought fit, to pass with or without modification(s), the following resolution as special resolution:**

**RESOLVED THAT** pursuant to provisions of sections 2(94), 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013, subject to the approval of Central Government or other Government authority/agency/board, if any, approval of the Company be and is hereby accorded to increase a remuneration from Rs. 1,500,000/- (Rupees Fifteen Lac only) to Rs. 25,00,000/- (Rupees Twenty-Five Lacs Only) per annum to Mr. Vrajlal Changela, whole time Director of the Company, the details of which are given in the Explanatory Statement annexed hereto.

**RESOLVED FURTHER THAT** on being re-appointed as a director immediately on retirement by rotation, Mr. Vrajlal G. Changela, shall continue to hold the office of Whole Time Director and the reappointment as such director shall not be deemed to constitute a break in her tenure as a Whole Time Director.

**RESOLVED FURTHER THAT** in the event of inadequacy or absence of profit in any financial term Mr. Vrajlal G. Changela, whole time director shall be paid the same remuneration as stated hereinabove, as minimum remuneration but subject to upper limit any prescribed under schedule V of the Companies Act, 2013 from time to time.

**RESOLVED FURTHER THAT** Mr. Hiralal Changela or Mr. Dilipkumar Changela, director of the Company be and is hereby severally authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the aforesaid and to settle all matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution and also to revise the remuneration of Mr. Vrajlal G. Changela within the limits stipulated in the Companies Act, 2013."

**8. To consider, the enhancement of authorized share capital, and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under, the Authorized Share Capital of the Company be and is hereby authorized to be increased from Rs. 100,000,000

(Rupees Ten Crore) divided into 10,000,000 (One Crore) Equity Shares of Rs. 10/- each to Rs. 120,000,000 (Rupees Twelve Crore) divided into 12,000,000 (One Crore Twenty Lacs) Equity Shares of Rs. 10/- each by creation of additional 2,000,000 (Rupees Twenty Lac) Equity Shares of Rs. 10/- each ranking paripassu in all respect with the existing Equity Shares.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company."

**9. To consider, the alteration of Capital clause contained in the Memorandum of Association, and if thought fit, to pass with or without modification(s), the following resolution as special resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 13 and 61 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed thereunder the consent of the Members be and is hereby accorded for substituting Clause V of the Memorandum of Association of the Company with the following clause.

**Clause V** "The Authorised Share Capital of the Company is Rs. 120,000,000/- (Rupees Twelve Crore Only) divided into 12,000,000 (One Crore Twenty Lacs) Equity Shares of face value of Rs. 10/- (Rupees Ten Only) each.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company."

**BY ORDER OF THE BOARD OF DIRECTORS  
For Vishal Bearings Limited**

**Sd/-  
Dilipkumar Changela  
Managing Director  
DIN:00247302**

**Place:** Shapar, Rajkot

**Date:** 27.08.2018

**Registered Office:**

VISHAL BEARINGS LIMITED  
Survey No. 22/1, Plot No. 1,  
Shapar Main Road, Shapar (Veraval),  
Rajkot – 360 024, GUJARAT.  
Tel: +91-2827-252273  
Email: [compliance@vishalbearings.com](mailto:compliance@vishalbearings.com)  
Website: [www.vishalbearings.com](http://www.vishalbearings.com)

**Notes:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE, IN CASE OF POLL ONLY, ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.** Further, a person can act as proxy on behalf of member or members not exceeding fifty and holding in the aggregate not 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 proxy for any other shareholder.
2. The statement pursuant to Section 102 of the Companies Act, 2013 in respect to special business is annexed hereto and forms part of this Notice.
3. Members/Proxies are requested to bring duly filled in Attendance slip along with the Annual Report at the Annual General Meeting (AGM). Corporate members are requested to send duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 authorizing their representative to attend and vote at the AGM.
4. In case of joint holders attending the meeting, the joint holder with highest in order of names will be entitled to vote.
5. The information of Directors proposed to be appointed/re-appointed at the ensuing the AGM in terms of Regulation 36 (3) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard on General Meeting (SS-2) issued by the institute of Company Secretaries of India (ICSI) is annexed to the Notice. The Company is in receipt of relevant disclosures/consents from the Directors pertaining to their re-appointment.
6. Pursuant to Regulation 42 of Listing Regulations, Register of Members and the Share Transfer Books of the Company shall remain closed from September 18, 2018 to September 22, 2018 (both days inclusive).
7. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company. Members are requested to keep the same updated.
8. In terms of Companies Act, 2013 read together with the Rules made thereunder, the listed companies may send the notice of annual general meeting and the annual report, including Financial statements, Board Report, etc. by electronic mode. The Company is accordingly forwarding soft copies of the above referred documents to all those members through e-mail, who have registered their email ids with their respective depository participants or with the share transfer agent of the Company.
9. To receive shareholders' communications through electronic means, including annual reports and notices, members are requested to kindly register/update their email address with their respective depository participant or Registrar.
10. With a view to help us serve the members better, members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.
11. Members, who still hold share certificates in physical form are advised to dematerialise their shareholding to avail of the numerous benefits of dematerialisation, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.



- 12.** Members are requested to address all correspondence, including change in their addresses, to the Company or to the Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032, Telengana, India, E- mail: vishalbearings.ipo@karvy.com. Members whose shareholding are in electronic mode are requested to approach their respective depository participants for effecting change of address.
- 13.** Members seeking any information relating to Accounts are requested to write to the Company at least 10 days before the date of the Annual General Meeting to enable the Management to keep the required information ready at the meeting.
- 14.** Pursuant to provisions of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them. Shareholders desirous of making nomination are requested to send their request in the prescribed Form SH-13 (a copy of which is made available on request) with the Company or share transfer agent.
- 15.** Corporate members are requested to send in advance, duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend the annual general meeting.
- 16.** Members/Proxies are requested to bring the copies of annual reports and attendance slips to attend the meeting. Attendance Slip duly filled in and to affix their signature at the place provided on the Attendance Slip and hand it over at the counters at the venue.
- 17.** Members who hold the shares in the dematerialized form are requested to incorporate their DP ID Number and Client ID Number in the Attendance Slip/Proxy Form, for easier identification of attendance at the Meeting.
- 18.** Please note that for security reasons, no article/baggage will be allowed at the venue of the meeting.
- 19.** Complete of the venue of the Meeting including route map and mark for easy location is enclosed for the convenience of the members. The same has also hosted at the website of the company at <http://www.vishalbearings.com>.
- 20.** For more details on shareholders' matters, please refer to the chapter on General Shareholder Information, included in the Annual Report.

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**ITEM NO. 5**

Mr. Dilipkumar G. Changela is the Director of the Company and has rich experience in the field of Bearing Rollers. The Board in its meeting held on August 27, 2018, has recommended to increase remuneration from Rs. 1,500,000/- to Rs. 25,00,000/- Per annum. In case, the Company has no profits or its profits are inadequate, then the remuneration shall be paid to him with the prior approval of the Central Government or in accordance with the provisions of the Companies Act, 2013 read with Schedule V of the Act.

Following are the details of the annual salary (payable monthly) proposed to be paid to Mr. Dilipkumar Changela, Managing Director: -

Consolidated Salary, Perquisites and Performance Bonus, etc – Rs. 25,00,000/- (Rupees Twenty Five Lac only).

In addition to the above, he shall be entitled to receive the following:

- a) Encashment of leave at the end of tenure.
- b) Provision of car for use on Company's business.
- c) Free landline telephone facility at residence along with free mobile telephone facility.
- d) He shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

The aforesaid perquisites other than benefits of Leave encashment shall be restricted to the annual salary of Mr. Dilipkumar G. Changela.

**Information required under Section II of Part II of Schedule V of the Companies Act, 2013:**

| <b>I. General Information</b>                                                                                                                       |                                                                                                                                    |                  |                  |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|
| Nature of industry                                                                                                                                  | Bearings, rollers manufacturer                                                                                                     |                  |                  |                  |
| Date or expected date of commencement of commercial production                                                                                      | Company was incorporated on 24 <sup>th</sup> July 1991                                                                             |                  |                  |                  |
| In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable                                                                                                                     |                  |                  |                  |
| Financial performance based on given indicators                                                                                                     | <b>Particulars</b>                                                                                                                 | <b>2016-2017</b> | <b>2015-2016</b> | <b>2014-2015</b> |
|                                                                                                                                                     | Revenue (In Rs.)                                                                                                                   | <b>3306.13</b>   | <b>2314.60</b>   | <b>2828.31</b>   |
|                                                                                                                                                     | Profit before Tax (In Rs.)                                                                                                         | <b>123.45</b>    | <b>54.296</b>    | <b>249.41</b>    |
|                                                                                                                                                     | Profit after Tax (In Rs.)                                                                                                          | <b>81.19</b>     | <b>34.45</b>     | <b>174.00</b>    |
| Foreign investments or collaborations, if any                                                                                                       | The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company. |                  |                  |                  |
| <b>II. Information about the appointee</b>                                                                                                          |                                                                                                                                    |                  |                  |                  |
| Background details                                                                                                                                  | Mr. Dilipkumar G. Changela is the Managing Director of the Company                                                                 |                  |                  |                  |

|                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Past remuneration                                                                                                                                                                                                                      | Year 2014-15 Rs. 100,000/- per month<br>Year 2015-16 Rs. 125,000/-per month<br>Year 2016-17 Rs. 125,000/-per month                                                                                                                                                                    |
| Job profile and his suitability                                                                                                                                                                                                        | Mr. Dilipkumar plays a major role in providing thought leadership and strategic inputs to the Company in addition to helping shape new business.                                                                                                                                      |
| Remuneration proposed                                                                                                                                                                                                                  | In case of inadequacy of Profits, minimum remuneration as stated hereinabove.<br>The Company intends to pay double the amount prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 and hence it is proposed to pass the special resolution in this regard. |
| Comparative remuneration profile with respect to industry, size of the company, profile of the position and person in case of expatriates the relevant details would be with respect to the country of his origin)                     | The remuneration payable to the Mr. Dilipkumar Changela has been benchmarked with the remuneration being drawn by similar positions in same industry and has been considered by the Board of Director of the Company.                                                                 |
| Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any                                                                                                                  | Mr. Dilipkumar Changela has no pecuniary relationship directly and indirectly with the Company except to the extent of his remuneration and shareholdings in the Company.                                                                                                             |
| <b>III. Other information</b>                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                       |
| The payment of remuneration to Mr. Dilipkumar G. Changela as stated above is subject to the approval of the Members.                                                                                                                   |                                                                                                                                                                                                                                                                                       |
| Except Mr. Dilipkumar G. Changela and his relatives, none of the Director's and key managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out Item no. 5. |                                                                                                                                                                                                                                                                                       |
| The Board recommends the resolution for your approval.                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                       |
| <b>IV. Disclosures:</b>                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                       |
| <b>The Shareholders of the Company shall be informed of the remuneration package of the managerial person:</b> Details furnished in the resolution.                                                                                    |                                                                                                                                                                                                                                                                                       |
| <b>Other Disclosures:</b> Not Applicable.                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                       |

The terms and conditions set out for payment of remuneration specified herein may be altered and varied from time to time by the Board of Directors. The Board is also entitled to revise the salary, perquisites and allowances payable to the said Managing Director of the Company at any time, such that the overall yearly remuneration payable to the said Managing Director shall not exceed the limits specified under section 197 read with Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) or any amendment made thereto.

None of the directors, managers, key managerial personnel of the Company and their respective relatives are in any way interested in the resolution except Mr. Dilipkumar G. Changela.

**ITEM NO. 6**

The Board of Directors of the Company ("the Board") at their meeting held on August 27, 2018, subject to the approval of the Members to be obtained at this Annual General Meeting. Mr. Hiralal G. Changela is having extensive experience in area of general management and operational aspects of the Company. With the significant growth of operational activities of the Company, it has become necessary for the Company to avail the expertise of Mr. Hiralal G. Changela on regular basis. The Board has recommended to increase remuneration from Rs. 1,500,000/- to Rs. 25,00,000/-Per annum as approved by the Board, subject to the approval of the Members to be obtained at this Meeting are as follow:

Consolidated Salary, Perquisites and Performance Bonus, etc – Rs. 25,00,000/- (Rupees Twenty-Five Lac only).

In addition to the above, he shall be entitled to receive the following:

- a) Encashment of leave at the end of tenure.
- b) Provision of car for use on Company's business.
- c) Free landline telephone facility at residence along with free mobile telephone facility.
- d) He shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

The aforesaid perquisites other than benefits of Leave encashment shall be restricted to the annual salary of Mr. Hiralal G. Changela.

**Information required under Section II of Part II of Schedule V of the Companies Act, 2013:**

| <b>I. General Information</b>                                                                                                                       |                                                                                                                                    |                  |                  |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|
| Nature of industry                                                                                                                                  | Bearings, rollers manufacturer                                                                                                     |                  |                  |                  |
| Date or expected date of commencement of commercial production                                                                                      | Company was incorporated on 24 <sup>th</sup> July 1991                                                                             |                  |                  |                  |
| In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable                                                                                                                     |                  |                  |                  |
| Financial performance based on given indicators                                                                                                     | <b>Particulars</b>                                                                                                                 | <b>2016-2017</b> | <b>2015-2016</b> | <b>2014-2015</b> |
|                                                                                                                                                     | Revenue (In Rs.)                                                                                                                   | <b>3306.13</b>   | <b>2314.60</b>   | <b>2828.31</b>   |
|                                                                                                                                                     | Profit before Tax (In Rs.)                                                                                                         | <b>123.45</b>    | <b>54.296</b>    | <b>249.41</b>    |
|                                                                                                                                                     | Profit after Tax (In Rs.)                                                                                                          | <b>81.19</b>     | <b>34.45</b>     | <b>174.00</b>    |
| Foreign investments or collaborations, if any                                                                                                       | The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company. |                  |                  |                  |
| <b>II. Information about the appointee</b>                                                                                                          |                                                                                                                                    |                  |                  |                  |
| Background details                                                                                                                                  | Mr. Hiralal G. Changela is the whole-time director of the Company                                                                  |                  |                  |                  |
| Past remuneration                                                                                                                                   | Year 2014-15 Rs. 100,000/- per month<br>Year 2015-16 Rs. 125,000/- per month<br>Year 2016-17 Rs. 125,000/- per month               |                  |                  |                  |

|                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Job profile and his suitability                                                                                                                                                                                                                                                                                                                                                                                            | Mr. Hiralal is providing his learned guidance and mentoring the senior management of our Company to execute and implement future growth strategy.                                                                                                                                     |
| Remuneration proposed                                                                                                                                                                                                                                                                                                                                                                                                      | In case of inadequacy of Profits, minimum remuneration as stated hereinabove.<br>The Company intends to pay double the amount prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 and hence it is proposed to pass the special resolution in this regard. |
| Comparative remuneration profile with respect to industry, size of the company, profile of the position and person in case of expatriates the relevant details would be with respect to the country of his origin)                                                                                                                                                                                                         | The remuneration payable to the Mr. Hiralal Changela has been benchmarked with the remuneration being drawn by similar positions in same industry and has been considered by the Board of Director of the Company.                                                                    |
| Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any                                                                                                                                                                                                                                                                                                      | Mr. Hiralal Changela has no pecuniary relationship directly and indirectly with the Company except to the extent of his remuneration and shareholdings in the Company.                                                                                                                |
| <b>III. Other information</b>                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                       |
| The payment of remuneration to Mr. Hiralal G. Changela as stated above is subject to the approval of the Members.<br><br>Except Mr. Hiralal G. Changela and his relatives, none of the Director's and key managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out Item no. 6.<br><br>The Board recommends the resolution for your approval. |                                                                                                                                                                                                                                                                                       |
| <b>IV. Disclosures:</b>                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                       |
| <b>The Shareholders of the Company shall be informed of the remuneration package of the managerial person:</b> Details furnished in the resolution.                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                       |
| <b>Other Disclosures:</b> Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                       |

The terms and conditions set out for payment of remuneration specified herein may be altered and varied from time to time by the Board of Directors. The Board is also entitled to revise the salary, perquisites and allowances payable to the said Whole time Director of the Company at any time, such that the overall yearly remuneration payable to the said Whole time Director shall not exceed the limits specified under section 197 read with Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) or any amendment made thereto.

#### **ITEM NO. 7**

The Board of Directors of the Company ("the Board") at their meeting held on August 27, 2018, subject to the approval of the Members to be obtained at this Annual General Meeting. Mr. Vrajlal G. Changela is having extensive experience in area of general management and operational aspects of the Company. With the significant growth of operational activities of the Company, it has become necessary for the Company to avail the expertise of Mr. Vrajlal G. Changela on regular basis. The Board has recommended to increase remuneration from Rs. 1,500,000/- to Rs. 25,00,000/- Per annum as approved by the Board, subject to the approval of the Members to be obtained at this Meeting are as follow:

Consolidated Salary, Perquisites and Performance Bonus, etc – Rs. 25,00,000/- (Rupees Twenty-Five Lac only).

In addition to the above, he shall be entitled to receive the following:

- a) Encashment of leave at the end of tenure.
- b) Provision of car for use on Company's business.
- c) Free landline telephone facility at residence along with free mobile telephone facility.
- d) He shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

The aforesaid perquisites other than benefits of Leave encashment shall be restricted to the annual salary of Mr. Vrajlal G. Changela.

**Information required under Section II of Part II of Schedule V of the Companies Act, 2013:**

| <b>I. General Information</b>                                                                                                                       |                                                                                                                                                                      |                  |                  |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|
| Nature of industry                                                                                                                                  | Bearings, rollers manufacturer                                                                                                                                       |                  |                  |                  |
| Date or expected date of commencement of commercial production                                                                                      | Company was incorporated on 24 <sup>th</sup> July 1991                                                                                                               |                  |                  |                  |
| In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable                                                                                                                                                       |                  |                  |                  |
| Financial performance based on given indicators                                                                                                     | <b>Particulars</b>                                                                                                                                                   | <b>2016-2017</b> | <b>2015-2016</b> | <b>2014-2015</b> |
|                                                                                                                                                     | Revenue (In Rs.)                                                                                                                                                     | <b>3306.13</b>   | <b>2314.60</b>   | <b>2828.31</b>   |
|                                                                                                                                                     | Profit before Tax (In Rs.)                                                                                                                                           | <b>123.45</b>    | <b>54.296</b>    | <b>249.41</b>    |
|                                                                                                                                                     | Profit after Tax (In Rs.)                                                                                                                                            | <b>81.19</b>     | <b>34.45</b>     | <b>174.00</b>    |
| Foreign investments or collaborations, if any                                                                                                       | The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company.                                   |                  |                  |                  |
| <b>II. Information about the appointee</b>                                                                                                          |                                                                                                                                                                      |                  |                  |                  |
| Background details                                                                                                                                  | Mr. Vrajlal G. Changela is the whole-time director of the Company                                                                                                    |                  |                  |                  |
| Past remuneration                                                                                                                                   | Year 2014-15 Rs. 100,000/- per month<br>Year 2015-16 Rs. 125,000/- per month<br>Year 2016-17 Rs. 125,000/- per month                                                 |                  |                  |                  |
| Job profile and his suitability                                                                                                                     | Mr. Vrajlal is responsible for looking after the business administration and is instrumental for growth of our Company                                               |                  |                  |                  |
| Remuneration proposed                                                                                                                               | In case of inadequacy of Profits, minimum remuneration as stated hereinabove.<br>The Company intends to pay double the amount prescribed under Section II of Part II |                  |                  |                  |

|                                                                                                                                                                                                                                     |                                                                                                                                                                                                                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                     | of Schedule V of the Companies Act, 2013 and hence it is proposed to pass the special resolution in this regard.                                                                                                   |
| Comparative remuneration profile with respect to industry, size of the company, profile of the position and person in case of expatriates the relevant details would be with respect to the country of his origin)                  | The remuneration payable to the Mr. Vrajlal Changela has been benchmarked with the remuneration being drawn by similar positions in same industry and has been considered by the Board of Director of the Company. |
| Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any                                                                                                               | Mr. Vrajlal Changela has no pecuniary relationship directly and indirectly with the Company except to the extent of his remuneration and shareholdings in the Company.                                             |
| <b>III. Other information</b>                                                                                                                                                                                                       |                                                                                                                                                                                                                    |
| The payment of remuneration to Mr. Vrajlal G. Changela as stated above is subject to the approval of the Members.                                                                                                                   |                                                                                                                                                                                                                    |
| Except Mr. Vrajlal G. Changela and his relatives, none of the Director's and key managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out Item no. 7. |                                                                                                                                                                                                                    |
| The Board recommends the resolution for your approval.                                                                                                                                                                              |                                                                                                                                                                                                                    |
| <b>IV. Disclosures:</b>                                                                                                                                                                                                             |                                                                                                                                                                                                                    |
| <b>The Shareholders of the Company shall be informed of the remuneration package of the managerial person:</b> Details furnished in the resolution.                                                                                 |                                                                                                                                                                                                                    |
| <b>Other Disclosures:</b> Not Applicable.                                                                                                                                                                                           |                                                                                                                                                                                                                    |

The terms and conditions set out for the payment of remuneration specified herein may be altered and varied from time to time by the Board of Directors. The Board is also entitled to revise the salary, perquisites and allowances payable to the said Whole time Director of the Company at any time, such that the overall yearly remuneration payable to the said Whole time Director shall not exceed the limits specified under section 197 read with Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) or any amendment made thereto.

#### **ITEM NO. 8 & 9**

The Authorised Share Capital of the company as reflected in the Memorandum of Association is Rs. 100,000,000 (Rupees Ten Crore) divided into 10,000,000 (One Crore) Equity Shares of face value of Rs. 10/- (Rupees Ten) each. The Board of Directors of the Company in their meeting held on August 27, 2018 consented that, the Authorised Share Capital of the Company needs to be increased from Rs. 100,000,000 (Rupees Ten Crore) to Rs. 120,000,000 (Rupees twelve Crore) divided into 12,000,000 (One Crore Twenty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each by creation of additional 2,000,000 (Rupees Twenty Lac) Equity Shares of Rs. 10/- (Rupees Ten) each. Consequent to the increase of Authroised Share Capital, the Authorised Share Capital Clause contained in Clause V of the Memorandum of Association of the Company need to be altered as indicated in Resolution No. 8 & 9 respectively contained in the Notice convening the AGM. Your Directors recommend the Resolutions set out at No. 8 & 9 for the approval of the shareholders of the Company.

None of the Directors, Key Managerial Personnel and Relatives of the Directors / Key Managerial Personnel of the Company are interested in the proposed Resolutions except as holders of shares in general.

## DETAILS OF THE DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT

|                                                        |                                                            |
|--------------------------------------------------------|------------------------------------------------------------|
| <b>Name of the Director</b>                            | <b>Mr. Hiralal G. Changela</b>                             |
| DIN                                                    | 00247292                                                   |
| Nature                                                 | Re-appointment as Whole-Time Director (Retire by Rotation) |
| Date of Birth                                          | 04/08/1949                                                 |
| Qualification                                          | Bachelor of Commerce (B.Com)                               |
| Date of Appointment                                    | 11/05/2016                                                 |
| Experience                                             | Experience of More than 40 Years                           |
| Directorship held in other Public Limited Company      | NA                                                         |
| No. of Shares Held                                     | 666234                                                     |
| List of other Companies in which Directorship are held | VIJAY FASTNERS PRIVATE LIMITED                             |
| Chairmanship or membership on other companies          | NA                                                         |



## BOARD OF DIRECTORS' REPORT

**To  
The Shareholders**

Your Directors feel great pleasure in presenting 27<sup>th</sup> Annual Report of your Company comprising the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2018.

### FINANCIAL HIGHLIGHTS:

| Financial Particulars                 | For the year ended March 31 |                     |
|---------------------------------------|-----------------------------|---------------------|
|                                       | 2018                        | 2017                |
| Revenue from operations               | 55,44,10,928                | 33,06,13,343        |
| Other Incomes                         | 1,05,66,111                 | 57,54,365           |
| <b>Total revenues</b>                 | <b>56,49,77,039</b>         | <b>33,63,67,708</b> |
| Cost of Material consumed             | 33,30,18,460                | 181,093,365         |
| Changes in Inventory                  | 83,96,798                   | 4,127,661           |
| Employee Benefit expense              | 6,23,75,314                 | 5,60,54,735         |
| Finance Costs                         | 2,53,49,247                 | 1,72,61,985         |
| Depreciation and amortization expense | 2,77,10,247                 | 2,54,75,145         |
| Other expenses                        | 6,30,56,174                 | 4,00,08,940         |
| <b>Total Expenses</b>                 | <b>51,99,06,240</b>         | <b>32,40,21,831</b> |
| Profit before tax                     | 4,50,70,799                 | 1,23,45,877         |
| Tax expense                           | (1,08,27,384)               | (42,25,929)         |
| <b>Profit for the year</b>            | <b>3,42,43,415</b>          | <b>81,19,948</b>    |

### REVIEW OF OPERATIONS:

During the year under review, the Company has registered a **turnover of Rs. 56.49 Crore** (previous year Rs. 33.63 Crore) and **Net Profit after Tax of Rs. 3.42 Crore** (previous year Rs. 81.19 Lacs).

Over the past five years, India has emerged as one of the most preferred locations in the world for manufacturing high quality auto components and vehicles of all kinds. The Industry must be equally relentless in its pursuit of economies of scale and in scope of design and engineering of automobiles and components, while also pursuing low cost manufacturing destinations. The Government promises to help the Indian Automotive industry to focus on its strengths and improve its competitiveness in select segments and achieve the target of 12% contribution to National GDP and make India first in the world in production /sale of small cars, 2 & 3 wheelers, tractors and buses and 3<sup>rd</sup> in passenger vehicles and heavy trucks.

your Company is positive about its short term and medium-term business outlook. We will continue to pursue growth strategy in customised as well as high volume product business. Leveraging our customer and application expertise, we will provide added value to our customers. At the same time, we will accelerate implementation of our operational excellence strategy to systematically build on long term competitive advantage in the business.

### DIVIDEND:

During the year under review, the Company as on November 25, 2017, declared interim dividend of 5% per equity share (i.e. 50 Paise per share) amounting to 29,97,500/- payable to the members as per the Register of Members as on book closure dates. The Company will pay the Tax on dividend as per the provisions of the Income Tax Act, 1961.

The Directors have not recommended any final dividend and decided that the interim dividend be treated as final.

**MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE REPORT:**

The Company continued to operate in the business of manufacturing of "Auto Components" and there was no change in business activities. No material changes and commitment affecting the financial position of the Company occurred between end of the financial year and the date of this report.

**DEMATERIALIZATION OF SHARES**

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Pursuant to dematerialization of shares, the company has entered into an agreement with NSDL & CDSL.

As on March 31, 2018, 100% of the share capital of the company is dematerialized.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):**

Pursuant to provisions of Sections 2(51) and 203 of Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 following persons are acting as directors and Key Managerial Personnel of the Company:

|           |                                |                                       |
|-----------|--------------------------------|---------------------------------------|
| <u>1.</u> | <u>Managing Director</u>       | <u><b>Mr. Dilipkumar Changela</b></u> |
| <u>2.</u> | <u>Whole time director</u>     | <u><b>Mr. Hiralal Changela</b></u>    |
| <u>3.</u> | <u>Whole time director</u>     | <u><b>Mr. Vrajlal Changela</b></u>    |
| <u>4.</u> | <u>Chief Financial Officer</u> | <u><b>Mr. Vishal Changela</b></u>     |
| <u>5.</u> | <u>Company Secretary</u>       | <u><b>Ms. Dimpri Sampat</b></u>       |

As stipulated under the Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and SS-2 issued by ICSI, the brief resume of the Directors proposed to be appointed/re-appointed is given in the notice convening the 27<sup>th</sup> Annual General Meeting.

**FORMAL ANNUAL EVALUATION:**

Your Company believes that systematic evaluation contributes significantly to improved performance at three levels; organisational, Board and Individual Board Member. It encourages the leadership, teamwork, accountability, decision-making, communication and efficiency of the Board. Evaluation also ensures teamwork by creating better understating of Board dynamics, board-management relations and thinking as a group within the board.

The process includes; multi-layered evaluation based on well-defined criteria consisting of relevant parameters.

For the year 2018, the Board has carried out an annual performance evaluation of its own and that of its Committees and individual Directors.

Performance evaluation criteria for the Board, its Committees, the Directors and the Chairman of the Company were circulated to and filled up by the Directors. A consolidated summary of the ratings given by the Directors was prepared by the Company Secretary. Independent Directors in their meeting have evaluated performance of the 'Board', the 'Non-independent

Directors' and the 'Chairman' of the Company and submitted its recommendation to the 'Board'.

The Nomination and Remuneration Committee has further carried out evaluation of all the Directors including Independent Directors. The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and the Board in their respective meetings.

#### **MEETINGS OF THE BOARD:**

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, six meetings of Board were convened and held, the details are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Regulation 17(2) of the SEBI Regulations.

#### **DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to the provisions of section 134(3) of the Companies Act, 2013, the Board of Directors state that:

- A. In the preparation of the annual accounts, the applicable accounting standard have been followed along with proper explanation relating to material departures; if any
- B. They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March, 2018 and of the profit 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 this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- D. They have prepared the annual accounts on a going concern basis;
- E. They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and;
- F. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **INDEPENDENT DIRECTORS DECLARATION**

The Independent Directors have confirmed and declared that they are not disqualified to act as an Independent Director in compliance with the provisions of Section 149 of the Companies Act, 2013 and confirmed that they fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Directors.

The independent directors have also met separately on March 24, 2018.

#### **UNPAID DIVIDEND STATUS**

Your Company was not any unpaid dividend and the Interim Dividend paid to the shareholder's Bank Account.

#### **ENHANCING SHAREHOLDERS' VALUE**

Your Company believes in the importance of its Members who are among its most important stakeholders. Accordingly, your Company's operations are committed to the goal of achieving high levels of performance and cost effectiveness, growth building, enhancing the productive asset and resource base and nurturing overall corporate reputation. Your Company is also committed to creating value for its stakeholders by ensuring that its corporate actions have positive impact on the socio-economic and environmental growth and development.

### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have been appended to this Report as “Annexure-III”.

### **AUDIT COMMITTEE**

The Company constituted audit Committee as required under Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015. Composition of Audit Committee is given in Corporate Governance Report. There is no such instance during the year under review where the Board had not accepted any recommendation of Audit of the Audit Committee.

### **NOMINATION AND REMUNERATION COMMITTEE**

The Company constituted Nomination and Remuneration Committee as required under Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015. Composition of Nomination and Remuneration Committee is given in Corporate Governance Report.

### **SHAREHOLDER'/INVESTORS RELATIONSHIP COMMITTEE**

The Company constituted Shareholder'/Investors Relationship Committee as required under Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015. Composition of Shareholder'/Investors Relationship Committee is given in Corporate Governance Report.

### **RELATED PARTY TRANSACTIONS (RPT)**

All RPT that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant RPT by the Company with promoters, Directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All RPT are placed before the audit committee as also the board for approval. Prior approval of the audit committee is obtained on a quarterly basis for transactions which are foreseen and repetitive in nature.

The policy on RPTs as approved by the board is uploaded on the Company's website. Form for disclosure of particulars of contracts has been enclosed as “Annexure II”.

### **STATUTORY AUDITORS:**

M/s. SVK & Associates, Chartered Accountant, Rajkot (Firm Registration No. 118564W) be and hereby are appointed as Statutory Auditors of the Company to hold office upto the conclusion of 27th Annual General Meeting until the conclusion of next Annual General Meeting. The said appointment is required to be rectified by the members at the ensuing 27th annual General Meeting.

The Statutory Auditors have confirmed their eligibility pursuant to Section 139 of the Companies Act, 2013.

The statutory Audit Report does not contain any qualification, adverse remark or disclaimer made by the Statutory Auditor.

### **SECRETARIAL AUDIT:**

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company engaged the service of M/s. K. P. Ghelani & Associates, to conduct the Secretarial

Audit of the Company for the financial year ended 31<sup>st</sup> March 2018. The Secretarial Audit Report is attached as “**Annexure-V**” and forms part of this Report.

There are no qualifications or observations or remarks made by the Secretarial Auditor in their Report.

**COST AUDIT:**

Pursuant to the Rules issued by MCA under Companies (Cost records and Audit) Amendment Rules 2014, your company has not applied to cost audit during the financial year FY 2017-18.

**INTERNAL AUDIT:**

An Internal Audit was conducted during the year by the Internal Auditor Mr. Mayur Raiyani, Chartered Accountants, appointed as Internal Auditor for the year 2017-18.

**PUBLIC DEPOSIT:**

During the year under review, the Company has not accepted any deposits within of Section 73 and 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014. As on March 31, 2018 there are no fixed deposits with the Company.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The particulars of loans have been disclosed in notes to the Financial Statements by the Company under the provisions of Section 186 of the Companies Act, 2013.

**PREVENTION OF INSIDER TRADING**

The Company has adopted a code of conduct for prevention of Insider Trading with a view to regulate trading in securities by the directors and designated employees of the company. The code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of company shares by the directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the code. All board of directors and the designated employees have confirmed compliance with the code.

**INTERNAL CONTROL SYSTEM**

There are adequate internal financial controls in place with reference to the financial statements. The Report of the internal Auditors are placed before the Audit Committee, and recommendations have been included to further improve efficiencies. During the year under review, these controls were evaluated and no significant weakness was identified either in the design or operation of the controls. This formalized system of internal control facilitates effective compliance of Section 138 of the Companies Act, 2013 and the Listing Regulations.

Your Company's Statutory Auditors have, in their report, confirmed the adequacy of the internal control procedures.

**EXTRACT OF ANNUAL RETURN:**

An extract of Annual Return in Form MGT 9 is appended to this Report as “**Annexure IV**”.

**CORPORATE SOCIAL RESPONSIBILITY INITIATIVE:**

The Company is not covered under the Criteria as mentioned in Section 135 of the Companies Act, 2013 which specifies the requirement of constituting the Corporate Social Responsibility Committee.

**VIGIL MECHANISM:**

The Company has formulated and implemented the whistle Blower Policy/vigil mechanism. This has provided a mechanism for Directors and employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee, any instance of unethical behavior, actual or suspected fraud or violation of the Company's code

of conduct. The Whistle Blower Policy is available on the Company website. All complaints received are reviewed and investigated by management and wherever required suitable corrective actions are taken.

**SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES:**

The Company does not have any subsidiary, Associates or Joint Venture Companies and hence preparation of Consolidated Financial Statements and Statement containing salient features of subsidiary in AOC-1 as per the provisions of Section 129 of the Companies Act, 2013 is not applicable to the Company.

**SAFETY, HEALTH AND ENVIRONMENT**

The Company is committed to establish and maintain safe working environment that promotes good health and high performance of the employees, and simultaneously takes measures to protect the environment. We also ensure that safety behavior is well demonstrated by our employees while working in factory by using personal protective equipment as required.

There have been numerous initiatives by VBL towards safety and environment awareness among employees:

1. Awareness on environment preservation and protection through regular monitoring of environment parameters.
2. "Safety first and always first" is the highest priority of the Company. The Safety policy inter alia ensures safety of public, employees, plant, equipment and business associates, ensuring compliance with all statutory rules and regulations as an on-going process.

Special initiatives have been taken up such as mock drills, up-gradation of Fire protection systems, safety training to employees, reporting of near-miss incidents and first aid awareness. We strive to achieve "Zero-Accident Tolerance".

3. Strict policy for non-consumption of tobacco and intoxicating materials to protect the mental and physical health of employees.
4. Significant reductions have been achieved across all locations in minimizing the requirement of electricity.
5. Water conservation through re-use of waste water and rain water harvesting at plants.

**RISKS AND AREAS OF CONCERN:**

The Company has laid down a well-defined Risk Management Policy covering the risk mapping, trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risk. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

There was no order passed by any regulator or court or tribunal, which impacts the going concern status of the Company or will have bearing on company's operations in future.

**INFORMATION UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has in place a Policy against Sexual Harassment at workplace in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Complaints Committee has been set-up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy. No complaints were received by the Committee during the year.

**CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The prescribed under Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are furnished in “**Annexure-I**” to this Report

**CORPORATE GOVERNANCE:**

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Corporate Governance are made part of the Annual Report. Details of Board meetings held during the year under review and the composition of the various committees are included therein.

The Code of Conduct for directors and Senior Management personnel of the Company, as approved by the Board, has been affirmed on an annual basis by all the directors, Company Secretary of the Company. All independent directors have also submitted the declaration of independence confirming that they meet the criteria of independence as provided under section 149 of the Companies Act, 2013.

The relevant certification on the various matters specified under Regulation 17 (8) of SEBI (LODR) Regulations, 2015 has been done by a Director of the Company and a chief financial officer.

**MANAGEMENT DISCUSSION AND ANALYSIS AND BUSINESS RESPONSIBILITY REPORT**

Pursuant to Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, detailed review of operations, performance and future outlook of the Company is covered under a separate Annexure to this report as Management Discussion & Analysis and Business Responsibility Report.

**ACKNOWLEDGEMENT:**

The Board wishes to acknowledge and thank all stakeholders for their whole-hearted support and contribution by the Company's bankers, customers, suppliers and all employees of the Company. Your Directors also acknowledge the valuable support and active involvement and encouragement by all members of the management team of Vishal Bearings Ltd., towards the improved efficiencies of the Company.

**For and on behalf of the Board of Directors**

**Sd/-  
Dilipkumar Changela  
Managing Director  
DIN: 00247302**

**Date:** 27.08.2018

**Place:** Shapar, Rajkot

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENT

Your company operates in the Antifriction bearing industry and the major user industries of antifriction bearings are automobiles, general engineering, railways, electrical equipment etc. For your company, the demand is approximately 90% from original equipment manufacturers (OEM) and the balance is for supplies to the replacement market/exports. The demand for roller bearings has grown in single digits during the last years reflecting overall sluggishness in industrial activity.

The automotive industry is the largest consumer of bearing products and your company supplies to the 2/3-wheeler, passenger cars, commercial vehicles and farm equipment segments. Overall demand from the Automotive industry remains subdued at a single digit rate of 8% but your Company has grown by 11.5% with strong growth in the 2/3-wheeler and commercial vehicles.

Roller bearings have wide ranging applications and are critical to industrial progress. Market growth in the Indian mobility industry for both people and goods has a very large potential given the geographical spread and size of population- an aspirational young population spurs personal mobility while the need to establish strong supply chains between producers and markets drives growth for goods mobility. Also new vehicle models are being constantly introduced, there is expansion of the public transport systems, dedicated freight corridors for movement of farm produce. With enhanced manufacturing capacity, your Company is now able to offer a wider range of products to its customers -bearing solutions that are efficient and support productivity.

We have over 25 years of experience of operating in India. We supply our finished Bearing rollers and products across India to reputed bearing manufactures and OEMs in domestic market for end users in diverse industries such as rail, light vehicles, off-highway, heavy trucks, industries classified as automobile industries', and heavy industries, industrial processes, gear drives, energy and industrial distribution, as segments within the process industries' and also export our products to customers based outside India for end users in diverse industries. We are also exporter of cylindrical roller which cater the requirements of international customers in Germany, Hungary, Turkey etc. in diverse industries such as, automotive and Hydraulics. We believe that we have long-term and stable relationships developed over the years with our key suppliers of raw materials and our key customers although we do not have formal contracts. Our key suppliers are ASCOINDUSTRIESSAS France, Dongbu Special Steel Co. Limited and Overseas Alloy Steel etc. Our major customers include NRB Bearings Limited, SKF India Limited, Turbo Bearings Private Limited, Texspin Bearings Limited, NRB Industrial Bearing Limited, TIMKEN, National Engineering Industries Limited, Turbo Industries, INAPEX Pvt Ltd., etc.

As of March 31, 2018, our work force consisted of approximately 170 full time employees. We adhere to international best practices standards and are committed in developing products and services where quality assurance is systematic process of checking to see whether a product or service being developed is meeting specified requirements. We have a separate department devoted to quality assurance with highly equipped standard room carrying all measuring equipment with latest technology.

### ECONOMIC ENVIRONMENT

During the year, global environment has been subdued, being affected by uncertainties in the global financial markets, slowdown in investments arising from setbacks such as Brexit and the weaker growth in China.



In India, economic performance has been impacted by a one-time purge of “black” money, but domestic savings rate increases and improved tax collections v/s GDP, foreign institutions gaining confidence arising from the bold reforms, are going to turn to be positive for the economy with the Indian financial sector witnessing a paradigm shift in business operations. There is hope that the Indian economy will witness a strong recovery path helped by lower global fuel and commodity prices and well managed fiscal and monetary policies of the government. Downside risks continue in the form of NPA's of the banking system and the post demonization effects in most sectors of the economy.

With forecasts of a more bountiful monsoon and government spending in the economy mainly in the areas of Power (Renewables and T & D), Transportation (Roads, Railways and metro projects) and Defence (mainly towards indigenization under the “Make in India” drive) and the GST implementation around the corner, structurally the economy is expected to be benefitted and industrial growth boosted with the likely shift in consumption from unorganized to organized players. With overall GDP growth estimated at 7% and inflation controlled within 5%, the automotive sector is also expected to benefit, particularly with a growing middle class and rapid urbanization which will drive the need for personal and public transportation. The continued capacity expansion by major OEMs, in line with market demand is expected to encourage auto component manufacturers to invest in new capacities and expand operations. Opportunities for exports are expected to increase both for finished automobiles as well as auto components. Many new launches are also planned during the year which will help in expanding the size of the market.

Lower interest rates (arising out of high liquidity with banks) and inflationary pressures under close watch, along with expectations of crude oil remaining soft, should enable bearing manufacturers to benefit from a smooth demand led recovery during the year.

Your Company will continue to focus on manufacturing efficiencies and leverage its competitive strength to meet customer growth plans and increase market share.

### **OPPORTUNITIES AND THREATS**

The long-term prospects for the Indian economy remain bright owing to the growth of internal consumption. Demand for personal vehicles will be driven by the aspirations of the rising middle class with improving purchasing power and disposable incomes. Rapid urbanization will drive the need for public transportation. As India addresses the twin challenges of inclusive growth and sustainability, even a normal monsoon, with improved availability of rural finance, will positively influence demand for motor cycles as well as agricultural tractors. The overall mobility sector is expected to benefit from continued growth in the longer term.

The domestic bearing industry is facing the following threats:

- a. The menace of spurious bearings continues to adversely affect the industry. As per estimates roughly one in every four bearings sold in the replacement market is fake/ of inferior quality presenting a threat to unsuspecting users. The problem continues owing to the slow legal process, in spite of industry wide efforts to thwart the unscrupulous suppliers.
- b. With global demand weakening, dumping of cheap bearings by Chinese and other South East Asian countries has intensified. The industry is working with the government for imposition of safeguard duties to protect the domestic industry. Supply chain readiness and a stronger focus on reducing costs will help counter the same.
- c. Regulatory demands on emission levels, improved safety norms and higher expectations for improved reliability of the vehicles may result in need for investments in newer technology, R& D investments. This could cause a higher burden of fixed costs.

Of course, the industry and your company have to continuously explore ways and take all measures to strengthen competitive advantage by minimizing waste, increasing efficiencies and producing high quality products to counter the threat of cheap imports.

### **FINANCIALS**

The company has made a profit after tax of Rs. 3.42 Crore as compared to Rs. 81.19 Lacs in the previous accounting year. The net revenues at Rs. 56.49 Crore show a growth as compared to net revenues of the previous year Rs. 33.63 Crore.

The company expects that the market will improve and with the new capacities which have become operational, it will be able to enhance volumes, improve efficiencies, broaden its customer profile and product range so that the financial results are better during the current financial year.

### **RISKS AND CONCERNS**

Risk management practices seek to sustain and enhance long term competitive advantage of the Company. The Board of Directors looks at risks which are mainly reputational and where the risk grid shows criticality. For the risk grid, the risks have been listed, then prioritized and ranked in terms of probability and impact- high/moderate/low.

The Board also approves the risk policies and associated practices of the Company, reviews and approves risk related disclosures. Otherwise in a normal situation, the operating team would be responsible for all operational risks. At the operating level the core group of the Executive Management team comprising the Managing Director and the functional heads review enterprise risks from time to time, initiate mitigation actions and identify owners for the action to be taken.

The following broad categories of risks have been considered:

**Strategy:** Choices and decisions we make to enhance long term competitive advantage of the Company and value to the stakeholders.

**Industry:** Relates to the inherent characteristics of our industry including competitive structure, nature of market and regulatory environment.

**Counterparty:** Risks arising from our association with entities for conducting business. These include customers, vendors and their respective industries.

**Resources:** Risks arising from sub-optimal utilization of key organization resources such as capital and infrastructure.

**Operations:** Risks inherent to our business operations includes service & delivery to customers, business support activities like Quality management, IT, Legal, Taxation etc.

**Regulations and compliance:** Risks due to inadequate compliance to regulations and contractual obligations violations leading to litigation and loss of reputation.

The business environment is expected to improve during the year, with economic performance helped by lower global fuel and commodity prices, well managed fiscal deficits, forecast of a near normal monsoon and Government initiatives to increase the spend on rural infrastructure and the "Make in India" drive to boost manufacturing. The automotive industry, the largest consumer of bearings, has strong linkages with the economy and should benefit from the same.

Management of financial risks such as interest rates risk, currency risk and liquidity risk, have come in for increased focus. Various measures were deployed to continuously monitor risks and take appropriate actions to mitigate the same.

### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

Based on the nature of the business and size of operations the Company has in place adequate systems of internal control and documented procedures covering all financial and operating functions. These controls have been designed to provide for

- Accurate recording of transactions with internal checks and prompt reporting
- Safeguarding assets from unauthorized use or losses
- Compliance with applicable statutes and adherence to management instructions & policies
- Effective management of working capital
- Monitoring economy and efficiency of operations

Processes are also in place for formulating and reviewing annual and long-term business plans and for preparation and monitoring of annual budgets for all operating plants and the service functions.

A reputed external audit firm carries out periodical audits at all plants and of all functions and brings out deviations from laid down procedures. The audit firm independently tests the design, adequacy and operating effectiveness of the internal control system to provide a credible assurance to the Audit Committee. The observations arising out of audit are reviewed, in the first instance by the respective HODs and plant/functional heads and compliance is ensured. Further corrective action plans are drawn up to build business processes which will eliminate repetition of deviations. Business risks are managed through cross functional involvement, facilitated by internal audit and the results of the assessment are presented to senior management.

The Audit Committee reviews the recommendations for improvement of the business processes and the status of implementation of the agreed action plan.

### **SEGMENTWISE PERFORMANCE**

During the current year, ball and roller bearings have been the primary business segment for the company.

### **COMPETITION**

Our Industry is fragmented consisting of large established players and small niche players. We compete with organized as well as unorganized sector based on availability of product, product quality and product range. Further, there are no entry barriers in this industry and any expansion in capacity of existing manufacturers would further intensify competition. Industry is very competitive and we expect competition to continue and likely to increase in the future.

### **INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT**

The company's industrial relations with employees at its Ranchi plant continued to be cordial and peaceful.

The company has continued its efforts towards strengthening Human Resource by providing employees a better working atmosphere and creating a culture which nurtures personal and organizational growth.

Permanent employees directly employed by the company currently total 160 nos.

### **AWARDS AND RECOGNITION**

Our manufacturing facility at SHAPAR Rajkot, Gujarat is BS OHSAS 18001:2007, ISO 14001: 2004, ISO 9001:2008 and ISO/TS 16949 certified, besides being recognised by URS Certification for meeting their quality assurance requirements. Further, we have, in the past been awarded for our operations including a special award by identifying us as – Direct Online Supplier for cold headed Components-Rollers by National Engineering Industries Limited, Jaipur (NBC Bearings Limited), a CK Birla Group Company where our products go directly for manufacturing of bearings without checking quality and specification.

The 2<sup>nd</sup> IPF Industrial Excellence Awards goes to vishal bearings limited in the category of "**Fastest Growing Manufacturing Company 2017**" under the Engineering segment.

As you are aware, **Industrial Products Finder (IPF)** is India's largest circulated industrial magazine published by ASAPP Info Global Group. In IPF's 45th year, we are happy to announce the 2<sup>nd</sup> IPF Industrial Excellence Awards thereby fulfilling the mission to raise the standards of excellence in the industry.

**CAUTIONARY STATEMENT**

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

# REPORT ON CORPORATE GOVERNANCE

(Pursuant to Schedule V(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015)

## 1. CORPORATE GOVERNANCE

The Company is committed to and continues to practice good Corporate Governance, with emphasis on integrity and accountability. The core principles followed by the Company are creating long term value for all stake holders, business practices which are ethical and in compliance with applicable legal requirements and having an impact on the environment in which we work.

The Company is committed to maintain high standards and continues to practice good Corporate Governance to add long-term value. The core principles of Corporate Governance are:

- Lay emphasis on integrity and accountability.
- Incorporate several practices aimed at a high level of business ethics and effective supervision.
- Provide for enhancement of value for all stakeholders.

Corporate Governance conforms to all regulatory and legal requirements. The basic behind an endeavor towards better Corporate Governance is to achieve business excellence and strengthen the confidence of all stakeholders. It is very important for the Company to combine economic success with acting responsibly towards the environment, people and society. The Company's manner of conducting business is based on compliance of law, fairness, mutual respect and integrity. Under its comprehensive Code of Conduct applicable to the Board, Senior Management and every single employee, Vishal Bearings Limited is committed to a culture of sustainability and views it as a prerequisite for the Company's long-term success.

## 2. THE GOVERNANCE STRUCTURE

Vishal Bearings Limited governance structure follows the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibility to meet the expectation of all the stakeholders. In line with these principles, the Company has formed three tiers of Corporate Governance structure, viz.:

- The Board of Directors: The primary role of the Board is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting the goals and targets, policies, reporting mechanism and accountability and decision-making process to be followed.
- Committees of Directors: The various Committees namely, Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Social Responsibility Committee are focused on financial reporting, audit and internal controls, compliance issues, appointment and remuneration of Directors and Senior Management Employees, Implementation and monitoring of CSR activities and the risk management framework.
- Executive Management: The entire business including the support services are managed with specifically defined responsibility and authorities at different levels.

### 3. BOARD OF DIRECTORS

Your Board of Directors, closely monitors the performance of the Company and Management, approves the plans, reviews the strategy and strives to achieve organisational growth. Your Board ensures statutory and ethical conduct with high quality financial reporting. It holds itself accountable to the shareholders as well as other stakeholders for the long-term well-being of the Company. The Company ensures that timely and relevant information is made available to all Directors in order to facilitate their effective participation and contribution during meetings and deliberations.

The Board determines strategic policies, approves annual plans & budgets, capital expenditure, new projects, investment plans, conducts performance review, ensures statutory compliance, and risk management etc., periodically. A minimum of four meetings of the Board of Directors is held each year, one meeting is held in each quarter and it is ensured that the gap between two meetings does not exceed 120 days. Various Committees of the Board also meet as per the statutory requirements. Also, as per statutory requirement the Independent Directors meet separately once in a year.

#### (A) Composition:

- (i) The management of your Company is entrusted to the Managing Director, who is assisted by a Management Core Team and Senior Executives having rich experience and expertise in their respective fields.
- (ii) The Board of Directors is constituted with appropriate combination of Executive Director, Independent Directors and Woman Director, as per the prevailing regulatory requirements. As on March 31, 2018 the Company had six Directors, out of which three Directors are whole time executive Directors and out of these six, three are Independent Directors.
- (iii) None of the Directors on the Board is a member of more than 10 committees or a Chairperson of more than 5 committees [as stipulated in Regulation 26(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015] across all the Indian Public Companies, in which he / she is a Director. The necessary disclosure regarding the committee position and other Directorship has been made by the Directors.
- (iv) The names and categories of the Directors on the Board, their attendance at Board Meetings, last Annual General Meeting held during the year, number of directorships held by them in Indian Companies (Public and Private) and committee chairmanship / membership held by them in Indian Public Companies are given below. For reckoning the maximum number of chairmanships / memberships in committees, only three committees viz. 'Audit Committee' 'Nomination and Remuneration Committee' and 'Stakeholders Relationship Committee' of the Board are considered.

| Name of Director            | DIN      | Category            | No. of Directorships in other co. | No. of Membership in Committees | Attendance of BM held in 2017-2018 | Attended at last AGM held on 29 September, 2017 |
|-----------------------------|----------|---------------------|-----------------------------------|---------------------------------|------------------------------------|-------------------------------------------------|
| Hiralal Gordhandas Changela | 00247292 | Whole time Director | 1                                 | -                               | 6                                  | Yes                                             |

|                                |          |                         |   |   |   |     |
|--------------------------------|----------|-------------------------|---|---|---|-----|
| Vrajlal Gordhandas Changela    | 00247295 | Whole time Director     | 1 | 1 | 6 | Yes |
| Dilipkumar Gordhandas Changela | 00247302 | Managing Director       | 1 | 1 | 6 | Yes |
| Nitेशkumar Jamnadas Patel      | 01854443 | Independent Director    | 1 | 1 | 6 | Yes |
| Urja Bhupendrabhai Ghetya      | 07191068 | Independent Director    | - | 3 | 6 | Yes |
| Rakesh Kanjibhai Savani        | 07191075 | Independent Director    | - | 3 | 6 | Yes |
| Changela Vishal Vrajlal        | --       | Chief Financial Officer | - | - | 6 | Yes |
| Dimpi Kishorbhai Sampat        | --       | Company Secretary       | - | - | 6 | Yes |

#### (B) Profiles of Directors:

All the Directors are professionals with erudition and experience in their respective areas and fields and Corporate Management Practices. The brief profile of the Directors as on March 31, 2018 is given below:

1. **Mr. Dilipkumar Changela**, (DIN: 00247302) aged 53 years, is the Chairman & Managing Director of our Company with more than 20 years of experience in the bearing Roller industry. He is an intermediate passed. He is responsible for the development and implementation of Company's growth strategy and expansion in India and overseas. His leadership abilities have been instrumental in growth and development of our Company.
2. **Mr. Hiralal Changela**, (DIN: 00247292) aged 66 years, is the founder Promoter of our Company and a Whole Time Director of our Company and with more than 35 years of experience in the Roller bearing industry. He is a Bachelor of Commerce. He is providing his learned guidance and mentoring the senior management of our Company to execute and implement future growth strategy.
3. **Mr. Vrajlal Changela**, (DIN: 00247295) aged 63 years, is the Whole Time Director of our Company with more than 30 years of experience in roller bearing industry. He is a Bachelor of Arts. He is responsible for looking after the business administration and is instrumental for growth of our Company.
4. **Mr. Rakesh Savani**, (DIN: 07191075) aged 33 years, is the Non-Executive Independent Director of our Company with overall 5 years of experience in the field of accounting, audit and taxation. He is a Chartered Accountant.
5. **Mr. Nitेशkumar Patel**, (DIN: 01854443) aged 46 years, is the Non-Executive Independent Director of our Company. He is a Bachelor of Science. He is having experience of 15 years in the field of business.

6. **Ms. Urja Gheliya**, (DIN: 07191068) aged 26 years, is the Non-Executive Independent Director of our Company with 5 years of experience in the field of accounting. She is a Chartered Accountant.

**(C) Meeting of Board of Directors during 2017-2018:**

In all, Six Board Meetings were held during the financial year on the following dates:

| <b>Board Meetings</b> | <b>I</b> | <b>II</b> | <b>III</b> | <b>IV</b> | <b>V</b> | <b>VI</b> |
|-----------------------|----------|-----------|------------|-----------|----------|-----------|
| <b>Dates</b>          | 18.04.17 | 30.05.17  | 02.09.17   | 14.11.17  | 25.11.17 | 24.03.18  |
| <b>Venue</b>          | Shapar   | Shapar    | Shapar     | Shapar    | Shapar   | Shapar    |

The details of attendance of each of the Directors at the Board Meeting(s) are given above in the table at point no. 3A.

**(D) Board Meeting Procedure**

Annual Calendar of Board Meetings for the year is usually considered in the last Board Meeting of the previous year. The notice convening Board Meeting is sent to each of the Directors along with relevant papers well in advance of the meeting date. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. All significant developments and material events are brought to the notice of the Board; either as a part of the agenda papers in advance of the meeting or by way of presentations or circulation of relevant documents during the meeting. The Managing Director briefs the Board on the financial performance of the Company during the previous quarter and trend analysis as compared to the budgets, operational performance and market scenario.

The Board has complete access to all the information of the Company. The following information are provided to the Board as and when occasion arises:

- Annual operating plans, budgets and any updates.
- Capital budgets and any updates.
- Half Yearly results for the Company and its operating divisions or business segments.
- Minutes of meetings of Audit Committee & other committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.



- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.

#### **(E) Code of Conduct**

The Company has laid down a Code of Conduct, for all its Board Members and Senior Management Personnel for avoidance of conflicts of interest. The declarations regarding its compliance have been received for the year 2017-2018 from all the Board Members and Senior Management Personnel.

There were no material financial and commercial transactions, in which Board Members or Senior Management Personnel had personal interest, which could lead to potential conflict of interest with the Company during the year.

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a code of Conduct for Prevention of Insider Trading. All the Directors, Designated employees who could have access to the unpublished price sensitive information of the Company are governed by this Code. The trading window is closed during the time of declaration of results and occurrence of any material events as per the Code.

#### **(F) Familiarisation Programmes to Independent Directors**

Induction, orientation or familiarisation programmes are part of our culture and applicable to all layers of management and the Board Members, which are designed based upon the position / job requirements.

Guided by the principles laid down for Corporate Governance under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, Independent Directors are appraised through familiarization programmes to provide insights into the Company, including; nature of Industry in which the Company operates, business model of the Company, relevant information on business processes and roles, responsibilities, duties and rights of Independent Directors.

#### **(G) Support and role of Company Secretary:**

The Company Secretary is responsible for convening the Board and committee meetings, preparation and distribution of Agenda and other documents and recording of the Minutes of the meetings. She acts as interface between the Board and the Management and provides required assistance and assurance to the Board and the Management on compliance and grievance aspects.

### **4. AUDIT COMMITTEE**

Pursuant to the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations, the Board of Directors has duly constituted the Audit Committee. Majority of the members of the Committee are Independent Directors including the Chairman of the Committee. They possess sound knowledge on accounts, audit, finance, taxation, internal controls, etc. Ms. Dimpri Sampat, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee.

The Audit Committee of the Company reviews the reports to be submitted with the Board of Directors with respect to auditing and accounting matters. It also supervises the Company's internal control and financial reporting process.

**(A) Composition and Attendance:**

| Sr. No. | Name of Director(S)  | Acting in the Committee | Category             |
|---------|----------------------|-------------------------|----------------------|
| 1       | Mr. Rakesh Savani    | Chairperson             | Independent director |
| 2       | Ms. Urja Ghetiya     | Member                  | Independent director |
| 3       | Mr. Vrajlal Changela | Member                  | Whole time director  |

**(B) Meetings of Audit Committee and Attendance of Members**

Details of the Audit Committee Meetings held during 2017-2018 are as follows:

| Audit Committee Meeting(s) | I               | II       | III      | IV       | V        | VI       |
|----------------------------|-----------------|----------|----------|----------|----------|----------|
| <b>Dates</b>               | 18.04.17        | 30.05.17 | 02.09.17 | 14.11.17 | 25.11.17 | 24.03.18 |
| <b>Venue</b>               | Shapar          | Shapar   | Shapar   | Shapar   | Shapar   | Shapar   |
| <b>Attended by</b>         | All the Members |          |          |          |          |          |

The Audit Committee invites such of the executives as it considers appropriate to be present at the meeting particularly the Managing Director, the Chief Financial Officer, the representative of Statutory and Cost Auditors and the Internal Auditor of the Company. All the members of Audit Committee are financially literate and majority of them have accounting and financial management expertise.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.

**(C) Terms of Reference**

The terms of reference of this Committee include matters specified in the Companies Act, 2013, Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and those specified by the Board in writing. Besides having access to all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant

expertise, or obtain legal or other professional advice from external sources, whenever required.

The Audit Committee acts in accordance with the terms of reference which, inter alia, include:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval;
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To review the functioning of the Whistle Blower Mechanism;
- Carrying out any other function as is included in the terms of reference of the Audit Committee.

## **5. NOMINATION AND REMUNERATION COMMITTEE (NRC)**

Pursuant to provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated under clause 19 of SEBI ((Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013 apart from any references made to it by the Board of Directors.

### **(A) Composition and Attendance:**

| <b>S. N.</b> | <b>Name of Director(S)</b> | <b>Acting in the Committe</b> | <b>Category</b> |
|--------------|----------------------------|-------------------------------|-----------------|
| 1            | Mr. Rakesh Savani          | Chairperson                   | ID              |

|   |                       |        |    |
|---|-----------------------|--------|----|
| 2 | Ms. Urja Ghetiya      | Member | ID |
| 3 | Mr. Niteshkumar Patel | Member | ID |

**(B) Meetings of Nomination and Remuneration Committee (NRC) and Attendance of Members**

Details of the Nomination and Remuneration Committee (NRC) Meetings held during 2017-2018 are as follows:

| NRC                | I               | II         |
|--------------------|-----------------|------------|
| <b>Dates</b>       | 18.04.2017      | 02.09.2017 |
| <b>Venue</b>       | Shapar          | Shapar     |
| <b>Attended by</b> | All the Members |            |

**(C) Terms of Reference of NRC**

The Company's Policy on Nomination and Remuneration is framed with objectives as under:

- To formulate criteria and advise the Board in matters of determining qualifications, competencies, positive attributes and independence of Directors, and policies relating to their appointment and removal,
- To review corporate goals and objectives, to set norms of performance evaluation and to lay out remuneration principles for Directors, KMP and Senior Management linked to their effort, performance and contribution towards achievement of organisational goals,
- To evaluate performance and give recommendations to the Board on remuneration payable to the Directors, KMP and Senior Management, and
- To review and recommend to the Board measures to retain and motivate talent including KMP and Senior Management Personnel with a view to ensuring long term sustainability and competitiveness of the organisation.
- The remuneration (including revisions) to Directors is recommended by Vishal to the Board for approval. The remuneration (including increments) to the Directors, so recommended by Vishal to the Board, should be within the limits under the Companies Act, 2013 read with the Rules thereunder and as approved by the shareholders of the Company.
- None of the Directors (including Independent Directors) shall be entitled to any stock option of the Company.
- Non-executive Independent Directors, who will be entitled to sitting fees.

While determining remuneration to KMP, Senior Management Personnel and other Employees, the Company encourages and rewards; merit and superior performance. The objective is to set the total remuneration at levels to attract, motivate, and retain high-caliber, and high potential personnel in a competitive global market.

**Criteria and Qualification for Nomination and Appointment**

A person to be appointed as Director, KMP or at Senior Management level should possess adequate relevant qualification, expertise and experience for the position that he / she is being considered for. The Nomination and Remuneration Committee (VBL) will evaluate whether qualification, expertise and experience possessed by a person is

sufficient / satisfactory for the concerned position and the VBL will make appropriate recommendations to the Board of Directors.

## 6. MANAGERIAL REMUNERATION

### (A) Remuneration to the Executive Director (MD & WTD)

the details of remuneration paid / payable for the financial year 2017-2018 to the Managing Director and whole time Directors (3 Directors) are as follows;

|                                                  |                      |
|--------------------------------------------------|----------------------|
| <b>Salary</b> (Rs. 15,00,000 P.A. – 3 Directors) | Rs. 45,00,000        |
| <b>Allowance &amp; Perquisites</b>               | -                    |
| <b>Company's contribution to funds</b>           | -                    |
| <b>Total</b>                                     | <b>Rs. 45,00,000</b> |

#### Notes:

- Company's contributions to fund include Superannuation Fund and Provident Fund.
- The Company did not have any Stock Option Scheme as at March 31, 2018.

### (B) Remuneration to the Non-executive Directors

As per shareholders' approval by way of Ordinary Resolution passed, Directors (except those who are in whole-time employment of the Company) are paid 'Sitting Fees' for attending Board / Committee Meetings and 'Profit Related Commission' based on performance of the Company and performance evaluation criteria set forth in the Nomination and Remuneration Policy.

The details of sitting fees for attending Board / Committee Meetings and profit related commission paid to them during the year are as follows:

| <b>Name of Directors</b> | <b>Board Meetings</b> | <b>Audit Committee Meetings</b> | <b>Nomination &amp; Remuneration Committee</b> | <b>Stakeholders Relationship Committee</b> | <b>Total Sitting Fees</b> |
|--------------------------|-----------------------|---------------------------------|------------------------------------------------|--------------------------------------------|---------------------------|
| Mr. Rakesh Savani        | -                     | -                               | -                                              | -                                          | 16000                     |
| Mr. Niteshkumar Patel    | -                     | -                               | -                                              | -                                          | 16000                     |
| Ms. Urja Ghetiya         | -                     | -                               | -                                              | -                                          | 16000                     |

All the Directors have been reimbursed expenses incurred by them in discharge of their duties. The payments made to a Director in his / her individual capacity or to his / her relatives have been disclosed. However, none of these Directors has any material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or holding Company, subsidiaries and its associates which may affect their independence. The Company has not entered into any materially significant transaction with promoters, Directors or their relatives or its management or subsidiary that may have potential conflict with the interests of the Company.

## 7. STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, 'Stakeholders and Relationship Committee' (hereinafter referred as SRC) of the Board has been constituted to especially look into the mechanism of redressal of grievances of shareholders.

### (A) Composition and Attendance:

| Sr. No. | Name of Director(S)     | Acting in the Committee | Category |
|---------|-------------------------|-------------------------|----------|
| 1       | Ms. Urja Ghetiya        | Chairperson             | ID       |
| 2       | Mr. Rakesh Savani       | Member                  | ID       |
| 3       | Mr. Dilipkumar Changela | Member                  | MD       |

### (B) Meetings of SRC and Attendance of Members

The Committee meets to deal with matters relating to redressal of complaints from shareholders regarding transfers, non-receipt of Annual Report, non-receipt of declared dividends, etc. and to review effectiveness of Investors' relations system of the Company. During the year SRC met on April 18, 2017 and the meeting attended by all the members.

The Company Secretary Ms. Dimpri Sampat is a Compliance Officer of the Company.

During 2017-2018, There was no complaint pending and no received as on March 31, 2018.

## 8. GENERAL BODY MEETINGS

Details of Annual General Meetings held in last three years are as follows:

| Particulars | Meetings                         |                                  |                                  |
|-------------|----------------------------------|----------------------------------|----------------------------------|
|             | AGM                              | AGM                              | AGM                              |
| Date        | 29.09.2017                       | 24.08.2016                       | 09.06.2015                       |
| Venue       | Registered office of the Company | Registered office of the Company | Registered office of the Company |

Details of Extra Ordinary General Meetings held in last three years are as follows:

| Particulars | Meetings  |                                  |                                  |
|-------------|-----------|----------------------------------|----------------------------------|
|             | EGM       | EGM                              | EGM                              |
| Date        | 2017-2018 | 2016-2017                        | 2015-2016                        |
|             | -         | 14.11.2016                       | 11.05.2015                       |
|             | -         | -                                | 28.05.2015                       |
| Venue       | -         | Registered office of the Company | Registered office of the Company |

## 9. MEANS OF COMMUNICATION

### Financial Results:

Pursuant to provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, half yearly financial results of the Company are being published in website of Bombay Stock Exchange. Financial results, as soon as they are approved by the Board, are forwarded to the Stock Exchanges.

### Filings with Stock Exchanges:

All the reports, statements, documents, filings and any other information that are required to be submitted with the recognized stock exchange(s) as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are disseminated /uploaded on website <https://listing.bseindia.com/> under "BSE Listing Centre."

The Company generally does not make any presentation to analysts or to institutional investors.

## 10. GENERAL SHAREHOLDERS' INFORMATION

### (i) 27<sup>th</sup> Annual General Meeting is scheduled to be held

|             |                    |                |                                                                                                                                |
|-------------|--------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------|
| <b>On</b> : | Saturday           | <b>Venue</b> : | VISHAL BEARINGS LIMITED                                                                                                        |
| <b>At</b> : | September 22, 2018 |                | Registered Office: Survey No. 22/1,<br>Plot No. 1, Shapar Main Road,<br>Shapar (Veraval), Rajkot – 360 024,<br>Gujarat, INDIA. |

### (ii) Financial Year

A twelve-month period starting from April 1, 2017 to March 31, 2018.

Financial Reporting for the respective half year of 2017 would be carried out within time limit, as per prevailing regulatory requirements.

### (iii) Date of Book Closure

September 18, 2018 to September 22, 2018 (Both days inclusive).

### (iv) Audit in financial Year 2017-2018

| Sr. No. | Audits                                                            | Auditors                                                                           |
|---------|-------------------------------------------------------------------|------------------------------------------------------------------------------------|
| 1       | Statutory Auditor                                                 | SVK & Associates,<br>Chartered Accountant, Rajkot<br>Firm Registration No. 118564W |
| 2       | Secretarial Audit and<br>Reconciliation of Share<br>Capital Audit | K.P. Ghelani & Associates,<br>Company Secretary, Rajkot                            |
| 3       | Internal Audit                                                    | Mayur Raiyani,<br>Chartered Accountant, Rajkot                                     |

### (v) Listing of Equity Shares on Stock Exchanges

The Equity Shares of the Company are listed on SME Segment:

- BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001, Maharashtra, India.

The requisite listing fees have been paid to the Stock Exchanges up to March 31, 2018.

**(vi) Stock Code**

|                                                     |                       |
|-----------------------------------------------------|-----------------------|
| Security Code                                       | 539398                |
| Security ID                                         | VISHALBL              |
| International Security Identification Number (ISIN) | INE060T01024          |
| Corporate Identification Number (CIN)               | L29130GJ1991PLC016005 |

**(vii) Share Transfer Agent:**

M/s. Karvy Computershare Private Limited, as the Registrar and Share Transfer Agent (RTA) of Vishal Bearings Limited, handle all share transfers and related processes. They provide the entire range of services to the Shareholders of the Company relating to share transfers, change of address or mandate and dividend. The electronic connectivity with both the depositories – NSDL and CDSL is also handled by Karvy.

**(viii) SEBI complaints redress system (SCORES)**

The investor complaints are proceeds in a centralized web-based complaints redress system. The salient features of this system are Centralized database of all complaints, online upload of Action Taken Report (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its status.

**(ix) Convertible Instruments**

The Company has not issued any ADRs/GDRs/Warrants or any convertible instruments during the financial year ended on March 31, 2018.

**(x) Registered Office:**

VISHAL BEARINGS LIMITED, Survey No. 22/1, Plot No. 1, Shapar Main Road, Shapar (Veraval), Rajkot – 360 024, Gujarat, INDIA.

**(xi) Address for correspondence:**

For any assistance regarding the dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares, the investor can write to Registrar and Share Transfer Agent (address mentioned above) or please write to:

**The Compliance Officer**  
**VISHAL BEARINGS LIMITED,**  
 Survey No. 22/1, Plot No. 1,  
 Shapar Main Road, Shapar (Veraval),  
 Rajkot – 360 024, Gujarat, INDIA.

**(xii) Market Price Date**

A summary containing monthly High / Low share prices at BSE Limited (BSE) is as under:

| For the<br>2017-2018 | Equity Shares<br>BSE Sensex |              | Equity Shares<br>Vishal Bearings Limited |           |
|----------------------|-----------------------------|--------------|------------------------------------------|-----------|
|                      | High<br>(Rs.)               | Low<br>(Rs.) | High (Rs.)                               | Low (Rs.) |
| April                | 30184.22                    | 29241.48     | 37.90                                    | 30.65     |
| May                  | 31255.28                    | 29804.12     | 36.10                                    | 31.60     |
| June                 | 31522.87                    | 30680.66     | 31.55                                    | 29.15     |
| July                 | 32672.66                    | 31017.11     | 40.05                                    | 30.70     |



|           |          |          |       |       |
|-----------|----------|----------|-------|-------|
| August    | 32686.48 | 31128.02 | 44.10 | 34.00 |
| September | 32524.11 | 31081.83 | 43.75 | 28.10 |
| October   | 33340.17 | 31440.48 | 39.25 | 28.20 |
| November  | 33865.95 | 32683.59 | 55.85 | 26.40 |
| December  | 34137.97 | 32565.16 | 64.55 | 54.40 |
| January   | 36443.98 | 33703.37 | 78.00 | 67.35 |
| February  | 36256.83 | 33482.81 | 66.50 | 54.50 |
| March     | 34278.63 | 32483.84 | 59.50 | 52.00 |

**(xiii) Details of unclaimed and unpaid dividend**

| Year ended on | Date of declaration of dividend | Amount lying unpaid as on 31.03.2018 |
|---------------|---------------------------------|--------------------------------------|
| 31.03.2018    | 25.11.2017                      | -                                    |

**(xiv) Category-wise summary of Shareholding as on March 31, 2018**

| Sr. No. | Category             | No. of Shareholders | No. of Shares  | %          |
|---------|----------------------|---------------------|----------------|------------|
| 1       | Promoters            | 3                   | 1983734        | 33.09      |
| 2       | Promoters Group      | 12                  | 1675600        | 27.95      |
| 3       | Public               | 124                 | 2141400        | 35.72      |
| 4       | Bodies Corporate     | 14                  | 59799          | 1.00       |
| 5       | HUF                  | 15                  | 119467         | 1.99       |
| 6       | Non-Resident Indians | 1                   | 3750           | 0.06       |
| 7       | NRI Non-Repatriation | 2                   | 11250          | 0.19       |
|         | <b>Total</b>         | <b>171</b>          | <b>5995000</b> | <b>100</b> |

**(xv) Top Ten Shareholders with their Shareholdings**

| Sr. No. | Name of Shareholders | Category | No. of Shares held | % of total paid up capital |
|---------|----------------------|----------|--------------------|----------------------------|
| 1       | Darshit D. Changela  | PRG      | 223475             | 3.73                       |
| 2       | Girishkumar Changela | PRG      | 217500             | 3.63                       |
| 3       | Jayana Changela      | PRG      | 217500             | 3.63                       |
| 4       | Rinkuben Changela    | PRG      | 205000             | 3.42                       |
| 5       | Vishal Changela      | PRG      | 203000             | 3.39                       |
| 6       | Jayshriben Changela  | PRG      | 166250             | 2.77                       |
| 7       | Rasilaben Changela   | PRG      | 166250             | 2.77                       |
| 8       | Jyotiben Changela    | PRG      | 166250             | 2.77                       |
| 9       | Paresh Vasani        | PUB      | 146250             | 2.44                       |
| 10      | Falguni Vasani       | PUB      | 142500             | 2.38                       |

**(xvi) Dematerialisation of Shares**

Total paid-up Equity Share Capital is held in Dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on March 31, 2018.

| Particulars   | NSDL    | CDSL    | Total   |
|---------------|---------|---------|---------|
| Shares (nos.) | 3908350 | 2086650 | 5995000 |
| Shares (%)    | 65.19   | 34.81   | 100.00  |

**(xvii) Distribution of shareholding as on 31st March, 2018**

| Sr. No. | Category       | No. of Shareholders | % of total paid up capital |
|---------|----------------|---------------------|----------------------------|
| 1       | upto 1 – 5000  | 3                   | 1.75                       |
| 2       | 10001 – 20000  | 8                   | 4.68                       |
| 3       | 20001 – 30000  | 5                   | 2.92                       |
| 4       | 30001 – 40000  | 36                  | 21.05                      |
| 5       | 50001 – 100000 | 63                  | 36.84                      |
| 6       | 100001 & above | 56                  | 32.75                      |
|         | <b>Total</b>   | <b>171</b>          | <b>100.00</b>              |

**11. DISCLOSURE**

- (i) The Board has received disclosures from the Senior Management relating to material, financial and commercial transactions, where they and/or their relatives have personal interest. There are no materially significant related party transactions of the Company, which have potential conflict with the interest of the Company at large; however, transactions with related parties as per requirements of Accounting Standard (AS) 18 are disclosed under notes to accounts.
- (ii) All transactions with related party, as defined under the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the year were in ordinary course of business and at arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. The Board has approved a policy on dealing with related party transactions.
- (iii) The Company has established Vigil Mechanism to provide for the safeguards against victimisation of Directors and employees who follow such mechanism. The Board has approved Whistle Blower Policy/establishment of Vigil Mechanism pursuant to Provisions of Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (iv) There have been no instances of any non-compliance and no penalties or strictures have been imposed on the Company on any matter relating to the capital market, either by Stock Exchange, Securities and Exchange Board of India or any statutory authority during the last three years.
- (v) The Company has adopted and complied with mandatory requirements as per provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Some of the nonmandatory requirements have also been complied with.

- (vi) The requisite certificates from CFO were placed before the Board Meetings for consideration.
- (vii) The Company has adequate risk assessment and minimisation system in place. The risk management procedure is reviewed periodically.
- (viii) The Company is fully compliant with the Corporate Governance requirements as specified by Regulation 17 to 27 and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**For and on behalf of the Board**

**Sd/-  
Hiralal Changela  
Chairman  
DIIN: 00247292**

**Place:** Shapar, Rajkot  
**Date:** 27.08.2018

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**DECLARATION REGRADING COMPLIANCE OF CODE OF CONDUCT**

I hereby declare that pursuant to Schedule V (Part D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have adopted a Code of Conduct for the Board members and Senior Management of the Company and the same has also been posted in the Company's website and that all the Board members and Senior Management personnel to whom this Code of Conduct is applicable have affirmed the compliance of the said Code of Conduct during the year 2017-18.

**Sd/-  
Vrajlal Changela  
DIN:00247295**

## CEO & CFO CERTIFICATE

TO  
THE BOARD OF DIRECTORS  
**VISHAL BEARINGS LIMITED**

### **Annual Confirmation pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

As required by Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby certify that:

- a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2018 and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee
  - i) significant changes if any, in internal control over financial reporting during the year;
  - iii) significant changes if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iv) that there were no instances of fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Vishal Bearings Limited**

**Sd/-  
Vrajlal Changela  
Whole time Director**

**Sd/-  
Vishal Changela  
CFO**

## **DIVIDEND DISTRIBUTION POLICY**

### **1. INTRODUCTION**

As part of long term financial policy of the Company, it becomes essential to frame a Dividend Distribution Policy ('Policy') in accordance with the provisions of the Companies Act, 2013, rules framed thereunder, Articles of Association of the Company and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

This policy is intended to inform the present and potential investors and Shareholders, about the approach of the Board of Directors ('Board') of the Company towards declaration of dividend and utilization of the retained earnings.

### **2. STATUTORY REQUIREMENT**

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, specifies that every listed Company shall formulate a Dividend Distribution Policy which shall be disclosed in the Annual Reports and on the website of the Company.

### **3. OBJECTIVE**

This Policy intends to make available the following information to the Shareholders of the Company:

- a) The circumstances under which the shareholders of the Company may or may not expect dividend.
- b) The External and Internal factors including financial parameters that would be considered by the Company while declaring dividend.
- c) Method in which the Company will utilise Retained Earnings.

### **4. POLICY**

#### **CIRCUMSTANCES UNDER WHICH SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND:**

The Board of Directors of the Company is committed to deliver sustainable value to all its stakeholders including the Shareholders. The Company will strive to distribute an optimal and appropriate level of profits earned by it in its business, with the Shareholders, in the form of Dividend. It may be interim dividend and / or final dividend every year.

However, under the following circumstances the shareholder may not expect dividend:

- Where it become essential to build reserves to meet long term requirements.
- Where in the opinion of the Board of Directors, distribution of profit by dividend in any year would jeopardize the Company's financial condition.
- Where the Company has not earned profit or earned inadequate profit in any year.

#### **EXTERNAL, INTERNAL FACTORS AND FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND:**

Declaration of Dividend and the percentage will depend upon the following factors:

##### **I. External Factors**

- A. Unfavourable economic and market conditions:

Whenever the Company operates in a recessionary economic/market conditions, where future business opportunities are uncertain, the Board may prefer to conserve cash to retain profits to build up reserves.

**B. Government/Statutory Regulations:**

Requirements of the Companies Act, 2013, Income Tax Act, 1961 and the Rules made there under, rates of corporate dividend distribution tax, tax on dividend payable by the recipients and any other relevant legislation, order, circular, notification of Central Government / State Government would be taken in to consideration while declaring dividends.

**II. Internal Factors and Financial Parameters**

Internal factors and financial parameters that may be considered by the Board before making any recommendations for Dividend include but not limited to:

1. Amount of Current year business profits
2. Amount of Capital profits
3. Past year profit/loss
4. Cash flow position for the year under consideration
5. Cost of raising funds from alternate sources
6. Present and future Capital Expenditure plans, including plans for expansion, modernization of existing business or green field projects
7. Plans for Mergers & Acquisitions including other forms of business re-organisation
8. Additional investments in subsidiary/associates of the Company
9. Plans for investments into new line of business
10. Any other factor as deemed fit by the Board

**5. METHOD IN WHICH COMPANY WILL USE RETAINED EARNINGS:**

Reserves are being built by the Company to plough back profits in to the business, to maintain uninterrupted distribution of dividend in the years where there is no profit or inadequate profit and to meet the fund requirements in the lean periods.

As per the provisions of the Companies Act, 2013 and the rules framed thereunder the free reserves (retained earnings) of the Company may be utilized for the purpose of Issue of Bonus Shares by capitalization of reserves, buy back of Shares, Declaration of Dividend out of reserves where there is no / or inadequate profit in any financial year, declaration of special / additional dividend in any year(s) (if any).

The Board of Directors of the Company, depending upon the circumstances and taking into consideration of business requirements of the Company would take appropriate decision regarding the utilization of the retained earnings of the Company from time to time.

**6. AMENDMENTS:**

This policy may be reviewed and modified to make it to be in line with any changes, modifications or amendments in the Regulations / Acts, subject to the necessary approval of the Board of Directors of the Company.

**7. BOARD'S APPROVAL:**

This policy was approved by the Board of Directors at its meeting held on April 18, 2017.

## ANNEXURE I

### Statement of conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to provisions of section 134 of the Companies Act, 2013 read with the companies (Accounts) Rules, 2014

#### A) CONSERVATION OF ENERGY

Energy conservation initiatives are being planned and implemented across manufacturing locations. Apart from regular practices and measures for energy conservation, many new initiatives were driven across all the units. Some of the key measures taken in all the plants are as follows:

- Energy efficient chillers.
- New Machinery with low power consumption are installed.
- Alternative energy efficient neutral atmosphere.
- Energy efficient motors for utilities and replacement of capacitor panels to meet the current specifications and requirements.
- More usage of electricity purchased from GEB.

| Consumption              | Year Ended<br>31.03.2018 | Year Ended<br>31.03.2017 |
|--------------------------|--------------------------|--------------------------|
| Electric, Power and Fuel | 26,268,586               | 22,243,638               |

#### B) TECHNOLOGY ABSORPTION

- Improved production methods to achieve higher yield and lower wastage
- Continuous benchmarking of products to achieve world class processes

Operations of the company do not involve any kind of special technology and there was no expenditure on research & development during this financial year. However, your company continues to upgrade its technology (computer technology and telecom infrastructure) in ensuring it is connected with its clients across the globe.

#### C) FOREIGN EXCHANGE EARNINGS AND OUTGO

| Particulars                                    | 2017-2018    | 2016-2017   |
|------------------------------------------------|--------------|-------------|
| <b>Foreign Exchange earned during the year</b> |              | -           |
| - Sale of Goods                                | 22,27,671    |             |
| <b>Foreign Exchange outgo during the year</b>  |              | -           |
| - Raw Materials                                | 23,80,04,929 | 8,50,79,221 |
| - Components and Spare Parts                   | -            | -           |
| - Capital Goods                                | 38,37,425    | 36,14,820   |

## ANNEXURE II

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto.

### FORM – AOC 2

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangements or transactions entered during the year ended March 31, 2018 which were not at arm's length basis.

**2. Details of contracts or arrangements or transactions at arm's length basis: NIL**

| Sr. No. | Particulars                                                                                | Details                                                                                     |
|---------|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| 1       | Name(s) of the related party and nature of relationship                                    | Virdeep Engineering Private Limited – Group Company                                         |
| 2       | Nature of contracts/arrangements/transactions                                              | Sales, Job work, Transfer or purchase of products, materials, services or other obligations |
| 3       | Duration of contracts/arrangements/transactions                                            | Ongoing basis, normal and incidental to Company's business operations                       |
| 4       | Salient terms of the contracts or arrangements or transactions including the value, if any | The information forms part of the notes to financial statement for the year 2017-18         |
| 5       | Date of approval by Board                                                                  | 18.04.2017                                                                                  |
| 6       | Amount paid as advance, if any                                                             | Nil                                                                                         |

**FOR and on behalf of the Board of Director**

**Place:** Shapar, Rajkot  
**Date:** 27.08.2018

**Sd/-**  
**Dilipkumar Changela**  
Managing Director  
DIN: 00247302



## ANNEXURE III

**[Pursuant to Section 197 of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

|                |                                                                                                                                                               |                                                                                                                                                                                                                                                  |                                            |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| <b>(I)</b>     | The remuneration of each Director of the company for the financial year:                                                                                      |                                                                                                                                                                                                                                                  |                                            |
| <b>Sr. No.</b> | <b>Name</b>                                                                                                                                                   | <b>Designation</b>                                                                                                                                                                                                                               | <b>Remuneration for the F.Y. 2017-2018</b> |
| 1              | Mr. Hiralal G. Changela                                                                                                                                       | Whole time director                                                                                                                                                                                                                              | ₹. 1,500,000                               |
| 2              | Mr. Dilipkumar G. Changela                                                                                                                                    | Managing Director                                                                                                                                                                                                                                | ₹. 1,500,000                               |
| 3              | Mr. Vrajlal G. Changela                                                                                                                                       | Whole time director                                                                                                                                                                                                                              | ₹. 1,500,000                               |
| <b>(II)</b>    | The increase in remuneration of each Director, COO, CFO, Company Secretary or Manager, if any, in the financial year:                                         |                                                                                                                                                                                                                                                  |                                            |
| <b>Sr. No.</b> | <b>Name</b>                                                                                                                                                   | <b>Designation</b>                                                                                                                                                                                                                               | <b>Remuneration for the F.Y. 2017-2018</b> |
| 1              | Rakesh Savani                                                                                                                                                 | Independent Director                                                                                                                                                                                                                             | -                                          |
| 2              | Niteshkumar Patel                                                                                                                                             | Independent Director                                                                                                                                                                                                                             | -                                          |
| 3              | Urja Ghetiya                                                                                                                                                  | Independent Director                                                                                                                                                                                                                             | -                                          |
| 4              | Mr. Vishal V. Changela                                                                                                                                        | CFO                                                                                                                                                                                                                                              | ₹. 10,18,239                               |
| 5              | Mr. Divyesh H. Changela                                                                                                                                       | COO                                                                                                                                                                                                                                              | ₹. 10,18,239                               |
| 6              | Ms. Dimpri Sampat                                                                                                                                             | CS                                                                                                                                                                                                                                               | ₹. 1,20,000                                |
| 7              | Mr. Darshit D. Changela                                                                                                                                       | Manager                                                                                                                                                                                                                                          | ₹. 10,18,239                               |
| 8              | Mr. Vijay V. Changela                                                                                                                                         | Manager                                                                                                                                                                                                                                          | ₹. 10,18,239                               |
| <b>(III)</b>   | The remuneration paid to Non – Executive Directors which includes sitting fees is to their attendance in Board and Committee Meetings.                        |                                                                                                                                                                                                                                                  |                                            |
| <b>(IV)</b>    | the number of permanent employees on the rolls of company;                                                                                                    | 170 employees as on 31.03.2018                                                                                                                                                                                                                   |                                            |
| <b>(V)</b>     | the explanation on the relationship between increase in remuneration and company performance;                                                                 | Increase in remuneration of key managerial personnel for the year 2018 which is partly based on the results of the Company for the year ended 31.03.2018 and partly on the individual performance.                                               |                                            |
| <b>(VI)</b>    | comparison of the remuneration of the Key Managerial Personnel against the performance of the company;                                                        | Increase in remuneration of key managerial personnel for the year 2018 which is partly based on the results of the Company for the year ended 31.03.2018 and partly on the individual performance.                                               |                                            |
| <b>(VII)</b>   | Variation in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year: | The market capitalization as on March 31, 2018 was Rs. 31.17 Crore (Rs. 26.82 Crore as on March 31, 2017).<br>The price earnings ratio of the Company was 5.71 as at March 31, 2018 and was 1.35 as at March 31, 2017 (based on annualized EPS). |                                            |
| <b>(VIII)</b>  | The key parameters for any variable component of remuneration availed by the directors;                                                                       | All employees including Managing Director and Whole Time Director's not entitlement to incentive. Remuneration which is based on the individual's performance and company's financial performance.                                               |                                            |
| <b>(IX)</b>    | the ratio of the remuneration of the highest paid director to that of the employees who are not                                                               | The Managing Director & Whole-time directors are the highest paid directors. No employee received remuneration higher                                                                                                                            |                                            |

|            |                                                                                            |                                                                                                          |
|------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
|            | directors but receive remuneration in excess of the highest paid director during the year; | than Managing Director & Whole-time director.                                                            |
| <b>(X)</b> | affirmation that the remuneration is as per the remuneration policy of the company.        | Remuneration paid during the year ended March 31, 2018 is as per the Remuneration Policy of the Company. |

We hereby confirm that the remuneration is as per the remuneration policy recommended by Nomination and Remuneration Committee of the Company and adopted by the Company.

**Place:** Shapar, Rajkot

**Date:** 27.08.2018

**Sd/-**

**Dilipkumar G. Changela**

Managing Director

DIN: 00247302

**Sd/-**

**Rakesh Savani**

Chairman

Nomination &

Remuneration Committee

DIN: 07191075

## FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN As on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

| I. REGISTRATION & OTHER DETAILS: |                                                                            |                                                                                                                                                                           |
|----------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1                                | CIN                                                                        | L29130GJ1991PLC016005                                                                                                                                                     |
| 2                                | Registration Date                                                          | 24 July 1991                                                                                                                                                              |
| 3                                | Name of the Company                                                        | <b>VISHAL BEARINGS LIMITED</b>                                                                                                                                            |
| 4                                | Category/Sub-category of the Company                                       | Company limited by shares / Indian Non-Government Company                                                                                                                 |
| 5                                | Address of the Registered office & contact details                         | Survey No. 22/1, Plot No.1, Shapar Main Road, Shapar (Veraval), Rajkot, Gujarat-02.<br>Tel: +91 2827-252273, Website: vishalbearings.com                                  |
| 6                                | Whether listed company                                                     | Yes                                                                                                                                                                       |
| 7                                | Name, Address & contact details of the Registrar & Transfer Agent, if any. | <b>Karvy Computershare Private Limited</b><br>karvy Selenium Tower B, Plot No.31 & 32, Financial, District, Nanakramguda, Gachibowli, Hyderabad-500032, Telengana, India. |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| S. No. | Name and Description of main products / services                                                       | NIC Code of the Product/service | % to total turnover of the company |
|--------|--------------------------------------------------------------------------------------------------------|---------------------------------|------------------------------------|
| 1      | All kinds of automobile and engineering bearing parts such as Cons, Tapper, Balls, Rollers and Needles | 2814                            | 100                                |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SN | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|----|---------------------------------|---------|--------------------------------|------------------|--------------------|
| 1  | N.A.                            |         |                                |                  |                    |
| 2  |                                 |         |                                |                  |                    |
| 3  |                                 |         |                                |                  |                    |

### IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

#### (i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year<br>[As on 01-April-2017] | No. of Shares held at the end of the year<br>[As on 31-March-2018] | % Change during the year |
|--------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------|
|                          |                                                                          |                                                                    |                          |

|                                  | Demat            | Physical | Total            | % of Total Shares | Demat            | Physical | Total            | % of Total Shares |              |
|----------------------------------|------------------|----------|------------------|-------------------|------------------|----------|------------------|-------------------|--------------|
| <b>A. Promoters</b>              |                  |          |                  |                   |                  |          |                  |                   |              |
| <b>(1) Indian</b>                |                  |          |                  |                   |                  |          |                  |                   |              |
| a) Individual/HUF                | 36,10,600        | -        | 36,10,600        | 60.23%            | 36,59,334        | -        | 36,59,334        | 61.04%            | 0.81%        |
| b) Central Govt                  |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| c) State Govt(s)                 |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| d) Bodies Corp.                  |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| e) Banks / FI                    |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| f) Any other                     |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| <b>Sub Total (A) (1)</b>         | <b>36,10,600</b> | <b>-</b> | <b>36,10,600</b> | <b>60.23%</b>     | <b>36,59,334</b> | <b>-</b> | <b>36,59,334</b> | <b>61.04%</b>     | <b>0.81%</b> |
| <b>(2) Foreign</b>               |                  |          |                  |                   |                  |          |                  |                   |              |
| a) NRI Individuals               |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| b) Other Individuals             |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| c) Bodies Corp.                  |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| d) Any other                     |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| <b>Sub Total (A) (2)</b>         | <b>-</b>         | <b>-</b> | <b>-</b>         | <b>0.00%</b>      | <b>-</b>         | <b>-</b> | <b>-</b>         | <b>0.00%</b>      | <b>0.00%</b> |
| <b>TOTAL (A)</b>                 | <b>36,10,600</b> | <b>-</b> | <b>36,10,600</b> | <b>60.23%</b>     | <b>36,59,334</b> | <b>-</b> | <b>36,59,334</b> | <b>61.04%</b>     | <b>0.81%</b> |
| <b>B. Public Shareholding</b>    |                  |          |                  |                   |                  |          |                  |                   |              |
| <b>1. Institutions</b>           |                  |          |                  |                   |                  |          |                  |                   |              |
| a) Mutual Funds                  |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| b) Banks / FI                    |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| c) Central Govt                  |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| d) State Govt(s)                 |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| e) Venture Capital Funds         |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| f) Insurance Companies           |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| g) FIs                           |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| h) Foreign Venture Capital Funds |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| i) Others (specify)              |                  |          | -                | 0.00%             |                  |          | -                | 0.00%             | 0.00%        |
| <b>Sub-total (B)(1):-</b>        | <b>-</b>         | <b>-</b> | <b>-</b>         | <b>0.00%</b>      | <b>-</b>         | <b>-</b> | <b>-</b>         | <b>0.00%</b>      | <b>0.00%</b> |
| <b>2. Non-Institutions</b>       |                  |          |                  |                   |                  |          |                  |                   |              |
| a) Bodies Corp.                  |                  |          |                  |                   |                  |          |                  |                   |              |

|                                                                                  |           |   |           |         |                  |   |                  |                |              |
|----------------------------------------------------------------------------------|-----------|---|-----------|---------|------------------|---|------------------|----------------|--------------|
| i) Indian                                                                        |           |   | -         | 0.00%   |                  |   | -                | 0.00%          | 0.00%        |
| ii) Overseas                                                                     |           |   | -         | 0.00%   |                  |   | -                | 0.00%          | 0.00%        |
| b) Individuals                                                                   |           |   |           |         |                  |   |                  |                |              |
| i) Individual shareholders holding nominal share capital upto Rs. 2 lakh         | 8,07,750  |   | 8,07,750  | 13.47%  | 8,13,967         |   | 8,13,967         | 13.58%         | 0.11%        |
| ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh | 13,56,150 |   | 13,56,150 | 22.62%  | 14,46,900        |   | 14,46,900        | 24.14%         | 1.52%        |
| c) Others (specify)                                                              | 2,20,500  |   | 2,20,500  | 3.68%   | 74,799           |   | 74,799           | 1.25%          | -2.44%       |
| Non Resident Indians                                                             |           |   | -         | 0.00%   |                  |   | -                | 0.00%          | 0.00%        |
| Overseas Corporate Bodies                                                        |           |   | -         | 0.00%   |                  |   | -                | 0.00%          | 0.00%        |
| Foreign Nationals                                                                |           |   | -         | 0.00%   |                  |   | -                | 0.00%          | 0.00%        |
| Clearing Members                                                                 |           |   | -         | 0.00%   |                  |   | -                | 0.00%          | 0.00%        |
| Trusts                                                                           |           |   | -         | 0.00%   |                  |   | -                | 0.00%          | 0.00%        |
| Foreign Bodies - D R                                                             |           |   | -         | 0.00%   |                  |   | -                | 0.00%          | 0.00%        |
| <b>Sub-total (B)(2):-</b>                                                        | 23,84,400 | - | 23,84,400 | 39.77%  | 23,35,666        | - | 23,35,666        | 38.96%         | -0.8%        |
| <b>Total Public (B)</b>                                                          | 23,84,400 | - | 23,84,400 | 39.77%  | <b>23,35,666</b> | - | <b>23,35,666</b> | <b>38.96%</b>  | <b>-0.8%</b> |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                           |           |   | -         | 0.00%   |                  |   |                  | 0.00%          | 0.00%        |
| <b>Grand Total (A+B+C)</b>                                                       | 59,95,000 | - | 59,95,000 | 100.00% | <b>59,95,000</b> | - | <b>59,95,000</b> | <b>100.00%</b> | <b>0.00%</b> |

**(ii) Shareholding of Promoter**

| SN | Shareholder's Name         | Shareholding at the beginning of the year |                                  |                                                | Shareholding at the end of the year |                                  |                                                | % change in shareholding during the year |
|----|----------------------------|-------------------------------------------|----------------------------------|------------------------------------------------|-------------------------------------|----------------------------------|------------------------------------------------|------------------------------------------|
|    |                            | No. of Shares                             | % of total Shares of the company | % of Shares Pledged/encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged/encumbered to total shares |                                          |
| 1  | Mr. Hiralal G. Changela    | 6,47,500                                  | 10.80%                           | --                                             | 6,66,234                            | 11.11%                           | --                                             | 0.31%                                    |
| 2  | Mr. Dilipkumar G. Changela | 6,47,500                                  | 10.80%                           | --                                             | 6,62,500                            | 11.05%                           | --                                             | 0.25%                                    |
| 3  | Mr. Vrajlal G. Changela    | 6,47,500                                  | 10.80%                           | --                                             | 6,55,000                            | 10.93%                           | --                                             | 0.13%                                    |

**(iii) Change in Promoters' Shareholding (Please specify, if there is no change)**

| Particulars                       | Date       | Reason      | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |
|-----------------------------------|------------|-------------|-------------------------------------------|-------------------|-----------------------------------------|-------------------|
|                                   |            |             | No. of shares                             | % of total shares | No. of Shares                           | % of total shares |
| <b>Mr. Hiralal G. Changela</b>    |            |             |                                           |                   |                                         |                   |
| At the beginning of the year      | 01.04.2017 |             | 6,47,500                                  | 10.80%            |                                         | 0.00%             |
| Changes during the year           |            | open market | 18,734                                    | 0.31%             | 6,66,234                                | 0.00%             |
| At the end of the year            | 31.03.2018 |             | 6,66,234                                  | 11.11%            |                                         | 0.00%             |
| <b>Mr. Dilipkumar G. Changela</b> |            |             |                                           |                   |                                         |                   |
| At the beginning of the year      | 01.04.2017 |             | 6,47,500                                  | 10.80%            |                                         | 0.00%             |
| Changes during the year           |            | open market | 15,000                                    | 0.25%             | 6,62,500                                | 0.00%             |
| At the end of the year            | 31.03.2018 |             | 6,62,500                                  | 11.05%            |                                         | 0.00%             |
| <b>Mr. Vrajlal G. Changela</b>    |            |             |                                           |                   |                                         |                   |
| At the beginning of the year      | 01.04.2017 |             | 6,47,500                                  | 10.80%            |                                         | 0.00%             |
| Changes during the year           |            | open market | 7,500                                     | 0.13%             | 6,55,000                                | 0.00%             |
| At the end of the year            | 31.03.2018 |             | 6,55,000                                  | 10.93%            |                                         | 0.00%             |

**(iv) Shareholding pattern of the top ten shareholders**

(other than Directors, Promoters and Holders of GDRs and ADRs):

| S<br>N | Particulars                    | Date       | Reason      | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |
|--------|--------------------------------|------------|-------------|-------------------------------------------|-------------------|-----------------------------------------|-------------------|
|        |                                |            |             | No. of shares                             | % of total shares | No. of shares                           | % of total shares |
| 1      | <b>Darshit D. Changela</b>     |            |             |                                           |                   |                                         |                   |
|        | At the beginning of the year   | 01.04.2017 |             | 2,23,475                                  | 3.73%             |                                         | 0.00%             |
|        | Changes during the year        |            |             | -                                         | 0.00%             | 2,23,475                                | 3.73%             |
|        | At the end of the year         | 31.03.2018 |             | 2,23,475                                  | 3.73%             |                                         | 0.00%             |
| 2      | <b>Girishkumar G. Changela</b> |            |             |                                           |                   |                                         |                   |
|        | At the beginning of the year   | 01.04.2017 |             | 2,10,000                                  | 3.50%             |                                         | 0.00%             |
|        | Changes during the year        |            | open market | 7,500                                     | 2,17,500          | 2,17,500                                | 3.63%             |
|        | At the end of the year         | 31.03.2018 |             | 2,17,500                                  | 3.63%             |                                         | 0.00%             |
| 3      | <b>Jayana G. Changela</b>      |            |             |                                           |                   |                                         |                   |
|        | At the beginning of the year   | 01.04.2017 |             | 2,10,000                                  | 3.50%             |                                         | 0.00%             |
|        | Changes during the year        |            | open market | 7,500                                     | 2,17,500          | 2,17,500                                | 3.63%             |
|        | At the end of the year         | 31.03.2018 |             | 2,17,500                                  | 3.63%             |                                         | 0.00%             |
| 4      | <b>Rinkuben D. Changela</b>    |            |             |                                           |                   |                                         |                   |
|        | At the beginning of the year   | 01.04.2017 |             | 2,05,000                                  | 3.42%             |                                         | 0.00%             |
|        | Changes during the year        |            |             |                                           | 0.00%             | 2,05,000                                | 3.42%             |
|        | At the end of the year         | 31.03.2018 |             | 2,05,000                                  | 3.42%             |                                         | 0.00%             |
| 5      | <b>Vishal V. Changela</b>      |            |             |                                           |                   |                                         |                   |
|        | At the beginning of the year   | 01.04.2017 |             | 2,03,000                                  | 3.39%             |                                         | 0.00%             |
|        | Changes during the year        |            |             |                                           | 0.00%             | 2,03,000                                | 3.39%             |
|        | At the end of the year         | 31.03.2018 |             | 2,03,000                                  | 3.39%             |                                         | 0.00%             |

|    |                               |            |  |          |       |          |       |
|----|-------------------------------|------------|--|----------|-------|----------|-------|
| 6  | <b>Jayshriben H. Changela</b> |            |  |          |       |          |       |
|    | At the beginning of the year  | 01.04.2017 |  | 1,66,250 | 2.77% |          | 0.00% |
|    | Changes during the year       |            |  |          | 0.00% | 1,66,250 | 2.77% |
|    | At the end of the year        | 31.03.2018 |  | 1,66,250 | 2.77% |          | 0.00% |
| 7  | <b>Rasilaben D. Changela</b>  |            |  |          |       |          |       |
|    | At the beginning of the year  | 01.04.2017 |  | 1,66,250 | 2.77% |          | 0.00% |
|    | Changes during the year       |            |  |          | 0.00% | 1,66,250 | 2.77% |
|    | At the end of the year        | 31.03.2018 |  | 1,66,250 | 2.77% |          | 0.00% |
| 8  | <b>Jyotiben V. Changela</b>   |            |  |          |       |          |       |
|    | At the beginning of the year  | 01.04.2017 |  | 1,66,250 | 2.77% |          | 0.00% |
|    | Changes during the year       |            |  |          | 0.00% | 1,66,250 | 2.77% |
|    | At the end of the year        | 31.03.2018 |  | 1,66,250 | 2.77% |          | 0.00% |
| 9  | <b>Paresh P. Vasani</b>       |            |  |          |       |          |       |
|    | At the beginning of the year  | 01.04.2017 |  | 1,42,500 | 2.38% |          | 0.00% |
|    | Changes during the year       |            |  | 4000     | 0.07% | 1,46,250 | 2.44% |
|    | At the end of the year        | 31.03.2018 |  | 1,46,250 | 2.44% |          | 0.00% |
| 10 | <b>Falguniben P. Vasani</b>   |            |  |          |       |          |       |
|    | At the beginning of the year  | 01.04.2017 |  | 1,42,500 | 2.38% |          | 0.00% |
|    | Changes during the year       |            |  | -        | 0.00% | 1,42,500 | 2.38% |
|    | At the end of the year        | 31.03.2018 |  | 1,42,500 | 2.38% |          | 0.00% |

#### (iv) Shareholding of Directors and Key Managerial Personnel

| S<br>N | Particulars                                       | Date       | Reason      | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |
|--------|---------------------------------------------------|------------|-------------|-------------------------------------------|-------------------|-----------------------------------------|-------------------|
|        |                                                   |            |             | No. of shares                             | % of total shares | No. of shares                           | % of total shares |
| 1      | <b>Hiralal G. Changela – Whole time Director</b>  |            |             |                                           |                   |                                         |                   |
|        | At the beginning of the year                      | 01.04.2017 |             | 6,47,500                                  | 10.80%            |                                         | 0.00%             |
|        | Changes during the year                           |            | open market | 18,734                                    | 0.31%             | 6,66,234                                | 11.11%            |
|        | At the end of the year                            | 31.03.2018 |             | 6,66,234                                  | 11.11%            |                                         | 0.00%             |
| 2      | <b>Dilipkumar G. Changela – Managing Director</b> |            |             |                                           |                   |                                         |                   |
|        | At the beginning of the year                      | 01.04.2017 |             | 6,47,500                                  | 10.80%            |                                         | 0.00%             |
|        | Changes during the year                           |            | open market | 15000                                     | 0.25%             | 6,62,500                                | 11.05%            |
|        | At the end of the year                            | 31.03.2018 |             | 6,62,500                                  | 11.05%            |                                         | 0.00%             |
| 3      | <b>Vrajlal G. Changela – whole time Director</b>  |            |             |                                           |                   |                                         |                   |
|        | At the beginning of the year                      | 01.04.2017 |             | 6,47,500                                  | 10.80%            |                                         | 0.00%             |
|        | Changes during the year                           |            | open market | 7,500                                     | 0.13%             | 6,55,000                                | 10.93%            |
|        | At the end of the year                            | 31.03.2018 |             | 6,55,000                                  | 10.93%            |                                         | 0.00%             |
| 4      | <b>Vishal V. Changela – CFO</b>                   |            |             |                                           |                   |                                         |                   |
|        | At the beginning of the year                      | 01.04.2017 |             | 2,03,000                                  | 3.39%             |                                         | 0.00%             |
|        | Changes during the year                           |            |             |                                           | 0.00%             | 2,03,000                                | 3.39%             |
|        | At the end of the year                            | 31.03.2018 |             | 2,03,000                                  | 3.39%             |                                         | 0.00%             |
| 5      | <b>Rakesh Savani – Independent Director</b>       |            |             |                                           |                   |                                         |                   |
|        | At the beginning of the year                      | 01.04.2017 |             | -                                         | -                 |                                         | -                 |
|        | Changes during the year                           |            |             |                                           | -                 |                                         | -                 |
|        | At the end of the year                            | 31.03.2018 |             | -                                         | -                 |                                         | -                 |
| 6      | <b>Niteshkumar Patel – Independent Director</b>   |            |             |                                           |                   |                                         |                   |

|          |                                            |            |  |   |   |   |
|----------|--------------------------------------------|------------|--|---|---|---|
|          | At the beginning of the year               | 01.04.2017 |  | - | - | - |
|          | Changes during the year                    |            |  | - | - | - |
|          | At the end of the year                     | 31.03.2018 |  | - | - | - |
| <b>7</b> | <b>Urga Ghetiya – Independent Director</b> |            |  |   |   |   |
|          | At the beginning of the year               | 01.04.2017 |  | - | - | - |
|          | Changes during the year                    |            |  | - | - | - |
|          | At the end of the year                     | 31.03.2018 |  | - | - | - |

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. Rs./Lacs)

| Particulars                                                | Secured Loans excluding deposits | Unsecured Loans       | Deposits | Total Indebtedness    |
|------------------------------------------------------------|----------------------------------|-----------------------|----------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                       |          |                       |
| i) Principal Amount                                        | 5,83,65,921/-                    | 16,41,03,116/-        | -        | 22,24,69,037/-        |
| ii) Interest due but not paid                              | -                                | -                     | -        | -                     |
| iii) Interest accrued but not due                          | -                                | -                     | -        | -                     |
| <b>Total (i+ii+iii)</b>                                    | <b>5,83,65,921/-</b>             | <b>16,41,03,116/-</b> | <b>-</b> | <b>22,24,69,037/-</b> |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                       |          |                       |
| * Addition                                                 | 25,80,003/-                      | 1,51,17,220/-         | -        | 1,76,97,223/-         |
| * Reduction                                                | -                                | -                     | -        | -                     |
| <b>Net Change</b>                                          | <b>25,80,003/-</b>               | <b>1,51,17,220/-</b>  | <b>-</b> | <b>1,76,97,223/-</b>  |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                       |          |                       |
| i) Principal Amount                                        | 5,57,85,918/-                    | 17,92,20,336/-        | -        | 23,50,06,254/-        |
| ii) Interest due but not paid                              | -                                | -                     | -        | -                     |
| iii) Interest accrued but not due                          | -                                | -                     | -        | -                     |
| <b>Total (i+ii+iii)</b>                                    | <b>5,57,85,918/-</b>             | <b>17,92,20,336/-</b> | <b>-</b> | <b>23,50,06,254/-</b> |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

| SN. | Particulars of Remuneration                                                         | Name of MD/WTD/ Manager |                     |                     | Total Amount<br>(Rs/Lac) |
|-----|-------------------------------------------------------------------------------------|-------------------------|---------------------|---------------------|--------------------------|
|     | Name                                                                                | Dilipkumar G. Changela  | Hiralal G. Changela | Vrajlal G. Changela |                          |
|     | Designation                                                                         | MD                      | WTD                 | WTD                 |                          |
| 1   | Gross salary                                                                        |                         |                     |                     |                          |
|     | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 15,00,000.00            | 15,00,000.00        | 15,00,000.00        | 45,00,000.00             |
|     | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                       | -                   | -                   | -                        |
|     | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | -                       | -                   | -                   | -                        |



|              |                        |                     |                     |                     |                     |
|--------------|------------------------|---------------------|---------------------|---------------------|---------------------|
| 2            | Stock Option           | -                   | -                   | -                   | -                   |
| 3            | Sweat Equity           | -                   | -                   | -                   | -                   |
| 4            | Commission             | -                   | -                   | -                   | -                   |
|              | - as % of profit       | -                   | -                   | -                   | -                   |
|              | - others, specify      | -                   | -                   | -                   | -                   |
| 5            | Others, please specify | -                   | -                   | -                   | -                   |
| <b>Total</b> |                        | <b>15,00,000.00</b> | <b>15,00,000.00</b> | <b>15,00,000.00</b> | <b>45,00,000.00</b> |

### B. Remuneration to other Directors

| SN.                                        | Particulars of Remuneration                | Name of Director  |                  |                       | Total Amount (Rs/Lac) |
|--------------------------------------------|--------------------------------------------|-------------------|------------------|-----------------------|-----------------------|
|                                            |                                            | Mr. Rakesh Savani | Mr. Urja Ghetiya | Mr. Nifeshkumar Patel |                       |
| 1                                          | Independent Directors                      |                   |                  |                       |                       |
|                                            | Fee for attending board committee meetings | 16,000            | 16,000           | 16,000                | 48,000                |
|                                            | Commission                                 |                   |                  |                       |                       |
|                                            | Others, please specify                     |                   |                  |                       |                       |
|                                            | <b>Total (1)</b>                           | <b>16,000</b>     | <b>16,000</b>    | <b>16,000</b>         | <b>48,000</b>         |
| 2                                          | Other Non-Executive Directors              |                   |                  |                       |                       |
|                                            | Fee for attending board committee meetings |                   |                  |                       |                       |
|                                            | Commission                                 |                   |                  |                       |                       |
|                                            | Others, please specify                     |                   |                  |                       |                       |
|                                            | <b>Total (2)</b>                           |                   |                  |                       |                       |
| <b>Total (B)=(1+2)</b>                     |                                            | <b>16,000</b>     | <b>16,000</b>    | <b>16,000</b>         | <b>48,000</b>         |
| <b>Total Managerial Remuneration (A+B)</b> |                                            |                   |                  |                       | <b>48,000</b>         |

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

| SN.          | Particulars of Remuneration                                                         | Name of Key Managerial Personnel |                  | Total Amount (Rs/Lac) |
|--------------|-------------------------------------------------------------------------------------|----------------------------------|------------------|-----------------------|
|              |                                                                                     | Mr. Vishal Changela              | Ms. Dimpi Sampat |                       |
|              |                                                                                     | Designation                      |                  |                       |
| 1            | Gross salary                                                                        |                                  |                  |                       |
|              | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 10,18,239                        | 1,08,000         | 19,08,000             |
|              | (b) Value of perquisites u/s 17(2)                                                  |                                  |                  |                       |
|              | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             |                                  |                  |                       |
| 2            | Stock Option                                                                        |                                  |                  |                       |
| 3            | Sweat Equity                                                                        |                                  |                  |                       |
| 4            | Commission                                                                          |                                  |                  |                       |
|              | - as % of profit                                                                    |                                  |                  |                       |
|              | - others, specify                                                                   |                                  |                  |                       |
| 5            | Others, please specify                                                              |                                  |                  |                       |
| <b>Total</b> |                                                                                     | <b>10,18,239</b>                 | <b>1,08,000</b>  | <b>19,08,000</b>      |

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type              | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/Compounding Fees imposed | Authority [RD/NCLT/COURT] | Appeal made, if any (give details) |
|-------------------|------------------------------|-------------------|--------------------------------------------------------|---------------------------|------------------------------------|
| <b>A. COMPANY</b> |                              |                   |                                                        |                           |                                    |
| Penalty           |                              |                   |                                                        |                           |                                    |

|                                     |  |  |  |  |  |
|-------------------------------------|--|--|--|--|--|
|                                     |  |  |  |  |  |
| Punishment                          |  |  |  |  |  |
| Compounding                         |  |  |  |  |  |
| <b>B. DIRECTORS</b>                 |  |  |  |  |  |
| Penalty                             |  |  |  |  |  |
| Punishment                          |  |  |  |  |  |
| Compounding                         |  |  |  |  |  |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |  |  |  |  |  |
| Penalty                             |  |  |  |  |  |
| Punishment                          |  |  |  |  |  |
| Compounding                         |  |  |  |  |  |

**By Order Of The Board Of Directors**

**Sd/-**  
**Dilipkumar Changela**  
**Managing Director**  
 DIN: 00247302

**Date:** 27.08.2018  
**Place:** Shapar, Rajkot

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

The Members,  
**VISHAL BEARINGS LIMITED**  
CIN: L29130GJ1991PLC016005  
Survey No. 22/1, Plot No. 1,  
Shapar Main Road,  
Shapar (Veraval)  
Rajkot – 360 002  
Gujarat, INDIA.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s VISHAL BEARINGS LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the Financial Year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – **Not applicable as the company has not issued any debt securities;**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not applicable as the company is not registered as Registrar to issue and Share Transfer Agent during the financial year under review;**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not Applicable as the Company has not delisted / proposed to delist its equity shares from any Stock Exchange during the Financial Year under review;**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – **Not applicable as the Company has not bought back / proposed to buy-back any of its securities during the financial year under review.**

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour and environmental laws as applicable.

I further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same has been subject to review by statutory financial auditor and other designated professionals.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. There are no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** other than the above, there were no instances of:

- Public / Rights / Preferential issue of shares / debentures / sweat equity

- Redemption/ buy-back of Securities
- Major decision taken by the members in pursuant to section 180 of the Companies Act, 2013
- Merger / amalgamation / reconstruction etc
- Foreign technical collaborations Other than the above, there were no instances of:

**For K. P. GHELANI & ASSOCIATES  
Company Secretaries**

**Date:** August 27, 2018

**Place:** Rajkot

**sd/-**  
**CS Keyur Ghelani**  
Proprietor  
Mem No. ACS 33400  
CoP: 12468

Note: This report is to be read with our letter of even date that is annexed as Annexure I and forms an integral part of this report.

The Members,  
**VISHAL BEARINGS LIMITED**  
CIN: U29130GJ1991PLC016005  
Survey No. 22/1, Plot No. 1,  
Shapar Main Road,  
Shapar (Veraval)  
Rajkot – 360 002  
Gujarat, INDIA.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For K. P. GHELANI & ASSOCIATES**  
**Company Secretaries**

**Date:** August 27, 2018  
**Place:** Rajkot

sd/-  
**CS Keyur Ghelani**  
Proprietor  
Mem No. ACS 33400  
CoP: 12468

## **INDEPENDENT AUDITOR'S REPORT**

To  
The Members  
**VISHAL BEARINGS LTD**  
CIN: U29130GJ1991PLC016005  
Survey No. 22/1, Plot No. 1,  
Shapar Main Road,  
Shapar (Veraval)  
Rajkot – 360 002  
Gujarat, INDIA.

### **REPORT ON AUDITED FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **VISHAL BEARINGS LTD** ('the Company'), which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

### **AUDITOR'S RESPONSIBILITY**

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to

design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

### **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read together with the notes thereon, 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, to the extent applicable;

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2018;
- b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
  - c) the Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of account, as submitted to us;
  - d) in our opinion, the aforesaid financial statements comply with the accounting standards specified under Section 133 of the Companies Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable;
  - e) On the basis of written representations received from the directors, as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure - B and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. There were no pending litigations which would impact the financial position of the Company.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For SVK & ASSOCIATES  
Chartered Accountants**

**Sd/-  
Shilpang V. Karia  
Partner**  
M. No. – 102114  
Firm No. – 118564W

**Place:** Rajkot  
**Date:** 27.08.2018

## **ANNEXURE – A TO THE AUDITOR’S REPORT**

**(Referred to in paragraph 1 of our Report of even date on the Statement of Accounts of VISHAL BEARINGS LIMITED for the year ended on 31st March, 2018)**

**(i) FIXED ASSETS:**

- a) In our opinion, the company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to size of the company and nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- c) As explained to us and on the basis of our examination of the books of accounts, the deeds of immovable properties are held in the name of the company.

**(ii) INVENTORIES:**

- a) According to the information and explanation given to us, the inventories have been physically verified during the year by the management and in our opinion, the frequency of verification is reasonable.
- b) As explained to us, no material discrepancies were noticed on physical verification of inventories as compared to the book records.

**(iii) LOANS:**

According to the information and explanations given to us and on the basis of our examination of the books of account, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013, during the year under review. Consequently, the provisions of clause (iii) of the order are not applicable to the company.

**(iv) LOANS, INVESTMENTS & GUARANTEES:**

According to the information and explanations given to us and on the basis of our examination of the books of account, the company has not granted any loans directly or indirectly to any directors or person or entities in which directors are interested and/or has not given any guarantee or provided any security in connection with loan taken by them;

According to the information and explanations given to us and on the basis of our examination of the books of account, the company has complied with the provisions of section 186 in respect of investments, if any, made in securities of other body corporate.

**(v) DEPOSITS**

As explained to us, the company has not accepted any loans or deposits within meaning of Section 73 to 76 of the Companies Act, 2013 read with Rule 2(b) of the Companies (Acceptance of Deposit's) Rules 2014, during the year under review.

**(vi) COST RECORDS:**

According to the information and explanations provided by the management to us and to the best of our knowledge, the Company is not engaged in production of any such goods or production of any such services for which the Central Government has prescribed particulars relating to utilization of material or labour or other items of cost. Hence the provisions of section 148(1) of the Act do not apply to the Company.

**(vii) STATUTORY DUES:**

- a. As per information and explanation available to us, undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, value added tax, cess and other statutory dues have been generally regularly deposited with the appropriate authorities, applicable to it though there had been some delays in certain cases. Further according to information explanation given to us, No undisputed statutory dues applicable to the company were outstanding as at 31st March, 2018 for a period of more than 6 months from the date they become payable.
- b. According to the information and explanation available to us, there are no dues outstanding on account sales tax, income tax, wealth tax, service tax, custom duty, excise duty, cess on account of dispute, except as follows:

| Sr. No. | Name of the statute      | Nature of dues                        | Amount under dispute Rs. In lacs | Period to which amount relates | Forum where dispute is pending |
|---------|--------------------------|---------------------------------------|----------------------------------|--------------------------------|--------------------------------|
| 1.      | The Income Tax Act, 1961 | Income Tax (Plus Applicable Interest) | 1.86 *                           | AY 14-15                       | CIT(A)-Rajkot-1                |

\* The company has deposited Rs. 0.28 Lacs against the said amount.

**(viii) DUES TO FINANCIAL INSTITUTION, BANKS OR DEBENTURE HOLDER:**

Based on our audit procedures and as per information and explanation given to us by the management of the company, we are of the opinion that company has not defaulted in repayment of dues to financial institutions and banks during the year under review.

The company has not issued any debentures.

**(ix) TERM LOANS & PUBLIC ISSUE:**

Based on the audit procedures performed and according to the information, explanations given to us, on an overall basis, the existing as well as new term loans have been applied for the purpose for which they were obtained. The company has not raised any money through a public issue during the year under review

**(x) FRAUD:**

Based upon the audit procedures performed and as per the information and explanation given by the management, we report that no fraud by the company or any fraud on the company by its officers / employees has been noticed or reported during the course of our audit.

**(xi) MANAGERIAL REMUNERATION:**

As per the information and explanations given to us, the company has complied with the provisions of section 197 of the Companies Act, 2013 regarding managerial remuneration to the extent applicable.

**(xii) NIDHI COMPANY:**

In our opinion, the company is not a nidhi company. Consequently, the provisions of clause (xii) of the order are not applicable to the company.

**(xiii) RELATED PARTY TRANSACTIONS:**

Based upon the audit procedures performed and as per the information and explanation given by the management, all the transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 and have been duly disclosed in the financial statements, as required by the applicable accounting standards.

**(xiv) PREFERENTIAL ALLOTMENT / PRIVATE PLACEMENT:**

Based on the audit procedures performed and according to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Consequently, the provisions of clause (xiv) of the order are not applicable to the company.

**(xv) NON-CASH TRANSACTIONS:**

Based on the audit procedures performed and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Consequently, the provisions of clause (xv) of the order are not applicable to the company.

**(xvi) REGISTRATION UNDER SECTION 45-IA OF RBI ACT, 1934:**

Since the company is not an NBFC, the provisions of clause (xvi) of the order are not applicable to the company.

**For SVK & ASSOCIATES**  
**Chartered Accountants**

**Sd/-**  
**Shilpang V. Karia**  
**Partner**  
M. No. – 102114  
Firm No. – 118564W

**Place:** Rajkot  
**Date:** 27.08.2018

## **ANNEXURE – B TO THE AUDITOR’S REPORT**

**(Referred to in paragraph 2(f) of our Report of even date on the Statement of Accounts of VISHAL BEARINGS LIMITED for the year ended on 31st March, 2018)**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of VISHAL BEARINGS LIMITED ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For SVK & ASSOCIATES**  
**Chartered Accountants**

**Sd/-**  
**Shilpang V. Karia**  
**Partner**  
M. No. – 102114  
Firm No. – 118564W

**Place:** Rajkot  
**Date:** 27.08.2018

## BALANCE SHEET

| Particulars                                                                              | Note No. | As at<br>31-03-2018<br>Rupees | As at<br>31-03-2017<br>Rupees |
|------------------------------------------------------------------------------------------|----------|-------------------------------|-------------------------------|
| <b>I. EQUITY AND LIABILITIES:</b>                                                        |          |                               |                               |
| <b>1. Shareholders' Funds</b>                                                            |          |                               |                               |
| (a) Share Capital                                                                        | 3        | 5,99,50,000                   | 5,99,50,000                   |
| (b) Reserves and Surplus                                                                 | 4        | 6,00,84,231                   | 2,94,48,535                   |
| (c) Money received against share warrants                                                | -        | -                             | -                             |
| <b>Sub Total</b>                                                                         |          | <b>12,00,34,231</b>           | <b>8,93,98,535</b>            |
| <b>2. Share Application Money Pending Allotment</b>                                      | -        | -                             | -                             |
| <b>3. Deferred Government Grants</b>                                                     | -        | -                             | -                             |
| <b>4. Minority Interest</b>                                                              | -        | -                             | -                             |
| <b>5. Non-Current Liabilities</b>                                                        |          |                               |                               |
| (a) Long-term borrowings                                                                 | 5        | 19,00,18,376                  | 16,64,12,707                  |
| (b) Deferred tax liabilities (Net)                                                       | 6        | 57,96,555                     | 63,71,690                     |
| (c) Foreign Currency Monetary Item Translation Difference Liability Account              | -        | -                             | -                             |
| (d) Other long-term liabilities                                                          | -        | -                             | -                             |
| (e) Long term provisions                                                                 | -        | -                             | -                             |
| <b>Sub Total</b>                                                                         |          | <b>19,58,14,931</b>           | <b>17,27,84,397</b>           |
| <b>6. Current Liabilities</b>                                                            |          |                               |                               |
| (a) Short-Term Borrowings                                                                | 7        | 4,49,87,878                   | 5,60,56,330                   |
| (b) Trade Payables                                                                       | 8        |                               |                               |
| (A) Total Outstanding Dues of Micro Enterprises & Small Enterprises                      | 41       |                               |                               |
| (B) Total Outstanding Dues of Creditors other than Micro Enterprises & Small Enterprises |          | 4,69,90,266                   | 2,21,75,322                   |
| (c) Other Current Liabilities                                                            | 9        | 1,02,96,377                   | 54,23,007                     |
| (d) Short-Term Provisions                                                                | 10       | 1,92,58,889                   | 1,05,13,482                   |
| <b>Sub Total</b>                                                                         |          | <b>12,15,33,410</b>           | <b>9,41,68,141</b>            |
| <b>Total</b>                                                                             |          | <b>43,73,82,572</b>           | <b>35,63,51,073</b>           |

**II. ASSETS:**
**1. Non-Current Assets**

|                                                                         |    |                     |                     |
|-------------------------------------------------------------------------|----|---------------------|---------------------|
| (a) Fixed Assets                                                        | 11 |                     |                     |
| (i) Tangible assets                                                     |    | 17,00,63,588        | 15,26,46,914        |
| (ii) Intangible assets                                                  |    |                     |                     |
| (iii) Tangible Assets Capital work-in-progress                          |    | 86,52,336           | 17,32,063           |
| (iv) Intangible assets under development or work in progress            |    |                     |                     |
| (b) Non-current investment                                              | 12 | 22,84,385           | 89,25,388           |
| (c) Deferred tax assets (Net)                                           | -  | -                   | -                   |
| (d) Foreign Currency Monetary Item Translation Difference Asset Account | -  | -                   | -                   |
| (e) Long term loans and advances                                        | 13 | 2,21,34,293         | 91,22,870           |
| (f) Other non-current assets                                            | -  | -                   | -                   |
| <b>Sub Total</b>                                                        |    | <b>20,31,34,602</b> | <b>17,24,27,235</b> |

**2. Current Assets**

|                                                        |    |                     |                     |
|--------------------------------------------------------|----|---------------------|---------------------|
| (a) Current Investments                                | -  | -                   | -                   |
| (b) Inventories                                        | 14 | 11,40,10,893        | 8,42,50,962         |
| (c) Trade Receivables                                  | 15 | 9,85,17,576         | 6,84,52,791         |
| (d) Cash and Cash Equivalents                          | 16 | 4,74,900            | 7,35,763            |
| (e) Bank Balances other than Cash and Cash Equivalents | 16 | 30,33,651           | 1,91,33,469         |
| (f) Short-term Loans and Advances                      | 17 | 1,79,05,787         | 1,11,40,879         |
| (g) Other Current Assets                               | 18 | 3,05,163            | 2,09,974            |
| <b>Sub Total</b>                                       |    | <b>23,42,47,970</b> | <b>18,39,23,838</b> |

|              |  |                     |                     |
|--------------|--|---------------------|---------------------|
| <b>Total</b> |  | <b>43,73,82,572</b> | <b>35,63,51,073</b> |
|--------------|--|---------------------|---------------------|

Accompanying Notes forming part of the Financial Statements 1 to 43

As per our report of even date attached  
**FOR SVK & ASSOCIATES**  
**Chartered Accountants**  
**Firm Reg. No. 118564W**

On behalf of the Board of Directors  
**FOR, VISHAL BEARINGS LTD.**

Sd/-  
**Shilpang V. Karia**  
**Partner**  
**M. No. 102114**

Sd/-  
**D. G. Changela**  
**Managing Director**  
**DIN: 00247302**

Sd/-  
**H. G. Changela**  
**Whole Time Director**  
**DIN: 00247292**

**Date:** 27.08.2018  
**Place:** Shapar, Rajkot

Sd/-  
**Vishal V. Changela**  
**CFO**

Sd/-  
**Dimpi Sampat**  
**Company Secretary**



## PROFIT AND LOSS ACCOUNT

| Particulars                                                                      | Note No. | For the Year<br>31-03-2018<br>Rupees | For the Year<br>31-03-2017<br>Rupees |
|----------------------------------------------------------------------------------|----------|--------------------------------------|--------------------------------------|
| <b>I. Revenue from Operation</b>                                                 | 19       | 55,44,10,928                         | 33,06,13,343                         |
| <b>II. Other Income</b>                                                          | 20       | 1,05,66,111                          | 57,54,365                            |
| <b>III. Total Revenue (I + II)</b>                                               |          | <b>56,49,77,039</b>                  | <b>33,63,67,708</b>                  |
| <b>IV. Expenses:</b>                                                             |          |                                      |                                      |
| 1. Cost of Materials and Stores Consumed                                         | 21       | 33,30,18,460                         | 18,10,93,365                         |
| 2. Purchases of Stock-in-Trade                                                   | -        | -                                    | -                                    |
| 3. Changes in Inventories of Finished Goods, Work-in-process and Stock-in-trade  | 22       | 83,96,798                            | 41,27,661                            |
| 4. Employee Benefits Expenses                                                    | 23       | 6,23,75,314                          | 5,60,54,735                          |
| 5. Financial Costs                                                               | 24       | 2,53,49,247                          | 1,72,61,985                          |
| 6. Depreciation and Amortization Expenses                                        | 11       | 2,77,10,247                          | 2,54,75,145                          |
| 7. Other Expenses                                                                | 25       | 6,30,56,174                          | 4,00,08,940                          |
| <b>Total Expense</b>                                                             |          | <b>51,99,06,240</b>                  | <b>32,40,21,831</b>                  |
| <b>V. Profit Before Exceptional and Extraordinary Items and Tax ( III - IV )</b> |          | <b>4,50,70,799</b>                   | <b>1,23,45,877</b>                   |
| <b>VI. Exceptional Items</b>                                                     |          | -                                    | -                                    |
| <b>VII. Profit Before Extraordinary Items and Tax (V - VI)</b>                   |          | <b>4,50,70,799</b>                   | <b>1,23,45,877</b>                   |
| <b>VIII. Extraordinary Items</b>                                                 |          | -                                    | -                                    |
| <b>IX. Profit Before Tax ( VII - VIII )</b>                                      |          | <b>4,50,70,799</b>                   | <b>1,23,45,877</b>                   |
| <b>X. Tax Expenses:</b>                                                          |          |                                      |                                      |
| (1) Current tax - Pertaining to Current Year                                     |          | (1,12,50,000)                        | (50,00,000)                          |
| (2) Current tax - Pertaining to Current Year (MAT Credit)                        |          | -                                    | 87,520                               |
| (3) Current tax - Pertaining to Prior Year                                       |          | (1,52,519)                           | 8,513                                |
| (4) Deferred Tax                                                                 |          | 5,75,135                             | 6,78,038                             |
| <b>Total Tax Expenses</b>                                                        |          | <b>(1,08,27,384)</b>                 | <b>(42,25,929)</b>                   |

|                                                             |                    |                  |
|-------------------------------------------------------------|--------------------|------------------|
| <b>XI. Profit/(Loss) for the period</b>                     | <b>3,42,43,415</b> | <b>81,19,948</b> |
| XII. Earning per equity share:<br>(Refer Note No. 26)       |                    |                  |
| (1) Basic (Restated) (Adjusted for Bonus Issue)             | 5.71               | 1.35             |
| (2) Diluted (Restated) (Adjusted for Bonus Issue)           | 5.71               | 1.35             |
| Accompanying Notes forming part of the Financial Statements | 1 to<br>43         |                  |

As per our report of even date attached  
**FOR SVK & ASSOCIATES**  
**Chartered Accountants**  
**Firm Reg. No. 118564W**

On behalf of the Board of Directors  
**FOR, VISHAL BEARINGS LTD.**

Sd/-  
**Shilpang V. Karia**  
**Partner**  
**M. No. 102114**

Sd/-  
**D. G. Changela**  
**Managing Director**  
**DIN: 00247302**

Sd/-  
**H. G. Changela**  
**Whole Time Director**  
**DIN: 00247292**

**Date:** 27.08.2018  
**Place:** Shapar, Rajkot

Sd/-  
**Vishal V. Changela**  
**CFO**

Sd/-  
**Dimpi Sampat**  
**Company Secretary**

## CASH FLOW STATEMENT

| Particulars                                              | Year ended<br>31-03-2018 | Year ended<br>31-03-2017 |
|----------------------------------------------------------|--------------------------|--------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>            |                          |                          |
| Net Profit before tax                                    | 4,50,70,799              | 1,23,45,877              |
| <b>Adjustment for:</b>                                   |                          |                          |
| Depreciation and Amortization Exp                        | 2,77,10,247              | 2,54,75,145              |
| Dividend Income                                          | (20,304)                 | -                        |
| Interest Income                                          | (10,66,391)              | (12,06,236)              |
| Profit on Sale of Fixed Assets                           | (3,66,552)               |                          |
| Gain on Sale of Investments                              | (69,04,284)              | -                        |
| Financial Cost                                           | 2,53,49,247              | 1,72,61,985              |
|                                                          | 4,47,01,963              | 4,15,30,894              |
| <b>Operating profit before working capital changes</b>   | <b>8,97,72,761</b>       | <b>5,38,76,771</b>       |
| <b>Adjustment for:</b>                                   |                          |                          |
| Changes in Working Capital:                              |                          |                          |
| Increase / (Decrease) in Trade Payable                   | 2,48,14,943              | 10,53,899                |
| Increase / (Decrease) in Other Current Liability         | 48,73,370                | 23,34,096                |
| Increase / (Decrease) in Short Term Provisions           | 24,95,407                | 30,33,360                |
| (Increase) / Decrease in Inventories                     | (2,97,59,931)            | 96,64,145                |
| (Increase) / Decrease in Trade Receivables               | (3,00,64,785)            | (2,36,92,870)            |
| (Increase) / Decrease in Short Term Loans & Advances     | (61,85,530)              | 51,76,408                |
| (Increase) / Decrease in Other Current Assets            | (95,189)                 | 37,403                   |
|                                                          | (3,39,21,715)            | (23,93,559)              |
| <b>Cash Generated from Operation</b>                     | <b>5,58,51,047</b>       | <b>5,14,83,212</b>       |
| Net Income-tax paid                                      | (57,31,897)              | (27,52,713)              |
| <b>Net Cash Flow from Operating Activities</b>           | <b>5,01,19,150</b>       | <b>4,87,30,499</b>       |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>            |                          |                          |
| Capital Expenditure on Fixed Assets                      | (5,20,47,193)            | (2,34,24,652)            |
| Profit on Sale of Fixed Assets                           | 3,66,552                 | -                        |
| Interest Income                                          | 10,66,391                | 12,06,236                |
| Dividend Income                                          | 20,304                   | -                        |
| Gain on Sale of Investments                              | 69,04,284                | -                        |
| (Increase)/Decrease in Other Non-current Liability       | -                        | -                        |
| (Increase)/Decrease in Other Non-current Advances        | (1,30,11,423)            | (41,77,532)              |
| (Increase)/Decrease in Non-current Investment            | 66,41,003                | (11,61,000)              |
| <b>Net Cash Flow from/(used) in Investing Activities</b> | <b>(5,00,60,082)</b>     | <b>(2,75,56,948)</b>     |

| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>               |                              |                              |
|-------------------------------------------------------------|------------------------------|------------------------------|
| Dividend Paid (Including DDT)                               | (36,07,718)                  | -                            |
| Proceeds from Long Term Borrowings                          | 2,36,05,669                  | 1,13,14,386                  |
| Short Term Borrowings                                       | (1,10,68,452)                | (82,60,154)                  |
| Financial Cost paid                                         | (2,53,49,247)                | (1,72,61,985)                |
| <b>Net Cash Flow from/(used) in Financing Activities</b>    | <b>(1,64,19,748)</b>         | <b>(1,42,07,753)</b>         |
| Net Increase/(decrease) in Cash & Cash Equivalents(A+B+C)   | <b>(1,63,60,681)</b>         | <b>69,65,799</b>             |
| Cash & Cash Equivalents at the beginning of the period      | 1,98,69,232                  | 1,29,03,433                  |
| <b>Cash &amp; Cash Equivalents at the end of the period</b> | <b>35,08,551</b>             | <b>1,98,69,232</b>           |
| <b>COMPONENTS OF CASH &amp; CASH EQUIVALENTS</b>            | <b>Year ended 31-03-2018</b> | <b>Year ended 31-03-2017</b> |
| (a) Balance with banks                                      | 12,17,738                    | 1,66,216                     |
| (b) Cash on hand                                            | 4,74,900                     | 7,35,763                     |
| (C) Earmarked balances with banks                           | 18,15,913                    | 1,89,67,253                  |
|                                                             | <b>35,08,551</b>             | <b>1,98,69,232</b>           |

- 1) The figures in bracket indicate outflow
- 2) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on "Cash Flow Statement" issued by ICAI.
- 3) Figures of Cash & Cash Equivalents have been taken from Note 16.
- 4) Previous period's figures have been regrouped wherever considered necessary.

As per our report of even date attached  
**FOR SVK & ASSOCIATES**  
**Chartered Accountants**  
**Firm Reg. No. 118564W**

On behalf of the Board of Directors  
**FOR, VISHAL BEARINGS LTD.**

Sd/-  
**Shilpang V. Karia**  
**Partner**  
**M. No. 102114**

Sd/-  
**D. G. Changela**  
**Managing Director**  
**DIN: 00247302**

Sd/-  
**H. G. Changela**  
**Whole Time Director**  
**DIN: 00247292**

**Date:** 27.08.2018  
**Place:** Shapar, Rajkot

Sd/-  
**Vishal V. Changela**  
**CFO**

Sd/-  
**Dimpi Sampat**  
**Company Secretary**

## **NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2017-18**

### **1. CORPORATE INFORMATION**

Vishal Bearings Ltd. ('the company') having its manufacturing facilities at Shapar (Veraval), Rajkot, is presently engaged in the business of manufacturing of Bearing Rollers, earning Jobwork Income & Wind Power Generation.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **(i) Basis of preparation**

These financial statements are prepared in accordance with Schedule III of the Companies Act, 2013 and under the historical cost basis of accounting and evaluated on a going concern basis, with revenues and expenses accounted for on their accrual to comply in all material aspects with the applicable accounting principles and applicable Accounting Standards notified under section 133 of the Companies Act, 2013 (The Act) read with rule 7 of Companies (Accounts) Rules, 2014. The accounting policies have been consistently applied by the Company; and the accounting policies not referred to otherwise, are in conformity with Indian Generally Accepted Accounting Principles ('Indian GAAP').

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year unless otherwise stated.

#### **(ii) Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported balances of assets as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accounting estimates could change from period to period. Actual results could differ from these estimates. Appropriate changes in estimates are made as and when the Management becomes aware of the changes in the circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and if material, their effects are disclosed in the notes to the financial statements.

#### **(iii) Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

#### **Sales of Goods:**

Sales are recognised when significant risks and rewards of ownership of goods have been passed to the buyer.

#### **Power Generation Income:**

Power generation income is recognised on the basis of electrical units generated and eligible for captive consumption or captive consumed or sold as shown in the power generation reports issued by the concerned authorities. Power generation income is booked as the per unit electricity rate, being paid by the company / actually sold by the company.

**Interest:**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**Jobwork Income:**

Revenue is recognised on the basis of completion of services being provided.

**(iv) Tangible Fixed Assets**

Fixed assets are stated at their cost of acquisition plus all expenditure incurred for bringing the assets to their present location and condition including the installation costs, net of modvat / cenvat / other credits and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including specific financing cost till assets put to use, net charges on foreign exchange contracts and adjustment arising from foreign exchange rate variations attributable to the fixed assets are capitalised.

**(v) Depreciation / Amortization**

The company has charged depreciation on fixed assets on Written Down Value (WDV) method on the basis of useful life / remaining useful life and in the manner as prescribed in, Part C, Schedule II of the Companies Act, 2013. Depreciation on additions/ disposals during the year has been provided on pro-rata basis with reference to the nos. of days utilized.

Depreciation on additions/ disposals during the year has been provided on pro-rata basis.

**Details of useful life of an asset and its residual value estimated by the management**

| Type of Asset        | Useful Life as per management's estimate |
|----------------------|------------------------------------------|
| Factory Building     | 30 Years                                 |
| Plant & Machinery *  | 20 Years                                 |
| Furnace              | 15 Years                                 |
| Electrification      | 15 Years                                 |
| Furniture & Fixtures | 10 Years                                 |
| Computers            | 3 Years                                  |
| Computer Software    | 6 Years                                  |
| Refrigerator         | 15 Years                                 |
| EPBX System          | 15 Years                                 |
| Air Conditioner      | 15 Years                                 |
| Fax Machine          | 15 Years                                 |
| Water Filter         | 15 Years                                 |

|                            |          |
|----------------------------|----------|
| Mobile & Telephone         | 15 Years |
| CCTV System                | 15 Years |
| Weighing Scale Machine     | 15 Years |
| Motor Cars                 | 8 Years  |
| Motor Cycles               | 10 Years |
| Windmill Plant & Machinery | 22 Years |

In none of the case, residual value of an asset is more than five per cent of original cost of the asset.

\* For this class of asset, based on internal assessment and independent technical evaluation carried out by chartered engineer, the useful life is estimated to be 20 Years from the date of its put to use, whereas the useful life for the said class of asset as per Schedule II is 15 Years.

#### **(vi) Inventories**

Inventories of Raw Materials, Semi-Finished Goods, Finished Goods and Waste & Scrap are stated at cost or net realisable value, whichever is lower. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The excise duty in respect of closing inventory of finished goods is included as part of finished goods. Cost formula used is 'Average cost'. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company.

#### **(vii) Retirement Benefits and other employee benefits**

##### **Defined Contribution Plans**

Defined contribution to provident fund is charged to the profit and loss account on accrual basis.

##### **Defined Benefit Plans**

Provision for gratuity liability is provided based on actuarial valuation made at the end of the financial year.

Leave encashment expenditure is charged to profit and loss account at the time of leave encashed and paid, if any. Bonus expenditure is charged to profit and loss account on accrual basis.

#### **(viii) Foreign Currency Transactions:**

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

Foreign currency current assets and current liabilities outstanding at the balance sheet date are translated at the exchange rate prevailing on that date and the net gain or loss is recognized in the profit and loss account.

Foreign currency translation differences relating to liabilities incurred for purchasing of fixed assets from foreign countries are adjusted in the carrying cost of fixed asset for differences up to the year-end in the year of acquisition, whereas differences arising thereafter to be recognized in the profit and loss account. All other foreign currency gain or losses are recognized in the profit and loss account.

**(ix) Operating Lease**

Assets acquired as leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals being income or expense are booked to the profit and loss account as incurred.

Initial direct costs in respect of the lease acquired are expenses off in the year in which such costs are incurred.

**(x) Borrowing Cost**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Costs incurred in raising funds are amortised equally over the period for which the funds are acquired. All other borrowing costs are charged to profit and loss account.

**(xi) Taxes on Income**

Tax expenses comprise Current Tax / Minimum Alternate Tax (MAT) and deferred tax charge or credit.

Current Tax: Provision for current tax / Minimum Alternate Tax (MAT) is made based on tax liability computed after considering tax allowances and exemptions, in accordance with the provisions of The Income Tax Act, 1961.

Deferred Tax: Deferred tax assets and liability is recognized, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising mainly on account of brought forward losses, unabsorbed depreciation and minimum alternate tax under tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassure realisation. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

**(xii) Earnings/(Loss) per Share**

Basic earnings/(loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the board of directors.

**(xiii) Provisions, contingent liabilities and contingent assets**

A provision is recognised when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare



cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liabilities are disclosed by way of notes to the accounts.

Contingent assets are not recognized.

**(xiv) Investments**

Investments being Non-Current Investments consists investments made in equity oriented mutual funds (quoted) and shares in co-operative banks (non-quoted). Investments are stated at cost of acquisition. Provision for diminution in the value of long term investments is made only if such decline is other than temporary.

**(xv) Cash and Cash Equivalents**

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand and short-term investments with an original maturity of three months or less.

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Cash flows from operating, investing and financing activities of the Company are segregated, accordingly.

**(xvi) Government Grants & Assistance**

This includes cash subsidy being received from State Government and District Industries Centre (DIC) for fixed assets being non-repayable is grouped under Capital Reserve.

**(xvii) Segment Reporting**

In accordance with Accounting Standard-17 – “Segment Reporting” issued by the Institute of Chartered Accountants of India, the Company has identified its business segment as "Manufacturing of Bearing Rollers & Other Allied Activities". There are no other primary reportable segments applicable to the company. The major and material activities of the company are restricted to only one geographical segment i.e. India, hence the secondary segment disclosures are also not applicable.

**(xviii) Share Issue Expenses**

Portion of share issue expenses being incurred for raising the money through initial public offer for working capital purpose, are charged to profit and loss account in the relevant year.

| PARTICULARS                                                                                                                            | As at 31-03-2018<br>Rupees | As at 31-03-2017<br>Rupees |
|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>3</b>                                                                                                                               |                            |                            |
| <b>SHARE CAPITAL</b><br><i>(Refer Note No. 1)</i>                                                                                      |                            |                            |
| <b>(i) Authorised:</b><br>10,000,000 Equity Shares of Rs. 10/-<br>Each<br>(Previous year 10,000,000 Equity<br>Shares of Rs. 10/- each) | 10,00,00,000               | 10,00,00,000               |
| Issued, Subscribed & Fully Paid :<br>- 5,995,000 Equity Shares of Rs. 10/-<br>Each fully paid                                          |                            |                            |

|                                                                                                                                                                                                                                                                                                                                                |                         |                     |                         |                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
| (Previous year 5,995,000 Equity Shares of Rs. 10/- each fully paid)                                                                                                                                                                                                                                                                            | 5,99,50,000             |                     | 5,99,50,000             |                     |
| <b>- Subscribed but not fully paid</b>                                                                                                                                                                                                                                                                                                         |                         |                     |                         |                     |
| <b>(ii) Reconciliation of number of Equity Shares:</b>                                                                                                                                                                                                                                                                                         |                         |                     |                         |                     |
| Equity Shares:                                                                                                                                                                                                                                                                                                                                 |                         |                     |                         |                     |
| Shares outstanding at the beginning of the year                                                                                                                                                                                                                                                                                                | 59,95,000               | 49,15,90,000        | 47,96,000               | 47,96,00,000        |
| Shares issued during the period                                                                                                                                                                                                                                                                                                                | -                       | -                   | 11,99,000               | 1,19,90,000         |
| Shares outstanding at the end of the year                                                                                                                                                                                                                                                                                                      | <b>59,95,000</b>        | <b>49,15,90,000</b> | <b>59,95,000</b>        | <b>49,15,90,000</b> |
| <b>(iii) Terms/rights attached to equity shares</b>                                                                                                                                                                                                                                                                                            |                         |                     |                         |                     |
| The Company has only one class of equity shares having a par value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. |                         |                     |                         |                     |
| In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.                                                           |                         |                     |                         |                     |
| <b>(iv) Shares in respect of each class in the company held by its holding company or ultimate holding company.</b>                                                                                                                                                                                                                            | -                       |                     | -                       |                     |
| <b>(v) Shareholders holding more than 5% Shares:</b>                                                                                                                                                                                                                                                                                           | <b>As at 31.03.2018</b> |                     | <b>As at 31.03.2017</b> |                     |
| Names of Shareholders:                                                                                                                                                                                                                                                                                                                         | No. of Shares held      | % of holding        | No. of Shares held      | % of holding        |
| Hiralal G. Changela                                                                                                                                                                                                                                                                                                                            | 6,66,234                | 11.11%              | 6,47,500                | 10.80%              |
| Vrajlal G. Changela                                                                                                                                                                                                                                                                                                                            | 6,55,000                | 10.93%              | 6,47,500                | 10.80%              |
| Dilipkumar G. Changela                                                                                                                                                                                                                                                                                                                         | 6,62,500                | 11.05%              | 6,47,500                | 10.80%              |
| <b>(vi) Shares reserved for issue under option and contracts/commitments for sale of shares/disinvestment.</b>                                                                                                                                                                                                                                 | -                       |                     | -                       |                     |
| <b>(vii) For the period of 5 years immediately preceding the date as at Balance Sheet is prepared:</b>                                                                                                                                                                                                                                         |                         |                     |                         |                     |
| - Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash                                                                                                                                                                                                                | -                       | -                   | -                       | -                   |
| - Aggregate number and class of shares allotted as fully paid up by way of bonus shares: Equity Shares                                                                                                                                                                                                                                         | -                       | -                   | 11,99,000               | 1,19,90,000         |
| - Aggregate number and class of shares bought back                                                                                                                                                                                                                                                                                             | -                       | -                   | -                       | -                   |
| <b>(viii) Terms of any securities convertible into equity/preference shares issued along with the earliest date</b>                                                                                                                                                                                                                            | -                       |                     | -                       |                     |

|      |                                                                        |   |   |   |
|------|------------------------------------------------------------------------|---|---|---|
|      | of conversion in descending order starting from the farthest such date |   |   |   |
| (ix) | Calls unpaid                                                           | - | - | - |
| (X)  | Forfeited shares                                                       | - | - | - |

| Particulars |                                                        | As at<br>31-03-2018<br>Rupees | As at<br>31-03-2017<br>Rupees |
|-------------|--------------------------------------------------------|-------------------------------|-------------------------------|
| <b>4</b>    | <b>RESERVE AND SURPLUS</b>                             |                               |                               |
| (a)         | <b>Security Premium Reserve</b><br>(Refer Note No. 1)  |                               |                               |
|             | Opening Balance                                        | 74,50,000                     | 1,94,40,000                   |
|             | Less: Bonus Shares Issued During the Year              | -                             | 1,19,90,000                   |
|             | <b>Closing Balance</b>                                 | <b>74,50,000</b>              | <b>74,50,000</b>              |
| (b)         | <b>Other Reserves</b>                                  |                               |                               |
|             | - Capital Reserve - Cash Subsidy                       | 14,29,623                     | 14,29,623                     |
|             | - General Reserve                                      | 54,55,173                     | 54,55,173                     |
|             | <b>Closing Balance</b>                                 | <b>68,84,796</b>              | <b>68,84,796</b>              |
| (c)         | <b>Balance in Statement of Profit and Loss Account</b> |                               |                               |
|             | - Opening Balance                                      | 1,51,13,739                   | 69,93,790                     |
|             | - Less: Interim Dividend                               | (29,97,500)                   | -                             |
|             | - Less: Tax on Interim Dividend                        | (6,10,218)                    |                               |
|             | - Add: Profit for the year                             | 3,42,43,415                   | 81,19,948                     |
|             | <b>Closing Balance</b>                                 | <b>4,57,49,435</b>            | <b>1,51,13,739</b>            |
|             | <b>Total</b>                                           | <b>6,00,84,231</b>            | <b>2,94,48,535</b>            |
| <b>5</b>    | <b>LONG TERM BORROWINGS</b>                            |                               |                               |
| (a)         | <b>Term Loans:</b>                                     |                               |                               |
|             | Secured Loan:                                          |                               |                               |
|             | - From banks                                           | 77,54,624                     | 1,21,272                      |
|             | - From Financial Institutions                          | 30,43,416                     | 21,88,319                     |
| (b)         | <b>Loans and Advances from Related Parties:</b>        |                               |                               |
|             | <b>Unsecured:</b>                                      |                               |                               |
|             | - From Directors & Relatives                           | 17,92,20,336                  | 16,41,03,116                  |
|             | <b>Total</b>                                           | <b>19,00,18,376</b>           | <b>16,64,12,707</b>           |

**Notes:**

**Secured Loans from Banks & Financial Institutions:**

- Machinery Term loan from Kotak Mahindra Bank Ltd., current o/s as on 31st March, 2018
- (a) Rs. 94,51,740/- is secured by registered equitable mortgage of factory premises, repayable in 57 monthly instalments and rate of interest being 9.45% p. a.
- (b) Car loan (Vento) from Kotak Mahindra Prime Ltd., current o/s as on 31st March, 2018 Rs. 6,67,537/- is secured by hypothecation of Motor Car and repayable in monthly EMI of Rs. 38440 including interest, rate of interest 9.50% p. a.
- (C) Car loan (Mahindra TUV) from Kotak Mahindra Prime Ltd., current o/s as on 31st March, 2018 Rs. 1,25,447/- is secured by hypothecation of Motor Car and repayable in monthly EMI of Rs. 22460 including interest, rate of interest 10.60% p. a.

- (d) Car loan (BMW) from BMW Financial Services Ltd., current o/s as on 31st March, 2018 Rs. 15,62,359/- is secured by hypothecation of Motor Car and repayable in monthly EMI of Rs. 1,27,410 including interest, rate of interest 9.15% p. a.
- (e) Car loan (Maruti Ciaz) from Kotak Mahindra Prime Ltd., current o/s as on 31st March, 2018 Rs. 9,46,028/- is secured by hypothecation of Motor Car and repayable in 36 monthly EMI of Rs. 31570 including interest, rate of interest 8.79% p. a.
- (f) Car loan (Innova Crysta) from Kotak Mahindra Prime Ltd., current o/s as on 31st March, 2018 Rs. 15,60,253/- is secured by hypothecation of Motor Car and repayable in 36 monthly EMI of Rs. 50425 including interest, rate of interest 8.36% p. a.
- (g) Car loan (TATA Hexa) from Kotak Mahindra Prime Ltd., current o/s as on 31st March, 2018 Rs. 14,24,462/- is secured by hypothecation of Motor Car and repayable in 36 monthly EMI of Rs. 47350 including interest, rate of interest 8.48% p. a.

**Unsecured loans from related parties:**

- (h) Unsecured Loans from directors and relatives are long term in nature and as per management explanation, generally not repayable within one year from the balance sheet date. Rate of Interest @ 12% p.a. (9% p.a.)

| 6         | <b>DEFERRED TAX LIABILITY (NET)</b>                                                                                                                                                                                                                                                                                                                        | <b>Current year Charge (Credit)</b> | <b>Deferred Tax Liability/ (Asset) as at 31-03-2018</b> | <b>Deferred Tax Liability/ (Asset) as at 31-03-2017</b> |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
|           | <b>Deferred Tax Liabilities:</b>                                                                                                                                                                                                                                                                                                                           |                                     |                                                         |                                                         |
|           | - Tax on difference between book and Tax Depr.                                                                                                                                                                                                                                                                                                             | 65,11,070                           | 57,96,555                                               |                                                         |
|           | <b>Deferred Tax Assets:</b>                                                                                                                                                                                                                                                                                                                                |                                     |                                                         |                                                         |
|           | - Other Disallowance - Gratuity Provision                                                                                                                                                                                                                                                                                                                  | -                                   | -                                                       | (7,14,514)                                              |
|           | <b>Net Deferred Tax Liability/(Asset)</b>                                                                                                                                                                                                                                                                                                                  | <b>65,11,070</b>                    | <b>57,96,555</b>                                        | <b>(7,14,514)</b>                                       |
| <b>7</b>  | <b>SHORT TERM BORROWINGS</b>                                                                                                                                                                                                                                                                                                                               |                                     |                                                         |                                                         |
|           | <b>Secured:</b>                                                                                                                                                                                                                                                                                                                                            |                                     |                                                         |                                                         |
|           | Cash Credit from Kotak Mahindra Bank Ltd.                                                                                                                                                                                                                                                                                                                  |                                     | 4,49,87,878                                             | 2,14,89,644                                             |
|           | Buyers Credit from Kotak Mahindra Bank Ltd.                                                                                                                                                                                                                                                                                                                |                                     | -                                                       | 3,45,66,686                                             |
|           | <b>Total</b>                                                                                                                                                                                                                                                                                                                                               |                                     | <b>4,49,87,878</b>                                      | <b>5,60,56,330</b>                                      |
|           | <b>Note:</b>                                                                                                                                                                                                                                                                                                                                               |                                     |                                                         |                                                         |
|           | <b>Working Capital Facilities from Banks:</b>                                                                                                                                                                                                                                                                                                              |                                     |                                                         |                                                         |
|           | Cash Credit from Banks o/s. as on 31.03.2018 Rs. 4,53,05,280 secured by way of first charge by hypothecation of stocks, book debts and all current assets of the Company (Present & Future) including Plant & Machinery, secured by registered equitable mortgage of factory premises, Rate of interest at 9.45% p.a. subject to change from time to time. |                                     |                                                         |                                                         |
| <b>8</b>  | <b>TRADE PAYABLES</b>                                                                                                                                                                                                                                                                                                                                      |                                     |                                                         |                                                         |
|           | (Refer Note No. 41)                                                                                                                                                                                                                                                                                                                                        |                                     |                                                         |                                                         |
|           | Trade payable for goods & expenses                                                                                                                                                                                                                                                                                                                         |                                     | 4,69,90,266                                             | 2,21,75,322                                             |
|           | <b>Total</b>                                                                                                                                                                                                                                                                                                                                               |                                     | <b>4,69,90,266</b>                                      | <b>2,21,75,322</b>                                      |
| <b>9</b>  | <b>OTHER CURRENT LIABILITIES</b>                                                                                                                                                                                                                                                                                                                           |                                     |                                                         |                                                         |
|           | (a) Current Maturities of Long Term Debts                                                                                                                                                                                                                                                                                                                  |                                     | 49,39,788                                               | 27,83,162                                               |
|           | (b) Interest Accrued but not Due on Borrowings                                                                                                                                                                                                                                                                                                             |                                     | 3,17,402                                                | 1,88,152                                                |
|           | (c) Advances Received from Customers                                                                                                                                                                                                                                                                                                                       |                                     | 30,00,000                                               | -                                                       |
|           | (d) Statutory Liabilities                                                                                                                                                                                                                                                                                                                                  |                                     | 20,39,187                                               | 24,51,693                                               |
|           | <b>Total</b>                                                                                                                                                                                                                                                                                                                                               |                                     | <b>1,02,96,377</b>                                      | <b>54,23,007</b>                                        |
| <b>10</b> | <b>SHORT TERM PROVISIONS</b>                                                                                                                                                                                                                                                                                                                               |                                     |                                                         |                                                         |
|           | (a) Provision for employee benefits<br>(Refer Note No. 37)                                                                                                                                                                                                                                                                                                 |                                     | 38,42,680                                               | 20,34,865                                               |
|           | (b) Provision for current income-tax                                                                                                                                                                                                                                                                                                                       |                                     | 1,12,50,000                                             | 50,00,000                                               |
|           | (c) Other provisions                                                                                                                                                                                                                                                                                                                                       |                                     | 41,66,209                                               | 34,78,617                                               |
|           | <b>Total</b>                                                                                                                                                                                                                                                                                                                                               |                                     | <b>1,92,58,889</b>                                      | <b>1,05,13,482</b>                                      |

**Note-11 Fixed Assets**

| Particulars                         | GROSS BLOK         |                 |                 | DEPRECIATION       |                    |                 |                 | NET BLOK           |                    |                    |
|-------------------------------------|--------------------|-----------------|-----------------|--------------------|--------------------|-----------------|-----------------|--------------------|--------------------|--------------------|
|                                     | Balance<br>01.4.17 | Addition        | Disposal        | Balance<br>31.3.18 | Balance<br>01.4.17 | For the<br>Year | Disposal        | Balance<br>31.3.18 | Balance<br>31.3.18 | Balance<br>01.4.17 |
|                                     | Rs.<br>(in lac)    | Rs.<br>(in lac) | Rs.<br>(in lac) | Rs.<br>(in lac)    | Rs.<br>(in lac)    | Rs.<br>(in lac) | Rs.<br>(in lac) | Rs.<br>(in lac)    | Rs.<br>(in lac)    | Rs.<br>(in lac)    |
| <b>I Tangible Assets</b>            |                    |                 |                 |                    |                    |                 |                 |                    |                    |                    |
| Lands                               | 1.77               | -               | -               | 1.77               | -                  | -               | -               | -                  | 1.77               | 1.77               |
| Factory Building                    | 379.52             | -               | -               | 379.52             | 139.01             | 22.82           | -               | 161.84             | 217.68             | 240.50             |
| Plant & Machineries                 |                    |                 |                 |                    |                    |                 |                 |                    |                    |                    |
| Machinery                           | 1987.02            | 395.00          | -               | 2382.02            | 854.83             | 216.31          | -               | 1071.15            | 1310.87            | 1132.19            |
| Furnace                             | 15.65              | -               | -               | 15.65              | 10.69              | 0.95            | -               | 11.65              | 4.00               | 4.95               |
| Electric Attendance System          | 0.99               | 1.47            | -               | 2.46               | 0.50               | 0.0927          | -               | 0.60               | 1.85               | 0.48               |
| Electrification                     | 35.93              | -               | -               | 35.93              | 22.49              | 2.50            | -               | 25.00              | 10.93              | 13.43              |
| Refrigerator                        | 0.2180             | 0.1030          | -               | 0.3210             | 0.1896             | 0.0278          | -               | 0.2174             | 0.1035             | 0.0284             |
| Mobile & Telephone                  | 2.65               | 1.72            | -               | 4.38               | 1.60               | 0.298           | -               | 1.89               | 2.48               | 1.05               |
| Air Conditioner                     | 6.40               | -               | -               | 6.40               | 3.14               | 0.5852          | -               | 3.73               | 2.67               | 3.25               |
| Water Filter                        | 0.9477             | -               | -               | 0.9477             | 0.6589             | 0.548           | -               | 0.7137             | 0.2339             | 0.2887             |
| CCTV System                         | 8.71               | 7.58            | -               | 16.30              | 3.94               | 1.48            | -               | 5.43               | 10.87              | 4.76               |
| Weighing Scale                      | 1.46               | -               | -               | 1.46               | 0.6235             | 0.1545          | -               | 0.7781             | 0.6852             | 0.8397             |
| Furniture & Fixtures                | 10.84              | 0.700           | -               | 11.54              | 6.90               | 1.11            | -               | 8.01               | 3.52               | 3.94               |
| Computers & Softwares               | 21.33              | 4.70            | -               | 26.04              | 17.67              | 2.48            | -               | 20.16              | 5.88               | 3.65               |
| Vehicles                            |                    |                 |                 |                    |                    |                 |                 |                    |                    |                    |
| Motor Cars                          | 115.61             | 47.20           | 39.77           | 123.04             | 53.32              | 21.66           | 32.53           | 42.45              | 80.59              | 62.29              |
| Motor Cycles                        | 1.41               | -               | -               | 1.41               | 1.24               | 0.0416          | -               | 1.28               | 0.1270             | 0.1686             |
| Windmill                            |                    |                 |                 |                    |                    |                 |                 |                    |                    |                    |
| Plant & Machinery                   | 129.30             | -               | -               | 129.30             | 76.48              | 6.49            | -               | 82.97              | 46.32              | 52.82              |
| <b>Total - Tangible Assets</b>      | <b>2719.82</b>     | <b>458.50</b>   | <b>39.77</b>    | <b>3138.55</b>     | <b>1193.35</b>     | <b>277.10</b>   | <b>32.53</b>    | <b>1437.91</b>     | <b>1700.63</b>     | <b>1526.46</b>     |
| <b>Previous year Total</b>          | <b>2502.89</b>     | <b>216.92</b>   | <b>-</b>        | <b>2719.82</b>     | <b>938.60</b>      | <b>254.75</b>   | <b>-</b>        | <b>1193.35</b>     | <b>1526.46</b>     | <b>1564.29</b>     |
| <b>II Intangible Assets</b>         |                    |                 |                 |                    |                    |                 |                 |                    |                    |                    |
| Total                               | -                  | -               | -               | -                  | -                  | -               | -               | -                  | -                  | -                  |
| Previous Year                       | -                  | -               | -               | -                  | -                  | -               | -               | -                  | -                  | -                  |
| Total                               | -                  | -               | -               | -                  | -                  | -               | -               | -                  | -                  | -                  |
| <b>III Capital Work in Progress</b> |                    |                 |                 |                    |                    |                 |                 |                    |                    |                    |
| Factory Building                    | 17.32              | 68.89           | -               | 86.21              | -                  | -               | -               | 86.21              | -                  | 17.32              |
| Factory Building                    | -                  | 0.3105          | -               | 0.3105             | -                  | -               | -               | 31,056             | -                  | -                  |
| <b>Total</b>                        | <b>17.32</b>       | <b>69.20</b>    | <b>-</b>        | <b>86.52</b>       | <b>-</b>           | <b>-</b>        | <b>-</b>        | <b>86.52</b>       | <b>-</b>           | <b>17.32</b>       |

|                      |   |              |   |              |   |   |   |   |              |   |
|----------------------|---|--------------|---|--------------|---|---|---|---|--------------|---|
| <i>Previous Year</i> | - | -            | - | -            | - | - | - | - | -            | - |
| <b>Total</b>         | - | <b>17.32</b> | - | <b>17.32</b> | - | - | - | - | <b>17.32</b> | - |

**IV Intangible Assets under Development**

|                      |   |   |   |   |   |   |   |   |   |   |
|----------------------|---|---|---|---|---|---|---|---|---|---|
| Total                | - | - | - | - | - | - | - | - | - | - |
| <i>Previous Year</i> | - | - | - | - | - | - | - | - | - | - |
| <i>Total</i>         | - | - | - | - | - | - | - | - | - | - |

|                    |                |               |              |                |                |               |              |                |                |                |
|--------------------|----------------|---------------|--------------|----------------|----------------|---------------|--------------|----------------|----------------|----------------|
| <b>GRAND TOTAL</b> | <b>2737.14</b> | <b>527.70</b> | <b>39.77</b> | <b>3225.07</b> | <b>1193.35</b> | <b>277.10</b> | <b>32.53</b> | <b>1437.91</b> | <b>1787.15</b> | <b>1543.78</b> |
|--------------------|----------------|---------------|--------------|----------------|----------------|---------------|--------------|----------------|----------------|----------------|

|                                  |                |                |   |                |               |               |   |                |                |                |
|----------------------------------|----------------|----------------|---|----------------|---------------|---------------|---|----------------|----------------|----------------|
| <b>GRAND TOTAL PREVIOUS YEAR</b> | <b>2502.89</b> | <b>2,34.24</b> | - | <b>2737.14</b> | <b>938.60</b> | <b>254.75</b> | - | <b>1193.35</b> | <b>1543.78</b> | <b>1564.29</b> |
|----------------------------------|----------------|----------------|---|----------------|---------------|---------------|---|----------------|----------------|----------------|

**12 NON-CURRENT INVESTMENTS**
**Unquoted: (At Cost):**

|                                                 |        |        |
|-------------------------------------------------|--------|--------|
| Share Deposit in Co-op. Bank of Rajkot Ltd.     | 100    | 100    |
| Share 1504 (1504) in Co-op. Bank of Rajkot Ltd. | 37,600 | 37,600 |

**Quoted: (At Cost):**

|                                                                                  |          |           |
|----------------------------------------------------------------------------------|----------|-----------|
| DSP Blackrock - Equity Fund (G)<br>[MV Rs. 2,65,532 (38,31,653)]                 | 2,16,000 | 22,68,000 |
| Franklin India High Growth India Prime Plus (G)<br>[MV Rs. 4,87,249 (19,27,399)] | 4,59,001 | 13,93,911 |
| ICICI Pru-Baln Advant Fund Reg (G)<br>[MV Rs. 991,378 (MV Rs.9,05,445)]          | 5,85,066 | 5,85,066  |
| ICICI Prudential Infrastructure<br>[MV Rs. 98,619 (MV Rs. 37,46,728)]            | 80,666   | 23,99,711 |
| IDFC Premier Equity Fund<br>[MV Rs. 2,59,023 (MV Rs. 42,95,372)]                 | 2,15,952 | 22,41,000 |
| DSP Blackrock Small and Midcap Fund<br>[MV Rs. 2,24,820 (NA)]                    | 2,25,000 | -         |
| ICICI Prudential Focused Blue-Chip Equity Fund<br>[MV Rs. 2,37,845 (NA)]         | 2,40,000 | -         |
| IDFC Classic Equity Fund<br>[MV Rs.2,23,594 (NA)]                                | 2,25,000 | -         |

|              |                  |                  |
|--------------|------------------|------------------|
| <b>Total</b> | <b>22,84,385</b> | <b>89,25,388</b> |
|--------------|------------------|------------------|

**13 LONG TERM LOANS AND ADVANCES**

(Unsecured and considered good as certified by the mgt)

|                       |             |           |
|-----------------------|-------------|-----------|
| (a) Security Deposits | 53,10,438   | 32,06,823 |
| (b) Capital Advances  | 1,68,23,855 | 59,16,047 |

|              |                    |                  |
|--------------|--------------------|------------------|
| <b>Total</b> | <b>2,21,34,293</b> | <b>91,22,870</b> |
|--------------|--------------------|------------------|

**14 INVENTORIES**

(As taken, valued &amp; certified by the management)

|                            |             |             |
|----------------------------|-------------|-------------|
| (a) Raw Materials          | 8,91,00,049 | 5,09,43,320 |
| (b) Work-in-process        | 2,43,15,200 | 3,31,85,700 |
| (c) Finished Goods         | -           | -           |
| (d) Others - Waste & Scrap | 5,95,644    | 1,21,942    |

|              |                     |                    |
|--------------|---------------------|--------------------|
| <b>Total</b> | <b>11,40,10,893</b> | <b>8,42,50,962</b> |
|--------------|---------------------|--------------------|

|                                                                                                |                     |                     |
|------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>15 TRADE RECEIVABLES</b>                                                                    |                     |                     |
| (Unsecured and considered good as certified by the management) (Refer Note No. 40)             |                     |                     |
| Unsecured, considered good:                                                                    |                     |                     |
| - Outstanding or a period exceeding six months from the date they are due for payment.         | 6,48,910            | 6,85,181            |
| - Outstanding or a period less than six months from the date they are due for payment.         | 9,78,68,666         | 6,77,67,610         |
| <b>Total</b>                                                                                   | <b>9,85,17,576</b>  | <b>6,84,52,791</b>  |
| <b>16 CASH &amp; CASH EQUIVALENTS AND BANK BALANCES OTHER THAN CASH &amp; CASH EQUIVALENTS</b> |                     |                     |
| (i) Cash and Cash Equivalents:                                                                 |                     |                     |
| Cash on hand                                                                                   | 4,74,900            | 7,35,763            |
| <b>(a)</b>                                                                                     | <b>4,74,900</b>     | <b>7,35,763</b>     |
| (ii) Bank Balances other than Cash and Cash Equivalents:                                       |                     |                     |
| (a) Balance with banks                                                                         | 12,17,738           | 1,66,216            |
| (b) Earmarked balances with banks                                                              | 18,15,913           | 1,89,67,253         |
| <b>(b)</b>                                                                                     | <b>30,33,651</b>    | <b>1,91,33,469</b>  |
| <b>Total</b>                                                                                   | <b>35,08,551</b>    | <b>1,98,69,232</b>  |
| <b>17 SHORT TERM LOANS &amp; ADVANCES</b>                                                      |                     |                     |
| (Unsecured and considered good as certified by the management)                                 |                     |                     |
| (a) Balances with Revenue Authorities                                                          | 1,57,65,719         | 1,10,34,589         |
| (b) Advance to Suppliers & Employees                                                           | 21,09,963           | 56,088              |
| (c) Prepaid Expenses                                                                           | 30,105              | 50,202              |
| <b>Total</b>                                                                                   | <b>1,79,05,787</b>  | <b>1,11,40,879</b>  |
| <b>18 OTHER CURRENT ASSETS</b>                                                                 |                     |                     |
| (Unsecured and considered good as certified by the management)                                 |                     |                     |
| Income Receivable                                                                              | 3,05,163            | 2,09,974            |
| <b>Total</b>                                                                                   | <b>3,05,163</b>     | <b>2,09,974</b>     |
| <b>19 REVENUE FROM OPERATION</b>                                                               |                     |                     |
| (a) Sale of products                                                                           | 56,51,13,041        | 34,21,19,364        |
| (b) Sale of Services                                                                           | -                   | -                   |
| (c) Other Operating Revenues                                                                   | 32,87,409           | 2,53,98,456         |
|                                                                                                | <b>56,84,00,450</b> | <b>36,75,17,821</b> |
| Less: Excise Duty                                                                              | 1,39,89,522         | 3,69,04,477         |
| <b>Total</b>                                                                                   | <b>55,44,10,928</b> | <b>33,06,13,343</b> |
| <b>20 OTHER INCOME</b>                                                                         |                     |                     |
| (a) Dividend Income                                                                            | 20,304              | -                   |
| (b) Interest Income                                                                            | 10,66,391           | 12,06,236           |
| (c) Foreign Exchange Rate Fluctuation                                                          | 19,13,855           | 40,37,469           |
| (d) Profit on Sale of Fixed Assets                                                             | 3,66,552            | -                   |
| (e) Gain on Mutual Funds                                                                       | 69,04,284           | -                   |
| (f) Misc. Income                                                                               | 2,94,725            | 5,10,660            |
| <b>Total</b>                                                                                   | <b>1,05,66,111</b>  | <b>57,54,365</b>    |

|                                                                                          |                     |                     |
|------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>21 COST OF RAW MATERIAL AND STORES CONSUMED</b>                                       |                     |                     |
| Opening Stock:                                                                           | 5,09,43,320         | 5,64,79,804         |
| Add: Purchases                                                                           | 37,11,75,189        | 17,55,56,881        |
|                                                                                          | <b>42,21,18,509</b> | <b>23,20,36,685</b> |
| Less: Closing Stock                                                                      | 8,91,00,049         | 5,09,43,320         |
| <b>Total</b>                                                                             | <b>33,30,18,460</b> | <b>18,10,93,365</b> |
| <b>22 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS &amp; STOCK-IN-TRADE:</b> |                     |                     |
| Opening Stock:                                                                           |                     |                     |
| Finished Goods                                                                           | -                   | 10,87,388           |
| Semi-Finished Goods                                                                      | 3,31,85,700         | 3,60,62,100         |
| Scrap/Wastage                                                                            | 1,21,942            | 2,85,815            |
| <b>Sub-Total</b>                                                                         | <b>3,33,07,642</b>  | <b>3,74,35,303</b>  |
| Less: Closing stock :                                                                    |                     |                     |
| Finished Goods                                                                           | -                   | -                   |
| Semi-Finished Goods                                                                      | 2,43,15,200         | 3,31,85,700         |
| Scrap/Wastage                                                                            | 5,95,644            | 1,21,942            |
| <b>Sub-Total</b>                                                                         | <b>2,49,10,844</b>  | <b>3,33,07,642</b>  |
| <b>Total</b>                                                                             | <b>83,96,798</b>    | <b>41,27,661</b>    |
| <b>23 EMPLOYEE BENEFITS EXPENSES</b>                                                     |                     |                     |
| (a) Salary, Wages and Bonus (including directors' remuneration)                          | 5,53,78,768         | 5,07,37,649         |
| (b) Contribution to Provident Fund & Gratuity Fund                                       | 52,99,433           | 35,88,269           |
| (c) Staff Welfare Expenses                                                               | 16,97,113           | 17,30,317           |
| <b>Total</b>                                                                             | <b>6,23,75,314</b>  | <b>5,60,56,235</b>  |
| <b>24 FINANCIAL COSTS</b>                                                                |                     |                     |
| (a) Interest Expenses                                                                    | 2,49,68,235         | 1,66,09,940         |
| (b) Other Finance Costs                                                                  | 3,81,012            | 6,52,045            |
| <b>Total</b>                                                                             | <b>2,53,49,247</b>  | <b>1,72,61,985</b>  |
| <b>25 OTHER EXPENSES</b>                                                                 |                     |                     |
| <b>(a) Manufacturing &amp; Operating Costs</b>                                           |                     |                     |
| Consumption of Electric, Power and Fuel                                                  | 2,62,68,586         | 2,22,43,638         |
| Machinery Repairs & Maintenance                                                          | 16,33,614           | 12,26,965           |
| Building Repairs & Maintenance                                                           | 3,79,169            | 4,21,228            |
| Electric Repairs & Maintenance                                                           | 16,96,404           | 7,91,891            |
| Jobwork Expenses                                                                         | 1,13,84,157         | 9,99,272            |
| Transportation & Labour Charges                                                          | 86,92,034           | 37,71,101           |
| Other Manufacturing & Operating Expenses                                                 | 79,20,120           | 50,19,643           |
| <b>(a)</b>                                                                               | <b>5,79,74,085</b>  | <b>3,44,73,738</b>  |
| <b>(b) Sales &amp; Distribution Expenses</b>                                             |                     |                     |
| Advertisement & Sales Promotion Expenses                                                 | 6,430               | 2,93,269            |
| <b>(b)</b>                                                                               | <b>6,430</b>        | <b>2,93,269</b>     |
| <b>(c) General &amp; Administrative Expenses</b>                                         |                     |                     |
| Audit Fees                                                                               | 50,000              | 30,000              |
| Legal & Professional Expenses                                                            | 17,18,854           | 17,98,538           |
| Insurance                                                                                | 4,19,012            | 4,10,219            |
| Rent                                                                                     | 5,000               | 5,000               |
| Rates & Taxes                                                                            | 58,299              | 2,28,227            |



|           |                                                                                                          |                    |                    |
|-----------|----------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|           | Conveyance, Tour and Travelling Expenses                                                                 | 3,74,881           | 3,04,401           |
|           | General Administration Expenses                                                                          | 24,49,614          | 24,64,048          |
|           | <b>(c)</b>                                                                                               | 50,75,659          | 52,40,433          |
|           | <b>Total (a+b+c)</b>                                                                                     | <b>6,30,56,174</b> | <b>4,00,07,440</b> |
| <b>26</b> | <b>Earning per Share (EPS)</b>                                                                           |                    |                    |
|           | (a) Profit after tax for calculation of Basic and Diluted EPS                                            | 3,42,43,415        | 81,19,948          |
|           | (b) Weighted average number of equity shares outstanding for calculating EPS (Adjusted for Bonus Issue)  | 59,95,000          | 59,95,000          |
|           | (c) Basic and Diluted EPS (Adjusted for Bonus Issue)                                                     | 5.71               | 1.35               |
| <b>27</b> | <b>Contingent Liabilities and Commitments</b><br>(to the extent not provided for)                        |                    |                    |
|           | (i) Contingent Liabilities                                                                               |                    |                    |
|           | (a) Claim against the company not acknowledgement as debt                                                | Nil                | Nil                |
|           | (b) Guarantees                                                                                           | Nil                | Nil                |
|           | (c) Letter of Credits issued by bank                                                                     | 1,10,96,960        | 3,45,66,686        |
|           | (d) Disputed Liability in Appeal:                                                                        |                    |                    |
|           | (i) Income-tax                                                                                           | 1,85,530           | 1,85,530           |
|           | (ii) Central Excise                                                                                      | Nil                | Nil                |
|           | (ii) Commitments                                                                                         |                    |                    |
|           | (a) Estimated amount of contracts remaining to be executed on capital account and not provided for       | Nil                | Nil                |
|           | (b) Uncalled liability on shares/investments partly paid                                                 | Nil                | Nil                |
|           | (c) Other commitments                                                                                    | Nil                | Nil                |
|           | (Contingent liabilities as disclosed above are as certified by the management of the company)            |                    |                    |
| <b>28</b> | <b>Value of imports calculated on CIF basis by the company during financial year in respect of</b>       |                    |                    |
|           | i. Raw materials                                                                                         | 23,80,04,929       | 8,50,79,221        |
|           | ii. Components and spare parts                                                                           | Nil                | Nil                |
|           | iii. Capital Goods                                                                                       | 38,37,425          | 36,14,820          |
| <b>29</b> | <b>Earnings &amp; Expenditure in foreign currency</b>                                                    |                    |                    |
|           | (a) <b>Earnings</b>                                                                                      |                    |                    |
|           | Sale of Goods                                                                                            | 22,27,671          | Nil                |
|           | (b) <b>Expenditures</b>                                                                                  |                    |                    |
|           | Travelling Expenses                                                                                      | Nil                | Nil                |
| <b>30</b> | <b>Imported and Indigenous Material Consumed</b>                                                         |                    |                    |
|           | (i) Total value of imported raw materials, spare parts and components consumed during the financial year | 20,06,48,166       | 10,78,47,823       |
|           | (ii) Total value of all indigenous raw materials, spare parts and components similarly consumed          | 13,23,70,294       | 7,32,45,542        |
|           | (iii) Total value of imported and indigenous raw materials, spare consumed during the financial year     | 33,30,18,460       | 18,10,93,365       |
|           | (iv) Imported raw materials and spare parts consumed in %                                                | 60.25%             | 59.55%             |

|                                                                                                                     |                                    |              |
|---------------------------------------------------------------------------------------------------------------------|------------------------------------|--------------|
| (v) Indigenous raw materials and spare parts consumed in %                                                          | 39.75%                             | 40.45%       |
| <b>31 Payment to Auditors (Excluding Service tax)</b><br>- Audit Fees                                               | 50,000                             | 50,000       |
| <b>32 Details of raw materials consumed: (In Rupees)</b><br>Steel Coil, Consumable Stores & Packing Materials       | 33,30,18,460                       | 18,10,93,365 |
| <b>33 Details of Manufactured Goods: (In Rupees)</b>                                                                |                                    |              |
| <b>Product</b>                                                                                                      | <b>Bearing Rollers &amp; Scrap</b> |              |
| Opening Stock                                                                                                       | 1,21,942                           | 13,73,203    |
| Closing Stock                                                                                                       | 5,95,644                           | 1,21,942     |
| Sales (Excl. Excise)                                                                                                | 55,11,23,519                       | 30,52,14,887 |
| <b>34 There is no employees getting remuneration as required under Section 217 (2-A) of the Companies Act, 2013</b> | NA                                 | NA           |

**35 Realisation:**

In the opinion of the Board and to the best of its knowledge and belief, the value on realisation of current assets, loans and advances will, in the ordinary course of business, not be less than the amounts at which they are stated in the Balance sheet.

**36 Contractual Liabilities**

As certified by the management of the company, the company has generally made all the applicable provisions with respect to the business operations of the company.

**37 Gratuity Benefits**

The Company has defined benefit gratuity plan. Every employee who has completed five years or more of services gets a gratuity on departure at 15 days salary (Last drawn salary) for each completed year of service.

The following table summarizes the component of net benefit expenses recognized in Statement of Profit & Loss and Gratuity Obligation as at year end as per Actuarial Valuation Report.

| Particulars                                  | 2017-18   | 2016-17   |
|----------------------------------------------|-----------|-----------|
| Opening defined benefit obligation           | 4,86,521  | 17,23,572 |
| Add: Provision during the year               | 17,89,099 | 4,86,521  |
| Less: Payment / Contribution during the year | 4,86,521  | 17,23,572 |
| Closing Defined benefit obligation           | 17,89,099 | 4,86,521  |

38 Previous year's figure has been reworked, regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

39 Balances of Trade Payables, Unsecured Loans, Trade Receivables, Long Term and Short-Term Loans & Advances, Other Current Assets and Provisions and Non-Current Investments are subject to the confirmation of the parties concerned. Wherever confirmation of the parties for the amounts due to them / amounts due from them as per books of accounts are not received, necessary adjustments, if any, will be made when the accounts are reconciled / settled.

**40 Related Party Disclosure**
**(i) List of Related Parties and Relationship**

| Name of Related party                 | Relationship        |
|---------------------------------------|---------------------|
| <b>Key Management Personnel (KMP)</b> |                     |
| Dilipkumar G. Changela                | Managing Director   |
| Vrajlal G. Changela                   | Whole Time Director |
| Hiralal G. Changela                   | Whole Time Director |
| Vishal V. Changela                    | CFO                 |

**Relatives of KMP**

Atulbhai Changela  
 Bhumiben Dilipbhai Changela  
 Darshit Dilipbhai Changela  
 Divyeshkumar Hiralal Changela  
 Girishkumar G. Changela  
 Hansaben Gopaldas Dharsandia  
 Harsukhbhai Changela  
 Jayanaben G. Changela  
 Jayendrakumar Govindbhai Trambadia  
 Jayeshkumar Govindbhai Trambadia  
 Jayshreeben Hiralal Changela  
 Jitendrakumar Govindbhai Trambadia  
 Jyotiben V. Changela  
 Manjulaben Jayantilal Marvania  
 Nirju Hiralal Changela  
 Prashant G. Changela  
 Rajan G. Changela  
 Rambhaben G. Changela  
 Rasilaben Dilipbhai Changela  
 Rinkuben Divyeshbhai Changela  
 Vijaykumar V. Changela  
 Vishal V. Changela  
 Yesha Darshit Changela

**Companies / Entities owned / significantly influenced by directors & their relatives**

Virdeep Engineering Pvt. Ltd.  
 Virdeep Bearings Rollers LLP  
 Vijay Petroleum Co.

| (ii) | Nature of transactions      | Interest Rupees | Loan Received (Paid) Rupees | Remuneration /Salary /Leave Pay/Bonus Rupees | Purchase/ sales/ Jobwork expense/ jobwork income |
|------|-----------------------------|-----------------|-----------------------------|----------------------------------------------|--------------------------------------------------|
|      |                             |                 |                             |                                              |                                                  |
|      | Dilipkumar G. Changela      | 25,40,381       | -                           | 15,00,000                                    | -                                                |
|      | Hiralal G. Changela         | 20,18,272       | -                           | 15,00,000                                    | -                                                |
|      | Vrajlal G. Changela         | 25,80,622       | -                           | 15,00,000                                    | -                                                |
|      | Vishal V. Changela          | 7,29,187        | (2,66,000)                  | 10,18,239                                    | -                                                |
|      | Rambhaben G. Changela       | 13,13,183       | -                           | -                                            | -                                                |
|      | Bhumiben Dilipbhai Changela | 3,21,028        | (32,74,847)                 | -                                            | -                                                |
|      | Darshit D. Changela         | 12,61,601       | (1,00,000)                  | 10,18,239                                    | -                                                |
|      | Divyeshbhai H. Changela     | 8,33,821        | (2,40,000)                  | 10,18,239                                    | -                                                |

|                                       |           |            |           |                   |
|---------------------------------------|-----------|------------|-----------|-------------------|
| Girishkumar G. Changela               | 14,77,450 | -          | -         | -                 |
| Hansaben Gopaldas<br>Dharsandia       | 4,16,057  | -          | -         | -                 |
| Jaynaben G. Changela                  | 7,96,540  | (3,59,372) | -         | -                 |
| Jayshreeben H. Changela               | 5,93,368  | (23,030)   | -         | -                 |
| Manjulaben Jayantilal<br>Marvania     | 1,70,868  | -          | -         | -                 |
| Prashantkumar G. Changela             | 2,65,874  | -          | -         | -                 |
| Rajan Girishkumar Changela            | 2,50,454  | -          | -         | -                 |
| Jyotiben V. Changela                  | 5,95,809  | -          | -         | -                 |
| Vijaykumar V. Changela                | 3,18,627  | (22,000)   | 10,18,239 | -                 |
| Rasilaben D. Changela                 | 3,77,865  | (43,430)   | -         | -                 |
| Rinkuben Divyeshbhai<br>Changela      | 2,71,015  | (23,030)   | -         | -                 |
| Jayendrakumar Govindbhai<br>Trambadia | 12,309    | -          | -         | -                 |
| Jayeshkumar Govindbhai<br>Trambadia   | 23,759    | -          | -         | -                 |
| Jitendrakumar Govindbhai<br>Trambadia | 23,036    | -          | -         | -                 |
| Yesha Darshit Changela                | 12,164    | 37,00,000  | -         | -                 |
|                                       | -         | -          | -         | 14,78,024<br>(JE) |
| Virdeep Bearings Rollers LLP          |           |            |           | 331,026 (S)       |
| Virdeep Bearings Rollers LLP          |           |            |           | 25336 (E)         |

**2016-2017**

|                                       |           |            |           |              |
|---------------------------------------|-----------|------------|-----------|--------------|
| Dilipkumar G. Changela                | 17,48,285 | -          | 15,00,000 | -            |
| Hiralal G. Changela                   | 13,88,970 | -          | 15,00,000 | -            |
| Vrajlal G. Changela                   | 17,75,978 | -          | 15,00,000 | -            |
| Vishal V. Changela                    | 5,20,684  | (2,00,000) | 10,18,239 | -            |
| Rambhaben G. Changela                 | 9,03,730  | -          | -         | -            |
| Bhumiben Dilipbhai<br>Changela        | 2,50,524  | -          | -         | -            |
| Darshit D. Changela                   | 8,68,321  | -          | 10,18,239 | -            |
| Divyeshbhai H. Changela               | 5,74,105  | -          | 10,18,239 | -            |
| Girishkumar G. Changela               | 9,47,294  | -          | -         | -            |
| Hansaben Gopaldas<br>Dharsandia       | 2,86,330  | -          | -         | -            |
| Jaynaben G. Changela                  | 5,85,629  | (2,68,056) | -         | -            |
| Jayshreeben H. Changela               | 8,28,560  | (3,03,330) | -         | -            |
| Manjulaben Jayantilal<br>Marvania     | 2,29,755  | -          | -         | -            |
| Prashantkumar G. Changela             | 4,00,142  | (2,76,498) | -         | -            |
| Rajan Girishkumar Changela            | 3,76,950  | (2,60,472) | -         | -            |
| Jyotiben V. Changela                  | 8,21,751  | (50,000)   | -         | -            |
| Vijaykumar V. Changela                | 4,29,924  |            | 10,18,239 | -            |
| Rasilaben D. Changela                 | 5,59,206  | (4,34,300) | -         | -            |
| Rinkuben Divyeshbhai<br>Changela      | 3,92,867  | (2,53,330) | -         | -            |
| Jayendrakumar Govindbhai<br>Trambadia | 18,530    | (16,677)   | -         | -            |
| Jayeshkumar Govindbhai<br>Trambadia   | 35,766    | (32,190)   | -         | -            |
| Jitendrakumar Govindbhai<br>Trambadia | 34,677    | (31,209)   | -         | -            |
| Virdeep Engineering Pvt. Ltd.         | -         | -          | -         | 434,257 (JE) |

|                               |   |   |   |             |
|-------------------------------|---|---|---|-------------|
| Virdeep Engineering Pvt. Ltd. |   |   |   | 8,908 (JI)  |
| Virdeep Engineering Pvt. Ltd. | - | - | - | 451,216 (S) |
| Virdeep Engineering Pvt. Ltd. | - | - | - | 40,956 (E)  |
| Vijay Petroleum               |   |   |   |             |

**Particulars**

Dues from company under the same management / entities where KMP and relatives of KMP have significant influence:

Trade Receivables

Advances to Creditors

**31-03-2018**

Virdeep  
Engineering  
Pvt Ltd

6,48,910

4,16,553

**31-03-2017**

Virdeep  
Engineering  
Pvt Ltd

6,48,910

-

- 41** In the absence of information regarding outstanding dues of MICRO or Small-Scale Industrial Enterprise(s) as per The Micro, Small & Medium Enterprise Development Act, the Company has not disclosed the same as required by Schedule III to the Companies Act,
- 42** Wherever no vouchers and documentary evidences were made available for our verification, we have relied on the authentication given by management of the company.
- 43** Figures have been rounded off to nearest rupee and have been regrouped, rearranged and reclassified wherever necessary.

**Signature to Note No. 1 to 43**

As per our report of even date attached

**FOR SVK & ASSOCIATES**

**Chartered Accountants**

**Firm Reg. No. 118564W**

On behalf of the Board of Directors

**FOR, VISHAL BEARINGS LTD.**

Sd/-

**Shilpang V. Karia**

**Partner**

**M. No. 102114**

Sd/-

**D. G. Changela**

**Managing Director**

**DIN: 00247302**

Sd/-

**H. G. Changela**

**Whole Time Director**

**DIN: 00247292**

**Date:** 27.08.2018

**Place:** Shapar, Rajkot

Sd/-

**Vishal V. Changela**

**CFO**

Sd/-

**Dimpi Sampat**

**Company Secretary**

**VISHAL BEARINGS LIMITED**

Regd. Office: Survey No. 22/1, Plot No.1, Shapar Main Road,  
Shapar (Veraval), Rajkot, Gujarat-360002, India.  
Tel: 2827-252273

**Form No. MGT-11**

**PROXY FORM**

(pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Shareholder \_\_\_\_\_  
Registered address \_\_\_\_\_  
E-mail ID \_\_\_\_\_  
Folio No. / Client ID \_\_\_\_\_  
DP ID \_\_\_\_\_

I/We, being the shareholder(s) of ..... shares of the above named company, hereby appoint:

1 Name \_\_\_\_\_  
Address \_\_\_\_\_  
E-mail ID \_\_\_\_\_  
Signature \_\_\_\_\_

Or falling him or her

2 Name \_\_\_\_\_  
Address \_\_\_\_\_  
E-mail ID \_\_\_\_\_  
Signature \_\_\_\_\_

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **27<sup>th</sup> Annual General Meeting** of the Company, to be held on **Saturday, September 22, 2018** at 4.00 PM at the registered office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolution No. ( ✓ )**

| S.N. | Subject                                                                 | S.N. | Subject                                                             |
|------|-------------------------------------------------------------------------|------|---------------------------------------------------------------------|
| 1    | Adoption of Annual Financial Statements for the FY 2017-2018            | 6    | Alteration of Capital Clause of MOA                                 |
| 2    | Interim Dividend to be treated as a Final Dividend                      | 7    | Increase Remuneration of Mr. Dilipkumar Changela, Managing Director |
| 3    | Re-appointment of Shri Hiralal Changela, Director retiring by rotation. | 8    | Increase Remuneration of Mr. Hiralal Changela, Whole time Director  |
| 4    | Continuance of appointment of Statutory Auditor without ratification    | 9    | Increase Remuneration of Mr. Vrajlal Changela, Whole time Director  |
| 5    | Enhancement of Authorised Capital and Alteration of Clause V of MOA     |      |                                                                     |

Signed this .....day of ..... 2018.

Signature of shareholder:

Signature of Proxy holder(s):



**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.**

**VISHAL BEARINGS LIMITED**

Regd. Office: Survey No. 22/1, Plot No.1, Shapar Main Road,  
Shapar (Veraval), Rajkot, Gujarat-360002, India.  
Tel: 2827-252273,

**ATTENDANCE SLIP**

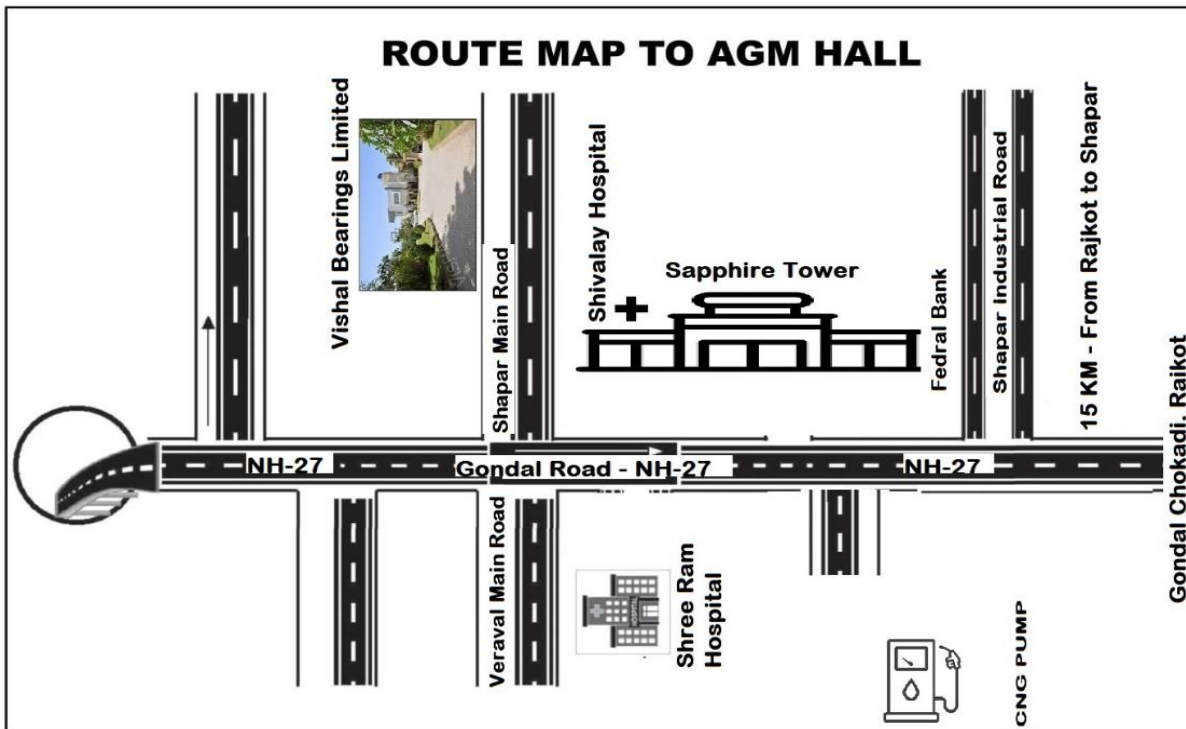
PLEASE BRING THIS ATTENDANCE SLIP AND HAND IT OVER AT THE registered office of the company

|                                    |              |   |
|------------------------------------|--------------|---|
| Name of Address of the Shareholder | Sequence No. | : |
|                                    | Folio No.    | : |
|                                    | DP. ID       | : |
|                                    | Client ID    | : |

I hereby record my presence at the 27<sup>th</sup> Annual General meeting at the Registered office of the Company on Tuesday the 21<sup>st</sup> August, 2018 at 4:00 PM.

|                                  |
|----------------------------------|
| Signature of the Member or Proxy |
|                                  |

|                    |
|--------------------|
| No. of Shares held |
|                    |







# VISHAL BEARINGS LIMITED

## VISHAL BEARINGS LIMITED

Survey No. 22/1, Plot No. 1,  
Shapar Main Road, Shapar (Veraval),  
Rajkot, Gujarat-360024, India  
Tel: 02827-252273  
Email Id: [compliance@vishalbearings.com](mailto:compliance@vishalbearings.com)