

# **Annual Report 2018-2019**



**Vishal Bearings Limited**

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Dilipkumar Changela – Managing Director

Mr. Hiralal Changela – Whole time Director

Mr. Vrajlal Changela – Whole time Director

Mr. Rakesh Savani – Independent Director

Mr. Niteshkumar Patel – Independent Director

Mrs. Urja Gami – Independent Director

Mr. Divyesh Changela – Chief Executive Officer

Mr. Vishal Changela – Chief Financial Officer

Mr. Ketan Savaliya – Company Secretary

### REGISTERED OFFICE:

Survey No. 22/1, Plot No.1, Shapar Main Road,  
Shapar (Veraval), Rajkot, Gujarat-360024, India

Tel: 2827-252273, Fax: 2827-253087

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

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

### COMPANY IDENTIFICATION NO.

CIN: L29130GJ1991PLC016005

### STATUTORY AUDITOR

M/s. SVK & Associates

### BANKER

Kotak Mahindra Bank

HDFC Bank

State Bank of India

### PLANT - 1

Shapar Main Road, Shapar  
(Veraval),  
Rajkot-360024, Gujarat, India.

### PLANT - 2

SIDC Main Road, Veraval (Shapar),  
Rajkot-360024, Gujarat, India.

### REGISTRAR AND SHARE TRANSFER

#### AGENT:

Karvy Fintech Private Limited  
Plot No 31 & 32, Tower B, Karvy  
Selenium, Nr. Financial District,  
Nanakramguda, Gachibowli,  
Hyderabad - 500032, India.

### SECRETARIAL AUDITOR

M/s. K. P. Ghelani & Associates

### INTERNAL AUDITOR

M/s. P. Ghanshyam & Co.

## BASIS OF REPORTING

### Our approach to the adoption of Integrated Reporting <IR>

Integrated Report <IR> is fast emerging as a new corporate reporting platform and practice. <IR> enhances and enriches reporting primarily due to its (i) wider focus on creating value for all stakeholders and (ii) utilization and interlinkages of multiple capitals in the value creation process.

While <IR> is not yet statutorily mandated we, at Vishal Bearings Limited (Vishal), have voluntarily commenced our <IR> journey as part of our constant endeavor towards transparency and disclosures beyond statutory norms.

The Report embraces the holistic reporting approach as suggested by the International Integrated Reporting Council (IIRC) and the Securities and Exchange Board of India's (SEBI) circular dated 6th February, 2017.

### Reporting principle

The Report is prepared in line with the Companies Act, 2013 (and the Rules made thereunder), Indian Accounting Standards, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standards and IIRC's <IR> framework. The Report is compiled with the help of various internationally recognized framework and guidelines especially to present the non-financial data in a manner that is concise, comparable and enhances the value of the Report for the shareholders as well as other stakeholders.

### Reporting period, scope and boundary

The Report covers financial and non-financial information for the period 1st April, 2018 to 31st March, 2019. While the financial information has been audited by SVK & Associates, Chartered Accountants, the non-financial information are management estimates.

### Approach to materiality

The Report covers key material aspects that have been identified through various stakeholder engagements, their impact on the Company's value-creation process and how these are being addressed with a measurable target. This will assist stakeholders to take informed decisions regarding their engagement with the Company.



## CHAIRMAN MESSAGE

Dear stakeholders,

I write this letter with a sense of pride about how well your Company performed this year, not just in financial terms, but also in terms of what we accomplished for customers, employees, shareholders and communities across the world.

We will continually shape the Company, strategically choosing the businesses in which we compete, the areas of research in which we invest, and the geographies in which we build, to achieve the optimal configuration for success. Our decisions, actions and efforts will always be focused on reinforcing our commitment to create long-term value for our shareholders.

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.

Your Company has shown itself to be immensely entrepreneurial, agile, adaptive and innovative over the years, and these attributes will continue to serve it well in the years ahead.

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 and paid an Interim dividend of Re. 0.50 (5%) per equity share for the financial year 2018-19.

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.

The opportunities ahead are huge. By staying true to its mission and its values, and by continually investing in building newer capabilities, your Company is positioned well to become the foremost partner of choice to all forward-thinking enterprises in their growth and transformation journeys.

In order to support your Company's belief in sustainable development through harmonious economic growth, social inclusion and environment protection, your company has decided to adopt governance-based reporting.

On behalf of the Board of Directors of Vishal Bearings, I want to thank you for your continued trust, confidence, and support.

**Best Wishes,**  
**Hiralal Changela**  
Chairman



## FINANCIAL HIGHLIGHT

Financial Year	2019	2018	2017	2016	2015	2014
<b>SOURCES OF FUNDS</b> (Rs. in Lacs)						
Share capital	1079.10	599.50	599.50	479.60	25.00	25.00
Reserves	724.91	600.84	294.48	333.18	429.33	254.70
Shareholders' funds	1804.01	1200.34	893.98	812.78	454.33	279.70
Borrowings	2110.08	1900.18	1664.13	1550.98	1483.95	1187.75
Deferred tax liabilities (net)	58.27	57.96	63.72	70.50	62.38	51.18
<b>INCOME AND PROFITS</b> (Rs. in Lacs)						
Gross Sales	8053.83	5544.10	3306.13	2314.60	2720.00	2109.45
Profit before Tax	893.16	450.70	123.45	54.296	249.41	213.64
Profit after tax	639.80	342.43	81.19	34.45	174.00	151.11
Earnings per shares	5.93	5.71	1.36	0.65	696.04	604.48

## FUTURE PRIORITIES

Our Resources and Relationship drive our business initiatives. Our Strategy addresses the changing operating context with an evolved offering. Our Products help us imagine and engineer change and impact lives.

Quality excellence remains our consistent priority. We will continue to reinforce a culture of ownership and accountability in our teams to translate our vision into reality. Our strengthened distribution, domestic and export geographies are expected to extend reach and service excellence to address our customers' requirements. As a future-focused enterprise, our priorities comprise cost optimization, adopting digitization, and simplifying our operating architecture and process-bound operations.

Under the able guidance and direction of our strong and widely experienced Board, we will create a strengthened roadmap of profitability, expansion and brand repute. Human resource training and development remains a critical focus area for your Company; and we will continue to invest in upskilling our talent pool to realize our vision.

## 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.



Vishal Bearings is moving with a high degree of dynamism and flexibility to emerge as an agile, responsive and service focused. Over the past years, we have explored a wide range of business opportunities, prioritized a few areas based on business potential and took concrete steps towards realizing the same. In the existing business, based on the factual analysis, we improved our understanding on the profitable products and markets, identified the key success factors in these markets and aligned our resources towards maximizing our win. The future looks very exciting as VBL has embarked on this journey of exponential growth. Operation excellence expanded offering and customer delight would our levers in sustaining this.

- **Vishal Changela**  
Chief Financial Officer

## Our Governance Framework

At Vishal, we believe that long-term sustainable value for our stakeholders can be created by embedding highest standards of corporate governance practices within the organization. Good governance is an intrinsic part of fiduciary responsibility of the Company, and the cornerstone of the Company's philosophy on corporate governance is accountability to stakeholders, transparency in operations and fairness to all stakeholders. We have a robust governance mechanism in place considering of policies and a Code of Conduct to govern the actions of the Board and Executives in line with governance best practices. We firmly believe that Corporate Governance means commitment for achievement of value-based growth and meeting the commitment without compromising with ethical standards, and this belief is perpetuated across the organization.

## Governance Structure

The Board of Vishal Bearings Limited comprises a total 6 Directors, with 3 executive Directors and 3 Non-Executive Independent Directors including 1 Woman independent director, 1 Chief Financial Officer and 1 Chief Executive Officer, thereby ensuring that the requirements of the Company's Act are adhered with. The Board meets regularly to review strategic, operational and financial matters and has a formal schedule of matters reserved for its decision. The Board of Directors, if required and appropriate, delegate their authority to Directors who head various committees. For more details on their functions, membership and activities during the current Fiscal, please refer to the Corporate Governance Report.

*The only limits you have are the ones you place on yourself*

*At Vishal Bearings, we prefer stepping out of our comfort zones; moving away from our past laurels and going well beyond what's existent, to find out more of what's possible.*

*And that is exactly what we have been doing.*

*We have gone beyond to seek new alliances, find new opportunities, innovate new products, utilise new technologies and thereby we have gone beyond simply existing as a growing company and towards making our growth sustainable for years to come.*

*Because when it comes to performance, success and creating value – we prefer not putting any limits, whatsoever.*

## INDEX

Directors' Report	01
Extract of Annual Return MGT-9	09
Secretarial Audit Report	17
Report on remuneration of Directors	20
Related Party Transactions Report	21
Conservation of Energy & Technology Absorption	22
Management Discussion and Analysis	23
Corporate Governance Report	27
CEO/CFO Certificate	46
Independent Auditors' Report	47
Balance Sheet	56
Statement of Profit & Loss	58
Cash Flow Statement	60
Notes to the Financial Statements	62
Notice	81
Attendance Slip	94
Proxy Form	95
Map	95
Notes	96

### 28<sup>th</sup> Annual General Meeting

Date : September 28,  
2019

Day : Saturday

Time : 04.00 P.M.

Venue : Registered Office

### Important Communication to Members

Ministry of Corporate Affairs had announced "green initiatives in the Corporate Governance" and permitted companies to service notices/documents including Annual Report to the Members of the company on their email addresses.

All those shareholders who have not yet registered their email ids are requested to register their email ids with NSDL/CDSL or our RTA

**We believe  
Respect, Trust, Ownership and integrated Teamwork  
lead to Business Success.**

## BOARD OF DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their 28<sup>th</sup> Annual Report and Audited Financial Statements for year ended 31<sup>st</sup> March, 2019.

### FINANCIAL SUMMARY AND HIGHLIGHTS:

A summary of the Company's financial results for the Financial Year 2018-19 is as under:

Financial Particulars	For the year ended March 31	
	2019	2018
Revenue from operations	80,53,83,819	55,44,10,928
Other Incomes	48,32,239	1,05,66,111
<b>Total revenues</b>	<b>81,02,16,058</b>	<b>56,49,77,039</b>
Cost of Material consumed	53,48,12,097	33,30,18,460
Changes in Inventory	(5,38,65,585)	83,96,798
Employee Benefit expense	8,64,99,726	6,23,75,314
Finance Costs	3,36,48,536	2,53,49,247
Depreciation and amortization expense	3,21,88,788	2,77,10,247
Other expenses	8,76,16,019	6,30,56,174
<b>Total Expenses</b>	<b>72,08,99,581</b>	<b>51,99,06,240</b>
Profit before tax	8,93,16,476	4,50,70,799
Tax expense	(2,53,35,648)	(1,08,27,384)
<b>Profit for the year</b>	<b>6,39,80,828</b>	<b>3,42,43,415</b>

### STATE OF COMPANY AFFAIRS:

The total **turnover** for the financial year under review was **Rs. 81.02 Crore** (previous year Rs. 56.49 Crore) and **Net Profit after Tax of Rs. 6.39 Crore** (previous year Rs. 3.42Crore).

Your Company is positive about its short term and medium-term business outlook. We will continue to pursue growth strategy in customized 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:

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), the Board has approved and adopted a Dividend Distribution Policy for the last financial Year.

During the year under review, the Company as on January 03, 2019 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.