30TH ANNUAL REPORT

2020-2021

Vishal Bearings Limited

Corporate Information

Board of Directors

Mr. Hiralal G. Changela
(DIN: 00247292)
Chairman

Mr. Dilipkumar Changela
(DIN: 00247302)
Managing Director

Mr. Vrajlal G. Changela
(DIN: 00247295)
Director

Mr. Niteshkumar J. Patel
(DIN: 01854443)
Director

Mrs. Amee K. Dadhania
(DIN: 08546107)
Director

Mr. Kishan R. Sureja
(DIN: 08994262)
Director

Mr. Vishal Changela
Chief Financial Offcier

Mr. Divyesh Changela
Chief Executive Officer

Company Secretary

Mr. Ketan V. Savaliya

Bankers

State Bank of India

Kotak Mahindra Bank

HDFC Bank Limited

Auditors

SVK & Associates

Secretarial Auditor

K. P. Ghelani & Associates

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
Website: www.vishalbearings.com

Units

Vishal Bearings Limited
1) Shapar Village Road, Rajkot, Gujarat
2) SIDC Main Road, Rajkot, Gujarat

Registrar & Share Transfer Agent

KFin Technologies Private Limited
Selenium Tower B, Plot no. 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500032
Tel: 040 67162222 -24
Telefax: 040 – 23001153
Website: www.kfintech.com

Investor Relation Centres

KFin Technologies Private Limited

24-B, Ground floor,
Rajabahadur Mansion,
Ambalal Doshi Marg,
Behind BSE, Fort,
Mumbai 400 023
Tel: 022-66235454, Fax: 022-66331135

30th Annual General Meeting

30th ANNUAL GENERAL MEETING
On Thursday, September 30, 2021
at 04:00 PM
at the Registered office of the Company

Dear Shareholders,

It is with great pleasure that I present to you our 30th Annual Report.

As we turned 30, we encountered one of the toughest years in our history. Despite the crisis situation arising out of the pandemic, it is important to note that your Company has performed well on all fronts.

We accorded the highest priority to human life and safety of all our employees as well as our various stakeholders like vendors, customers, dealers, and painters as it worked to meet the challenges and opportunities of the pandemic.

At Vishal Bearings, we have been growing our business without compromising the health and safety of our people. In the face of the COVID-19 pandemic, we have been acting responsibly, supporting communities, and making a small difference to all around us.

We have been investing in a safe and sustainable future for all our stakeholders.

We have been investing responsibly in stakeholder partnerships, strengthening our organisational resilience.

We are optimistic that the outcome of these initiatives will be profitable and sustainable growth for all our stakeholders well into the long-term.

I take this opportunity to express my gratitude to all our stakeholders. In these challenging times, I wish for the wellbeing and safety of you and your families.

Hiralal G. Changela
Chairman

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 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

INDEX

Sr. No.	Particulars	Page No.
01	DIRECTORS' REPORT	01
02	SECRETARIAL AUDIT REPORT	21
03	MANAGEMENT DISCUSSION AND ANALYSIS	29
04	REPORT ON CORPORATE GOVERNANCE	34
05	MD & CFO CERTIFICATE	44
06	CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS	45
07	INDEPENDENT AUDITOR'S REPORT	46
08	BALANCE SHEET	55
09	PROFIT AND LOSS ACCOUNT	57
10	CASH FLOW STATEMENT	58
11	NOTES OF FINANCIAL STATEMENTS	60
12	NOTICE OF 30TH ANNUAL GENERAL MEETING	78
13	ATTENDANCE SLIP & PROXY FORM	86
14	MAP	87
15	NOTES	88

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

Your directors are pleased to present the **30th Annual Report of Vishal bearings Limited** (the "Company") along with the audited Financial Statements for the financial year ended 31st March, 2021 has been referred to wherever required.

FINANCIAL SUMMARY AND HIGHLIGHTS:

A summary of the Company's financial results for the Financial Year 2020-2021 is as under:

Financial Particulars	For the year ended March 31	
	2021	2020
Revenue from operations	577,137,222	519,815,807
Other Incomes	3,410,176	7,009,648
Total revenues	**580,547,399**	**526,825,455**
Cost of Material consumed	358,419,716	341,253,964
Changes in Inventory	(3,740,280)	(22,594,263)
Employee Benefit expense	77,635,276	78,469,670
Finance Costs	24,860,019	29,778,776
Depreciation and amortization expense	36,539,904	36,467,618
Other expenses	80,586,419	63,806,790
Total Expenses	**574,301,054**	**527,182,554**
Profit before tax	6,246,345	(357,100)
Tax expense	2,262,831	(462,012)
Profit for the year	**3,983,514**	**104,912**

OPERATIONAL OVERVIEW:

The financial statements for the year ended March 31, 2021 have been prepared under Indian Accounting Standards ("Ind AS") pursuant to notification by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 as amended.

From March 2020 India saw a rapid spread of COVID and therefore, Industry slowed down and effectively stopped functioning till first week of May 2020. Business opened gradually only over the next few months with different levels of restrictions in off and on trade channels. Particularly on trade restrictions were lifted gradually only by October onwards. Several States introduced higher COVID related excise taxation, which were in most cases fully or partly rolled back in the financial year. These factors combined had adverse impact on dispatches, sales performance as well as margins. In a year where industry remained sluggish due to COVID and other economic factors, your Company achieved a Net turnover of Rs. 580,547,399. Being an exceptional year, like to like comparison of financial numbers is less meaningful and the Profit before Taxation for the year stood at Rs.6,246,345. Profit after Taxation stood at Rs.3,983,514.

MIGRATION OF EQUITY SHARES OF VISHAL BEARINGS LIMITED FROM BSE SME PLATFORM TO BSE MAINBOARD PLATFORM:

Your Company are hereby informed that effective from Monday, May 31, 2021, the equity shares of Vishal Bearings Limited which are already listed under BSE SME Platform will now be migrated & admitted to dealings on the Mainboard Platform in the list of 'B' Group.

COVID-19:

The COVID-19 pandemic is a worldwide crisis and has meant that the economies will have to operate alongside the disease. The auto sector had already undergone considerable slowdown over the last 12-18 months due to structural changes beginning with the Goods and Services Tax, shift to Shared Mobility, Axle-load reforms, the Bharat Stage-IV (BS-IV) to Bharat Stage-VI (BS-VI) transition, Liquidity Crunch and so on. The COVID-19 lockdown has had a multiplier effect the industry has almost been at a complete stand still since 24th March. A prolonged truncation of consumer demand due to the lockdown is seen significantly affecting auto manufacturers (OEMs) revenues and cash flows.

In response, most of the companies are starving research and development (R&D) funding to sustain core operations and potentially setting back the progress made on alternate fuel and mobility technologies by 2-4 quarters. Eventually, some companies may even choose to take a strategic call to exit unprofitable markets and vehicle segments.

The Company strictly followed the guidelines issued by the local, state and central governments and also went beyond to protect the health and well-being of its workforce and ensured minimum disruption to its customers. Despite this, the sales of the Company in the first quarter were affected due to the pandemic.

The Company provided support to its employees and their families to undergo vaccination.

TRANSFER TO RESERVES:

In view of the losses incurred, no amount has been transferred to reserves during the year under review.

PUBLIC DEPOSITS:

Your Company has not accepted or renewed any deposits under Chapter V of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014, during the Financial Year 2020-2021.

LOAN FROM DIRECTORS:

During the Financial Year 2020-21, the Company has accepted loans from the directors of the Company for which the Company has received the declaration that the said loan is not from the borrowed funds.

DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL:

There were no significant and material orders passed by any Regulators or Courts or Tribunals during the financial year ended March 31, 2021, impacting the going concern status and Company's operations in future.

CHANGE IN THE NATURE OF BUSINESS:

The Company manufactures Rollers and bearings for industrial applications. There has been no change in the main nature of business activities of the Company during the financial year under review.

DIVIDEND:

During the year under review, the Company has not recommended and declared dividend by the Board of Directors.

SHARE CAPITAL:

The paid-up Equity Share Capital as at March 31, 2021 stood at Rs. 10.79 crore. During the year under review, the Company has neither issued shares with differential voting rights, nor granted stock options, nor sweat equity and none of the Directors of the Company hold any convertible instruments.

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, 2021, 100% of the share capital of the company is dematerialized.

OUTLOOK FOR THE FINANCIAL YEAR 2021-22:

The vaccination drive across the globe is a silver lining in the dark cloud despite Covid-19 and gives us strong reasons to see light at the end of the tunnel. As bearing industry's fortunes are closely linked to economic growth, the outlook is positive in the near to medium term. The long-term prospects of the company are good and promising as your Company continues to explore all the avenues to ensure growth of its business which includes deeper penetration into new and existing markets.

MATERIAL CHANGES AND COMMITMENTS:

In terms of Section 134(3)(l) of the Companies Act, 2013, there are no material changes and commitments affecting the financial position of your Company which have occurred between the close of the financial year of the Company on 31st March 2021 to which the Financial Statements relate and up to the date of this report, except a delay in completion of expansion at Waluj, as stated earlier.

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:

1.	Managing Director	**Mr. Dilipkumar Changela**
2.	Whole time director	**Mr. Hiralal Changela**
3.	Whole time director	**Mr. Vrajlal Changela**
4.	Chief Financial Officer	**Mr. Vishal Changela**
5.	Chief Executive Officer	**Mr. Divyesh Changela**
6.	Company Secretary	**Mr. Ketankumar Savaliya**

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 30th Annual General Meeting.

In accordance with provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Vrajlal Changela, Director of the Company, retires by rotation at the ensuing AGM and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (3)(c) and 134(5) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief, make the following statements that:

(a) that in the preparation of the annual accounts for the year ended 31st March 2021, the applicable accounting standards have been followed and there are no material departures from the same;

(b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2021 and the Statement of Profit and Loss of the Company for the financial year ended 31st March, 2021;

(c) the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors have prepared the annual accounts of the Company on a "Going Concern" basis;

(e) the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and

(f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that systems are adequate and operating effectively.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The Company has devised the Nomination and Remuneration Policy for the selection, appointment and remuneration of Directors, Key Managerial Personnel and remuneration of other employees including Senior Management employees who have the capacity and ability to lead the Company towards achieving sustainable development. The extract of Nomination and Remuneration Policy is provided in the Corporate Governance Report and forms part of Board's Report.

The Criteria for appointment and remuneration of Directors is as under:

a) Criteria for Appointment of Managing Director / Whole Time Director/ Director:
The Nomination and Remuneration Committee shall identify persons of integrity who possess relevant expertise and experience particularly in bearings Industry, leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

b) Criteria for Appointment of Independent Director:
The Independent Director shall be of high integrity with relevant expertise and experience to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance, and general management.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company believes that Internal Control is one of the key pillars of governance, which provides freedom to the management within a framework of appropriate checks and balances. The Company has a robust internal control framework, which has been developed considering the nature, size. and risks in the business. The Company has adequate internal control systems in place and has reasonable assurance on authorizing, recording, and reporting transactions of its operations. The Company has well-placed, proper, and adequate internal controls environment, commensurate with its size, scale, and

complexities of its operations. The Company had already developed and implemented a framework for ensuring internal controls over financial reporting. This framework includes entity level policies, processes, and operating level standard operating procedures.

Internal control systems are an integral part of your Company's Corporate Governance structure. Information Technology and processes also ensure that they mitigate the current business risks. The Company has successfully implemented ERP system & backed by necessary Bandwidth. The systems and processes are continuously improved by adopting best in class processes and automation and implementing the latest IT tools which help further for maintaining financial and commercial discipline. These have been designed to provide reasonable assurance with regard to credibility of data and compliances, inter-alia:

a) Recording and providing reliable financial and operational information;

b) Complying with the applicable statutes;

c) Safeguarding assets from unauthorized use;

d) Executing transactions with proper authorization, and ensuring compliance with corporate policies;

e) Prevention and detection of Frauds / errors;

f) Continuous updating of IT systems.

The management has assessed the effectiveness of the Company's internal control over financial reporting as of 31st March 2021.

Your Company has assessed the effectiveness of internal financial controls of the Company. Their assessment was based on an internal audit plan, which was reviewed in consultation with the Audit Committee and is found to be quite adequate.

The Audit Committee reviewed the activities. Based on their evaluation (as defined in section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations, 2015), the Company's Audit Committee has concluded that, as of 31st March, 2021, the Company's internal financial controls were adequate and operating effectively.

HUMAN RESOURCE:

With a vibrant team of 172 employees as on 31st March 2021, your Company believes that employees are instrumental in its progress. In Company, they work towards its goal of building the 3s of the organization i.e., sustainable, smarter, and safer. Your Company believes in a culture of inclusion, trust, skill development, empowerment, and development for its employees. Your Company continues to invest significantly in building a culture of coaching and mentoring and further aims to make coaching, mentoring and communication ability the foundation of its leadership style which further helps the Company and its workforce to keep pace with the changing world. Your Company believes the fact that your organization is only as good as its employees. Your Company considers its human resources as its biggest asset and believes in People at the heart of its Human resource strategy which set the Company apart from Company's peers. Your Company believes that employees continuously strive to make the organization as inclusive as possible. Your Company has established an organization structure that is agile and focused on delivering business results. With regular communication and sustained efforts, it is ensuring that employees are aligned on common objectives and have the right information on business evolution. Your Company endeavours to provide employees with all the support, resources, and incentives. Your Company ensures that young talent is nurtured and mentored consistently, that rewards and recognition are commensurate with performance and that employees have the opportunity to develop and grow. Your Company strongly believes in fostering a culture of trust and mutual respect in all its employees and seeks to ensure that Company's values and principles