

Vishal Bearings Limited

**31st Annual Report
2021-2022**



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 Officer

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

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31st Annual General Meeting

31st ANNUAL GENERAL MEETING On Friday, September 30, 2022 at 04:00 PM at the Registered office of the Company

Dear shareholders,

I am delighted to share that Your Company recorded a robust performance in terms of revenue, as well as profitability, despite a challenging business environment.

Our total revenue grew by ₹10,817.44 Lacs in FY 2021-22 from ₹5,771.37 in FY 2020-21 and PAT increased to ₹941.39 Lacs from ₹61.85. Our ongoing efforts on process improvements, cost reduction, and revenue enhancement measures, have contributed to business growth and delivered a healthy profit.

Industry landscape

The auto component industry showed a recovery in revenue growth, increasing by 13–15% for 2021–2022, driven by demand from domestic OEMs, parts replacement, and export markets, as well as via passing through high commodity prices to end-customers. Despite the overall low automobile sales during the year, largely on account of the semiconductor shortage and global supply chain disruptions, the industry showcased significant rebound. The Commercial Vehicles segment has witnessed strong growth in sales, as the construction and infrastructure sectors picked up pace.

Strategic priorities

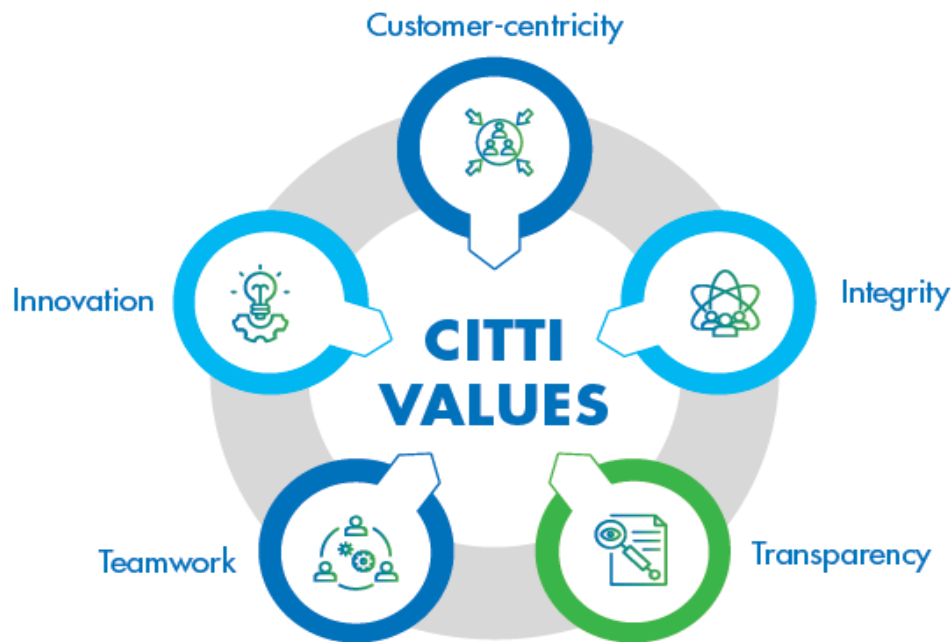
We have devised a clear strategy to maintain the growth momentum to sustain our market leadership. As per our mission 2025 strategy, we continue to focus on enhancing revenue and profit by increasing market share, cost control measures, driving operational excellence, strengthening workforce, and developing new products. We always prioritized exceeding customer expectations and creating high customer value by providing high quality products with improved performance.

Our people are the driving force behind the progress and growth of our business. It is their tireless efforts and perseverance that enabled us to record a strong performance

Regards,

Hiralal Changela
Chairman

On behalf of the Board, I would like to thank all our stakeholders including customers, suppliers, investors, shareholders, and governments for their continued trust and support. I would also like to extend my deepest gratitude to our people for their contributions to our progress in a dynamic business environment.



“We have to fine-tune our strategic concept with 5 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.”

Manufacturing Excellence	Value-Added Offerings
Wide and Diversified Product Suite	Management Vision
Operational and Cost Efficiencies	People Capabilities
Distribution Network	Sustainability Focus
Aftermarket Proposition	Quality Thrust

WE HAVE, OVER THE YEARS, PROGRESSIVELY ENHANCED OUR FOCUS ON LEAN DESIGN AND CONTINUOUS IMPROVEMENT IN PRODUCT PERFORMANCE, BACKED BY COST-COMPETITIVENESS, RELIABILITY AND QUALITY.

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

Your directors are pleased to present the **31st Annual Report of Vishal bearings Limited (the "Company")** along with the audited Financial Statements for the financial year ended 31st March 2022 has been referred to wherever required.

FINANCIAL SUMMARY AND HIGHLIGHTS

A summary of the Company's financial results for the Financial Year 2021-2022 is as under:

Financial Particulars	For the year ended March 31	
	2022 (In Lacs)	2021 (In Lacs)
Revenue from operations	10817.44	5771.37
Other Incomes	100.42	34.10
Total revenues	10917.86	5805.47
Cost of Material consumed	6565.31	3584.20
Changes in Inventory	107.79	(37.40)
Employee Benefit expense	1194.61	776.35
Finance Costs	304.72	248.60
Depreciation and amortization expense	367.43	365.40
Other expenses	1436.60	805.86
Total Expenses	9976.47	5743.014
Profit before tax	941.39	62.46
Tax expense	264.98	22.63
Profit for the year	676.41	39.84

OPERATIONAL OVERVIEW

The financial statements for the year ended March 31, 2022, 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.

The total revenues for the financial year under review was ₹10917.86 as against ₹5805.47 Lacs for the previous financial year. The Profit was ₹676.41 for the financial year under review, as against ₹39.84 for the previous financial year.

IMPACT OF COVID-19

The impact of COVID-19 pandemic on the overall economic environment has receded to a great extent. Your company is consciously exploring and evaluating various opportunities that are arising in the new economic scenario.

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 2021-2022.

TRANSFER TO RESERVES

In view of the profit incurred, such amount has been transferred to reserves during the 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 of March 31, 2022, 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.

LISTING

The equity shares of the Company are listed with BSE Limited. There are no arrears on account of payment of listing fees to the Stock Exchanges.

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, 2022, 100% of the share capital of the company is dematerialized.

MATERIAL CHANGES AND COMMITMENTS

In terms of Section 134(3)(I) of the Companies Act, 2013, the Company listed under BSE SME Platform were migrated and admitted to dealings on the Mainboard Platform of BSE in the list of "B" Group w.e.f. 31st May 2021 vide BSE Notice No. 20210527-5 dated 27th May 2021.

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 2022.

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>Mr. Dilipkumar Changela</u>
<u>2.</u>	<u>Whole time director</u>	<u>Mr. Hiralal Changela</u>
<u>3.</u>	<u>Whole time director</u>	<u>Mr. Vrajlal Changela</u>
<u>4.</u>	<u>Chief Financial Officer</u>	<u>Mr. Vishal Changela</u>
<u>5.</u>	<u>Chief Executive Officer</u>	<u>Mr. Divyesh Changela</u>
<u>6.</u>	<u>Company Secretary</u>	<u>Mr. Ketankumar Savaliya</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 31st Annual General Meeting.

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

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence and that there has been no change in the circumstances which may affect their status as independent director during the year as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015.

Further the names of the Independent Directors of the Company have been included in the Data bank maintained by the Indian Institute of Corporate Affairs of Independent directors as per the provisions of the Companies Act, 2013 and the rules made thereunder.

BOARD EVALUATION

The Companies Act, 2013 states that a formal Annual Evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates that the Board shall monitor and review the Board evaluation framework. Pursuant to these provisions, the Company has developed a framework for the Board evaluation. The framework includes evaluation on various parameters such as information flow, Board dynamics, decision making, company performance and strategy, Board and committee's effectiveness and peer evaluation.

The evaluation of all the Directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board.

During the year 2021-22, Directors met, discussed, and reviewed the below:

- Performance of Non-Independent Directors
- Performance of the Chairman
- Performance of the Board Committees
- Discussed on the quality, quantity and timeliness of flow of information between the Company management and the Board Members.
- Overall performance of the Company.

The Nomination and Remuneration Committee is responsible for the formulation of criteria for evaluation.

FAMILIARISATION PROGRAM FOR THE BOARD MEMBERS

Your Company has in place a structured induction and familiarisation program for all its directors including Independent Directors and new appointee(s) to the Board. Through such programs, the Directors are briefed on the background of your Company, their roles, rights, responsibilities, nature of the industry in which it operates, business model operations, ongoing events etc.

The Board members are provided with the necessary documents, brochures, reports and internal policies to enable them to familiarise with the Company's procedure and practice.

Periodic presentations are made at the Board Meetings, Board Committee Meetings and Independent Directors Meetings on business and overall performance updates of the Company, business strategy and risk involved.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, your Directors make the following statements:

- (a) in the preparation of the annual accounts for the year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures if any;
- (b) we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2022 and of the profit of the company for the year ended on that date;
- (c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; the Directors have prepared the annual accounts of the Company on a "Going Concern" basis;
- (d) we have prepared the annual accounts on a going concern basis;
- (e) we have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- (f) we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

MEETINGS OF THE BOARD

The Meetings of the Board and Committees are pre-scheduled, and a tentative calendar of the meetings finalized in consultation with the Directors is circulated to them in advance to facilitate them to plan their schedule. In case of special and urgent business needs, approval is taken by passing resolutions through circulation. During FY21-22, six (6) Board Meetings were held. Other details including the composition of the Board and various Committees and Meetings thereof held in FY21-22 are given in the Corporate Governance Report forming part of this Report.

MEETING OF THE INDEPENDENT DIRECTORS

During the year, one (1) Meetings of Independent Directors were held on February 12, 2022. All Independent Directors have given a declaration that they meet the criteria of Independence and in the opinion of the Board, the Independent Directors fulfill the condition of Independence as laid down under the Act and Listing Regulations.

AUDIT COMMITTEE

The Audit Committee of the Board of Directors is constituted to act in accordance with the terms of reference and perform roles, as prescribed under the Act and Listing Regulations. The composition of the Audit Committee, its terms of reference, roles and details of Meetings convened and held during the year under review is given in the Corporate Governance Report forming part of this Report.

During the year under review, all the recommendations of the Audit Committee were accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is constituted to act in accordance with the terms of reference and perform roles, as prescribed under the Act and Listing Regulations. The composition of the Nomination and Remuneration Committee, its terms of reference, roles and details of Meetings convened and held during the year under review is given in the Corporate Governance Report forming a part of this Report.

SHAREHOLDER'/INVESTORS RELATIONSHIP COMMITTEE

The Company has in place a Shareholder/Investors Relationship Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder and Regulation 20 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Composition of Shareholder'/Investors Relationship Committee is given in Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has in place a Corporate Social Responsibility Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made there under and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Composition of Corporate Social Responsibility Committee is given in Corporate Governance Report.

VBL firmly believes in growing the business in a socially and environmentally responsible way while meeting the interests of all its stakeholders. Our Company is committed to improving the lives of the community it works with and reducing impact of its operations on the environment it draws its resources from.

INTERNAL FINANCIAL CONTROLS

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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 disclosures.

During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

STATUTORY AUDITORS

Pursuant to section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. SVK & Associates, Chartered Accountants, (Firm Registration No. 118564W) re- appointed as Statutory Auditor of the company to hold office for second term of the five years. Pursuant to amendments in Section 139 of the Companies Act, 2013, the requirements to place the matter relating to such appointment for ratification by members at every AGM, is not required. The Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report do not contain any qualification, reservation, adverse remark, or disclaimer.

INTERNAL AUDIT

The Board has appointed M/s. P. Ghanshyam & Co., Chartered Accountants as Internal Auditors for a period of 1 (One) year for Financial Year 2021-22 under Section 138 of the Companies Act, 2013 and they have completed the Internal Audit as per the scope as defined by the Audit Committee.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. K. P. Ghelani & Associates, Practicing Company Secretaries, to conduct Secretarial Audit for the financial year 2021-22 as required by Section 204 of the Companies Act, 2013 and rules made thereunder. The Company provided all assistance and facilities to the Secretarial Auditors for conducting their audit. M/s. K. P. Ghelani & Associates has also conducted the Annual Secretarial Compliance pursuant to Listing Regulations, 2015. The Secretarial Audit Report for the financial year ended 31st March 2022 is annexed herewith.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report.

COST AUDITOR

pursuant to section 148(3) of the Companies Act, 2013 and rule 6(2) of the Companies (Cost records and Audit Rules) 2014 M/s. M.C. Bambhroliya & Associates (Mem. No. 33005) be and are hereby appointed as the Cost Auditors of the company to conduct audit of cost records made and maintained by the company for financial year 2022-2023.

AUDITOR'S QUALIFICATION

There are no qualifications in the reports of the Statutory Auditors and Secretarial Auditor. There was no instance of fraud during the year under review, which is required to be reported by Statutory Auditors in their reports as mentioned under sub-section (12) of Section 143 of the Act.

MAINTENANCE COST RECORDS AND COST AUDIT

In terms of Section 148 of the Companies Act, 2013 read with Rule 5 of Companies (Cost Records and Audit) Rules, 2014, ("Cost Records Rules") as amended from time to time, the Company maintained its Cost Records on regular basis in such manner which facilitates the calculation as may be prescribed by the Rules.

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of section 148(1) of the Companies Act, 2013 are applicable for the business activities carried out by the Company. Your company has not applied to cost audit during the financial year FY 2021-22.

CORPORATE GOVERNANCE

Corporate Governance is about maximizing the value and to ensure fairness to all its shareholders. Your Company is renowned for its exemplary governance standards and believes that sound corporate governance is critical to enhance and retain investor trust. Your Company ensures that performance is driven by integrity.

The Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 have strengthened the governance regime in the country and your Company is in compliance with the governance requirements provided under the law both in letter and spirit. The Board also exercises its fiduciary responsibilities in the widest sense of the term.

Your Company has in place all the statutory committees required under the law. Details of the Board Committees along with their terms of reference, composition and meeting of the Board and its Committees held during the year are provided in the Corporate Governance Report which is presented in a separate section forming part of the Annual Report.

A Certificate from CS. Keyur Ghelani, Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Regulation