

A Glorious Journey of.....



**VISHAL BEARINGS LIMITED**

**25<sup>th</sup>  
Annual  
Report  
2015-2016**

## CHAIRMAN'S STATEMENT

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*"Growth is never by mere chance; it is the result of forces working together."*

*- James Cash Penney*

**Dear Stakeholders,**

On behalf of the Board and management, we would like to thank you for your continued support in 2015-16.

It is a matter of great pride and satisfaction upon completing 25 years of our business operations. The distinction recognizes us amongst handful of companies in the country to have reached such a milestone. We wear the distinction with humility and look forward towards building happy communities and a sustainable future.

This year will be remembered as a pivotal one in the History of the company, as the company come out with an Initial Public Offering of 12,96,000 Equity Shares of Face Value of Rs. 10/- Each at a Cash Price of Rs. 25/- each (premium of Rs. 15/- Each) and Listed its shares at the Bombay Stock Exchange (SME Platform).

Today, we are steady and solid. We enjoyed the ride during the year, supported by our strategies in play foray into newer geographies, capacity expansion, technological advancements and stronger brand visibility. With a continuous focus on innovation and quality, we are travelling faster than ever before countering headwinds and seizing opportunities.

Thank you to partners, customers, vendors, lenders and bankers for reposing their faith in us, employees for their resolve and unstinted devotion, our Members on the Board for their wisdom and continuous support and you, our shareholders for reposing trust & faith.

Thank you for your support for over last 25 years and we hope you continue your association with us forever.

**Best Wishes,**

**Dilipkumar Changela**  
**Chairman & Managing Director**

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## CORPORATE INFORMATION

|   |   |  |  |
|---|---|--|--|
| <p><b>BOARD OF DIRECTOR</b></p> <p><b>Dilipkumar Changela</b><br/><i>Chairman and Managing Director</i></p> <p><b>Hiralal Changela</b><br/><i>Whole time Director</i></p> <p><b>Vrajlal Changela</b><br/><i>Whole time director</i></p> <p><b>Niteshkumar Patel</b><br/><i>Independent director</i></p> <p><b>Rakesh Savani</b><br/><i>Independent director</i></p> <p><b>Urja Ghetiya</b><br/><i>Independent director</i></p> <p><b>Vishal Changela</b><br/><i>Chief financial officer</i></p> <p><b>Divyesh Changela</b><br/><i>Chief operating officer</i></p> | <p><b>REGISTERED OFFICE</b><br/>Survey No. 22/1, Plot No.1,<br/>Shapar Main Road, Shapar (Veraval)<br/>Rajkot – 360 024, GUJARAT<br/>Tel: +91-2827-252273<br/>Email: <a href="mailto:compliance@vishalbearings.com">compliance@vishalbearings.com</a><br/>Website: <a href="http://www.vishalbearings.com">www.vishalbearings.com</a></p>   |  |  |
|   | <p><b>STATUTORY AUDITOR</b><br/>M/s. SVK &amp; Associates<br/>Chartered Accountant<br/>Ahmedabad</p>  |  |  |
|   | <p><b>INTERNAL AUDITOR</b><br/>Mayur Raiyani<br/>Chartered Accountant<br/>Rajkot</p>  |  |  |
|   | <p><b>COMPANY SECRETARY AND COMPLIANCE OFFICER</b><br/>Ms. Dimpi Sampat</p>   |  |  |
|   | <table border="1"> <tr> <td data-bbox="821 1133 1157 1350"> <p><b>BANKER</b><br/>Kotak Mahindra Bank<br/>HDFC Bank<br/>State Bank of India</p> </td> <td data-bbox="1157 1133 1477 1350"> <p><b>STOCK EXCHANGE</b><br/>BSE Limited<br/>Phiroze Jeejeebhoy<br/>Towers,<br/>Dalal Street, Fort,<br/>Mumbai – 400 001</p> </td> </tr> </table> | <p><b>BANKER</b><br/>Kotak Mahindra Bank<br/>HDFC Bank<br/>State Bank of India</p> | <p><b>STOCK EXCHANGE</b><br/>BSE Limited<br/>Phiroze Jeejeebhoy<br/>Towers,<br/>Dalal Street, Fort,<br/>Mumbai – 400 001</p> |
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| <p><b>AUDIT COMMITTEE</b><br/>Mr. Rakesh Savani – Chairman<br/>Ms. Urja Ghetiya - Member<br/>Mr. Vrajlal Changela – Member</p>  | <p><b>REGISTRAR &amp; SHARE TRANSFER AGENT</b><br/>Karvy Computershare Private Limited<br/>Corporate Office: Karvy Selenium Tower B,<br/>Plot No. 31 &amp; 32, Financial District,<br/>Nanakramguda, Gachibowli,<br/>Hyderabad – 500 032, Telengana, India,<br/>Tel: +91-40-67162222, 33211000,</p>   |  |  |
| <p><b>NOMINATION AND REMUNERATION COMMITTEE</b><br/>Mr. Rakesh Savani – Chairman<br/>Ms. Urja Ghetiya - Member<br/>Mr. Niteshkumar Patel – Member</p>   | <p><b>SHAREHOLDER RELATIONSHIP COMMITTEE</b><br/>Ms. Urja Ghetiya - Chairman<br/>Mr. Rakesh Savani – Member<br/>Mr. Dilipkumar Changela- Member</p>   |  |  |

## JOURNEY ACROSS THE YEARS

### 1991

- Vishal Bearings was incorporated as a company on 24th July, 1991 under the Companies Act, 1956
- To Purchase of land bearing Unit No. 1, Survey No. 22/1, KotdaSangani Taluka, Shapar Village for setting up of our factory

### 2006

Expansion of factory by setting up of new plant on Unit No. 2 & 3 Shapar, Veraval taken on lease basis by the Company

### 2010

Purchase of Land Bearing Plot No. 2 and 3 by the Company

### 2011

Ventured into wind mill by installing wind turbine generator and commissioned 0.250MW capacity.

### 2014

Recognised for Environmental Management System with ISO 14001:2004 for manufacturing of Bearing Rollers by United Registrar of System (URSII) Certification.

### 2015

- Recognized for Health and Safety Management System with OHSAS 18001:2007 by United Registrar of System (—URSII) Certification.
- Recognised for its quality Management System with ISO/TS 9001:2008 for manufacturing of Bearing Rollers by United Registrar of System (URSII) Certification.
- Recognised for its quality Management System with ISO/TS 16949:2009 for manufacturing of Bearing Rollers by United Registrar of System (URSII) Certification.
- Identified as direct online supplier by NBC Bearings Limited
- Conversion into Public Limited Company
- Vishal Bearings come out with an Initial Public Offering and Listed in BSE (SME Platform)

**A little step may be the beginning of a great journey.....**

**PRODUCT OVERVIEW**



## FIVE YEAR HIGHLIGHTS

|            |   | (₹ in lacs)    |         |         |         |         |
|------------|---|----------------|---------|---------|---------|---------|
|            |   | 2015-16        | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
| <b>I</b>   | <b>CAPITAL ACCOUNTS</b>                     |                |         |         |         |         |
| A          | Share capital                               | <b>479.60</b>  | 25.00   | 25.00   | 25.00   | 25.00   |
| B          | Reserves                                    | <b>333.19</b>  | 429.33  | 254.70  | 220.58  | 125.56  |
| C          | Money received against convertible Warrants | <b>0</b>       | 0       | 0       | 0       | 0       |
| D          | Shareholders' Funds (A+B+C)                 | <b>812.78</b>  | 454.33  | 279.7   | 245.58  | 150.56  |
| E          | Borrowings                                  | <b>1550.98</b> | 1486.60 | 1187.75 | 1083.70 | 1005.48 |
| F          | Deferred Tax Liability (Net)                | <b>70.50</b>   | 62.39   | 51.18   | 52.88   | 47.75   |
| G          | Capital Employed (D+E+F)                    | <b>2434.26</b> | 2000.67 | 1518.63 | 1382.16 | 1203.79 |
| <b>II</b>  | <b>REVENUE ACCOUNTS</b>                     |                |         |         |         |         |
| A          | Gross revenue                               | <b>2314.60</b> | 2720.00 | 2109.46 | 1861.01 | 1608.29 |
| B          | Profit/Loss before Tax                      | <b>54.30</b>   | 249.42  | 213.65  | 146.70  | 15.64   |
|            | % of gross revenue                          | <b>2.34</b>    | 9.17    | 10.98   | 7.88    | 0.97    |
| C          | exceptional item                            | <b>0</b>       | 0       | 0       | 0       | 0       |
| D          | Profit/Loss after Tax                       | <b>34.45</b>   | 174.01  | 151.12  | 94.57   | 105.84  |
|            | % of gross revenue                          | <b>1.48</b>    | 6.40    | 7.16    | 5.08    | 6.58    |
| <b>III</b> | <b>EQUITY SHAREHOLDERS' EARNINGS</b>        |                |         |         |         |         |
| A          | Earnings per share                          | <b>0.72</b>    | 696.04  | 604.48  | 378.29  | 423.37  |

\*\* Face Value of Equity Share - ₹ 10/-

**NOTICE IS HEREBY GIVEN THAT THE 25<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF VISHAL BEARINGS LIMITED WILL BE HELD ON WEDNESDAY, AUGUST 24, 2016 AT 4:00 P.M. AT REGISTERED OFFICE OF THE COMPANY**

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the financial Statements of the Company for the year ended 31<sup>st</sup> March, 2016 including audited Balance Sheet and Statement of Profit & Loss alongwith Cash Flow Statement and Notes to the Accounts for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Hiralal Changela (DIN 00247292), who retires by rotation and being eligible, offers himself for re-appointment.
3. TO APPOINT STATUTORY AUDITOR OF THE COMPANY

To consider, the appointment 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 (Firm Registration No.118564W) be and hereby are appointed as Statutory Auditors of the Company to hold office from the conclusion of the this Annual General Meeting till conclusion of the next Annual General Meeting, on a remuneration plus reimbursement of out-of-pocket expenses, as may be mutually agreed to between the Board of Directors and the Auditors."

**SPECIAL BUSINESS:**

4. APPOINTMENT OF STATUTORY AUDITOR TO FILL CASUAL VACANCY

To consider 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 139(8) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions if any, M/s. SVK & Associates, Chartered Accountants, (Firm Registration No. : 118564W) be and hereby are appointed as Statutory Auditors of the Company to fill the Casual Vacancy caused by the resignation of M/s. P. Ghanshyam & Co., Chartered Accountants, (Firm Registration No. : 103153W).



**“RESOLVED FURTHER THAT** M/s. SVK & Associates, Chartered Accountants, (Firm Registration No.:118564W) be and are hereby appointed as Statutory Auditors of the Company to hold office from 26<sup>th</sup> May, 2016 until the conclusion of the 25<sup>th</sup> Annual General Meeting at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company.”

By Order of the Board of Directors  
For **VISHAL BEARINGS LIMITED**

Date: August 01, 2016  
Place: Shapar (Veraval)

Sd/-  
**DILIPKUMAR CHANGELA**  
Managing Director  
DIN: 00247302

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.

A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS UPTO AND NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING 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 PERSON OR MEMBER.

2. THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
3. Information regarding appointment / re-appointment of directors and Explanatory Statement pursuant to section 102 of the Companies Act, 2013 in respect of special businesses to be transacted at the Annual General Meeting are annexed hereto.
4. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder, and in terms of the approval given by the Board at the Board Meetings of the Company held on May 26, 2016, the auditors of the Company, M/s. SVK & Associates, Chartered Accountants are eligible to hold the office upto this Annual General Meeting, subject to the approval of members. The appointment of M/s. SVK & Associates, Chartered Accountants as auditors from the conclusion of this annual general meeting till the conclusion of the next annual general meeting along with their remuneration has been put up for the approval of members.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, August 18, 2016 to Wednesday, August 24, 2016, both days inclusive.
6. 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.
7. 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.

8. 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. 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.
15. 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.
16. 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.

17. Please note that for security reasons, no article/baggage will be allowed at the venue of the meeting.
18. Complete particulars 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>.
19. For more details on shareholders' matters, please refer to the chapter on General Shareholder Information, included in the Annual Report.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013**

**ITEM NO.4 APPOINTMENT OF STATUTORY AUDITOR TO FILL CASUAL VACANCY**

M/s. P. Ghanshyam & Co., Chartered Accountants, (Firm Registration No.: 103153W) Rajkot, vide their letter dated May 20, 2016 has resigned from the position of Statutory Auditors of the Company, resulting into a casual vacancy in the office of Statutory Auditors of the Company as envisaged by section 139(8) of the Companies Act, 2013.

The Board of Directors at its meeting held on May 26, 2016 as per the recommendation of the Audit Committee and pursuant to the provisions of section 139(8) under Companies Act, 2013, appointed M/s. SVK & Associates, Chartered Accountants (Firm Registration No. : 118564W) as the Statutory Auditors to fill the casual vacancy caused due to resignation of M/s. P. Ghanshyam & Co., Chartered Accountants, (Firm Registration No.: 103153W) Rajkot, subject to the approval by the members in 25<sup>th</sup> Annual General Meeting of the Company, at such remuneration plus out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company. The Company has received consent letter and eligibility certificate from M/s. SVK & Associates, Chartered Accountants, to act as Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in way concerned or interested, financially or otherwise, in the Resolutions at Item No: 4. The Board recommends the Resolution at Item No.: 4 for approval of the Members.

## 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 20 Years                           |
| Directorship Held in other Public Limited Company      | NA   |
| No. of Shares Held                                     | 518,000  |
| List of other companies in which Directorship are held | VIJAY FASTNERS PRIVATE LIMITED                             |
| Chairmanship or membership on other companies          | NA   |

By Order of the Board of Directors  
For **VISHAL BEARINGS LIMITED**

Date: August 01, 2016  
Place: Shapar (Veraval)

Sd/-  
**DILIPKUMAR CHANGELA**  
Managing Director  
DIN: 00247302

To  
The Members

Your Directors are pleased to present herewith the 25th Annual Report on the business and operations of your Company and the Audited Financial Statements of the Company for the year ended 31st March, 2016 together with the Auditors Report thereon.

#### FINANCIAL PERFORMANCE

| Financial Particulars                 | For the year ended March 31 |                    |
|---------------------------------------|-----------------------------|--------------------|
|                                       | 2016                        | 2015               |
| Revenue from operations               | 231,460,040                 | 272,000,414        |
| Other Incomes                         | 228,174                     | 10,831,067         |
| <b>Total revenues</b>                 | <b>231,231,866</b>          | <b>282,831,481</b> |
| Cost of Material consumed             | 127,748,689                 | 142,025,792        |
| Changes in Inventory                  | (27,083,347)                | 3,511,821          |
| Employee Benefit expense              | 44,490,176                  | 37,122,804         |
| Finance Costs                         | 16,600,474                  | 22,313,799         |
| Depreciation and amortization expense | 22,299,467                  | 16,584,734         |
| Other expenses                        | 41,746,759                  | 36,330,932         |
| <b>Total Expenses</b>                 | <b>225,802,218</b>          | <b>257,889,883</b> |
| Profit before tax                     | 5,429,648                   | 24,941,598         |
| Tax expense                           | 1,984,645                   | 14,906,776         |
| <b>Profit for the year</b>            | <b>3,445,003</b>            | <b>17,400,934</b>  |

#### PERFORMANCE REVIEW

During the year under review, your Company has achieved total revenue of Rs. 231,231,866/- as against Rs. 282,831,481/- in the previous year.

Profit before tax during the year worked out to Rs. 5,429,648 as compared to Rs. 24,941,598 in the previous year.

#### SUB-DIVISION OF SHARES

During the year under review, the Company has sub-divide its Equity Share of the Company having Face value of Rs.100/- (Rupees Hundred only) each into 10(Ten) Equity Shares of Face value of Rs. 10/- (Rupee Ten only) each fully paid-up and consequently, the Authorized Share Capital of the Company of Rs. 2,500,000/- (Rupees Twenty-Five Lakh only) would comprise of 250,000 (Two Lakh Fifty Thousand) Equity Shares of Rs. 10/- (Rupee Ten only) each.

**INCREASE IN AUTHORISED SHARE CAPITAL**

During the year under review, the Authorised Share Capital of the Company was increased from Rs. 25,00,000 (Rupees Twenty Five Lakhs Only) consisting of 2,50,000 Equity shares of Rs. 10 Each to Rs. 5,00,00,000 (Rupees Five Crore Only) consisting of 50,00,000 Equity shares of Rs. 10 Each.

**BONUS ISSUE**

During the year under review, the Company made a bonus allotment of 32,50,000 bonus shares of face value of Rs. 10/- each in ratio of 1:13 (i.e. thirteen equity shares for every one equity share already held) to the Members on May 30, 2015, by capitalizing a part of the reserves.

**DIVIDEND**

In view of requirement of financial resources and considering the future requirements of funds, your directors are unable to recommend any Dividend for the year ended on March 31, 2016.

**CONVERSION OF COMPANY INTO A PUBLIC LIMITED COMPANY**

During the year under review, the company was converted into a public limited company and the name of the company has been changed to "VISHAL BEARINGS LIMITED". Pursuant to conversion, issue of fresh certificate of incorporation dated June 05, 2015.

**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, 2016, 100% of the share capital of the company is dematerialized.

**INITIAL PUBLIC OFFERING AND LISTING OF SHARES ON BSE (SME PLATFORM)**

During the year under review, company has come out with an Initial Public Offering of Rs. 12,96,000 Equity shares of the Face Value of Rs. 10 Each for cash at a price of Rs. 25/- per share (including a share premium of Rs. 15/- each).

The Company's shares are listed with the Bombay Stock Exchange (BSE SME) with effect from October 15, 2015, pursuant its initial public offering (IPO). The company has paid its Listing fees for the year 2016-17.

**UNIFORM LISTING AGREEMENT**

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for

different segments of capital markets to ensure better enforceability. The said regulators were effective December 1, 2015. Accordingly, all listed entities were required to enter into the Uniform Listing Agreement within the six months from the effective date. The Company entered into Listing Agreement with BSE (SME Platform) Limited.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Board of Directors of the Company at its meeting held on May 02, 2015 confirmed and approved the appointment of the following as "Key Managerial Personnel" pursuant to the provisions of Section 203 of the Companies Act, 2013:

- Mr. Dilipkumar Changela, Chairman and Managing Director
- Mr. Hiralal Changela, whole time director
- Mr. Vrajlal Changela, whole time director
- Mr. Vishal Changela, Chief Financial Officer

The members at its Meeting held on May 28, 2015, had appointed Mr. Rakesh Savani, Mr. Niteshkumar Patel and Ms. Urja Ghetiya as Independent Directors of the Company for a Period of five consecutive years. The Company has received declarations from all Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Act and Clause 49 of the Listing Agreement.

The Board of Directors of the Company at its meeting held on May 30, 2015 confirmed and approved the appointment of the following as "Key Managerial Personnel" pursuant to the provisions of Section 203 of the Companies Act, 2013:

- Ms. Dimpi Sampat, Company Secretary

Necessary resolutions for the re-appointment or Change of Designation of the aforesaid Directors have been included in the Notice convening the ensuing EGM and details of the proposal for re-appointment are mentioned in the Explanatory Statement to the Notice.

**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.

**EVALUATION OF THE BOARD'S PERFORMANCE**

In compliance with the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, mandate that the



Board evaluation framework. The framework includes the evaluation of directors on various parameters such as:

- Board dynamics and relationships
- Information flows
- Decision-making
- Relationship with stakeholders
- Company performance and strategy
- Tracking Board and Committees' effectiveness
- Peer 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. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the *Corporate Governance report*. The Board approved the evaluation results as collated by the nomination and remuneration committee.

#### **AUDIT COMMITTEE**

The Audit Committee comprises of Sh. Rakesh Savani as Chairman and Sh. Urja Ghetiya and Sh. Vrajlal Changela as members. The details of term of reference of the Audit Committee member, dates of meeting held and attendance of the Directors are given separately in the Corporate Governance Report.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee comprises of Sh. Rakesh Savani as Chairman and Sh. Urja Ghetiya and Sh. Niteshkumar Patel as members. The details of term of reference of the Committee member, dates of meeting held and attendance of the Directors are given in the Corporate Governance Report.

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

The Shareholder'/Investors Relationship Committee comprises of Sh. Urja Ghetiya as Chairman and Sh. Rakesh Savani and Sh. Dilipkumar Changela as members. The details of term of reference of the Committee member, dates of meeting held and attendance of the Directors are given separately in the Corporate Governance Report.

#### **MEETINGS**

During the year under review, the Board Meetings convened and held, the details of which are given in the Corporate Governance Report.

**CODE OF CONDUCT**

Directors, Key Managerial Personnel and senior management of the Company have confirmed compliance with the Code of Conduct applicable to the Directors and employees of the Company and the declaration in this regard made by the Whole Time Director is attached as **Annexure 'I'** which forms a part of this Report of the Directors.

**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**

The Company has adequate internal control systems and procedures designed to effectively control the operations at its Head Office, Plants and Depots. The internal control systems are designed to ensure that the financial and other records are reliable for the preparation of financial statements and for maintaining assets. The Company has well designed Standard Operating Procedures. Independent Internal Auditors conduct audit covering a wide range of operational matters and ensure compliance with specified standards. Planned periodic reviews are carried out by Internal Audit. The findings of Internal Audit are reviewed by the top management and by the Audit Committee of the Board of Directors.

Based on the deliberations with Statutory Auditors to ascertain their views on the financial statements including the Financial Reporting System and Compliance to Accounting Policies and Procedures, the Audit Committee was satisfied with the adequacy and effectiveness of the Internal Controls and Systems followed by the company.

**VIGIL MECHANISM**

The Company has established a Whistle – Blower Policy to encourage and facilitate employees to report genuine concerns about unethical behaviors, actual / suspected frauds and violations of company's code of conduct or ethical Policy. The Whistle – Blower Policy provides for (a) adequate safeguards against victimization of persons who use the Vigil Mechanism; and (b) direct access to the Chairperson of the Audit Committee of the Board of Directors of the Company in appropriate or exceptional cases. The Audit Committee of the company oversees the implantation of the Whistler – Blower Policy.

**DISCLOSURE AS PER THE SEXUAL HARRASMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year 2015-2016, no complaints were received by the Company related to sexual harassment.

**AUDITORS**

M/s P. Ghanshyam & Co., Chartered Accountants, Statutory Auditors of the Company has resigned from the company w.e.f. May 20, 2016.

M/s. SVK & Associates, Chartered Accountants, Statutory Auditors of the Company hold office upto the conclusion of this Annual General Meeting, who were appointed in the Board Meeting due to causal vacancy to hold office on May 26, 2016 until the conclusion of this AGM. Your company seeks re-appointment of Statutory Auditors at the ensuing Annual General Meeting.

There are no qualifications or reservation or remarks made by the Auditors in their Report.

**INTERNAL AUDIT**

A Internal Audit was conducted during the year by the Internal Auditor Mr. Mayur Raiyani, Chartered Accountants, appointed as Internal Auditor for the year 2015-16.

**SECRETARIAL AUDIT**

A Secretarial Audit was conducted during the year by the Secretarial Auditor M/s. K. P. Ghelani & Associates, Practicing Company Secretaries. The Secretarial Auditors Report is attached as **Annexure 'VI'**.

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

**CORPORATE SOCIAL RESPONSIBILITY**

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.

**PARTICULARS OF EMPLOYEES**

Information in accordance with the provisions of Section 134(3)(q) and Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, regarding employees is given in **Annexure 'II'**.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are given in the notes to the Financial Statements.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

The particulars required to be furnished under Section 134(3)(m) of the Companies Act, 2013 read with Companies (Disclosure of particulars of Board of Directors) Rules, 1988 are set out in **Annexure 'III'**, which forms part of the report.

**RELATED PARTY TRANSACTIONS**

In line with the requirements of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Policy on Related Party Transactions. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. All Related Party Transactions are placed before the Audit Committee for review and approval.

Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length. All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis.

The particulars of the every contract or 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 arm's length transactions under third proviso thereto is disclosed in Form No. AOC-2 annexed as **Annexure 'IV'**.

**FIXED DEPOSITS**

Your company has not accepted any fixed deposit from public and, accordingly no amount was outstanding as at the Balance Sheet date.

**SUBSIDIARIES**

The company has framed a Policy for determining Material Subsidiaries. However, the company does not have any subsidiary within the meaning of the Companies Act, 2013.

**EXTRACT OF ANNUAL RETURN**

The particulars required to be furnished under Section 134(3)(a) of the Companies Act, 2013, an extract of Annual Return as prescribed in Form No. MGT-9 is given in **Annexure 'V'**.

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

The Management Discussion and Analysis Report, as required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are already dealt with in various sections of this Report, is annexed as **Annexure 'VII'**.

**CORPORATE GOVERNANCE**

A separate report of the Board of Directors of the Company on Corporate Governance is included in the Annual Report as an integral part of this part and the Certificate from M/s K. P. Ghelani & Associates, Practicing Company Secretaries confirming compliance with the requirements of Corporate Governance as stipulated in Schedule V of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 is annexed as **Annexure "VIII" & 'IX' respectively**.

**DIRECTORS RESPONSIBILITY STATEMENT**

Your Directors wish to inform Members that the Audited Accounts containing Financial Statements for the Financial Year 2015-16 are in conformity with the requirements of the Companies Act, 2013. They believe that the Financial Statements reflect fairly, the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operation.

In terms of provisions of Section 134(3)(c) of the Companies Act, 2013, your Directors further confirm as under:

- i) That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors had 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 at the end of financial period and of profit or loss of the Company for that period;
- iii) That the Directors had taken proper and sufficient care for the 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 fraud and other irregularities;

- iv) That the Directors have prepared the annual accounts on a "going concern basis".
- v) That the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi) That the Directors had devised proper system to ensure compliance with the provision of all applicable laws and that such systems were adequate and operating effectively.

### **MATERIAL CHANGES EFFECTING FINANCIAL POSITIONS OF THE COMPANY**

No material changes have occurred and commitments made, affecting the financial position of the company, between the end of the financial year of the company and the date of this report.

There is no order passed by any regulator or court or tribunal against the company, impacting the going concern concept or future operations of the company.

### **ANNEXURES FORMING A PART OF DIRECTOR'S REPORT**

The Annexure referred to in this Report and other information which are required to be disclosed are annexed herewith and form a part of this Report:

| Annexure | Particulars   |
|----------|---|
| I        | Whole Time Director's Certificate under Schedule V Part D of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 on compliance of Code of Conduct |
| II       | Particulars of Employees under Section 134(3)(q) and Section 197(12) of the Companies Act, 2013   |
| III      | Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo  |
| IV       | Form No. AOC-2  |
| V        | Extract of the Annual Return in Form MGT-9  |
| VI       | Secretarial Audit Report  |
| VII      | Management discussion and Analysis Report   |
| VIII     | Corporate Governance Report   |
| IX       | Certificate from Practicing Company Secretary on Corporate Governance Report  |
| X        | Whole Time Director / CFO Certification   |

**APPRECIATIONS**

Your Directors wish to place on record their appreciation for the continuous support received from the Members, customers, suppliers, bankers, various statutory bodies of the Government of India and the Company's employees at all levels.

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

Date: August 01, 2016  
Place: Shapar (Veraval)

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

**ANNUAL COMPLIANCE WITH THE CODE OF CONDUCT**  
**FOR THE FINANCIAL YEAR 2015-2016**

Pursuant to the Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, I hereby confirm that the Company has received affirmations on compliance with the Code of Conduct for the financial year ended March 31, 2016 from all the Board Members and Senior Management Personnel.

For and on behalf of the Board of Directors  
**Vishal Bearings Limited**

Date: August 01, 2016  
Place: Shapar (Veraval)

Sd/-  
**Mr. Hiralal Changela**  
Whole Time Director  
DIN: 00247292



**PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3)(q) AND SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

| REQUIREMENTS OF RULE 5(1)   | DETAILS  |                                  |  |
|---|--|----------------------------------|--|
| the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;   | <b>Director</b>  | <b>During the F.Y. 2015-2016</b> |  |
|   | Mr. Dilipkumar Changela  | --                               |  |
|   | Mr. Vrajlal Changela   | --                               |  |
|   | Mr. Hiralal Changela   | --                               |  |
| The company has appointed the Managing director and whole – time director in May 11, 2015, remuneration received part of the year hence not calculated.   |  |                                  |  |
| the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;                              | <b>Director</b>  | <b>F.Y. 2015-16</b>              |  |
|   | Mr. Dilipkumar Changela  | --                               |  |
|   | Mr. Vrajlal Changela   | --                               |  |
|   | Mr. Hiralal Changela   | --                               |  |
|   | <b>Key Managerial Personnel</b>  |                                  |  |
|   | Mr. Vishal Changela – CFO  | --                               |  |
|   | Ms. Dimpri Sampat – CS   | --                               |  |
| * The remuneration paid to Non – Executive Directors which includes sitting fees is to their attendance in Board and Committee Meetings.  |  |                                  |  |
| ** The company has appointed the Managing director, whole – time director and CFO in May 11, 2015 and Company Secretary in May 30, 2015, remuneration received part of the year hence not calculated. |  |                                  |  |
| the number of permanent employees on the rolls of company;  | 170 employees as on 31.03.2016   |                                  |  |
| the explanation on the relationship between increase in remuneration and company performance;   | Increase in remuneration of key managerial personnel for the year 2016 which is partly based on the results of the Company for the year ended 31.03.2015 and partly on the individual performance. |                                  |  |
| 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 2016 which is partly based on the  |                                  |  |

|  |  |
|--|--|
|  | results of the Company for the year ended 31.03.2015 and partly on the individual performance.   |
| 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. |
| the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; | The Managing Director & Whole time director are the highest paid directors. No employee received remuneration higher than Managing Director & Whole time director.                                 |
| affirmation that the remuneration is as per the remuneration policy of the company.  | Remuneration paid during the year ended March 31, 2016 is as per the Remuneration Policy of the Company.   |

**Details of employees under section 134(3)(g) of the Companies Act, 2013**

| Name                   | Designation                  | % of equity shares | Remuneration | Date of Appointment | Total Experience   |
|------------------------|------------------------------|--------------------|--------------|---------------------|--------------------|
| Dilipkumar G, Changela | Chairman & Managing Director | 10.80              | 1,500,000    | 24.07.1991          | More than 20 Years |
| Hiralal G. Changela    | Whole time Director          | 10.80              | 1,500,000    | 24.07.1991          | More than 20 Years |
| Vrajlal G. Changela    | Whole time Director          | 10.80              | 1,500,000    | 16.10.1991          | More than 20 Years |

**INFORMATION AS PER COMPANIES [DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS] RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016**

**CONSERVATION OF ENERGY:**

The Company continues its efforts to improve methods for energy conservation and utilization by

- (1) More usage of electricity purchased from GEB.
- (2) Intensified vigil on wastage control.

| Power Consumption | Year Ended<br>31.03.2016 | Year Ended<br>31.03.2015 |
|-------------------|--------------------------|--------------------------|
| Electric Power    | Rs. 16,666,918/-         | Rs. 13,450,972/-         |

**CONSUMPTION PER UNIT OF PRODUCTION:**

The company manufactures different types of Rollers. Thus power and fuel consumption per unit of production cannot be appropriated separately.

**TECHNOLOGY ABSORPTION:**

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.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

| Particulars                             | 2015-2016 | 2014-2015     |
|---|-----------|---------------|
| Foreign Exchange earned during the year | NIL       | Rs. 477,540/- |
| Foreign Exchange outgo during the year  | NIL       | Rs. 696,886/- |

## FORM NO. AOC-2

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

Form for 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

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

There were no contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> March, 2016 which were not at arm's length basis.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

The Details of material contracts or arrangements or transactions at arm's length basis for the year ended 31<sup>st</sup> March, 2016 are as follows:

| Sr. No. | Name of Related Party and Nature of Relationship    | Nature of contracts/arrangements / transactions                                   | Duration of the contracts/ arrangements / transactions | Salient terms of the contracts or arrangements or transactions including the value, if any |
|---------|---|---|--|--|
|         | (a)   | (b)   | (c)  | (d)  |
| 1       | Virdeep Engineering Private Limited - Group Company | Sales, Transfer or purchase of products, materials, services or other obligations | Ongoing  | Rs. 2 Crore  |

| Justification for entering into such contracts or arrangements or transactions | Date(s) of approval by the Board | Amount paid as advances, if any |
|--|----------------------------------|---------------------------------|
| (e)  | (f)                              | (g)                             |
| Transactions are at arm's length in ordinary course of business                | 18.05.2015                       | Nil                             |

For and on behalf of the Board of Directors

Date: May 30, 2016  
Place: Shapar (Veraval)

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

**MGT-9  
EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31st March, 2016**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

**REGISTRATION AND OTHER DETAILS**

|  |   |
|--|---|
| <b>CIN</b>   | U29130GJ1991PLC016005   |
| <b>Registration Date</b>   | 24/07/1991  |
| <b>Name of the Company</b>   | VISHAL BEARINGS LIMITED   |
| <b>Category of the Company</b>                                     | Company limited by shares / Indian Non-Government Company   |
| <b>Address of the Registered Office with contact Details</b>       | SURVEY NO 22/1, PLOT NO 1,<br>SHAPAR MAIN ROAD,<br>SHAPAR (VERAVAL)<br>RAJKOT - 360 002 (GUJARAT)<br>Tel: +91-2827-252273<br>Email: <a href="mailto:compliance@vishalbearings.com">compliance@vishalbearings.com</a><br>Website: <a href="http://www.vishalbearings.com">www.vishalbearings.com</a> |
| <b>Whether listed Company</b>                                      | Yes   |
| <b>Name, Address and Contact details of Registrar and Transfer</b> | Karvy Computershare Private Limited<br>Karvy Selenium Tower B, Plot No. 31 & 32,<br>Financial District, Nanakramguda, Gachibowli,<br>Hyderabad - 500 032,<br>Telangana, India,<br>Tel: +91-40-67162222, 33211000,   |

**PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

| Sl. No. | 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                                |

**PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

The company has framed a Policy for determining Material Subsidiaries. However, the company does not have any subsidiary within the meaning of the Companies Act, 2013.



|  |          |              |              |            |                |          |                |               |              |
|--|----------|--------------|--------------|------------|----------------|----------|----------------|---------------|--------------|
| Other (specify)  | 0        | 0            | 0            | 0          | 0              | 0        | 0              | 0             | 0            |
| <b>Sub-Total (B) (1)</b>   | <b>0</b> | <b>0</b>     | <b>0</b>     | <b>0</b>   | <b>0</b>       | <b>0</b> | <b>0</b>       | <b>0</b>      | <b>0</b>     |
| <b>(2) Non- Institutions</b>   |          |              |              |            |                |          |                |               |              |
| i) Bodies Corporate  |          |              |              |            |                |          |                |               |              |
| Indian   | 0        | 0            | 0            | 0          | 0              | 0        | 0              | 0             | 0            |
| Overseas   | 0        | 0            | 0            | 0          | 0              | 0        | 0              | 0             | 0            |
| ii) Individual   |          |              |              |            |                |          |                |               |              |
| Individual Shareholders holding nominal share capital upto Rs. 2 lakh  | 0        | 0            | 0            | 0          | 712840         | 0        | 712840         | 14.86         | 14.86        |
| Individual Shareholders holding nominal share capital excess Rs. 2lakh | 0        | 0            | 0            | 0          | 873180         | 0        | 873180         | 18.21         | 18.21        |
| iii) other (specify)   | 0        | 0            | 0            | 0          | 321500         | 0        | 321500         | 6.70          | 6.70         |
| <b>Sub-Total (B) (2)</b>   | <b>0</b> | <b>0</b>     | <b>0</b>     | <b>0</b>   | <b>1907520</b> | <b>0</b> | <b>1907520</b> | <b>39.77</b>  | <b>39.77</b> |
| <b>Total Shareholding of Public (B)= (B)(1)+(B)(2)</b>                 | <b>0</b> | <b>0</b>     | <b>0</b>     | <b>0</b>   | <b>1907520</b> | <b>0</b> | <b>1907520</b> | <b>39.77</b>  |              |
| <b>C. SHARES HELD CUSTODIAN FOR GDRS &amp; ADRS</b>                    |          |              |              |            |                |          |                |               |              |
| GSRs   | 0        | 0            | 0            | 0          | 0              | 0        | 0              | 0             | 0            |
| ADRs   | 0        | 0            | 0            | 0          | 0              | 0        | 0              | 0             | 0            |
| <b>Grand Total (A+B+C)</b>   | <b>0</b> | <b>25000</b> | <b>25000</b> | <b>100</b> | <b>4796000</b> | <b>0</b> | <b>4796000</b> | <b>100.00</b> |              |

SHAREHOLDING OF PROMOTERS AS ON 31.03.2016

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year (01.04.2015) |                                  |                                       | Shareholding at the end of the year (31.03.2016) |                                  |                                       | % Change in share holding during the year |
|---------|--------------------|--|----------------------------------|---------------------------------------|--|----------------------------------|---------------------------------------|---|
|         |                    | No. of shares  | % of total shares of the Company | % of shares pledged/enumered to total | No. of shares                                    | % of total shares of the Company | % of shares pledged/enumered to total |   |
| 1       | Mr. Hiralal G.     | 1800   | 07.20                            | --                                    | 518000   | 10.80                            | --                                    | 03.60                                     |

|  |                             |      |       |    |        |       |    |       |
|--|-----------------------------|------|-------|----|--------|-------|----|-------|
|  | Changela                    |      |       |    |        |       |    |       |
| 2  | Mr. Dilipkumar G. Changela  | 1800 | 07.20 | -- | 518000 | 10.80 | -- | 03.60 |
| 3  | Mr. Vrajlal G. Changela     | 1800 | 07.20 | -- | 518000 | 10.80 | -- | 03.60 |
| 4  | Mr. Girishkumar G. Changela | 1200 | 04.80 | -- | 168000 | 03.50 | -- | 01.30 |
| <b>** Mr. Girishkumar Changela had been resigned w.e.f. 02.05.2015</b> |                             |      |       |    |        |       |    |       |

**CHANGE IN PROMOTERS' SHAREHOLDING (please specify, if there is no change)**

| Sr. No.   | Particulars                 | Shareholding at the beginning of the year |                                  | Cumulative shareholding during the year |                                  |
|---|-----------------------------|---|----------------------------------|---|----------------------------------|
|   |                             | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>At the beginning of the year</b>   |                             |   |                                  |   |                                  |
| 1   | Mr. Hiralal G. Changela     | 1800                                      | 07.20                            | 6600                                    | 26.40                            |
| 2   | Mr. Dilipkumar G. Changela  | 1800                                      | 07.20                            |   |                                  |
| 3   | Mr. Vrajlal G. Changela     | 1800                                      | 07.20                            |   |                                  |
| 4   | Mr. Girishkumar G. Changela | 1200                                      | 04.80                            |   |                                  |
| <b>Sub-divide each Equity Share Face value of Rs.100/- (Rupees Hundred only) into 10(Ten) Equity Shares of Face value of Rs. 10/- (Rupee Ten only) as on dated 02.05.2016 during the financial year</b> |                             |   |                                  |   |                                  |
| 1   | Mr. Hiralal G. Changela     | 18000                                     | 07.20                            | 66000                                   | 26.40                            |
| 2   | Mr. Dilipkumar G. Changela  | 18000                                     | 07.20                            |   |                                  |
| 3   | Mr. Vrajlal G. Changela     | 18000                                     | 07.20                            |   |                                  |
| 4   | Mr. Girishkumar G. Changela | 12000                                     | 04.80                            |   |                                  |
| <b>Share transfer as on dated 18.05.2016 during the financial Year</b>  |                             |   |                                  |   |                                  |
| 1   | Mr. Hiralal G. Changela     | 19000                                     | 07.60                            | 57000                                   | 22.80                            |
| 2   | Mr. Dilipkumar G. Changela  | 19000                                     | 07.60                            |   |                                  |
| 3   | Mr. Vrajlal G. Changela     | 19000                                     | 07.60                            |   |                                  |
| <b>Issue Bonus shares as on dated 30.05.2016 during the financial Year</b>  |                             |   |                                  |   |                                  |
| 1   | Mr. Hiralal G. Changela     | 481000                                    | 14.80                            | 1599000                                 | 49.20                            |
| 2   | Mr. Dilipkumar G. Changela  | 481000                                    | 14.80                            |   |                                  |
| 3   | Mr. Vrajlal G. Changela     | 481000                                    | 14.80                            |   |                                  |
| 4   | Mr. Girishkumar G. Changela | 156000                                    | 04.80                            |   |                                  |
| <b>At the End of the year</b>   |                             |   |                                  |   |                                  |
| 1   | Mr. Hiralal G. Changela     | 518000                                    | 10.80                            | 1722000                                 | 35.90                            |
| 2   | Mr. Dilipkumar G. Changela  | 518000                                    | 10.80                            |   |                                  |
| 3   | Mr. Vrajlal G. Changela     | 518000                                    | 10.80                            |   |                                  |
| 4   | Mr. Girishkumar G. Changela | 168000                                    | 03.50                            |   |                                  |
| <b>** Mr. Girishkumar Changela had been resigned w.e.f. 02.05.2015</b>  |                             |   |                                  |   |                                  |



**SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS AS ON 31.03.2016  
(other than Directors, Promoters and Holders of GDRs and ADRs)**

| Sr. No.   | Particulars           | Shareholding at the beginning of the year |                                  | Cumulative shareholding during the year |                                  |
|---|-----------------------|---|----------------------------------|---|----------------------------------|
|   |                       | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>At the beginning of the year</b>   |                       |   |                                  |   |                                  |
| 1   | Rambhoben Changela    | 1800                                      | 07.20                            | 14732                                   | 58.93                            |
| 2   | Jyotiben Changela     | 1800                                      | 07.20                            |   |                                  |
| 3   | Rasilaben Changela    | 1800                                      | 07.20                            |   |                                  |
| 4   | Jayshriben Changela   | 1800                                      | 07.20                            |   |                                  |
| 5   | Darshitkumar Changela | 1777                                      | 07.11                            |   |                                  |
| 6   | Vishal Changela       | 1660                                      | 06.64                            |   |                                  |
| 7   | Divyesh Changela      | 1278                                      | 05.11                            |   |                                  |
| 8   | Jaynaben Chnagela     | 1200                                      | 04.80                            |   |                                  |
| 9   | Rinkuben Changela     | 1000                                      | 04.00                            |   |                                  |
| 10  | Vijaykumar Changela   | 617                                       | 02.47                            |   |                                  |
| <b>Sub-divide each Equity Share Face value of Rs.100/- (Rupees Hundred only) into 10(Ten) Equity Shares of Face value of Rs. 10/- (Rupee Ten only) as on dated 02.05.2016 during the financial year</b> |                       |   |                                  |   |                                  |
| 1   | Rambhoben Changela    | 18000                                     | 07.20                            | 147320                                  | 58.93                            |
| 2   | Jyotiben Changela     | 18000                                     | 07.20                            |   |                                  |
| 3   | Rasilaben Changela    | 18000                                     | 07.20                            |   |                                  |
| 4   | Jayshriben Changela   | 18000                                     | 07.20                            |   |                                  |
| 5   | Darshitkumar Changela | 17770                                     | 07.11                            |   |                                  |
| 6   | Vishal Changela       | 16600                                     | 06.64                            |   |                                  |
| 7   | Divyesh Changela      | 12780                                     | 05.11                            |   |                                  |
| 8   | Jaynaben Chnagela     | 12000                                     | 04.80                            |   |                                  |
| 9   | Rinkuben Changela     | 10000                                     | 04.00                            |   |                                  |
| 10  | Vijaykumar Changela   | 6170                                      | 02.47                            |   |                                  |
| <b>Share transfer as on dated 18.05.2016 during the financial Year</b>  |                       |   |                                  |   |                                  |
| 1   | Rambhoben Changela    | 16500                                     | 28.94                            | 57000                                   | 99.98                            |
| 2   | Jyotiben Changela     | 8500                                      | 14.91                            |   |                                  |
| 3   | Rasilaben Changela    | 8500                                      | 14.91                            |   |                                  |
| 4   | Jayshriben Changela   | 8500                                      | 14.91                            |   |                                  |
| 5   | Darshitkumar Changela | 5000                                      | 08.77                            |   |                                  |
| 6   | Vishal Changela       | 5000                                      | 08.77                            |   |                                  |
| 7   | Divyesh Changela      | 5000                                      | 08.77                            |   |                                  |
| 8   | Jaynaben Chnagela     | --  | --                               |   |                                  |
| 9   | Rinkuben Changela     | --  | --                               |   |                                  |
| 10  | Vijaykumar Changela   | --  | --                               |   |                                  |
| <b>Issue Bonus shares as on dated 30.05.2016 during the financial Year</b>  |                       |   |                                  |   |                                  |
| 1   | Rambhoben Changela    | 19500                                     | 01.66                            | 1174160                                 | 99.98                            |
| 2   | Jyotiben Changela     | 123500                                    | 10.52                            |   |                                  |
| 3   | Rasilaben Changela    | 123500                                    | 10.52                            |   |                                  |
| 4   | Jayshriben Changela   | 123500                                    | 10.52                            |   |                                  |
| 5   | Darshitkumar Changela | 166010                                    | 14.14                            |   |                                  |
| 6   | Vishal Changela       | 150800                                    | 12.84                            |   |                                  |
| 7   | Divyesh Changela      | 101140                                    | 08.61                            |   |                                  |

|                               |                      |        |       |         |       |
|-------------------------------|----------------------|--------|-------|---------|-------|
| 8                             | Jaynaben Chnagela    | 156000 | 13.27 |         |       |
| 9                             | Rinkuben Changela    | 130000 | 11.07 |         |       |
| 10                            | Vijaykumar Changela  | 80210  | 06.83 |         |       |
| <b>At the End of the year</b> |                      |        |       |         |       |
| 1                             | Rambhoben Changela   | 21000  | 01.66 | 1264480 | 99.98 |
| 2                             | Jyotiben Changela    | 133000 | 10.52 |         |       |
| 3                             | Rasilaben Changela   | 133000 | 10.52 |         |       |
| 4                             | Jayshriben Changela  | 133000 | 10.52 |         |       |
| 5                             | Darshikumar Changela | 178780 | 14.14 |         |       |
| 6                             | Vishal Changela      | 162400 | 12.84 |         |       |
| 7                             | Divyesh Changela     | 108920 | 08.61 |         |       |
| 8                             | Jaynaben Chnagela    | 168000 | 13.27 |         |       |
| 9                             | Rinkuben Changela    | 140000 | 11.07 |         |       |
| 10                            | Vijaykumar Changela  | 86380  | 06.83 |         |       |

**SHAREHOLDING OF DIRECTORS AND KMP AS ON 31.03.2016**

| Sr. No.   | Particulars                 | Shareholding at the beginning of the year |                                  | Cumulative shareholding during the year |                                  |
|---|-----------------------------|---|----------------------------------|---|----------------------------------|
|   |                             | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>At the beginning of the year</b>   |                             |   |                                  |   |                                  |
| 1   | Mr. Hiralal G. Changela     | 1800                                      | 07.20                            | 8260                                    | 33.04                            |
| 2   | Mr. Dilipkumar G. Changela  | 1800                                      | 07.20                            |   |                                  |
| 3   | Mr. Vrajlal G. Changela     | 1800                                      | 07.20                            |   |                                  |
| 4   | Mr. Girishkumar G. Changela | 1200                                      | 04.80                            |   |                                  |
| 5   | Mr. Vishal Changela         | 1660                                      | 06.64                            |   |                                  |
| <b>Sub-divide each Equity Share Face value of Rs.100/- (Rupees Hundred only) into 10(Ten) Equity Shares of Face value of Rs. 10/- (Rupee Ten only) as on dated 02.05.2016 during the financial year</b> |                             |   |                                  |   |                                  |
| 1   | Mr. Hiralal G. Changela     | 18000                                     | 07.20                            | 82600                                   | 33.04                            |
| 2   | Mr. Dilipkumar G. Changela  | 18000                                     | 07.20                            |   |                                  |
| 3   | Mr. Vrajlal G. Changela     | 18000                                     | 07.20                            |   |                                  |
| 4   | Mr. Girishkumar G. Changela | 12000                                     | 04.80                            |   |                                  |
| 5   | Mr. Vishal Changela         | 16600                                     | 06.64                            |   |                                  |
| <b>Share transfer as on dated 18.05.2016 during the financial Year</b>  |                             |   |                                  |   |                                  |
| 1   | Mr. Hiralal G. Changela     | 19000                                     | 07.60                            | 57000                                   | 22.80                            |
| 2   | Mr. Dilipkumar G. Changela  | 19000                                     | 07.60                            |   |                                  |
| 3   | Mr. Vrajlal G. Changela     | 19000                                     | 07.60                            |   |                                  |
| 4   | Mr. Vishal Changela         | --  | --                               |   |                                  |
| <b>Issue Bonus shares as on dated 30.05.2016 during the financial Year</b>  |                             |   |                                  |   |                                  |
| 1   | Mr. Hiralal G. Changela     | 481000                                    | 13.74                            | 1749800                                 | 49.99                            |
| 2   | Mr. Dilipkumar G. Changela  | 481000                                    | 13.74                            |   |                                  |
| 3   | Mr. Vrajlal G. Changela     | 481000                                    | 13.74                            |   |                                  |
| 4   | Mr. Girishkumar G. Changela | 156000                                    | 04.46                            |   |                                  |
| 5   | Mr. Vishal Changela         | 150800                                    | 04.31                            |   |                                  |
| <b>At the End of the year</b>   |                             |   |                                  |   |                                  |
| 1   | Mr. Hiralal G. Changela     | 518000                                    | 10.80                            | 1884400                                 | 39.29                            |
| 2   | Mr. Dilipkumar G. Changela  | 518000                                    | 10.80                            |   |                                  |
| 3   | Mr. Vrajlal G. Changela     | 518000                                    | 10.80                            |   |                                  |

|  |                             |        |       |  |  |
|--|-----------------------------|--------|-------|--|--|
| 4  | Mr. Girishkumar G. Changela | 168000 | 03.50 |  |  |
| 5  | Mr. Vishal Changela         | 162400 | 08.62 |  |  |
| ** Mr. Girishkumar Changela had been resigned w.e.f. 02.05.2015.<br>Mr. Vishal Changela has appointed as a CFO w.e.f. 02.05.2016 |                             |        |       |  |  |

**INDEBTEDNESS**

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

|  | Secured Loans excluding deposits | Unsecured Loans | Deposit | Total Indebtedness |
|--|----------------------------------|-----------------|---------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |         |                    |
| (i) Principal Amount                                       |                                  |                 |         |                    |
| (ii) Interest due but not paid                             | 38,452,030                       | 145,037,143     | 0       | 183,489,173        |
| (iii) Interest accrued but not due                         | 0                                | 0               | 0       | 0                  |
|  | 0                                | 0               | 0       | 0                  |
| <b>Total (i+ii+iii)</b>                                    | 38,452,030                       | 145,037,143     | 0       | 183,489,173        |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |         |                    |
| • Additions  | 28,651,365                       | 7,274,267       | NIL     | 35,925,632         |
| • Reduction  | NIL                              | NIL             | NIL     | NIL                |
| <b>Change (II)</b>   | 28,651,365                       | 7,274,267       | NIL     | 35,925,632         |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |         |                    |
| (i) Principal Amount                                       | 67,103,395                       | 152,311,410     | NIL     | 219,414,805        |
| (ii) Interest due but not paid                             | NIL                              | NIL             | NIL     | NIL                |
| (iii) Interest accrued but not due                         | NIL                              | NIL             | NIL     | NIL                |
| <b>Total (i+ii+iii)</b>                                    | 67,103,395                       | 152,311,410     | NIL     | 21,9414,805        |

**REMUNERATION OF DIRECTORS AND KEY MANGERIAL PERSONNEL**

| Remuneration of Managing Director, Whole-time Directors and/or Manager |   |   |                         |                         |
|--|---|---|-------------------------|-------------------------|
| Sr. No.  | Particulars of Remuneration   | Name of Managing Director/Whole-time Director / Manager |                         |                         |
|  |   | Mr. Dilipkumar G. Changela                              | Mr. Hiralal G. Changela | Mr. Vrajlal G. Changela |
| 1  | Gross Salary  | 1,500,000   | 1,500,000               | 1,500,000               |
|  | (a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961 |   |                         |                         |

|                                    |   |                   |                  |                  |
|------------------------------------|---|-------------------|------------------|------------------|
|                                    | (b) Value of perquisites u/s 17(2) of Income Tax Act, 1961                | 0                 | 0                | 0                |
|                                    | (c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961 | 0                 | 0                | 0                |
| 2                                  | <b>Stock Option</b>   | ----              |                  |                  |
| 3                                  | <b>Sweat Equity</b>   | ----              |                  |                  |
| 4                                  | <b>Commission</b>   |                   |                  |                  |
|                                    | - As % of profit  | 0                 | 0                | 0                |
|                                    | - Other, specify  | 0                 | 0                | 0                |
| 5                                  | <b>Other, please specify</b>  | 0                 | 0                | 0                |
| <b>Total</b>                       |   | <b>1,500,000</b>  | <b>1,500,000</b> | <b>1,500,000</b> |
| Ceiling as per Companies Act, 2013 |   | 10% of Net Profit |                  |                  |

| Remuneration to other Directors    |   |                   |                       |                  |
|------------------------------------|---|-------------------|-----------------------|------------------|
| Sr. No.                            | Particulars of Remuneration   | Name of Director  |                       |                  |
|                                    |   | Mr. Rakesh Savani | Mr. Niteshkumar Patel | Ms. Urja Ghetiya |
| 1                                  | <b>Independent Director</b><br>- Fees for attending Board/Committee Meetings<br>- Commission<br>- Others, please specify              | 0<br>0            | 0<br>0                | 0<br>0           |
| 2                                  | <b>Other Non-Executive Directors</b><br>- Fees for attending Board and Committee meetings<br>- Commission<br>- Others, please specify | N.A.              |                       |                  |
| <b>Total</b>                       |   |                   |                       |                  |
| Total Managerial Remuneration      |   |                   |                       |                  |
| Ceiling as per Companies Act, 2013 |   | NA                |                       |                  |

| Remuneration of Other Key Managerial Personnel |   |                          |        |         |              |
|--|---|--------------------------|--------|---------|--------------|
| Sr. No.  | Particulars of Remuneration   | Key managerial Personnel |        |         | Total Amount |
|  |   | CEO                      | CS     | CFO     |              |
| 1  | <b>Gross Salary</b>   | 0                        | 90,000 | 900,000 | 990,000      |
|  | (a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961 |                          |        |         |              |
|  | (b) Value of perquisites u/s 17(2) of Income Tax Act, 1961                          | 0                        | 0      | 0       | 0            |
|  | (c) Profits in lieu of salary under section   | 0                        | 0      | 0       | 0            |

|       |                               |      |        |         |         |
|-------|-------------------------------|------|--------|---------|---------|
|       | 17(3) of Income Tax Act, 1961 |      |        |         |         |
| 2     | Stock Option                  | ---- |        |         |         |
| 3     | Sweat Equity                  | ---- |        |         |         |
| 4     | Commission                    | ---- |        |         |         |
|       | - As % of profit              |      |        |         |         |
|       | - Other, specify              |      |        |         |         |
| 5     | Other, please specify         | ---- |        |         |         |
| Total |                               | 0    | 90,000 | 900,000 | 990,000 |

#### PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.

For and on behalf of the Board of Directors

Date: August 01, 2016  
Place: Shapar (Veraval)

Sd/-  
Dilipkumar Changela  
Chairman & Managing Director  
DIN: 00247302

**Form No. MR-3  
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2016  
[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: U29130GJ1991PLC016005  
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, 2016 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 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 1956 & 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:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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** during the audit period there were following specific events / actions having a major bearing on company's affair in pursuance of the above – referred laws, rules, regulations, guidelines, standards, etc;

- (i) The Members of the company at their meeting held on May 11, 2015 converted the company from Private Limited to Public Limited.
- (j) The Board of Directors at their meeting held on May 30, 2015 allotted Bonus share of 32,50,000 in ratio of 13 New Fully paid up Equity shares of Rs. 10 each for every 1 Equity shares of Rs. 10 each.
- (k) The company has come out with public issue of 12,96,000 Equity shares and listed its shares at Bombay Stock Exchange (SME Platform) on October 15, 2015.

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

Date: May 30, 2016  
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: May 30, 2016  
Place: Rajkot

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

We were incorporated in the year of 1991 by our founder member, Mr. Gordhanbhai Changela and started manufacturing customized Bearing rollers in Unit I in the year 1992 in the state of Gujarat. We made further expansion by establishing Unit II in the year 1995. We are manufacturer of taper rollers, cylindrical rollers, spherical rollers and certain components of taper rollers and are one of the key players in the list of finished roller manufacturers in India. Over the years we have developed expertise and upgraded our technology by adding several automatic and imported machineries and equipment to the plant, which has helped us boost our production capacity and the quality of our products. With our quality manufacturing, we have been identified as —Direct Online Supplier II 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 checks on quality and specifications.

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. Over the years, we have also ventured into power generation business by installing wind mill in year 2010-11 at KotdaPitha in Amreli, Gujarat with a commissioned capacity of 0.25MW and is currently used for our captive consumption.

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, 2016, 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.

#### **OUR STRENGTHS**

##### **1) One of the key players of Finished cylindrical and taper roller manufacturers in India**

We are one of the key manufacturers of finished taper rollers and various types of finished cylindrical rollers and components in India, and to cater finished taper roller needs of our valuable customers. We have imported brand new machines from SEIBU JIDO KIKI Co. Ltd, Japan. We offer an extensive line of Taper & Cylindrical rollers which are available to customers across India. We believe our rollers are uniquely designed with customized geometries and engineered surfaces to provide engineering solutions for harsh and critical applications. Our products portfolio is tailor made for our customers so as to meet their specific requirements. Our manufacturing process provides us with flexibility of manufacturing smaller volumes of products at short notice. The facility deals with Bearing Steel, SAE5210 etc. using precision-grinding and heat treatment technology, to deliver a long lasting product. This facility also has an innovation centre for detailed analysis, testing, metallurgy and development of new products.

##### **2) Wide and Stable customer base**

We supply our finished rollers and products to reputed bearing manufactures and OEMs for end users in diverse industries. Our five largest customers accounted for about 92% of our total revenue for the period ended March 31, 2016. Our major customers include NRB Bearings Limited, SKF India Limited, Turbo Bearings Private Limited, Texspin Bearings Limited, NRB Industrial Bearings Limited, TIMKEN, National Engineering Industries Limited, Turbo Industries, INAPEX Pvt. Ltd.etc. Our relationships with our customers ensure that we are constantly in communication with them and enable our products to meet their exacting specifications. We believe that the strength of our relationships with our customers is attributable to our consistent performance over long periods and the emphasis that we place on catering to our customers needs, supplemented with our access to technology.

##### **3) Well Experienced Organization**

Our core management team has substantially contributed to the growth of our business operations. Our Company was incorporated in 1991 by Mr. Goradhanbhai K Changela. He has helped in developing unique and

indigenous ways to manufacture bearing rollers of the finest quality and at the optimum cost. Our Promoters Mr. Dilipkumar Changela, Mr. Hiralal Changela, and Mr. Vrajlal Changela has more than two decades of experience in this industry. Our experienced directors have in-depth knowledge of the products and industry in which we operate. Our Board and management periodically review our internal policies and business practices and have been instrumental in building our reputation in the roller bearing sector in India. We believe that our strong business practices and reputation in the industry enable us to meet the expectations of our customers. Our key management personnel are largely responsible for successful execution of day to day activities, developing new customer base and strengthening our customer relationships.

#### **4) Wide Product Range**

Our Company manufactures Taper and Cylindrical Bearing Rollers from 5 mm to 150 mm in diameter and from 5 mm to 280 mm in length whereas the Spherical Bearing Rollers from 5 mm to 60 mm in diameter and length. Due to this varying size advantage, we have been able to develop over 1,500 varieties of products for our clients as per the specifications mentioned by them. We have dedicated few lines and quantity i.e. 60,00,000 of semi-finished rollers to our customer, National Engineering Industries Limited, Jaipur (NRB Bearings Limited).

#### **5) Quality products**

Our Company believes in providing quality products to its customers and for that follows Indian as well as International quality standards for the products manufactured. Our Company is certified for quality Management System with ISO/TS16949:2009 and ISO 9001:2008 for Environmental Management System with ISO 14001:2004 and recognized for Health and Safety Management System with OHSAS 18001:2007 by United Registrar of System (—URSII) Certification. We have a separate department devoted to quality assurance with highly equipped standard room carrying all measuring equipment with latest technology. Each and every piece that leaves the manufacturing unit is being check with —Camera Based Optical Visual InspectionII machine by Vizzitec Solutions Pvt Ltd, the rejection is then reviewed again by well-equipped instruments and experienced technical persons. The defective pieces found after undergoing the quality check process are discarded. We also undertake sample check of our products based on the quality guidance prescribed by our customers. This has benefited our manufacturing process significantly in terms of reducing wastage and enabling us to demand a premium for our products. The quality checks ensure that no defective material reached the customer and

ensure reduced process rejection and reduced machine down time. We believe that our quality products have earned us a goodwill from our customers, which has resulted in customer retention and order repetition also new addition to the customer base.

#### **OUR BUSINESS STRATEGY**

**1) To enhance market share by expanding our business with more OEM"s and expanding our export business**

We intend to expand our business more with our organised customers like TIMKEN, NRB Industrial Bearings Limited, National Engineering Industries Limited, INAPEX Pvt. Ltd. etc. We are exploring more export customers by exploring more business with TIMKEN Global and others, which is having spread and reach of their distribution system as a significant strength of their business because it allows them to market and sell their products across India and globally.

**2) To continue expanding our business by including new customized products and services**

We intend to explore opportunities to expand our operations by developing new products and services within our existing lines of business. Further expanding our service offerings will help us to build on existing diversification of our business.

**3) Innovations in our products**

We have a team with experience in our industry & its related products that are constantly focusing on innovations. Our products confirm to various test requirements to meet industry standards. We generally keep upgrading our tool room and Visual inspection systems and we have also installed online gauging system on Header which is from MARPOS Company. We are also developing one Automatic Packing machine which is getting developed by Vizzitec Solutions Pvt Ltd.

**4) Optimal Utilization of Resources**

Our Company constantly endeavors to improve our production process, skill up-gradation of workers, using latest technology in machineries to optimize the utilization of resources. We regularly analyze our existing raw material procurement and manufacturing processes to identify the areas of bottlenecks and correct the same. This helps us in improving efficiency and putting resources to optimal use.

### **OUR PRODUCTS & PRODUCT RANGE**

We manufacture a wide range of Taper Rollers, Cylindrical Rollers and Spherical Rollers as under:

- Taper bearing roller
- Cylindrical bearing roller
- Spherical bearing roller

### **MARKETING AND SALES**

Our products are sold through the following channels:

- 1) Domestic sales
- 2) Institutional: includes OEMs; and
- 3) Exports.

Our Company's products are sold principally by our own internal sales organizations.

### **COMPETITION**

Our Industry is fragmented consisting of large established players and small niche players. We compete with organized as well as unorganized sector on the basis of 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. Our principal competitors are Indian manufacturers, including Kansara Modular Limited, Star Balls & Rollers Limited and Macwell auto engineering Limited etc.

### **KEY FACTORS AFFECTING OUR RESULTS OF OPERATION**

1. General economic and business conditions in India and in the markets in which we operate and in the local, regional and national economies;
2. Changes in laws and regulations relating to the Sectors in which we operate;
3. Exchange rate fluctuations;
4. loss of one or more significant customers
5. Our ability to successfully implement our growth strategy and expansion plans and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
6. Increased cost of raw materials for inventory and, in particular, of steel;
7. Loss of key employees;
8. Significant developments in India's economic liberalization and deregulation policies, and the fiscal regime.

9. Occurrence of natural disasters or calamities affecting the areas in which we have operations; and
10. Volatility in the Indian and global securities markets.

### **FUTURE OUTLOOK**

The Indian Bearings Industry is well poised to achieve strong growth in coming years owing to rising domestic demand in the auto sector and in Industrial applications. Given the government of India's focus on the manufacturing sector, Indian Bearings Industry is expected to grow in the coming years. The government has already made clear its continuing focus on infrastructure from Power and Oil & Gas, Roads, Ports and Airports. As per the planning commission's estimates, the government has planned substantial investment in the 12th Five Year Plan aggregating USD 1 tn. This infrastructure spending will lead to growth in the manufacturing sector, which in turn will have a positive impact on bearings industry.

Given decent extensive demand scenarios in the domestic market and with India evolving as a preferred low-cost sourcing destination, bearings manufacturers are likely to capitalize on the increasing production capacities and technological capabilities. Further, companies are likely to continue to diversify their product portfolio and de-risk their businesses. Though, competition is anticipated to increase and prices of raw material are likely to trail an upward movement. This is expected to exert pressure on the industry's profit margins. In such a scenario, cost control programmes would assume greater significance for the industry players, both big and small.

### **PRODUCT PORTFOLIO**

The bearing makes many of the machines we use every day possible. Without bearings, we would be constantly replacing parts that wore out from friction. Bearings reduce friction by providing smooth metal rollers, and a smooth inner and outer metal surface for the balls to roll against. These rollers which is known as a heart of bearings "bear" the load, allowing the device to spin smoothly.

Taper roller bearings help in absorption of both radial and axial load combinations. For this reason, taper roller bearings are preferred solutions for reducing friction in applications such as wheels, gear boxes and power transmitting shafts. Our products are used by reputed bearing manufacturers and OEMs and then it is used by end-users in diverse industries such as rail, light vehicles, off-highway, heavy trucks and auto-aftermarket, industries classified as automobile industries and heavy industries, industrial processes, gear drives, energy and industrial distribution, as segments within the process industries.

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

Your Company has put in place adequate internal financial controls with reference to the financial statements, some of which are outlined below:

Your Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 that continue to apply under Section 133 and other applicable provisions of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. These are in accordance with generally accepted accounting principles in India. Changes in policies, if any, are approved by the Audit Committee in consultation with the Auditors.

The Company has proper and adequate system of internal audit and control which ensures that all the assets are safeguarded against loss from unauthorized use and that all transactions are authorized recorded and reported correctly.

The Company continuously improves upon the existing practices for each of its major functional areas with a view to strengthen the internal control systems.

The Company has assigned internal audit function to a firm of Chartered Accountants. Regular internal audit and checks are carried out to ensure that the responsibilities are discharged effectively. All major findings and suggestions arising out of internal audit are reported and reviewed by the Audit Committee. The management ensures implementation of these suggestions and reviews them periodically.

### **RISK AND AREA OF CONCERN**

The company has laid down a well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor and non-business risks. The Audit Committee and the Board periodically review the risks and suggest steps to be taken to manage/ mitigate the same through a properly defined framework.

During the year, a risk analysis and assessment was conducted and no major risks were noticed, which may threaten the existence of the company.

### **HUMAN RESOURCE DEVELOPMENT/INDUSTRIAL RELATIONS**

Your company believes that human talent is its fundamental strength. The Company nurtures competencies and skills through learning and development



programmes and recognizes talent, and rewards it through performance management system.

We believe that a well-trained, motivated and satisfied employee base is key to our competitive advantage. We believe that we have a qualified and experienced employee base, managed by middle and senior management personnel.

As on March 31, 2016, we had 170 employees (including workers) at our plant and office. The permanent employees at our plants include personnel in manufacturing activities such as machine operations, assembling and testing of products, quality assurance, and receipt and dispatch of materials.

### **HEALTH SAFETY AND ENVIRONMENTS**

Our activities in the state of Gujarat are subject to wide range of government rules and regulations regarding health, safety and environment protection. We are committed to protecting the health and safety of employees and contractors working in our factories, people who come in contact with our operations and the health and sustainability of the environment in which we operate.

We believe that ensuring the health and safety of our employees is critical to the successful conduct of our business and operations. We are therefore committed to complying with applicable health, safety and environmental regulations and other requirements in our operations. Our Company has subscribed to Workmen 's Compensation Policy covering 170 workers at the factory.

### **INSURANCE**

Our Company's operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure, land mine blasts and other work accidents, fire, earthquake, flood and other force major events, acts of terrorism and explosions including hazards that may cause injury and loss of life, destruction of property and equipment and environmental damage.

We obtain specialized insurance for construction risks, third party liabilities for projects, as required and specified by our clients, for the duration of the project and the defect liability period. We maintain comprehensive insurance covering our assets and operations.

### **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.

#### **CAUTIONARY STATEMENT**

Statements in this report on Management Discussion and Analysis relating to the Company's objectives, projections, estimates, expectations or prediction may be forward looking within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results might differ materially from those expressed or implied depending upon factors such as climatic conditions, global and domestic demand-supply conditions, raw materials cost, availability and prices of finished goods, foreign exchange market movements, changes in Government regulations, tax structure, economic and political developments within India and the countries where the Company conducts its business and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015)

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance primarily involves transparency, complete disclosure, independent monitoring of the state of affairs and being fair to all stakeholders.

The objective of your Company is not only to meet the statutory requirements of the code but to go well beyond it by instituting such systems and procedures as are in accordance with the latest global trend of making management completely transparent and institutionally sound.

Your Company has always believed in the concept of good Corporate Governance involving transparency, empowerment, accountability and integrity with a view to enhance stakeholder value. The Company has professionals on its Board of Directors who get actively involved in the deliberations of the Board as well as Committees of Directors on all important policy matters.

### BOARD OF DIRECTORS

The Company's policy is to maintain optimum combination of Executive Directors, Non-Executive Directors and Independent Directors.

The Board comprises of six directors, which include Managing Director, two executive directors and three non-executive directors as on March 31, 2016. The Board is primarily responsible for the overall management of the Company's business. The Directors on the Board are from varied fields with wide range of skills and experience. The non-executive directors including Independent Directors bring statutory and wider perspective in the Board's deliberations and decisions.

All the Independent Directors of the Company at the time of their first appointment to the Board and thereafter at the first meeting of the Board in every financial year give a declaration that they meet with the criteria of independence as provided under Companies Act, 2013 and Reg. 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

The Composition of the Board of Directors as on March 31, 2016 with their attendance at the Board Meetings held during the year 2015-16 and at the last Annual General Meeting is given below:

| DIN      | Name of the Director              | Categories of Directors                  | Number of Board Meetings attended | Attendance at the last AGM held on 09/06/2015 | No. of Directorships held in public Companies | No. of Membership(s)/Chairmanship in committees (including Vishal Bearings Limited) |
|----------|-----------------------------------|--|-----------------------------------|---|---|---|
| 00247302 | DILIPKUMAR GORDHANDA CHANGELA     | Managing director                        | 12                                | Yes   | Nil   | 1   |
| 00247292 | HIRALAL GORDHANDAS CHANGELA       | Whole time Director (Executive Director) | 12                                | Yes   | Nil   | Nil   |
| 00247295 | VRAJLAL GORDHANDA CHANGELA        | Whole time Director (Executive Director) | 12                                | Yes   | Nil   | 1   |
| 00247315 | GIRISHCHANDRA GORSHANDAS CHANGELA | Executive Director                       | 1                                 | Yes   | Nil   | Nil   |
| 01854443 | NITESHKUMAR JAMNADAS PATEL        | Non-Executive Independent Director       | 9                                 | NA  | Nil   | 1   |
| 07191068 | URJA BHUPENDRABHAI GHETIYA        | Non-Executive Independent Director       | 9                                 | NA  | Nil   | 3   |
| 07191075 | RAKESH KANJIBHAI SAVANI           | Non-Executive Independent Director       | 9                                 | NA  | Nil   | 3   |

Notes:

1) Non-Executive Independent Director is appointed as on dated 28.05.2015.

2) Mr. Girishchandra Changela has resigned w.e.f 02.05.2015.

3) *Change in designation of Mr. Dilipkumar Changela from Executive Director to managing director w.e.f 11.05.2015.*

4) *Change in designation of Mr. Hiralal Changela and Mr. Vrajlal Changela from Director to Whole Time Director w.e.f. 11.05.2015.*

#### **BOARD MEETINGS**

Twelve 12 meetings of the Board of Directors were held during the year, viz. on April 18, 2015, May 02, 2015, May 18, 2015, May 30, 2015, June 12, 2015, June 22, 2015, June 25, 2015, June 27, 2015, July 07, 2015, October 08, 2015, January 19, 2016 and March 29, 2016. Agenda papers were circulated to the Directors in advance for each meeting. All relevant information as required under Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 was placed before the Board from time to time.

#### **SEPARATE MEETING OF INDEPENDENT DIRECTORS**

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing (Obligation and Disclosure Requirements) Regulation, 2015, a separate meeting of the Independent Directors of the Company was held on March 29, 2016 to review the performance of Non-Independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties. The Independent Directors found the performance of Non-Independent Directors (including Chairman) and the Board as well as flow of information between the Management and the Board to be satisfactory. All independent directors were present in the meeting.

#### **INDUCTION & TRAINING OF BOARD MEMBERS (FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS)**

Letter of Appointment(s) are issued to Independent Directors setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Director is taken through a formal induction program including the presentation from the Chairman cum Managing Director and CFO & Whole Time Director on the Company's manufacturing, marketing, finance and other important aspects.

#### **EVALUATION OF THE BOARD'S PERFORMANCE**

The Board has a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board based on the criteria laid down by Nomination and Remuneration Committee

which included attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest, adherence to Code of Conduct and Business ethics, monitoring of regulatory compliance, risk assessment and review of Internal Control Systems etc.

### COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairman of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of all Committees are placed before the Board for review.

The Board has currently established the following statutory and non-statutory Committees:

### AUDIT COMMITTEE

The Audit Committee comprises of two non-executive (independent) directors and one executive director having financial management expertise. The Chairman of the committee is an independent director, elected by the Members of the Committee.

Three (3) meetings of the Audit Committee were held during the year viz. on July 07, 2015, October 08, 2015 and January 19, 2016 respectively. The composition of the Audit Committee and details of their attendance at the meetings are as follows:

| Name of the Director | Designation | Category                           | No. of Meetings attended |
|----------------------|-------------|------------------------------------|--------------------------|
| Mr. Rakesh Savani    | Chairman    | Non-Executive Independent Director | 3                        |
| Ms. Urja Ghetiya     | Member      | Non-Executive Independent Director | 3                        |
| Mr. Vrajlal Changela | Member      | Executive Promoter Director        | 3                        |

**Terms of reference:** The Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting

practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including the Cost auditors, the performance of internal auditors and the Company's risk management policies. The terms of reference of Audit Committee cover the areas mentioned under Part C of Schedule II of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 as well as Section 177 of the Companies Act, 2013.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and, inter alia, performs the following functions:

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- reviewing and examining with management the quarterly / half yearly financial results before submission to the Board;
- reviewing and examining with management the annual financial statements before submission to the Board and the auditors' report thereon;
- review management discussion and analysis of financial condition and results of operations;
- scrutiny of inter-corporate loans and investments made by the Company;
- reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;
- approving the appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- recommending the appointment, remuneration and terms of appointment of Statutory Auditors of the Company and approval for payment of any other services;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- reviewing management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- discussing with Statutory Auditors, before the commencement of audit, on the nature and scope of audit as well as having post-audit discussion to ascertain area of concern, if any;
- reviewing with management, Statutory Auditors and Internal Auditor, the adequacy of internal control systems;
- recommending appointment, remuneration and terms of appointment of Internal Auditor of the Company;

- reviewing the adequacy of internal audit function and discussing with Internal Auditor any significant finding and reviewing the progress of corrective actions on such issues;
- evaluating internal financial controls and risk management systems;
- valuating undertaking or assets of the Company, wherever it is necessary;
- reviewing the functioning of the Whistle Blowing mechanism;

The Audit Committee also reviews the functioning of the Code of Business Principles and Whistle Blower Policy of the Company and cases reported there under.

The recommendations of Audit Committee are duly approved and accepted by the Board. The meetings of Audit Committee are also attended by the Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditor as special invitees. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee meeting are placed in the next meeting of the Board. The Audit Committee also meets the internal and external auditors separately, without the presence of Management representatives.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Board has framed Nomination and Remuneration policy, which is generally in line with the existing industry practice and applicable laws.

Two (2) meetings of the Nomination and Remuneration Committee were held during the year viz. on July 07, 2015 and October 08, 2015. The composition of the Nomination and Remuneration Committee and details of their attendance at the meetings are as follows:

| <b>Name of the Director</b> | <b>Designation</b> | <b>Category</b>                    | <b>No. of Meetings attended</b> |
|-----------------------------|--------------------|------------------------------------|---------------------------------|
| Mr. Rakesh Savani           | Chairman           | Non-Executive Independent Director | 2                               |
| Ms. Urja Ghetiya            | Member             | Non-Executive Independent Director | 2                               |
| Mr. Niteshkumar Patel       | Member             | Non-Executive Independent Director | 2                               |

**Terms of reference:** The Nomination and Remuneration Committee assist the Board in overseeing the method, criteria and quantum of compensation for directors and senior management based on their performance and defined assessment criteria. The Committee formulates the criteria for evaluation of the performance of Independent Directors & the Board of Directors; identifying the persons who are qualified to become directors, and who may be appointed in senior management and recommend to the Board their appointment and removal. The terms of the



reference of Nomination and Remuneration Committee covers the areas mentioned under Part D of Schedule II of SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015 as well as section 178 of the Companies Act, 2013.

**Performance evaluation criteria for Independent Directors-**

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Independent Directors which are as under-

**AREAS OF EVALUATION**

- 1 Frequency of meetings attended
- 2 Timeliness of circulating Agenda for meetings and descriptiveness
- 3 Quality, quantity and timeliness of flow of information to the Board
- 4 Promptness with which Minutes of the meetings are drawn and circulated
- 5 Opportunity to discuss matters of critical importance, before decisions are made
- 6 Familiarity with the objects, operations and other functions of the company
- 7 Importance given to Internal Audit Reports, Management responses and steps towards improvement
- 8 Avoidance of conflict of interest
- 9 Exercise of fiscal oversight and monitoring financial performance
- 10 Level of monitoring of Corporate Governance Regulations and compliance
- 11 Adherence to Code of Conduct and Business ethics by directors individually and collectively
- 12 Monitoring of Regulatory compliances and risk assessment
- 13 Review of Internal Control Systems
- 14 Performance of the Chairperson of the company including leadership qualities.
- 15 Performance of the Whole Time Director
- 16 Overall performance of the Board/ Committees.

**REMUNERATION OF DIRECTORS**

- (a) There was no pecuniary relationship or transaction between the Non-Executive Directors and the company during the financial year 2015-2016.
- (b) Criteria of making payments to Non-Executive Directors:  
Overall remuneration (sitting fees and commission) decided by the Board is reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).

- a) Remuneration:  
The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.
- b) Sitting Fees:  
The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- c) Commission:  
Commission may or may not be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.
- d) Stock Options:  
An Independent Director shall not be entitled to any stock option of the Company.

Payment criteria of Non-Executive directors are the given in the Nomination and Remuneration Policy.

**Details of Remuneration to Directors:**

The Company has paid the following remuneration to Directors during the year under review, which is in accordance with the section 177(4) of the Companies Act, 2013.

**(i) Non-Executive Directors**

The remuneration of Non-Executive Directors of the Company is decided by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee. The distribution of Commission amongst the Non-Executive Directors is determined by the Board broadly on the basis of contribution made at the Board meeting(s) as well as various Committee meeting(s) and the time spent on operational matters.

The Non-Executive Directors are paid sitting fee of Rs.2000/- per meeting for attending the meetings of Board and Audit Committee and Rs. 2000/- per meeting for attending other Committee meetings.

| Name of the Director  | Sitting Fee paid during the year 2015-2016 | Commission paid for the year 2015-2016 | Number of shares |
|-----------------------|--|--|------------------|
| Mr. Rakesh Savani     | Rs. 30,000/-                               | N.A.                                   | --               |
| Ms. Urja Ghetiya      | Rs. 30,000/-                               | N.A.                                   | --               |
| Mr. Niteshkumar Patel | Rs. 22,000/-                               | N.A.                                   | --               |

No severance fee was paid to the non-executive directors of the Company.

(i) Executive Director

| Executive Director   | Remuneration paid during the year 2015-2016                                       |   |  |                             |
|----------------------|---|---|--|-----------------------------|
|                      | All elements of remuneration package i.e. Salary, benefits, bonuses, pension etc. | Fixed component & performance linked incentives along with performance criteria | Service contract, notice period, severance fee | Stock option scheme, if any |
| Mr. Hiralal Changela | 15,00,000   | NIL   | --   | --                          |
| Mr. Vrajlal Changela | 15,00,000   | NIL   | --   | --                          |

The Company does not have at present any scheme for grant of Stock options to its Directors or Employees.

(ii) Managing Director

| Executive Director      | Remuneration paid during the year 2015-2016                                       |   |  |                             |
|-------------------------|---|---|--|-----------------------------|
|                         | All elements of remuneration package i.e. Salary, benefits, bonuses, pension etc. | Fixed component & performance linked incentives along with performance criteria | Service contract, notice period, severance fee | Stock option scheme, if any |
| Mr. Dilipkumar Changela | Rs. 1,500,000/-   | NIL   | 5 Years  | --                          |

*The Company does not have at present any scheme for grant of Stock options to its Directors or Employees.*

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

The Board has framed Shareholders' / Investors Relationship Committee, which is generally in line with the existing industry practice and applicable laws.

One (1) meeting of the Shareholders' / Investors Relationship Committee was held during the year viz. on August 08, 2015. The composition of the Shareholders' / Investors Relationship Committee and details of their attendance at the meetings are as follows:

| <b>Name of Director</b> | <b>Designation</b> | <b>Category</b>                    | <b>No. of meetings attended</b> |
|-------------------------|--------------------|------------------------------------|---------------------------------|
| Ms. Urja Ghetiya        | Chairman           | Non-executive independent Director | 1                               |
| Mr. Rakesh Savani       | Member             | Non-executive independent Director | 1                               |
| Mr. Dilipkumar Changela | Member             | Managing Director                  | 1                               |

*No. of investors' complaints received by the RTA/ Company during the year: 1*

*No. of complaints solved to the satisfaction of shareholders during the year: 1*

*No. of complaints pending as at 31st March, 2016: Nil*

#### **TERMS OF REFERENCE**

The scope of stakeholders Relationship committee is to review and address the grievances of the shareholders in respect of share transfers, transmission, issuance of duplicate share certificate, dematerialisation and rematerialisation of shares and other shares related activities from time to time.

#### **WARNING AGAINST INSIDER TRADING**

Comprehensive guidelines advising and cautioning the management, staff and other relevant business associates on the procedure to be followed while dealing with the securities of the company have been issued and implemented.

## GENERAL BODY MEETINGS

The details of the last three Annual General Meetings held as under:

| AGM       | DAY      | DATE       | VENUE   | Whether Special Resolution Passed   |
|-----------|----------|------------|---|-------------------------------------|
| 2014-2015 | Tuesday  | 09.06.2015 | VISHAL BEARINGS LIMITED<br>Survey No. 22/1, Plot No. 1,<br>Shapar Main Road,<br>Shapar (Veraval),<br>Rajkot - 360 024,<br>Gujarat, INDIA. | Yes<br>1. Futher Issue of<br>Shares |
| 2013-2014 | Tuesday  | 30.09.2014 | VISHAL BEARINGS LIMITED<br>Survey No. 22/1, Plot No. 1,<br>Shapar Main Road,<br>Shapar (Veraval),<br>Rajkot - 360 024,<br>Gujarat, INDIA. | No                                  |
| 2012-2013 | Saturday | 28.09.2013 | VISHAL BEARINGS LIMITED<br>Survey No. 22/1, Plot No. 1,<br>Shapar Main Road,<br>Shapar (Veraval),<br>Rajkot - 360 024,<br>Gujarat, INDIA. | No                                  |

The details of Special Resolution(s) passed through Postal Ballot are as under: No special resolution was passed in the year 2015-2016 through Postal Ballot.

The details of the Extra - Ordinary General Meetings held at the registered office of the company during the year as under:

| DATE       | Special Resolution Passed  |
|------------|--|
| 11.05.2015 | <ul style="list-style-type: none"> <li>- Conversion of Private Limited to Public Limited</li> <li>- Amendments To Clause III B and clause III C and clause IV of the MOA</li> <li>- Adoption of new sets of AOA</li> <li>- Change in designation of Mr. Dilipkumar Changela</li> <li>- Change in designation of Mr. Hiralal Changela</li> <li>- Change in designation of Mr. Vrajlal Changela</li> <li>- Appointment of CFO - Mr. Vishal Changela</li> <li>- Sub- Division of Shares</li> <li>- Increase in Authorised Capital</li> <li>- Alteration of Capital Clause of MOA</li> </ul> |

|                   |  |
|-------------------|--|
| <b>28.05.2015</b> | <ul style="list-style-type: none"> <li>- Issue of Bonus Shares</li> <li>- Appointment of Mr. Rakesh Savani, Independent Director</li> <li>- Appointment of Mr. Niteshkuamr Patel, Independent Director</li> <li>- Appointment of Ms. Urja Ghetiya, Independent Director</li> <li>- Related Party Transactions</li> </ul> |
|-------------------|--|

#### MEANS OF COMMUNICATION

Quarterly / half-yearly and annual financial results are communicated to the Bombay Stock Exchange (SME Platform) at Mumbai immediately after these are considered and approved by the Board. Further, all other price sensitive and other information is sent to the Stock Exchange where shares of the Company are listed, enabling them to display the same on their website. The Code of conduct for corporate governance is also posted on the company's website: [www.vishalbearings.com](http://www.vishalbearings.com). The company's website: [www.vishalbearings.com](http://www.vishalbearings.com) provides a separate section for investors where relevant shareholders information is available.

#### GENERAL SHAREHOLDERS' INFORMATION

(i) **25<sup>th</sup> Annual General Meeting to be held:**

**Day** : Wednesday  
**Date** : 24.08.2016  
**Time** : 04.00 PM  
**Venue** : **VISHAL BEARINGS LIMITED**  
Registered Office:  
Survey No. 22/1, Plot No. 1,  
Shapar Main Road,  
Shapar (Veraval),  
Rajkot – 360 024,  
Gujarat, INDIA.

(ii) **Financial Year** : 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016

(iii) **Book Closure Dates** : 18/08/2016 to 24/08/2016

(iv) **Stock Exchange on which the Company's Shares are listed:**

Bombay Stock Exchange (SME Platform),  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort, Mumbai – 400 001

The Listing Fees as applicable have been paid within prescribed time period.

(v) **Stock Code:**

|               |              |
|---------------|--------------|
| ISIN          | INE060T01024 |
| Security Code | 539398       |
| Security ID   | VISHALBL     |

(vi) **Market Price Data: High/Low during each month during the financial year 2015-2016:**

The details of Monthly High and Low price(s) on the Stock Exchange, Mumbai, for the Financial Year 2015-2016 are as under:

| Month          | Monthly High | Monthly Low |
|----------------|--------------|-------------|
| October, 2015  | 36.90        | 26.00       |
| November, 2015 | 32.00        | 30.00       |
| December, 2015 | 30.10        | 28.00       |
| January, 2016  | 30.00        | 28.00       |
| February, 2016 | 30.00        | 29.00       |
| March, 2016    | 30.00        | 29.00       |

**REGISTRAR & SHARE TRANSFER AGENT:**

**Karvy Computershare Private Limited**

Corporate Office: Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Gachibowli, Hyderabad-500032, Telengana, India,  
Tel: +91-40-67162222, 33211000,

**SHARE TRANSFER SYSTEM:**

In order to expedite the process of share transfers, the Board has delegated the power to approve share transfers to senior executives, who attend to share transfer formalities fortnightly. The Company has appointed Karvy Computershare Private Limited as Registrar and Share Transfer Agents for physical transfer of securities as well as dematerialization/ rematerialization of securities.

**SUMMARY OF SHAREHOLDING AS ON MARCH 31, 2016:**

| Category of Shareholder     | No. of Shareholders | No. of Equity shares held | % Shareholding |
|-----------------------------|---------------------|---------------------------|----------------|
| Promoter and Promoter Group | 15                  | 2888480                   | 60.23          |
| Public                      | 101                 | 1907520                   | 39.77          |
| <b>Total</b>                | <b>116</b>          | <b>4796000</b>            | <b>100</b>     |

**SUMMARY OF ABOVE 5% SHAREHOLDING AS ON MARCH 31, 2016**

| Sr. No. | Name of Shareholders   | No. of Shares | % Shareholding |
|---------|------------------------|---------------|----------------|
| 1       | Dilipkumar Changela    | 518000        | 10.80          |
| 2       | Hiralal Changela       | 518000        | 10.80          |
| 3       | Vrajlal Changela       | 518000        | 10.80          |
| 4       | Hem Securities Limited | 264000        | 5.50           |

**Dematerialization of shares**

The Company has established connectivity with both the depositories i.e. National Securities Depository Limited(NSDL) and Central Depository Services (India) Limited (CDSL) to handle dematerialization of shares.

As on March 31, 2016, a total of 4,796,000 equity shares which form 100% of the share capital dematerialized.

**Outstanding GDRs/ ADRs/ Warrants/ Convertible instruments**

The Company has not issued Global Depository Receipts or American Depository Receipt or Warrants or any Convertible instruments.

**Commodity Price Risk/ Foreign Exchange Risk and Hedging**

The Company did not engage in hedging activities.

**DISCLOSURES**

- (i) During the financial year ended 31st March, 2016 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.



- (ii) Neither were any penalties imposed, nor were any strictures passed by Stock Exchange or SEBI or any statutory authority on any capital market related matters during the last three years.
- (iii) The Company has announced Whistle Blower policy. All the personnel of the company have the access to the Audit Committee.
- (iv) The Company has complied with the mandatory requirements of the Listing Regulation. The Company has adopted various non-mandatory requirements as well, as discussed under relevant headings.
- (v) The company has framed Related Party Transaction Policy adopt and consider and is placed on the Company's website.
- (vi) During the financial year ended 31st March, 2016 the company did not engage in commodity hedging activities.

#### **ADOPTION OF NON-MANDATORY REQUIREMENTS**

- I. The Board**  
Since the Company does not have a Non-Executive Chairman, it does not maintain such office.
- II. Shareholder Rights**  
Half yearly financial results are forwarded to the Stock Exchanges and uploaded on the website of the Company.
- III. Audit Qualifications**  
During the year under review, there was no audit qualification in the Auditors' Report on the Company's financial statements.
- IV. Separate posts of Chairman and CEO**  
The post of the Chairman of the Company and the CEO are held by different persons.
- V. Reporting of Internal Auditor**  
The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meeting and regularly attends the Meeting for reporting their findings of the internal audit to the Audit Committee Members.

#### **Disclosure of Accounting Treatment**

The Company has followed the treatment laid down in the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in the preparation of

financial statements. There are no audit qualifications in the Company's financial statements for the year under review.

**Demat Suspense Account/Unclaimed Suspense Account**

Pursuant to Regulation 39 (4) read with Schedule VI of the Listing Regulations, 2015, the company is required to send at least three reminders at the last available address as per the records to the shareholders whose certificates were undelivered and returned to the Company.

Thereafter, in case of non-receipt of response to the reminders, unclaimed physical shares will be dematerialized and will be held in "Unclaimed Suspense Account", with details of shareholding of each individual allottee whose shares are credited to such unclaimed suspense account. All corporate benefits shall also be credited to such suspense account for a period of 7 years and thereafter shall be transferred to IEPF.

**Managing Directors Declaration on Code of Conduct and Ethics:**

The Board of Directors of the Company has laid down Code of Conduct and Ethics (The Code) for the Company's Directors and Senior Executives. All the Directors and the Senior Executives covered by the code have affirmed compliance with the code on an annual basis.

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

Date: August 01, 2016  
Place: Shapar (Veraval)

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

**CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE  
Requirements under the SEBI (Listing Obligations and Disclosure  
Requirements) Regulations, 2015**

To  
The Members  
Vishal Bearings Limited

I have examined the compliance of conditions of Corporate Governance by Vishal Bearings Limited ('the Company'), for the year ended on 31st March, 2016, as stipulated in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to us, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing regulations.

I further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Date: August 01, 2016  
Place: Rajkot

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

**WHOLE TIME DIRECTOR / CFO CERTIFICATION**

To  
Board of Directors  
Vishal Bearings Limited

We, undersigned, in our respective capacities in Vishal Bearings Limited certify that:

(a) We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended 31<sup>st</sup> March, 2016 and that to the best of our knowledge and belief:

- (i) These statements do not contain any materiality 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 standard, applicable laws and regulations.

(b) These 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 are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the 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 steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committees that:

- (i) There have been so significant changes in internal control over financial reporting during the year;
- (ii) There have been no significant changes in accounting policies during the year; and
- (iii) There have been no instances of significant 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.

Sd/-  
**D. G. Changela**  
Managing Director

Sd/-  
**H. G. Changela**  
Whole Time Director

Sd/-  
**Vishal Changela**  
Chief Financial Officer

Date : May 30, 2015  
Place: Shapar (Veraval)

## INDEPENDENT AUDITOR'S REPORT

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 'VISHAL BEARINGS LIMITED' (Previously Known as "VISHAL BEARINGS PVT. LTD.")

#### Report on Audited Financial Statements

We have audited the accompanying financial statements of VISHAL BEARINGS LIMITED (Previously Known as "VISHAL BEARINGS PVT. LTD.") ('the Company'), which comprise the Balance Sheet as at March 31, 2016 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.

## INDEPENDENT AUDITOR'S REPORT

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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, 2016;
- 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;

## INDEPENDENT AUDITOR'S REPORT

---

- 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, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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

Firm No. – 118564W

M. No. 102114

Date: May 30, 2016

Place: Rajkot

**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,  
(Previously known as "VISHAL BEARINGS PVT. LTD.")  
For the year ended on 31st March, 2016)

**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.

**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.

**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.



**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.

**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 .

**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.

**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, 2016 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.

#### **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.

#### **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.

Further, during the year under review, the company has raised Rs. 3,24,00,000/- by Initial Public Offer by issuing 12,96,000 shares of Rs. 10 each issued at a premium of Rs. 15 each. Based on the audit procedures performed and according to the information, explanations given to us, on an overall basis, the amounts so raised have been applied for the purpose for which they were obtained

#### **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.

#### **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.

#### **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.

**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.

**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.

**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.

**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

Firm No. – 118564W

M. No. 102114

Date: May 30, 2016

Place: Rajkot

**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,**

**(Previously known as "VISHAL BEARINGS PVT. LTD.")  
for the year ended on 31st March, 2016)**

**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 (Previously known as "VISHAL BEARINGS PVT. LTD.") ("the Company") as of 31 March 2016 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 2016 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

Firm No. – 118564W

M. No. 102114

Date: May 30, 2016

Place: Rajkot

## BALANCE SHEET AS AT MARCH 31, 2016

|   | Note No. | As at 31-03-2016   | As at 31-03-2015   |
|---|----------|--------------------|--------------------|
| <b>I. EQUITY AND LIABILITIES:</b>         |          |                    |                    |
| <b>1. SHAREHOLDERS' FUNDS:</b>            |          |                    |                    |
| (a) Share capital                         | 3        | 47,960,000         | 2,500,000          |
| (b) Reserves and surplus                  | 4        | 33,318,586         | 42,933,583         |
| (c) Money received against share Warrants | -        | -                  | -                  |
| <b>Sub Total</b>                          |          | <b>81,278,586</b>  | <b>45,433,583</b>  |
| <b>2. SHARE APPLICATION MONEY</b>         |          |                    |                    |
| <b>PENDING ALOTMENT:</b>                  |          |                    |                    |
|   | -        | -                  | -                  |
| <b>3. NON-CURRENT LIABILITIES:</b>        |          |                    |                    |
| (a) Long-term borrowings                  | 5        | 155,098,321        | 148,659,796        |
| (b) Deferred tax liabilities (Net)        | 6        | 7,049,728          | 6,238,635          |
| (c) Other long term liabilities           | -        | -                  | -                  |
| (d) Long term provisions                  | 7        | -                  | 1,289,065          |
| <b>Sub Total</b>                          |          | <b>162,148,049</b> | <b>156,187,496</b> |
| <b>4. CURRENT LIABILITIES:</b>            |          |                    |                    |
| (a) Short-Term Borrowings                 | 8        | 64,316,484         | 34,829,377         |
| (b) Trade Payables                        | 9        | 21,121,423         | 51,404,364         |
| (c) Other Current Liabilities             | 10       | 3,088,911          | 5,769,979          |
| (d) Short-Term Provisions                 | 11       | 3,530,122          | 6,975,206          |
| <b>Sub Total</b>                          |          | <b>92,056,940</b>  | <b>98,978,926</b>  |
| <b>TOTAL</b>                              |          | <b>335,483,575</b> | <b>300,600,005</b> |
| <b>II. ASSETS:</b>                        |          |                    |                    |
| <b>1. NON-CURRENT ASSETS:</b>             |          |                    |                    |
| (a) Fixed Assets                          | 12       |                    |                    |
| (i) Tangible assets                       |          | 156,429,470        | 140,903,746        |
| (ii) Intangible assets                    |          | -                  | -                  |
| (iii) Capital work-in-progress            |          | -                  | 2,566,029          |
| (iv) Intangible assets under Development  |          | -                  | -                  |

|                                   |    |                    |                    |
|-----------------------------------|----|--------------------|--------------------|
| (b) Non-current investment        | 13 | 7,764,388          | 6,735,782          |
| (c) Deferred tax assets (Net)     | -  | -                  | -                  |
| (d) Long term loans and advances  | 14 | 4,945,338          | 9,236,339          |
| (e) Other non-current assets      | -  | -                  | -                  |
| <b>Sub Total</b>                  |    | <b>169,139,196</b> | <b>159,441,896</b> |
| <b>2. CURRENT ASSETS</b>          |    |                    |                    |
| (a) Current Investments           | -  | -                  | -                  |
| (b) Inventories                   | 15 | 93,915,107         | 74,488,973         |
| (c) Trade Receivables             | 16 | 44,759,921         | 40,355,954         |
| (d) Cash and Cash Equivalents     | 17 | 12,903,433         | 7,477,129          |
| (e) Short-term Loans and Advances | 18 | 14,518,541         | 18,500,829         |
| (f) Other Current Assets          | 19 | 247,377            | 335,224            |
| <b>Sub Total</b>                  |    | <b>166,344,379</b> | <b>141,158,109</b> |
| <b>TOTAL</b>                      |    | <b>335,483,575</b> | <b>300,600,005</b> |

**Accompanying Notes forming part of the  
Financial Statements**

1 to 45

As per our report of even date attached

For and On behalf of the Board of Directors

**FOR SVK & ASSOCIATES**

Chartered Accountants

Firm Reg. No. 118564W

Sd/-

**Shilpang V. Karia**

Partner

M. No. 102114

Sd/-

**Dilipkumar Changela**

Managing Director

DIN: 00247302

Sd/-

**Hiralal Changela**

Whole Time Director

DIN: 00247292

Place: Rajkot

Date: May 30, 2016

Sd/-

**Vishal V. Changela**

Chief Financial Officer

Sd/-

**Dimpi Sampat**

Company Secretary



## Statement of profit and loss

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

| PARTICULARS   | Note No. | For the Year<br>31-03-2016<br>₹ | For the Year<br>31-03-2015<br>₹ |
|---|----------|---------------------------------|---------------------------------|
| I. Revenue from Operation   | 20       | 231,460,040                     | 272,000,414                     |
| II. Other Income  | 21       | (228,174)                       | 10,831,067                      |
| III. Total Revenue (I + II)   |          | <b>231,231,866</b>              | <b>282,831,481</b>              |
| IV. Expenses:   |          |                                 |                                 |
| 1. Cost of Materials and Stores Consumed  | 22       | 127,748,689                     | 142,025,792                     |
| 2. Purchases of Stock-in-Trade  | -        | -                               |                                 |
| 3. Changes in Inventories of Finished Goods, Work-in-process and Stock-in-trade | 23       | (27,083,347)                    | 3,511,821                       |
| 4. Employee Benefits Expenses   | 24       | 44,490,176                      | 37,122,804                      |
| 5. Financial Costs  | 25       | 16,600,474                      | 22,313,799                      |
| 6. Depreciation and Amortization Expenses                                       | 12       | 22,299,467                      | 16,584,734                      |
| 7. Other Expenses   | 26       | 41,746,759                      | 36,330,932                      |
| Total Expenses  |          | <b>225,802,218</b>              | <b>257,889,883</b>              |
| V. Profit Before Exceptional and Extraordinary Items and Tax (III - IV)         |          | <b>5,429,648</b>                | 24,941,598                      |
| VI. Exceptional Items Profit Before Extraordinary Items and Tax                 |          | -                               | -                               |
| VII. (V - VI)   |          | <b>5,429,648</b>                | 24,941,598                      |
| VIII. Extraordinary Items   |          | -                               | -                               |
| IX. Profit Before Tax (VII - VIII)  |          | <b>5,429,648</b>                | <b>24,941,598</b>               |
| X. Tax Expenses:  |          |                                 |                                 |
| (1) Current tax   |          | (1,050,000)                     | (6,400,000)                     |
| (2) MAT Credit Entitlement  |          | 80,000                          | -                               |
| (2) Tax related to earlier year   |          | (203,552)                       | (20,057)                        |
| (3) Deferred tax Credit/Charge  |          | (811,093)                       | (1,120,607)                     |
| XI. Profit/(Loss) for the period  |          | <b>3,445,003</b>                | <b>17,400,934</b>               |

## Statement of profit and loss

XII. Earning per equity share:

(Refer Note No. 27)

|             |      |      |
|-------------|------|------|
| (1) Basic   | 0.84 | 4.97 |
| (2) Diluted | 0.84 | 4.97 |

**Accompanying Notes forming part of the  
Financial Statements**

1 to 45

**As per our report of even date attached**

**On behalf of the Board of Directors**

**FOR SVK & ASSOCIATES**

**Chartered Accountants**

Firm Reg. No. 118564W

Sd/-

**Shilpang V. Karia**

Partner

M. No. 102114

Place: Rajkot

Date: May 30, 2016

Sd/-

**Dilipkumar Changela**

Managing Director

DIN: 00247302

Sd/-

**Vishal V. Changela**

Chief Financial

Officer

Sd/-

**Hiralal Changela**

Whole Time Director

DIN: 00247292

Sd/-

**Dimpi Sampat**

Company Secretary

## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

| Particulars  | Year Ended<br>31-03-2016 | Year Ended<br>31-03-2015 |
|--|--------------------------|--------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>            |                          |                          |
| Net Profit before tax                                    | 5,429,648                | 24,941,598               |
| <b>Adjustment for:</b>                                   |                          |                          |
| Depreciation and Amortization Exp.                       | 22,299,467               | 16,584,734               |
| Dividend Income  | -                        | (6,392)                  |
| Interest Income  | (747,696)                | (582,357)                |
| Profit on Sale of Investments                            | (423,216)                | -                        |
| Financial Cost   | 16,600,474               | 22,313,799               |
|  | <b>37,729,029</b>        | <b>38,309,784</b>        |
| <b>Operating profit before working capital changes</b>   | <b>43,158,677</b>        | <b>63,251,383</b>        |
| <b>Adjustment for:</b>                                   |                          |                          |
| Changes in Working Capital:                              |                          |                          |
| Increase / (Decrease) in Trade Payable                   | (30,282,941)             | 20,482,647               |
| Increase / (Decrease) in Other Current Liability         | (2,681,068)              | (8,201,326)              |
| Increase / (Decrease) in Short Term Provisions           | 1,904,916                | (1,649,910)              |
| (Increase) / Decrease in Inventories                     | (19,426,134)             | (18,604,121)             |
| (Increase) / Decrease in Trade Receivables               | (4,403,967)              | (259,194)                |
| (Increase) / Decrease in Short Term Loans & Advances     | 2,108,725                | (8,915,361)              |
| (Increase) / Decrease in Other Current Assets            | 87,847                   | 20,769                   |
|  | <b>(52,692,622)</b>      | <b>(17,126,496)</b>      |
| <b>Cash Generated from Operation</b>                     | <b>(9,533,945)</b>       | <b>46,124,887</b>        |
| Net Income-tax paid                                      | (4,649,989)              | (7,299,849)              |
| <b>Net Cash Flow from Operating Activities</b>           | <b>(14,183,934)</b>      | <b>38,825,038</b>        |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>           |                          |                          |
| Capital Expenditure on Fixed Assets                      | (35,259,162)             | (60,486,583)             |
| Interest Income  | 747,696                  | 582,357                  |
| Dividend Income  | -                        | 6,392                    |
| Profit on Sale of Investments                            | 423,216                  | -                        |
| (Increase)/Decrease in Other Non-Current Liability       | (1,289,065)              | 1,289,065                |
| (Increase)/Decrease in Other Non-Current Advances        | 4,291,001                | (7,370,679)              |
| (Increase)/Decrease in Non-Current Investment            | (1,028,606)              | (1,296,000)              |
| <b>Net Cash Flow from/(used) in Investing Activities</b> | <b>(32,114,920)</b>      | <b>(67,275,448)</b>      |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>           |                          |                          |
| Proceeds from Issue of Share Capital                     | 32,400,000               | -                        |
| Proceeds from Long Term Borrowings                       | 6,438,525                | 29,885,083               |
| Short Term Borrowings                                    | 29,487,107               | 14,586,199               |

|  |                   |                    |
|--|-------------------|--------------------|
| Financial Cost paid  | (16,600,474)      | (22,313,799)       |
| <b>Net Cash Flow from/(used) in Financing Activities</b>             | <b>51,725,158</b> | <b>22,157,483</b>  |
| <b>Net Increase/(decrease) in Cash &amp; Cash Equivalents(A+B+C)</b> | <b>5,426,304</b>  | <b>(6,292,928)</b> |
| Cash & Cash Equivalents at the beginning of the period               | 7,477,129         | 13,770,057         |
|  | <b>12,903,433</b> | <b>7,477,129</b>   |
| <b>Cash &amp; Cash Equivalents at the end of the period</b>          | <b>12,903,433</b> | <b>7,477,129</b>   |

**COMPONENTS OF CASH & CASH EQUIVALENTS**

|                                   |                   |                  |
|-----------------------------------|-------------------|------------------|
| (a) Balance with banks            | 150,758           | 25,535           |
| (b) Cash on hand                  | 961,996           | 282,876          |
| (c) Earmarked balances with banks | 11,790,679        | 7,168,718        |
|                                   | <b>12,903,433</b> | <b>7,477,129</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 17
- 4) Previous period's figures have been regrouped wherever considered necessary.

As per our report of even date attached

For and On behalf of the Board of Directors

**FOR SVK & ASSOCIATES**
**Chartered Accountants**

Firm Reg. No. 118564W

Sd/-

**Shilpang V. Karia**

Partner

M. No. 102114

Sd/-

**Dilipkumar Changela**

Managing Director

DIN: 00247302

Sd/-

**Hiralal Changela**

Whole Time Director

DIN: 00247292

Place: Rajkot

Date: May 30, 2016

Sd/-

**Vishal V. Changela**

Chief Financial Officer

Sd/-

**Dimpi Sampat**

Company Secretary

## 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.

### **Increase in Authorized Share Capital**

The Company's Authorized Share Capital was Rs. 25,00,000/-. The Company has increased its authorized capital from Rs. 2,500,000/- to 5,00,00,000/- in Extra – Ordinary general meeting held on 11.05.2015

### **Sub-Division of Shares**

The Company's Authorized / Issued / Subscribed & Paid Up Share Capital was Rs. 25,00,000/- consisting of 25,000 Equity Shares of Rs. 100/- each. The Company has Resolution for sub-division of all shares of Rs. 100/- each into 10 Shares of Rs. 10/- each in Extra – Ordinary general meeting held on 11.05.2015.

### **Issue of Bonus Shares**

The Company's Share Capital was Rs. 25,00,000/- consisting of 2,50,000 equity shares of Rs. 10/- each. The company has filed Resolution for the issue of Bonus Shares amounting to Rs. 3,25,00,000/- in Extra-Ordinary General Meeting held on 28.05.2015.

Vishal Bearings Ltd. (the Company) was originally incorporated on Twenty Fourth day of July Nineteen Hundred Ninety-One under any previous company law as Vishal Bearings Pvt. Ltd. and name of the company is being changed to "Vishal Bearings Ltd." upon an intimation made for conversion into Public limited by shares Company under Section 18 of the Companies Act, 2013 and approval of Central Government signified in writing having been accorded thereto by the Gujarat, Dadra and Nagar Havelli vide SRN C54791967 dated 05/06/2015.

During the year under review, the company has issued 12,96,000 shares of FV Rs. 10 each and at premium of Rs. 15 per share, through Initial Public Offering and got listed on 15th October, 2015 on BSE SME Platform.

## 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.

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

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

Date: May 30, 2016  
Place: Rajkot

**For VISHAL BEARINGS LIMITED**

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

Sd/-  
**Vishal V. Changela**  
Chief Financial Officer

Sd/-  
**Hiralal Changela**  
DIN: 00247292

Sd/-  
**Dimpi Sampat**  
Company Secretary

**NOTES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

| PARTICULARS  | As At<br>31-03-2016<br>₹ | As At<br>31-03-2015<br>₹ |
|--|--------------------------|--------------------------|
| <b>3 SHARE CAPITAL</b>   |                          |                          |
| <i>(Refer Note No. 1)</i>  |                          |                          |
| <b>(i) Authorised:</b>   |                          |                          |
| 5,000,000 Equity Shares of Rs. 10/- Each<br>(Previous year 25,000 Equity Shares of<br>Rs. 100/- each)  | <b>50,000,000</b>        | <b>2,500,000</b>         |
| <b>Issued, Subscribed &amp; Fully Paid:</b>  |                          |                          |
| - 47,96,000 Equity Shares of Rs. 10/-<br>Each fully paid<br>(Previous year 25,000 Equity Shares of<br>Rs. 100/- each fully paid)   | <b>47,960,000</b>        | <b>2,500,000</b>         |
| <b>Subscribed but not fully paid</b>   | -                        | -                        |
| <b>(ii) Reconciliation of number of Equity<br/>Shares:</b>   |                          |                          |
| Equity Shares:   |                          |                          |
| Shares outstanding at the beginning<br>of the year   | 25,000                   | 2,500,000                |
| Sub-Division of Shares during FY 15-<br>16   | 250,000                  | 2,500,000                |
| Shares issued during the period  | 4,546,000                | 45,460,000               |
| Shares outstanding at the end of the<br>year   | <b>4,796,000</b>         | <b>47,960,000</b>        |
| <b>(iii) Terms/rights attached to equity<br/>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<br/>the company held by its</b>   |                          |                          |

|        |  |                           |                     |                           |                     |
|--------|--|---------------------------|---------------------|---------------------------|---------------------|
|        | holding company or ultimate holding company.   | -                         | -                   | -                         | -                   |
| (v)    | Shareholders holding more than 5% Shares:  | <b>As at 31-03-16</b>     |                     | <b>As at 31-03-15</b>     |                     |
|        | Names of Shareholders:   | <b>No. of shares held</b> | <b>% of holding</b> | <b>No. of shares held</b> | <b>% of holding</b> |
|        | Hiralal G. Changela  | 518,000                   | 10.80%              | 1,800                     | 7.20%               |
|        | Vrajlal G. Changela  | 518,000                   | 10.80%              | 1,807                     | 7.23%               |
|        | Dilipkumar G. Changela   | 518,000                   | 10.80%              | 1,800                     | 7.20%               |
|        | Rambhoben G. Changela  | -                         | -                   | 1,800                     | 7.20%               |
|        | Rasilaben D. Changela  | -                         | -                   | 1,800                     | 7.20%               |
|        | Jyotiben V. Changela   | -                         | -                   | 1,800                     | 7.20%               |
|        | Jayshriben H. Changela   | -                         | -                   | 1,800                     | 7.20%               |
|        | Vishal V. Changela   | -                         | -                   | 1,660                     | 6.64%               |
|        | Darshitkumar D. Changela   | -                         | -                   | 1,777                     | 7.11%               |
|        | Divyesh H. Changela  | -                         | -                   | 1,278                     | 5.11%               |
| (vi)   | Shares reserved for issue under option and contracts/ commitments for sale of shares/disinvestment.  | -                         | -                   | -                         | -                   |
| (vii)  | For the period of 5 years immediately preceding the date as at Balance Sheet is prepared:  |                           |                     |                           |                     |
|        | - 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  | 3,250,000                 | 32,500,000          | -                         | -                   |
|        | - Aggregate number and class of shares bought back   | -                         | -                   | -                         | -                   |
| (viii) | Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date | -                         | -                   | -                         | -                   |
| (ix)   | Calls unpaid   | -                         | -                   | -                         | -                   |
| (x)    | Forfeited shares   | -                         | -                   | -                         | -                   |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

|          | PARTICULARS  | As At<br>31-03-2016<br>Rupees | As At<br>31-03-2015<br>Rupees |
|----------|--|-------------------------------|-------------------------------|
| <b>4</b> | <b>RESERVE AND SURPLUS :</b>                                 |                               |                               |
|          | <b>(a) Security Premium Reserve</b>                          |                               |                               |
|          | (Refer Note No. 1)   |                               |                               |
|          | Opening Balance  | -                             | -                             |
|          | Add : Premium on Shares issued during the year               | 1,94,40,000                   | -                             |
|          | <b>Closing Balance</b>                                       | <b>(a) 1,94,40,000</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>(b) 68,84,796</b>          | <b>68,84,796</b>              |
|          | <b>(c) Balance in Statement of Profit and Loss Account :</b> |                               |                               |
|          | - Opening Balance  | 3,60,48,787                   | 1,85,85,703                   |
|          | - Add : Adjustment Relating to Carrying amount of assets     | -                             | 62,150                        |
|          | - Bonus Shares Issued During The Year                        | (3,25,00,000)                 | -                             |
|          | - Add : Profit for the year                                  | 34,45,003                     | 1,74,00,934                   |
|          | <b>Closing Balance</b>                                       | <b>(c) 69,93,790</b>          | <b>3,60,48,787</b>            |
|          | <b>TOTAL</b>   | <b>3,33,18,586</b>            | <b>4,29,33,583</b>            |

|          |   |                    |                    |
|----------|---|--------------------|--------------------|
| <b>5</b> | <b>LONG TERM BORROWINGS:</b>                        |                    |                    |
|          | <b>(a) Term Loans:</b>                              |                    |                    |
|          | <b>Secured Loan:</b>                                |                    |                    |
|          | - From banks  | 2,422,178          | 3,357,928          |
|          | - From Financial Institutions                       | 364,733            | 264,725            |
|          | <b>(b) Loans and Advances from Related Parties:</b> |                    |                    |
|          | <b>- Unsecured:</b>                                 |                    |                    |
|          | - From Directors & Relatives                        | 152,311,410        | 145,037,143        |
|          | <b>TOTAL</b>  | <b>155,098,321</b> | <b>148,659,796</b> |

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

|   |  |
|---|--|
| A | Machinery Term loan from Kotak Mahindra Bank Ltd., current o/s as on 31st March, |
|---|--|

|  |  |
|--|--|
|  | 2016 Rs. 34,27,262/- is secured by   |
| B  | hypothecation of Plant & Machinery and repayable in monthly instalment of Rs. 113127 including interest, ROI 13.40% p. a. Car loan (Rexton) from Kotak Mahindra Prime Ltd., current o/s as on 31st March, 2016 Rs. 2,74,161/- is secured by hypothecation of Motor Car and repayable in monthly EMI of Rs. 26500 including interest, rate of interest 10.60% p. a. |
| C  | Car loan (Mahindra TUV) from Kotak Mahindra Prime Ltd., current o/s as on 31st March, 2016 Rs. 5,87,504/- is secured by hypothecation of Motor Car and repayable in monthly EMI of Rs. 22460 including interest, rate of interest 10.60% p. a.   |
| <b>Unsecured loans from related parties:</b> |  |
| D  | 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 @ 15% p.a.   |

| 6 | DEFERRED TAX LIABILITY (NET):                  | Deferred Tax Liability/ (Asset) as at 31/03/2016 | Current year Charge (Credit) | Deferred Tax Liability/ (Asset) as at 31/03/2015 |
|---|--|--|------------------------------|--|
|   | <b>Deferred Tax Liabilities:</b>               |  |                              |  |
|   | - Tax on difference between book and Tax Depr. | 7,603,384  | 945,356                      | 6,658,028  |
|   | <b>Deferred Tax Assets:</b>                    |  |                              |  |
|   | - Other Disallowance - Gratuity Provision      | (553,656)  | (134,263)                    | (419,393)  |
|   | Net Deferred Tax Liability/(Asset)             | <b>7,049,728</b>                                 | <b>811,093</b>               | <b>6,238,635</b>                                 |

| 7 | LONG TERM PROVISIONS:                  |  |                  |
|---|--|--|------------------|
|   | <b>Provision for Employee Benefits</b> |  |                  |
|   | (Refer Note No. 38)                    |  |                  |
|   | - Gratuity (unfunded)                  |  | 1,289,065        |
|   | <b>TOTAL</b>                           |  | <b>1,289,065</b> |

| 8 | SHORT TERM BORROWINGS:                      |                   |                   |
|---|---|-------------------|-------------------|
|   | <b>Secured:</b>                             |                   |                   |
|   | Cash Credit from Kotak Mahindra Bank Ltd.   | 29,536,050        | 34,829,377        |
|   | Buyers Credit from Kotak Mahindra Bank Ltd. | 34,780,434        | -                 |
|   | <b>TOTAL</b>                                | <b>64,316,484</b> | <b>34,829,377</b> |

| <b>Note:</b> |   |
|--------------|---|
|              | <b>Working Capital Facilities from Banks:</b>   |
|              | Cash Credit from Banks o/s. as on 31.03.2016 Rs. 2,97,71,223 secured by way of first charge by hypothecation of stocks, book debts and all current assets of the Company (Present & Future) including Plant & Machinery. Rate of interest at 11.85% p.a. subject to change from time to time. |



|  |   |
|--|---|
|  | Buyers Credit from Banks o/s. as on 31.03.2016 Rs. 3,49,36,464 secured by way of first charge by hypothecation of stocks, book debts and all current assets of the Company (Present & Future) including Plant & Machinery. Rate of interest as per bank's guidelines from time to time. |
|--|---|

|          |                                    |                   |                   |
|----------|------------------------------------|-------------------|-------------------|
| <b>9</b> | <b>TRADE PAYABLES:</b>             |                   |                   |
|          | <i>(Refer Note No. 43)</i>         |                   |                   |
|          | Trade payable for goods & expenses | 21,121,423        | 51,404,364        |
|          | <b>TOTAL</b>                       | <b>21,121,423</b> | <b>51,404,364</b> |

|           |                                   |  |                  |                  |
|-----------|-----------------------------------|--|------------------|------------------|
| <b>10</b> | <b>OTHER CURRENT LIABILITIES:</b> |  |                  |                  |
|           | (a)                               | Current Maturities of Long Term Debts      | 1,469,808        | 3,604,262        |
|           | (b)                               | Interest Accrued but not Due on Borrowings | 423,411          | 346,022          |
|           | (c)                               | Advances Received from Customers           | 291,784          | -                |
|           | (d)                               | Statutory Liabilities                      | 903,908          | 1,819,695        |
|           |                                   | <b>TOTAL</b>                               | <b>3,088,911</b> | <b>5,769,979</b> |

|           |                               |                                  |                  |                  |
|-----------|-------------------------------|----------------------------------|------------------|------------------|
| <b>11</b> | <b>SHORT TERM PROVISIONS:</b> |                                  |                  |                  |
|           | (a)                           | Provision for employee benefits  | 1,723,572        | -                |
|           |                               | <i>(Refer Note No. 38)</i>       |                  |                  |
|           | (b)                           | Provision for current income-tax | 1,050,000        | 6,400,000        |
|           | (c)                           | Other provisions                 | 756,550          | 575,206          |
|           |                               | <b>TOTAL</b>                     | <b>3,530,122</b> | <b>6,975,206</b> |

| NOTE - 12 : FIXED ASSETS : |                                |                          |             |           |                          |                          |              |           |                          |                          |                          |
|----------------------------|--------------------------------|--------------------------|-------------|-----------|--------------------------|--------------------------|--------------|-----------|--------------------------|--------------------------|--------------------------|
| Sr. No.                    | Particulars                    | GROSS BLOCK              |             |           |                          | DEPRECIATION             |              |           |                          | NET BLOCK                |                          |
|                            |                                | Balance as at 01.04.2015 | Additions   | Disposals | Balance as at 31.03.2016 | Balance as at 01.04.2015 | For the Year | Disposals | Balance as at 31.03.2016 | Balance as at 31.03.2016 | Balance as at 31.03.2015 |
|                            |                                | Rs.                      | Rs.         | Rs.       | Rs.                      | Rs.                      | Rs.          | Rs.       | Rs.                      | Rs.                      | Rs.                      |
| 1                          | <b>Tangible Assets</b>         |                          |             |           |                          |                          |              |           |                          |                          |                          |
|                            | Lands                          | 1,77,223                 | -           | -         | 1,77,223                 | -                        | -            | -         | -                        | 1,77,223                 | 1,77,223                 |
|                            | Factory Building               | 3,24,38,679              | 54,85,919   | -         | 3,79,24,598              | 90,74,725                | 23,28,758    | -         | 1,14,03,483              | 2,65,21,115              | 2,33,63,954              |
|                            | <b>Plant &amp; Machineries</b> |                          |             |           |                          |                          |              |           |                          |                          |                          |
|                            | Machinery                      | 15,33,30,903             | 3,05,31,097 | -         | 18,38,62,000             | 4,93,46,964              | 1,72,67,504  | -         | 6,66,14,468              | 11,72,47,532             | 10,39,83,939             |
|                            | Furnace                        | 15,65,282                | -           | -         | 15,65,282                | 8,06,340                 | 1,45,641     | -         | 9,51,981                 | 6,13,301                 | 7,58,942                 |
|                            | Electric Attendance System     | 99,163                   | -           | -         | 99,163                   | 26,822                   | 13,256       | -         | 40,078                   | 59,085                   | 72,341                   |
|                            | Electrification                | 35,93,691                | -           | -         | 35,93,691                | 15,72,203                | 3,73,490     | -         | 19,45,693                | 16,47,998                | 20,21,488                |
|                            | Refrigerator                   | 21,800                   | -           | -         | 21,800                   | 17,731                   | 681          | -         | 18,412                   | 3,388                    | 4,069                    |
|                            | Mobile & Telephone             | 2,08,045                 | 44,500      | -         | 2,52,545                 | 1,11,315                 | 22,012       | -         | 1,33,327                 | 1,19,218                 | 96,730                   |
|                            | Air Conditioner                | 4,57,950                 | 1,82,500    | -         | 6,40,450                 | 1,60,134                 | 77,129       | -         | 2,37,263                 | 4,03,187                 | 2,97,816                 |

|  |                                       |                     |                    |                 |                     |                    |                    |                 |                    |                     |                     |
|--|---------------------------------------|---------------------|--------------------|-----------------|---------------------|--------------------|--------------------|-----------------|--------------------|---------------------|---------------------|
|  | Water Filter                          | 94,775              | -                  | -               | 94,775              | 50,398             | 8,586              | -               | 58,984             | 35,791              | 44,377              |
|  | CCTV System                           | 6,09,393            | -                  | -               | 6,09,393            | 2,49,817           | 66,800             | -               | 3,16,617           | 2,92,776            | 3,59,576            |
|  | Weighing Scale                        | 70,830              | 63,000             | -               | 1,33,830            | 31,590             | 12,567             | -               | 44,157             | 89,673              | 39,240              |
|  | <b>Furniture &amp; Fixtures</b>       | 6,60,557            | 4,00,591           | -               | 10,61,148           | 4,93,165           | 63,642             | -               | 5,56,807           | 5,04,341            | 1,67,392            |
|  | <b>Computers &amp; Softwares</b>      | 17,41,149           | 2,02,332           | -               | 19,43,481           | 12,46,477          | 2,86,936           | -               | 15,33,413          | 4,10,068            | 4,94,672            |
|  | <b>Vehicles</b>                       |                     |                    |                 |                     |                    |                    |                 |                    |                     |                     |
|  | Motor Cars                            | 43,23,791           | 9,15,252           | -               | 52,39,043           | 21,97,617          | 7,81,269           | -               | 29,78,886          | 22,60,157           | 21,26,174           |
|  | Motor Cycles                          | 1,41,052            | -                  | -               | 1,41,052            | 1,13,220           | 6,245              | -               | 1,19,465           | 21,587              | 27,832              |
|  | <b>Windmill Plant &amp; Machinery</b> | 1,29,30,220         | -                  | -               | 1,29,30,220         | 60,62,239          | 8,44,951           | -               | 69,07,190          | 60,23,030           | 68,67,981           |
|  | <b>Total - Tangible Assets</b>        | <b>21,24,64,503</b> | <b>3,78,25,191</b> | <b>-</b>        | <b>25,02,89,694</b> | <b>7,15,60,757</b> | <b>2,22,99,467</b> | <b>-</b>        | <b>9,38,60,224</b> | <b>15,64,29,470</b> | <b>14,09,03,746</b> |
|  | <b>Previous year Total</b>            | <b>15,44,23,230</b> | <b>5,83,04,745</b> | <b>2,63,472</b> | <b>21,24,64,503</b> | <b>5,53,01,645</b> | <b>1,65,84,734</b> | <b>3,25,622</b> | <b>7,15,60,757</b> | <b>14,09,03,746</b> | <b>9,91,21,585</b>  |

|     |                            |              |             |           |              |             |             |          |             |              |              |
|-----|----------------------------|--------------|-------------|-----------|--------------|-------------|-------------|----------|-------------|--------------|--------------|
| II  | Intangible                 |              |             |           |              |             |             |          |             |              |              |
|     | Assets :                   | -            | -           | -         | -            | -           | -           | -        | -           | -            | -            |
|     | Total                      | -            | -           | -         | -            | -           | -           | -        | -           | -            | -            |
|     | Previous                   |              |             |           |              |             |             |          |             |              |              |
|     | Year Total                 | -            | -           | -         | -            | -           | -           | -        | -           | -            | -            |
| III | Capital Work in-progress : |              |             |           |              |             |             |          |             |              |              |
|     | Factory Drumming shed      | 25,66,029    | -           | 25,66,029 | -            | -           | -           | -        | -           | -            | 25,66,029    |
|     | Total                      | 25,66,029    | -           | 25,66,029 | -            | -           | -           | -        | -           | -            | 25,66,029    |
|     | Previous                   |              |             |           |              |             |             |          |             |              |              |
|     | Year Total                 | 3,84,191     | 21,81,838   | -         | 25,66,029    | -           | -           | -        | -           | 25,66,029    | -            |
| IV  | Intangible                 |              |             |           |              |             |             |          |             |              |              |
|     | Assets Under Development : | -            | -           | -         | -            | -           | -           | -        | -           | -            | -            |
|     | Total                      | -            | -           | -         | -            | -           | -           | -        | -           | -            | -            |
|     | Previous                   |              |             |           |              |             |             |          |             |              |              |
|     | Year Total                 | -            | -           | -         | -            | -           | -           | -        | -           | -            | -            |
|     | GRAND TOTAL                | 21,50,30,532 | 3,78,25,191 | 25,66,029 | 25,02,89,694 | 7,15,60,757 | 2,22,99,467 | -        | 9,38,60,224 | 15,64,29,470 | 14,34,69,775 |
|     | GRAND TOTAL PREVIOUS YEAR  | 15,48,07,421 | 6,04,86,583 | 2,63,472  | 21,50,30,532 | 5,53,01,645 | 1,65,84,734 | 3,25,622 | 7,15,60,757 | 14,34,69,775 | 9,91,21,585  |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

|           |   |                   |                   |
|-----------|---|-------------------|-------------------|
| <b>13</b> | <b>NON CURRENT INVESTMENTS:</b>   |                   |                   |
|           | <b>Unquoted: (At Cost):</b>   |                   |                   |
|           | 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            |
|           | <b>Quoted: (At Cost):</b>   |                   |                   |
|           | DSP Blackrock - Equity Fund (G) [MV Rs. 27,59,021 (26,82,835 )]             | 1,971,000         | 1,647,000         |
|           | Franklin India Prima Plus (G) [MV Rs. 13,50,608 (8,09,151)]                 | 1,123,911         | 567,000           |
|           | Franklin India Bluechip Fund (G) [NA (MV Rs. 2,29,573)]                     | -                 | 140,333           |
|           | HDFC Equity Fund (G) [NA (MV Rs. 3,61,785)]                                 | -                 | 194,291           |
|           | ICICI Pru-Baln. Advant. Fund Reg (G)<br>[MV Rs. 7,67,712 (MV Rs. 7,59,328)] | 585,066           | 585,066           |
|           | ICICI Prudential Infrastructure<br>[MV Rs. 25,63,060 (MV Rs. 26,76,087)]    | 2,102,711         | 1,778,711         |
|           | IDFC Premier Equity Fund [MV Rs. 33,01,063 (MV Rs.32,70,459)]               | 1,944,000         | 1,647,000         |
|           | Reliance Equity Fund [NA (MV Rs. 3,06,140)]                                 | -                 | 138,681           |
|           | <b>TOTAL</b>  | <b>7,764,388</b>  | <b>6,735,782</b>  |
| <b>14</b> | <b>LONG TERM LOANS AND ADVANCES</b>   |                   |                   |
|           | <i>(Unsecured and considered good as certified by the management)</i>       |                   |                   |
|           | Security Deposits   | 1,367,159         | 1,367,159         |
|           | Capital Advances  | 3,578,179         | 7,869,180         |
|           | <b>TOTAL</b>  | <b>4,945,338</b>  | <b>9,236,339</b>  |
| <b>15</b> | <b>INVENTORIES</b>  |                   |                   |
|           | <i>(As taken, valued &amp; certified by the management)</i>                 |                   |                   |
|           | Raw Materials   | 56,479,804        | 64,137,017        |
|           | Work-in-process   | 36,062,100        | 9,809,632         |
|           | Finished Goods  | 1,087,388         | 474,818           |
|           | Others - Waste & Scrap  | 285,815           | 67,506            |
|           | <b>TOTAL</b>  | <b>93,915,107</b> | <b>74,488,973</b> |

|           |   |  |                                     |
|-----------|---|--|-------------------------------------|
| <b>16</b> | <b>TRADE RECEIVABLES :</b>  |  |                                     |
|           | <i>(Unsecured and considered good as certified by the management)</i> |  |                                     |
|           | (a)   | Unsecured, considered good :   |                                     |
|           |   | - Outstanding or a period exceeding six months from the date they are due for payment.   | 80,385      -                       |
|           |   | - Outstanding or a period less than six months from the date they are due for payment.   | 4,46,79,536      4,03,55,954        |
|           | (b)   | Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or member others | -      -                            |
|           |   | <b>TOTAL</b>   | <b>4,47,59,921      4,03,55,954</b> |
| <b>17</b> | <b>CASH AND CASH EQUIVALENTS:</b>                                     |  |                                     |
|           | (a)   | Balance with banks:  | 150,758      25,535                 |
|           | (c)   | Cash on hand   | 961,996      282,876                |
|           | (d)   | Earmarked balances with banks  | 11,790,679      7,168,718           |
|           |   | <b>TOTAL</b>   | <b>12,903,433      7,477,129</b>    |
| <b>18</b> | <b>SHORT TERM LOANS &amp; ADVANCES:</b>                               |  |                                     |
|           | <i>(Unsecured and considered good as certified by the management)</i> |  |                                     |
|           | (a)   | Balances with Revenue Authorities  | 12,883,873      16,916,071          |
|           | (b)   | Advance to Suppliers & Others  | 1,557,462      1,016,764            |
|           | (c)   | Prepaid Expenses   | 77,206      567,994                 |
|           |   | <b>TOTAL</b>   | <b>14,518,541      18,500,829</b>   |
| <b>19</b> | <b>OTHER CURRENT ASSETS:</b>  |  |                                     |
|           | <i>(Unsecured and considered good as certified by the management)</i> |  |                                     |
|           |   | Income Receivable  | 247,377      335,224                |
|           |   | <b>TOTAL</b>   | <b>247,377      335,224</b>         |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

|           |   |   |                     |                    |
|-----------|---|---|---------------------|--------------------|
| <b>20</b> | <b>REVENUE FROM OPERATION:</b>  |   |                     |                    |
|           | (a)   | Sale of products  | 209,927,914         | 286,096,516        |
|           | (b)   | Sale of Services  | -                   | -                  |
|           | (c)   | Other Operating Revenues                                    | 43,805,290          | 13,348,308         |
|           |   | <b>Sub-Total</b>  | <b>253,733,204</b>  | <b>299,444,824</b> |
|           |   | Less: Excise Duty   | 22,273,164          | 27,444,410         |
|           |   | <b>TOTAL</b>  | <b>231,460,040</b>  | <b>272,000,414</b> |
| <b>21</b> | <b>OTHER INCOME:</b>  |   |                     |                    |
|           |   | Dividend Income   | -                   | 6,392              |
|           |   | Interest Income   | 747,696             | 582,357            |
|           |   | Foreign Exchange Rate Fluctuation                           | (1,399,086)         | 10,238,754         |
|           |   | Discontinuance of Gratuity Liability                        | -                   | 3,564              |
|           |   | Long Term Gain on Equity Oriented Fund                      | 423,216             | -                  |
|           |   | <b>TOTAL</b>  | <b>(228,174)</b>    | <b>10,831,067</b>  |
| <b>22</b> | <b>COST OF RAW MATERIAL AND STORES CONSUMED:</b>                                      |   |                     |                    |
|           |   | Opening Stock:  | 64,137,017          | 42,021,075         |
|           |   | Add: Purchases  | 120,091,476         | 164,141,734        |
|           |   | <b>Sub-Total</b>  | <b>184,228,493</b>  | <b>206,162,809</b> |
|           |   | Less: Closing Stock   | 56,479,804          | 64,137,017         |
|           |   | <b>TOTAL</b>  | <b>127,748,689</b>  | <b>142,025,792</b> |
| <b>23</b> | <b>CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS &amp; STOCK-IN-TRADE:</b> |   |                     |                    |
|           |   | Opening Stock:  |                     |                    |
|           |   | Finished Goods  | 474,818             | 104,597            |
|           |   | Semi-Finished Goods   | 9,809,632           | 13,573,459         |
|           |   | Scrap/Wastage   | 67,506              | 185,721            |
|           |   | <b>Sub-Total</b>  | <b>10,351,956</b>   | <b>13,863,777</b>  |
|           |   | Less: Closing stock:  |                     |                    |
|           |   | Finished Goods  | 1,087,388           | 474,818            |
|           |   | Semi-Finished Goods   | 36,062,100          | 9,809,632          |
|           |   | Scrap/Wastage   | 285,815             | 67,506             |
|           |   | <b>Sub-Total</b>  | <b>37,435,303</b>   | <b>10,351,956</b>  |
|           |   | <b>TOTAL</b>  | <b>(27,083,347)</b> | <b>3,511,821</b>   |
| <b>24</b> | <b>EMPLOYEE BENEFITS EXPENSES:</b>  |   |                     |                    |
|           | (a)   | Salary, Wages and Bonus (including director's remuneration) | 40,281,517          | 32,503,927         |
|           | (b)   | Contribution to Provident Fund & Gratuity Fund              | 2,771,967           | 3,168,437          |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

|  |     |                        |                   |                   |
|--|-----|------------------------|-------------------|-------------------|
|  | (c) | Staff Welfare Expenses | 1,436,692         | 1,450,440         |
|  |     | <b>TOTAL</b>           | <b>44,490,176</b> | <b>37,122,804</b> |

|           |                         |                     |                   |                   |
|-----------|-------------------------|---------------------|-------------------|-------------------|
| <b>25</b> | <b>FINANCIAL COSTS:</b> |                     |                   |                   |
|           | (a)                     | Interest Expenses   | 15,725,504        | 21,999,776        |
|           | (b)                     | Other Finance Costs | 874,970           | 314,023           |
|           |                         | <b>TOTAL</b>        | <b>16,600,474</b> | <b>22,313,799</b> |

|           |                        |  |                   |                   |
|-----------|------------------------|--|-------------------|-------------------|
| <b>26</b> | <b>OTHER EXPENSES:</b> |  |                   |                   |
|           | <b>a.</b>              | <b>Manufacturing &amp; Operating Costs</b>   |                   |                   |
|           |                        | Consumption of Electric, Power and Fuel      | 16,666,918        | 13,450,972        |
|           |                        | Machinery Repairs & Maintenance              | 1,135,101         | 1,143,667         |
|           |                        | Building Repairs & Maintenance               | 1,664,077         | 1,090,334         |
|           |                        | Electric Repairs & Maintenance               | 327,168           | 497,996           |
|           |                        | Jobwork Expenses                             | 6,707,688         | 7,284,447         |
|           |                        | Transportation & Labour Charges              | 2,352,729         | 3,326,084         |
|           |                        | Other Manufacturing & Operating Expenses     | 4,508,816         | 6,135,093         |
|           |                        | <b>(a)</b>                                   | <b>33,362,497</b> | <b>32,928,593</b> |
|           | <b>b.</b>              | <b>Sales &amp; Distribution Expenses</b>     |                   |                   |
|           |                        | Advertisement & Sales Promotion Expenses     | 125,064           | 82,697            |
|           |                        | <b>(b)</b>                                   | <b>125,064</b>    | <b>82,697</b>     |
|           | <b>c.</b>              | <b>General &amp; Administrative Expenses</b> |                   |                   |
|           |                        | Audit Fees                                   | 30,000            | 30,000            |
|           |                        | Legal & Professional Expenses                | 1,078,466         | 215,482           |
|           |                        | Share Issue Expenses                         | 4,518,611         | -                 |
|           |                        | Insurance                                    | 111,134           | 78,743            |
|           |                        | Rent   | 5,000             | 25,000            |
|           |                        | Rates & Taxes                                | 163,299           | 554,373           |
|           |                        | Conveyance, Tour and Travelling Expenses     | 306,143           | 1,067,780         |
|           |                        | General Administration Expenses              | 2,046,545         | 1,348,264         |
|           |                        | <b>(c)</b>                                   | <b>8,259,198</b>  | <b>3,319,642</b>  |
|           |                        | <b>TOTAL (a+b+c)</b>                         | <b>41,746,759</b> | <b>36,330,932</b> |

|            |                                  |   |           |            |
|------------|----------------------------------|---|-----------|------------|
| <b>27.</b> | <b>Earnings per Share (EPS):</b> |   |           |            |
|            | (a)                              | Profit after tax for calculation of Basic and Diluted EPS | 3,445,003 | 17,400,934 |
|            | (b)                              | Weighted average number of equity shares outstanding      | 4,098,426 | 3,500,000  |
|            |                                  | for calculating EPS ( <b>Adjusted for Bonus Issue</b> )   |           |            |
|            | (c)                              | Basic and Diluted EPS                                     | 0.84      | 4.97       |

|           |   |  |  |  |
|-----------|---|--|--|--|
| <b>28</b> | Contingent Liabilities and Commitments: |  |  |  |
|-----------|---|--|--|--|



|  |  |            |            |
|--|--|------------|------------|
| (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   | 50,631,206 | 48,838,875 |
|  | (d) Disputed Liability in Appeal:  |            |            |
|  | (i) Income-tax   | Nil        | Nil        |
|  | (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        |
| <i>(Contingent liabilities as disclosed above are as certified by the management of the company)</i> |  |            |            |

|           |  |                            |            |             |
|-----------|--|----------------------------|------------|-------------|
| <b>29</b> | Value of imports calculated on CIF basis by the company during financial year in respect of: |                            |            |             |
|           | i.   | Raw materials              | 67,256,267 | 120,101,186 |
|           | ii.  | Components and spare parts | Nil        | Nil         |
|           | iii.   | Capital Goods              | 4,042,885  | 47,423,244  |

|           |   |                     |   |         |
|-----------|---|---------------------|---|---------|
| <b>30</b> | <b>Earnings &amp; Expenditure in foreign currency</b> |                     |   |         |
|           | <b>A</b>  | <b>Earnings</b>     |   |         |
|           |   | Sale of Goods       | - | 477,540 |
|           | <b>B</b>  | <b>Expenditures</b> |   |         |
|           |   | Travelling Expenses | - | 696,886 |

|           |   |  |             |             |
|-----------|---|--|-------------|-------------|
| <b>31</b> | <b>Imported and Indigenous Material Consumed:</b> |  |             |             |
|           | i.  | Total value of imported raw materials, spare parts and components consumed during the financial year | 75,939,508  | 94,923,912  |
|           | ii.   | Total value of all indigenous raw materials, spare parts and components similarly consumed           | 51,809,181  | 47,101,879  |
|           | iii.  | Total value of imported and indigenous raw materials, spare consumed during the financial year       | 127,748,689 | 142,025,791 |
|           | iv.   | Imported raw materials and spare parts consumed in %   | 59.44%      | 66.84%      |
|           | v.  | Indigenous raw materials and spare parts consumed in %   | 40.56%      | 33.16%      |

|           |   |                                    |                |
|-----------|---|------------------------------------|----------------|
| <b>32</b> | <b>Payment to Auditors (Excluding Service tax):</b>   |                                    |                |
|           | - Audit Fees  | 30,000                             | 30,000         |
| <b>33</b> | <b>Details of raw materials consumed: (In Rupees)</b>   |                                    |                |
|           | Steel Coil, Consumable Stores & Packing Materials   | 127,748,689                        | 142,025,792    |
| <b>34</b> | <b>Details of Manufactured Goods : (In Rupees)</b>  |                                    |                |
|           | <b>Product</b>  | <b>Bearing Rollers &amp; Scrap</b> |                |
|           | Opening Stock   | 542,324                            | 290,318        |
|           | Closing Stock   | 1,373,203                          | 542,324        |
|           | Sales (Excl. Excise)  | 187,654,750                        | 258,652,106    |
| <b>35</b> | <b>There is no employees getting remuneration as required under Section 217 (2-A) of the Companies Act, 2013</b>  | NA                                 | NA             |
| <b>36</b> | <b>Realisation :</b>  |                                    |                |
|           | 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. |                                    |                |
| <b>37</b> | <b>Contratual Liabilities :</b>   |                                    |                |
|           | 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.   |                                    |                |
| <b>38</b> | <b>Gratuity Benefits</b>  |                                    |                |
|           | 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 Acturial Valuation Report.  |                                    |                |
|           | <b>Particulars</b>  | <b>2015-16</b>                     | <b>2014-15</b> |
|           | Opening defined benefit obligation  | 1,289,065                          | -              |

|  |                                    |  |  |           |           |
|--|------------------------------------|--|--|-----------|-----------|
|  | Adjustment during the year (Net)   |  |  | 434,507   | 1,289,065 |
|  | Closing Defined benefit obligation |  |  | 1,723,572 | 1,289,065 |

|           |   |                                       |   |
|-----------|---|---------------------------------------|---|
| <b>39</b> | <b>Details of utilization of funds raised from IPO</b>  |                                       |   |
|           | During the year under review, the company has raised Rs. 3,24,00,000/- by Initial Public Offer by issuing 12,96,000 shares of Rs. 10 each issued at a premium of Rs. 15 each. |                                       |   |
|           |   |                                       | <b>(Rs. In Lacs)</b>                      |
|           | <b>Sr. No.</b>  | <b>Particulars</b>                    | <b>Utilization as at 31st March, 2016</b> |
|           | 1   | Utilized for the objects of the issue | 324.00                                    |
|           | 2   | Unutilised Fund                       | -   |
|           |   | <b>TOTAL</b>                          | <b>324.00</b>                             |

|           |   |
|-----------|---|
| <b>40</b> | Previous year's figure have 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. |
|-----------|---|

|           |  |
|-----------|--|
| <b>41</b> | 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. |
|-----------|--|

|           |                                       |   |
|-----------|---------------------------------------|---|
| <b>42</b> | <b>Related Party Disclosure :</b>     |   |
|           | <b>(I)</b>                            | <b>List of Related Parties and Relationship</b> |
|           |                                       |   |
|           | <b>Name of Related Party :</b>        | <b>Relationship</b>                             |
|           |                                       |   |
|           | <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   |
|           |                                       |   |
|           | <b>Relatives of KMP</b>               |   |
|           | Girishkumar G. Changela               |   |
|           | Rambhaben G. Changela                 |   |
|           | Hansaben Gopaldas Dharsandia          |   |



|  |                                       |                    |            |           |                |
|--|---------------------------------------|--------------------|------------|-----------|----------------|
|  | Darshit D. Changela                   | 6,76,114           | -          | 9,00,000  | -              |
|  | Divyeshbhai H. Changela               | 4,47,024           | -          | 9,00,000  | -              |
|  | Girishkumar G. Changela               | 6,21,486           | 15,00,000  | -         | -              |
|  | Hansaben Gopaldas<br>Dharsandia       | 2,22,949           | -          | -         | -              |
|  | Jaynaben G. Changela                  | 4,87,357           | (4,38,622) | -         | -              |
|  | Jayshreeben H. Changela               | 6,69,567           | (3,28,136) | -         | -              |
|  | Manjulaben Jayantilal<br>Marvania     | 1,80,399           | (2,50,000) | -         | -              |
|  | Prashantkumar G.<br>Changela          | 3,38,214           | (2,33,706) | -         | -              |
|  | Rajan Girishkumar<br>Changela         | 3,18,600           | (2,20,153) | -         | -              |
|  | Jyotiben V. Changela                  | 6,39,862           | -          | -         | -              |
|  | Vijaykumar V. Changela                | 3,39,024           | (1,35,000) | 9,00,000  | -              |
|  | Rasilaben D. Changela                 | 4,79,129           | (5,89,493) | -         | -              |
|  | Rinkuben Divyeshbhai<br>Changela      | 3,29,954           | (3,57,676) | -         | -              |
|  | Jayendrakumar Govindbhai<br>Trambadia | 15,671             | (14,104)   | -         | -              |
|  | Jayeshkumar Govindbhai<br>Trambadia   | 30,250             | (27,224)   | -         | -              |
|  | Jitendrakumar Govindbhai<br>Trambadia | 29,320             | -          | -         | -              |
|  | Virdeep Engineering Pvt.<br>Ltd.      | -                  | -          | -         | 7,175          |
|  | Virdeep Engineering Pvt.<br>Ltd.      | -                  | -          | -         | (3,936)        |
|  | Virdeep Engineering Pvt.<br>Ltd.      | -                  | -          | -         | 1471786<br>(S) |
|  | Vijay Petroleum                       | -                  | -          | -         | 65716 (E)      |
|  |                                       | <b>2014 - 2015</b> |            |           |                |
|  | Dilipkumar G. Changela                | 22,27,436          | 22,20,000  | 12,00,000 | -              |
|  | Hiralal G. Changela                   | 16,69,585          | 19,00,000  | 12,00,000 | -              |
|  | Vrajlal G. Changela                   | 21,25,625          | 35,90,000  | 12,00,000 | -              |
|  | Vrajlal G. Changela                   | -                  | (70,000)   | -         | -              |
|  | Vishal V. Changela                    | 7,65,743           | 9,75,000   | 6,00,000  | -              |
|  | Vishal V. Changela                    | -                  | (2,70,000) | -         | -              |
|  | Darshit D. Changela                   | 12,02,626          | 7,00,000   | 6,00,000  | -              |
|  | Bhumiben Dilipbhai<br>Changela        | 3,59,241           | 2,00,000   | -         | -              |
|  | Bhumiben Dilipbhai<br>Changela        | -                  | (20,000)   | -         | -              |
|  | Divyeshbhai H. Changela               | 7,96,027           | -          | 6,00,000  | -              |
|  | Girishkumar G. Changela               | 10,28,367          | 9,60,000   | -         | -              |
|  | Jaynaben G. Changela                  | 8,67,849           | -          | -         | -              |
|  | Jayshreeben H. Changela               | 12,19,221          | 13,50,000  | -         | -              |

|  |                                    |           |             |          |             |
|--|------------------------------------|-----------|-------------|----------|-------------|
|  | Jayshreeben H. Changela            | -         | (3,46,000)  | -        | -           |
|  | Jyotiben V. Changela               | 11,60,490 | 7,20,000    | -        | -           |
|  | Jyotiben V. Changela               | -         | (1,70,000)  | -        | -           |
|  | Manjulaben Jayantilal              | 3,52,016  | 2,00,000    | -        | -           |
|  | Prashantkumar G. Changela          | 6,17,259  | 2,41,000    | -        | -           |
|  | Rajan Girishkumar Changela         | 5,81,423  | 2,41,000    | -        | -           |
|  | Rambhaben G. Changela              | 16,34,540 | 7,20,000    | -        | -           |
|  | Rambhaben G. Changela              | -         | (15,000)    | -        | -           |
|  | Hansaben Gopaldas Dharsandia       | 3,96,626  | 2,00,000    | -        | -           |
|  | Manjulaben Jayantilal Marvania     | -         | 2,00,000    | -        | -           |
|  | Rinkuben Divyeshbhai Changela      | 6,16,382  | 10,00,000   | -        | -           |
|  | Rinkuben Divyeshbhai Changela      | -         | (2,46,000)  | -        | -           |
|  | Rasilaben D. Changela              | 9,07,854  | 7,20,000    | -        | -           |
|  | Rasilaben D. Changela              | -         | (5,40,000)  | -        | -           |
|  | Vijaykumar V. Changela             | 6,29,339  | 7,50,000    | 6,00,000 | -           |
|  | Vijaykumar V. Changela             | -         | (2,70,000)  | -        | -           |
|  | Jayendrakumar Govindbhai Trambadia | 31,889    | (28,700)    | -        | -           |
|  | Jayeshkumar Govindbhai Trambadia   | 61,555    | (55,398)    | -        | -           |
|  | Jitendrakumar Govindbhai Trambadia | 59,680    | (53,711)    | -        | -           |
|  | Virdeep Rollers Pvt. Ltd.          | 2,98,872  | (21,97,000) | -        | -           |
|  | Virdeep Engg. Pvt. Ltd.            | -         | -           | -        | 5,43,252    |
|  | Virdeep Engg. Pvt. Ltd.            | -         | -           | -        | (3,27,659)  |
|  | Virdeep Engg. Pvt. Ltd.            | -         | -           | -        | 1082964 (S) |
|  | Vijay Petroleum                    | -         | -           | -        | 45346 (E)   |

|    |   |
|----|---|
| 43 | 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, |
|----|---|

|    |   |
|----|---|
| 44 | Wherever no vouchers and documentary evidences were made available for our verification, we have relied on the authentication given by management of the company. |
|----|---|

|    |   |
|----|---|
| 45 | Figures have been rounded off to nearest rupee and have been regrouped, rearranged and reclassified wherever necessary. |
|----|---|

Signature to Note No. 1 to 45

**As per our report of even date attached      On behalf of the Board of Directors**

**FOR SVK & ASSOCIATES**  
**Chartered Accountants**  
Firm Reg. No. 118564W

**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

Place : Rajkot  
Date : May 30, 2016

Sd/-  
**Vishal V. Changela**  
Chief Financial Officer

Sd/-  
**Dimpi Sampat**  
Company Secretary

**ATTENDANCE SLIP****25<sup>TH</sup> ANNUAL GENERAL MEETING**

|  |  |
|--|--|
| Reg. Folio No./DP Id No./Client Id No. |  |
| Name & Address                         |  |
| Name(s) of Joint Member(s), if any     |  |
| No. of Shares held                     |  |

I/We certify that I/We am/are member(s)/Proxy for the member(s) of the Company.

I/We hereby record my/our presence at the 25<sup>th</sup> Annual General Meeting of the Company on Wednesday, August 24, 2016 at 4:00 PM at the registered office of the Company.

\_\_\_\_\_  
**Signature of first Holders/Proxy/Authorised Representative**

\_\_\_\_\_  
**Signature of Joint Holder(s)**

**Notes:**

1. Please sign this attendance slip and hand it over at the meeting venue.
  2. Only shareholders of the Company and/or their Proxy will be allowed to attend the Meeting.
- 
-



**PROXY FORM**

**Form No. MGT-11**

[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 member(s)** : \_\_\_\_\_  
 Registered address : \_\_\_\_\_  
 Email Id : \_\_\_\_\_  
 Folio No/ Client Id : \_\_\_\_\_  
 DP ID : \_\_\_\_\_

I/we, being the member(s) of \_\_\_\_\_ shares of the Vishal Bearings Limited, hereby appoint:

Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 Email Id : \_\_\_\_\_  
 Signature : \_\_\_\_\_ or failing him

Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 Email Id : \_\_\_\_\_  
 Signature : \_\_\_\_\_ or failing him

Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 Email Id : \_\_\_\_\_  
 Signature : \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on Wednesday, August 24, 2016 at Registered Office of the Company and at any adjournment thereof, in respect of such resolutions set out in the AGM Notice.

**AFFIX  
REVENUE  
STAMP**

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

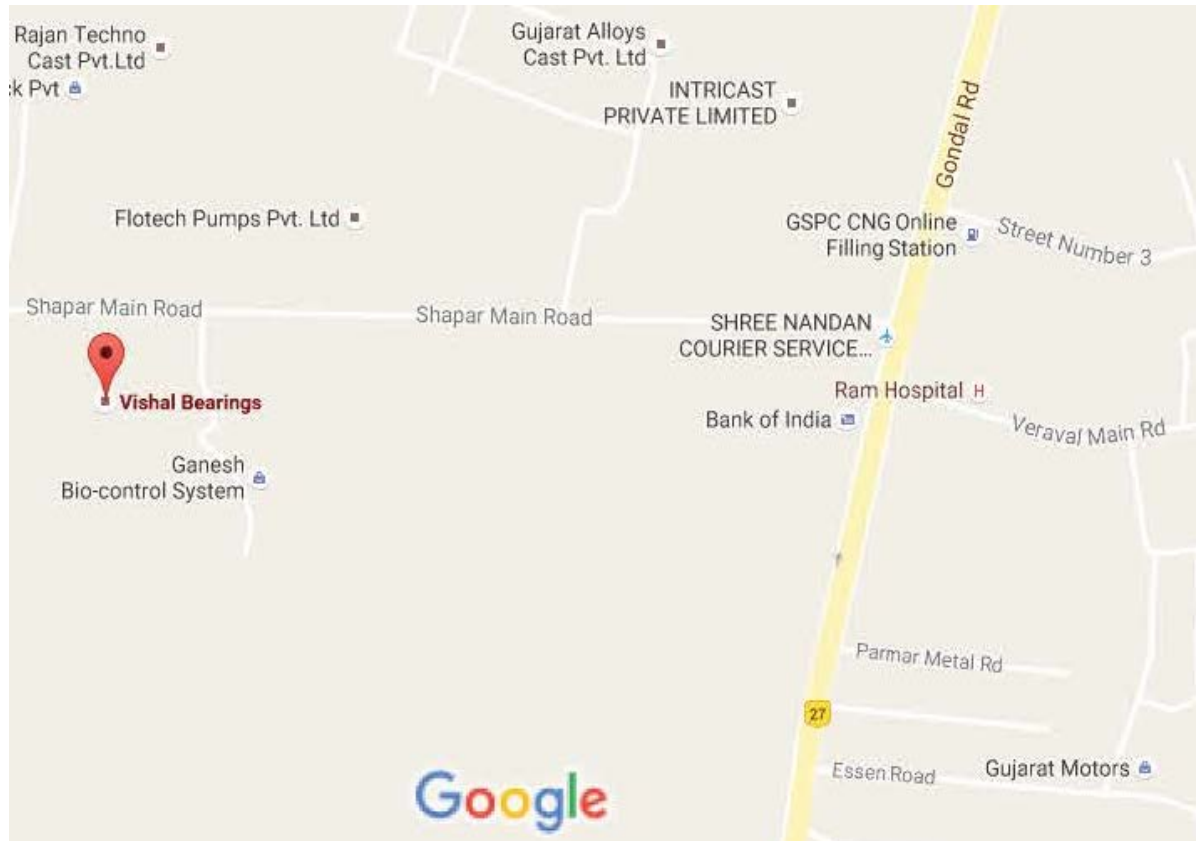
Signature of Shareholder : \_\_\_\_\_

Signature of Proxy Holder(s) : \_\_\_\_\_

**NOTE:** This form 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.

## ROUTE MAP

### ROUTE MAP FOR VENUE OF AGM



### **VISHAL BEARINGS LIMITED**

#### **REGISTERED OFFICE**

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)





# VISHAL BEARINGS LIMITED

**Registered Office:**

Survy No.22/1, Plot No.1, Shapar Main Raod, Shapar (Veraval),  
Rajkot – 360 024, Gujarat, INDIA

Tel : +91 2827 252273 • Fax: +91 2827 253087

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

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