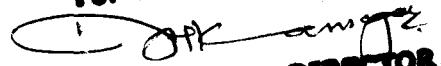




GALAXY BEARINGS LTD.

TRUE COPY
For GALAXY BEARINGS LTD.


DIRECTOR

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13th Annual Report

2002 - 2003

GALAXY BEARINGS LIMITED

Board of Directors : **Shri V H Kansagara** *Chairman & Managing Director*
Shri N M Patel *Director*
Shri N B Delvadia "
Shri R V Bhalodia "
Shri R G Patel "
Shri B K Ghodasara *Executive Director*

Auditors

Ms. J T Shah & Company
Chartered Accountants
Ahmedabad

Banker

Bank of Baroda

Registered Office

: T-18, Vikram Chambers,
Ashram Road,
Ahmedabad - 380 009

Factory

: Survey No. 253,
National Highway No. 8B,
Village : Shapar,
Ta. Kotada Sagnani,
Dist. Rajkot - 360 002

THIRTEENTH ANNUAL REPORT

NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of the Company, will be held on Tuesday, 30th September, 2003 at 11.30 a.m. at T-18, Vikram Chambers, Ashram Road, Ahmedabad -380 009, to transact the following business:

1. To receive, consider and adopt audited accounts for the year ended on 31st March, 2003 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri N B Delvadia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri R V Bhalodia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.
5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 (including any statutory amendments) and the Rules framed thereunder, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any such authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") which term shall include any committee thereof for the time being exercising the powers conferred by the Board, consent of the Company, be and is hereby accorded to the Board to delist the equity shares of the Company from all or any of the following Stock Exchanges:

1. The Stock Exchange, Ahmedabad, and/or
2. The Stock Exchange, Mumbai

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to seek voluntary delisting and to take all necessary actions in this regard, (including exit offer or otherwise, wherever necessary) and to do all such acts, deeds, incidental matters and things, as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, doubt that may arise in this regard and to execute all such deeds, documents as may be necessary and for this purpose to delegate the authority duly vested therein to any of the Directors or any other person whom the Board may deem fit to do various acts, deeds, and things as required to be done for delisting of shares."

Regd. Office:
T-18, Vikram Chambers
Ashram Road,
AHMEDABAD 380 009
August 25, 2003

By Order of the Board

V H Kansagara
Chairman & Managing Director

GALAXY BEARINGS LIMITED

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 and Clause 49 of the Listing Agreement, in respect of Item No.2, 3 & 5 are annexed hereto.
3. The Share Transfer Books and the Register of Members of the Company shall remain closed from Monday, 22nd September, 2003 to Thursday, 25th September, 2003 (Both days inclusive).
4. Members desirous of any information or clarification on accounts, are requested to write to the Company atleast 10 days in advance of the meeting.
5. Members are requested to notify, change in address, if any, immediately to the Registered Office of the Company.

EXPLANATORY STATEMENT pursuant to Section 173 of the Companies Act, 1956 AND pursuant to Clause 49 of the Listing Agreement:

Item No.2

Shri N B Delvadia aged about 70 years is a BE (Civil). He has a vast experience in the technical and other areas in the industry. He was appointed as a Director since incorporation of the Company. He has provided his services to the Company.

None of the Directors, except Shri N B Delvadia, is interested or concerned in the resolution.

Item No.3

Shri R V Bhalodia aged about 55 years is a Diploma Holder in Electrical Engineering. He has a vast experience in the marketing and other areas in the industry. He was appointed as a Director since incorporation of the Company. He has provided his services to the Company.

None of the Directors, except Shri R V Bhalodia, is interested or concerned in the resolution.

Item No.5:

The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 permit delisting of shares without giving an exit option to the shareholders, provided the shares of the Company continue to be listed at a Stock Exchange having nationwide trading terminals. The Company's shares are not traded either on the floors of the BSE or ASE, except casually traded once at BSE singly. Your Company now proposes voluntary delistings as may be permitted under the Guidelines or Rules framed/to be framed by SEBI from time to time. The Board recommend the special resolution.

None of the Directors of the Company are in any way concerned or interested in the said special resolution.

Regd. Office:
T-18, Vikram Chambers
Ashram Road,
AHMEDABAD 380 009
August 25, 2003

By Order of the Board

V H Kansagara
Chairman & Managing Director

THIRTEENTH ANNUAL REPORT

DIRECTORS' REPORT

To,

Dear Members,

Your Directors have pleasure in presenting this Thirteenth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2003.

Financial Results :	31-3-2003	Amount (Rs) 31-3-2002
Turnover & Other Income	135925109	138551756
Profit before Depreciation & Interest	6104997	6611198
Interest	2112536	2023651
Depreciation	2531047	2193064
Profit before Taxation	1461414	2394483
Excess Provision W/off	183391	11981
Provision of Taxation	120000	200000
Provision for Deferred Tax	712478	933219
Profit for the year	812327	1273245

Operations

Your Directors have to report that the Company has secured a net sales of Rs. 128331894/- i.e. 1.62% decrease over the previous year's sales of Rs.130449635/- inspite of continued depressed market conditions. The Company has received export incentives of Rs.5964838/-. The manufacturing and other overheads were increased. During the year under review, the Company has earned a profit of Rs.812327/- as against profit of Rs. 1273245/- earned during the previous year.

Your Company has achieved sales of Rs. 252.30 Lacs during the first quarter in the current year. Your Directors expect better results in the years to come.

Listings

The Company's equity shares have been listed with the Stock Exchanges at Mumbai and the Regional Stock Exchange at Ahmedabad.

The Company's shares are not traded in Stock Exchanges except casually traded and quoted at Rs.3.60 per share at the Stock Exchange, Mumbai. Thus, the very purpose of enlistment is lost. Hence, your Directors have considered to delist from the Stock Exchanges as may be permitted under the recent SEBI (Delisting of Securities) Guidelines, 2003. Accordingly, a special resolution is recommended for your approval.

Deposits

The amount accepted by the Company are exempted borrowings within the meaning of Rule 2 (b) (xi) of the Companies (Acceptance of Deposits) Rules, 1975.

Particulars of Employees

There are no employees covered under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and hence particulars are not given.

Directors

Shri N B Delvadia and Shri R V Bhalodia are due to retire at the ensuing Annual General Meeting and being eligible for re-appointment, offer themselves for the same.

GALAXY BEARINGS LIMITED

Responsibility Statement

The Directors confirm

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- b) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- c) that to the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) that they have prepared the annual accounts on a going concern basis.

Auditors

M/s J T Shah & Company, Chartered Accountants, retire as Auditors of the Company at the ensuing Annual General Meeting, but being eligible, offer themselves for their re-appointment.

The Auditors observations read with Notes to the Accounts are self explanatory.

Corporate Governance

As required under the amended provisions of Clause 49 of the Listing Agreements, the Company was required to implement the code of corporate governance on or before 31st March, 2003 and your Directors are pleased to state that the Company has already implemented the same. A separate report on corporate governance as well as a Management Discussion and Analysis Report of the Company form part of this Annual Report.

Conservation of Energy, Technology Absorption etc.

Particulars with respect to Conservation of Energy as per Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of this Report are given by way of an Annexure.

Acknowledgements

Your Directors place on record of its appreciation of the co-operation and assistance received from Bankers of the Company. Your Directors wish to thank valued customers and suppliers of the Company for their co-operation.

Your Directors also appreciate the services rendered by staff members with their sincere and dedicated services provided to the Company.

For and on behalf of the Board

Place : Ahmedabad
Date : August 25, 2003

V H Kansagara
Chairman & Managing Director

THIRTEENTH ANNUAL REPORT

ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of Director's Report:

- I. CONSERVATION OF ENERGY : The Company is conscious to save energy and has adopted various measures including improvement in manufacturing process, for competitive products. The Company has not made any additional investment. The other information is given as per Form A.

FORM A

(Form for Disclosure of Particulars with respect to Conservation of Energy)

A. Power & Fuel Consumption:		
Electricity (Purchased)	31-3-2003	31-3-2002
Units consumed	497124	441823
Total Amount	2417693	2265317
Rate/Unit Rs.	4.86	5.13
B. Consumption per Unit of Production:		
Avg. Electricity Consumption per Bearing	1.92	2.07

II.

FORM B

(Form for disclosure of particulars with respect to absorption)

Research and development (R & D)

- | | |
|--|--|
| 1. Specific areas in which R & D carried out by the Company. | The Company has no separte R & D Department and Developmental activities are carried out with the Company's own team of experts.Hence,expenses incurred are not seperately worked out. |
| 2. Benefits derived as a result of the above R & D. | |
| 3. Future plan of action | |
| 4. Expenditure on R & D: | |

Technology absorption, adoption and innovation

- | | |
|--|---|
| 1. Efforts,in brief, made towards technology absorption, adoption and innovation. | The technology is indigenus and the Company has fully absorbed. |
| 2. Benefits derived as a result of the above efforts. | N.A. |
| 3. In case of imported technolgy (imported during last 5 yrs reckoned from the beginning of the financial year), following information may be furnished: | N.A. |
| (a) Technology imported. | — |
| (b) Year of import | — |
| (c) Has Technology been fully absorbed? | — |
| (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action. | — |

III. Foreign Exchange Earnings and Outgo:

Earnings on account of Export	: Rs.66007974/-
Outgo (Travelling)	: Rs. 160987/-

For and on behalf of the Board

Place : Ahmedabad
Date : August 25, 2003

V H Kansagara
Chairman & Managing Director

GALAXY BEARINGS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

Galaxy Bearings Limited was promoted by Shri Vinodbhai H Kansagara, Chairman & Managing Director and his group. Shri Kansagara is a technocrate having very rich experience in the industry. The Company is engaged in manufacturing and marketing of Ball and Taper Roller Bearings.

Industry Structure

During the year under review, the industry witnessed recessionary conditions both in domestic and international markets. The industry showed some improvement during the middle of the year due to softening up of prices in bearings and its parts, and fiscal initiatives taken by the Government.

Prospects

With the revival and growth of various industries, the demand for the bearings is increasing. The prospects of the Indian bearing industry is promising, if the quality of the product is maintained. The Company is quality conscious about the quality of the product.

Opportunities, Threats, Risks and concerns

The Company has a fair name in the Indian bearing industry and has strategic plans for marketing keeping in view the industry demand in domestic and international market. The demand for bearings remained almost constant due to goodwill, qualitative products and value addition. With the working capital facilities availed from bankers, the Company is set to achieve the higher production to meet with the industry demand. With the removal of the import restrictions, international market will be open. However, the Government is vigilant on the global competition. The Company's product has been qualitative and competitive. The Company has strengthened its marketing strategy. Further, the Company believes satisfaction of the customers and maintaining long term relationship with them, which will ultimately provide better opportunity to grow.

Internal Control Systems

The Company has adequate internal control systems in respect of efficiency of operation, financial reporting, compliance with laws etc. Exercises for safeguarding assets and protection against unauthorised use are undertaken. The Management reviews internal control system from time to time.

Review of Financial Performance

The financial performance during the year ended 31st March, 2003, has been satisfactory looking into the present industry trend and scenario. The Company expects better performance in the years to come, in view of the increasing demand of the Company's products and action taken to expedite expansion on hand.

Human Resources

As on 31st March, 2003, 50 personnel were working at its Factory and Offices at various places. The relations between the employees and the Management have remained cordial.

Cautionary Statement

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however differ materially from those expressed or implied. 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

1. **A brief statement on Company's philosophy on code of conduct**
The Company always believe in fair business and corporate practices while dealing with the shareholders, employees, lenders, customers, creditors, and others. The Company is prompt in discharging its statutory obligations and duties. The philosophy encompasses the serving of long term interest of all its stake holders.
2. **Board of Directors**
 - a) **Composition:**
The Board of Directors presently comprises of Six Directors, four of whom are independent and non executive Directors. The Board is headed by Shri Vinodbhai H Kansagara, Chairman and Managing Director and is composed of eminent persons with wide experience in various fields.

None of the non-executive Directors have material pecuniary relationship or transactions with the Company.