



GALAXY BEARINGS LTD.

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**14th Annual Report
2003 - 2004**

For GALAXY BEARINGS LTD.

[Handwritten signature]
DIRECTOR

TRUE COPY

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 : **M/s. 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

FOURTEENTH ANNUAL REPORT

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of the Company, will be held on Thursday, 30th September, 2004 at 11.30 a.m. at T-18, Vikram Chambers, Ashram Road, Ahmedabad -380 009, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt audited accounts for the year ended on 31st March, 2004 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri N M Patel, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri B K Ghodasara, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 198, 269, 309, Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956, Shri Bharat K Ghodasara, be and is hereby re-appointed as Executive Director of the Company for a further period of five years with effect from 1st April, 2004, on a Salary of Rs.11,000/- per month in the Scale of Rs.11000-1000-1500-15000 plus other perquisites as are allowed to the Senior Executives of the Company, including House Rent Allowance, Bonus, Medical Reimbursement, Leave Travel Concession, Club Fees, Personal Insurance, leave Encashment, Provident Fund, Pension, Superannuation Fund, Gratuity, Free use of Car with driver and Free telephone facility at residence as per the Rules of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to revise and/or modify the terms and conditions of re-appointment of Shri Ghodasara including remuneration payable to him so however that the same shall not exceed the ceilings laid down in Schedule XIII to the Companies Act, 1956 and to do all such acts, deeds, matters and things as may be expedient for the purpose."

For GALAXY BEARINGS LTD

V H Kansagara
Chairman & Managing Director

Place: Ahmedabad
Date : August 25, 2004

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, 27th September, 2004 to Thursday, 30th September, 2004 (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 Navinchandra M Patel aged about 55 years is a M.Com. 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 valuable services to the Company.

None of the Directors, except Shri N M PATEL, is interested or concerned in the resolution.

Item No.3

Shri B K Ghodasara aged about 45 years is a Commerce Graduate. He has a vast experience in the administration and other areas in the industry. He was appointed as a Director with effect from 28.3.1994. He has been working as an Executive Director of the Company with effect from April, 1999. He has provided his valuable services to the Company.

None of the Directors, except Shri B K Ghodasara, is interested or concerned in the resolution.

Item No.5

The tenure of Shri Bharat K Ghodasara as an Executive Director of the Company expires on 31st March, 2004 and the Board of Directors of the Company has considered his contribution and valuable services provided to the Company and re-appointed him for a period of five years w.e.f. 1.4.2004. Shri Ghodasara shall be entitled to all the benefits and perquisites, Car with Chaufferur, telephone at residence, HRA, Bonus, LTC, Club Fees, Insurance, Gratuity, PF, Pension, Superannuation, Leave Encashment, Medical Allowance as per the Rules of the Company in addition to his salary. The Board of Directors are authorised to revise or modify the terms including remuneration payable to him so however that the same shall not exceed the ceilings laid down in Schedule XIII to the Companies Act, 1956. He shall not be paid any sitting fees for attending any meeting of the Board of Directors or committees thereof. The appointment may be terminated by giving 30 days notice or salary in lieu thereof by either side. This may be treated as an abstract under section 302 of the Companies Act, 1956.

None of the Directors, except Shri B K Ghodasara, is interested or concerned in the resolution.

For GALAXY BEARINGS LTD

Place: Ahmedabad

Date : August 25, 2004

V H Kansagara

Chairman & Managing Director

FOURTEENTH ANNUAL REPORT

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting this Fourteenth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2004.

Financial Results

	Amount (Rs)	
	31.3.2004	31.3.2003
Turnover & Other Income	161497277	135835489
Profit before Depreciation & Interest	10781933	6104997
Interest	3014419	2112536
Depreciation	3131988	2531047
Profit before Taxation	4635526	1461414
Excess Provision W/off	113731	183391
Provision for Taxation	200000	120000
Provision for Deferred Tax	1648030	712478
Profit for the year	2901227	812327

Operations

Your Directors are pleased to report that the Company has secured a net sales of Rs.14,77,67,840/- i.e.15% increase over the previous year's sales of Rs.12,83,31,894/- . The Company has explored overseas opportunities and made exports worth Rs.10.07 Crores and has received export incentives of Rs.74,10,247/-. The Company has installed CNC Turning Unit at Pune. The Company has carried out job work of Rs.47,22,772/-. The Company has endeavoured to control its manufacturing and other overheads. During the year under review, the Company has earned a net profit of Rs.29,01,227/- as against net profit of Rs.8,12,327/- earned during the previous year.

Your Company has achieved sales of Rs. 365.88 Lacs during the first quarter in the current year. Your Directors expect better results in the years to come.

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 were 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 M Patel and Shri B K Ghodasara are due to retire at the ensuing Annual General Meeting and being eligible for re-appointment, offer themselves for the same.

Shri B K Ghodasara was re-appointed as an Executive Director of the Company for a further period of five years with effect from 1st April, 2004. You are requested to consider the resolutions.

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 the year ended on 31st March, 2004.
- 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.

Listings

The Stock Exchange at Ahmedabad has approved Company's application for voluntary delistings and accordingly, shares are delisted with effect from 11.2.2004 vide their letter No.ASE/2004/3831 dated 5.2.2004. The shares are continued to be enlisted with the Stock Exchange at Mumbai.

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 has already implemented the code of corporate governance for the year ended on 31st March, 2004. 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
For GALAXY BEARINGS LTD

Place: Ahmedabad
Date : August 25, 2004

V H Kansagara
Chairman & Managing Director

FOURTEENTH 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 Directors' 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)	31.03.2004	31.03.2003
Units consumed	547903	497124
Total Amount	2640358	2417693
Rate/Unit Rs.	4.81	4.86
B. Consumption per Unit of Production:		
Avg. electricity consumption per Bearing Rs.	2.29	1.92

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 sepearte R & D Department and Developmental activities are carried out with the Company's own team of experts. Hence, expenses incurred are not separately 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 indigenous and the Company has fully absorbed. |
| 2. Benefits derived as a result of the above efforts. | N.A. |
| 3. Incase of imported technology (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.100748578/-
<u>Outgo</u>	
Travelling	: Rs.152575/-
Capital Expenditure	: Rs.533008/-
Foreign Bank Charges	: Rs.173009/-

For and on behalf of the Board
For **GALAXY BEARINGS LTD**

Place: Ahmedabad
Date : August 25, 2004

V H Kansagara
Chairman & Managing Director

GALAXY BEARINGS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

Galaxy Bearings Limited was promoted by Shri Vinodrai 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 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. The component industry in India has come to be recognised as a potential source for low cost sourcing and there has been a spurt in the exports of auto components, which, as per ACMA, has touched the Billion Dollar Mark.

Prospects

With the revival and growth of various industries, the demand for the bearings has been 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, 2004, 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, 2004, 120 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.

FOURTEENTH ANNUAL REPORT

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.

During the year, Nine Board Meetings were held on 30.4.03, 31.7.03, 25.8.03, 3.9.2003, 31.10.03, 3.11.2003, 7.11.2003, 31.1.04 and 15.3.04. The time gap between two Board Meetings do not exceed four months. The composition of the Board of Directors and other particulars are as under:

Name of Director	Category	No of Board Meetings attended	Attendance at the last AGM (Y/N)	Directorship in other public Companies	No of committees in which chairman/member in other public Co
V. H. Kansagara	CMD	9	Y	Nil	Nil
N M Patel	NED	9	Y	Nil	Nil
N B Delvadia	NED	4	N	Nil	Nil
R V Bhalodia	NED	9	Y	Nil	Nil
R G Patel	NED	9	Y	Nil	Nil
B K Ghodasara	ED	9	Y	Nil	Nil

- Note: 1. CMD - Chairman and Managing Director (Promoter). The appointment is contractual.
 2. NED - Non Executive Director and Independent Director
 3. ED - Executive Director

b) Board Procedure:

The Board of Directors meet with detailed agenda for discussion and decision. The Directors actively take part in the discussion. All the decisions are taken unanimously. The terms of reference will, interalia, include the items covered under Clause 49 of the Listing Agreements.

3. Audit Committee

a) Terms of Reference:

The Company has constituted an Audit Committee with effect from February, 2003 whose terms of reference include the matters covered under Clause 49 of the Listing Agreements. The Committee is to review internal audit and control systems, meet statutory auditors and discuss their findings, suggestions and other related matters.

b) Composition:

The Audit Committee, presently comprises of three Non Executive Directors, i.e. (1) Shri N M Patel, (2) Shri R V Bhalodia and (3) Shri R G Patel, all of whom are independent. Shri N M Patel was appointed Chairman of the Committee.