



GALAXY BEARINGS LTD.

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**17th Annual Report
2006 - 2007**

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 *Jt. Managing 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

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of members of the Company will be held on Saturday, 29th September, 2007 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 Profit and Loss Account for the year ended on 31st March, 2007 and Balance Sheet as on that date, together with 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 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 modifications, the following resolutions as Special Resolutions:

"RESOLVED THAT pursuant to Section 198, 269, 309, 311, 316, 317, Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals or consents as may be necessary, consent of the Company be and is hereby given for the re-appointment of Shri Vinodbhai H Kansagara, who is also a Director of M/s Gujarat Cine Enterprises Pvt Ltd and looking after affairs of that Company, as Chairman and Managing Director of the Company for a further period of five years w.e.f. 1st August, 2007 on a Salary of Rs.20,000/- per month in the scale of Rs.20000-2500-5000-40000 plus perquisites and upon the major terms and conditions as set out in the Explanatory Statement annexed hereto and which is specifically approved."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to review/revise or otherwise alter the terms and conditions of the re-appointment including remuneration payable to Shri Vinodbhai H Kansagara, as Chairman and Managing Director of the Company, within 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."

By Order of the Board
For GALAXY BEARINGS LTD

Place : Ahmedabad
Date: 25-8-2007

V H Kansagara
Chairman & Mg Director

GALAXY BEARINGS LIMITED**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 26th September, 2007 to Saturday, 29th September, 2007 (both days inclusive).
4. A relative Explanatory Statement, in respect of item No.5, pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
3. Members are requested to notify, change of addresses, 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 75 years is a BE (Civil). He has a vast experience in technical and other areas in the industries. He is a promoter Director of the Company. He has been providing valuable services to the Company.

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

Item No.3

Shri B K Ghodasara aged about 48 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 and promoted as a Joint Managing Director with effect from 1.9.2005. He has been providing 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 Vinodbhai H Kansagara as Chairman and Managing Director of the Company expired on 31st July, 2007 and the Board of Directors of the Company considered his expertise and able guidance provided to the Company and also found him fit and proper for his continued services to the Company. Shri Kansagara is also a working Director in Gujarat Cine Enterprises Pvt Ltd. Your Directors, therefore, by an unanimous resolution passed in their meeting held on 31st July, 2007, re-appointed him for a further period of five years from 1st August, 2007. The major terms and conditions of the re-appointment are as under:

1. Name of Appointee : Shri Vinodbhai H Kansagara
2. Designation : Chairman & Managing Director
3. Remuneration :
 - 3.1 Salary : Rs.20000/- per month in scale of Rs.20000-2500-5000-40000
 - 3.2 Perquisites : (Subject to the overall ceiling limit of Rs.2,40,000/- per year)
- I. Bonus : The appointee shall be entitled to bonus as per the rules of the Company.
- II. Medical Reimbursement : The expenses incurred by the Managing Director and his family subject to a ceiling of One month's Salary in a year or three months salary in a block of three years.

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III. Leave Travel Concession : for self and family, once in a year.

IV. Personal Accident Insurance : the premium on which shall not exceed Rs.50000/- per year.

Company's contribution towards provident fund and pension/superannuation fund as per the rules framed by the Company.

Gratuity not exceeding one half month's salary for each completed year of service.

Free use of car with driver for Company's business. Use of car for private purpose shall be charged for in accordance with the Rule of the Company.

One Month's earned leave on full pay and allowance for every 11 month of services.

Sitting Fees: The Managing Director shall not be paid sitting fees for attending the meetings of the Board of Directors or Committees thereof.

The Managing Director shall act under the superintendence, control and directions of Board of Directors of the Company and is vested with substantial powers of management and is authorised to exercise all the powers for general management and business of the Company and shall perform such functions as the Board of Directors of the Company may from time to time entrust to him.

The Managing Director shall put his best efforts for the betterment of the Company and shall devote reasonable time and attention for the purpose.

The Appointment may be terminated by giving not less than 90 days notice in writing by the either party.

Shri Vinodbhai H Kansagara shall not liable to retire by rotation during his tenure as Managing Director.

This may be treated as an abstract under Section 302 of the Companies Act, 1956. A copy each of the letter of Appointment and Articles of Association of the Company are available for inspection at the Registered Office of the Company between 2.00 pm to 4.00 pm. during working days.

None of the Directors, except Shri Vinodbhai H Kansagara, may be deemed to be concerned or interested in the above special resolution. The Board recommends passing of the said Special Resolution.

By Order of the Board
For **GALAXY BEARINGS LTD**

Place : Ahmedabad

Date: 25-8-2007

V H Kansagara
Chairman & Mg Director

GALAXY BEARINGS LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting this Seventeenth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2007.

Financial Results

	31.3.2007	Amount (Rs) 31.3.2006
Sales (Net)	177788668	193316176
Profit before Depreciation & Interest	13045843	11961744
Interest	3590123	3700813
Depreciation	4488062	4282594
Profit before Taxation	4967658	3978337
Short/Excess Provision W/off	66711	48655
Provision for Taxation	1880000	1300000
Profit for FBT	260000	625000
Deferred Tax	(188530)	(202860)
Profit for the year	3082899	2304852

Operations

Your Directors have to report that the Company has achieved sales (net) of Rs.17,77,88,668/- against sales of Rs.19,33,16,176/- for the previous year. There has been stiff competition in the industry. The Company could execute export orders worth Rs.3.83 Crores only as against Rs.7.21 Crores for the previous year. The Company has received export incentives of Rs.15.67 lacs. There was heavy fluctuations in the foreign exchange rates. However, the major machineries were installed for better results. The Company has carried out job work of Rs.85.10 lacs. The profit is worked out to Rs.30,82,899/- as against profit of Rs.23,04,852/- earned during the previous year. Your Directors expect better results in the years to come.

Deposits

The amount borrowed by the Company are exempted loans 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 B Delvadia 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 Vinodbhai H Kansagara was re-appointed as Chairman and Managing Director for a further period of five years with effect from 1st August, 2007. Your Directors recommend their appointments.

Responsibility Statement

The Directors confirm

- 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.
- 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, 2007.

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- 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 shares are continued to be enlisted with the BSE, i.e. The Stock Exchange at Mumbai. The Company has paid annual listing fees to the BSE.

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, 2007. The CFO/CEO has reported necessary compliances. 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: 25-8-2007

V H Kansagara
Chairman & Mg Director

GALAXY BEARINGS LIMITED**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)	31.03.2007	31.03.2006
Units consumed	519837	580612
Total Amount	2637135	2824683
Rate/Unit Rs.	5.07	4.87
B. Consumption per Unit of Production :		
Avg. electricity consumption per Bearing Rs.	1.48	1.79

II. FORM B

(Form for disclosure of particulars with respect to absorption)

Research and development (R & D)

- | | |
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| <ol style="list-style-type: none"> 1. Specific areas in which R & D carried out by the Company. 2. Benefits derived as a result of the above R & D. 3. Future plan of action 4. Expenditure on R & D : | <p>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.</p> |
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Technology absorption, adoption and innovation

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| <ol style="list-style-type: none"> 1. Efforts,in brief,made towards technology absorption, adoption and innovation. 2. Benefits derived as a result of the above efforts. 3. In case of imported technology (imported during last 5 yrs reckoned from the beginning of the financial year), following information may be furnished : <ol style="list-style-type: none"> (a) Technology imported (b) Year of import (c) Has Technology been fully absorbed? (d) If not fully absorbed, areas where this | <p>The technology is indigenous and the Company has fully absorbed.</p> <p>N.A.</p> <p>N.A.</p> |
|--|---|
- has not taken place, reasons therefor and future plans of action.

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III. Foreign Exchange Earnings and Outgo :

Earnings on account of Export	: Rs.38336922/-
Outgo	
Travelling	: Rs.582475/-
Capital Expenditure	: Rs.17862959/-
Foreign Bank Charges	: Rs.20580

Place : Ahmedabad

Date : 25-08-2007

For and on behalf of the Board

For Galaxy Bearings Ltd.**V. H. Kansagara***Chairman & Mg. Director*Report Junction.com

GALAXY BEARINGS LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Overview**

Galaxy Bearings Limited (GBL) 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. The Factory is located at Village Shaper, Ta. Kotada Sagnani in the State of Gujarat.

Industry Structure

The growth of the industry directly related to the OEM in the automobile, engineering segment, opportunities in the international markets and other replacement markets. The component industry in India has come to be recognised as a potential source for low cost sourcing. Significant rises in new material costs will impact production costs and if prices are not simultaneously raised, will drastically impact profit margins.

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. New bearings are also used for replacement of old, worn out bearings. Liberalisation in industrial policy, WTO driven reductions in duty structure, growth in demand in export market, entry of multinationals and increasing demand for industrial products have resulted in an increase in demand for bearings. There have been heavy fluctuations in the foreign exchange rates. 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, 2007, 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, 2007, 69 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.