



GALAXY BEARINGS LTD

19th Annual Report
2008-2009

GALAXY BEARINGS LIMITED

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

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 NINETEENTH Annual General Meeting of members of the Company will be held on Friday, 25th September, 2009 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, 2009 and Balance Sheet as on that date, together with reports of the Directors and Auditors thereon; and Compliance Certificate for the year ended on 31st March, 2009.
2. To appoint a Director in place of Shri R V Bhalodia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri N B Delvadia, who retires by rotation but does not offer 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, if any, the following resolution as Special Resolutions.

"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 Vice-Chairman and Joint Managing Director of the Company for a further period of five years with effect from 1st April, 2009, on a Salary of Rs.35,000/- per month in the Scale of Rs.35000-2000-3000-5000-70000/- plus other perquisites as are allowed to the Senior Executives of the Company and upon the following major terms and conditions as mentioned in the Explanatory Statement annexed hereto."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to revise, vary, alter, amend or otherwise modify the terms and conditions including remuneration payable to Shri B K Ghodasara as Vice-Chairman and Joint Managing Director of the Company, so however that the remuneration so fixed 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 necessary for the purpose."

Regd Office:

T-18, Vikram Chambers
Ashram Road
Ahmedabad 380 009

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

B K Ghodasara
Vice Chairman & Jt. Mg Director

Date: 25-08-2009

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 Tuesday, 22nd September, 2009 to Friday, 25th September, 2009 (both days inclusive).
3. In absence of willingness and offer of Shri N B Delvadia, the resultant casual vacancy is not proposed to be filled up.
4. A relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of special business at item No.5 and Information pursuant to the Clause 49 of the Listing Agreement are annexed herewith.
5. 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 information pursuant to Clause 49 of the Listing Agreement:**Item No.2**

Shri R V Bhalodia aged about 61 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 valuable services to the Company.

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

Item No.3

Shri N B Delvadia aged about 77 years is BE (Civil). He has a vast experience in technical and other areas in the industry. He was appointed as a Director since incorporation of the Company. He has provided valuable services to the Company. However, he has not shown his willingness to provide services as Director and has not offered himself for his re-appointment. The resultant vacancy is not proposed to be filled up.

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

Item No.5

The tenure of Shri B K Ghodasara as Vice Chairman and Joint Managing Director of the Company expired on 31st March, 2009 and the Board of Directors of the Company in their meeting held on 25th March, 2009, considered his experience and contribution given for the smooth functioning of the Company and re-appointed him as Vice-Chairman and Joint Managing Director of the Company for a further period of five years with effect from 1st April, 2009. The major terms and conditions of the appointment are as under:

- | | | |
|---------------------------|---|--|
| 1. Name of Appointee | : | Shri Bharat K Ghodasara |
| 2. Designation | : | Vice-Chairman and Joint Managing Director |
| 3. Remuneration | : | |
| 3.1 Salary | : | Rs.35000/- per month in scale of
Rs.35000-2000-3000-5000-70000/- |
| 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. |

NINETEENTH ANNUAL REPORT

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

IV. Personal Accident Insurance: The premium 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.

Shri B K Ghodasara is entrusted with the powers being subject to the superintence, control and direction of the Board of Directors from time to time.

He shall not be entitled to sitting fees payable for attending the meetings of the Board of Directors and the Committees thereof.

A copy of the Board Resolution and other relevant papers are available at the Registered Office of the Company for inspection of any member and open between 11.00 a.m. to 1.00 p.m. on all working days.

This may be treated as an abstract under Section 302(2) of the Companies Act, 1956.

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



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

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

B K Ghodasara
Vice-Chairman & Jt Mg Director

Date: 25.08.2009

GALAXY BEARINGS LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting this Nineteenth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2009.

Financial Results	31-03-2009	31-03-2008
Sales (Net)	201878324	255879870
Profit before Interest & Depreciation	18616770	19754935
Interest	9456311	8824536
Depreciation	5833509	6721037
Profit before Taxation	3326950	4209362
Short/Excess Provision W/off	(137504)	(62155)
Provision for Taxation	350000	950000
Provision for FBT	210000	300000
Deferred Tax	(633420)	580480
Profit for the Year	3262866	2316727

Operations

Your Directors have to report that the year under review was very turbulent with overall economy slowdown. There has been stiff competition in the industry coupled with hikes in raw material costs, electricity charges, employee costs and other overheads. The Company also installed some machinery for better results. The Company has maintained sales at Rs. 20,18,78,324/- which is 21% lower than the previous year's sales. The Company has executed export orders worth Rs. 6.44 Crores i.e. 23% lower than the previous year's export of Rs.8.37 Crores. There has been persistent inflation with heavy fluctuations in the foreign exchange rates, resulting into loss of Rs.91.63 lacs. This being unusual item, the Company decided to write off 1/3rd amount of such loss to the profit and loss account and the balance transferred to "Foreign Currency Monetary Item Transaction Difference Account" in loans and advances". The Company has received export incentives of Rs.39.32 Lacs. As a result, the Company has earned profit of Rs.32,62,866/- as against profit of Rs.23,16,727/- earned during the previous year after taxes. Your Directors expect better results in the years to come.

Deposits

The amount borrowed by the Company is exempted and is not a deposit 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 R V Bhalodia and Shri N B Delvadia are due to retire at the ensuing Annual General Meeting and eligible for re-appointments. Shri R V Bhalodia has offered himself for the re-appointment but Shri N B Delvadia has not offered himself for the re-appointment and the resultant vacancy is not proposed to be filled up. The Board hereby records and appreciates the services rendered to the Company by Shri N B Delvadia.

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.

NINETEENTH ANNUAL REPORT

- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on 31st March, 2009.
- 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 Bombay Stock Exchange Ltd, 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 other observations of the Auditors 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 implemented the code of corporate governance for the year ended on 31st March, 2009. 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 : 25.08.2009

B K Ghodasara
Vice-Chairman & Jt 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)	31.03.2009	31.03.2008
Units consumed	469820	573106
Total Amount	2875564	3030699
Rate/Unit Rs.	6.12	5.29
B. Consumption per Unit of Production :		
Avg. electricity consumption per Bearing Rs.	2.65	1.59

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 sepearte 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 indigenous and the Company has fully absorbed. |
| 2. Benefits derived as a result of the above efforts. | N.A. |
| 3. In case 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.6,43,59,916/-
Outgo	:	
Travelling	:	Rs.4,43,190/-
Capital Expenditure	:	Rs.34,77,118/-
Foreign Bank Charges	:	Rs.60,610/-

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

Place: Ahmedabad

Date : 25.08.2009

B K Ghodasara
Vice-Chairman & Jt Mg Director



GALAXY BEARINGS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Overview**

Bearing is the backbone of the automotive and other sectors and largely used by the OEM and replacement markets. Galaxy Bearings Limited (GBL) was promoted by Shri Vinodrai H Kansagara, Chairman & Managing Director and his group. The Company is engaged in manufacturing and marketing of qualitative Ball and Roller Bearings. The Factory is located at Village Shaper, Ta. Kotada Sagnani in the State of Gujarat

Industry Structure

After clocking an average growth of 8.9 % over the last five years (2003-2008), India registered a cyclical downturn in 2008-2009. Manufacturing sector witnessed overall slowdown. The automobile industry also witnessed effects of economy slowdown which ultimately affected the ancillary industries. However, the product has to be competitive and qualitative to get good market opportunities and profit margins.

Prospects

With the frequent changes in bank rates and other measures taken by the Government of India for revival of the economy, the Industrial Sector will gradually record growth. The demand for bearings and other products will also increase. The prospects of the Indian bearing industry are bright. The Company has been quality conscious.

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. 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. Liberalization in industrial policy, WTO driven reductions in duty structure, export market, entry of multinationals and increasing demand for industrial products have resulted in an increase in demand for bearings. However, the global economy has remained slowdown which also affected export opportunities. 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 unauthorized 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, 2009, 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

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, exceptions or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and exceptions 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.