

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting this Twentieth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2010.

Financial Results	31.03.2010	31.03.2009
Sales (Net)	248057095	201878324
Profit before Interest & Depreciation	22267892	18616770
Interest	8435831	9456311
Depreciation	4720970	5833509
Profit before Taxation	9111091	3326950
Prior period Expenses	95014	0
Short/Excess Provision	6860	137504
Provision for Taxation	3760000	350000
Provision for FBT	0	210000
Deferred Tax	261229	(633420)
Profit for the Year	4987988	3262866

Operations

Your Directors have to report that the Company's performance was satisfactory during the year under review. The Company has secured sales at Rs.24,80,57,095/- i.e. increase of about 23% over the previous year's sales. The Company has executed export orders worth Rs.4.99 Crores as against orders worth Rs. 6.44 Crores for the previous year. There has been persistent inflation with heavy fluctuations in the foreign exchange rates, resulting into loss of Rs.81.82 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.29.13 Lacs. The Company has earned profit of Rs.49,87,988/- as against Rs.32,62,866/- (after taxes) earned during the previous year. 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 Navinchandra M Patel and Shri Bharkat Kumar K Ghodasara are due to retire at the ensuing Annual General Meeting and eligible offered themselves for re-appointments. The Directors recommend the appointments.

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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 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, 2010.
- 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 already implemented the code of corporate governance for the year under review. The CFO/CEO has reported necessary compliances. A separate report on corporate governance as well as Management Discussion and Analysis Report of the Company form part of this Annual Report.

Conservation of Energy, Technology Absorption etc.

The Company is conscious about conservation of energy and taken steps for optimum usage. 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 the details of foreign exchange earnings and outgo are also given by way of an Annexure forming part of this Report.

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**

V H Kansagara
Chairman & Mg Director

Place: Ahmedabad

Date: 23-08-2010

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		
	31.03.2010	31.03.2009
Electricity (Purchased)		
Units consumed	466940	469820
Total Amount	2932913	2875564
Rate/Unit Rs	6.28	6.12
B. Consumption per Unit of Production:		
Avg. electricity consumption per Bearing Rs	2.47	2.65

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 separate R & D Department and Developmental activities |
| 2. Benefits derived as a result of the above R & D. | are carried out with the Company's own team of experts Hence, expenses incurred |
| 3. Future plan of action | are not separately worked out. |
| 4. Expenditure on R & D: | |

Technology absorption, adaptation and innovation

- | | |
|---|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation 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. |

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- (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 there for and future plans of action.

III. Foreign Exchange Earnings and Outgo :

Earnings on account of Export	:	Rs. 4,99,82,923/-
Outgo:		
Traveling	:	Rs. 3,63,248/-
Foreign Bank Charges	:	Rs. 64,907/-

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

Place : Ahmedabad
Date : 23.08.2010

V H Kansagara
Chairman & Mg Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

Corporate Governance refers to the blend of laws, regulations and voluntary practices. The Company believes best management practices with ethical and transparent policy. Strong corporate governance is indispensable for safeguarding interests of all stakeholders,

Industry Structure

Bearing is the backbone of the automotive and other sectors and largely used by the OEM and replacement markets. The industry showed recovery from the global downturn trend and registered a positive growth. Indian economy witnessed overall growth. 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 introduction of base rates by the Reserve Bank of India coupled with other measures taken by the Government of India for revival of the economy, the Industrial Sector showed sign of recovery and growth. The performance of the automobile sector improved manifold. 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

Bearings are used virtually in every machine or product which rotates or moves. 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 and this is an ongoing process. Liberalization in industrial policy, Duty structure, export market, entry of multinationals and increasing demand for industrial products influence demand for bearings. The global economy has showed sign of recovery from overall slowdown. 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, 2010, 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

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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 believes in fair business and transparent 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 five Directors, three 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 has material pecuniary relationship or transactions with the Company.

During the year, seven Board Meetings were held on 30.4.2009, 23.5.2009, 18.6.2009, 31.7.2009, 25.8.2009, 30.10.2009 and 31.1.2010. The time gap between two Board Meetings did 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	5	Y	Nil	Nil
N M Patel	NED	5	Y	Nil	Nil
R V Bhalodia	NED	6	Y	Nil	Nil
R G Patel	NED	7	Y	Nil	Nil
B K Ghodasara	CMD	7	Y	Nil	Nil

Note :

1. CMD - Chairman and Managing Director including Vice Chairman and Joint Managing Director.
The appointments are 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 Committee has been constituted to review internal audit and control systems, meet statutory auditors and discuss their findings, suggestions and other related matters covered under Clause 49 of the Listing Agreement.

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 RV Bhalodia is a Chairman of the Committee.

c) Audit Committee Meetings:

During the year four meetings of the Audit Committee were held on 30.04.2009, 23.5.2009, 25.8.2009 and 30.10.2009; and all the members have attended the meeting.

4. Remuneration Committee

The Company has not set up separate remuneration Committee. However, Audit Committee was entrusted with the power of fixing remuneration payable to the working Directors of the Company. Non Executive Directors are not paid remuneration. Remuneration of other employees largely consists of base remuneration, perquisites, bonus, exgratia, etc. The components of the total remuneration vary for different cadres and are governed by the industry pattern, qualifications, experience and other relevant factors of the employees.

5. Remuneration of Directors

Details of remuneration paid to the Directors for the year 2009-2010

Name of Director	Remuneration Rs.	Perquisites Rs.
Shri V H Kansagara <i>Chairman & Managing Director</i>	240000	20000
Shri B K Ghodasara <i>Vice-Chairman Jt Managing Director</i>	411789	29574

6. Shareholders Grievance Committee

The complaints relating to the split, issue of duplicate share certificate and complaints relating to non receipt of share certificates, non receipt of Annual Reports etc and other investors' grievances incidental thereto have been entrusted with the Shareholders/ Investors Grievance Committee, comprising of Shri Vinodbhai H Kansagara, Chairman & Mg Director and two other non executive Directors namely (1) Shri N M Patel and (2) Shri R V Bhalodia. Shri N M Patel is the Chairman of the Committee. The Committee is to meet as and when need arises. There is no share transfer pending as on 31.3.2010. Shri Dixit S Patel has been appointed as Compliance Officer. The details of complaints received and solved to the satisfaction of shareholders are as under:

Nature of complaints	Received	Cleared
Non receipt of Annual Report	2	2
Dividend/Misc	5	5
Total	7	7

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7. General Body Meetings

The details of the location and time for last three Annual General Meetings are given as under:

Year	Location/Venue	Date	Time
2006-2007	T-18, Vikram Chambers, Ashram Road, Ahmedabad-9	30.09.2007	11.30 a.m.
2007-2008	T-18, Vikram Chambers, Ashram Road, Ahmedabad-9	30.09.2008	11.30 a.m.
2008-2009	T-18, Vikram Chambers, Ashram Road, Ahmedabad-9	25.09.2009	11.30 a.m.

No Special Resolution was put through postal ballot last year. However, special resolution was passed for re-appointment of Shri B K Ghodasara as Vice-Chairman and Joint Managing Director at the last Annual General Meeting. No special resolution is proposed at the ensuing Annual General Meeting.

8. Disclosures

No transaction of material nature has been entered into by the Company with its promoters, Directors or the management, their subsidiaries or relatives etc that may have potential conflict with the interest of the Company.

There were no instances of non-compliance or penalty, strictures imposed on the Company by Stock Exchanges or SEBI or any matter related to capital markets, during the last three years.

9. Means of Communication

Half yearly Results are not sent to each shareholder. Quarterly Results are sent to the Stock Exchanges for information of shareholders. The results are normally published in Western Times. The Management Discussion and Analysis (MD&A) is a part of the Annual Report.

10. General Shareholder Information

a) Annual General Meeting:

The 20th Annual General Meeting will be held on Monday, 27th September, 2010 at 11.30 am at T-18, Vikram Chambers, Ashram Road, Ahmedabad 380009.

b) Book Closure:

The Share Transfer Books and the Register of Members shall remain closed from Thursday, 23rd September, 2010 to Monday, 27th September, 2010 (Both days inclusive).

c) Financial Calendar for the year 2010-2011 (Provisional)

Results for the	
Quarter ending 30th June, 2010	July, 2010
Quarter ending 30th September, 2010	October, 2010
Quarter ending 31st December, 2010	January, 2011
Quarter ending 31st March, 2011	April, 2011

d) Share Transfer System:

The Company's shares are not dematerialized and are only in physical form. The Company's Share transfers etc are handled by the In House Share Transfer Department. The Company had constituted Share Transfer Committee since 1993, to approve share transfers etc. At present, approval of the Share Transfers, Transmission, Transposition etc are delegated to Shri Vinodbhai H Kansagara, Chairman and Managing Director of the Company. The Share Transfers are normally approved and returned within 15-20 days provided the documents received are valid in all respects.

e) Listings:

The Company's shares are listed with the Bombay Stock Exchange Ltd at Mumbai. The Company has paid listing fees. No market price is available as there is no trading in the Company's shares except casual trading.

f) Stock Code:

Mumbai : 526073

g) Distribution of Shareholdings as on 31.3.2010

Authorised Share Capital : Rs.5,00,00,000/-
 Issued, Subscribed & Paid Up Share Capital : Rs.3,18,00,000/-
 Listed Share Capital :Rs.3,18,00,000/-

Shareholdings From	To	No. of Folios	%	Shares Amt. Rs.	%
Below	5000	7421	94.92	10520700	33.08
5001	10000	159	02.03	1354300	4.26
10001	20000	45	0.58	622000	1.96
20001	30000	53	0.68	1340000	4.21
30001	40000	10	0.13	363000	1.14
40001	50001	44	0.56	2156000	6.78
50001	100000	39	0.50	3098000	9.74
100000	& above	47	0.60	12346000	38.83
Total		7818	100	3180000	100

h) Shareholding pattern as on 31.3.2010

Category	No of holders	No of shares	% of holding
Promoters	114	1126000	35.41%
Body Corporates	10	110200	3.47 %
Indian Public	7694	1943800	61.12%
Total	7818	3180000	100.00 %

i) Plant Location:

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

j) Address for correspondence

T-18, Vikram Chambers, Ashram Road,
 Ahmedabad 380 009. Gujarat

GALAXY BEARINGS LIMITED

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE
UNDER CLAUSE 49 OF THE LISTING AGREEMENT:**

To
The Members of
Galaxy Bearings Ltd
Ahmedabad.

We have reviewed the implementation of Corporate Governance procedures by Galaxy Bearings Limited (the Company) during the year 2009-2010, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges have been complied with in all material respects by the Company.

For J T Shah & Company
Chartered Accountants

Place : Ahmedabad
Date : 23-08-2010

J T Shah
Partner
M.No.3983