



GALAXY BEARINGS LTD

**21st Annual Report
2010-2011**

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

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

NOTICE

NOTICE is hereby given that the TWENTY FIRST Annual General Meeting of members of the Company will be held on Monday, 26th September, 2011 at 11.30 a.m. at T-18, Vikram Chambers, Ashram Road, Ahmedabad - 380 009, to transact the following ordinary business:

1. To receive, consider and adopt audited Profit and Loss Account for the year ended on 31st March, 2011 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, 2011.
2. To appoint a Director in place of Shri Rashmikant Valjibhai Bhalodia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Rajeshkumar Govindlal Bhalodia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Regd Office:
T-18, Vikram Chambers
Ashram Road
Ahmedabad 380 009
Date: 30-07-2011

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

V H Kansagara
Chairman & Mg Director

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, 21st September, 2011 to Monday, 26th September, 2011 (both days inclusive).
3. Information pursuant to the Clause 49 of the Listing Agreement is annexed herewith.
4. Members are requested to **notify**, change of addresses, if any, immediately to the registered Office of the Company.

Information pursuant to Clause 49 of the Listing Agreement:

Information pursuant to Clause 49 of the Listing Agreement:

Item No.2

Shri R V Bhalodia aged about 63 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. He is Director in Galaxy Cinema Pvt Ltd, Gujarat Cine Enterprises Pvt Ltd and Galaxy Tradelinks Pvt Ltd.

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

Item No.3

Shri R G Bhalodia aged about 60 years is a Commerce Graduate. He has a vast experience in accounts and finance Departments. He was appointed as a Director since incorporation of the the Company. He has provided valuable services to the Company. He is a Director in Galaxy Cinema Pvt Ltd, Gujarat Cine Enterprises Pvt Ltd and Star Forging Pvt Ltd.

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

Regd Office:
T-18, Vikram Chambers
Ashram Road
Ahmedabad 380 009
Date: 30-07-2011

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

V H Kansagara
Chairman & Mg Director

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting this Twenty First Annual Report together with the audited accounts of the Company for the year ended 31st March, 2011.

Financial Results	31.03.2011	31.03.2010
Sales (Net)	386766197	248057095
Profit before Interest & Depreciation	41285852	22440942
Interest	14371876	8608881
Depreciation	4722885	4720970
Profit before Taxation	22191091	9111091
Prior period Expenses	Nil	95014
Short/Excess Provision	5747	6860
Provision for Taxation	9000000	3760000
Deferred Tax	(420864)	261229
Profit for the Year	13606207	4987988

Operations

Your Directors are pleased to report that the Company's performance was excellent and has posted record net sales and revenues during the year. The Company has secured sales of Rs.38,67,66,197/- i.e. increase of about 56% over the previous year's sales. The Company has also explored overseas market and executed export orders worth Rs.12.19 Crores as against orders worth Rs.4.99 Crores for the previous year. There has been continuous inflation with fluctuations in the foreign exchange rates, resulting into loss of Rs.27.29 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.73.39 lacs as against Rs.29.13 Lacs for the previous year. The Company has earned profit of Rs.1,36,06,207/- as against profit of Rs.49,87,988/- (after taxes) earned during the previous year.

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 Rashmikant V Bhalodia and Shri Rajeshkumar G Bhalodia are due to retire at the ensuing Annual General Meeting and eligible offered themselves for re-appointments. The Directors recommend the appointments.

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 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, 2011.
- 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**

Place: Ahmedabad
Date: 30-07-2011

V H Kansagara
Chairman & Mg Director

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

	31.03.2011	31.03.2010
Electricity (Purchased)		
Units consumed	654160	466940
Total Amount	3804018	2932913
Rate/Unit Rs	5.82	6.29

B. Consumption per Unit of Production:

Avg. electricity consumption per Bearing Rs	1.88	2.47
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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. |

(a) Technology imported.

GALAXY BEARINGS LIMITED

(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. Rs.12,19,20,318/-

Outgo:

Traveling : Rs. 4,68,408/-

Foreign Bank Charges : Rs. 2,10,322/-

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

Place : Ahmedabad
Date : 30.07.2011

V H Kansagara
Chairman & Mg Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

Indian economy has emerged rapidly from the slowdown caused by the global financial crisis of 2007-09 and remains fastest growing economy in the World. GDP growth recovered sharply to 8%. 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. The automotive sector in Asia, particularly India and China have experienced strong growth. The annual production of the domestic organized sector has increased by 23% to Rs.3950 crores for the year 2010-11. However, the product has to be competitive and qualitative for better opportunities and revenues.

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 to control inflationary conditions and revival of the economy, the Industrial Sector showed positive growth. The performance of the automobile sector improved manifold in view of the continuous focus on development of infrastructural facilities – roads, ports and airports. The demand for bearings and other products will also increase. The prospects of the Indian bearing industry are bright.

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 a ongoing process. The global economy has showed constant recovery from overall slowdown. There have been heavy fluctuations in the foreign exchange rates. The Indian market potential has caught the attention of global bearing majors to foray into India or to further enhance their presence. Competition from such new entrants and supply chain readiness are the further challenges which will have to be countered by a stronger focus on reducing costs and increasing efficiency of operations. 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, 2011, has been excellent 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.

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, six Board Meetings were held on 30.4.2010, 23.7.2010, 31.7.2010, 23.8.2010, 30.10.2010 and 31.1.2011. 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	Cate- gory	No. of Board Meetings attended	Attendance at the lasr 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 Bhalodia	NED	6	Y	Nil	Nil
B K Ghodasara	CMD	6	Y	Nil	Nil

Note :

1. CMD - Chairman and Managing Director including Vice Chairman and Joint Managing Director. The appointments are contractual.