

**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.

<b>Financial Results</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
Sales (Net)	248057095	201878324
Profit before Interest & Depreciation	<b>22267892</b>	18616770
Interest	8435831	9456311
Depreciation	4720970	5833509
Profit before Taxation	<b>9111091</b>	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)
<b>Profit for the Year</b>	<b>4987988</b>	<b>3262866</b>

**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 1/3<sup>rd</sup> 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.

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

**GALAXY BEARINGS LIMITED**

---

- (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/-
<b>Outgo:</b>		
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

## GALAXY BEARINGS LIMITED

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 &amp; 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
<b>Total</b>	<b>7</b>	<b>7</b>

## GALAXY BEARINGS LIMITED

### 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 20<sup>th</sup> Annual General Meeting will be held on Monday, 27<sup>th</sup> 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, 23<sup>rd</sup> September, 2010 to Monday, 27<sup>th</sup> 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
<b>Total</b>		<b>7818</b>	<b>100</b>	<b>3180000</b>	<b>100</b>

**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%
<b>Total</b>	<b>7818</b>	<b>3180000</b>	<b>100.00 %</b>

**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

COMPLIANCE CERTIFICATE

The Members  
**GALAXY BEARINGS LTD**  
 Ahmedabad

L29120GJ1990PLC014385

I have examined the registers, records, books and papers of GALAXY BEARINGS LTD (hereinafter referred to as the 'Company') as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> March, 2010** (the year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents and subject to the observations made by the Auditors of the Company in their Report of even date, I certify that in respect of the aforesaid year:

1. The Company has kept and maintained all registers as per Annexure 'A'.
2. The Company has filed all the forms and returns as stated in Annexure 'B', with the Registrar of Companies, Gujarat.
3. The Company being a public limited Company, comments are not given as to the minimum prescribed paid up capital and its maximum number of members during the year.
4. The Board of Directors met 7 times on 30.4.2009, 23.5.2009, 18.6.2009, 31.7.2009, 25.8.2009, 30.10.2009 and 31.1.2010; and the proceedings were recorded in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 22nd September, 2009 to 25<sup>th</sup> September, 2009, in compliance of Section 154 of the Act.
6. The annual general meeting for the financial year ended on 31.3.2009 was held on 25.9.2009 and the resolutions passed thereat were recorded in the Books maintained for the purpose.
7. No extra ordinary general meeting was held during the year.
8. As informed to me, the Company has not advanced loans to its Directors and other persons referred to under Section 295 of the Act, except advances given in earlier years as per Annexure 'C'.
9. As informed to me, there were no instances falling within the purview of Section 297 of the Act, except transactions entered into as per Annexure 'C'.
10. The Company has made entries in the register maintained under Section 301 of the Act.
11. The Company has not obtained approvals from the shareholders or Central Government pursuant to Section 314 of the Act, during the year.
12. The Company has not approved issue of duplicate share certificates, during the year.
13. The Company has delivered all certificates on lodgement thereof for transfer or transmission and has not declared dividend for the year.

**GALAXY BEARINGS LIMITED**

---

14. The Board of Directors of the Company comprises of 5 Directors. There was no appointment of additional or alternate Directors during the year.
15. The Company has appointed Shri B K Ghodasara, as Vice- Chairman and Joint Managing Director w.e.f. 1<sup>st</sup> April, 2009 in compliance with the provisions of Section 269 of the Act.
16. The Company has not appointed sole-selling agent during the year.
17. No approval of the Central Government, Company Law Board, Regional Director or Registrar (ROC) was taken during the year.
18. The Directors have disclosed their interest in other firms / companies during the year.
19. The Company has not issued shares or debentures during the year.
20. The Company has not bought back any shares during the year.
21. The Company has not redeemed preference shares.
22. The Company is not required to keep in abeyance rights to dividend, rights shares and bonus shares during the year.
23. The Company has not invited deposits within the meaning of Section 58A of the Act and the Rules made thereunder, except acceptance of unsecured loans as per stipulation of the bank.
24. The amount borrowed by the Company, during the year, is within the borrowing limits of the Company under Section 293 (1) (d) of the Act.
25. The Company has not made any loans, advances or given guarantees or provided securities to other bodies corporate during the year.
26. The Company has not altered or shifted its registered Office during the year.
27. The Company has not altered the Objects Clause of the Memorandum during the year.
28. The Company has not altered name Clause of the Memorandum during the year.
29. The Company has not altered share capital Clause of the Memorandum during the year.
30. The Company has not altered its Articles of Association during the year.
31. No prosecution was initiated against nor show cause notice received by the Company and pending for alleged offences under the Act during the year.
32. No security amount was received from its employees during the year.
33. The Company has not set up its separate Provident Fund Scheme under Section 418 of the Act during the year.

Place: Ahmedabad  
Date : 23.08.2010

**NARENDRA B SHAH**  
Company Secretary  
CP No. 2168

**ANNEXURE 'A'**

**Registers maintained during the year:**

1. Register of Members
2. Minutes Book of Board Meetings
3. Minutes Book of General Meetings
4. Minutes Book of Committee Meetings
5. Register of Contracts etc
6. Register of Directors
7. Register of Directors' shareholdings
8. Register of Charges
9. Register of Share Transfers etc
10. Register of Issue of Duplicate Share Certificates

**ANNEXURE 'B'**

**Forms and Returns as stated to have been filed by the Company with the Registrar of Companies, Gujarat during the financial year ending on 31<sup>st</sup> March, 2010**

1. E Form 20B with Annual Return as on 25.9.2009 filed u/s 159 on 2.10.2009 (SRN P35205509 for Rs.500/-)
2. E Form 23AC, 23ACA with Annual Accounts for the year ending 31.3.2009 filed u/s 220 on 14.10.2009 (SRN P36052918 for Rs.500/-)
3. E Form 66 with compliance Certificate for the year ending 31.3.2009 filed u/s 383A on 8.10.2009 (SRN P35518109 for Rs.500/-)
4. E Form 23 filed u/s 192 on 14.4.2009 (SRN A59850099 for Rs.500/-)
5. E Form 25C filed u/s 269 on 14.4.2009 (SRN A59850842 for Rs.500/-)
6. E Form 32 filed u/s 303 on 2.10.2009 (SRN A70215124 for Rs.500/-)
7. E Form 23 filed u/s 192 on 2.10.2009 (SRN A70215090 for Rs.500/-)
8. E Form 8 filed u/s 125/135 on 28.8.2009 (SRN A68134741 for Rs.1000/-)
9. E Form 8 filed 125/135 on 25.8.2009 (SRN A67414862 for Rs.500/-)

## ANNEXURE 'C'

List of related parties with whom transactions have taken place during the year and details of transactions is as follows.

Sr No.	Nature of Transaction	Key Management Personnel	Relative of Key Management Personnel	Associates	Total Rs.
1.	<b>Unsecured Loan</b>				
	Loan taken during the year	Nil (Nil)	361364 (300000)	10000000 (Nil)	10361364 (300000)
	Loan repaid during the year	Nil (Nil)	36136 (606343)	(Nil) (Nil)	36136 (606343)
	Closing Balance	Nil (Nil)	3216138 (2890810)	10000000 (Nil)	13216138 (2890910)
2.	<b>Advance given</b>				
	Advance given during the year	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
	Advance settled during the year	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
	Closing Balance	Nil (Nil)	Nil (Nil)	922454 (922454)	922454 (922454)
3.	<b>Income Sales</b>	Nil (Nil)	Nil (Nil)	25616218 (Nil)	25616218 (Nil)
4.	<b>Expenses</b>				
	Directors Remuneration	701363 (660536)	Nil (Nil)	Nil (Nil)	701363 (660536)
	Payment made to a firm for travelling	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
	Interest Paid	Nil (Nil)	361364 (328669)	111781 (Nil)	473145 (328669)

Auditors' Report

To,  
The Members of  
GALAXY BEARINGS LIMITED

1. We have audited the attached Balance Sheet of **GALAXY BEARINGS LIMITED** as at 31st March 2010, Profit & Loss Account and Cash Flow Statement of the company for the year ended on that date (together referred to as 'financial statements'). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in term of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in para 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
    - a) *Foreign currency difference arising on Short Term Foreign Currency Monetary items are deferred and shown as "Foreign Currency Monetary Item Transaction Difference Account" in loans and advances, which is not in accordance with the AS-11 "The Effects of Changes in Foreign Exchange Rates", and as a result profit as well as loans and advances are overstated by Rs.30.54 Lacs. (Pl. Refer Para 5 (e)(ii) of Schedule 16).*
    - b) *The Company has made provision of Gratuity Liability on the basis of contribution to fund managed by Life Insurance Corporation of India which is not in compliance with the Revised AS-15 "Employee benefits" which requires the actuarial valuation for the same. Further, the company has also not complied with the disclosure requirements of the AS-15 "Employee Benefits". In ab-*

**GALAXY BEARINGS LIMITED**

*sence of the requisite information we are unable to comment its impact on the profit for the year. (Pl. Refer Para 5 (f) of Schedule 16)*

c) *The Company has not made provision of Leave Encashment which is not in accordance with Accounting Standards 15 "Employee Benefits", the company has also not complied with the disclosure requirements of the AS-15 "Employee Benefits". In absence of the requisite information we are unable to comment its impact on the profit for the year. (Pl. Refer Para 5 (f) of Schedule 16).*

(v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2010 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.

(vi) *We further report that, without considering items mentioned at para (iv)(b) & (c), above the effect of which could not be determined, had the observations made by us in para (iv)(a), above been considered, the profit for the year would have been Rs.19.34 Lacs (as against the reported profit of Rs 49.88 Lacs), Loan & Advances would have been Rs.127.71 Lacs (as against the reported figure of Rs. 158.25 Lacs) and Credit Balance in Profit & Loss Account would have been Rs.191.67 Lacs (as against the reported figure of Rs. 222.21 Lacs).*

(vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to and read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;

(b) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and

(c) in the case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

**For, J T Shah & Company**  
Chartered Accountants  
(Firm Regd. No 109616W)

Place : Ahmedabad  
Date : 23-08-2010

**(J. T. Shah)**  
Partner  
[M. No. 3983]



ANNEXURE

Referred to in paragraph 3 of our report of even date for the year ended 31<sup>st</sup> March 2010.

1. In respect of Fixed Assets:

- a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As per the information and explanations given to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c. During the year, the Company has not disposed off any major/ substantial part of the plant and machinery so as to affect the going concern assumption.

2. In respect of its Inventories:

- a. As explained to us, physical verification of the inventory was carried out at reasonable intervals by the management. In our opinion, the frequency of verification is reasonable.
- b. In our opinion, and according to the information and explanation given to us, the procedure of physical verification of inventory followed by the management, are reasonable and adequate in relation to the size of the Company and nature of its business.
- c. In our opinion, and according to the information and explanation given to us, the Company has maintained proper records of its inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material.

3. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

- a. The Company has granted loans to one party covered in the register maintained under section 301 of the Companies Act, 1956. The year end balance is amounting to Rs. 9.22 Lacs and the maximum amount involved during the year was Rs. 9.22 Lacs.
- b. In our opinion and according to the information and explanations given to us, in case of loans given, the rates of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the company.
- c. The company has granted interest free loans therefore the clauses (iii)(b), (iii)(c) and (iii)(d) of The Companies (Auditor's Report) Order, 2003 are not applicable.
- d. The Company has taken loan from Companies and parties covered in the register maintained under section 301 of the Companies Act, 1956. There are three parties covered in the register maintained under section 301 of the Companies Act, 1956 from whom the company has taken loans. The maximum amount involved during the year was Rs. 132.59 Lacs and the year end balance of loans taken from such parties was Rs. 132.16 Lacs.
- e. In our opinion and according to the information and explanation given to us, in case of loans taken during the year, the rates of interest and other terms and conditions are prime facie not prejudicial to the interest of the Company.

## GALAXY BEARINGS LIMITED

---

- f. There are no stipulated terms of repayment of loans taken by the company from the companies/firms/parties listed in the register maintained under section 301 of the Companies Act, 1956, hence there is no question of repayment of loans.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
5. In respect of contracts or arrangements covered under Section 301 of the Companies Act, 1956:
- a. Based on the audit procedures applied by us and according to the information and explanations provided by management, we are of the opinion that the contracts or arrangements that need to be entered into the register maintained under section 301 have been so entered.
- b. In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 in respect of any parties during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India, the provisions of Sections 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under are applicable.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. In respect of Statutory Dues:
- a. *According to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income-tax, sales-tax, wealth-tax, service tax, Professional Tax, custom duty, excise-duty, cess and other statutory dues applicable to it except there were delay in few cases of TDS and TCS.*
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, custom duty and excise duty were outstanding, as at 31st March, 2010 for a period of more than six months from the date they became payable.
- c. According to the records of the Company, there are no dues of sales tax, income tax,

TWENTIETH ANNUAL REPORT

wealth-tax, service tax, custom duty, excise duty, cess which have not been deposited on account of disputes.

10. The company has no accumulated losses. The Company has not incurred any cash losses during the year under review and also not incurred any cash losses in immediately preceding financial year.
11. *Based on the audit procedures and on the information and explanation given by the management, we are of the opinion that there was delay ranging up to 39 days in respect of interest of Rs.2.82 Lacs in repayment of interest for Term Loan to bank. The company is not liable to pay any term loan installment during the year as per rescheduled terms of the bank.*
12. Based on our examination of documents and records and information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a Chit Fund or Nidhi / Mutual Benefit Fund / Societies. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) Order,2003 are not applicable to the company.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purpose for which they have been acquired.
17. On the basis of an overall examination of the balance sheet and cash flow statement of the company, in our opinion and according to the information and explanations given to us, no funds raised on a short term basis are applied for long-term purpose.
18. In our opinion, and according to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. During the year covered by our audit report, the company has not issued any debentures.
20. During the year covered by our audit report, the company has not raised any money by way of Public issues.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

**For, J T Shah & Company**  
Chartered Accountants  
(Firm Regd. No 109616W)

Place : Ahmedabad  
Date : 23-08-2010

**(J. T. Shah)**  
Partner  
[M. No. 3983]

**GALAXY BEARINGS LIMITED**

**BALANCE SHEET AS AT 31ST, MARCH, 2010**

Particulars	Sche. No.	Rupees	As on	As on
			31-03-2010 Rs.	31-03-2009 Rs.
<b>SOURCES OF FUND</b>				
[1] Shareholders' Funds :				
(a) Share Capital	1	31800000		31800000
(b) Reserves and Surplus	2	<u>24721079</u>		<u>19733092</u>
			<b>56521079</b>	<b>51533092</b>
[2] Loan Funds				
(a) Secured Loans	3	59986614		63255449
(b) Unsecured Loans	4	<u>39412778</u>		<u>17722684</u>
			<b>99399392</b>	<b>80978133</b>
[3] Deffered Tax Liability (Net)			<b>4561084</b>	<b>4299855</b>
	Total....		<b>160481555</b>	<b>136811080</b>
<b>APPLICATION OF FUNDS</b>				
[1] Fixed Assets				
(a) Gross Block	5	82208461		79256986
(b) Less : Depreciation		<u>45036821</u>		<u>40327855</u>
Net Block			<b>37171640</b>	<b>38929131</b>
			<b>NIL</b>	<b>NIL</b>
[2] Investments				
[3] Current Assets, Loans & Advances				
(a) Inventories	6	96391336		58630831
(b) Sundry Debtors	7	97813713		58699869
(c) Cash & Bank Balances	8	1146918		4474303
(d) Loans & Advances	9	<u>15825304</u>		<u>16367275</u>
Sub-Total [A]		<u>211177271</u>		<u>138172278</u>
[4] Less: Current Liabilities & Provisions				
(a) Current Liabilities	10	86152398		40390106
(b) Provisions	11	<u>1714958</u>		<u>(99777)</u>
Sub-Total [B]		<u>87867356</u>		<u>40290329</u>
Net Current Assets			<b>123309915</b>	<b>97881949</b>
[5] Miscellaneous Expenditure (To The extent not W/off or Adjusted)			<b>Nil</b>	<b>Nil</b>
	Total....		<b>160481555</b>	<b>136811080</b>
Notes on Accounts	16			

As per our report of even date attached herewith  
For **J T SHAH & Company**  
Chartered Accountants

For **GALAXY BEARINGS LTD.**

**J T Shah**  
(Partner)

**V. H. Kansagara**  
Chairman & Mg. Director

**B. K. Ghodasara**

Vice Chairman & Jt. Mg. Director

Place : Ahmedabad

Date : 23.08.2010

TWENTIETH ANNUAL REPORT

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

Particulars	Sche. No.	Rupees	Year Ended 31-03-2010 Rs.	Year Ended 31-03-2009 Rs.
<b>INCOME</b>				
[1] Gross Sales		259651222		215502447
Less : Excise Duty		<u>11594127</u>		<u>13624123</u>
Sales (Net)			<b>248057095</b>	<b>201878324</b>
[2] Other Income	12		<u>1132742</u>	<u>8753090</u>
[3] Variation in Stock	13		<u>24870813</u>	<u>(7047749)</u>
			<b>274060650</b>	<b>203583665</b>
<b>EXPENDITURE</b>				
[1] Manufacturing & Other Expenses	14	226541943		184966895
[2] Finished Goods Purchase		25250816		Nil
[3] Depreciation	5	4720970		5833509
[4] Interest	15	<u>8435831</u>		<u>9456311</u>
			<b>264949560</b>	<b>200256715</b>
Profit Before Taxation & Prior Period Expenses			<b>9111091</b>	<b>3326950</b>
Less : Prior Period Expenses			<u>95014</u>	<u>(Nil)</u>
			<b>9016077</b>	<b>3189446</b>
Less : Provision for Taxation				
Current Year			<b>3760000</b>	<b>350000</b>
Deferred Tax (Asset) / Liability			<b>261229</b>	<b>(633420)</b>
Fringe Benefit Tax			<b>Nil</b>	<b>210000</b>
Short Provision of Income Tax of earlier years			<b>6860</b>	<b>137504</b>
			<b>4987987</b>	<b>3262866</b>
Add : Profit B/f from previous year			<b>17233092</b>	<b>13970226</b>
Balance carried over to Balance Sheet			<u><b>22221079</b></u>	<u><b>17233092</b></u>
<b>Basic and Diluted Earning per Share</b>			<b>1.57</b>	<b>1.03</b>
Notes on Accounts	16			

As per our report of even date attached herewith  
For **J T SHAH & Company**  
Chartered Accountants

For **GALAXY BEARINGS LTD.**

**J T Shah**  
(Partner)

**V. H. Kansagara**  
Chairman & Mg. Director

**B. K. Ghodasara**

Vice Chairman & Jt. Mg. Director

Place : Ahmedabad  
Date : 23.08.2010

**GALAXY BEARINGS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

PARTICULARS	2009- 2010		2008 - 2009	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit/(Loss) before Tax and Extraordinary Items		9016077		3189446
Adjustment for :				
Depreciation	4720970		5833509	
Interest Paid	8435831		9456311	
Income Tax	6860		137504	
Loss/ Profit on Sale of Assets	4246		(2303952)	
Bad Debts W/off	2405158		122863	
		<u>15573065</u>		<u>13246235</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>24589141</b>		<b>16435681</b>
Adjustment for :				
Trade and Other Receivables	(38571874)		57228605	
Inventories	(37760595)		14432062	
Trade Payable	45762292		(83261381)	
Income Tax	(6960)		(137504)	
Bad Debts W/off	(2405158)		(122863)	
		<u>(32982103)</u>		<u>(11861081)</u>
<b>CASH GENERATED FROM OPERATIONS</b>		<b>(8392962)</b>		<b>4574600</b>
Income Tax Paid	(1952125)	<u>(1952125)</u>	(628313)	<u>(628313)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>(10345097)</b>		<b>3946286</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets		(2970225)		(4126396)
Sale of Fixed Assets		2500		12169215
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>(2967725)</b>		<b>8042819</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds of Unsecured Loan		21690094		175763
Proceeds from Long Term Borrowings		(213175)		(1646338)
Proceeds from Short Term Borrowings		(3055660)		1878542
Interest		(8435831)		(9456311)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>		<b>9985427</b>		<b>(9048344)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS. (A+B+C)</b>		<b>(3327385)</b>		<b>2940762</b>
Cash and Cash Equivalents as at 01-04-2009		4474303		1533541
Cash and Cash Equivalents as at 31-03-2010		1146918		4474303

As per our report of even date attached herewith

For **J T SHAH & Company**  
Chartered Accountants

For **GALAXY BEARINGS LTD.**

**J T Shah**  
(Partner)

**V. H. Kansagara**  
Chairman & Mg. Director

**B. K. Ghodasara**

Vice Chairman & Jt. Mg. Director

Place : Ahmedabad

Date : 23.08.2010

TWENTIETH ANNUAL REPORT

**SCHEDULES "1 TO 16" FORMING THE PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2010**

Particulars	As on 31-03-2010 Rs.	As on 31-03-2009 Rs.
<b>SCHEDULE - 1 SHARE CAPITAL</b>		
(a) Authorised 5000000 Equity Shares of Rs. 10/- each	<u>50000000</u>	<u>50000000</u>
(b) Issued, Subscribed & Paid up 3180000 equity shares of Rs.10/- each fully paid up.	<u>31800000</u>	<u>31800000</u>
Total....	<u>31800000</u>	<u>31800000</u>
<b>SCHEDULE - 2 RESERVE &amp; SURPLUS</b>		
(a) General Reserve Balance as per last year	2500000	2500000
(b) Profit & Loss Account	17233092	13970226
Add : Profit for the year	<u>4987987</u>	<u>3262866</u>
	22221079	17233092
Total....	<u>24721079</u>	<u>19733092</u>
<b>SCHEDULE - 3 SECURED LOAN</b>		
(a) From Banks Bank of Baroda - Term Loan (Secured against Hypothecation of Plant & Machinery at Pune and Shapar (Veraval) & personal guarantee of Directors of the Company.)	12180963	12294836
(b) Bank of Baroda - Working Capital (Secured by hypothecation of Raw Materials, Finished Goods, Stock in process, Inventory, Book Debts & also Secured against First Charge by way of equitable mortgage of land, building, plant & machinery and .other assets & personal guarantee of Directors of the Company.)	47734504	50790164
(c) HDFC Bank - Secured by Hypothecation of Motor Cars	71147	170449
Total....	<u>59986614</u>	<u>63255449</u>
<b>SCHEDULE - 4 UNSECURED LOAN</b>		
(a) From Promoters, Shareholders	4891138	4557166
(b) From others	3521640	3165518
(c) From Corporate Bodies	31000000	10000000
Total....	<u>39412778</u>	<u>17722684</u>

GALAXY BEARINGS LTD

Fixed Assets as at 31st March, 2010.

SCHEDULE - "5": FIXED ASSETS

SR No	Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		Balance As at 01/04/09 Rs.	Additions during the year Rs.	Deduction on A/c. of Sale or transfer Rs.	Balance as on 31/03/10 Rs.	Upto 01/04/09 Rs.	Provided during the year Rs.	Deduction on A/c. of Sale or transfer Rs.	Total Upto 31/03/10 Rs.	Balance As on 31/03/09 Rs.	Balance As on 31/03/10 Rs.
<b>A.</b>	<b>TANGIBLE ASSET</b>										
1.	LAND	2211188	Nil	Nil	2211188	Nil	Nil	Nil	Nil	2211188	2211188
2.	BUILDING	10925212	Nil	Nil	10925212	364902	364902	Nil	5297624	5627588	5992490
3.	PLANT & MACHINERY	57527107	2910225	18750	60418592	3806568	3806568	12004	35271487	25147095	26050184
4.	FURNITURE AND DEAD	1116034	Nil	Nil	1116034	442307	70645	Nil	512952	603082	673727
5.	TUBE WELL	534427	Nil	Nil	534427	255002	17850	Nil	272852	261575	279425
6.	ELECTRIC INSTALLATION	3207334	Nil	Nil	3207334	1720945	152348	Nil	1873293	1334041	1486388
7.	VEHICLES	3483990	Nil	Nil	3483990	1302521	246318	Nil	1548839	1935151	2181469
<b>B.</b>	<b>INTANGIBLE ASSET</b>										
1.	COMPUTER SOFTWARE	251694	60000	Nil	311694	197435	62339	Nil	259774	51920	54259
	<b>Total.....</b>	<b>79256986</b>	<b>2970225</b>	<b>18750</b>	<b>82208461</b>	<b>40327855</b>	<b>4720970</b>	<b>12004</b>	<b>45036821</b>	<b>37171640</b>	<b>38929131</b>
	<b>Previous Year.....</b>	<b>92980698</b>	<b>4126396</b>	<b>17850108</b>	<b>79256986</b>	<b>42479191</b>	<b>5833509</b>	<b>7984845</b>	<b>40327855</b>	<b>38929131</b>	<b>50501507</b>



**TWENTIETH ANNUAL REPORT**

Particulars	As on 31/03/2010 Rs.	As on 31/03/2009 Rs.
<b>SCHEDULE - 6</b>		
<b>INVENTORIES</b>		
(As per inventory prepared, valued and certified by Director)		
(a) Raw Material	24126408	12545179
(b) Semi Finished Goods	14098506	10887323
(c) Finished Goods	52112134	30452504
(d) Consumable Stores, Spare & Packing Materials	6054288	4745825
Total....	<u>96391336</u>	<u>58630831</u>
<b>SCHEDULE - 7</b>		
<b>SUNDRY DEBTORS (UNSECURED)</b>		
(a) Outstanding for a period exceeding 6 months		
(i) Good	9215448	13125454
(ii) Doubtful	Nil	Nil
	<u>9215448</u>	<u>13125454</u>
(b) Others		
(i) Good	88598265	45574415
(ii) Doubtful	Nil	Nil
	<u>88598265</u>	<u>45574415</u>
Total....	<u>97813713</u>	<u>58699869</u>
<b>SCHEDULE - 8</b>		
<b>CASH AND BANK BALANCES</b>		
(a) Cash on Hand	81978	104396
(b) Balance with Scheduled Banks		
- In Current Account	671933	4013246
- In Fixed Deposit	393007	356661
	<u>1146918</u>	<u>4474303</u>
Total....	<u>1146918</u>	<u>4474303</u>
<b>SCHEDULE - 9</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good unless otherwise stated)		
(a) Advances to suppliers and others recoverable in cash or kind or for value to be received	14756595	15165094
(b) Deposits	988652	929217
(c) Prepaid Expenses	45043	248612
(d) Balances with Excise Authority	35014	24352
Total....	<u>15825304</u>	<u>17027052</u>

**GALAXY BEARINGS LIMITED**

Particulars	As on 31/03/2010 Rs.	As on 31/03/2009 Rs.
-------------	----------------------------	----------------------------

**SCHEDULE - 10**

**CURRENT LIABILITIES**

(a) Sundry Creditors	85517888	39841183
(b) Unpaid Expenses	<u>634510</u>	<u>548923</u>
Total....	<u>86152398</u>	<u>40390106</u>

**SCHEDULE - 11  
PROVISIONS**

(a) Provision for Income Tax	3760000	350000
(b) Provision for FBT	<u>Nil</u>	<u>210000</u>
	3760000	560000
Less : Advance Income Tax and TDS	<u>2045042</u>	<u>659777</u>
Total....	<u>1714958</u>	<u>(99777)</u>
	<u>1714958</u>	<u>(99777)</u>

Particulars	Year ended 31/03/2010 Rs.	Year ended 31/03/2009 Rs.
-------------	---------------------------------	---------------------------------

**SCHEDULE - 12  
OTHER INCOME**

(a) Interest (TDS Rs.4599/- Pr. Year Rs.18595/-)	63179	88436
(b) Waste & Scrap Sales	397803	537113
(c) Export Incentive	2913152	3932888
(d) Commission Received (TDS Rs. 30666/- P. Y. Nil)	306663	Nil
(e) Excise Duty Difference in Stock	<u>(2548055)</u>	<u>1890701</u>
(g) Profit on Sale of Asset	Nil	2303952
Total....	<u>1132742</u>	<u>8753090</u>

**SCHEDULE - 13  
VARIATION IN STOCK OF FINISHED  
GOODS & SEMI-FINISHED GOODS**

Opening Stock	41339827	48387576
Less : Closing Stock	<u>66210640</u>	<u>41339827</u>
Total....	<u>24870813</u>	<u>(7047749)</u>

TWENTIETH ANNUAL REPORT

Particulars	Year ended 31/03/2010 Rs.	Year ended 31/03/2009 Rs.
<b>SCHEDULE - 14</b>		
<b>MANUFACTURING AND ADMINISTRATION EXPENSES</b>		
(a) Raw Materials Consumed	133990997	115823547
(b) Payments to and provisions made for employees		11182648
(1) Wages, Salaries and Bonus 12459285		
(2) Company's Contribution to Provident and other Funds 913751		902038
(3) Gratuity 897830		372335
(4) Staff Welfare expenses 344618		399586
(5) Labour charges 34797153		21931556
(6) Directors' Remuneration & Perq. 701363		660536
	<b>50114000</b>	<b>35448699</b>
(c) Operating and other expenses		
(1) Stores Spares & Packing Materials consumed 14140648		11109704
(2) Freight, Octroi, Clearing and Forwarding Charges 1926271		3200870
(3) Power, Fuel & Water Charges 3077498		2976562
(4) Repairs and Maintenance		141279
• Building 294957		158946
• Plant & Machinery 209696		185966
• Others 245701		436851
(5) Rent, Rates and Taxes 61012		508208
(6) Insurance 398835		
(7) Printing, Stationery, Postage Advertisement & Telephone Expense 1225914		1162955
(8) Travelling, Conveyance & Vehicle Expenses (Including Directors Travelling Exp. of Rs. Nil/- Previous Year Rs. 22921/- Foreign Travelling Rs. 1147708/- Pr. Year Rs. 421689/-)	2933979	3892565
(9) Auditor's remuneration		60665
(a) Audit fees 60665		
(b) In other capacities		8272
- For Income tax	8272	18200
(c) Tax Audit Fees 18200		87137
	87137	
(10) Legal and Professional Charges 1498882		565528
(11) Sales Expenses 4056459		3664075
(12) Bad Debts Written Off 2405158		122863
(13) Exchange Difference (Net) 8182659		2697055
(14) Donation 25000		41111
(15) Loss on Sale of Asset 4246		Nil

**GALAXY BEARINGS LIMITED**

Particulars	Year ended	Year ended
	31/03/2010	31/03/2009
	Rs.	Rs.
(16) General expenses (including license fees, bank charges and other miscellaneous expenses)	1662893	2742974
	42436946	33694649
Total....	<u>226541943</u>	<u>184966895</u>
<b>SCHEDULE - 15</b>		
<b>INTEREST PAID TO</b>		
(a) Banks	7023602	8447208
(b) Others	1412229	1009103
Total....	<u>84535831</u>	<u>9456311</u>

## SCHEDULE - 16

## NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.

1. Paise are rounded upto the nearest rupee.
2. Previous year's figures have been regrouped or rearranged so as to make them comparable with those of current year wherever necessary.
3. Balances are subject to confirmation.
4. In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value stated if realized in the ordinary course of business.
5. Accounting Policies

The significant accounting policies followed by the company are as stated below:

**a) Basis of Accounting:**

The Financial statements are prepared on a historical Cost Convention on the accrual basis and are materially complies with the mandatory accounting standards issued by the Institute of Chartered Accountants of India. The accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.

**b) Fixed Assets and Depreciation:**

**Fixed Assets:**

Fixed assets are stated at cost of acquisition/construction. Direct costs including the financing costs till commencement of commercial production are allocated to the respective fixed assets. All other indirect costs upto the date of commercial production are suitably apportioned to the fixed assets.

**Depreciation:**

Depreciation is provided on Straight Line Method except on Plant & Machinery which is on Written Down Value Method at the rates and in the manner specified under Schedule XIV of the Companies Act, 1956 (as revised vide notification No. GSR 756 (E) dated 16th December, 1993 of the Department of Company Affairs, Government of India.).

**c) Inventories:**

The basis of valuation of inventories is: "Lower of cost or net realisable value". Finished Goods and Work in Progress are valued on weighted average method. Other inventories are valued on FIFO Basis.

**d) Sales:**

Sales are accounted for on dispatch of goods to the customers and are net of Sales Return.

**e) Foreign Currency Transactions / Exchange Fluctuation**

- I. Monetary Transactions related to foreign currency are accounted for at the equivalent rupee converted at the rates prevailing at the time of respective transactions and outstanding in respect thereof are translated at year end rates except for the debts which are doubtful of recovery.
- II. The Company has charged 1/3<sup>rd</sup> of Exchange difference arising on other then long term foreign currency items in the profit and loss A/c and balance transferred to "Foreign Currency Monetary Item Transaction Difference Account" in loans and advances" which is not in accordance with AS-11 "The Effects of Changes in Foreign Exchange Rates", as a result profit as well as loans and advances are overstated by Rs. 30.54 Lacs.

## GALAXY BEARINGS LIMITED

---

### f) Employee Benefit

- I. The Employee and Company make monthly fixed Contribution to Government of India Employee's Provident Fund equal to a specified percentage of the Covered employee's salary, Provision for the same is made in the year in which services are rendered by the employee.
- II. The Company has taken a Group Insurance policy for Gratuity and the provision is made to the extent of premium paid to the Life Insurance Corporation of India.
- III. The Company is following the Cash Method of accounting in respect of Leave Encashment and in absence of actuarial valuation, the amount is not ascertainable.

### g) Taxation

Provision for Taxation has been made in accordance with the Income Tax Laws and Rules prevailing at the time of the relevant assessment years.

Deferred Tax resulting from the timing difference between book and tax profit is accounted for under the liability method, at the current rate of tax to the extent that the timing difference are expected to crystallize.

### h) Borrowing Cost:

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. All other borrowing cost is charged to revenue.

### i) Intangible Assets:

Direct cost incurred for acquisition of Intangible Assets is capitalised. Intangible Assets are amortised over period of five years.

### j) Provisions, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to accounts. Contingent Assets are neither recognized nor disclosed in the financial statement.

### k) Impairment

The management periodically assesses, using external and internal sources whether there is an indication that an asset may be impaired. If an asset is impaired, the company recognises an impairment loss as the excess of the carrying amount of the asset over the recoverable amount.

### l) Earning per Share

Basic earning per share is calculated by dividing net profit after tax for the year attributable to Equity Shareholders of the company by the weighted average number of Equity Shares issued during the year. Diluted earning per share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

6. The Company deals with several Small Scale Industrial (SSI) Undertakings on mutually accepted terms and conditions. Basis on the information received from SSI suppliers, the various amounts due to SSIs and included under sundry creditors aggregate Rs.52,06,302/- (Previous Year Rs. 26,44,421/-). The name of such SSI suppliers where individual balance is in excess of Rs.1,00,000/- and due for more than 30 days are M/s. Vishal Bearings P Ltd & M/s. Ravi Metal Treatment.

**TWENTIETH ANNUAL REPORT**

7. The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, and hence disclosure relating to amounts unpaid as at year end together with interest paid / payable under this Act has not been given.

8. Interest expense includes :- (Amount in Rs.)

Particular	2009-10	2008-09
Term Loan Interest	1452804	1884107
Other Interest	6983027	7572204

9. During the year, the company has impaired the assets to the tune of Rs. Nil (Previous year Rs. Nil).

10. Interest and Finance Charges are net of Subvention received/receivable on Export Packing Credit amounting to Rs.96,284/- (Previous Year Rs.1,75,335 /-).

11. Profit for the year has been arrived at after adjusting following prior period items:-

Particulars	2009-2010	2008-2009
Legal & Professional Expense	95014	Nil
<b>Total Amount (Rs.)</b>	<b>95014</b>	<b>Nil</b>

12. In the opinion of management the Company is primarily engaged in the business of Ball & Roller Bearings. All other activities of the Company revolve around the main business and as such there is no separate reportable business segment.

The operations of the company are confined to India as well as outside India with export contributing to 28.39 % (P.Y. 35.15 %) of annual turnover. Hence in view of the management India and exports market represents different geographical segment.

Secondary segment information for the year ended 31st March, 2010.

	India	Outside India	Total
Revenue by Geographical Market	130922840 (164353401)	70955484 (91526469)	201878324 (255879870)
Carrying Amount of Segment Assets	30556125 (61893459)	9254993 (22628702)	98441948 (84522161)
Addition to Fixed Assets	4126396 (5479149)	Nil (522895)	4126396 (6002044)

13. List of related parties with whom transaction have taken place during the year.

a. Key Management Personnel

- 1 Vinodbhai H. Kansagara
- 2 Navinchandra M. Patel
- 3 Bharatbhai K. Ghodasara

**GALAXY BEARINGS LIMITED**

**b. Relative of Key Management Personnel**

Name of Person	Related Party Relation
Kiritkant H. Kansagara	Brother of Key Management Personnel
Gujarat Cine Ent. Pvt Ltd Private Ltd.Co.	where Director's have Control
Sanat D Patel	Relative of Director
Tuhina R Bera	Relative of Director

**c. List of Other Related Parties with whom transactions have taken place during the period :  
Forge & Forge Pvt. Ltd.**

**Details of Transaction :-**

Sr No.	Nature of Transaction	Key Management Personnel	Relative of Key Management Personnel	Other Related Party	Total Rs.
<b>1.</b>	<b>Unsecured Loan</b>				
	Loan taken during the year	Nil (Nil)	361364 (300000)	10000000 (Nil)	10361364 (300000)
	Loan repaid during the Year	Nil (Nil)	36136 (606343)	Nil (Nil)	606343 (Nil)
	Closing Balance	Nil (Nil)	3216138 (2890910)	10000000 (Nil)	13216138 (2890910)
<b>2.</b>	<b>Advance Given</b>				
	Advance given during the year	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
	Advance Settled during the year	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (50000)
	Closing Balance	Nil (Nil)	Nil (Nil)	922454 (922454)	922454 (922454)
<b>3.</b>	<b>Income</b>				
	Sales	Nil (Nil)	Nil (Nil)	25616218 (Nil)	25616218 (Nil)
<b>4.</b>	<b>Expenses</b>				
	Directors Remuneration	701363 (660536)	Nil (Nil)	Nil (Nil)	701363 (660536)
	Payment made to a firm for travelling	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
	Interest Paid	Nil (Nil)	361364 (328669)	111781 (Nil)	473145 (328669)



**TWENTIETH ANNUAL REPORT**

Note: List of transaction, out of the transactions reported in the above table, where the transactions entered in to with single party exceed the 10% of the total related Party transactions of similar nature are as under:

1. Unsecured Loan:		Amount in Rs.
Taken:		
- Forge & Forge Pvt. Ltd		1,00,00,000/-
Repaid:		
- Kirtikant H Kansagara		31,982/-
- Tuhina R Bera		4,194/-
2. Income:		
Sales:		
- Forge & Forge Pvt. Ltd		2,56,16,218/-
3. Expenditure:		
Remuneration Paid :		
- Vinodbhai H. Kansagara		2,60,000/-
- Bharatbhai K. Ghodasara		4,41,363/-
Interest Expense:		
- Kirtikant H Kansagara		3,19,821/-
- Forge & Forge Pvt. Ltd		1,11,781/-

14. Major components of deferred tax Assets & Liabilities arising out of timing difference are as follows

	31.03.10 Amount Rs.	31.03.09 Amount Rs.
1. Deferred Tax Asset on account of		
Disallowance U/s 40 (a)(ia) TDS not deducted	96222	175928
Unpaid Bonus Expense	175091	Nil
Total Deferred Tax Assets	271313	175928
Deferred Tax Liability on account of		
Difference of Depreciation as per Tax provisions and Company Law	4832397	4454222
Total Deferred Tax Liability	4832397	4454222
Net Deferred Tax Liability/(Assets)	4561084	4299855

**GALAXY BEARINGS LIMITED**

**15. Earning per Share**

Particular	Unit	31.03.10	31.03.09
Numerator used for calculating Basic and Diluted Earning per Share (Profit after Tax)	Rs.	4987987	3262866
Weighted average No. of shares used as denominator for calculating Basic and Diluted	No. of Shares	3180000	3180000
Nominal Value of Share	Rs.	10	10
Basic and Diluted Earning per Share	Rs.	1.57	1.03

**16. Advance to Private Ltd. Companies where some of the Directors of the Company are interested as Directors/ Members.**

Sr. No.	Name of the Company	Debit Balance Rs.	Maximum Debit Balance at any time during the year
1.	Gujarat Cine Ent. Pvt. Ltd.	922454 (922454)	922454 (922454)

**17. Detailed quantitative information in respect for each class of Finished Goods (as certified by Director)**

(a) Licensed & Insatlld Capacity :

Product Name	Licensed Capacity per annum		Installed Capacity per annum	
	31-03-10	31-03-09	31-03-10	31-03-09
Ball and Roller Bearings (Nos.)	N.A.	N.A.	2100000 Nos.	2100000 Nos.

Particulars	Opening Stock		Production	Closing Stock		Sales	
	Nos./MT	Rs.		Nos./MT	Nos./MT	Rs.	Nos./MT
Class of Good Manufactured							
Ball & Roller Bearings	217287 (258448)	30452504 (33397334)	1185068 (1085951)	264827 (217287)	52112134 (30452504)	1137528 (1127112)	222440877 (201878324)
Steel Bar (In MT)	Nil (Nil)	Nil (Nil)	-	Nil (Nil)	Nil (Nil)	852.905 (Nil)	25616218 (Nil)
Total P. Y. Total		33397334 (17376380)			30452504 (33397334)		201878324 (255879870)

TWENTIETH ANNUAL REPORT

(b) Purchase of Finished Goods :

Particulars	Unit	Quantity	Amt. Rs.
Steel Bar	MT	852.905 (Nil)	25250816 (25250816)
	Total	-	25250816 (Nil)

(c) Raw Materials and Components Consumed :

No.	Particular	Unit	Quantity	Value in Rs.
(1)	Alloy Steel Bar	Mt.	1436.443	59604913
(2)	Rolled/Forged Rings	Nos.	(1183.017)	(55820132)
(3)	Cages	Nos.	1744283	2130407
(4)	Roller	Nos.	*(1330733)	(1093874)
(5)	Semi Finished Bearings	Nos.	847541	12445963
(6)	Other Components	Nos.	(649805)	(10233289)
			16000053	32954982
			(12775644)	(25597416)
			332950	26276437
			(348395)	(21053363)
			---	578295
	Total....			(2025473)
	Previous Year Total.....			133990997
				(115823547)

\* Includes consumption of own production of 1707017 Pcs. (Pr. Year 1319940 Pcs)

(d) Percentage of Consumption :

	Indigenous	Imported	Total
(i) Raw Materials and Components :			
Value	133990997 (112621582)	Nil (3201965)	133990997 (115823547)
Percentage	100% (97.24)	0.00% (2.76%)	100% (100%)
(ii) Stores & Spares :			
Value	14140648 (11109704)	Nil (Nil)	14140648 (11109704)
Percentage	100% (100%)	Nil (Nil)	100% (100%)

**GALAXY BEARINGS LIMITED**

---

	Amount (Rs.)
(d) CIF Value of Imports :	
1. Raw Materials	Nil (3477118)
2. Components & Spare Parts	Nil (Nil)
3. Capital goods	Nil (Nil)
(e) Expenditure in Foreign Exchange :	
1. Travelling	363248 (443190)
2. Foreign Bank Charges	64907 (60610)
(f) Earning in Foreign Exchange :	
F.O.B. Value to Export	49982923 (64359916)

---

As per our report of even date attached herewith  
For **J T SHAH & Company**  
*Chartered Accountants*

For **GALAXY BEARINGS LTD.**

**J T Shah**  
*(Partner)*

**V. H. Kansagara**  
*Chairman & Mg. Director*

**B. K. Ghodasara**

*Vice Chairman & Jt. Mg. Director*

**Place :** Ahmedabad

**Date :** 23.08.2010

---

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.    0 4       1 4 3 8 5      State Code  0 4

Balance Sheet Date  3 1       0 3       2 0 1 0

Date                      Month                      Year

II. Capital Raised during the year (Amount in Thousand)

Public Issue	Right Issue
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Bonus Issue	Private Placement
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

III. Position of Mobilisation and Deployment of Funds (Rupees in Thousand)

Total Liabilities	Total Assets
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 4 8 3 4 9	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 4 8 3 4 9

Sources of Funds

Paid up Capital	Reserves & Surplus
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 3 1 8 0 0	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 4 7 2 1
Secured Loans	Unsecured Loans
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 5 9 9 8 7	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 3 9 4 1 3
Deferred Tax Liability	
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 0 0	

Application of Funds

Net Fixed Assets	Investment
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 3 7 1 7 2	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Net Current Assets	Misc. Expenditure
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 2 3 3 1 0	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Accumulated Loss	
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	

IV. Performance of Company (Rupees in Thousand)

Turnover & Other Income	Total Expenditure
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 7 4 0 6 1	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 6 4 9 5 0
+ - Profit Before Tax	+ - Profit After Tax
<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text"/> <input type="text"/> 9 0 1 6	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text"/> <input type="text"/> 4 9 8 8

(Please tick Appropriate box + for Profit & - for Loss)

Earning per Share (In Rs.)  1  5 7      Dividend     N I L

V. Generic Names of Principal Products / Services of Company

I.T.C. Code	Product Description
<input type="text"/> 8 4 8 2 <input type="text"/> 1 0	<input type="text"/> B A L L B E A R I N G S
<input type="text"/> 8 4 8 2 <input type="text"/> 2 0	<input type="text"/> R O L L E R B E A R I N G S

Place: Ahmedabad  
Date: 23-08.2010

**V. H. Kansagara**                      **B. K. Ghodasara**  
Chairman & Mg. Director      Vice Chairman & Jt. Mg. Director