

**24th  
ANNUAL REPORT  
2013-2014**



**Bearings Limited**

**NOTICE**

NOTICE is hereby given that the 24<sup>th</sup> Annual General Meeting of members of the Company will be held on Saturday, 27<sup>th</sup> September, 2014 at 11.30 a.m. at T-18, Vikram Chambers, Ashram Road, Ahmedabad - 380 009, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt audited Profit and Loss Account for the year ended on 31st March, 2014 and Balance Sheet as on that date, together with reports of the Directors and Auditors thereon; and Compliance Certificate for the year ended on that date.
2. To appoint a Director in place of Shri Rasmikant Valjibhai Bhalodia (DIN020098), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Rajeshkumar Govindlal Patel (DIN00022721), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s J T Shah and Company, Chartered Accountants of Ahmedabad having Firm Reg.No.109616W be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be determined by the Board of Directors plus reimbursement of service tax and out of pocket expenses on actual basis.”

**SPECIAL BUSINESS**

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Jitendra Vrajlal Shah (DIN00535817), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director of the Company, be and is hereby appointed as Independent Director of the Company, for a term of five consecutive years from 1<sup>st</sup> October, 2014 to 30<sup>th</sup> October, 2019 and who is not liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors of the Company or Committee thereof, be and is hereby authorized to determine and pay such fees and remuneration within the limits and ceilings, as may be prescribed, from time to time, to Shri Jitendra Vrajlal Shah (DIN00535817) as an Independent Director of the Company and to do all such acts, deeds and things as may be necessary for the purpose.”

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Pradip Chunilal Khatani (DIN01786030), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director of the Company, be and is hereby appointed as Independent Director of the Company, for a term of five consecutive years from 1<sup>st</sup> October, 2014 to 30<sup>th</sup> October, 2019 and who is not liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors of the Company or Committee thereof, be and is hereby authorized to determine and pay such fees and remuneration within the limits and ceilings, as may be prescribed, from time to time, to Shri Pradip Chunilal Khatani (DIN01786030) as an Independent Director of the Company and to do all such acts, deeds and things as may be necessary for the purpose.”

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Smt Jyotsnaben Sudhirbhai Patel (DIN00535817), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director of the Company, be and is hereby

appointed as Woman Director/Independent Director of the Company, for a term of five consecutive years from 1<sup>st</sup> October, 2014 to 30<sup>th</sup> October, 2019 and who is not liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors of the Company or Committee thereof, be and is hereby authorized to determine and pay such fees and remuneration within the limits and ceilings, as may be prescribed, from time to time, to Smt Jyotsnaben Sudhirbhai Patel (DIN00535817) as an Independent Director of the Company and to do all such acts, deeds and things as may be necessary for the purpose.”

8. To consider and, if thought fit, to pass with or without modification, the following resolution as **Special Resolution**:

“RESOLVED THAT in partial modification of the special resolution passed by the members of the Company in their Annual General Meeting held on 25<sup>th</sup> September, 2009, and pursuant to the provisions of Sections 196, 197, 203, 188 & any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013, Shri Bharatkumar Keshavji Ghodasara(DIN00032054), be and is hereby re-appointed as **Jt. Managing Director** of the Company for a further period of three years with effect from 1<sup>st</sup> April, 2014 on the terms and conditions set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to alter, revise, amend, vary, enhance or modify, from time to time, the terms and conditions including terms of agreements and remuneration payable to Shri Bharatkumar Keshavji Ghodasara(DIN00032054) of the Company, subject however to the ceilings laid down in Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolutions.”

9. To consider and, if thought fit, to pass with or without modification, the following resolution as **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 94 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to keep the Register Members and Index of Members and copies of all Annual Returns under Section 92 of the Companies Act, 2013 together with the copies of certificates and documents as may be required, at the office of the Registrar and Share Transfer Agent of the Company within the city of Ahmedabad instead of keeping the registers and records at the Registered Office of the Company.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to instruct Registrar and Share Transfer Agent of the Company to carry out the duties for better compliances and to enter into such agreements and deeds, for appointment of suitable Registrars and Share Transfers and to keep the registers and other records at any other place or places accordingly and to do all such acts, deeds, matters and things as may be deemed necessary for the purpose.”

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

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

V H Kansagara  
Chairman & Mg Director  
DIN00015696

**Date:** 13.08.2014

**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 22<sup>nd</sup> September, 2014 to Saturday, 27<sup>th</sup> September, 2014 (both days inclusive).
3. Information pursuant to the Clause 49 of the Listing Agreement are annexed herewith.
4. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in Securities Market. The members are requested to submit PAN details to the Company.
5. The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/document including Annual Report can be sent by email to its members. To support this green initiative of the Government in full measure,

members who have not registered their email addresses, so far, are requested to register their email addresses with the Company.

6. Members are requested to notify, change of addresses, if any, immediately to the registered Office of the Company.
7. The Company has fixed Friday, 1st August, 2014, as the cut-off date/entitlement date for identifying the shareholders entitled to participate through voting by postal ballot/electronic mode.
8. The Voting rights will be reckoned on the paid up value of shares registered in the name of shareholders on the cut-off date/entitlement date.
9. All documents including draft agreements, referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal hours between (11.00 am to 1.00 pm) on all working days, up to and including the date of the Annual General Meeting of the Company.

## 10. INSTRUCTIONS FOR VOTING

### Voting through electronic means:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to all its members to enable them to cast their vote for all the resolutions/special resolutions proposed at 24th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited.

The instructions for members for voting electronically are as under:-

#### A. In case of members receiving e-mail:

- (i) Open your web browser during the e-voting period. E-voting period begins from **Monday, 22nd September, 2014 (9.00 am) and ends on Tuesday, 23rd September, 2014 (6.00 pm)**. During this period, shareholders holding shares either in physical form or dematerialised form, as on Friday, 1st August, 2014, being cut-off date/entitlement date, may cast their vote electronically. The e-voting shall be disabled by CDSL for voting thereafter. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select "**GALAXY BEARINGS LTD**" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

#### For Members holding shares in Demat Form and Physical Form

- PAN \* Enter your 10 digit alpha-numeric \*PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.

In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.

## GALAXY BEARINGS LIMITED

---

- **DOB #** Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
- **Dividend Bank Details#**  
Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.●

Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter **the number of shares held by you as on the cut off date** in the **Dividend Bank details field**.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant "GALAXY BEARINGS LTD" Company Name on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

### **B. In case of members receiving the physical copy :**

(A) Please follow all steps from Sl. No. (i) to Sl. No. (xvii) above to cast vote.

(B) The voting period begins on **Monday, 22<sup>nd</sup> September, 2014 (9.00 am) and ends on Tuesday, 23<sup>rd</sup> September, 2014 (6.00 pm)**. During this period, shareholders holding shares either in physical form or dematerialised form, as on Friday, 1<sup>st</sup> August, 2014, being cut-off date/entitlement date, may cast their vote electronically. The e-voting shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**EXPLANATORY STATEMENT pursuant to Section 173 of the Companies Act, 1956 and information pursuant to Clause 49 of the Listing Agreement:**

**Item No. 2**

Shri R V Bhalodia aged about 65 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 the following Companies, namely (1) Gujarat Cine Enterprises Pvt. Ltd, (2) Galaxy Cinema Pvt. Ltd, (3) Galaxy Tradelinks Pvt Ltd, (4) Galaxy Amusement Ltd, (5) Galaxy Tech Pvt Ltd (6) Swadeshi Machine Tools P Ltd (7) Shastri Complex Pvt Ltd, (8) Everest Reality Pvt Ltd, (9) Brainwave Software Pvt Ltd, (10) Galaxy Infrastructure P Ltd, (11) Galaxy Residential & Hospitality Ser. P Ltd, (12) Galaxy Motors Pvt Ltd, (13) Aarcee Precision Casting P Ltd, (14) Dwardkadhish Developers P Ltd and (15) Galaxy Cinema (Rajkot) P Ltd (16) Galaxy Capital Services Ltd

Shri R V Bhalodia holds 40010 equity shares in the Company.

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

**Item No. 3**

Shri R G Patel aged about 62 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 (1) Gujarat Cine Enterprises Pvt.Ltd, (2) Galaxy Cinema Pvt.Ltd, (3) Star Forgings Pvt. Ltd, (4) Galaxy Amusement Ltd, (5) Galaxy Conveyors P Ltd, (6) Sun Piston Rings Ltd, (7) Toral Township P Ltd, (8) Gem Township P Ltd, (9) Galaxy Capital Services Ltd (10) Swadeshi Machines Tools Pvt Ltd, (11) Shastri Complex Pvt Ltd, (12) Everest Reality Pvt Ltd, (13) Galaxy Infrastructure Pvt Ltd, (14) Real Time Investment Consultancy P Ltd (15) Galaxy Education Pvt Ltd, (16) Dearkadhish Developers P Ltd, (17) Galaxy Motors Pvt Ltd, (18) Gem Apartment P Ltd, (19) Aarcee Precision Casting P Ltd, (20) Galaxy Oils Pvt Ltd, (21) Galaxy Diesel Pvt Ltd, (22) Galaxy Cinema (Rajkot) Pvt Ltd, (23) Forge & Forge Pvt Ltd, (24) JHP Education Foundation, (25) Polybright Packs Pvt Ltd and (26) Galaxy Tradelink P Ltd (27) Galaxy Leather Pvt Ltd (28) Vitrum Systems LLP.

Shri R G Patel holds 40010 equity shares in the Company.

**Item No.5**

Shri Jitendra Vrajlal Shah (DIN01028713) is a Commerce Graduate and aged about 54 years. He has very rich experience in marketing and finance for more 25 years. He is a promoter Director of M/s Preelude Laminates Pvt Ltd (CINU20299GJ2000PTC038076) since 24<sup>th</sup> May, 2000. The Board of Directors considered him fit and proper person as an Independent Director of Company and appointed him with effect from 15<sup>th</sup> March, 2014. Further, he meets the criteria and conditions for appointment as an Independent Director as laid down under the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Accordingly, the Board of Directors further seeks approval of the members for his appointment as an Independent Director for a period of five years with effect from 1<sup>st</sup> October, 2014. He holds 100 equity shares in the capital of the Company. A notice has been received from a member proposing Shri Jitendra Shah as a candidature for the office of an Independent Director of the Company.

A copy of the draft letter for appointment of Shri Jitendra Shah as an Independent Director is available for inspection without any fee by the members at the registered office of the Company during business hours as mentioned in the notice.

The Board considers that his association would be of immense benefit to the Company and also recommends the resolution for the appointment of Shri Jitendra Shah for a period of five years.

Except Shri Jitendra Shah being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the proposed special resolution. This explanatory statement may be regarded as a disclosure under Clause 49 of the Listing Agreement with the BSE Ltd, Mumbai.

**Item No.6**

Shri Pradip Chunilal Khatani (DIN01786030) is a Post Graduate in Commerce and aged about 59 years. He has very rich experience in manufacturing, production, marketing and finance for more three decades. He has been working as a Managing Director of M/s Ambar Proteins Ltd (CINL15400GJ1992PLC018758) since 10<sup>th</sup> February, .2004. The Board of Directors considered him fit and proper person as an Independent Director of Company and appointed him with effect from

## GALAXY BEARINGS LIMITED

---

15<sup>th</sup> March, 2014. Further, he meets the criteria and conditions for appointment as an Independent Director as laid down under the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Accordingly, the Board of Directors further seeks approval of the members for his appointment as an Independent Director for a period of five years with effect from 1<sup>st</sup> October, 2014. He does not hold equity shares in the capital of the Company. A notice has been received from a member proposing Shri Pradip Khatani as a candidature for the office of an Independent Director of the Company.

A copy of the draft letter for appointment of Shri Pradip Khatani as an Independent Director is available for inspection without any fee by the members at the registered office of the Company during business hours as mentioned in the notice. The Board considers that his association would be of immense benefit to the Company and also recommends the resolution for the appointment of Shri Pradip Khatani for a period of five years.

Except Shri Pradip Khatani being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the proposed special resolution. This explanatory statement may be regarded as a disclosure under Clause 49 of the Listing Agreement with the BSE Ltd, Mumbai.

### Item No. 7

Smt Jyotsnaben Sudhirbhai Patel (DIN00535817) is a Commerce Graduate and aged about 59 years. He has very rich experience in accounts, marketing and finance for more three decades. She is Director of M/s Saurajanya Finance and Trading Pvt Ltd (CINU65910GJ1994PTC021478) since 23<sup>rd</sup> August, 1994 and M/s Swan Holiday Resorts Pvt Ltd (U55101GJ1990PTC013450) since 21<sup>st</sup> July, 2005. The Board of Directors considered him fit and proper person as an Independent Director of Company and appointed her with effect from 15<sup>th</sup> March, 2014. Further, She is a Woman Director and meets the criteria and conditions for appointment as an Independent Director as laid down under the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Accordingly, the Board of Directors further seeks approval of the members for her appointment as Woman/ Independent Director for a period of five years with effect from 1<sup>st</sup> October, 2014. She holds 6000 equity shares in the capital of the Company. A notice has been received from a member proposing Smt Jyotsnaben Patel as a candidature for the office of an Independent Director of the Company.

A copy of the draft letter for appointment of Smt Jyotsnaben Patel as an Independent Director is available for inspection without any fee by the members at the registered office of the Company during business hours as mentioned in the notice.

The Board considers that her association would be of immense benefit to the Company and also recommends the resolution for the appointment of Smt Jyotsnaben Patel for a period of five years.

Except Smt Jyotsnaben Patel being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the proposed special resolution. This explanatory statement may be regarded as a disclosure under Clause 49 of the Listing Agreement with the BSE Ltd, Mumbai.

### Item No. 8

Shri Bharatkumar Keshavji Ghodasara ((DIN00032054) was appointed as Vice Chairman and Jt Managing Director of the Company with effect from 1<sup>st</sup> April, 2009 for a period of 5 years by the members of the Company in their Annual General Meeting held on 25<sup>th</sup> September, 2009. His tenure expired on 31<sup>st</sup> March, 2014 and the Board of Directors on the recommendation of the Audit Committee, in their meeting held on 15<sup>th</sup> March, 2014 considered his contribution, expertise and valuable guidance provided to the Company and re-appointed him for a further period of three years with effect from 1<sup>st</sup> April, 2014. He is a promoter Director in Avani Dealings Pvt Ltd (CINU50101gj1996PTC029334) with effect from 15<sup>th</sup> April, 1996. He is holding 10000 equity shares in the capital of the Company. The major terms and conditions of appointment of his re-appointment are as under:

- |                                  |   |  |
|----------------------------------|---|--|
| 1. Name                          | : | Shri Bharatkumar Keshavji Ghodasara  |
| 2. DIN                           | : | 00032054   |
| 3. Nationality                   | : | Indian   |
| 4. Date of Birth                 | : | 01.02.1969   |
| 5. Educational Qualification     | : | B.Com  |
| 6. Designation                   | : | Jt. Managing Director  |
| 7. Tenure of present appointment | : | One Year from 1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015                        |
| 8. Languages known               | : | English, Gujarati and Hindi  |
| 9. Experience                    | : | 30 years   |
| 10. Remuneration:                |   |  |
| (1) Salary                       | : | Rs.50,000/- per month in the scale of Rs.50000-5000-20000-100000                                 |
| (2) Perquisites                  | : | (The aggregate value of perquisites and other benefits shall not exceed Rs.5,00,000/- per annum) |

- 1) **Provident Fund** : 12% of the basic salary. The contribution to provident fund, superannuation fund, annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- 2) **Car** : Provision of Company cars for official and for personal purpose of the appointee.
- 3) **Telephone** : Provision of 2 (two) telephones at the residence of the appointee and internet broadband and reimbursement of mobile telephone expenses.

**Benefits and Amenities:**

- 4) **Gratuity:** Benefits shall not exceed a half month's salary for each completed year of service.
- 5) **Leave:** Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave. The appointee shall be entitled to Leave encashment at the end of tenure of his appointment.
- 6) The appointee shall be entitled to the benefits of Bonus and Incentives as per Rules of the Company.

The above remuneration including salary, perquisites, benefits and other amenities as aforesaid shall not exceed the ceilings laid down in Section I and Section II of Part II of Schedule V to the Companies Act, 2013.

**Other Terms and Conditions :**

1. The Managing Director shall devote his valuable time and attention to the overall affairs of the Company and shall use his best endeavour to promote its interest and welfare.
2. The Managing Director shall maintain confidentiality as any information or knowledge in connection with the business affairs of the Company, obtained by him during the course of his current tenure or at any time thereafter.
3. The Managing Director shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
4. The appointment may be terminated by giving two months notice either side.
5. The Managing Director shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.
6. **Reimbursement of costs, charges, and expenses:** The Company shall pay to or reimburse the Executive Director and he shall be entitled to be paid and/or to be reimbursed by the Company, all cost, charges and expenses that may have been or may be incurred by them for the purpose of or on behalf of the Company.

The above terms and conditions of appointment and payment of remuneration to Shri Bharatkumar Ghodasara have been approved by the Nomination and Remuneration Committee in its meeting held on 15<sup>th</sup> March, 2014. The Company has not raised money through public deposits nor through issue of debentures and has not made any default in repayment of any of its debts including interest payable during the financial year ended on 31<sup>st</sup> March, 2014.

A copy of the appointment letter containing terms and conditions relating to the appointment and payment of remuneration to Shri Bharatkumar Ghodasara as Jt. Managing Director is available for inspection without any fee by the members at the registered office of the Company during business hours as mentioned in point no. 22 of the notes to the notice.

In terms of the provisions of the Companies Act, 2013 read with Section II of Part II of Schedule V thereto, your approval is required by way of special resolution for the aforesaid appointment and payment of remuneration to Shri Bharatkumar Ghodasara as Jt. Managing Director of the company. The Board hereby recommends the special resolution.

This explanatory statement may be regarded as a disclosure under Clause 49 of the Listing Agreement with the BSE Ltd, Mumbai.

None of the Directors, except Shri Bharatkumar Ghodasara, being Key Managerial Personnel) are interested or concerned, financially or otherwise, in these special resolutions.

**Item No. 9**

As required under the provisions of Section 94 of the Companies Act, 2013, certain documents such as Register of Members, Index of Members, copies of Annual Returns, Certificates and other records are required to be kept at the registered office of the Company. However, these documents and registers can be kept at any other place within the city, town or village in which



## **GALAXY BEARINGS LIMITED**

---

the registered office is situated or any other place in India in which more than one-tenth of the total members entered in the register of members reside, if approved by a special resolution passed at a general meeting of the Company.

As per the SEBI requirements, appointment of common Registrar & Transfer Agent has become mandatory and the Board of Directors felt it necessary and are in process of appointing suitable RTA located at Ahmedabad or any other office as may be suggested or selected by the said Registrar. The Board of Directors also seeks your approval for change of place for keeping such documents and Registers or Agents in case of change of the Registrars.

Accordingly, the approval of the members is sought by way of special resolution in terms of Section 94(1) of the Companies Act, 2013 for keeping documents and registers including Register of Members at places other than the Registered Office.

A copy of the proposed resolution is being forwarded in advance to the Registrar of Companies, Gujarat, Ahmedabad as required under the said aforesaid provisions.

The Directors recommend the said special resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise in these special resolution.

**Regd Office:**  
T-18, Vikram Chambers  
Ashram Road  
Ahmedabad 380 009  
**Date :** 13.08.2014

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

V H Kansagara  
*Chairman & Mg Director*  
DIN00015696

**DIRECTORS' REPORT**

Dear Members

Your Directors have pleasure in presenting this 24<sup>th</sup> Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2014.

<b>Financial Results</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Sales & Other Income	<b>47,17,61,751</b>	38,96,20,731
Profit before Finance & Depreciation/Amortization	<b>6,05,64,588</b>	50,14,8771
Finance Cost	<b>1,47,60,259</b>	1,41,88,394
Depreciation & Amortization	<b>45,97,171</b>	47,75,393
Profit before Taxation	<b>4,12,07,158</b>	3,11,84,984
Excess Provision of IT of earlier years	<b>(2,39,944)</b>	0
Provision for Taxation	<b>1,36,00,000</b>	1,05,50,000
Deferred Tax	<b>(5,90,996)</b>	(2,88,452)
<b>Profit for the Year</b>	<b>2,84,38,098</b>	2,09,23,435

**Operations**

The year under review was continued to be turbulent with challenging scenarios in the economic environment. Growing inflation, fiscal imbalances and resultant high interest rates continued to deter the sentiments. The Company's performance was affected both in the domestic and the overseas market. Despite of the above situation the Company's gross sales was increased by about 19% over the previous year's sales of Rs.38,13,45,875/-. The exports amounted to Rs.22.44 Crores as against Rs.14.13 Crores during the previous year. Due to fluctuation in exchange rates the foreign exchange gain amounted to Rs.55.07 Lacs against gain of Rs.39.37 Lacs for the previous year . The Company has received export incentives of Rs.109.27 Lacs as against Rs.40.66 Lacs for the previous year. The Company has earned profit, after taxes, of Rs.2,84,38,098/- against profit of Rs..2,09,23,435/- earned during the previous year.

**Deposits**

The company has not accepted any public deposits and the amount borrowed by the Company is of exempted category 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.

**FINANCE**

The Company's project is continued to be financed partly by way of borrowings and credit facilities obtained from its bankers, State Bank of India.

**Directors**

Shri Rasmikant Valjibhai Bhalodia (DIN00020098) and Shri Rajeshkumar Govindlal Patel (DIN00022721) retire at the ensuing Annual General Meeting and eligible offer themselves for re-appointment. The Directors recommend their re-appointment.

Upon recommendation of the Remuneration Committee, the Board of Directors have reappointed Shri Bharatkumar Keshavji Ghodasara (DIN00032054) as Jt. Managing Director of the Company for a further period of three years with effect from 1<sup>st</sup> April, 2014 subject to your approval in the general meeting. You are requested to consider his appointment as his continuous services are recommended.

Shri Jitendra Vrajlal Shah (DIN01028713), Shri Pradip Chunilal Khatani (DIN01786030), and Smt Jyotsnaben Sudhirbhai Patel (DIN00535817) are the persons of integrity and possessing relevant expertise and experience in the opinion of the Board of Directors their appointment as Independent Directors of the Company would be advantageous to the company . Smt Jyotsnaben will also be woman Director and Independent Director. They also meet all the criteria laid down under the provisions of Section 149(6) of the Companies Act, 2013. The Board of Directors further feel that the association of these Independent Directors with the Company will be a guiding force to the Company for the betterment and good governance. The Board of Directors further proposes to appoint them for a period of five years. You are requested to consider their appointments.

**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, 2014.
- 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.

**Compliance Certificate**

As required under the provisions of Section 383A of the Companies Act, 1956, compliance certificate obtained from Shri R.S.Sharma & Associates practicing Company Secretary of Ahmedabad is attached herewith.

**Auditors**

M/s J T Shah & Company, Chartered Accountants, retires as Auditors of the Company at the ensuing Annual General Meeting, but being eligible, offer themselves for their re-appointment.

The observations of the Auditors read with Notes to Financial Statements 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.

**Regd Office:**

T-18, Vikram Chambers

Ashram Road

Ahmedabad 380 009

**Date :** 13.08.2014

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

V H Kansagara  
*Chairman & Mg Director*  
DIN00015696

**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>31.3.2014</b>	<b>31-03-2014</b>
<b>Electricity (Purchased)</b>		
Units consumed	<b>715968</b>	554460
Total Amount	<b>4979231</b>	3889179
<b>Rate/Unit Rs</b>	<b>6.95</b>	7.01
B. Consumption per Unit of Production:		
<b>Avg. electricity consumption per Bearing Rs</b>	<b>2.86</b>	2.89

**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 are not separately worked out. |
| 3. Future plan of action                                     |  |
| 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.  |  |
| (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.22,44,68,989/-

**Outgo:**

Traveling : Rs. 12,88,757/-

Foreign Bank Charges : Rs. 8,33,093/-

By Order of the Board  
For **GALAXY BEARINGS LTD****Regd Office:**

T-18, Vikram Chambers

Ashram Road

Ahmedabad 380 009

**Date :** 13.08.2014**V H Kansagara**  
*Chairman & Mg Director*  
DIN00015696**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Overview**

Demand for bearings, related products and services are directly linked to industrial activity and in general the economy. The global economic environment was confronted with geo-political instability, Eurozone sovereign debt crisis, fluctuating global commodity prices and heavy fluctuations in foreign exchange rates. The Indian economy after recording a GDP growth of 6.2 per cent during the previous year has shown a decline to a level of nearly 5 per cent during 2012-13 with heavy economic uncertainties. However, the automotive industry continued to be the largest consumer of bearing products even during the year 2013-14.. 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 medium and heavy commercial vehicle production, one of the largest consumers of bearings, fell by 28% over in 2011-12. The slowdown in industrial growth and in particular the manufacturing sector, is largely attributed to sluggish growth of investment, lower margin, slowdown in growth of credit flows and a fragile global economy.

**Prospects**

The Indian economy is expected to grow over medium to long term horizon on the back of a strong demographic dividend, high savings rate, a large and emerging middle class and growing internal consumption. The demand for bearings depends on the automotive and other engineering products. With rapid industrialization, Indian bearing industry doubled over the last five years and has registered annual gains well above both the regional and global averages. The prospects of the bearing industry are directly linked to the performance of two key sectors, viz automotive and infrastructure 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**

Rapid industrialization and economic growth is expected to result in increasing demand for personal transportation and also increase of demand for other automotive and engineering products. The market advancements in automotive segments will lead to demand for higher technology components on the back of emerging competitive forces and the new environment regulations. Revival of manufacturing, mining and other key infrastructure segments, expansion of public transport systems, establishment of efficient supply chains between point production and consumption and farm mechanization will drive the demand for commercial vehicles, tractors etc.

The Company has a fair name in the Indian bearing industry and has strategic plans for marketing keeping in view the industry demand in domestic and international market. The Indian market potential has caught the attention of global bearing majors to foray into India or to further enhance their presence. However, the 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. In addition to the strategic marketing plans, the Company believes satisfaction of the customers and maintaining long term relationship with stakeholders.

**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, 2014, was affected due to adverse market conditions prevailing since long with heavy economic uncertainties. The Company expects revival of market conditions and better performance in the years to come.

**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 Vinodrai 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, Five Board Meetings were held on 30.5.2013, 14.8.2013, 15.11.2013, 15.02.2014, and 7.3.2014. 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 companies
V H Kansagara	CMD	3	Y	Nil	Nil
N M Patel	NED	5	Y	Nil	Nil
R V Bhalodia	NED	5	Y	Nil	Nil
R G Patel	NED	5	Y	Nil	Nil
B K Ghodasara	CMD	5	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 R V Bhalodia is a Chairman of the Committee.

c) **Audit Committee Meetings:**

During the year five meetings of the Audit Committee were held on 30.5.2013, 14.08.2013, 15.11.2013, 15.02.2014 and 7.3.2014 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 2013-2014

Name of Director	Remuneration Rs.	Perquisites Rs.
Shri V H Kansagara <i>Chairman &amp; Managing Director</i>	455000	—
Shri B K Ghodasara <i>Vice-Chairman Jt Managing Director</i>	641053	—

**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 31.3.2014. 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	1	1
Dividend/Misc.	5	5
<b>Total</b>	<b>6</b>	<b>6</b>

**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
2010-2011	T-18, Vikram Chambers, Ashram Road, Ahmedabad 380 009	26.09.2011	11.30 a.m.
2011-2012	T-18, Vikram Chambers, Ashram Road, Ahmedabad 380 009	24.09.2012	11.30 a.m.
2012-2013	T-18, Vikram Chambers, Ashram Road, Ahmedabad 380 009	23.09.2013	11.30 a.m.

No Special Resolution was put through postal ballot last year. One special resolution for re-appointment of Shri Vinodrai H Kansagara as Chairman and Managing Director was passed at the last Annual General Meeting. No special resolution is proposed at the ensuing AGM.

**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**

Quarterly/Half yearly 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 24th Annual General Meeting will be held on Saturday 27th September, 2014 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 Monday, 22<sup>nd</sup>, September, 2014 to Saturday, 27<sup>th</sup> September, 2014 (Both days inclusive).

c) Financial Calendar for the year 2014-2015 (Provisional)

Results for the	By the end of
Quarter ending 30th June, 2014	August 14, 2014
Quarter ending 30th September, 2014	November 15, 2014
Quarter ending 31st December, 2014	February 15, 2015
Quarter ending 31 <sup>st</sup> March 2015	May 30, 2015
Annual General Meeting (Next)	September, 2015

**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 31.3.2014**

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		No of Folios	%	Shares Amt.	%
From	To				
Below	5000	7182	94.94	10103600	31.77
5001	10000	154	2.04	1307300	4.11
10001	20000	40	0.53	573000	1.80
20001	30000	52	0.69	1301000	4.09
30001	40000	8	0.11	294000	0.92
40001	50000	41	0.54	2005000	6.31
50001	100000	34	0.45	2570000	8.08
100000	& above	54	0.71	1362710	42.85
<b>Total</b>		<b>7565</b>	<b>100</b>	<b>31800000</b>	<b>100</b>



h) Shareholding pattern as on 31.3.2014

Catogory	No of holders	No of Shares	% of Holding
Promotors	100	1070990	33.68%
Body Corporate	09	109800	3.45 %
Indian Public	7456	1999210	62.87%
<b>Total</b>	<b>7565</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.

**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 2013-14, 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  
(FRN No.109616W)

Place : Ahmedabad  
Date : 13.08.2014

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 produced before by the GALAXY BEARINGS LTD (hereinafter referred to as the 'Company') 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, 2014** (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 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 5 times on 30.5.2013, 14.8.2013, 15.11.2013, 15.02.2014, and 07.3.2014 and the proceedings were recorded in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 20<sup>th</sup> September, 2013 to 23<sup>th</sup> September, 2013, in compliance of Section 154 of the Act.
6. The annual general meeting for the financial year ended on 31.3.2013 was held on 23<sup>rd</sup> September, 2013 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 as per Annexure 'C'.
9. The Company has complied with the provisions of Section 297 of the Act, *except* for transactions mentioned as per Annexure 'C' during the year.
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 approved certificates on lodgment thereof for transfer or transmission and has not declared dividend for the year.
14. The Board of Directors of the Company comprises of 5 Directors. There was no appointment of additional or alternate Director during the year.
15. The Company has not appointed sole-selling agent during the year.
16. No approval of the Central Government, Company Law Board, Regional Director or Registrar (ROC) was taken during the year,
17. The Directors have disclosed their interest in other firms / companies during the year.
18. The Company has not issued shares or debentures during the year.
19. The Company has not bought back any shares during the year.

20. The Company has not redeemed preference shares during the year.
21. The Company is not required to keep in abeyance rights to dividend, rights shares and bonus shares during the year.
22. The Company has not invited deposits pursuant to the provisions of Section 58A of the Act and the Rules made thereunder, *except* acceptance of unsecured borrowings as per Note No.3 of the Financial Statements for the year.
23. 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.
24. The Company has not made any loans, advances or given guarantees or provided securities to other bodies corporate during the year.
25. The Company has not altered or shifted its registered Office during the year.
26. The Company has not altered the Objects Clause of the Memorandum during the year.
27. The Company has not altered name Clause of the Memorandum during the year.
28. The Company has not altered share capital Clause of the Memorandum during the year.
29. The Company has not altered its Articles of Association during the year.
30. No prosecution was initiated against nor show cause notice received by the Company and pending for alleged offences under the Act during the year.
31. No security amount was received from its employees during the year.
32. The Company has not set up its separate Provident Fund Scheme under Section 418 of the Act during the year.

**For, R.S. Sharma & Associates**  
*Company Secretaries*

**Date : 13.08.2014**  
**Place : Ahmedabad**

**(R.S. Sharma)**  
M.No. 3126  
CP No. 2118

**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, 2014**

1. E Form 20B with Annual Return as on 23.9.2013 filed u/s 159 on 06.11.2013 (SRN Q22314470 for Rs.500/-)
2. E Form 23AC-XBRL 23ACA-XBRL with Annual Accounts for the year ending 31.3.2013 filed u/s 220 on 11.11.2013 (SRN Q22829824 for Rs.500/- +Rs.1000/- Total Rs.1500/- )
3. E Form 66 with compliance Certificate for the year ending 31.3.2013 filed u/s 383A on 23.10.2013 (SRN Q15960040 for Rs.500/-)-
4. Intimation by Auditors in E Form 23B filed on 29.09.2013 (Ack No.S25748815 for Rs.500/-)
5. Application to Central Government in Form 23C filed u/s 233(2) on 27.6.2013 (SRN S21387022 for Rs.2000/-)

**ANNEXURE 'C'**

**Details of Transactions:-**

<b>Sr. No.</b>	<b>Nature of Transaction</b>	<b>Key Managerial Personnel</b>	<b>Relative of Key Management</b>	<b>Where contract exists</b>	<b>Total Rs.</b>
<b>1.</b>	<b>Unsecured Laon</b>				
	Loan taken during the year	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
	Loan repaid during the Year	Nil (Nil)	35000 372250	Nil (NIL)	35000 (372250)
	Closing Balance	Nil(Nil) (Nil)	3115000 (2800000)	Nil (Nil)	3115000 (2800000)
<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)	922454 (Nil)	922454 (Nil)
	Closing Balance	Nil(Nil) (Nil)	Nil(Nil) (Nil)	Nil (922454)	Nil (22454)
<b>3.</b>	<b>Expenses</b>				
	Directors Remuneration	1096053 (1041755)	Nil(Nil) (Nil)	Nil(Nil) (Nil)	1096053 (1041755)
	Interest Paid	Nil (Nil) (Nil)	350000 (352500)	Nil (Nil)	350000 (352500)
	Job Work	Nil(Nil) (Nil)	439440 (406800)	Nil (Nil)	439440 (406800)

**INDEPENDENT AUDITORS' REPORT**

The Members of  
**GALAXY BEARINGS LTD.**  
Ahmedabad

**1. Report on the Financial Statements**

We have audited the accompanying financial statements of **Galaxy Bearings Ltd** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit & Loss and Cash Flow Statement for the year then ended (herein after referred to as financial statements), and a summary of significant accounting policies and other explanatory information.

**2. Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**3. Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**4. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- ii. In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**5. Report on Other Legal and Regulatory Requirements**

- i. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- ii. As required by section 227(3) of the Act, we report that:
  - a) 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;
  - b) 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;
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For, J. T. Shah & Co.**  
Chartered Accountants,  
[FRN. No. 109616W]

Place : **Ahmedabad**  
Date : **31/05/2014**

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

**ANNEXURE**

**Referred para 1 of our Report on Other Legal and Regulatory Requirements for the year ended  
31st March 2014.**

**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 not granted any loans, secured or unsecured, to the companies, firms or other parties covered in the register, maintained under section 301 of the Companies Act, 1956, and therefore the paragraphs 4(iii)(a), (b), (c) and (d) of The Companies (Auditor's Report) Order, 2003 are not applicable.
- b. The Company has taken loan from Companies and parties covered in the register maintained under section 301 of the Companies Act, 1956. There is one such party 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. 31.50 Lacs and the year end balance of loans taken from such parties was Rs. 31.15 Lacs.
- c. 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.
- d. 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 Service Tax, 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, 2014 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, 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 company is regular in repayment of interest and installments.
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 & Co.**  
*Chartered Accountants,*  
[FRN. No. 109616W]

Place : **Ahmedabad**  
Date : **31/05/2014**

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



## GALAXY BEARINGS LIMITED

## BALANCE SHEET AS ON 31ST MARCH 2014

Particulars	Note No.	As At 31-3-2014 (Amount Rs.)	As At 31-3-2013 (Amount Rs.)
<b>EQUITY AND LIABILITIES :</b>			
<b>[1] Shareholders' Funds :</b>			
(a) Share Capital	1	3,18,00,000	3,18,00,000
(b) Reserves and Surplus	2	11,23,48,191	8,39,10,093
		<u>14,41,48,191</u>	<u>11,57,10,093</u>
<b>[2] Non-Current Liabilities</b>			
(a) Long Term Borrowings	3	2,43,90,000	2,45,13,934
(b) Deferred Tax Liabilities (Net)	4	28,41,962	34,32,958
		<u>2,72,31,962</u>	<u>2,79,46,892</u>
<b>[3] Current Liabilities</b>			
(a) Short-term borrowings	5	12,99,97,643	6,94,40,695
(b) Trade Payables	6	8,83,68,698	8,12,12,820
(c) Other Current Liabilities	7	1,53,99,603	1,53,28,665
(d) Short term Provisions	8	26,86,042	22,00,684
		<u>23,64,51,985</u>	<u>16,81,82,864</u>
<b>Total</b>		<u><u>40,78,32,138</u></u>	<u><u>31,18,39,849</u></u>
<b>ASSETS :</b>			
<b>[1] Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	9	4,11,21,634	3,70,35,108
(ii) Intangible Assets	9	63,514	1,06,763
(iii) Capital Work in Progress		44,52,959	--
		<u>4,56,38,108</u>	<u>3,71,41,871</u>
(b) Long Term Loans and Advances	10	28,96,668	24,99,142
(c) Other Non-Current Assets	11	29,337	19,47,770
		<u>4,85,64,113</u>	<u>4,15,88,783</u>
<b>[2] Current Assets</b>			
(a) Short Term Loans and Advances	10	4,00,68,831	1,82,63,533
(b) Inventories	12	16,71,54,114	15,01,57,970
(c) Trade Receivables	13	14,89,21,204	9,91,56,072
(d) Cash & Bank Balances	14	31,23,877	26,73,491
		<u>35,92,68,025</u>	<u>27,02,51,066</u>
<b>Total</b>		<u><u>40,78,32,138</u></u>	<u><u>31,18,39,849</u></u>

## Significant Accounting Policies

## Notes on Financial Statements

1 to 34

As per our report of even date attached herewith

For **J T SHAH & Company**

Chartered Accountants

(FRN No. 109616W)

**J T Shah**

(Partner)

(M. No. 3983)

Place : Ahmedabad

Date : 31.05.2014

For **GALAXY BEARINGS LTD.****B K Ghodasara**

Jt. Mg. Director

(DIN : 00032054)

**R V Bhalodia**

Director

(DIN : 00020098)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No.	Current Year 31-03-2014 (Amount Rs.)	Previous Year 31-3-2013 (Amount Rs.)
<b>INCOME</b>			
Revenue from Operations	15	48,39,89,408	40,24,23,797
Less : Excise Duty		2,91,33,639	2,10,77,922
		45,48,55,769	38,13,45,875
Other Income	16	1,69,05,982	82,74,856
<b>Total Revenue</b>		<b>47,17,61,751</b>	<b>38,96,20,731</b>
<b>EXPENDITURE</b>			
Cost of Materials consumed	17	24,06,14,708	23,74,56,502
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	18	(19,69,477)	(2,90,06,668)
Employees Benefits Expense	19	2,22,94,604	2,12,56,564
Finance Costs	20	1,47,60,259	1,41,88,395
Depreciation and Amortisation Expense	21	45,97,171	47,75,393
Other Expenses	22	15,02,57,328	10,97,65,562
<b>Total Expenses</b>		<b>43,05,54,593</b>	<b>35,84,35,747</b>
<b>Profit before Tax</b>		<b>4,12,07,158</b>	<b>3,11,84,984</b>
Less : Tax Expenses			
- Current Tax		1,36,00,000	1,05,50,000
- Excess Provision of Income Tax of earlier years		(2,39,944)	--
- Deferred Tax		(5,90,996)	(2,88,452)
<b>Profit for the Year</b>		<b>2,84,38,098</b>	<b>2,09,23,435</b>
<b>Basic &amp; diluted earnings per share of Rs.10/- each</b>	26	<b>8.94</b>	<b>6.58</b>
<b>Significant Accounting Policy Notes on Financial Statement</b>	1 to 34		

As per our report of even date attached herewith

For **J T SHAH & Company**  
Chartered Accountants  
(FRN No. 109616W)

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

Place : Ahmedabad  
Date : 31.05.2014

For **GALAXY BEARINGS LTD.**

**B K Ghodasara**  
Jt. Mg. Director  
(DIN : 00032054)

**R V Bhalodia**  
Director  
(DIN : 00020098)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	2013-2014		2012-2013	
	Rs.	Rs.	Rs.	Rs.
<b>A. Cash from Operating Activities :</b>				
Net Profit before Taxation and		<b>4,12,07,158</b>		3,11,84,983
Adjustment For :				
Depreciation	45,97,171		47,75,393	
Loss on Sale of Fixed Assets	1,743		9,423	
Interest on shortfall of Advance Tax	3,00,000		3,75,000	
Interest Paid	<u>1,47,60,259</u>		<u>1,41,88,395</u>	
		<b>1,96,59,172</b>		1,93,48,211
<b>Operating Profit Before Working Capital Changes :</b>		<b>6,08,66,330</b>		5,05,33,194
Adjustment For :				
Increase(Decrease) in long-term Provision	--		--	
Increase(Decrease) in short-term Provision	(55,590)		21,644	
Increase(Decrease) in other current liability	(10,25,131)		9,00,794	
Decrease/(Increase) in Trade Payable	71,55,878		2,93,25,143	
Decrease/(Increase) in Trade Receivable	(4,97,65,133)		2,12,84,920	
Decrease/(Increase) in Inventories	(1,69,96,144)		(2,84,85,568)	
Decrease/(Increase) in long term loans and advances	(3,97,526)		(2,50,391)	
Decrease/(Increase) in short term loans and advances	(2,18,05,298)		(45,74,600)	
Decrease/(Increase) in other non-current assets	<u>19,18,433</u>		<u>7,70,667</u>	
		<b>(8,09,70,510)</b>		1,89,92,609
Cash generated from Operations		<b>(2,01,04,180)</b>		6,95,25,803
Income Tax Paid	(1,31,19,108)		(1,25,54,900)	
Interest Paid	<u>(1,47,60,259)</u>		<u>(1,41,88,394)</u>	
		<b>(2,78,79,367)</b>		(2,67,43,294)
<b>Net Cash from Operating Activities (A)</b>		<b>(4,79,83,547)</b>		4,27,82,509
<b>B. Cash flow from Investment Activities :</b>				
Purchase of Fixed Assets	(1,31,07,151)		(18,34,392)	
Sale of Fixed Assets	<u>12,000</u>		<u>39,190</u>	
<b>Net Cash from Investment Activities (B)</b>		<b>(1,30,95,151)</b>		(17,95,202)
<b>C. Cash Flow from Financing Activities :</b>				
Repayments of Long Term Borrowings	--		(57,09,836)	
Proceeds from Long Term Borrowings	9,72,134		--	
Proceeds from Short Term Borrowings	<u>6,05,56,948</u>		<u>(3,40,62,101)</u>	
<b>Net Cash from Financing Activities (C)</b>		<b>6,15,29,082</b>		(3,97,71,937)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

Particulars	2013-2014		2012-2013	
	Rs.	Rs.	Rs.	Rs.
Net Increase in Cash & Cash Equivalents		4,50,385		12,15,370
Cash & Cash Equivalents at the beginning		26,73,491		14,58,121
Cash & Cash Equivalents at the End		31,23,877		26,73,491

**Note :**

- (1) The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard - 3 issued by Companies (Accounting Standard) Rules, 2008

As per our report of even date attached herewith

For **J T SHAH & Company**

*Chartered Accountants*  
(FRN No. 109616W)

**J T Shah**  
(Partner)

(M. No. 3983)

**Place :** Ahmedabad

**Date :** 31.05.2014

For **GALAXY BEARINGS LTD.**

**B K Ghodasara**  
*Jt. Mg. Director*  
(DIN : 00032054)

**R V Bhalodia**  
*Director*  
(DIN : 00020098)

---

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2014

**a) Basis of preparation**

The financial statements are prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rule, 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements are prepared under the historical cost convention on the accrual basis. The accounting policies are consistently applied by the Company and are consistent with those used in the previous year.

**b) Use of estimates**

In preparing the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

**c) Fixed Assets and Depreciation:**

**Fixed Assets:**

Fixed Assets is stated at cost of acquisition (net of CENVAT, wherever applicable) as reduced by accumulated depreciation. The cost of assets includes other direct/indirect and incidental cost incurred to bring them into their working condition.

When assets are disposed or retired, their cost is removed from the financial statements. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss for the relevant financial year.

**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.)

When assets are disposed or retired, their accumulated depreciation is removed from the financial statements. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss for the relevant financial year.

**d) Intangible Assets**

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization. All costs, including financing costs in respect of qualifying assets till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalized.

Intangible assets are amortised on a straight – line basis over a period of five years. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortization period and the amortization method are reviewed at least at each reporting date. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised as income or expenses in the Statement of Profit and Loss in the year of disposal.

**e) Inventories:**

Inventories are valued at "Lower of cost or net realizable value". Cost in respect of Raw Materials is computed on FIFO basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated cost necessary to make sale.

Cost in respect of process and finished goods are computed on weighted average basis method. Finished goods and process stock includes cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition.

**f) Revenue Recognition**

- i) Sales of goods are net off trade discounts, return and inclusive of Excise Duty but excluded sales tax and state value added tax. Revenue is recognised when practically all risk and rights connected with ownership have been transferred to the buyer. This usually occurs upon dispatch, after the price has been determined and collection of the sales proceeds is reasonable certain.

Expenses are accounted on accrual basis with necessary provisions for all known liabilities and losses.

**ii) Interest Income**

Interest Income is recognized on accrual basis.

**iii) Export Incentives**

Export entitlements under Duty Drawback Scheme are recognized in the Statement of Profit & Loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made.

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

- i) Transactions in foreign currencies are recorded in Indian rupees using the rates of exchange prevailing on the date of the transactions. At each balance sheet date, monetary balances are reported in Indian Rupees at the rates of exchange prevailing at the Balance Sheet date. All realized or unrealized exchange adjustment gains or losses are dealt with in the Statement of Profit and Loss.

- ii) Exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the report period and the corresponding foreign currency amount translated at the later of the dates of inception of the forward exchange contract and the last reporting date. Such exchange difference rate recognised in the Statement of profit and loss in the reporting period in which the exchange rates change.

- iii) Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**h) Retirement Benefits**

- 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 Liability for Gratuity to employees, which is a defined benefit plan. The Company's Scheme is administered by LIC. The liability is determined by based on Projected Unit Credit method. Actuarial gain / loss in respect of the same are charged to the Statement of profit and loss.

- iii) The Company does not allow carry forward of unavailed leave and hence unavailed leaves are encashed in the current year itself.

- iv) Short Term benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.

i) **Provision for Current and Deferred Tax**

Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961.

Deferred Tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or subsequently enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is virtual certainty that the assets will be realized in future.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost such assets, whenever applicable. Till the assets are ready for their intended use. A qualifying asset is one which necessary takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue accounts. Capitalization of borrowing cost is suspended when active development is interrupted.

j) **Borrowing Cost:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost such assets, whenever applicable. Till the assets are ready for their intended use. A qualifying asset is one which necessary takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue accounts. Capitalization of borrowing cost is suspended when active development is interrupted.

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 recognizes an impairment loss as the excess of the carrying amount of the asset over the recoverable amount. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amounts.

l) **Earning per Share**

Basic earnings 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. For the purpose of calculating Diluted Equity per share, the net profit or loss for the period attributable to Equity Shareholders (after adjustment for Diluted earnings) and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential Equity.

m) **Provisions, Contingent Liabilities and Contingent Assets :**

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

A disclosure for a contingent liability is made when there is a possible or present obligation that may, but probably will not require an outflow of resources.

Contingent Assets are neither recognized nor disclosed in the financial statements.

n) **Excise Duty, VAT & CENVAT:**

CENVAT / VAT credit on materials purchased for production / service availed for production / input service are taken into account at the time of purchase and CENVAT / VAT credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired.

The CENVAT credits so taken are utilized for payment of excise duty on goods manufactured. The unutilized CENVAT credit is carried forward in the books. The VAT credits so taken are utilized for payment of sales tax on goods sold. The unutilized VAT credit is carried forward in the books.

o) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	As at	As at
	31-03-2014	31-3-2013
	Rs.	Rs.
<b>1. Share Capital</b>		
(a) Authorised		
50,00,000 (Previous Year 50,00,000 Equity Shares at par value of Rs. 10/- each	5,00,00,000	5,00,00,000
(b) Issued, Subscribed & Paid up Capital		
31,80,000 (Previous Year 31,80,000) Equity Shares at par value of Rs.10/- each fully paid up	3,18,00,000	3,18,00,000
<b>Total</b>	<b>3,18,00,000</b>	<b>3,18,00,000</b>

1.1 The company has only one class of shares referred to as Equity Shares having face value of Rs. 10/-. Each Holder of Equity Share is entitled to 1 vote per share.

1.2 In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive any of the remaining assets of the company , after distribution of all preferential amounts.However, no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity shares held by the shareholder.

1.3 There is no Equity Shareholder holding more than 5% shares in the Company.

1.4 The reconciliation of the number of shares outstanding and the amount of share capital is set out below :

Particulars	As at 31.3.2014		As at 31.03.2013	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
Shares at the beginning	31,80,000	3,18,00,000	31,80,000	3,18,00,000
Addition during the year	-	-	-	--
Deletion during the year	-	-	-	--
Shares at the end	31,80,000	3,18,00,000	31,80,000	3,18,00,000

**2. Reserves & Surplus**

Particulars	As at	As at
	31-03-2014	31-3-2013
	Rs.	Rs.
<b>General Reserve</b>		
Balance as per last year Balance Sheet	25,00,000	25,00,000
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as per last financial Statement	8,14,10,093	6,04,86,658
Add : Profit for the year	2,84,38,098	2,09,23,435
	<b>10,98,48,191</b>	<b>8,14,10,093</b>
<b>Total</b>	<b>11,23,48,191</b>	<b>8,39,10,093</b>



## 3. Long Term Borrowings

Particulars	As at 31.3.2014		As at 31.03.2013	
	Non Current	Current	Non Current	Current
<b>Secured</b>				
Term Loan - From Bank	--	15,05,959	4,38,934	4,09,891
<b>Unsecured</b>				
Loans & Advances from related parties	33,90,000	--	30,75,000	--
Loans & Advances from Corporate Bodies	2,10,00,000	--	2,10,00,000	--
<b>Total</b>	<b>2,43,90,000</b>	<b>15,05,959</b>	<b>2,45,13,934</b>	<b>4,09,891</b>
Less : Amount disclosed under head Other Current Liabilities (Note 7)	--	15,05,959	--	4,09,891
<b>Total</b>	<b>2,43,90,000</b>	<b>-</b>	<b>2,45,13,934</b>	<b>-</b>

## 3.1 Secured Loan

Name of Borrower	Securities Details	Interest Rate	Terms of Repayment
State Bank of India Rajkot - Term Loan	Secured against all immovable property and Plant & Machinery	Base Rate + 5%	Quarterly Instalments
HDFC Bank Ltd. - Vehicle HDFC Bank Ltd. - Vehicle	Secured against Hypothecation of Vehicles	9.60% 10.90%	36 monthly Instalments

3.2 Unsecured Loan from Directors, Promoters & their relatives carry interest rate at 12.50 % p.a.

3.3 Unsecured Loan from Corporates Bodies carry interest rate at 12 % and loans are repayable in 2020-21

## 4. Deferred Tax Liabilities (Net)

Particulars	As at 31-03-2014 Rs.	As at 31-3-2013 Rs.
<b>Deferred Tax Assets arising out of timing difference relating to :</b>		
Provision for Bonus	2,44,741	2,65,962
Provision for Leave Encashment	34,092	52,115
<b>Total Deferred Tax Assets</b>	<b>2,78,833</b>	<b>3,18,076</b>
<b>Deferred Tax Liability arising out of timing difference relating to :</b>		
Difference of Depreciation as per Tax Provision and Company Law	31,20,795	37,51,035
<b>Total Deferred Tax Liability</b>	<b>31,20,795</b>	<b>37,51,035</b>
<b>Net Deferred Tax Liability</b>	<b>28,41,962</b>	<b>34,32,958</b>

**5. Short Term Borrowings**

Particulars	Current	
	As at 31-03-2014 Rs.	As at 31-3-2013 Rs.
Working Capital Loan from Banks - Secured	<u>12,99,97,643</u>	<u>6,94,40,695</u>
<b>Total</b>	<u><b>12,99,97,643</b></u>	<u><b>6,94,40,695</b></u>

**5.1 Working Capital**

**Securities**

**State Bank of India**

Secured against Hypothecation of Stock, receivables & all other current assets & personal guarantee of Directors of the Company

**6 Trade Payables**

Particulars	Current	
	As at 31-03-2014 Rs.	As at 31-3-2013 Rs.
Trade Payables	<u>8,83,68,698</u>	<u>8,12,12,820</u>
<b>Total</b>	<u><b>8,83,68,698</b></u>	<u><b>8,12,12,820</b></u>

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

**7 Other Current Liabilities**

Particulars	Current	
	As at 31.03.2014	As at 31.03.2013
Current maturity of long term borrowings (Note 3)	<u>15,05,959</u>	<u>4,09,891</u>
Other Statutory dues	<u>1,08,37,563</u>	<u>1,18,58,122</u>
TDS Payable	<u>6,18,937</u>	<u>4,68,790</u>
Bonus Payable	<u>7,54,209</u>	<u>8,19,857</u>
Unpaid Expenses	<u>16,82,935</u>	<u>17,72,005</u>
<b>Total</b>	<u><b>1,53,99,603</b></u>	<u><b>1,53,28,665</b></u>

**8. Provisions**

Particulars	Short Term	
	As at 31.03.2014	As at 31.03.2013
Provisions for employee benefits - Leave Encashment	<u>1,05,060</u>	<u>1,60,650</u>
Provision for Taxation	<u>2,48,25,000</u>	<u>3,62,35,000</u>
Less: :Advance Tax & TDS	<u>(2,22,44,018)</u>	<u>(3,41,94,966)</u>
<b>Total</b>	<u><b>25,80,982</b></u>	<u><b>20,40,034</b></u>
<b>Total</b>	<u><b>26,86,042</b></u>	<u><b>22,00,684</b></u>

GALAXY BEARINGS LTD

Note No. 9 : FIXED ASSETS

Cost of Valuation	Tangible Assets								Intangible Assets		
	Land	Building	Tubewell	Plant & Machinery	Furniture & Fixtures	Vehicle	Electrical Installation	Computer	Total	Computer Software	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>01.04.2012</b>	2211188	14289384	534427	64326793	1116034	5307050	3207334	2856013	93848223		398100
Addition	--	--	104670	1535517	--	--	--	124368	1764555		69837
Disposal	--	--	--	106914	--	--	--	31500	138414		--
Other Adjustment	--	--	--	--	--	--	--	--	--		--
At 31.03.2013	2211188	14289384	639097	65755396	1116034	5307050	3207334	2948881	95474364		467937
Addition	--	--	--	8228713	--	7100	62154	355865	8654192		--
Disposal	--	--	--	54600	--	--	--	--	54600		--
Other Adjustment	--	--	--	--	--	--	--	--	--		--
At 31.03.2014	2211188	14289384	639097	73929509	1116034	5314150	3269848	3304746	104073956		467937
<b>Depreciation</b>	Land	Building	Tubewell	Plant & Machinery	Furniture & Fixtures	Vehicle	Electrical Installation	Computer	Total	Computer Software	Total
01.04.2012	--	6112449	308552	40118275	654242	1879454	2177989	2553150	53804111		310727
Charge for the Year	--	477265	19684	3489029	70645	375208	152348	140767	4724946		50447
Disposal	--	--	--	60261	--	--	--	29540	89,801		--
Other Adjustment	--	--	--	--	--	--	--	--	--		--
At 31.03.2013	--	6589714	328235	43547043	724887	2254662	2330337	2664377	58,439256		361174
Charge for the Year	--	477265	21346	3293839	70645	375588	152731	162508	4553922		43249
Disposal	--	--	--	40857	--	--	--	--	40857		--
Other Adjustment	--	--	--	--	--	--	--	--	--		--
At 31.03.2014	--	7066979	349582	46800029	795582	2630250	2483068	2826885	62952321		404423
Net Block											
As at 31.03.2013	2211188	7699670	310861	22208353	391147	3052388	876997	284504	37035108		106763
As at 31.03.2014	2211188	7222405	289515	27129483	320502	2683900	786780	477861	41121634		63154

Particulars	As at 31.3.2014		As at 31.03.2013	
	Non Current	Current	Non Current	Current
<b>10. Loans and Advances</b> (Unsecured , Considered Good)				
Capital Advance	19,94,700	--	6,59,200	--
Security Deposit	9,01,968	--	9,17,488	--
Loan & Advance to related parties	--	--	9,22,454	--
Balance with Government Authority	--	2,77,28,608	--	74,48,954
Gratuity Fund (Net)	--	4,89,287	--	10,39,600
Prepaid Expenses	--	12,44,214	--	6,15,503
Other Loans & Advances	--	69,33,263	--	68,19,932
Advance to Suppliers	--	36,73,459	--	23,39,544
<b>Total</b>	<b>28,96,668</b>	<b>4,00,68,831</b>	<b>24,99,142</b>	<b>1,82,63,533</b>

**11. Other Non-Current Assets**

	Short Term	
	As at 31-03-2014 Rs.	As at 31-3-2013 Rs.
Bank Fixed Deposits with Original maturity for more than 12 months	29,337	19,47,770
<b>Total</b>	<b>29,337</b>	<b>19,47,770</b>

**12. Inventories**

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Raw materials	3,64,24,278	2,47,94,279
Work-in-Progress	2,35,18,105	1,24,63,603
Finished Stocks	9,58,00,054	10,48,85,079
Stores & Spare parts	86,56,980	55,18,272
Packing Materials	27,54,697	24,96,737
<b>Total</b>	<b>16,71,54,114</b>	<b>15,01,57,970</b>

13. Trade Receivables	Current	
	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
A Outstanding for a period exceeding Six Months from the date they are due for Payment		
Unsecured, considered good	1,07,48,073	1,17,67,054
	1,07,48,073	1,17,67,054
B Other Trade receivables		
Unsecured, considered good	13,81,73,131	8,73,89,018
	13,81,73,131	8,73,89,018
<b>Total</b>	<b>14,89,21,204</b>	<b>9,91,56,072</b>

## 14. Cash and Bank Balance

	As at 31.03.2014		As at 31.03.2013	
	Non Current	Current	Non Current	Current
<b>A Cash and Cash equivalents</b>				
Cash on Hand	--	2,31,419	--	3,63,345
Balance with Banks	--	8,92,457	--	23,10,146
<b>Total</b>	--	11,23,877	--	26,73,491
<b>B Other Bank Balance</b>				
Deposits with original maturity for more than 12 months	29,337	20,00,000	19,47,770	--
	29,337	31,23,877	19,47,770	26,73,491
Less : Amount disclosed under Non Current Assets (Note 11)	29,337	--	19,47,770	--
<b>Total</b>		31,23,877		26,73,491

## 15. Revenue from Operations

	2013-14 Rs.	2012-13 Rs.
<b>Sale of Product</b>		
Finished Goods	48,35,77,779	40,16,25,208
Less : Excise Duty	2,91,33,639	2,10,77,922
	45,44,44,140	38,05,47,286
<b>Other Operating Revenue</b>		
Scrap Sales	4,11,629	7,98,589
<b>Total</b>	45,48,55,769	38,13,45,875
Detail of Finished Products sold :		
Ball & Roller Bearing	45,44,44,140	33,12,06,129
Others	--	4,93,41,157
<b>Total</b>	45,44,44,140	38,05,47,286

## 16. Other Income

	2013-14 Rs.	2012-13 Rs.
Interest Income	4,39,600	2,49,011
Export Incentive	1,09,27,189	40,66,113
Foreign Exchange Gain/ ( Loss)	55,07,013	39,36,970
Misc. Income	32,180	22,762
<b>Total</b>	1,69,05,982	82,74,856

## 17. Cost of Raw Materials Consumed

	2013-14 Rs.	2012-13 Rs.
Inventory at the beginning of the year	2,47,94,279	2,64,71,212
Add : Purchases (Net)	25,22,44,708	23,57,79,569
	27,70,38,987	26,22,50,781
Inventory at the end of the year	3,64,24,278	2,47,94,279
<b>Cost of Raw Materials consumed</b>	24,06,14,708	23,74,56,502
<b>Details of Raw Materials Consumed :</b>		
Alloy Stel Bar	12,36,34,024	8,89,67,138
Cages	2,06,51,648	1,76,27,376
Rollers	6,18,68,322	4,66,00,332
Semi Finished Bearings	2,75,98,497	2,74,50,254
Others	68,62,217	5,68,11,402
<b>Total</b>	24,06,14,708	23,74,56,502

	2013-14 Rs.	2012-13 Rs.
<b>Details of Inventories :</b>		
Cages	54,99,258	26,63,736
Roller	1,09,41,412	51,87,654
Alloy Steel Bar	1,99,83,608	1,69,42,889
<b>Total</b>	<b>3,64,24,278</b>	<b>2,47,94,279</b>

**17.1 Details of Raw Material Consumption**

	2013-14	% age	2012-13	% age
Indegenious	24,06,14,708	100.00%	23,74,56,502	100.00%
Imported	-	-	-	-
<b>Total Consumption</b>	<b>24,06,14,708</b>	<b>100.00%</b>	<b>23,74,56,502</b>	<b>100.00%</b>

**18. Change in Inventories of Finished Goods, Work in Progress and Stock in Trade**

	2013-14 Rs.	2012-13 Rs.
<b>Inventory at the beginning of the year</b>		
Work-in-Progress	1,24,63,603	1,50,68,398
Finished Stock ( Including Goods in Transit)	10,48,85,079	7,32,73,616
	<b>11,73,48,682</b>	<b>8,83,42,014</b>
<b>Inventory at the end of the year</b>		
Work-in-Progress	2,35,18,105	1,24,63,603
Finished Stock ( Including Goods in Transit)	9,58,00,054	10,48,85,079
	<b>11,93,18,159</b>	<b>11,73,48,682</b>
<b>Decretion / (Accretion) to Stock</b>	<b>(19,69,477)</b>	<b>(2,90,06,668)</b>
<u>Details of Inventory (WIP)</u>		
Taper Roller Bearing Ring (OR)	1,19,76,590	56,13,114
Taper Roller Bearing Ring (IR)	1,15,41,515	68,50,489
	<b>2,35,18,105</b>	<b>1,24,63,603</b>
<u>Details of Inventory (FG)</u>		
Taper Roller Bearings	9,58,00,054	10,48,85,079
	<b>9,58,00,054</b>	<b>10,48,85,079</b>

**19. Employee Benefit Expenses**

	2013-14 Rs.	2012-13 Rs.
Salary, Wages & Bonus	1,97,64,435	1,80,14,352
Contribution to Provident Fund & Other Funds	22,91,334	27,69,634
Welfare Expenses	2,38,835	4,72,578
<b>Total</b>	<b>2,22,94,604</b>	<b>2,12,56,564</b>

The disclosure in respect of Employee Benefit as defined in the Accounting Standard 15 is given below :

<b>1. Assumption</b>	<b>2013-14</b>	<b>2012-13</b>
Discount Rate	8%	8%
Salary Esclation	7%	5%

**2. Table showing changes in present value of obligation :**

<b>Particulars</b>	<b>Gratuity Defined Benefit Obligation 2013-14 Rs.</b>	<b>Gratuity Defined Benefit Obligation 2012-13 Rs.</b>
Present Value of obligation as at beginning of year	<b>27,17,988</b>	16,25,334
Interest Cost	<b>2,17,439</b>	1,30,027
Service Cost	<b>5,82,470</b>	3,39,075
Benefit Paid	<b>(6,87,174)</b>	(3,52,014)
Acturual (gain) / loss on obligations	<b>4,00,274</b>	9,75,566
Present Value of obligation as at end of year	<b>32,30,997</b>	27,17,988

**3. Table showing changes in fair value of Plan Asset :**

<b>Particulars</b>	<b>Gratuity Defined Benefit Obligation 2013-14 Rs.</b>	<b>Gratuity Defined Benefit Obligation 2012-13 Rs.</b>
Opening fair value of plan assets	<b>37,57,588</b>	24,36,742
Expected return	<b>3,20,441</b>	2,02,590
Contributions	<b>3,29,429</b>	14,70,270
Benefits paid	<b>(6,87,174)</b>	(3,52,014)
Acturial gain (loss) on plan assets	--	-
Fair Value of plan assets at the end of year	<b>37,20,284</b>	37,57,588
		--

**4. Table showing fair value of Plan Asset :**

<b>Particulars</b>	<b>Gratuity Defined Benefit Obligation 2013-14 Rs.</b>	<b>Gratuity Defined Benefit Obligation 2012-13 Rs.</b>
Opening Fair Value of Plan Assets	<b>37,57,588</b>	24,36,742
Acturial Return on Plan Assets	<b>3,20,441</b>	2,02,590
Contributions	<b>3,29,429</b>	14,70,270
Benefits paid	<b>(6,87,714)</b>	(3,52,014)
Fair Value of Plan Assets as at the end of the year	<b>37,20,284</b>	37,57,588
Funded Status	<b>4,89,287</b>	10,39,600
	--	--

**5. Acturial Gain/Loss**

<b>Particulars</b>	<b>2013-14 Rs.</b>	<b>2012-13 Rs.</b>
Acturial (gain) / loss on Obligations	<b>(4,00,274)</b>	(9,75,566)
Acturial (gain) / loss for the year - plan assets	-	-
Acturial (gain) / loss on Obligations	<b>4,00,274</b>	9,75,566
Acturial (gain) / loss on recognized in the year	<b>4,00,274</b>	9,75,566

**6. The amounts to be recognised in the Balance Sheet and Statements of Profit and Loss**

<b>Particulars</b>	<b>Gratuity Defined Benefit Obligation 2013-14 Rs.</b>	<b>Gratuity Defined Benefit Obligation 2012-13 Rs.</b>
Present value of Obligations as at end of year	<b>32,30,997</b>	27,17,988
Fair value of plan assets	<b>37,20,284</b>	37,57,588

Fund Status	<u>4,89,287</u>	<u>10,39,600</u>
<b>Net asset (liability)</b>	<b>4,89,287</b>	<b>10,39,600</b>

**7. Expenses recognized In The Statement of Profit And Loss Account**

Particulars	Gratuity Defined Benefit Obligation 2013-14 Rs.	Gratuity Defined Benefit Obligation 2012-13 Rs.
Current service cost	5,82,470	3,39,075
Interest on obligation	2,17,439	1,30,027
Expected return on plan assets	(3,20,441)	(2,02,590)
Net actuarial losses (gains) recognized in year	4,00,274	9,75,566
Total, included in 'employee benefit expense'	<b>8,79,742</b>	<b>12,42,078</b>

**Experience adjustment in Plan Assets Gratuity**

Particulars	<u>31.03.14</u>	31.03.13	31.03.12	31.03.11
Defined Benefit Obligation	<b>32,30,997</b>	27,17,988	16,25,334	13,21,762
Plan Assets	<b>37,20,284</b>	37,57,588	24,36,742	25,04,781
Unrecognised past service Cost	--	-	-	-
Deficit	--	-	-	-
Experience adjustments on plan liabilities	--	--	8,11,408	11,83,019
Experience adjustments on plan assets	<b>4,89,287</b>	10,39,600	-	-

Contribution expects to be paid during the year ending March, 31, 2014 Rs.3,50,000/-

20. Finance Cost	2013-14 Rs.	2012-13 Rs.
Interest Expenses	1,41,73,879	1,34,10,755
Other Borrowing Cost	5,86,380	7,77,640
<b>Total</b>	<b><u>1,47,60,259</u></b>	<b><u>1,41,88,395</u></b>

21. Depreciation and Amortisation Expense	2013-14 Rs.	2012-13 Rs.
Depreciation of Tangible Assets	45,53,922	47,24,946
Depreciation of Intangible Assets	43,249	50,447
<b>Total</b>	<b><u>45,97,171</u></b>	<b><u>47,75,393</u></b>

22. Other Costs	2013-14 Rs.	2012-13 Rs.
Stores & Spares consumed	1,70,08,690	1,45,48,666
Packing material consumed	1,65,68,137	75,58,458
Electricity & Fuel charges	49,79,231	38,89,179
Labour Charges	8,51,59,114	5,54,07,898
<b>Repairs to :</b>		
Building	7,45,360	1,71,620
Others	3,97,097	3,81,815
<b>Sub Total</b>	<b><u>11,42,457</u></b>	<b><u>5,53,435</u></b>



**GALAXY BEARINGS LIMITED**

	2013-14	2012-13
	Rs.	Rs.
Insurance	20,05,003	10,08,169
Stationery & Printing	4,79,642	2,81,437
Advertisement Exps.	2,25,633	4,22,561
Communication	8,78,710	6,24,870
Traveling & Conveyance Exps.	61,48,655	44,25,541
Professional Fees	12,05,253	4,25,261
Freight & Delivery charges	55,77,831	45,84,761
Rent, Rate & Taxes	1,93,324	91,915
Excise Duty difference on closing and op. stock	(9,99,385)	46,95,318
<b>Auditor's Remuneration :</b>		
Audit Fees	1,40,450	1,40,450
For Tax Audit	28,090	28,090
For Certification	29,777	35,397
For Income Tax Consultancy Fee	--	--
<b>Sub Total</b>	<b>1,98,317</b>	<b>2,03,937</b>
Directors Remuneration & Perquisite Charges	10,96,053	10,41,755
Sales Promotion Exps.	47,60,412	37,64,437
Bank Charges	7,26,870	6,57,003
Loss on Sale of Assets	1,743	9,423
Donation	25,000	1,05,00
DEPB Licence W/off	--	27,37,485
General Charges	28,76,639	27,29,054
(Including License Fees, Office & Misc. Expenses, Admin. Charges, Service and Water Charges Services)		
<b>Total</b>	<b>15,02,57,328</b>	<b>10,97,65,562</b>

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2014**

**23.** 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.

**24. Segment Information:**

In the opinion of management the Company is primarily engaged in the business of Ball & Roller Bearings. All other activities of the Co. 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 65.49 % (P.Y. 38.98 %) 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, 2014.

Particulars	India	Outside India	Total Rs.
Revenue by Geographical Market	156952745 (232696280)	297903023 (148649595)	454855769 (381345875)
Carrying Amount of Segment Assets	90329817 (97730257)	81050336 (43978959)	171380153 (143656986)
Addition to Fixed Assets	8654192 (1834292)	Nil (Nil)	8654192 (1834292)

**25. Related Party Disclosure**

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

**a. Key Management Personnel**

- Vinodbhai H. Kansagara
- Bharatbhai K. Ghodasara

**b. Where Control Exist :**

- Gujarat Cine Enterprise Pvt. Ltd.

**c. Relative of Key Management Personnel**

Name of Person	Related Party Relation
- Kirtikant H Kansagara	Brother of Key Management Personnel
- Arohi Ghodasara	Relative of Director
- Avani Ghodasara	Relative of Director
- Nayana Ghodasara	Relative of Director

**List of Other Related Parties with whom transactions have taken place during the period**

**Details of Transactions :**

Sr No.	Nature of Transaction	Key Management Personnel	Relative of Key Management Personnel	Where control exists	Total Rs.
1.	<b>Unsecured Loan</b>				
	Loan taken during the year	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
	Loan repaid during the Year	Nil (Nil)	35000 (372250)	Nil (Nil)	35000 (372250)
	Closing Balance	Nil (Nil)	3115000 (2800000)	Nil (Nil)	3115000 (2800000)

<b>2. 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)	922454 (Nil)	922454 (Nil)
Closing Balance	Nil (Nil)	Nil (Nil)	Nil (922454)	Nil (922454)
<b>3. Expenses</b>				
Directors Remuneration	1096053 (1041755)	Nil (Nil)	Nil (Nil)	1096053 (1041755)
Interest Paid	Nil (Nil)	350000 (352500)	Nil (Nil)	350000 (352500)
Job Work	Nil (Nil)	439440 (406800)	Nil (Nil)	439440 (406800)

**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:

<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
<b>Unsecured Loan</b>		
<b>Repayment</b>		
Kirtikant Hirjibhai Kansagara	<b>35000</b>	337250
Gujarat Cine Enterprises Pvt. Ltd.	<b>922454</b>	Nil
<b>Expenses</b>		
<b>Directors Remuneration</b>		
Vinodbhai Kansagara	<b>455000</b>	455000
Bharatbhai Ghodasara	<b>641053</b>	586755
<b>Interest Paid</b>		
Kirtikant Hirjibhai Kansagara	<b>350000</b>	352500
<b>Job Work</b>		
Arohi Ghodasara	<b>152250</b>	141240
Avani Ghodasara	<b>152250</b>	141240
Nayanaben Ghodasara	<b>134400</b>	141240

## 26. Earning per Shares

<b>Particular</b>	<b>Unit</b>	<b>31.03.14</b>	<b>31.03.13</b>
Numerator used for calculating Basic and Diluted Earning per Share (Profit after Tax)	Rs.	28438098	2,09,23,435
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
<b>Basic and Diluted Earning per Share</b>	<b>Rs.</b>	<b>8.94</b>	<b>6.58</b>

**a) Information pursuant to provisions of paragraphs 3 and 4 of part II of Schedule VI of the Companies Act, 1956 (As certified by Director)**

**b) CIF Value of Imports:**

<b>Sr No.</b>	<b>Particulars</b>	<b>Amount Rs.</b>
1.	Raw Materials	<b>Nil</b> (Nil)
2.	Components & Spare Parts	<b>Nil</b> (Nil)
3.	Capital Goods	<b>Nil</b> (Nil)

**c) Expenditure in Foreign Exchange**

1.	Travelling Expenses	<b>1288757</b> (10,96,286)
2.	Foreign Bank Charges	<b>833093</b> (9,95,095)

**d) FOB Value of Exports :**

1.	F.O.B. value to Exports :	<b>251811477</b> (11,80,20,882)
----	---------------------------	------------------------------------

**e) Earnings in Foreign Exchange**

1.	Earnings in Foreign Currency	<b>224468989</b> (14,13,41,135)
----	------------------------------	------------------------------------

**27.** Balances are subject to confirmation.

**28.** Paisas are rounded up to the nearest rupee.

**29.** Balances of Debtors, Creditors, Advances and Liabilities have been taken as per books, are subject to reconciliation / confirmation and consequential adjustments, if any.

**30.** The Company is Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.

**31.** Borrowing costs attributable to the acquisition or construction of Qualifying Assets amounting to Rs. Nil (P. Y. Rs. Nil).

**32.** The difference between excise duty on opening and closing stock of finished goods is recognized separately in the Statement of Profit & Loss.

**33.** During the year, the company has impaired the assets to the tune of Rs. Nil (P.Y. Rs. Nil).

**34.** Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

---

Signature to Notes 1 to 34

As per our report of even date attached herewith

For **J T SHAH & Company**

*Chartered Accountants*  
(FRN No. 109616W)

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

For **GALAXY BEARINGS LTD.**

**B K Ghodasara**  
*Jt. Mg. Director*  
(DIN : 00032054)

**R V Bhalodia**  
*Director*  
(DIN : 00020098)

**Place :** Ahmedabad

**Date :** 31.05.2014

# GALAXY BEARINGS LIMITED

## PROXY FORM

24th Annual General Meeting on Saturday, 27th September, 2014

I/We being member(s) of the above named Company hereby appoint :

- (1) Name \_\_\_\_\_  
Address \_\_\_\_\_  
E-mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him;
- (2) Name \_\_\_\_\_  
Address \_\_\_\_\_  
E-mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him;
- (3) Name \_\_\_\_\_  
Address \_\_\_\_\_  
E-mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him;

As my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company to be held on Saturday, 27th September, 2014 and at any adjournment thereof in respect of following resolutions.

### Ordinary Business:

1. Adoption of Annual Accounts for the year ended on 31st March, 2014 along with Directors Report, Auditors Report and Compliance Certificate for the year ended on that date.
2. Re-appointment of Shri Rasmikant Valjibhai Bhalodia (DIN020098) , who retires by rotation
3. Re-appointment of Shri Rajeshkumar Govindlal Patel(DIN00022721), who retires by rotation
4. Appointment of M/s J T Shah and Company as Auditors and to fix their remuneration

### Special Business:

5. Appointment of Shri Jitendra Vrajlal Shah (DIN01028713) as an Independent Director
6. Appointment of Shri Pradip Chunilal Khatani (DIN01786030) as an Independent Director
7. Appointment of Smt Jyotsnaben S Patel (DIN00535817) as woman and as an Independent Director
8. Re-appointment of Shri Bharatkumar K Ghodasara (DIN0032054) as Vice Chairman and Managing Director for a period of three years with effect from 1<sup>st</sup> April, 2014 (Special Resolution)
9. Approval for keeping Register of Members at other place other than Registered office of the Company. (Special Resolution)

Signed this \_\_\_\_\_ day at \_\_\_\_\_ 2014,

Folio No. \_\_\_\_\_

Signature of Share Holder \_\_\_\_\_

Signature of Proxy Holder \_\_\_\_\_

Notes :

1. This form of proxy in order to be effective, should be duly completed and deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 24th Annual General Meeting.