

GALAXY AGRICO EXPORTS LIMITED

RAJKOT



ANNUAL REPORT

2002-2003



DIRECTORS' REPORT

To,
The Members,

The Directors have pleasure in presenting their **NINETH ANNUAL REPORT** and the Audited Statement of Accounts of your company for the year ended **31st MARCH, 2003**.

[Rs.In Lac]
31/03/2003 31/03/2002

01) FINANCIAL RESULTS :

Income from Operations	1,129.30	751.28
Profit before Interest, Depreciation and Taxation	69.04	57.13
Less : Interest	12.47	14.33
Depreciation & Miscellaneous Exp. Written Off	16.94	17.40
Profit/(Loss) after Interest & Depreciation	39.63	25.40
Less : Provision for Taxation	9.00	10.18
Profit after tax	30.63	15.22
Add. : Excess Provision of Income Tax Written Off	NIL	0.05
Less : Short Provision of Income Tax Written Off	0.48	NIL
Less : Deferred tax liability	NIL	3.74
Less : T.D.S. Receivables Written Off	NIL	0.33
Net Profit/(Loss) after adjustments	30.15	11.20
Balance of P&L A/c. Brought Forward from Previous Year	38.00	26.80
Balance of P&L A/c. Carried Forward to Balance Sheet	68.15	38.00

02) DIVIDEND :

The directors do not recommend any dividend.

03) OPERATIONS:

During the year under review the Company registered a growth of 69.95% in sales revenue aggregating to Rs.147.12 lacs. This year the company has exported agriculture equipments aggregating Rs.804.16 Lac as compared to Rs.581.52 Lac in the previous year. This was due to the continuous efforts of the management to explore new areas for the company's products.

04) RESPONSIBILITY STATEMENT :

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors 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 ended **31st MARCH, 2003** and of the **Profit** of the Company for that year ;

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Website : <http://www.galaxyagrico.com>

Factory : Jai Kishan Ind. Estate, Survey No. 236, Behind Murlidhar Weigh Bridge, Near Vikas Stove, Veraval (Shapar) Dist. : (Rajkot). Guj. (India)

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- (iii) that the Directors had 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;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

05) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO :

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, the company has to give information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo.

Your company continues to accord high priority to conservation of energy

A. Power & Fuel Consumption

i)	Electricity	2002-2003	2001-2002
a)	Purchased		
	Units	4,46,335	2,89,872
	Total Amount Rs.	23,11,584	16,23,785
	Rate/Unit Rs.	5.18	5.60
b)	Own Generation	NIL	NIL
ii)	Fuel		
	Quantity (Ltrs.)	2,86,770	1,69,500
	Total Cost Rs.	33,86,060	18,26,412
	Average Cost Rs.	11.81	10.77

B. Consumption per unit of Production

Your company manufactures variety of products. The products, before reaching the finishing stage, pass through various operations. It is, therefore, not feasible to furnish the information in respect of consumption of power and fuel per unit of production.

Your company has earned foreign exchange by exporting to Africa, Dubai, U.K. and the European markets, the particulars of which are as follows :

EXPORTS	RUPEES IN LAC
In US \$ 14,59,341.29	706.91
In Euro 2,495.00	26.64

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06) PROSPECTS :

During the year under review the company's turnover has increased to Rs.951.28 Lac as compared to Rs.665.51 Lac. This was possible due to the company offering wider range of products and exploring the American market. Further the company continues to give special attention to the export market and is in the process of manufacturing gardening tools thereby increasing the range of products manufactured which will help the company post increased revenues and profitability.

07) DIRECTORS :

During the year under review, Shri Ajay R. Patel, Shri Bharat T. Shah and Shri Shashikant Bhalodi were appointed as Additional Directors of the Company. All of them retire at the ensuing Annual General Meeting. They being eligible offer themselves for re-appointment.

Shri Nathalal Jerambhai Patel and Shri Jitendra Harsukhbhai Shah retire by rotation and being eligible offer themselves for re-appointment.

Shri Sanjay Jayantilal Patel, Shri Manoj Harsukhbhai Shah, Shri Sudhir Patel, Shri Ashwin Shah, Shri Paresh Sadaria and Shri Jayesh Patel have resigned from their Directorship. The Board wishes to place on record its appreciation of the valuable contributions made by them during their tenure.

08) PARTICULARS OF EMPLOYEES :

There are no employees whose details are required to be mentioned as per Section 217(2A) of the Companies Act, 1956.

09) AUDIT COMMITTEE:

Pursuant to the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement the Audit Committee comprises of the following Directors:

Mr. Bharat T. Shah
Mr. Ajay R. Patel
Mr. Shashikant Bhalodi

The Audit Committee of the Board of Directors reviews, acts and reports to the Board with respect to various auditing and accounting matters.

10) AUDITORS :

Jani & Associates, Chartered Accountants, retire as auditors of the company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished the necessary certificates. Your directors request their re-appointment. Their remuneration may also be appropriately decided.

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The accounting policy of Schedule-18, Note No.I(09) referred to in the Auditor's Report is self explanatory.

11. CORPORATE GOVERNANCE:

A separate report on Corporate Governance along with Auditor's Certificate on its compliance is attached as a part of the Annual Report.

12. MANAGEMENT DISCUSSION & ANALYSIS REPORT

a) Industry Structure & Developments

Your company is primarily engaged in manufacturing of Agricultural and gardening equipments. There are very few players in the organized sector offering such a wide variety of agriculture and gardening tools and equipments. With India's economy opening up and businesses becoming global both, the export market looks promising.

b) Opportunities & Threats

The growing demand for low cost quality products with wide variety gives opportunities in the America and European markets. The established Brand name of Galaxy also gives your company an opportunity to enter into new territories with ease. However with China also able to give low cost products in huge quantity could be a big threat to the company.

c) Segment / Product wise performance

Your company has a single business segments namely Agriculture and Gardening tools and equipments

d) Outlook

With the Agriculture sector looking positive and a positive attitude for better environment remaining a priority the company is hopeful of posting better profits in the financial year 2003-04.

e) Risk & Concerns

The business of the company is export oriented with its exposure to the USA and African countries and with the Rupee becoming strong against the Dollar, the loss on account of foreign exchange is a great risk and a matter of concern for the company. Further dependent on the financial economy, its policies Political uncertainty, and the threat of war, inflation, are factors, which could affect the profitability of the company.

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f) Internal control systems & their adequacy

The company has an effective Internal control System in place and this is periodically reviewed for effectiveness. The company also has in place cross functional internal Audit team focusing on the controls, reporting to the Audit Committee. The findings are reviewed with the Audit Committee and key observations are discussed for implementation.

g) Discussion on financial performance with respect to operational performance

The financial performance of the Company has been given separately in the Directors Report.

h) Material development in human resources / industrial relation front, including number of people employed.

The Company continues to maintain excellent relations which also ensures human resource development. Training and educational programmes are conducted as per requirements to improve efficiency.

13) STOCK EXCHANGE LISTING :

The company shares are listed on the Saurashtra Kutch (Rajkot) Stock Exchange Ltd. and Mumbai Stock Exchange and the company has paid requisite listing fees on both the Stock Exchanges. The company is awaiting the approval for de-listing from the Ahmedabad and Kolkata Stock Exchanges.

14) ACKNOWLEDGEMENT :

Your directors wish to express their appreciation to all employees of the Company for their excellent support and co-operation in achieving the Organizational Goals during the period under review. The Board wishes to thank the Government, Company's Bankers and all other Institutions connected with the company who have extended their support to the company during its operations.

FOR & ON BEHALF OF THE BOARD OF DIRECTORS,

JAYANTILAL D. PATEL
Chairman & Managing Director

RAJKOT, 7th MAY, 2003

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JANI & ASSOCIATES
Chartered Accountants

**33, Virat Nagar,
Sector 23,
Gandhinagar-382 023**

AUDITORS' REPORT

To,
The Members of
GALAXY AGRICO EXPORTS LTD.,

We have audited the attached Balance Sheet of **GALAXY AGRICO EXPORTS LIMITED**, as at **31st March, 2003** and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on **31st March, 2003**, and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



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- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at **31st March, 2003**; and
 - (b) in the case of the Profit & Loss Account, of the **Profit** for the year ended on that date.

Place: Gandhinagar

Date: 8th May 2003



**For Jani & Associates,
Chartered Accountants**

A handwritten signature in black ink, appearing to read "Hitesh Jani".

**Hitesh Jani
Proprietor**



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Chartered Accountants

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***ANNEXURE TO THE AUDITOR'S REPORT
(Referred to in Para. 1 of our Report of even date)***

- 01) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets and they have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed between the records and the physical verification.
- 02) None of the fixed assets have been revalued during the year.
- 03) Inventories have been physically verified by the management at reasonable intervals.
- 04) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to size of the company and the nature of its business.
- 05) No material discrepancies have been noted on physical verification of stock as compared to books records.
- 06) On basis of examination, we are of the opinion that the valuation of inventories is fair and proper in accordance with the normally accepted accounting principles.
- 07) The company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. There are no Companies under the same management as defined U/s. 370 (1B) of the Companies Act, 1956.
- 08) The company has not granted any loans to Companies, firms or other parties listed in the register maintained Under Section 301 of the Companies Act, 1956. There are no Companies under the same management as defined U/s.370(1B) of the Companies Act, 1956.
- 09) The parties to whom loans and advances in the nature of loans have been granted by the Company are generally repaying the principal amounts and interest thereon, where applicable, as per stipulations, where such stipulations exist.
- 10) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business.
- 11) In our opinion and according to the information and explanations given to us, the transactions relating to purchase of goods, material and services made in pursuance of contracts or arrangements entered in the registered maintained under section 301 and aggregating during the year Rs.50,000 or more in respect of each parties have been made at prices which are reasonable having regard to prevailing market prices for such goods or services or at the prices at which transactions for similar goods, materials and services have been made with other parties except in respect of purchase of goods for which comparable date are not available, for which we are unable to express our opinion.

