

GALAXY AGRICO EXPORTS LIMITED

RAJKOT



ANNUAL REPORT

2004-2005



DIRECTORS' REPORT

AGRICO EXPORTS LTD.

To,
The Members,
GALAXY AGRICO EXPORTS LTD.,

The Directors have pleasure in presenting their **ELEVENTH ANNUAL REPORT** and the Audited Statement of Accounts of your company for the year ended **31st MARCH, 2005**.

01) FINANCIAL RESULTS:

Particulars	[Rs. in Lac]	
	31.03.2005	31.03.2004
Income from Operations	1201.42	1130.07
Profit before Interest, Depreciation and Taxation	72.64	64.73
Less : Interest	19.23	14.60
Depreciation & Miscellaneous Exp. Written Off	22.31	18.80
Profit/(Loss) after Interest & Depreciation	31.10	31.33
Less : Provision for Taxation	12.29	7.73
Profit after tax	18.81	23.60
Add. : Excess Provision of Income Tax Written Back	Nil	0.68
Less : Short Provision of Income Tax Written Off	1.30	Nil
Net Profit/(Loss) after adjustments	17.51	24.28
Balance of P&L A/c. Brought Forward from Previous Year	92.42	68.14
Balance of P&L A/c. Carried Forward to Balance Sheet	109.93	92.42

02) DIVIDEND :

The directors do not recommend any dividend.

03) OPERATIONS:

During the year under review the Company registered a higher turnover of Rs. 1004.64 lacs as compared to Rs. 974.19 lacs. The company has reported a net profit of Rs. 18.81 lacs as compared to Rs. 23.60 lacs in the previous year after providing for tax of Rs. 12.29 lacs as compared to Rs. 7.73 lacs.

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, 2005** and of the **Profit** of the Company for that year ;
- (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.

Regd. Off. : 302, Diwali Chambers, Opp. Mehta Petrol Pump, Dhebar Road, Rajkot - 360 002. Gujarat. (India)

Ph. : 91-281-2234139, 2233091, Fax : 2224888, Website : <http://www.galaxyagrico.com>

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Factory : 236, Jai Kishan Ind. Estate, Behind Murlidhar Weigh Bridge, Veraval (Shapar) Dist. : (Rajkot). Guj. (India)

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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

		2004-2005	2003-2004
i)	Electricity		
a)	Purchased		
	Units	6,05,286	5,05,575
	Total Amount Rs.	32,63,132	25,32,720
	Rate/Unit Rs.	5.39	5.00
b)	Own Generation	NIL	NIL
ii)	Fuel		
	Quantity (Ltrs.)	3,91,975	2,70,857
	Total Cost Rs.	48,85,298	28,76,464
	Average Cost Rs.	12.46	10.62

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 :

Foreign Exchange earned: Rs. 713.24 lacs

Foreign Exchange Used: US\$ 9,873.68
Euro 1,628.64

06) PROSPECTS :

During the year under review the company's turnover has increased to Rs.1004.64 lacs as compared to Rs. 974.19 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 :

Shri Bharat Shah and Shri Shalisikant Bhalodi retire by rotation and being eligible offer themselves for re-appointment.



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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 :

M/s. Gautam K. Mehta Chartered Accountant, resigned during the year under review. During the year the company appointed **M/s. Mistry & Associates**, Chartered Accountants as the Auditors of the Company. They 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.

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.



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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 2005-06.

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.

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 programme are conducted as per requirements to improve efficiency.

12) 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.



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GALAXY
 AGRICO EXPORTS LTD.

13) 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,

NATHABHAI SADARIA
 Director

RAJKOT, 24th August 2005

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MISTRY & ASSOCIATES
Chartered Accountant

A/61, Madhav Land Apts,
Nr, Chitrakut Van, Kiran
Motor Lane, Bodakdev,
Ahmedabad - 380 015

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, 2005**, the Profit & Loss Account and also the Cash Flow Statement 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.

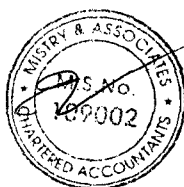
As required by the Companies (Auditor's Report) Order, 2003 and as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified 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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report 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, 2005**, and taken on records by the Board of Directors, we report that none of the directors is disqualified as on **31st March, 2005** from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (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, 2005**;
 - (b) in the case of the Profit & Loss Account, of the **Profit** for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Ahmedabad

Date: 25th August 2005



**For Mistry & Associates,
Chartered Accountants,**

[Signature]
**Suresh Mistry
Proprietor**