

GALAXY AGRICO EXPORTS LIMITED

RAJKOT



ANNUAL REPORT

2007-2008



Directors' Report

To,
The Members,
GALAXY AGRICO EXPORTS LIMITED,

The Directors have pleasure in presenting their **FOURTEENTH** ANNUAL REPORT and the Audited Statement of Accounts of your company for the year ended 31st MARCH, 2008.

01) FINANCIAL RESULTS:		[Rs. in Lacs]	
Particulars	31.03.08	31.03.07	
Income from Operations	1,456.08	2,593.89	
Profit before Interest, Depreciation and Taxation	125.75	186.15	
Less : Interest & Financial charges	51.60	57.98	
Depreciation	41.75	34.70	
Profit before tax	32.40	93.47	
Less : Provision for Tax:			
Current Tax	3.53	23.55	
Deferred Tax	7.06	9.39	
Fringe Benefit Tax	0.75	1.16	
Profit after tax	21.06	59.37	
Less : Short/(Excess) Provision of Tax of earlier year	(0.71)	2.40	
Net Profit after adjustments	21.77	56.97	
Balance of P&L A/c. Brought Forward from Previous Year	204.69	147.72	
Balance of P&L A/c. Carried Forward to Balance Sheet	226.46	204.69	

02) DIVIDEND:

The directors do not recommend any dividend for the year ended on 31st March, 2008.

03) OPERATIONS:

The FY 2007-08 has been very challenging. The business was mainly affected on account of 4 major factors namely, rise in steel prices, rise in Oil prices, unfavorable US Dollar to Re ratio for exporters and increase in ocean freights charges. The above adverse factors led to reduced turnover of Rs.1,450.20 Lacs as compared to Rs.2,577.98 Lacs in the previous year. The company has posted lower net profit after tax of Rs.21.06 Lacs as compared to Rs.59.37 Lacs in the previous year.

The above factors have led your company to rethink its business strategy going forward. It has now decided to diversify into machining of Bearing rings. The present infrastructure is suitable for your company to carry on this activity. Your company is also focusing on cost reduction process in the manufacturing of agriculture equipments and improving efficiencies at all levels.

For, Galaxy Agrico Exports Limited

(Signature)

Director

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>

E-mail : info@galaxyagrico.com / galaxy_ad1@sancharnet.in

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

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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, 2008* 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.

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 information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given below

Your company continues to accord high priority to conservation of energy

A. Power & Fuel Consumption:

(i)	Electricity	2007-2008	2006-2007
a)	Purchased:		
	Units	11,70,560	19,03,144
	Total Amount Rs.	68,35,693	1,03,47,046
	Rate/Unit Rs.	5.84	5.44
b)	Own Generation	Nil	Nil
(ii)	Fuel		
	Quantity (Ltrs.)	3,63,268	6,52,015
	Total Cost Rs.	67,64,392	1,09,11,050
	Average Cost (Per Ltr.) Rs.	18.62	16.73

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B. Consumption per unit of Production:

Your company manufactures variety of products. The products, before reaching the finishing stage, passes 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.S., and U.K. And the European markets, the particulars of which are as follows:

		[Rs. In lacs]	
		2007-2008	2006-2007
Foreign Exchange earned	Rs.	1,305.53	2,258.53
Foreign Exchange used	US \$	0.68	32.79
	Euro	0.76	1.34
	GBP	0.11	--
	Pound	0.16	--

06) DIRECTORS:

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

07) PARTICULARS OF EMPLOYEES:

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

08) 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.

09) AUDITORS:

M/s. Mistry & Associates, Chartered Accountants are present 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.

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10) 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.

11) MANAGEMENT DISCUSSION & ANALYSIS REPORT:**a) Industry Structure & Developments**

Your company is primarily engaged in manufacturing of agricultural and gardening equipments and secondly Company has also started job work of all types of Bearings Rings. The Company hopes brighter future in field of Manufacturing of Bearings Rings. With India's economy opening up and businesses becoming global both, the export market looks promising.

b) Opportunities & Threats

The demand for automobile products in India is growing at furious speed and with consideration of that Company has started job work all types of Bearings Rings and Company hopes to get quantitative job work from big manufacturer of automobile products. However it is new line of business for the Company and many players exists in the market who are reputed in the field of job work of Bearings Rings and may create highly competitive market in this field, which is big threat for 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 08-09.

e) Risk & Concerns

The business of the company is export oriented with its exposure to the USA, EUROPE, and LATIN AMERICAN countries and with the Rupee becoming strong against the Dollar, EURO and STERLING POUND 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 programme are conducted as per requirements to improve efficiency.

12) STOCK EXCHANGE LISTING:

The company's 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's shares are de-listed from CALCUTTA STOCK EXCHANGE ASSOCIATION AND Ahmedabad Stock Exchange 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 J. Sadaria
Director

Rajkot, Dated 18th August, 2008

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MISTRY & ASSOCIATES
Chartered Accountants

C/o. G. S. Panchal,
Railway Station Road,
Opp. C. K. Sheth House,
Idar, Dist.: Ahmedabad

Auditors' Report

To,
The Members of
GALAXY AGRICO EXPORTS LIMITED,

We have audited the attached Balance Sheet of *GALAXY AGRICO EXPORTS LIMITED*, as at 31st March, 2008, 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, 2005 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, 2008, and taken on records by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;