

GALAXY AGRICO EXPORTS LIMITED

RAJKOT

ANNUAL REPORT

2009-2010

DIRECTORS' REPORT

To,
The Members,
GALAXY AGRICO EXPORTS LTD.,

The Directors have pleasure in presenting their SIXTEENTH ANNUAL REPORT and the Audited Statement of Accounts of your company for the year ended **31st MARCH, 2010**

01) FINANCIAL RESULTS:

Particulars	[Rs. in Lacs]	
	31.03.10	31.03.09
Total Income	592.16	672.19
Total Expenditure excluding Interest & Depreciation	580.77	584.69
Profit before Interest & Depreciation	11.39	87.50
Less : Interest & Financial charges	18.11	32.70
Depreciation & Miscellaneous Expenditure Written Off	40.49	42.34
Profit/(Loss) before tax	(47.21)	12.46
Less : Provision for Tax:		
Current Tax	Nil	0.80
Deferred Tax	(3.64)	4.01
Fringe Benefit Tax	Nil	0.46
Profit/(Loss) after tax	(43.57)	7.19
Balance of P&L A/c. Brought Forward from Previous Year	229.17	226.45
Add : Excess/(Short) Provision of Tax of earlier year	0.30	0.22
Less : Prior Period Expenses	Nil	(4.69)
Balance of P&L A/c. Carried Forward to Balance Sheet	185.90	229.17

02) DIVIDEND:

Your directors do not recommend any dividend for the year ended on 31st March, 2010.

03) OPERATIONS:

The Company recorded a lower net turnover of **Rs.528.50** Lac as compared to Rs.692.15 Lac in the previous year and Profit/(Loss) after tax of **Rs.(43.57)** Lac as compared to Rs.7.19 Lac in the previous year.

During the year, the company sold off major portion of its Plant and Machinery used for manufacturing of Agricultural implements and proposes to dispose off the remaining Plant and Machinery of Agricultural implements as and when they get the buyer for the same. Company has set up a manufacturing unit of bearing rings. In future company will expand its capacity in manufacturing bearing rings.



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, 2010 and of the Loss 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:

Your Company has given utmost priority for conversation of energy and shall continue to do the same in future.

A. Power & Fuel Consumption:

		2009-2010	2008-2009
(i)	Electricity		
a)	Purchased:		
	Units	1460752	487272
	Total Amount Rs.	93,69,265	37,99,983
	Rate/Unit Rs.	6.41	7.80
b)	Own Generation	Nil	Nil
(ii)	Fuel		
	Quantity (Ltrs.)	23740	113246
	Total Cost Rs.	5,70,186	21,53,288
	Average Cost (Per Ltr.) Rs.	24.02	19.01

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.



C Foreign Exchange Earning & Outgo:.

		[Amt. in lacs]	
		2009-2010	2008-2009
Foreign Exchange earned	Rs.	270.12	610.35
Foreign Exchange used	US \$	Nil	0.10

06) Environment:

Your company has taken due care not to disturb the ecological balance of the region. The company also planted number of trees in the surrounding area to keep the environment pollution free.

07) DIRECTORS:

Shri Manoj H. Shah and Shri Sanjay J. Patel retire by rotation and being eligible offer themselves for re-appointment.

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. Manoj H. Shah

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. Mistry & Associates Chartered Accountants retired as Auditors of the company. The Company had appointed **ARUN M. KOTHARI**, Chartered Accountant, as Auditor of the company. He will retire at the ensuing Annual General Meeting and is eligible for reappointment and has indicated his willingness to act as such. Your Directors request you to appoint him as Auditor for the current financial year. He has furnished a certificate to the Company to the effect that his appointment, if made, will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

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.

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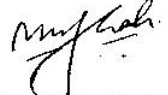
12) ACKNOWLEDGEMENT:

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



Manoj H. Shah
Director

Rajkot, Dated 20th July, 2010



[2]

e) Risk & Concerns

The company operates in an environments which is affected by various risks, some of which hare controllable while some are outside the control of the company. Some of the risk that are potentially significant in nature are raw material prices, cyclical nature of industry, interest rate, etc. The demand for automobiles has a significant impact on the demand and price of product manufactured by the company.

f) Internal control systems & their adequacy

The company has as 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.

g) Discussion on financial performance with to operational performance.

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

h) Material developments 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.

For, Galaxy Agrico Exports Limited


Director.



MANAGEMENT DISCUSSION & ANALYSIS REPORT.

a) Industry Structure & Development

The Company which was previous engaged in the manufacturing of Agricultural & Gardening implement/equipments faced severe slowdown since last 2 years and hence had decided to diversify into component manufacturing with focus on the automobile sector. The automobile sector in the Indian economy has seen steady growth and is poised to race ahead with overall growth in the Indian economy. The Automobile sector has witnessed robust growth with 24.83 lac vehicles being sold in 2009-10.

b) Opportunities & Threats

Gujarat is now gaining importance as the most favoured destination for investment in India. many of the prominent national and international players in the automobile industry have set up or are in the process of setting up of their plants in Gujarat which will give an advantage to your company going forward

However with number of SME companies establishing their presence in Gujarat, the company will be facing stiff competition from other players

c) Segment / Product wise performance

The company now focuses mainly on the Bearing rings and has stopped manufacturing of agricultural implements and gardening tools

d) Outlook

The Automobile sector is expected to grow at 25% over this year and with the bouyant Indian economy and recovery in the International market, the outlook is promising. your company Further the global recovery is likely to sustain in the coming year and GDP growth is estimated at 7% during 2010-11.

Rising commodity prices among other factors are likely to drive up input costs thereby putting pressure on margins. The competition is expected to intensify going forward

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CORPORATE GOVERNANCE REPORT

The Board of Directors of the company supported the broad principles of corporate governance. Given below is a report on corporate governance

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company. Corporate Governance is a process that aims to meet shareholders aspirations and societal expectations. It is a commitment that is backed by the fundamental belief of maximizing shareholders value, transparency in functioning, values and mutual trust amongst all the constituents of organization. Its not a discipline imposed by a Regulator, rather a culture that guides the Board, management and employees to function towards best interest of stakeholders.

2. BOARD OF DIRECTORS

49 A (i)

The Board of Directors of the Company has an optimum combination of executive and non executive Directors. The present board comprises of three executive director and three non-executive directors.

49 A (ii)

The Chairman of the company is Jayantilal Patel who is a Managing Director. Further board is comprised of three Independent Director which is 50 % of total strength of the Board of Director.

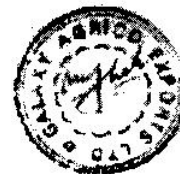
49 A (iv)

Any nominee Director has been not appointed by any Financial or other institution.

49 B

No fees/compensation, paid to non-executive directors, including independent Directors except sitting fees which is within limit as prescribed by The Companies Act, 1956. So there is no any previous approval of shareholders in general meeting.

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49 C (i) (ii)

The Board of Director has duly met as per compliance of Section 49 C. The details of which is given as under

During the year ended March 2009-10 meeting was held on the following dates:

25/04/2009	20/05/2009	22/06/2010	25/07/2009
20/08/2009	25/08/2009	29/08/2009	18/09/2009
31/10/2009	25/11/2009	28/12/2009	30/01/2010
17/03/2010	18/02/2010	31/03/2010	

Name	Category Of Directorship	Total No. of Directorship	Membership/Chairmanship of any other Committee		Board Meeting		Last AGM attended or not
			Chairman	Member	Held	Attended	
Shri Jayantilal Devjibhai Patel	Managing director Executive	1	2	0	15	15	Yes
Shri Sanjay Jayantilal Patel	Whole Time Director - Executive	2	0	2	15	12	Yes
Shri Manoj Harsukhlal Shah	Whole Time Director- Executive	2	0	3	15	15	Yes
Shri Bharat Trambaklal Shah	Independent - Non Executive	1	1	1	15	12	Yes
Shri Ajay Ramjibhai patel	Independent- Non Executive	1	1	1	15	13	Yes
Shri Shashikant Jadavbhai Bhalodi	Independent- Non Executive	1	0	1	15	10	Yes

The information as required under annexure IA to the clause 49 of the listing agreement is made available to the Board of Director

It is clarified by all the director that they are not a member in more than 10 committees or act as Chairman of more than five committees across all companies in which he is a director

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49 C (iv)

No Independent director of the Company is removed or resigned from the Company so no compliance required under the clause.

COMMITTEE OF BOARD OF DIRECTORS

The Board of Directors has constituted Four Committee

- Audit Committee
- Investor Grievance Committee
- Share Transfer Committee
- Remuneration Committee

3. AUDIT COMMITTEE

The Committee comprises with combination of independent and executive Directors having financial background and knowledge in the business of the Company. The Committee comprises of following director

Sr. No.	Name of Director	Status
01	Shri Bharat Trambaklal Shah	Chairman- Independent -Non Executive
03	Shri Manoj Harsukhlal Shah	Whole time Director (Executive Director)
01	Shri Ajay Ramjibhai Patel	Independent- Non Executive

The Committee is engaging with reviewing with management, Quarterly, Half Yearly and annual financial statements before submission to the Board and overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

The meeting of the Audit committee was held nine times during the financial year and not more than four months has been elapsed between two meetings. Both the independent Director was present in all the meeting of committee.

4. REMUNERATION COMMITTEE

The Company has constituted a Remuneration Committee. The remuneration committee comprises of three non executive independent directors and Chairman of the Committee is an Independent Director. The reference of the remuneration committee are to recommend the Company's Policy on remuneration packages for the Managing Director/ Executive Directors reviewing the structures, design and implementation of remuneration policy in respect of key management personnel.



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