

***GALAXY AGRICO EXPORTS LIMITED***

***RAJKOT***

***ANNUAL REPORT***

***2010-2011***



**DIRECTORS' REPORT**

To,  
The Members,  
**GALAXY AGRICO EXPORTS LTD.,**

The Directors have pleasure in presenting their SEVENTEENTH ANNUAL REPORT and the Audited Statement of Accounts of your company for the year ended **31<sup>st</sup> MARCH, 2011**

		[Rs. in Lacs]	
<b>01) FINANCIAL RESULTS:</b>		<b>31-03-11</b>	<b>31.03.10</b>
Particulars			
Total Income		<b>479.47</b>	592.16
Total Expenditure excluding Interest & Depreciation		<b>407.02</b>	580.77
Profit before Interest & Depreciation		<b>72.45</b>	11.39
Less : Interest & Financial charges		<b>13.40</b>	18.11
Depreciation & Miscellaneous Expenditure Written Off		<b>34.36</b>	40.49
Profit/(Loss) before tax		<b>24.69</b>	(47.21)
Less : Provision for Tax:			
MAT		<b>4.60</b>	Nil
Deferred Tax		<b>12.72</b>	(3.64)
Profit/(Loss) after tax		<b>7.37</b>	(43.57)
Balance of P&L A/c. Brought Forward from Previous Year		<b>185.90</b>	229.17
Add : Excess/(Short) Provision of Tax of earlier year		<b>Nil</b>	0.30
Balance of P&L A/c. Carried Forward to Balance Sheet		<b>193.27</b>	185.90

**02) DIVIDEND:**  
Your directors do not recommend any dividend for the year ended on 31<sup>st</sup> March, 2011.

**03) OPERATIONS:**  
The Company recorded an total income of Rs.479.47 Lacs as compared to Rs.592.16 Lacs in the previous year and Profit/(Loss) after tax of Rs.7.37 Lacs as compared to Rs.(43.57) Lacs 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 in the coming years. Company has set up a manufacturing unit of bearing rings with an installed capacity of 2400 tonnes p.a. 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 31<sup>st</sup> MARCH, 2011 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:**

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

**A. Power & Fuel Consumption:**

		2010-11	2009-2010
(i)	<b>Electricity</b>		
a)	Purchased:		
	Units	16,06,224	14,60,752
	Total Amount Rs.	99,26,213	93,69,265
	Rate/Unit Rs.	6.18	6.41
(ii)	<b>Fuel</b>		
	Quantity (Ltrs.)	4,886	23,740
	Total Cost Rs.	1,10,627	5,70,186
	Average Cost (Per Ltr.) Rs.	22.64	24.02

**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 & Used:*

		[Amt. in lacs]	
		2010-2011	2009-2010
Foreign Exchange earned	Rs.	121.48	270.12
Foreign Exchange used	Rs.	0.23	Nil

**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 Shashikant Bhalodia. and Shri Bharat Shah retires 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:**

ARUN M KOTHARI, auditor of the Company will retire at the ensuing Annual General Meeting and is eligible for re-appointment. ARUN M KOTHARI has indicated his willingness to act as such and has confirmed that his re-appointment, if made, shall be within the limits of 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.






**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 28<sup>th</sup> June, 2011



## **MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

### **a) Industry Structure & Developments**

In the Indian economy, automotive industry occupies a prominent place and has a strong multiplier effect and is capable of being the driver of economic growth. With India being a growing automotive market, this sector is one of the prime drivers of the Indian economy. India has emerged as one of the favorite investment destinations for automotive manufacturers in recent times.

### **b) Opportunities & Threats**

The demand for automobile products in India is growing at furious speed and with consideration of that Company is increasing its focus in manufacturing of Bearing Rings. The Company has got excellent opportunities for growth, both in domestic and export markets. The Company faces stiff competition with new companies being established and with the players in the un-organised market.

### **c) Segment / Product wise performance**

Your company has a single business segments namely manufacturing of Bearing Rings while it only trades in Agriculture and Gardening tools and equipments.

### **d) Outlook**

The Indian economy is on track and is expected grow even higher. Your company will continue to focus on expanding the domestic market as well as look for new pastures in the export market developing new products for Original Equipment Manufacturers.

### **e) Risk & Concerns**

The company operates in an environment which is affected by various risks, some of which are 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 prices of products manufactured by 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.

**For Galaxy Agrico Exports Ltd.**

  
**Director**



## **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**

Directed by Clause 49 and with the philosophy of Corporate Governance, it has been constant endeavor on the part of the company to achieve excellence in corporate governance by following policy of transparency and integrity. The Company attaches importance to good Corporate Governance and the code of governance as formulated by the Stock Exchanges/SEBI and other authorities. It will be the endeavor of the Board of Directors that the Company is so governed as to maximize the benefits of all stake-holders i.e., shareholders, employees, customers, society and others. The Company has been implementing the various clauses of Corporate Governance from time to time. It further inspires and strengthens investor's confidence and commitment to the Company.

The Company's Philosophy of Corporate Governance is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting its obligation to stakeholders, customers, creditors and society at a large and is guided by a strong emphasis on transparency, accountability and integrity. Company's Primary object is to adhere to corporate culture of conscience and consciousness, integrity, transparency and Accountability for efficient and ethical conduct of business. The Company, through its Board and Committees, endeavors to strike and deliver the highest governing standards for the benefit of its stakeholders.

Corporate Governance which has become the integral part of business operations encompasses the key elements such as integrity, transparency, fairness, and adoption of highest standards of business ethics to benefit the interest of the stakeholders. The Company has been practicing the principles of good Corporate Governance by adopting best global practices for corporate governance, disclosure standards while protecting the interests of stakeholders in every business decision. The Company endeavour to achieve high level of transparency, integrity and equity in all its operations, monitors continuously the developments in the areas of Corporate Governance to meet stakeholders aspirations and societal expectations.

In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the stock exchanges, the details are set out below:



PAGE 1 OF 8





## 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, sitting fees paid to non-executive directors, including independent Directors so there is no any previous approval of shareholders in general meeting

### 49 C (i) (ii)

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

During the year ended March 2010 - 11 meeting was held on the following dates:

01/04/2010	30/04/2010	28/05/2010	21/06/2010
05/07/2010	20/07/2010	31/07/2010	12/08/2010
15/09/2010	30/10/2010	28/12/2010	29/01/2011
22/02/2011	31/03/2011		

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	14	12	Yes
Shri Sanjay Jayntilal Patel	Whole Time Director - Executive	2	0	2	14	13	Yes
Shri Manoj Harsukhlal Shah	Whole Time Director- Executive	1	0	3	14	14	Yes
Shri Bharat Trambaklal Shah	Independent -Non Executive	1	1	1	14	10	Yes



Shri Ajay Ramjibhai Patel	Independent-Non Executive	1	1	1	14	11	Yes
Shri Shashikant Jadavbhai Bhalodi	Independent-Non Executive	1	0	1	14	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

#### 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	Chariman- 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 seven times during the financial year and not more than four months has been elapsed between two meetings. From the independent Director was present in all the meeting of committee.

