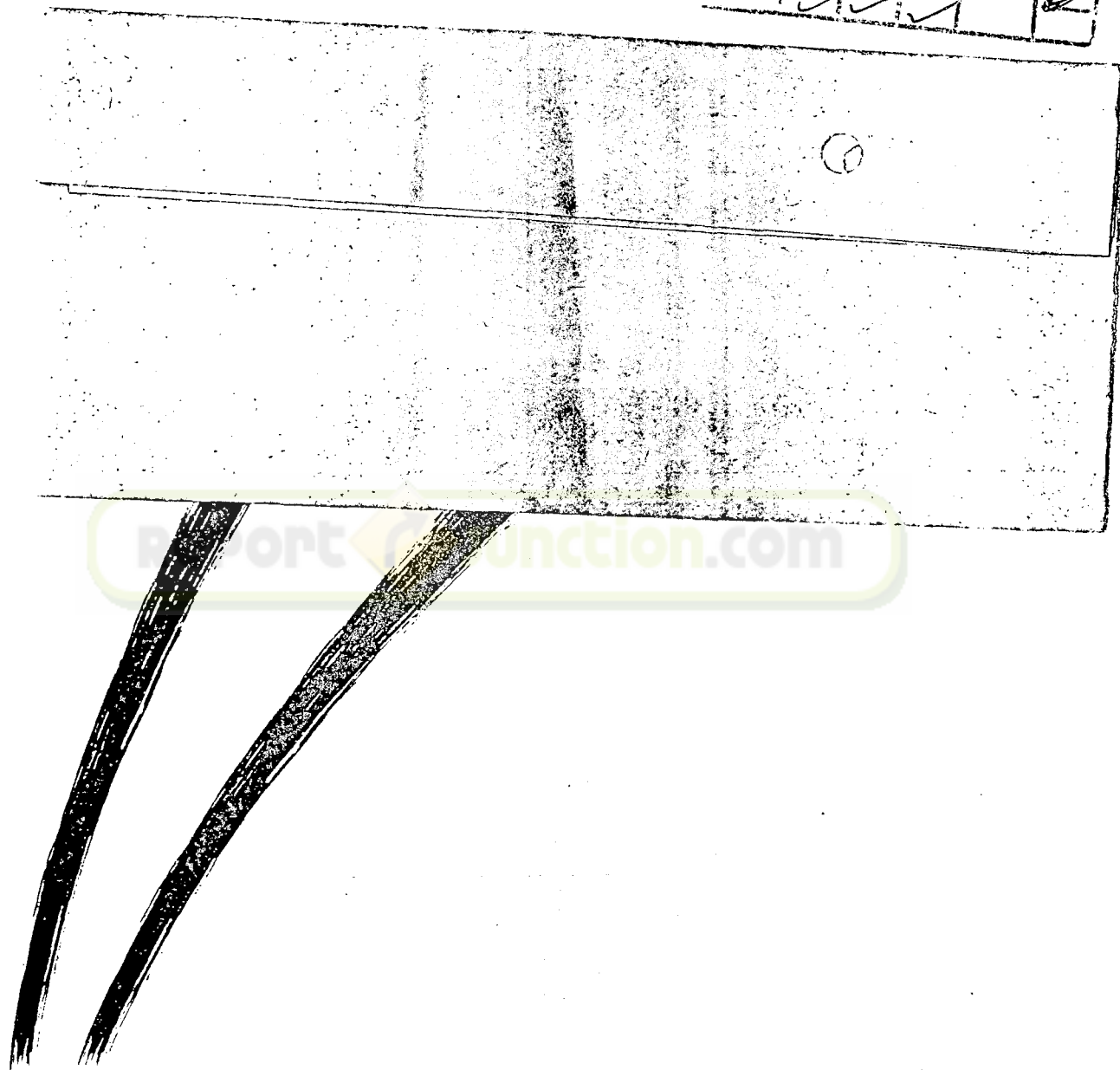


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GUJARAT APOLLO EQUIPMENTS LIMITED

Let's Build - - - - Better Roads

GUJARAT APOLLO EQUIPMENTS LIMITED

BOARD OF DIRECTORS

ANIL T. PATEL	– Chairman & Managing Director
MANIBHAI V. PATEL	– Director
ASHOK T. PATEL	– Wholetime Director
ASIT A. PATEL	– Executive Director
V. P. KAMDAR	– Director
ASHOK J. PATEL	– Director
M. N. PATEL	– Director

Company Secretary
SURESH S. SHAH

✱

Statutory Auditors
ARVIND A. THAKKAR & CO.,
Chartered Accountants,
Ahmedabad.

✱

Internal Auditors
S. K. MOONDRA & CO.,
Chartered Accountants,
Ahmedabad.

✱

Bankers
DENA BANK
STATE BANK OF INDIA

✱

Registered Office
Ditasan, Post Jagudan, State Highway,
Mehsana-382 710 (North Gujarat)

✱

Corporate Office
"Parishram", 5/B, Rashmi Society, Mithakhali Circle,
Navrangpura, Ahmedabad-380 009.

GUJARAT APOLLO EQUIPMENTS LIMITED**NOTICE :**

Notice is hereby given that the Eleventh Annual General Meeting of Gujarat Apollo Equipments Limited will be held on Friday, the 25th day of September, 1998 at 11-30 a.m. at the Registered Office of the Company at Ditasan, Post Jagudan, State Highway, Mehsana-382 710, to transact the following Business :

ORDINARY BUSINESS :

- 1 To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1998 and Profit and Loss Account for the year ended on that date together with the Directors' and Auditors' Report thereon.
- 2 To declare dividend.
- 3 To appoint a Director in place of Mr. Manibhai V. Patel, who retires by rotation and being eligible offers himself for re-appointment.
- 4 To appoint a Director in place of Mr. V. P. Kamdar, who retires by rotation and being eligible offers himself for re-appointment.
- 5 To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

- 6 To consider, and if thought fit, to pass with or without modification the following resolution as a Special Resolution :
 "Resolved that if and when permitted by the law and subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time and subject to such other approvals, permissions, sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board", which expression shall also include a committee thereof), the consent of the Company be and is hereby accorded to the Board to buy back, from the existing holders of shares and/or other securities giving right to subscribe for shares of the Company on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots) and/or by purchasing the securities issued to the employees pursuant to a scheme of stock option, the shares or such other securities or securities having such underlying voting rights as may hereafter be notified by the Government or any other regulatory authority, from time to time (herein for the brevity's sake referred to as "the Securities"), of the Company, from out of its free reserves or out of the securities premium account of the company or out of the proceeds of any issue made by the Company specifically for the purpose, or from such other sources as may be permitted by law, on such terms and conditions and in such manner as may be prescribed by law from time to time, provided that the aggregate of the bought back shall not exceed 10% of the respective securities of the Company.
 "Resolved further that the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."
 "Resolved further that nothing herein above contained shall confer any right on any shareholder to offer or any obligation on the Company or the Board to buy back any shares or securities."
- 7 To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"Resolved that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :

- A) Insert the following Article as Article 13A after Article 13 :
Buy-back of Shares :13A - Notwithstanding anything contained in these Articles in the event it is permitted by law for a Company to purchase its own shares or securities, the Board of Directors may, if and when thought fit, buy back such of the Company's own shares or securities as it may decide, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by law.

- 8 To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"Resolved that, in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall also include a Committee thereof) or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer, issue, allocate or allot in one or more tranches, to such persons who are, in the sole discretion of the Board, in the permanent employment of the Company and to the Managing/Wholtime Directors of the Company, such number of Equity Shares of the Company of the face value of Rs. 10/- each, not exceeding such percentage of the Capital of the Company as may be permitted by law, of the Subscribed Equity Shares of the Company at that time, as the Board may deem fit, for subscription for cash or allocated as an option to subscribe, on such terms and at such price as may be fixed and determined by the Board prior to the issue and offer thereof in accordance with the applicable guidelines and provisions of law and otherwise ranking pari passu with the Equity Shares of the Company as then issued and in existence and on such other terms and conditions and at such time or times as the Board may, in its absolute discretion and in the best interest of the Company, deem fit; Provided that the aforesaid issue of Equity Shares may instead be in the form of fully or partly Convertible Debentures, Bonds, Warrants or other securities as may be permitted by law, from time to time."

"Resolved further that the Board be and is hereby authorised to issue, allocate and allot such number of Equity Shares as may be required in pursuance of the above issue, and that the Equity Shares so issued, allocated or allotted shall rank in all respects pari passu with the existing Equity Shares of the Company save and except that such Equity Shares which may be with or without voting rights, if permitted by law, shall carry the right to receive either the full dividend or a pro rata dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of the Shares shall become effective."

"Resolved further that the consent of the Company be and is hereby granted in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals to the Board to secure, if necessary, all or any of the above mentioned securities to be

GUJARAT APOLLO EQUIPMENTS LIMITED

issued by the creation of mortgages and/or charges on all or any of the Company's immovable and/or movable assets, both present and future, in such form and manner and on such terms as may be deemed fit and appropriate by the Board."

"Resolved further that for the purpose of giving effect to the above, the Board may and is hereby authorised to determine the form and terms of the issue, the issue price and all other terms and matters connected therewith including the creation of mortgages and/or charges and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the Issue."

By Order of the Board of Directors

Place : Ahmedabad
Date : 25th June, 1998

Suresh Shah
Company Secretary

NOTES :

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A Proxy in order to be effective should be lodged at the Registered Office of the Company not later than 48 hours before the commencement of the Annual General Meeting.

- 2 The Register of members and the Share transfer books of the Company shall remain closed from 5th September, 1998 to 25th September, 1998 (both days inclusive).
- 3 Dividend, when declared, shall be paid to those members whose names are on register of members as on the date of the Annual General Meeting of the Company
- 4 Members are requested to notify immediately the change in address, if any, to the Company.
- 5 Members attending the Annual General Meeting are requested to bring their copies of Annual Report at the meeting.
- 6 As per provisions of the Companies Act, 1956, the unclaimed dividend for the financial year ended 31st March, 1995 will be transferred to the Central Government's General Revenue Account during October/November 1998. Those members who have not claimed/encashed the dividend @ 30% for 1994-95, may prefer a claim addressed to the Company before it is transferred to the Central Government.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 6

Buy back of own shares or other securities convertible into Equity Shares by the Companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, sought to lay down the operative provisions to regulate the buy back of shares/securities by companies. The said bill has not yet become the law. It is expected that, in due course of time, the law will be amended to allow such buy back.

It is proposed to buy back not exceeding 10% of the total voting powers relating to the shares or other securities giving right to subscribe for shares of the Company, from the existing security holders on a proportionate basis and/or from the open market and/or from the lots smaller than Market lots of the securities (odd lots

) and or by purchasing the securities issued to the employees of the Company pursuant to the scheme of stock option, subject to necessary enactment in this regard.

The buy back of shares as aforesaid would entail investing of an amount which would not be less than the market value of the shares or other securities giving right to subscribe for shares of the Company and shall be met out of the free reserves and/or the securities premium account and/or out of the proceeds of an issued specifically made for the purpose or from such other sources as may be permitted by law. The shares so bought back shall be dealt with as per the then prevailing law/regulation.

The Board is of the opinion that it will be in the best interests of the Company if shareholders approve the said resolution, permitting such buy back, so that the Company will be able to implement this resolution once the law is amended.

The resolution, if approved, will be operative and given effect to from the applicable date as may be prescribed in this regard.

The resolution as set out in this Notice is being proposed as the law in this regard has so far not been amended. The resolution is an enabling provision aimed at facilitating the Company to buy back its shares as soon as legally permissible.

The Directors recommend the resolution for approval of the shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 7

Article 13 of the Articles of Association of the Company prohibits the Company from buying its own shares. It is proposed to introduce a new Article 13A in the Articles of Association as set out in the Resolution at Item No. 7(A) to enable the Company to purchase any of its own shares or securities, as proposed in the Resolution at item no. 7, in the event it is permissible by law.

Item No. 8

In the present competitive environment in the country and in the long term interest of the Company and its shareholders, it is necessary that the Company adopts measures for attracting and retaining qualified, talented and competent personnel. Stock Option Schemes, designated to foster a sense of ownership and belonging amongst personnel, are a well-accepted approach to this end. It is, therefore, appropriate to consider introducing a Stock Option Scheme for the permanent employees of the Company and its Managing/Wholtime Directors. The Shares may be allotted directly to employees or allocated in accordance with a Stock Option Scheme framed in that behalf, in accordance with the provisions of the prevailing law. It is intended that any such Stock Option Scheme shall not involve an issue/allocation of shares/options representing more than such percentage as may be permitted by law of the Company's subscribed capital at any time. The proposed Resolution is designed to enable the achievement of these objectives.

Section 81 of the Act provides, inter alia, that whenever it is proposed to increase the subscribed capital of a company by a further allotment of shares, such shares shall be offered to the existing shareholders of the Company in the manner laid down in the said Section unless the Shareholders in General meeting decide otherwise. The consent of the shareholders is, therefore, sought to authorise the Board of Directors to issue the shares in the manner set out in the Resolution at Item No. 8.

The Directors commend the Resolution for acceptance by the members.

GUJARAT APOLLO EQUIPMENTS LIMITED**DIRECTORS' REPORT**

Dear Members,
Your Directors have great pleasure in presenting herewith their Eleventh Annual Report for the year ended 31st March, 1998.

FINANCIAL PERFORMANCE

	(Rupees in Lacs)	
	Current Year as at 31-3-98	Previous Year as at 31-3-97
Sales and other Income	4,217.41	2,836.69
Profit before Interest, Depreciation and Taxes	615.91	536.14
Less : Interest	41.49	48.74
Depreciation	42.59	33.58
Provision for Taxation	140.00	135.00
Net Profit	391.83	318.82
Add : Profit & Loss Account Balance Brought Forward	39.84	59.62
Amount available for Proposed Appropriations	431.67	378.44
Dividend	140.00	126.00
Transfer to General Reserve	200.00	200.00
Tax on proposed Dividend	14.00	12.60
Balance Carried to Balance Sheet	77.67	39.84

PERFORMANCE

During the year under review, the Sales and other income has gone up from Rs. 2,836.69 lacs to Rs. 4,217.41 lacs registering a growth of approximately 49%. The profit before interest, depreciation and tax has increased to Rs. 615.91 lacs in comparison to Rs. 536.14 lacs in the previous year, thus increased by approximately 15%. The Net Profit of the Company after tax has increased to Rs. 391.83 lacs from Rs. 318.82 lacs. The Earning per share (EPS) has increased to Rs. 11.20 for the year 1997-98. The actual production of road construction and maintenance machineries has also gone up from 88 nos. to 138 nos.

BUSINESS REVIEW

The highlight of the year was the order for 2 units of Batch type Asphalt Plants of 60-90 TPH Capacity won against international competition. The Company successfully delivered the 2 units manufactured with inhouse technology during the year. The Company exported a Paver Finisher to Azerbaijan in the erstwhile USSR and is looking at Export as a thrust area for future growth.

The Company's products like the Drum Mix Asphalt Plants, Hydrostatic Sensor and Mechanical paver Finishers continued to enjoy the support from the customers. The orders on hand for the various types of equipment is manifestation of the customer's confidence on the quality of the Company's product.

DIVIDEND

Your Directors are pleased to recommend a higher dividend at the rate of 40% absorbing a sum of Rs. 140 lacs, as against 36% for the previous year.

ROAD CONSTRUCTION DIVISION

This division continued with the execution of the Road project at Haryana. Impressed with the quality and timely execution of the previous contract, Ahmedabad Municipal Corporation awarded this division with a repeat order. The orders received from PWD Gujarat

and Howrah Municipal Corporation are under execution as per schedule. Encouraged by the results, this division is now poised to enter areas of construction of Highways, Super Highways and Express ways.

FUTURE PLANS

In the previous year, your Company has entered into a technical tie-up to manufacture the latest version of Atlas Front End Wheeled Loaders in India. The Loader shall be sold in the Indian Market from the next year.

A Joint Venture with Famaro-Ermont-Europe's major player in the field of Asphalt Plants and other asphalt related equipment has been finalised and a Joint Venture Company has since been registered.

To meet the increase in the demand of the Company's products, additional manufacturing facility is being put up at Ditasan and shall be ready by the end of the current year.

The construction division has initiated dialogues with some of the world's leading construction companies for a Joint Venture and/or strategic alliance.

DEPOSITS

The Company has accepted deposits from public and has complied with the provisions of Section 58A of the Companies Act, 1956 and rules made thereunder. There is no unclaimed or unpaid deposits as on 31st March, 1998.

DIRECTORS

Mr. Manibhai V. Patel and Mr. V. P. Kamdar the Directors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment. You are requested to reappoint them.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure 'A' which forms part of this Report.

PERSONNEL

During the year the relation between the Management and the employees had been very cordial. The details of the Employees who are in receipt of remuneration exceeding Rs. 3,00,000/- per annum or Rs. 25,000/- per month, as the case may be being the limits specified under the Rules pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 are as per Annexure - 'B', which forms part of this Report.

AUDITORS

M/s. Arvind A. Thakkar & Co., Chartered Accountants, Ahmedabad retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment. You are requested to reappoint the Auditors and fix their remuneration.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the co-operation received from the Banks and Financial Institutions and services rendered by the employees of the Company and look forward to their continued support in the years to come.

For and on behalf of the Board of Directors

Place : Ahmedabad
Dated : 25th June, 1998

Anil T. Patel
Chairman & Managing Director