

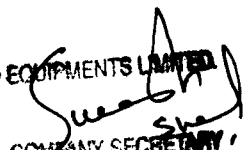


GUJARAT APOLLO EQUIPMENTS LIMITED

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16th
<i>Annual</i>
<i>Report</i>
2002-2003

FOR, GUJARAT APOLLO EQUIPMENTS LIMITED


COMPANY SECRETARY

Let's Build --- Better Roads

BOARD OF DIRECTORS

ANIL T. PATEL	- <i>Chairman</i>
MANIBHAI V. PATEL	- <i>Director</i>
AJITKUMAR T. PATEL	- <i>Director</i>
ASIT A. PATEL	- <i>Executive Director</i>
V. P. KAMDAR	- <i>Director</i>
DR. DAHYABHAI C. PATEL	- <i>Director</i>
PRAVIN P. PATEL	- <i>Director</i>

COMPANY SECRETARY

SURESH S. SHAH

STATUTORY AUDITORS

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

BANKERS

STATE BANK OF INDIA
DENA BANK

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.

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NOTICE

NOTICE is hereby given that the **SIXTEENTH** Annual General Meeting of the members of M/s. Gujarat Apollo Equipments Limited will be held on Saturday, the 27th day of September, 2003 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, 2003 and Profit and Loss account for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Anil T. Patel, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Manibhai V. Patel, who retires by rotation and being eligible offers himself for re-appointment.
5. To re-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 an Ordinary Resolution:

“RESOLVED THAT pursuant to Sections 198, 309, 269 read with Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956 and the approval of the Remuneration Committee of the Board of Directors of the Company having been received, the consent of the Company be and is hereby accorded to the increase in remuneration including perquisites payable to Shri Asit A. Patel, Executive Director of the Company with effect from 1st February, 2003 for the remaining tenure of his present term as Executive Director, from Rs. 34,000/- per month in the grade of Rs. 25,000/-—3,000/-—40,000/- to Rs. 75,000/- per month in the grade of Rs. 75,000/-—5,000/-—85,000/- and that the next increment shall become due on 1st April, 2003.

1. He shall be entitled to the following Perquisites and Commission in addition to the salary:

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the

extent these singly or put together are not taxable under the Income-Tax Act. Gratuity payable shall not exceed half a month's salary for each completed year of service.

- b) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- c) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Executive Director.
- d) The Executive Director shall be entitled to a payment of commission at the rate of 2% of the Net Profits of the Company subject, however, the total remuneration by way of salary, perquisites, other allowances and commission shall not exceed 5% of Net Profits computed in the manner laid down under Section 198 and 309 of the Companies Act, 1956 for one such managerial person in any financial year.

2. In the event of absence of and inadequacy of profits in any financial year, the Executive Director shall be entitled to receive the salary and perquisites as minimum remuneration.
3. The Company will reimburse to the Executive Director such expenses as he may incur on behalf of the Company.
4. The Executive Director will be entitled to the earned privilege leave on full pay and allowance as per the rules of the Company not exceeding one month leave for every eleven months of service.
5. Subject to the provisions of the Act, the Executive Director shall not be liable to retire by rotation.
6. The Executive Director will not be entitled to receive any sitting fee for attending the meetings of the Board of Directors or Committee thereof from the date of his appointment.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby severally authorised to do all such acts, deeds, things and matters as may be necessary to give effect to the foregoing resolution.”

GUJARAT APOLLO EQUIPMENTS LIMITED

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be increased from Rs.7,00,00,000/- (Rupees Seven Crores Only) divided into 70,00,000 (Seventy Lacs) Equity shares of Rs.10/- (Rupees Ten Only) each to Rs.10,00,00,000/- (Rupees Ten Crores Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs.10/- (Rupees Ten Only) each by creation of 30,00,000 (Thirty Lacs) Equity Shares and that the new Equity Shares so created shall rank pari passu with the existing Equity Shares of the Company in respect of dividend, voting rights, etc.”

8. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT the existing clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in place and instead thereof the following as new clause V:

“V: The Authorised Share Capital of the Company is Rs.10,00,00,000/- (Rupees Ten Crores Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs.10/- (Rupees Ten Only) each.”

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

“RESOLVED THAT the existing Article 2 of the Articles of Association of the Company be altered by substituting the words “Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each” instead and in place of the words “Rs. 7,00,00,000/- (Rupees Seven Crores Only) divided into 70,00,000 (Seventy Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each” appearing in the said Article.”

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

“RESOLVED THAT pursuant to the provisions of Sections 372A of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals and permissions, as may be required, the consent of the Company be and is hereby accorded to the

Board of Directors of the Company to give loan, give guarantee, provide security and/or invest in securities of Apollo Earthmovers Limited, Apollo Industrial Products Limited, Apollo Industries and Projects Limited, Roadtech Equipments Private Limited and/or Apollo Construction Equipments Private Limited, out of the surplus funds of the Company subject to maximum ceiling of Rs. 50 Crores on the such terms and conditions, as may be decided by the Board of Directors of the Company from time to time in the best interest of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be required to give effect to this resolution.”

By order of the Board of Directors

Place : Ahmedabad
Dated : 30th June, 2003

SURESH S. 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. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting is attached.
3. The Register of members and the Share Transfer books of the Company shall remain closed from 16th September, 2003 to 27th September, 2003 (both days inclusive).
4. Dividend, when declared, shall be paid to those members whose names appear on the Register of Members of the Company, on the date of the ensuing Annual General Meeting of the Company.
5. Pursuant to Section 205A read with 205C of the Companies Act, 1956, the Company is required to transfer the dividends declared for the financial year ended 31st March, 1996 and onwards which remains unpaid or unclaimed for a period of 7 years to the Investor Education and Protection Fund. It may be noted that no claims will lie against the Company or the Investor Education and

Protection Fund in respect of the said unclaimed dividend amount transferred to the fund. The members who have not claimed their dividends for the financial year ended 31st March, 1996 and onwards are requested to lodge their claim with the Company.

6. Members are requested to notify immediately the change in address, if any, to the Company.
7. As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

EXPLANATORY STATEMENT

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

ITEM NO. 6 :

Shri Asit A. Patel was appointed as an Executive Director of the Company for a period of 5 years with effect from 1st July, 1999. In view of the resignation of Shri Anil T. Patel, as Managing Director of the Company, the responsibilities of Mr. Asit A. Patel as Executive Director of the Company has increased substantially. He is working with the Company as Executive Director since 1st July, 1994. The Company has progressed well and its turnover and profits have increased tremendously, under the leadership of Shri Anil T. Patel and Shri Asit A. Patel.

You are requested to accord your approval to the increase in remuneration payable to Mr. Asit A. Patel, as Executive Director of the Company w.e.f. 1st February, 2003.

None of the directors of the Company except Shri Asit A. Patel and Shri Anil T. Patel, being related to him, may be deemed to be concerned or interested in the resolution.

ITEM NOS. 7, 8 & 9

The present Authorised Share Capital of the Company is of Rs. 7 crores divided into 70 Lacs Equity Shares of Rs. 10/- each. The Company has ambitious growth plans and may be in need to increase its capital base. Pursuant to provisions of Section 94 of the Companies Act, 1956, the Authorised Share Capital of a company could only be increased by passing a

resolution in a general meeting. The Board of Directors of the Company have decided to increase the Authorised Share Capital from Rs. 7 crores to Rs. 10 crores by creation of 30,00,000 Equity Shares of Rs. 10/- each, subject to necessary procedural compliance. The resolutions set out at Item No. 8 for amending the Capital Clause of the Memorandum of Association and at Item No. 9 for amending the relevant Article of the Articles of Association are consequential, in nature.

You are requested to accord your approval to the resolutions as set out at item nos. 7, 8 and 9 of the accompanying notice.

None of the directors of the Company is, in any way, concerned or interested in the aforesaid resolutions.

ITEM NO. 10 :

The Company is having a Paid-up Capital of Rs. 350 Lacs and The Reserves to the tune of Rs. 2394 Lacs, as on 31st March, 2003, the Board of Directors of the Company is empowered to invest, give loan, provide security etc, upto 100% of free reserves i.e. Rs. 2394 Lacs. However, the Company has surplus funds for short terms, which could be invested in group companies safely resulting into better profitability for the Company.

Section 372A of the Companies Act, 1956 provides that with the approval of the members in General Meeting by way of Special Resolution, a Company may invest/ give loan in excess of the ceiling prescribed under the said section.

Your directors commend passing of the resolution set out at item No. 10 of the accompanying notice.

None of the directors of the Company is, in any way, concerned or interested in the aforesaid resolution except that some of the directors of the Company may be directors/ shareholders of the other company.

By order of the Board of Directors

Place : Ahmedabad
Dated : 30th June, 2003

SURESH S. SHAH
Company Secretary

GUJARAT APOLLO EQUIPMENTS LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have great pleasure in presenting herewith their **SIXTEENTH** Annual Report for the year ended 31st March, 2003.

FINANCIAL PERFORMANCE

	(Rupees in Lacs)	
	Current Year as at 31-3-2003	Previous Year as at 31-3-2002
Sales and Other Income	9858.70	6403.34
Profit before Interest, Depreciation and Taxes	1103.34	744.82
Less : Interest	82.94	154.27
Depreciation	87.78	78.20
Provision for Taxation	320.00	155.00
Deferred Tax Liability	20.15	22.80
Net Profit	592.47	334.55
Add : Profit & Loss Account Balance brought forward	245.20	241.81
Amount available for proposed appropriations	837.67	576.36
Proposed Dividend	105.00	70.00
Transfer to General Reserve	400.00	261.16
Provision for Tax on Dividend	13.13	NIL
Balance carried to Balance-Sheet	319.54	245.20
	837.67	576.36

PERFORMANCE HIGHLIGHTS

During the year under review, the Sales and Other Income of the Company has increased from Rs. 6403.34 Lacs to Rs. 9858.70 Lacs registering a growth of 54% on account manufacture and marketing of high tech and high-value equipment and machinery as well as increase in contract and construction activities. The interest cost has been reduced from Rs. 154 Lacs to Rs. 83 Lacs. The Company also secured contracts for road construction, which are in progress. The Net Profit of the Company has increased from Rs. 334.55 Lacs to Rs. 592.47 Lacs, which shows an increase of 77% in the profits over previous year. A sum of Rs. 400 Lacs has been transferred to General Reserve. The Company has also commenced marketing of Bitumen, which is showing better prospects in the coming years.

In the current year, the Company has executed decent export sale which is approximately 5% of manufacturing sales. With long term strategy of setting up strategic international alliances and expansion of market reach the company expects to achieve

over 100% annual growth in exports sales over next 2-3 years.

DIVIDEND

Your Directors recommend a dividend of 30% on the Equity Shares of the Company, absorbing a sum of Rs.105.00 Lacs. The dividend will be payable to the members, whose names appear on the Register of Members on 27th September, 2003, the date of ensuing Annual General Meeting of the Company.

DEPOSITS

During the year under review, the Company has accepted/renewed deposit from the public and shareholders within the provisions of Section 58-A of the Companies Act, 1956, as amended, and rules made thereunder. The Company has complied with the provisions of the relevant rules. There is no overdue deposit as on 31st March, 2003 except for 89 matured but unclaimed deposits amounting to Rs. 9.82 Lacs.

RESPONSIBILITY STATEMENT

The Directors confirm:

- that in the preparation of Annual Accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same;
- that they have selected such Accounting Policies and applied them consistently and made judgements 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 and of the Profit or Loss of the Company for that period;
- that they have 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;
- that they have prepared the Annual Accounts on a Going Concern basis.

DIRECTORS

Mr. Ashok T. Patel has resigned from the Directorship of the company with effect from 21st October, 2002. The Board places on record its appreciation for the services rendered by him as Director of the Company.

Mr. Anil T. Patel has resigned from the Managing Directorship of the Company with effect from 21st December, 2002 on account of his election to the State Assembly. He continues to be a Chairman and Director of the Company. The Board places on record its appreciation for the services rendered by him as Managing Director of the Company.

Mr. Anil T. Patel and Mr. Manibhai V. Patel, 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 relations between the Management and the employees of the Company have been very cordial. There is no employee who is in receipt of remuneration exceeding the ceilings laid down in the Rules specified under Section 217(2A) of the Companies Act, 1956.

CORPORATE GOVERNANCE

As per clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance Practices followed by the Company together with a Certificate from the Company's Auditors confirming compliance is set out in the Annexure 'B' forming 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. No observations are made by the Auditors in their Report and it does not call for further clarifications.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the co-operation received from the Banks, Financial Institutions and TIFAC, and the 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	ASIT A. PATEL	<i>Executive Director</i>
Dated : 30th June, 2003	PRAVIN P. PATEL	<i>Director</i>

ANNEXURE-'A'

ANNEXURE TO DIRECTORS' REPORT

A. CONSERVATION OF ENERGY:

	2002-03	2001-02
Power & Fuel Consumption		
1. Electricity:		
a) Purchased		
Unit	4,49,703	4,05,968
Total Amount (Rs.) :	23,34,184	23,46,551
Rate/Unit (Rs.) :	5.19	5.78
b) Own Generation :	NIL	NIL
2. Coal :	NIL	NIL
3. Furnace Oil :	NIL	NIL
4. L P G Quantity (Kg.) :	9657	8685
Total cost (Rs.) :	2,20,320	1,90,950
Rate/unit (Rs.) :	22.81	21.99

B. TECHNOLOGY ABSORPTION:

1. Research & Development (R & D)

The Company is not having an independent Research & Development Unit registered with the Government of India. However, product developmental activities continue to get utmost priority in the field of process technology, improvement in quality, import substitution etc. through the quality assurance department.

Benefit Derived as a result of above R & D

The Company has been able to substitute some of the indigenous spares, which were earlier required to be imported.

2. Technology Absorption, Adoption and Innovation

- Efforts : The Company has been able to indigenise components required for the manufacture of hydrostatic paver finisher.
- Benefits derived : Better product and indirect saving in Foreign Exchange.
- Particulars of Technology imported during the past 5 years :
 - Technology Imported :
 - Technology relating to the production of Hot Mix Plant Batch type Model NP 1200 CA and Model NP 1500 CA.
 - Year of Import : (1) 2000
 - Has the technology been absorbed: Technology has been fully absorbed.
 - If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of actions.
Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The required information is contained in the Notes to the Accounts, Schedule "T", 5 to 9.

GUJARAT APOLLO EQUIPMENTS LIMITED**ANNEXURE 'B'
REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILISOPHY ON CODE OF GOVERNANCE**

Your company has always believed in the concept of good Corporate Governance involving a high level of transparency, accountability and responsibility in all areas of its operations to ensure investors protection. Your company has made necessary changes in the systems and procedures required for effective control, for the steady growth of the company and to increase the value for all stakeholders. Mandatory provisions of corporate Governance as stipulated under listing agreements of Stock Exchanges are being complied with.

2. BOARD OF DIRECTORS

The Board of Directors has one Executive Director and three Non-Executive Independent Directors. The composition of Board is in compliance with the requirements of Clause 49(1)(A). The detailed composition of the Board and other related information is given in the table below:

Name of the Director	Designation	Category	No. of Directorship held	No. of Memberships / Chairmanships of other Board Committees	No. of Board meeting attended	Attendance at the last Annual General Meeting
Shri Anil T. Patel	Chairman	Promoter Non- Executive	2	2	7	Yes
Shri Manibhai V. Patel	Director	Promoter Non- Executive	8	1	7	Yes
Shri Ajitkumar T. Patel	Director	Non- Executive	2	1	7	Yes
Shri Asit A. Patel	Executive Director	Executive Director	5	1	5	Yes
Shri V.P. Kamdar	Director	Independent Non- Executive	1	1	7	No
Dr. Dahyabhai C. Patel	Director	Independent Non- Executive	1	2	6	No
Shri Pravin P. Patel	Director	Independent Non- Executive	1	3	6	No

During the year, Eight Board meetings were held, details of which are given in the table below:

Date of meeting	No. of Directors present
22-05-2002	5
29-06-2002	6
31-07-2002	6
21-10-2002	7
30-10-2002	7
27-11-2002	7
21-12-2002	7
29-01-2003	7

The time gap between any two meetings was less than 4 months.

3. AUDIT COMMITTEE

The Audit Committee comprising of following Directors was constituted by the Board of Directors at its meeting held on 29.01.2003.

The terms of reference are as under:

- ❖ To investigate into any matter in relation to the items specified in Section 292(A) of the Companies Act 1956, and also as contained under Clause 49 of the Listing Agreement.

- ❖ Reviewing of the Company's Financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ❖ Recommending the appointment of external Auditor and fixation of their Audit fee.
- ❖ Reviewing with management the Annual financial statements and half yearly and quarterly financial results before submission to the Board
- ❖ Reviewing periodically the adequacy of the internal control system.
- ❖ Discussions with Internal Auditor on any significant findings and follow up there on.

The composition of the Audit Committee is as under:

Name of the Director	Category	Remarks
Shri Anil T. Patel	Chairman	Non-Executive Director
Dr. Dahyabhai C. Patel	Member	Independent Non-Executive Director
Shri Pravin P. Patel	Member	Independent Non-Executive Director

During the year the committee held one meeting on 29th January, 2003, which was attended by all members

4. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders Grievance Committee was formed by the Board of Directors on 29th January, 2003 to ensure the effective redressal of the complaints of the investors. The Committee also recommends steps to be taken for further implementation in the quality and services to the investors.

Composition of the Investors' Grievance Committee

Name of the Director	Category	Remarks
Shri Ajit T. Patel	Non- Executive Director	Chairman
Shri Asit A. Patel	Executive Director	Member
Shri Pravin P. Patel	Independent, Non- Executive Director	Member

The committee held one meeting on 29th January, 2003 during the year, which was attended by all members.

The Minutes of Shareholders Grievance Committee are discussed and taken note of by the Board of Directors.

Shri Suresh S. Shah, Company Secretary acts as a Secretary of the Committee and has been designated as Compliance Officer

The particulars of Investors' grievances received and redressed during the financial year are furnished below:

Particulars	Received	Redressed
1. Non-receipt of Share Certificates	-	-
2. Non-receipt of Dividend Warrants	2	2
3. Non-receipt of Balance Sheet	-	-
4. For Demat	1	1
5. Others	-	-

5. REMUNERATION COMMITTEE

The Remuneration Committee was constituted by the Board of Directors at its meeting held on 22.05.2002.

Composition:

Name of the Director	Category	Remarks
Shri Pravin P. Patel	Chairman	Independent Non-Executive Director
Shri Vipin P. Kamdar	Member	Independent Non-Executive Director
Dr. Dahyabhai C. Patel	Member	Independent Non-Executive Director