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<i>Annual</i>
<i>Report</i>
2004-2005

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GUJARAT
APOLLO

GUJARAT APOLLO EQUIPMENTS LIMITED

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.

NOTICE

NOTICE is hereby given that the **Eighteenth** Annual General Meeting of the members of Gujarat Apollo Equipments Limited will be held on Saturday, the 24th day of September, 2005 at 11.00 a.m. at the Registered Office of the Company at Ditasan, Post: Jagudan, State Highway, Mehsana – 382 710 (N.G.) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2005 and the Profit & 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 Dr. Dahyabhai C. Patel, who retires by rotation and being eligible offers himself for re appointment
4. To appoint a Director in place of Mr. Pravin P. 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 consent of the Company be and is hereby accorded under the provisions of Section 293(1) (d) of the Companies Act, 1956, to the Board of Directors of the Company to borrow from time to time such sums of money as it may deem requisite for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) shall exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however that the total amount upto which monies may be borrowed by the Board of Directors shall not exceed the sum of Rs. 100 Crores (Rupees one hundred cores only) at any one time".

EXPLANATORY STATEMENT

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

Item No.6

For the expansion and diversification of its business operations, the Company would require funds, which could either be brought in by raising capital or by borrowings. Pursuant to the provisions of section 293 (1) (d) of the Companies Act 1956 a Company can borrow only to the extent of aggregate of its paid-up capital and free reserves. Any borrowing in excess of the aggregate of the paid-up capital and free reserves can be made only with the consent of the members in general meeting. The borrowings which the Company proposes to

make are likely to exceed the aggregate of the paid-up capital and the free reserves of the Company. In view of the aforesaid provisions you are requested to grant your consent to the resolution as set out at item no. 6 of the accompanying notice. None of the Directors of the Company is, in any way, concerned or, interested in the said resolution.

By order of the Board of Directors

Place : Ahmedabad

SURESH S. SHAH

Dated : 19th July, 2005

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 Share transfer books shall remain closed from 17th September, 2005 to 24th September, 2005 (both days inclusive).
3. Dividend, when declared, shall be paid to those members whose names appear on the Register of Member of the Company, on the date of the ensuing Annual General Meeting of the Company
4. Pursuant to Section 205-A read with Section 205-C of the Companies Act, 1956, the Company is required to transfer the dividends declared for the Financial Year ended 1998 and onwards, which remains unpaid or unclaimed for a period of seven years to the Investors Education and protection Fund. It may be noted that no claims will lie against the Company or the Investors' Education and Protection Fund in respect of the said unclaimed dividend amount transferred to the Fund. The Members who have not claimed their dividend for the financial year ended 31st March 1998 and onwards are requested to lodge their claim with the Company.
5. Members are requested to notify immediately the change in address, if any, to the Company.
6. As an austerity measure, copies of Annual Report will not be distributed at the Annual General meeting. Members are requested to bring their copy to the meeting.
7. The Shares of the Company are listed at Mumbai Stock Exchange.
8. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.

By order of the Board of Directors

Place : Ahmedabad

SURESH S. SHAH

Dated : 19th July, 2005

Company Secretary

GUJARAT APOLLO EQUIPMENTS LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the **Eighteenth** Annual Report for the year ended 31st March, 2005.

FINANCIAL PERFORMANCE

(Rupees in Lacs)

	Current Year as at 2004-05	Previous Year as at 2003-04
Sales and Other Income	6952.73	9336.23
Profit before Interest, Depreciation and Taxes	941.14	1310.30
Less: Interest	98.63	69.97
Depreciation	89.52	83.75
Provision for Taxation	260.00	390.00
Deferred tax Liability	(36.51)	18.07
Net Profit	529.50	748.51
Add: Profit & Loss Account Balance B/F	393.47	303.26
Amount available for proposed appropriations	922.97	1051.77
Proposed Dividend	140.00	140.00
Transfer to General Reserve	446.95	500.00
Provision for Tax on Dividend	19.64	17.94
Balance carried to Balance Sheet	316.38	393.83
	922.97	1051.77

During the year under review, there was a slow down in the Government awarding contracts for new road construction projects which adversely affected the demand for new equipment. This also resulted in the Sales and Other Income of the Company being lower than that of the previous year. The rise in cost of raw material and the inventory carrying costs, during the year also contributed to the reduction in the profit. With the situation changing for the better towards the end of the year under review, when the Government has commenced awarding of contracts for new road projects in the East-West and North-South corridor, the demand for new equipment shall increase in the coming years.

The enquiries from export market continue to show healthy trend and your Company is now recognized by customers in many countries as a supplier by choice..

DIVIDEND

Your Directors recommend a Dividend of 20% i.e. Rs. 2/- per share on enhanced capital of Rs. 700 Lacs (after announcement of Bonus in the ratio of 1:1) absorbing a sum of Rs. 140 Lacs. The dividend recommended this year at Rs. 2/- per share after Bonus is equal to the dividend at Rs. 4/- per share declared in the previous year. The dividend will be payable to the members, whose names appear on the Register of Members on 24th September, 2005, the date of ensuing Annual General Meeting of the Company.

DEPOSITS

During the year under review, the Company has accepted / renewed deposit from public/ shareholders within the provisions of Section 58-A of the Companies Act, 1956, as amended and Rules made there under. The Company has complied with the provisions of the relevant Rules. There is no overdue deposit as on 31st March 2005 except for 123 mature but unclaimed deposits amounting to Rs. 22.26 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 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 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

Dr. Dahyabhai C. Patel and Mr. Pravin P. Patel, the directors of the Company retire at the ensuing Annual General meeting of the Company and being eligible offer themselves for re-appointment. You are requested to re-appoint them.

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

The particulars regarding Conservation of Energy and 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 had been cordial. Particulars of employees as required under the provision of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules 1975 as amended forms part of this Report as Annexure - B.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the Stock Exchange, 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 'C' forming part of this Report.

AUDITORS

M/s. Arvind A. Thakkar & Co., Chartered Accountants, Ahmedabad retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. You are requested to re appoint the said 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 employess and look forward to their support in the years to come.

For and on behalf of the Board of Directors

ASIT A. PATEL *Executive Director*

Place : Ahmedabad

Dated : 19th July, 2005 PRAVIN P. PATEL *Director*

ANNEXURE-'A' ANNEXURE TO DIRECTORS' REPORT

A. CONSERVATION OF ENERGY:

	2004-05	2003-04
Power & Fuel Consumption		
1. Electricity:		
a) Purchased		
Unit :	4,43,596	5,20,634
Total Amount (Rs.):	23,19,607	26,65,497
Rate/Unit (Rs.):	5.23	5.12
b) Own Generation :	NIL	NIL
2. Coal :	NIL	NIL
3. Furnace Oil :	NIL	NIL
4. L P G Quantity (Kg.) :	8220	7755
Total cost (Rs.):	2,13,940	1,82,041
Rate/unit (Rs.):	26.03	23.47

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 development 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 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 :

(i) Technology Imported :

- Technology relating to the manufacture of Asphalt Paver Finishers by way of drawings and designs.

(ii) Year of Import : (1) 2003

(iii) Has the technology been absorbed.

- Technology is partly absorbed.

(iv) 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.

ANNEXURE-'B' TO DIRECTORS' REPORT

Statement showing particulars of employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended 31st March 2005.

(A) Employed through out the year

Sr. No.	Name	Age/Yrs.	Designation	Remuneration (Rs.)	Qualification	Date of Employment	Last Employment
1.	Mr. Asit A. Patel	37 yrs	Executive Director	27,89,755/-	B.S. (USA)	01/07/1994	ACN Corporation USA (Analyst)

Note : (1) The Nature of appointment of Mr. Asit A. Patel is contractual.
(2) Remuneration includes salary, allowances, commission etc.

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

At Gujarat Apollo, value creation is a philosophy that is ubiquitous across the organization. The shareowners remain the focus of our growth strategy. Ensuring stability in a dynamic environment and growth in competitive times is a commitment we have and have kept since pur inception. 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. Mandatory provisions of corporate Governance as stipulated under listing agreement of Stock Exchange 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	4	Yes
Shri Manibhai V. Patel	Director	Promoter Non- Executive	7	1	4	Yes
Shri Ajitkumar T. Patel	Director	Non- Executive	2	1	3	Yes
Shri Asit A. Patel	Executive Director	Executive Director	4	1	4	Yes
Shri V.P. Kamdar	Director	Independent Non- Executive	1	1	3	Yes
Dr. Dahyabhai C. Patel	Director	Independent Non- Executive	1	2	4	Yes
Shri Pravin P. Patel	Director	Independent Non- Executive	1	3	4	Yes

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

Date of meeting	No. of Directors present
30-06-2004	5
31-07-2004	7
30-10-2004	7
31-01-2005	7

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

3. AUDIT COMMITTEE

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

The terms of reference of the Audit committee are as under:

- Ø 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.
- Ø 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.

- Ø Recommending the appointment of external Auditor and fixation of their Audit fee.
- Ø Reviewing with management the Annual financial statements and half yearly and quarterly financial results before submission to the Board
- Ø Reviewing periodically the adequacy of the internal control system.
- Ø 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 three meetings on 30th June 2004, 31st October 2004 and 31st January, 2005, which were 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	Member

The committee held three meetings on 30th June 2004, 31st October, 2004 and 31st January, 2005 during the year, which were 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	13	13
3. Non-receipt of Balance Sheet	-	-
4. For Demat	-	-
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

GUJARAT APOLLO EQUIPMENTS LIMITED

Terms of reference:

To determine the Company's policy on specific remuneration packages for Managing Director and Executive Directors including their perquisites rights after taking into consideration the financial position of the company, experience and past performance and the interest of the company and its shareholders.

During the year, the committee met on 30th June 2004 to recommend payment of remuneration to Mr. Asit A. Patel, as Executive Director of the Company.

Details of Remuneration paid:

a. Executive Directors

Shri Asit A. Patel was paid a gross remuneration of Rs. 27,89,755/- as Executive Director. The remuneration includes salary, commission, other perquisites and retirement benefits.

b. Non-Executive Directors

No sitting fee was paid to the directors of the Company.

Service Contract

- Shri Asit A. Patel, Executive Director is appointed for a terms of five years w.e.f. 1st July 2004 which was approved by the members at the Seventeenth Annual General Meeting held on 25th September, 2004.

6. GENERAL BODY MEETING

The location and time of the last three Annual General Meetings are as under:

AGM	Date	Time	Venue	No. of special resolutions approved *
15th	25.09.2002	11.30 a.m.	Ditasan, Post Jagudan, State Highway, Mehsana-382 710.	2
16th	27.09.2003	11.30 a.m.	Ditasan, Post Jagudan, State Highway, Mehsana-382 710.	1
17th	25.09.2004	11.00 a.m.	Ditasan, Post Jagudan, State Highway, Mehsana-382 710.	2

* The Special Resolutions indicated above were passed by "show of hands."

No Extraordinary General Meeting was held during the Year under review. No special resolution was required to be carried out through postal ballot last year. No resolution is proposed by postal ballot at the ensuing Annual General Meeting.

7. DISCLOSURES

- There was no transaction of material nature with the Management or with the Directors of the Company during the year
- There was no instance of Non-compliance of any matter related to the capital markets during the last three years.
- The Company ensures compliance of various statutory requirements by all its divisions and obtains quarterly reports in form of certificate from the head of the divisions. These certificates are placed before the Board on quarterly basis.
- All the statutory registers that are required to be maintained, particularly Registers of contracts in which Directors have interests, Registers of Directors shareholding, Register of investments etc. are maintained and continuously updated.

8. MEANS OF COMMUNICATION

- During the year, quarterly and half yearly (Unaudited) and Annual financial results (Audited) of the company were submitted to the Stock Exchanges immediately after the Board meeting approved the same and were published in the Business Standard in English and Jaihind in Gujarati News Papers

9. FINANCIAL CALENDAR FOR THE FINANCIAL YEAR 2005-06

Financial Year	: 1st April, 2005 to 31st March, 2006
Results for the first quarter ending 30th June, 2005	: Last week of July, 2005
Results for the second quarter ending 30th September, 2005	: Last week of October, 2005
Results for the third quarter ending 31st December, 2005	: Last week of January, 2006
Results for the year ending 31st March, 2006	: June, 2006
Annual General Meeting	: September, 2006
Annual General Meeting for the year 2004-05	: 24th September 2005
Date of Book -Closure	: Saturday, the 17th September 2005 to Saturday, 24th September 2005 (both days inclusive).
Dividend Payment date	: The proposed dividend if approved at the AGM will be distributed in the 2nd / 3rd week of October, 2005
Listing on Stock Exchange	: Mumbai
Stock Code	: 522217 (BSE)

10. MARKET PRICE DATA

The monthly movement of Equity Share prices on BSE during the year is summarized below:

PERIOD	SHARE PRICE OF GAEL		B.S.E. INDEX	
	HIGHEST RS.	LOWEST RS.	HIGHEST	LOWEST
April' 04	90.00	63.00	5,979.25	5,599.12
May' 04	87.00	65.00	5,772.64	4,227.50
June' 04	79.00	68.85	5,012.52	4,613.94
July' 04	75.90	69.00	5,200.85	4,723.04
August 04	78.00	69.00	5,269.22	5,022.29
September '04	117.90	77.75	5,638.79	5,178.57
October' 04	115.80	97.00	5,803.82	5,558.14
November' 04	156.85	100.00	6,248.43	5,649.03
December' 04	185.10	132.05	6,617.15	6,176.09
January' 05	181.00	134.00	6,696.31	6,069.33
February' 05	155.00	130.00	6,721.08	6,508.33
March' 05	165.00	125.00	6,954.86	6,321.31