
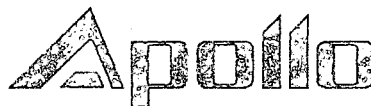


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<i>Report</i>
2006-2007

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FOR, GUJARAT APOLLO INDUSTRIES LTD.


(SURESH S. SHAH)
COMPANY SECRETARY



GUJARAT APOLLO INDUSTRIES LIMITED

Let's Build ---- Better Roads

BOARD OF DIRECTORS

MR. ANIL T. PATEL	- <i>Chairman</i>
MR. MANIBHAI V. PATEL	- <i>Director</i>
MR. AJITKUMAR T. PATEL	- <i>Director</i>
MR. ASIT A. PATEL	- <i>Managing Director</i>
DR. N. V. VASANI	- <i>Director</i>
DR. N. T. PATEL	- <i>Director</i>
MR. R. C. GOSAIN	- <i>Director</i>
MR. ANAND A. PATEL	- <i>Executive Director</i>

COMPANY SECRETARY

SURESH S. SHAH

STATUTORY AUDITORS

ARVIND A. THAKKAR & COMPANY,

Chartered Accountants,

Ahmedabad

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE

Ditasan, Post Jagudan,

State Highway,

Mehsana - 382 710 (North Gujarat)

CORPORATE OFFICE

"Apollo House",

Near Mithakhali Six Roads,

Navrangpura,

Ahmedabad - 380 009.



NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of Gujarat Apollo Industries Limited will be held on Friday, the 28th day of September, 2007 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, 2007 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 Mr. Ajit T. Patel, who retires by rotation and being eligible offers himself for re-appointment
4. To appoint a Director in place of Mr. Ramanlal C. Gosain, 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 Mr. Anand A. Patel, who was appointed as an additional Director of the Company with effect from 29th day of August, 2007 and holds office up to the ensuing Annual General Meeting of the Company under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of directors by rotation."

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 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 appointment of Mr. Anand A. Patel, as an Executive Director of the Company for a period of 5 years with effect from 1st September, 2007 at a salary of Rs. 1,00,000/- per month in the grade of Rs. 1,00,000/- - 10,000/- - Rs. 1,40,000/- and on the following terms and conditions:

1. He shall also 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 1% 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 a 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. 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 authorized to do all such acts, deeds, things and matters as may be necessary to give effect to the foregoing resolution."

GUJARAT APOLLO INDUSTRIES LIMITED**8. To consider and if thought fit to pass with or without modification, the following resolution as Special Resolution:**

"RESOLVED THAT pursuant to Section 81, 81(1A) and other applicable provisions, if any, of The Companies Act, 1956 and the enabling provisions in the Articles of Association of the Company and subject to the applicable provisions, rules, regulation including guidelines for preferential allotment of share etc. if any, of the Government of India, Securities and Exchange Board of India, National Stock Exchange of India Limited and The Bombay stock Exchange Limited and such other authorities as may be applicable from time to time, and subject to such conditions, modifications and alterations as may be prescribed by any one or more of them while granting such approvals, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any Committee thereof for the time being exercising the power conferred on the Board by this resolution) at its sole discretion, the consent and approvals of the Company be and is hereby accorded to the Board to issue and allot 5,50,000 Preferential Warrants at Rs. 180/- (Rupees One Hundred Eighty Only) each aggregating to Rs. 9,90,00,000/- (Rupees Nine Crores Ninety Lacs only) entitling the allottees at any time in one or more tranches (hereinafter referred to as "Warrants") determined in accordance with the Securities and Exchange Board of India guidelines as on the date of the notice convening the Annual General Meeting by way of Preferential Issue to the Promoters / Promoters' group of the Company as mentioned herein below :

Sr. No.	Name of the applicant and Identity of the proposed allottees	No. of Warrants proposed to be allotted	% of share-holding after offer
PROMOTERS/ PROMOTER'S GROUP			
1	Mr. Asit A. Patel	80,000	5.13
2	Mr. Anand A. Patel	80,000	6.08
3	Mr. Ajitkumar T. Patel	80,000	4.43
4	Mr. Mitul Ajitkumar T. Patel	80,000	5.32
5	Mr. Manan Manibhai Patel	1,60,000	2.69
6	Dr. Naranbhai T. Patel		
	Mrs. Ilaben N. Patel	5,000	0.05
7	Mrs. Damyantiben N. Vasani	10,000	0.09
8	Mr. Ramanlal C. Gosain	5,000	0.05
9	Mr. Rashmikan H. Patel	50,000	1.47
TOTAL		5,50,000	

On such term & conditions including terms of payment, manner of calls etc. in such manner as the Board may in its absolute discretion think fit and also to seek listing of such Equity Shares after exercise of conversion of Warrants at the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, Mumbai."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon exercise of the right attached to the Warrants referred to above. The Equity Shares proposed to be issued and allotted upon exercise of options attached to the Warrants shall be subject to the provisions of Articles of Association and shall rank pari-passu in all respects with the then existing Equity Shares of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things in its absolute discretion as it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto, in order to give effect to this resolution or otherwise considered by the Board in the best interest of the Company."

9. 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 Section 309(4) of the Companies Act, 1956, authority be and is hereby accorded to the payment of commission to Mr. Anil T. Patel, Mr. Manibhai V. Patel and Mr. Ajit T. Patel, the Directors of the Company (other than Managing/ Whole Time Director) of one percent of the net profits of to be calculated in accordance with the provisions of Section 349 and 350 of the Companies Act) for the financial year 2006-2007 and for the financial year 2007-2008 in such manner as the Board of Directors may determine."

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 Section 149(2A) of the Companies Act, 1956 and other applicable provisions if any, consent of the company be and is hereby granted for commencement of new business as listed in clause 13 of Other Objects of the Memorandum of Association of the company and which is reproduced hereunder:

"To carry on the business of manufacturers, exporters, importers and dealers in ferrous and non-ferrous castings of all kinds, grades and quality and in particular precision



and investment castings, continuous castings, chilled and malleable castings, special alloy casting, steel casting, gun metal, copper, brass and aluminum casting and foundry work of all kinds of metals and alloy and to obtain technical know-how for the above purposes.

FURTHER RESOLVED THAT the Board of Directors of the company be and is authorized to do all acts and things which are necessary and incidental thereto.

By order of the Board of Directors

Place : Ahmedabad

SURESH S. SHAH

Dated : 29th August, 2007

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 21st September, 2007 to 28th September, 2007 (both days inclusive).
3. Dividend, when declared, shall be paid to those members whose names appear on the Register of Members of the Company, on 28th September, 2007.
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 2000 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 2000 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 Bombay Stock Exchange Limited and National Stock Exchange Limited.
8. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.

EXPLANATORY STATEMENT

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

Item No. 6 & 7

Mr. Anand A. Patel was appointed as an Additional Director of the Company with effect from 29th August, 2007 pursuant to Section 260 of the Companies Act, 1956 to hold office up to ensuing Annual General Meeting of the Company.

The Company is in receipt of a notice under Section 257 of the Companies Act, 1956 from a member of the Company proposing the candidature of Mr. Anand A. Patel for directorship of the Company.

Mr. Anand A. Patel, 36 years, is Bachelor of Engineering (BE) in Mechanical Engineering from L. D. College of Engineering, Ahmedabad (1993). He has done his Master of Engineering (Mechanical) from Stevens Institute of Technology, USA and also recently completed MBA (May, 2007) from Johnson Graduate School of Management, Cornell University, USA. He has about 10 years of relevant industrial experience.

Considering the qualifications and experience of Mr. Anand A. Patel, the Board feels that it would be in the interest of the Company to appoint him as an Executive Director of the Company for a period of 5 years to look after production, manufacturing and other administrative activities of the Company.

The Company is likely to be benefited with his association as an Executive Director of the Company. Your directors commend the passing of the resolution set out at item no. 6 and 7 of the accompanying Notice.

None of the Directors of the Company except Mr. Anand A. Patel, being the appointee himself and Mr. Anil T. Patel and Mr. Asit A. Patel, being related to him, may be deemed to be concerned or interested in the above resolution for his appointment.

Item No. 8

Section 81 of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to increase the subscribed capital of a company by allotment of further shares, such further shares shall be offered to the persons who on the date of offer are holders of the Equity Shares of the Company in proportion to the capital paid up on the date unless the Shareholders in the General Meeting decide otherwise. The Listing Agreement executed by the Company with the Stock Exchanges also provide that the Company, shall in the first instance, offer all securities for subscription pro rata to the Equity Shareholders unless the Shareholders in a General Meeting decide otherwise. The consent of the Shareholders is, therefore, sought to authorize the Board of Directors as set out in the Resolution to issue and allot 5,50,000 Convertible Warrants, through Preferential Issue, for cash at Rs. 180/- (Rupees One Hundred Eighty only) each aggregating to Rs. 9,90,00,000/

GUJARAT APOLLO INDUSTRIES LIMITED

- (Rupees Nine Crore Ninety Lacs only.) The disclosure which are required to be given in the explanatory statement to the notice in terms of Clause 13.1A of the Guidelines on Preferential Issues of SEBI as in force on the date of this notice are given below :

(a) Relevant date and the price at which allotment is proposed:

"Relevant date" in accordance with the SEBI guidelines for issue of Warrant on preferential basis is 29th August 2007. The average price per Share of the Company in accordance with the SEBI pricing formula works out to Rs. 177.39. It is proposed to issue and allot 5,50,000 Convertible Warrants at the rate of Rs. 180/- per Warrant aggregating to Rs.990 Lacs. The said pricing is thus in accordance with SEBI preferential allotment guidelines, as applicable

Allottees shall be entitled to apply for and be allotted in one or more trenches one equity share of Face Value of Rs.10/- each of the Company per warrant at any time within 18 months from the date of allotment of such warrants. Upon exercise of the right to apply for equity shares, the Allottees will be liable to make the payment of the balance amount being 90% of the issued price. The Board or Committee thereof upon receipt of the entire payment towards issued price shall allot one equity share per warrant.

Allottees shall also be entitled to future bonus / right issue (if any) of the equity shares or other securities convertible into equity shares of the Company in the same proportion and manner as any other shareholder of the Company and the Company shall reserve portion of such entitlement for the Allottees.

(b) No. and % of Shares proposed to be allotted pursuant to Special Resolution passed under Section 81 (1A) – Preferential Allotment :

5,50,000 convertible warrants for cash at Rs. 180/- each constituting 4.98% of the Post Preferential Allotment paid-up share capital of the Company.

(c) The object of the issue :

To meet the requirement of funds for capital, expenditure plans and for working capital in view of increased Turnover these shares are being issued to the Promoters and Promoter group.

(d) Intention of the Promoters /Directors/ Key Management Personnel to subscribe to the offer:

The Promoters / Directors and persons of promoters group intend to subscribe to convertible Warrant under the proposed preferential issue.

(e) Proposed time within which the allotment shall be completed :

The said preferential issue shall be subject to the guidelines issued by the Securities and Exchange Board of India in this regard. The Company proposes to make allotment of the convertible warrants within a period of 15 days from the date of the Annual General Meeting.

(f) Lock-in period :

As per SEBI guidelines, these convertible warrants and shares acquired on conversion of warrants will be under lock-in for a period of 3 years to the Promoters/ Promoters' Group from the date of allotment.

(g) Consequential changes, if any, in the Board of Directors :

The proposed preferential allotment shall not result into any change in the Board of Directors.

(h) The Shareholding Pattern Before and After the Offer:

Sr. No.	Category	Before Offer		After Offer	
		No.	%	No.	%
1	Promoters	49,45,621	47.10	54,95,621	49.73
2	Non-Promoters	55,54,379	52.90	55,54,379	50.27
	TOTAL	1,05,00,000	100.00	1,10,50,000	100.00

Note: Warrants having a maximum tenure of 18 months, do not carry voting rights unless they are converted into equity shares. Allottees are entitled to convert the warrants into equity shares within a period of 18 months from the date of its allotment. The proposed issue of convertible warrants on preferential basis would be in accordance with the provisions of the (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 of the Securities and Exchange Board of India and SEBI (DIP) Guidelines as applicable as on date.

The proposed preferential allotment shall not result in change of Management or control. Voting Rights shall change in accordance with shareholding pattern on conversion of warrants into shares.

The certificate from Statutory Auditors, certifying that the issue of Preferential Equity shares is in accordance with the SEBI guidelines as in force on the date of this Notice is kept open for inspection at the Registered Office of the Company.

All the Directors of the Company may be deemed to be concerned or interested in the above resolution to the extent of allotment of Convertible Warrants and allotment of Shares on conversion.

The Board recommends the above resolution for your approval.

**ITEM NO. 9**

Sub-section (4) of Section 309 of the Companies Act, 1956 provides for the rate of remuneration payable to the Directors who are not in the Whole time employment of the Company.

Your company is being managed by the managing director who functions under such direction and control as the Board of Directors decides to the best interest of the Company and the Board has to shoulder, enormous responsibility and risk for the efficient direction of the company and for the resultant good working of the company from year after year. In the view of changes and/or the introduction of number of restricting enactments, the responsibility of your Board of Directors has considerably increased and it can be safely assumed and with various statutes in force such responsibility will be on a gradual increase requiring shouldering greater risks and responsibility and greater involvement of the Directors in the management of the affairs of the company. It is thought desirable that the Promoter Directors be remunerated for the aforesaid reasons with adequate percentage of profits, that is, at 1 percent of the net profits to be computed in the manner laid down in sub-section (1) of Section 198 of the Companies Act, 1956, for the period of 2 years beginning with the financial year commencing from the 2006-2007 and up to the conclusion of the financial year ending on the 2007-2008..

All the Directors, other than the 3 independent directors on the board of the Company, may be deemed to be

concerned or interested in the resolution to the extent commission payable to them and other being related to them, in accordance with the aforesaid proposed resolution.

ITEM NO. 10

The company is presently engaged in the activities relating to road construction equipment and other related fields, as given in the Main Object of Object Clause of Memorandum of Association of the Company.

The company has already provided for the other business related to ferrous and non-ferrous metal in the Memorandum of Association of the company under "OTHER OBJECTS". To commence such business the company is required to obtain approval of general body of members by way of Special resolution under Section 149(2A) of the Companies act, 1956.

The Board of Directors of the Company recommends approval of the same, as commencing business, which is related to existing business activities of the company and shall be in the interest of the company.

None of the Directors of the company are in any way concerned or interested in the said resolution.

By order of the Board of Directors

Place : Ahmedabad
Dated : 29th August, 2007

SURESH S. SHAH
Company Secretary

GUJARAT APOLLO INDUSTRIES LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the **Twentieth** Annual Report for the year ended 31st March, 2007.

FINANCIAL PERFORMANCE

	(Rupees in Lacs)	
	Current Year as at 2006-07	Previous Year as at 2005-06
Sales (Net of Excise) and Other Income	14847.74	10654.07
Profit before Interest, Depreciation and Taxes	3145.37	1862.68
Less : Interest	278.20	164.90
Depreciation	107.65	90.87
Provision for Taxation	915.00	535.00
Deferred tax Liability	17.58	10.72
Fringe Benefit Tax	15.50	14.00
Net Profit	1811.44	1047.19
Add : Profit & Loss Account Balance B/F	403.93	316.38
Amount available for proposed appropriations	2215.37	1363.57
Proposed Dividend	210.00	140.00
Transfer to General Reserve	1225.00	800.00
Provision for Tax on Dividend	35.69	19.64
Balance carried to Balance Sheet	744.68	403.93
	2215.37	1363.57

OPERATIONS AND FUTURE OUTLOOK

During the year under review, the Company has achieved a turnover of Rs. 145.56 crores against Rs. 106.07 crores in the previous year registering a growth of 37.23%. After considering the interest charges of Rs. 278.20 Lacs, Depreciation of Rs. 107.65 Lacs, Provision of Taxation of Rs. 915 Lacs, the Company has earned a Net Profit of Rs. 1811 Lacs (Previous year Rs. 1047 Lacs), resulting into an increase of approx. 73%.

The continued thrust given to the export market has paid rich dividend and the Company has achieved significant market share in Saudi Arabia, African countries, Afganistan, Australia, Bangladesh and Sri Lanka. The total export sales for the year under review – including the deemed export – was Rs. 59 crores, which is 41% of the total turnover of the Company for the year under review.

The prospects on the domestic sales front is also bright with the Central and State Governments continuing with the thrust on building roads by awarding contracts both direct as well as on BOT basis. With the results, a lot of

large private players are entering the road construction segment. Given the reputation of the Company in the industry for the quality product and services, this opens up enormous opportunity for the Company in the domestic segment as well.

During the year under review, the Company has entered into a Technical Collaboration agreement with a German Company to manufacture Jaw Crushers, Impact Crushers, Wheeled/ Crawler mounted/ Skid mounted Crushing plants, Grizzly Feeders, Screens, Conveyors, etc.

The work of expansion and modernization projects has been taken up at Works and is progressing well to improve the quality and also to meet the increasing demand for the products of your company in domestic as well as overseas markets/

DIVIDEND

Your Directors recommend a Dividend of 20% i.e. Rs. 2/- per share on Equity Shares of the Company on expanded capital on account of Bonus Issue made by the Company in the proportion of one equity bonus share allotted for every two equity shares held on record date, absorbing a sum of Rs. 210 Lacs (Previous year Rs. 2/- per Share). The dividend will be payable to the members, whose names appear on the Register of Members on 28th September, 2007, 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 2007 except for 168 matured but unclaimed deposits amounting to Rs. 38.01 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;

- d) that they have prepared the Annual Accounts on a Going concern basis.

DIRECTORS

Mr. Ajit T. Patel and Mr. Ramanlal C. Gosain, 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.

Mr. Anand A. Patel was appointed as Additional Director of the Company and holds office up to the ensuing Annual General Meeting of the Company. He is a qualified mechanical engineer with Post Graduation in Engineering and Management from USA and has relevant rich experience of about 10 years. You are requested to accord your approval for his appointment as Director as well Executive Director of the Company.

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 have been very cordial. Particulars of employees as required under the provisions of Section 217(2)(A) 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: 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 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 employees and look forward to their support in the years to come.

For and on behalf of the Board of Directors

Place : Ahmedabad **ANIL T. PATEL ASIT A. PATEL**
Dated : 29th August, 2007 *Chairman Managing Director*

ANNEXURE-'A' ANNEXURE TO DIRECTORS' REPORT

A. CONSERVATION OF ENERGY:

	2006-07	2005-06
Power & Fuel Consumption		
1. Electricity:		
a) Purchased		
Unit : 7,80,702	5,83,330	
Total Amount (Rs.) : 39,50,318	28,25,634	
Rate/Unit (Rs.) : 5.06	4.33	
b) Own Generation :	NIL	NIL
2. Coal :	NIL	NIL
3. Furnace Oil :	NIL	NIL
4. L P G Quantity (Kg.) : 9158	8002	
Total cost (Rs.) : 4,84,587	3,36,545	
Rate/unit (Rs.) : 52.91	42.06	

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 to be imported.

2. Technology Absorption and Innovation

GUJARAT APOLLO INDUSTRIES LIMITED

- a) Efforts : The Company has been able to indigenise components required for the manufacture of hydrostatic paver finisher.
- b) Benefits derived : Better product and indirect saving in Foreign Exchange.
- c) Particulars of Technology imported during the past 5 years:
- A. (i) Technology Imported :
Technology relating to the manufacture of Asphalt Paver Finishers by way of drawings and designs.
- (ii) Year of Import : 2003
- (iii) Has the technology been absorbed.
Technology has been partially absorbed.
- (iv) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of actions.
- B. (i) Technology Imported: Technology relating to the manufacture of Crushers, Feeders, Screens, conveyers etc.
- (ii) Year of Import: 2006]
- (iii) Has the technology been absorbed:
Technology absorption is under process.
- (iv) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of actions.
This being the first year, the same is under progress.
- (C) FOREIGN EXCHANGE EARNINGS AND OUTGO :**
The required information is contained in the Notes to the Accounts, Schedule "S" 6 to 10.

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Statement showing the 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, 2006.

(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	38 yrs	Managing Director	63,73,547/-	B.S. (Engineering Management)	01/07/1994	---

Note : (1) The Nature of appointment of Mr. Asit A. Patel is contractual.

(2) Remuneration includes salary, allowance, commission etc.