

|                  |
|------------------|
| 21 <sup>st</sup> |
| <i>Annual</i>    |
| <i>Report</i>    |
| 2007-2008        |

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**GUJARAT APOLLO INDUSTRIES LIMITED**

*Let's Build ---- Better Roads*

**BOARD OF DIRECTORS**

|                        |                               |
|------------------------|-------------------------------|
| MR. ANIL T. PATEL      | - FOUNDER CHAIRMAN & DIRECTOR |
| MR. MANIBHAI V. PATEL  | - DIRECTOR                    |
| MR. AJITKUMAR T. PATEL | - DIRECTOR                    |
| MR. ASIT A. PATEL      | - MANAGING DIRECTOR           |
| MR. ANAND A. PATEL     | - EXECUTIVE DIRECTOR          |
| DR. N. V. VASANI       | - INDEPENDENT DIRECTOR        |
| DR. N. T. PATEL        | - INDEPENDENT DIRECTOR        |
| MR. R. C. GOSAIN       | - INDEPENDENT DIRECTOR        |

**COMPANY SECRETARY**

SURESH S. SHAH

**STATUTORY AUDITORS**

ARVIND A. THAKKAR &amp; CO.,

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.

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## NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of the members of Gujarat Apollo Industries Limited will be held on Tuesday, the 30<sup>th</sup> day of September, 2008 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, 2008 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. N. V. Vasani, who retires by rotation and being eligible offers himself for re-appointment
4. To appoint a Director in place of Dr. N. T. 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 Special Resolution:

"RESOLVED THAT pursuant to the recommendation of the Board of Directors and Regulation 96 of the Table A of Schedule 1 of the Companies Act, 1956 applicable to the Company and subject to approval of Reserve Bank of India, Banks and financial Institutions and such other authorities as may be required, a sum of Rs. 5,25,00,000/- (Rupees Five Crores Twenty Five Lacs only), standing to the credit of the Company's general reserves be capitalized and such amount be applied in paying up in full 52,50,000 (Fifty Two Lacs Fifty Thousand only) Equity Shares of Rs.10/- each in the capital of the Company, to be allotted and distributed as fully paid shares to the members of the Company registered as the holders of equity shares on the record date fixed for the purpose in the proportion of one equity shares for every two equity shares held in the Company subject to lower integer."

"RESOLVED FURTHER THAT the Equity Shares to be issued in pursuance of this resolution shall be subject to the Memorandum and Articles of Association of the Company and shall in all respect rank pari passu to the 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, things and matters as may be requisite to give effect to this resolution, including to set up of a Trust for disposal of fractions resulting out of bonus and distribute the same to the holders entitled thereto."

7. 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 Promoter Directors' of the Company (other than Managing/ Whole Time Director) of one percent of the net profits of the Company to be calculated in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 for the financial years 2008-2009 and 2009-2010 in such manner as the Board of Directors may determine."

By order of the Board of Directors

Place : Ahmedabad  
Dated : 23<sup>rd</sup> August, 2008

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. The Register of Members and Share transfer books shall remain closed from 23<sup>rd</sup> September, 2008 to 30<sup>th</sup> September, 2008 (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 30<sup>th</sup> September, 2008.
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 2001 and onwards, which remains unpaid or unclaimed for a period of seven years to the

## GUJARAT APOLLO INDUSTRIES LIMITED

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 31<sup>st</sup> March 2001 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 of India 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

As the members are aware the issued, Subscribed and Paid up Share capital of the Company as on 31<sup>st</sup> March 2008 is Rs.10,50,00,000/-. The Company has Reserves worth Rs. 83,12,86,078/- including Rs.70,00,00,000/- lying to the credit of General Reserve. The Company is paying regular dividend since it came out with an Initial Public Offer. The Board considered the issue of Bonus Shares and at its meeting held on 23<sup>rd</sup> August, 2008, it was resolved to recommend to the General body that a sum of Rs 525,00,000/- standing to the credit of General Reserves may be capitalized to be applied for issue of fully paid up Bonus Equity Shares to the members in the proportion of 1 (one) fully paid up Bonus Equity Share for every 2 (two) numbers of Equity shares held by the members on the record date. The Company is in compliance with SEBI Guidelines for issue of Bonus Shares. The Directors are also of the opinion that the profits of the Company shall be adequate to maintain dividend on the enhanced capital. The resolution, if approved, by the General Body will be given effect to by the Board of Directors after fixing a Record Date for entitlement of the Bonus Shares.

The Shareholders holding Equity Shares in odd number(s) would be entitled for bonus equity shares (rounded off to the lower integer) and the fraction contained in the entitlement shall be credited to a separate fund which would be disposed off in the open market by a Trust set up for the purpose and proceeds would be distributed amongst the holders, whose fractions are so set aside.

The Directors of the Company may be considered to be interested in the resolution to the extent of their entitlement for Bonus Shares.

## ITEM NO. 7

Sub-section (4) of Section 309 of the Companies Act, 1956 provides for the payment 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 in 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 for the financial year 2008-2009 and 2009-2010.

All the Directors, other than the promoter 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.

By order of the Board of Directors

Place : Ahmedabad

Dated : 23<sup>rd</sup> August, 2008

SURESH S. SHAH  
Company Secretary

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the **Twenty First Annual Report** for the year ended 31st March. 2008.

### FINANCIAL PERFORMANCE

(Rupees in Lacs)

|   | Current Year<br>2007-08 | Previous Year<br>2006-07 |
|---|-------------------------|--------------------------|
| Sales (Net of Excise)<br>and Other Income         | 19090.81                | 14847.74                 |
| Profit before Interest,<br>Depreciation and Taxes | 5629.95                 | 3145.37                  |
| Less : Interest                                   | 231.41                  | 270.20                   |
| Depreciation                                      | 130.98                  | 107.65                   |
| Provision for Taxation                            | 1510.00                 | 915.00                   |
| Deferred tax Liability                            | (1.65)                  | 17.58                    |
| Fringe Benefit Tax                                | 22.50                   | 15.50                    |
| Net Profit  | 3736.71                 | 1811.44                  |
| Add : Profit & Loss<br>Account Balance B/F        | 744.68                  | 403.93                   |
| Amount available for<br>proposed appropriations   | 4481.39                 | 2215.37                  |
| Proposed Dividend                                 | 315.00                  | 210.00                   |
| Transfer to General Reserve                       | 2800.00                 | 1225.00                  |
| Provision for Tax on Dividend                     | 53.53                   | 35.69                    |
| Balance carried to<br>Balance Sheet               | 1312.86                 | 744.68                   |
|   | <u>4481.39</u>          | <u>2215.37</u>           |

### OPERATIONS AND FUTURE OUTLOOK

During the year under review, the Company has achieved a turnover of Rs. 172.39 crores against Rs. 145.56 crores in the previous year registering a growth of 18.43%. After considering the interest charges of Rs. 231.41 Lacs, Depreciation of Rs. 130.98 Lacs, Provision of Taxation of Rs. 1510.00 Lacs, the Company has earned a Net Profit of Rs. 3736.71 Lacs (Previous year Rs. 1811.44 Lacs), resulting into an increase of approx. 106%, which is mainly due to divestment of 49% equity stake in Johnson Screens (India) Limited, a joint Venture Company to the Foreign partner for a total consideration of Rs. 25.85 Crores resulting in profit of Rs. 16.30 crores.

Amidst all the economic uncertainties and adverse market conditions caused by rising inflation, interest costs and forex volatility, your company has activated several plans of action to counter these and continue to be competitive and profitable. Although, not totally unavoidable, these factors are likely to challenge the demand and input costs in a more significant way. The continued thrust given to

the export market has so far 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. 60.01 crores, which is 34.80% of the total turnover of the Company for the year under review.

The prospects on the growth of domestic sales front, is where a real challenge exists. But, as more and more state and local government bodies realizing importance of good road network and therefore, putting the thrust on building roads by awarding contracts both direct as well as on BOT basis. As a result, more and more 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. This segment of products has larger market size and relatively smaller number of domestic players in the organized sector. This product line also significantly diversifies and opens up opportunity in the non road construction and mining space. Company has framed up ambitious growth plans for this segment of product.

Expansion and modernization projects have been taken up to ensure repetitive quality and better work efficiency to curtail costs. A brand new factory is being built specifically for manufacturing of compaction equipment near Ahmedabad which will start production by December 2008.

The Company's subsidiaries namely, Apollo Earthmovers Ltd and Apollo Industrial Products Ltd continue to be profitable and in good demand phase due to the market expansion of the kind of products being manufactured there. In coming years, these companies will be important contributors in our company's market standing, strength and sound financials.

### DIVIDEND

On account of exceptional profit made on divestment of holding in Johnson Screens (India) Limited, your Directors are pleased to recommend a higher Dividend of 30% (previous year 20%) i.e. Rs. 3/- per share on Equity Shares of the Company aggregating to Rs. 315.00 Lacs on 1.05 Crore Equity shares of the Company. The dividend will be payable to the members, whose names appear on the Register of Members on 30<sup>th</sup> September, 2008, the date of ensuing Annual General Meeting of the Company.



**GUJARAT APOLLO INDUSTRIES LIMITED****BONUS ISSUE**

Your Directors are pleased to announce issue of one Bonus Equity Share for every two equity shares held on a record date to be fixed for the purpose. After allotment of Bonus Shares, the paid-up Share Capital shall stand increased to Rs. 15.75 crores.

**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 31<sup>st</sup> March 2008 except for 212 matured but unclaimed deposits amounting to Rs. 60.92 Lacs.

**CONSOLIDATED ACCOUNTS**

The audited consolidated financial statements based on the financial statements received from subsidiaries, as approved by their respective Board of Directors have been prepared in accordance with Accounting Standards – 21(AS-21) on Consolidated Financial Statement read with Accounting Standards – 23 (AS-23) on the Accounting for Investment in Associates.

**SUBSIDIARY COMPANIES**

During the year under review, the Company has acquired further 35% Equity Share Capital of Apollo Earthmovers Ltd., a company engaged into similar line of activities. Accordingly the said Apollo Earthmovers Ltd., and Apollo Industrial Products Ltd. (a wholly – owned subsidiary of Apollo Earthmovers Ltd.) have become subsidiaries of the Company with effect from 29<sup>th</sup> February, 2008.

As required under Section 212 of the Company Act 1956, the audited Balance Sheet and Profit & Loss Account alongwith the Report of Directors' and Auditors of the subsidiary companies are annexed hereto.

**RESPONSIBILITY STATEMENT**

The Directors confirm:

- a) 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;
- b) 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;

c) 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**

Dr. N. V. Vasani and Dr. N. T. 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.

Shri Anil T. Patel has desired to relinquish the office of Chairman of the Board of Directors of the Company. Considering his contribution to the promotion and growth of the company, the Board of Directors decided to re-designate him as Founder Chairman.

**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, and Financial Institutions and the services rendered by the employees and look forward to their continued support in the years to come.

For and on behalf of the Board of Directors

ANIL T. PATEL ASIT A. PATEL  
Chairman Managing Director

Place : Ahmedabad

Dated : 23<sup>rd</sup> August, 2008

### ANNEXURE-'A' ANNEXURE TO DIRECTORS' REPORT

#### A. CONSERVATION OF ENERGY:

|                                     | 2007-08   | 2006-07   |
|-------------------------------------|-----------|-----------|
| <b>Power &amp; Fuel Consumption</b> |           |           |
| 1. Electricity:                     |           |           |
| a) Purchased                        |           |           |
| Units                               | 8,18,858  | 7,80,702  |
| Total Amount (Rs.) :                | 44,65,546 | 39,50,318 |
| Rate/Unit (Rs.) :                   | 5.45      | 5.06      |
| b) Own Generation :                 | NIL       | NIL       |
| 2. Coal :                           | NIL       | NIL       |
| 3. Furnace Oil :                    | NIL       | NIL       |
| 4. L P G Quantity (Kg.) :           | 9386      | 9 58      |
| Total cost (Rs.) :                  | 2,58,954  | 84,387    |
| Rate/unit (Rs.) :                   | 48.90     | 52.91     |

#### 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

- 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:

##### 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.

Technology for other models is under development and absorption.

##### 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" 5 to 7.

**GUJARAT APOLLO INDUSTRIES LIMITED****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 31<sup>st</sup> March, 2008.

**(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 | 39 yrs   | Managing Director | 85,54,241/-        | B. S.<br>(Engineering Management) | 01/07/1994         | ---             |

**(B) EMPLOYED FOR PART OF THE YEAR:**

|   |                    |          |                    |             |   |            |   |
|---|--------------------|----------|--------------------|-------------|---|------------|---|
| 1 | Mr. Anand A. Patel | 36 years | Executive Director | 23,51,603/- | B. E.<br>(Mechanical Engineering,<br>ME (L'SA) ,<br>MBA (USA) | 01/09/2007 | Managing Director -<br>Johnson Screens<br>(India) Limited |
|---|--------------------|----------|--------------------|-------------|---|------------|---|

Note : (1) The Nature of appointment of Mr. Asit A. Patel and Mr. Anand A. Patel are contractual.

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

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**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 our 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 agreements of Stock Exchanges are being complied with.

**2. BOARD OF DIRECTORS**

The Board of Directors includes a Managing Director, an Executive Director and three Non-Executive Independent Directors. The composition of Board is in compliance with the requirements of Clause 49(1)(A). The Company has no Chairman. 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      | Founder Chairman and Director | Promoter Non-Executive     | 3                        | 2  | 07                            | Yes   |
| Shri Manibhai V. Patel  | Director                      | Promoter Non-Executive     | 4                        | 1  | 07                            | Yes   |
| Shri Ajitkumar T. Patel | Director                      | Non-Executive              | 2                        | 1  | 07                            | Yes   |
| Shri Asit A. Patel      | Executive Director            | Managing Director          | 3                        | 1  | 07                            | Yes   |
| Shri Anand A Patel      | Executive Director            | Executive Director         | 5                        | 1  | 03                            | Yes   |
| Dr. N. V. Vasani        | Director                      | Independent Non-Executive  | 0                        | 3  | 07                            | —   |
| Dr. N. T. Patel         | Director                      | Independent Non- Executive | 0                        | 1  | 07                            | Yes   |
| Mr. R. C. Gosain        | Director                      | Independent Non-Executive  | 2                        | 3  | 07                            | Yes   |

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

| Date of Board Meeting    | 30-04-2007 | 27-07-2007 | 29-08-2007 | 03-10-2007 | 23-10-2007 | 24-12-2007 | 31-01-2008 |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|
| No. of Directors present | 07         | 07         | 08         | 07         | 06         | 06         | 07         |
| Board Strength           | 07         | 07         | 08         | 08         | 08         | 08         | 08         |

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

**3. AUDIT COMMITTEE**

The Audit Committee comprising of following Directors was reconstituted by the Board of Directors in its meeting held on 26-10-2005.

The terms of reference of the Audit committee 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.

**GUJARAT APOLLO INDUSTRIES LIMITED**

- ✓ 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 R. C. Gosain    | Chairman | Independent Non-Executive Director |
| Dr. N. V. Vasani     | Member   | Independent Non-Executive Director |
| Mr. Asit A. Patel    | Member   | Managing Director                  |

During the year the committee held five meetings on 30<sup>th</sup> April, 2007, 27<sup>th</sup> July, 2007, 29<sup>th</sup> August, 2007, 23<sup>rd</sup> October, 2007 and 31<sup>st</sup> January, 2008 which were attended by majority members. The time gap between two meetings was not more than 4 months.

**4. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**

The Shareholders Grievance Committee was reconstituted by the Board of Directors on 26<sup>th</sup> October, 2005 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 R. C. Gosain    | Chairman | Independent Non-Executive Director |
| Dr. N. V. Vasani     | Member   | Independent Non-Executive Director |
| Mr. Asit A. Patel    | Member   | Managing Director                  |

During the year the committee held three meetings on 27<sup>th</sup> July, 2007, 29<sup>th</sup> August, 2007, and 31<sup>st</sup> January, 2008 which were attended by majority 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 | 8        | 8         |
| 2. Non-receipt of Dividend Warrants  | NIL      | NIL       |
| 3. Non-receipt of Balance Sheet      | NIL      | NIL       |
| 4. For Demat                         | NIL      | NIL       |
| 5. Others                            | NIL      | NIL       |

**5. REMUNERATION COMMITTEE**

The Remuneration Committee was reconstituted by the Board of Directors at its meeting held on 26<sup>th</sup> October, 2005.

Composition:

| Name of the Director | Category | Remarks                            |
|----------------------|----------|------------------------------------|
| Dr. N. T. Patel      | Chairman | Independent Non-Executive Director |
| Dr. N. V. Vasani     | Member   | Independent Non-Executive Director |
| Mr. R. C. Gosain     | Member   | Independent Non-Executive Director |