

NOTICE is hereby given that the **TWENTY SECOND ANNUAL GENERAL MEETING** of the members of Gujarat Apollo Industries Limited will be held on Saturday, the 26th of September, 2009 at 11.30 A.M at the Registered office of the Company at Ditasan, Post Jagudan, State Highway, Mehsana – 382710 (N.G.) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity shares
3. To appoint a Director in place of Mr. Asit A. Patel, who retires by rotation and being eligible offers himself for re- appointment.
4. To appoint a Director in place of Mr. Anand A. Patel, who retires by rotation and being eligible offers himself for re- appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the Sections 198, 309, 269 read with Schedule XIII, and other applicable provisions, if any, of the Company’s Act, 1956 and the approval of the Remuneration Committee of the Board of Directors of the Company having been received, consent of the Company be and is hereby accorded for the reappointment of Mr. Asit A. Patel, as Managing Director of the Company with effect from 1st July, 2009 at the remuneration of Rs. 1,20,000/- Per Month in the grade of Rs. 120000/- 10000/- 160000/- by way of salary.

He shall also be entitled to the following Perquisites and the 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 months salary for each completed year of service.

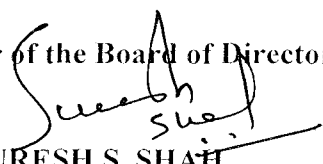
- b) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites
 - c) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.
 - d) The Managing Director shall be entitled to a payment of commission at the rate of 2% of the Net Profit of the Company subject, however, the total remuneration by way of salary and perquisites other allowances and commission shall not exceed 5% of the 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 Managing Director shall be entitled to receive the salary and perquisites as minimum remuneration.
 3. The Company will reimburse to the Managing Director such expenses as he may incur on behalf of the Company.
 4. The Managing 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 eleven months of service.
 5. Subject to the provisions of the Act, the Managing Director shall not be liable to retire by rotation.
 6. The Managing Director will not be entitled to receive any sitting fees 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."

Place: Ahmedabad

Dated: 24th August, 2009

By order of the Board of Directors


SURESH S. SHETH
Company Secretary

NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under Item No. 6 of the Notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. The Register of Members and Share Transfer Book of the company will remain closed from 15th September 2009 to 30th September 2009.
4. Dividend, when declared, shall be paid to those members whose names appear on the Register of Members of the Company as on 15th September, 2009.
5. Pursuant to Section 205 – A read with Section 205C of the Companies Act, 1956, the Company is required to transfer the dividends declared for the Financial Year ended 2002 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 2002 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, the copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copy to the meeting.
8. The shares of the Company are listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

EXPLANATORY STATEMENT

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

ITEM NO. 6

Mr. Asit Patel, was appointed as Managing Director of the company for a period of 5 years with effect from 1st July, 2004. Since then there has been a considerable increase in the duties and responsibilities performed by him. Mr. Asit A. Patel is a B.S (Engineering) from USA and has worked for more than 4 years in USA before joining the Company in 1994 as Executive Director.

The Board of Directors at their meeting held on 31st July, 2009, on recommendation made by remuneration committee, has approved the proposal to re-appoint him with increase in his remuneration w.e.f. 1st July, 2009 subject to such approval as may be required.

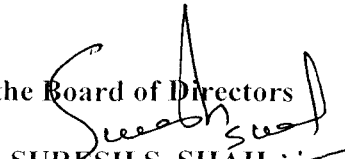
Pursuant to provisions of Section 269 read with Schedule XIII of the Companies Act, 1956 the approval of the members is required to be obtained for increase in remuneration. The Board recommends the resolution for approval of members.

You are requested to accord your approval to the reappointment of Mr. Asit A. Patel as per resolution set out at item No. 6 of the accompanying notice.

None of the Directors except Mr. Asit Patel, Mr. Anil Patel and Mr. Anand Patel are interested or concerned in the above resolution.

Place: Ahmedabad
Dated: 24th August, 2009

By order of the Board of Directors


SURESH S. SHAH
Company Secretary

DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Second Annual Report for the year ended 31st March, 2009.

FINANCIAL PERFORMANCE

	Current Year 2008-09	(Rupees in Lacs) Previous Year 2007-08
Sales (Net of Excise) And other Income	16502.53	19090.81
Profit before Interest, Depreciation and taxes	3565.70	5629.95
Less : Interest	146.79	231.41
Depreciation	182.77	130.98
Provision For Taxation	1050.0	1510.00
Deferred tax liability	3.97	(1.65)
Fringe Benefit tax	20.00	22.50
Net Profit	2162.16	3736.71
Add : Profit & Loss Account Balance B/F	1312.86	744.68
Amount available for proposed Appropriations	3475.02	4481.39
Proposed Dividend	315.00	315.00
Transfer to General Reserve	2000	2800.00
Provision for tax on dividend	53.53	53.53
Balance carried to Balance Sheet	1106.48	1312.86

OPERATIONS AND FUTURE OUTLOOK

During the year under review, the Company achieved a turnover of Rs. 167.10 crores against Rs. 172.38 crores in the previous year registering a negative growth of 3.06 %. EBITDA at Rs. 35.73 crores (Previous year Rs. 40.00 crores) is lower by 10.68 %. After considering the interest charges of Rs. 1.47 crores, depreciation of Rs. 1.83 crores, provision for taxation of Rs. 10.7 crores, the Company has earned a net profit of Rs. 21.7 crores (previous year Rs. 21.07 crores after adjusting the exceptional profit made on divestment of the company's holding in Johnson Screens (India Limited) is marginally better.

The second half of 2008-09 witnessed the worst global recession in recent years leading to economic meltdown. Finance was just not available and the Indian road construction industry was hit very badly on account of this. High interest costs combined with poor availability of finance resulted in construction companies staying away from 55 out of 72 bids floated by N.H.A.I in the second half of 2008-09 either had no bidder or single bidder. The Government perforce, had to defer the awarding of contracts. Even in the contracts awarded, customers could not raise finance for purchase of equipment as the finance companies had slowed down on disbursements. Overseas markets were no exception-in fact many of our thrust area markets were in the grip of severe recession. The industry feed back is that the market for road construction machinery shrunk by 30-35 % in the second half of 08-09. The company's overall performance, when looked at in this light, is certainly creditable.

Exports continue to be a thrust area for the company with a revenue of Rs. 40.66 crores in FY 08-09, including deemed exports, contributing to 24% (P.Y 34.8%) of the total turnover.

The good news is that the overall economic conditions are improving. The world economists' forum says that the impact of the recession will not be as severe as anticipated initially. India and China are expected to lead this recovery with India's GDP growth projected at 6.7 % in FY 2009-10. The estimate is that the second half of 2009-10 will witness a dramatic improvement in the economic conditions, a sentiment that is shared by Dr. Ahluwalia, Dy. Chairman of the Planning Commission. Government of India has reiterated its commitment to infrastructure sector in general and road sector in particular. Mr. Kamal Nath, Hon Minister for Road Transport is acting with a sense of urgency and has initiated action on many fronts, including creating infrastructure funds on the lines of Power Finance Corporation for road sector. The Public Sector Banks are now active players in financing road projects. BOT model is being modified with certain projects taking the annuity route. Percentage of Viability Gap Funding (VGP) has been increased in many projects. This makes the road projects attractive and sustainable.

The state governments are equally committed to the improvement of state highways and are finalizing contracts. PMGSY is making a steady progress. All this augurs well for the road construction industry. International markets are also showing signs of recovery and markets like Saudi Arabia, UAE & Algeria are now buoyant.

Looking at improved demand visibility and launch of new products like crushers and range of compaction machinery, company has initiated structured exercise for strengthening sales and service distribution network. During the financial year, four(4) domestic branches were opened in Kolkatta, Patna, Guwhati and Raiput in addition to three(3) new international dealers.

All the products manufactured and sold by the company and its subsidiaries can be generally classified into two major categories. One is mobile construction machinery such as paver finishers of all types and sizes, bitumen pressure distributors and curb laying machines second one being, industrial plants for various applications. Currently, company has undertaken a comprehensive restructuring plan to divide the entire business into two separate SBUs. This has become necessity to deal with different industry challenges and dynamics. This exercise is bound to be proved very helpful in unlocking true potential of both product segments.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 2/- per share on Equity Shares of the company aggregating to Rs. 315.00 Lacs on 1.57 Crores Equity shares of the company. The dividend will be payable to the members, whose names appear on the register of members on 15th September, 2009.

DEPOSITS

During the year under review, the Company has accepted/ renewed deposit from public/ shareholders within the provisions of Section 58A 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, 2009 except for 135 matured but unclaimed deposit amounting to Rs. 26.07 Lacs.

CONSOLIDATED ACCOUNTS

The audited consolidated 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 the Accounting for investment in Associates.

SUBSIDIARY COMPANIES

As required under section 212 of the Company's Act, 1956, a statement of the holding company's interest in the Subsidiary companies is attached as "Annexure" and forms a part

of this report. In the terms of approval granted by the Central Government under the provisions of Section 212(8) of the Companies Act, 1956, copies of Balance Sheet, Profit and Loss Account, Report of Board of Directors and the Report of the Auditors of the subsidiary companies have not been attached with the Annual Accounts of the Company. The company will keep these documents at the Registered office of the company and its subsidiaries and make them available upon the request by any investor of Company as well as any investor of its subsidiaries.

RESPONSIBILITY STATEMENT

The Directors confirms:

- 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

Mr. Asit A. Patel and Mr. Anand A. Patel, the director 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 reappoint them.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.

The particulars regarding conservation of energy and technology absorption and Foreign Exchange earning and outgo pursuant to Section 217 (1) (e) of the Companies Act 1956 read with Rule 2 of the Companies (Disclosure 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 (Disclosure of particulars in the report of board of directors) Rules 1988 are given in 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 as a Auditor of the company. The Auditor's have confirmed that their appointment, if made would be within limit prescribed under section 224(1B) of the Companies Act, 1956 and they are not disqualified, within the meaning of Sub-Sections (3) and (4) of Section 226 of the Companies Act, 1956.

AUDITORS' REPORT:

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, which have been relied upon by us, we report that no fraud on or by the company has been noticed or reported during the course of audit, except, in a specific case wherein a probable fraud by an employee was discovered by the internal audit for which necessary corrective steps to internal procedures was carried out.

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

sd/-
ANIL T. PATEL
Chairman

Place : Ahmedabad

Dated : 24th August, 2009

2. Technology Absorption and innovation

- a) Efforts: The Company has been able to indigenize 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 crushers, Feeders, Screens, conveyers etc.

(ii) Year of Import: 2006

(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 the other models is under development and absorption.

B. FOREIGN EXCHANGE EARNING AND OUTGO:

The required information is contained in the Notes to the Accounts, Schedules "S" 5 to 7.