



GUJARAT APOLLO INDUSTRIES LIMITED

Regd. Office: Ditasan, Post Jagudan, State Highway, Mehsana- 382710, Gujarat

Notice pursuant to Section 192A of the Companies Act, 1956

Dear Members,

Notice is hereby given to the members of GUJARAT APOLLO INDUSTRIES LIMITED (GAIL) that the Resolution as set out below is circulated for obtaining the consent of the members by means of Postal Ballot as per the provisions under Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

An Explanatory Statement pursuant to Sections 173(2) of the Companies Act, 1956, setting out all material facts pertaining to the Resolution and explaining the reasons for the Postal Ballot is annexed along with the Postal Ballot Form for consideration of the Members.

The Board of Directors of your Company has appointed Mr. Ravi Kapoor, Practicing Company Secretary, Ahmedabad, as Scrutinizer in accordance with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 for conducting the Postal Ballot process in a fair and transparent manner.

Members are requested to carefully read the instructions printed in the Postal Ballot Form and to send their assent or dissent through e-voting or in writing by returning the said Postal Ballot Form duly completed, in all respects, in the enclosed self-addressed postage pre-paid envelope so as to reach the Scrutinizer on or before the close of working hours on 28th February, 2013. It should be noted that the response received from members after 28th February 2013 shall be treated as if no response is received in terms of Rule 6(f) of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

The Scrutinizer will submit his report to the Board of the Company after completion of the scrutiny and the result of the voting by Postal Ballot will be announced at the Registered Office of the Company at Ditasan, Post Jagudan, State Highway, Mehsana- 382710 on Saturday, the 2nd March, 2013 at 11.00 a.m. The Company will immediately communicate the result to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited and will post the results on its website <http://www.apollo.co.in> and also publish the same in newspapers for the information of the members.

To consider and, if deemed fit, to pass through postal ballot, the following Resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a), Section 192A read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and subject to permissions, approvals, consents and sanctions as may be necessary from the concerned / statutory authorities and subject to such other terms and conditions as may be imposed by them, consent of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board" which expression shall also include a committee of directors constituted and authorized for purposes mentioned hereof), to sell, transfer and/or otherwise dispose of the engineering, design, manufacture, sales, marketing and provision of after-sales service for entire product portfolio of asphalt plants including batch mix plants, drum mix plants, wet mix plants, related spare parts and ancillary components but excluding crushing and screening business of the Company as a "going concern" on a slump sale basis to its step down subsidiary company viz. Apollo Construction Equipment Limited (ACEL), for a lumpsum consideration of Rs. 245 crores, subject to adjustment of net working capital position calculated at the time of closing (business transfer) and on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary for voting on behalf of the Company in the general meeting of Apollo Earthmovers Limited (AEML) for approval of the transfer of engineering, design, manufacture, sales, marketing and provision of after-sales service for the entire product portfolio of hydrostatic paver finisher and bitumen sprayer, related spare parts and ancillary components of AEML, wholly owned subsidiary of the Company, as a "going concern" on a slump sale basis to ACEL.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform all such acts, matters, deeds and things, as may be necessary, without further referring to the Members of the Company, for giving effect to this resolution and matters incidental thereto including finalizing the terms and conditions, methods and modes in respect thereof, determining the effective date, discussing, negotiating, finalizing and executing necessary documents including schemes, agreements, deeds of assignment / conveyance and/or any amendment thereto and such other documents as may be necessary or expedient in its own discretion and in the best interest of the Company, including to seek registration of any such documents, deeds as may be necessary, filing intimations, applying for and/or behalf of the Company and seeking approvals/consents of necessary parties, including without limitation regulatory authorities for giving effect to this resolution and that the Board shall also have the power and authority to delegate all or any of its powers conferred herein as it may deem fit to give effect to this Resolution."

**By order of the Board of Directors
For Gujarat Apollo Industries Limited**

Place: Ahmedabad
Date: 16th January, 2013

**Neha Chikani Shah
Company Secretary**

Notes:

1. The Explanatory Statement pursuant to Section 173(2) read with Section 192A of the Companies Act, 1956 in respect of the above mentioned business is annexed
2. The members voting Physical Form are requested to exercise their voting rights by using the attached Postal Ballot Form.
3. E-Voting option facility is provided to the members, whose e-mail ID are registered with the Registrar and Transfer Agent.
4. The members voting through e-voting are requested to follow instruction provided in the e-mail.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Gujarat Apollo Industries Limited (GAIL) and its wholly owned subsidiary, Apollo Earthmovers Limited (AEML), are market leader in road construction equipment business in India. As a matter of a strategic business opportunity, Apollo Group comprising of GAIL, AEML and Apollo Construction Equipments Limited (ACEL) have executed binding agreements with the Ammann Group of Switzerland pursuant to which the Ammann Group will acquire a controlling equity stake of 70% in the consolidated road construction equipment business of the Apollo Group, comprising asphalt plants, pavers, curb pavers, bitumen sprayers, etc. The said road construction equipment business has been valued at approximately Rs. 400 crores. ACEL, a step down subsidiary of GAIL, will become the joint venture company.

Ammann Group would invest in the core business of the Apollo Group comprising of:

1. Engineering, design, manufacture, sales, marketing and provision of after-sales service for the entire product portfolio of asphalt plants including batch mix plants, drum mix plants, wet mix plants, related spare parts and ancillary components but excluding the crushing and screening business and other assets not related to the subject business – which is carried out by GAIL, and proposed to be sold by way of slump sale to ACEL.
2. Engineering, design, manufacture, sales, marketing and provision of after-sales service for the entire product portfolio of the hydrostatic paver finishers and bitumen sprayers, related spare parts and ancillary components but excluding the real estate assets - which is carried out by AEML, and proposed to be sold by way of slump sale to ACEL.
3. Engineering, design, manufacture, sales, marketing and provision of after-sales service for the entire product portfolio of the mechanical paver finishers and curb pavers - which is carried out by ACEL, the proposed joint venture company.

To implement the above restructuring plan, subject to the requisite approval of shareholders of GAIL and other approvals as may be required, GAIL will transfer its entire product portfolio of asphalt plants to ACEL on slump sale basis for a lumpsum consideration of Rs. 245 crores, subject to adjustment of net working capital position calculated at the time of closing (business transfer). AEML will also transfer its entire product portfolio of hydrostatic paver finishers and bitumen sprayers, but excluding the real estate owned by AEML, to ACEL on slump sale basis for a lumpsum consideration of Rs. 40 crores, subject to adjustment of net working capital position calculated at the time of closing (business transfer). These considerations will be discharged by payment on closing as per the definitive agreements entered into between GAIL, AEML, ACEL and the Ammann Group. The employees of the identified business of GAIL and AEML would be transferred with continuity of services to ACEL and on terms and conditions of services being not less favourable than the existing terms.

Presently, AEML hold 55.03 % of ACEL. AEML plans to acquire the remaining shares of ACEL from the existing shareholders being promoter controlled entities and make ACEL its wholly owned subsidiary prior to Closing. Thereafter, the Ammann group will subscribe such number of fresh equity shares of ACEL such that the shareholding of the Ammann group in ACEL will be 70% and balance 30% will be held by AEML. The present Managing Director of the GAIL, Mr. Asit Patel, will take over as Managing Director of ACEL and will steer the growth of ACEL along with the current management of the Apollo group and further complemented by the Ammann group. GAIL and AEML have entered into non-compete covenant in respect of aforesaid business being sold. GAIL will continue to pursue crushing and screening business on its own.

GAIL shareholders would benefit by value accretion owing to 30% shareholding in the ACEL, the joint venture company through AEML – the wholly owned subsidiary of GAIL. The Board is of the opinion that the sale of the identified business is in the best interest of the shareholders of the Company. Ammann group is in the business of manufacturing road building equipment for the last 140 years and has established global presence through advanced technology products and services and a network of subsidiaries and sales network across the globe. Apollo is a strong brand in road building equipment industry in India and also in some parts of global market with competitive manufacturing base. It is envisioned that combining these two strengths will make the proposed JV a much stronger brand in India and on the global arena to effectively get significant market advantage, thereby achieving synergic growth in future and create larger value for the share holders.

The Board of directors of GAIL plans to utilize the sale proceeds realized by GAIL, towards the advancement of its crushing and screening business and in pursuing diversified business activities to continue to build value for its shareholders. The addressable market size in crushing and screening equipment, in India and globally, is much larger than that of the road building equipment. GAIL will aim at investing these funds in creating its strong position and share in this market by exploring strategic alliances, new technologies, creating world class facilities and thereby enhance shareholder value. Besides this, GAIL will also explore and exploit any opportunities in diversified business outside road building equipment business space.

Board has appointed an independent valuer for carrying out the valuation of business of GAIL and AEML and the business value / slump sale consideration mentioned herein is in excess of the fair valuation given by the valuer.

As per the provisions of Section 293(1)(a) and 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the sale, lease, transfer or disposal of whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking requires the approval of the members by passing an Ordinary Resolution by way of Postal Ballot. Accordingly, the approval of the Members is being sought through Postal Ballot for passing the Ordinary Resolution as set out in the above Notice.

The Board of Directors is of the opinion that the aforesaid Resolution is in the best interest of the Company, its shareholders and employees. Therefore, Board recommends the Resolution for your approval by way of Postal Ballot.

The Directors of the Company are deemed to be concerned or interested in the resolution as set out in the Notice pursuant to Section 192A of the Companies Act, 1956 only to the extent of shares held by them in the Company.

**By order of the Board of Directors
For Gujarat Apollo Industries Limited**

Place: Ahmedabad
Date: 16th January, 2013

**Neha Chikani Shah
Company Secretary**

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