

APOLLO FINVEST (INDIA) LIMITED



ANNUAL REPORT
2004 - 2005

BOARD OF DIRECTORS:

SMT ANJU R. INNANI

MANAGING DIRECTOR

SHRI UMANATH R. AGARWAL

EXECUTIVE DIRECTOR

SHRI NARAYAN T. RATHI

DIRECTOR

SHRI DINESH R. INNANI

DIRECTOR

SHRI ANIL M. RAIKA

DIRECTOR

AUDITORS:

SHANKARLAL JAIN & ASSOCIATES

CHARTERED ACCOUNTANTS

BANKERS:

STANDARD CHARTERED BANK

ORIENTAL BANK OF COMMERCE

SANGLI BANK LIMITED

REGISTERED OFFICE:

JEWEL ARCADE,
PLOT NO.123, 1ST FLOOR,
WATERFIELD ROAD,
BANDRA (WEST),
MUMBAI - 400 050.

REGISTRAR & TRANSFER AGENTS:

INTIME SPECTRUM REGISTRY LTD

C-13, PANNALAL SILK MILLS COMPOUND,

L. B. S. MARG, BHANDUP (WEST)

MUMBAI - 400 078.

TEL : 5555 5454

FAX : 5555 5353

Particulars	Page No.
1. Notice	2
2. Directors' Report	3
3. Corporate Governance	5
4. Auditors' Report	13
5. Balance Sheet	15
6. Profit & Loss Account	16
7. Schedules	17
8. Notes to the accounts	20
9. Balance Sheet Abstract	28
10. Cash Flow Statement	29

NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Members of **APPOLO FINVEST (INDIA) LIMITED** will be held on **Thursday, 29th September, 2005** at No.1, Party Hall, Sumer Nagar, S.V. Road, Borivali (West), Mumbai – 400 092 at 11:30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and Profit and Loss Account for the year ended as on that date alongwith the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Dinesh Innani, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint M/s. Shankarlal Jain & Associates, Chartered Accountant, the retiring Auditors of the Company, as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors

Place: Mumbai

ANJU R. INNANI

Dated: 26th July, 2005

MANAGING DIRECTOR

REGISTERED OFFICE:

**Jewel Arcade, Plot No. 123,
1st Floor, Waterfield Road,
Bandra (West),
Mumbai- 400 050**

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 (forty-eight) hours before the time fixed for holding the meeting.
3. The Register of Members and Share Transfer Books will remain closed from Tuesday, 27th September 2005 to Thursday, 29th September 2005 (both days inclusive).
4. Members are requested to notify change of address, if any, to the Company's Registrar & Transfer Agent, M/s. Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai- 400 078 quoting their Folio numbers, or to their Depository Participants (DPs) if their shareholding is in Demat Form.
5. Members desirous of obtaining any information as regards accounts and operations of the Company are requested to address their queries to the Registered Office of the Company in writing at least seven days in advance before the date of the Meeting, to enable the Company to keep the necessary information ready.
6. Members are requested to bring their copy of Annual Report to the Meeting.
7. Members are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting.

BRIEF RESUME OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING:

Particulars	Mr. Dinesh Innani
Age	56 Years
Date of Appointment	1 st July 1997
Qualifications	Diploma in Engineering
Expertise in specific functional areas	Technical & Marketing
Directorship of other Companies	Nil
Chairman/Member of the Committees of the board of the Companies on which he is a Director	Nil

DIRECTORS' REPORT

TO,

THE MEMBERS

Your Directors have pleasure in presenting their Nineteenth Annual Report on the operations of the company, together with the audited accounts for the year ended March 31, 2005.

FINANCIAL RESULTS :

(Rs. in Lacs)

Particulars	Year Ended 31-03-2005	Year Ended 31-03-2004
Total income	156.27	277.12
Profit before Depreciation & Tax	50.56	20.81
Less: Depreciation	38.04	52.93
Profit/ (Loss) before Tax	12.52	(32.12)
Less: Provision for Tax	0.95	0.00
Profit/ (Loss) after Tax	11.57	(32.12)
Income Tax for earlier year	0.00	(9.27)
Balance carried to Balance Sheet	11.57	(41.39)

REVIEW OF OPERATIONS :

The total income for the year under review, amounted to Rs. 156.27 Lacs compared to Rs. 277.12 Lacs in the previous year, which was mainly on account of Sale of Shares, Lease Rentals, Dividends, Profit on Sale of Investments, interest etc. After deducting total expenditure including depreciation of Rs. 50.56 Lacs and provision for taxation Rs.0.95 Lacs, the Company has earned Net Profit of Rs. 11.57 Lacs which has been carried to the Balance Sheet.

DIVIDEND :

With a view to conserve the financial resources for the future operations, your Directors thought it prudent not to declare dividend for the year ended 31st March, 2005.

PRUDENTIAL NORMS OF RBI :

The Company has followed the Prudential Norms of the Reserve Bank of India as are applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- In the preparation of the annual accounts the applicable accounting standards have been followed except As-15 regarding liability for gratuity & Leave Encashment are not provided on the basis of actuarial valuation.
- The Directors 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 as at March 31, 2005 and of the Profit of the company for the year ended on that date.
- The Directors 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; and
- The Directors have prepared the attached Statement of Accounts for the year ended March 31, 2005 on a going concern basis.

CORPORATE GOVERNANCE :

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS

A report on the Management Discussion & Analysis is annexed herewith.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Dinesh Innani, Director of the Company, shall retire by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment. The Board of Directors recommends his reappointment.

BUYBACK OF 11,50,000 EQUITY SHARES:

The Buyback of 11,50,000 Equity Shares of Rs. 10/- each at a price of Rs. 10/- each has been completed in accordance with Special Resolution passed by the members of the Company in terms of provisions of Section 192A of the Companies Act, 1956, read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001 on 20th April 2005.

FIXED DEPOSITS:

The Company has not accepted any deposits from the public within the meaning of Non-Banking Financial Companies (Reserve Bank) Directions, 1997 as amended from time to time.

AUDITORS:

M/s. Shankarlal Jain & Associates, the Statutory Auditors of the Company retires at the ensuing Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office.

AUDITORS' COMMENTS:

The observations made by the Auditors in their Report read with relevant notes as given in the Notes on Accounts annexed to the Accounts, are self explanatory and therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**(A) Conservation of Energy and Technology Absorption:**

The information required under the provisions of 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 relating to the conservation of energy and technology absorption is not being given, since the Company is not engaged in any manufacturing activity.

(B) Foreign Exchange Earnings And Outgo:

Information regarding foreign exchange earnings and outgo is reported to be NIL for the year under review.

PARTICULARS AS PER SECTION 217(2A) OF COMPANIES ACT, 1956:

Statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956, is not given as none of the employees of the Company is covered under the provisions of the said section.

ACKNOWLEDGEMENTS:

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from all organizations connected with its business during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of Executives and Staff of the Company. Lastly your Directors are deeply grateful for the confidence and faith shown by the shareholder of the Company in them

For and on behalf of the Board

Place: Mumbai
Date: 26th July, 2005

ANJU R. INNANI
Managing Director

UMANATH R. AGARWAL
Executive Director

Annexure to Directors' Report
CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Apollo Finvest (India) Limited is committed to good Corporate Governance. The Company respects the inalienable rights of its shareholders to information on the performance of the Company. The Company provides detailed information on various issues concerning the Company's business and financial performance to the shareholders. The objective of the Company is to achieve business excellence and dedicate it to increasing the value of long-term interest of all the stakeholders.

A. Board Composition
Size and composition of the board

The Board of Directors of the Company presently consists of a majority of non-executive directors, having rich and varied experience. The Board comprises of Two (2) executive directors and Three (3) non-executive directors, three of them being independent. The Chairman of the Board is an Executive Director.

The constitution of the Board as on 31-3-2005 given below:

Director	Executive / Non - Executive / Independent#	Number of other		
		Director-ships*	Committee Member-ships**	Committee Chairman-ships**
Smt. Anju R. Innani	Managing Director Executive	1	Nil	Nil
Shri Umanath R. Agarwal	Executive Director, Independent	2	Nil	Nil
Shri Narayan Rathi	Non Executive, Independent	3	Nil	Nil
Shri Dinesh R. Innani	Non Executive	Nil	Nil	Nil
Shri Anil M. Raika	Non Executive, Independent	Nil	Nil	Nil
Shri Pravin Jain ***	Non Executive, Independent	Nil	Nil	Nil

Independent Director means a director who apart from receiving director's remuneration, does not have any material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in the judgement of the Board, may affect independence of judgement of the director.

*This excludes directorship held in Private Limited Companies.

**Committee Membership does not include Membership/ Chairmanship in Committee of Directors of Apollo Finvest (India) Limited

*** Resigned w.e.f. 27th July, 2004

B. Board Meetings

The Board meets at least once in a quarter to consider amongst other business the performance of the Company and Financial results. When necessary, additional meetings are held. The particulars of Board Meeting held during 2004-2005 as well as attendance of Directors at the Board Meetings and the last AGM are given here below:

During the year, the Board Meetings were held Twelve times on 16th April 2004, 18th May 2004, 16th July 2004, 29th July 2004, 30th July 2004, 21st September 2004, 29th October 2004, 31st December 2004, 5th January 2005, 25th January 2005, 17th February 2005 & 23rd February 2005

Name of the directors	Number of Board Meetings attended	Whether attended last AGM
Smt Anju R. Innani	12	Yes
Shri Umanath R. Agarwal	12	Yes
Shri Narayan Rathi	12	No
Shri Dinesh R. Innani	3	No
Shri Anil M. Raika	5	No
Shri Pravin Jain*	Nil	No

* Shri Pravin Jain resigned as Director on 29th July 2004 & Shri Anil M. Raika appointed as Additional Director from 29th July 2004.

C. Board Committees

Currently, the Board has two committees – the Audit Committee and the Shareholders/Investors Grievance Committee. As on date, the Audit Committee comprises of three members all of them are Non-Executive directors. The Shareholders/Investor Grievance committee comprises of three Members. The Chairman of the said Committee is Non-Executive, Independent Director.

The Board is responsible for the constitution, co-opting and fixing the terms of service for committee members of both the committees.

1. Audit Committee**Terms of reference****(a) Primary objectives of the audit committee**

The Primary objective of the audit committee (the "committee") is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

The committee oversees the work carried out in the financial reporting process – by the management, including the independent auditor – and notes the process and safeguards employed by each.

(b) Scope of the audit committee

1. Provide an open avenue of communication between the independent auditor and the Board of Directors ("BoD")
2. Recommending the appointment and removal of statutory auditors, fixation of audit fees and also to approve the payment for other services
3. Meet thrice a year or more frequently as circumstances require. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary.
4. Confirm and assure the independence of the External Auditor.
5. Review with Independent Auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.
6. Consider and review with the Independent Auditor the adequacy of internal controls including the computerized information system controls and security.
7. Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - (a) Any changes in the accounting policies and practices
 - (b) The going concern assumption
 - (c) Compliance with Accounting Standards
 - (d) Compliance with Stock Exchange and legal requirements concerning financial statements
 - (e) Significant adjustment arising out of audit
8. Consider and review with the Management and the Independent Auditor;
 - (a) Significant findings during the year, including the status of previous audit recommendations
 - (b) Any difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information.

(c) Composition of the Audit Committee as on 31st March 2005

The Board of Directors has constituted an Audit Committee of Directors to exercise powers and discharge functions as stipulated in Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement with the Stock Exchange and other relevant statutory/ regulatory provisions.

Due to resignation of Shri Pravin H. Jain & appointment of Shri Anil M. Raika as Director, the Audit Committee was reconstituted on 29th July 2004, which comprises of following directors:

1. Shri Narayan T. Rathi - (Chairman) Non-Executive, Independent
2. Shri Dinesh R. Innani - (Member) Non-Executive
3. Shri Anil M. Raika - (Member) Non-Executive

Audit Committee attendance for the financial year ended 31st March, 2005

During the Financial year ended 31st March 2005, four audit committee meetings were held on 14th July 2004, 28th July 2004, 28th October 2004 and 24th January 2005. The table hereunder gives the attendance record of the audit committee members.

Name of the audit committee Members	Number of Meetings held	Number of Meetings attended
Shri Narayan Rathi	4	4
Shri Dinesh R. Innani	4	3
Shri Anil M. Raika	4	4

Management is responsible for the Company's internal controls and the financial reporting process. The Independent Auditors are responsible for performing an independent audit of the Company's financial statements in accordance with the applicable accounting standards and for issuing a report thereon. The Committee's responsibility is to monitor these processes. The Committee is also responsible to oversee the processes related to the financial reporting and information dissemination, in order to ensure that the financial statements are true, correct, sufficient and credible.

The Committee has recommended to the Board the appointment of M/s. Shankarlal Jain & Associates, Chartered Accountants, as the statutory and independent auditors of the Company for the Financial Year ending March 31, 2005 and that necessary resolution for appointing them as auditors be placed before the shareholders.

2. Shareholders/Investor Grievance Committee:

The Committee is headed by an Independent Non-Executive director,

Due to resignation of Shri Pravin H. Jain & appointment of Shri Anil M. Raika as Director, the Shareholders / Investor Grievance Committee was reconstituted on 29th July 2004, which comprises of following directors:

1. Mr. Anil M. Raika, (Chairman), Non Executive-Independent Director
2. Mr. Narayan Rathi, Non Executive-Independent Director
3. Mr. Umanath Agarwal, Executive Director

Shri Lalsing B. Kshirsagar acts as the Compliance Officer of the Company.

Four Shareholders/Investors Grievance Committee meetings were held during the year ended March 31, 2005. The attendance record of members is given in the table hereunder:

Name of the Shareholders / Investors grievance committee members	Number of Meetings held	Number of Meetings attended
Shri Narayan Rathi	4	4
Shri Umanath Agarwal	4	4
Shri Anil M. Raika	4	4

During the year 40 shareholders complaints were received. As at 31st March, 2005, no complaint remained to be resolved. There were no shares which were pending for transfer from shareholders as at 31st March, 2005 for more than 30 days.

D. General body meetings.

Details of last three Annual General Meetings are given hereunder:-

Year	Date	Venue	Time
2001-02	27/09/2002	No. 1, Party Hall, Sumer Nagar, S.V. Road, Borivali (West), Mumbai - 400 092.	1:00 P.M.
2002-03	29/09/2003	No. 1, Party Hall, Sumer Nagar, S.V. Road, Borivali (West), Mumbai - 400 092.	11:30 A.M.
2003-04	17/12/2004	No. 1, Party Hall, Sumer Nagar, S.V. Road, Borivali (West), Mumbai - 400 092.	11:00 A.M.

Special Resolution:

1. At 16th Annual General Meeting held on 27th September 2002, one special resolution under section 31 of the Companies Act, 1956 was passed for Alteration of Articles of Association to enable company to buy back its own shares upto 10% of total paid up capital and free reserves.
2. At 17th Annual General Meeting held on 29th September 2003, no special resolution was passed.
3. At 18th Annual General Meeting held on 17th December 2004, three special resolutions were passed as under:
 - i) Special Resolution u/s. 61 of the Companies Act, 1956 for delisting of shares from The Stock Exchange, Ahmedabad and Jaipur Stock Exchange Limited.
 - ii) Special Resolution u/s. 31 of the Companies Act, 1956 for Alteration of Articles of Association to enable Company to buyback its own shares.
 - iii) Special Resolution u/s. 77A & 77B for Buyback of 11,50,000 Equity Shares of Rs. 10/- each at a price of Rs. 10/- each.

The Buyback of 11,50,000 Equity Shares of Rs. 10/- each at a price of Rs. 10/- each has been completed in accordance with Special Resolution passed by the members of the Company in terms of provisions of Section 192A of the Companies Act, 1956, read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001 on 20th April 2005.

E. Disclosures:

(i) Related Party Transactions:

In terms of Accounting Standard AS-18, details of Related party transactions during the year have been set out under Note 12 of Schedule-Q annexed to the Balance Sheet and Profit and Loss Account. However, these are not having any potential conflict with the interest of the Company at large.

(ii) Compliance by the Company:

There is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchange, SEBI or any other statutory authority on any matter related to capital markets, during the last three years.

F. Means of Communication:

The quarterly results of the Company are published in two newspapers in compliance with the provisions of Clause 41 of the listing agreement. Generally, the same are published in Free Press Journal (*English language*) and Navshakti (*Marathi language*). As the results of the Company are published in the newspapers, half-yearly reports are not sent to each household of shareholders. The quarterly results as well as the proceedings of the Annual General Meeting are submitted to the Stock Exchange, Mumbai immediately after the conclusion of the respective meeting. No presentations were made to the institutional investors or to analysts during the year under review.

G. Management Discussion and Analysis Report:

Management discussion and analysis Report is attached as Separate Annexure.

H. General Shareholders' Information:

- | | |
|---|---|
| i. Date, time and venue of Annual General Meeting of Shareholders | Thursday 29 th September 2005. No. 1, Party Hall, Sumer Nagar, S.V. Road, Borivali (West) Mumbai- 400 092 |
| ii. Financial Calendar | Results for Quarter ended;
30 th June, 2005 – Last week of July, 2005
30 th September, 2005 – Last week of October, 2005
31 st December, 2005 – Last week of January, 2006
31 st March, 2006 – Last week of April, 2006
Annual General Meeting for year ended 31 st March 2006 – On or before September 30, 2006.
Tuesday, 27 th September 2005 to Thursday, 29 th September 2005. |
| iii. Dates of book closures | |