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APPLE FINANCE LIMITED

19TH ANNUAL REPORT 2004 - 2005

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APPLE FINANCE LIMITED

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REGISTERED OFFICE

11/13 Botawala Building
Floor 1, Horniman Circle
Fort
Mumbai 400 023

BOARD OF DIRECTORS

Mr. Mahesh K. Rachh
(Managing Director)

Mr. Ashit J. Sheth
(Executive Director)

Mr. Mahesh Raghavan Menon
(Director)

AUDITORS

Messrs Mahendra Kumbhat
& Associates
Chartered Accountants

REGISTRAR & TRANSFER AGENTS

Sharepro Services (India) Pvt. Ltd.
Satam Estate, 3rd Floor, Above Bank of Baroda
Cardinal Gracious Road, Chakala
Andheri (East), Mumbai 400 099
Phone: 28215168 28215991 28329828
Fax: 28375646

19th Annual General Meeting

On Friday, September 30, 2005
at 3.00 p.m. at M. C. Ghia Hall, Bhogilal
Hargovindas Building, Floor 2, 18/20 Kaikhushru
Dubash Marg, Mumbai 400 001

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APPLE FINANCE LIMITED

NOTICE

NOTICE is hereby given that the nineteenth Annual General Meeting of the members of Apple Finance Limited will be held on Friday, September 30, 2005 at 3.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 2, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at March 31, 2005, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mahesh K. Rachh, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Messrs Mahendra Kumbhat & Associates, Chartered Accountants, the retiring Auditors, as the Auditors of the Company, and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

4. To appoint Mr. Ashit J. Sheth as a Director of the Company.
5. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution, the following:
   "RESOLVED THAT the appointment of Mr. Ashit J. Sheth as Executive Director of the Company subject to Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and also subject to the approval of the Central Government, if required, for a period of five years with effect from June 30, 2005 made by the Board of Directors of the Company (hereinafter referred to as "the Board") vide its resolution dated June 30, 2005 and the remuneration payable to Mr. Ashit J. Sheth pursuant to the aforesaid resolution and as set out in the Explanatory Statement annexed to this Notice, be and is hereby approved.
   RESOLVED FURTHER THAT Mr. Ashit J. Sheth shall be liable to retire by rotation.
   AND THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper."
6. To consider and, if thought fit, to pass with or without modification, as a Special Resolution, the following:
   "RESOLVED THAT subject to Section 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to payment of monthly compensation of Rs. 65,000 to Mr. Mahesh K. Rachh by Apple Asset Management Limited ("AAML") with effect from September 1, 2004 in consideration of his rendering consultancy services to AAML in his capacity as their Business Advisor and Consultant."

By Order of the Board of Directors

Parag B. Deshpande
Company Secretary

Registered Office:
11/13 Botawala Building, Floor 1
Horniman Circle, Fort
Mumbai 400 023

Date: July 30, 2005

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. A proxy need not be a member.

   The proxy form, duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Item Nos.4, 5 and 6 as set out above, is annexed hereto.
3. Members are requested to notify the change, if any, in their address, to the Registrar and Transfer Agents of the Company.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 23, 2005 to Friday, September 30, 2005 (both days inclusive).
5. Members / Proxies should bring the attendance slip sent herewith duly filled out for attending the meeting.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. The Company has already transferred all unclaimed dividend declared upto the financial year ended June 30, 1994 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial years, may claim their dividend from the Office of the Registrar of Companies, Maharashtra, CGO Complex, Floor 2, Next to Reserve Bank of India, CBD-Belapur, Navi Mumbai 400 614.
8. Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended December 31, 1997 and thereafter, which remain unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended December 31, 1997 or the subsequent financial year are requested to make their claim to the office of the Registrar and Transfer Agents, Sharepro Services (India) Pvt. Ltd., Satam Estate, Floor 3, Above Bank of Baroda, Cardinal Gracias Road, Chakala, Andheri (E), Mumbai 400 099. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.
9. Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended June 30, 1995 and December 31, 1996 has been transferred to the Investor Education and Protection Fund of the Central Government.
10. Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by

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filling Form 2B. Company's Registrar and Transfer Agents on request will supply blank forms. Members holding shares in the dematerialized form may contact the Depository Participant for recording nomination in respect of their shares.

11. Shareholders are requested to bring their copy of Annual Report to the Meeting.

Annexure to the Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item Nos. 4 and 5

The Board of Directors ("the Board") in its meeting held on June 30, 2005, appointed Mr. Ashit J. Sheth an Additional Director and Executive Director of the Company. Mr. Ashit J. Sheth will hold the office of Director upto the conclusion of forthcoming Annual General Meeting.

Mr. Ashit J. Sheth is a qualified Chartered Accountant and has over sixteen years' experience in area of management and financial accountancy. Before his induction into the Board, Mr. Ashit J. Sheth was a senior executive of the Company and designated as Assistant Vice President.

The Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act, 1956 along with the requisite deposit amount, notifying his intention to propose Mr. Ashit J. Sheth as a candidate for office of Director of the Company.

The main terms of appointment, remuneration etc. of Mr. Ashit J. Sheth as Executive Director are as under, which are subject to the approval of the members of the Company.

Term - Five years effective June 30, 2005, subject to earlier termination by either the Company or him by three months' prior notice.

Salary including perquisites, ex-gratia and other allowances not exceeding Rs.8,00,000 per annum, with such revisions as may be approved by the Board from time to time.

Mr. Ashit J. Sheth shall also be entitled to the following perquisites, which shall not be included in the computation of ceiling on remuneration specified above:

- Gratuity: Payable as per the rules of the Group Gratuity Scheme of the Company.
- Encashment of leave at the end of the tenure.

The perquisites, wherever applicable, shall be evaluated as per the Income-tax Rules, 1962.

Mr. Ashit J. Sheth, so long as he functions as Executive Director, shall not be paid any sitting fees for attending the meetings of the Board or Committees thereof.

Where in any financial year during the term of office of Mr. Ashit J. Sheth as Executive Director, the Company has no profits or its profits are inadequate, the Board shall be entitled to pay to Mr. Ashit J. Sheth such remuneration not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modifications or re-enactment thereof, for the time being in force.

Except Mr. Ashit J. Sheth, none of the Directors has any concern or interest in the aforesaid resolutions.

The Board commends these resolutions for acceptance by the members.

Item No. 6

The Board of Directors of Apple Asset Management Limited ("AAML"), the wholly-owned subsidiary of this Company, in its meeting held on September 24, 2004 appointed Mr. Mahesh K. Rachh as the Business Advisor and Consultant with effect from September 1, 2004 on a monthly compensation of Rs. 65,000.

As their Business Consultant and Advisor, Mr. Mahesh K. Rachh will explore new business avenues for AAML and assist them to implement profitably.

His term of appointment as the Business Consultant and Advisor of AAML is upto August 8, 2006 subject to earlier termination by either AAML or Mr. Mahesh K. Rachh.

In terms of the provisions of Section 314 of the Companies Act, 1956, the aforesaid arrangement between Mr. Mahesh K. Rachh and AAML tantamount to holding a place of profit in a subsidiary by a Director of the holding company and as such requires a special resolution to be passed by the shareholders of the holding company.

None of the Directors of the Company, except Mr. Mahesh K. Rachh, is in any way concerned or interested in the aforesaid resolution.

Your Directors recommend the resolution for your approval.

By Order of the Board of Directors

Parag B. Deshpande
Company Secretary

Registered Office:

11/13 Botawala Building, Floor 1
Horniman Circle, Fort
Mumbai 400 023

Date: July 30, 2005

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APPLE FINANCE LIMITED

DIRECTORS' REPORT

Your Directors present their nineteenth Annual Report on the business and operations of your Company and the audited financial accounts for the year ended March 31, 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

The financial results of your Company for the year ended March 31, 2005 as compared to the previous year are summarized below:

Rs. lacs

	Year ended 31.03.2005	Year ended 31.03.2004
Gross income	77.82	302.68
Profit / (Loss) before depreciation and taxation	(90.56)	(49.40)
Less: Depreciation	55.30	55.06
Profit / (Loss) before taxation	(145.86)	(104.46)
Provision for taxation	(0.55)	145.23
Net Profit /-(Loss) after taxation	(146.40)	40.77

In view of the loss, your Directors regret their inability to recommend dividend.

During the year under review, no new business was done. Your Company focused all its efforts on the recovery of overdues and non-performing assets on one hand and reduction of the liabilities on the other hand.

In the direction toward settlement of dues of the Company, discussions with banks and financial institutions are being held on continuous basis for one-time-settlement. The progress has been encouraging and several accounts have already been closed.

Apple Tower, the commercial property of the Company at the Bandra-Kurla Complex, Mumbai has been ordered to be sold by the Hon'ble High Court. We propose to settle the dues of the creditors out of the sale proceeds.

SUBSIDIARY

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts along with the report of the Board of Directors of Apple Asset Management Limited and the Auditors' Report therein, are annexed.

DIRECTORS

During the current year, Mr. Gajendra Raj Abani resigned as a Director. The Board places on record its appreciation of the services rendered by him.

Mr. Ashit J. Sheth has been appointed as an Executive Director.

Mr. Mahesh K. Rachh retires by rotation and being eligible, offers himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that :

a) In the preparation of the accounts for the year ended March 31, 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 year and of the loss of the Company for the year under review.

c) 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.

d) The Directors have prepared the accounts for the year ended March 31, 2005 on a 'going concern' basis.

CORPORATE GOVERNANCE

A report on Corporate Governance stipulated by Clause 49 of the Listing Agreement is annexed hereto and forms part of this Annual Report.

DEPOSITORIES

Effective May 8, 2000, the equity shares of your Company have been mandated by Securities & Exchange Board of India for settlement only in demat form by all institutions and investors.

Your Company has already entered into arrangements with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited for custody and dematerialization of securities in accordance with the Depositories Act, 1996.

Your Company has opted for the scheme of one time payment of custody fee charges, offered by NSDL. Accordingly, NSDL does not charge any custody fees to the Depository Participants for the dematerialized securities of the Company. At present, over 67% of the paid-up equity share capital of the Company is held in dematerialized form.

FIXED DEPOSITS

The entire unclaimed deposits have been provided for in the escrow accounts maintained with a scheduled bank. As on March 31, 2005, 1212 fixed deposits aggregating Rs.151.55 lacs remained unclaimed, out of which 7 deposits aggregating Rs.0.66 lacs have since been repaid. Suitable steps are being taken to elicit responses from the remaining depositors.

AUDITORS

Messrs Mahendra Kumbhat & Associates, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing annual general meeting. The Company has received a letter from them to the effect that their reappointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

Members are requested to consider their reappointment as the Auditors of the Company and authorize the Board of Directors to fix their remuneration.

AUDITORS' REPORT

As regards observations of the Auditors in sub-clause (a), (b), (c) and (d) of Clause No. (vi) of their report, attention of the members is invited to Note Nos.1, 5 (a), 5 (b) and 15 of Schedule "O" to the Annual Accounts, which are self-explanatory.

PARTICULARS OF EMPLOYEES

There are no employees within the purview of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Rule 2 of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy and technology absorption, is not being given since your Company is not engaged in manufacturing activity.

There was no income or outflow of foreign exchange during the year under review.

EMPLOYEE RELATIONS

The relations with the employees continued to be cordial.

ACKNOWLEDGEMENTS

Your Directors wish to express their gratitude to the shareholders, depositors, debentureholders, bankers and financial institutions for their support. They also wish to acknowledge the spirit of dedication, commitment and co-operation extended by our employees at all levels.

For and on behalf of the Board

Mahesh K. Rachh
Managing Director

Ashit J. Sheth
Executive Director

Place : Mumbai
Date : July 30, 2005

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REPORT ON CORPORATE GOVERNANCE

Company's Philosophy :

Securities and Exchange Board of India have introduced a Code of Corporate Governance for implementation by companies listed with Stock Exchanges. Accordingly, the Code was implemented by effecting amendments to the Listing Agreements of the Stock Exchanges with which the Company is listed.

The Company respects the right of its shareholders to secure information on the performance of the Company.

Board of Directors:

Composition, category of Directors and their other directorship and committee memberships as on July 30, 2005:

Name of the Director	Category of Directorship	No. of other Directorship held in Public Companies	No. of other Committee Membership
Mr. Mahesh K. Rachh	Executive Director (Managing Director)	2	Nil
Mr. Ashit J. Sheth	Executive Director (Wholetime Director)	1	Nil
Mr. Mahesh Raghavan Menon	Director (Non-Executive Director)	1	Nil

The Company does not have a designated Chairman.

The Code stipulates that the Company shall have an optimum combination of Executive and non-Executive Directors with not less than fifty percent of the Board of Directors comprising of non-Executive Directors. The number of independent Directors would depend whether the Chairman is Executive or non-Executive. In case of non-Executive Chairman, at least one-third of Board should comprise of independent Directors and in case of Executive Chairman, at least half of Board should comprise of independent Directors.

During the last few years, all the non-Executive Directors except Mr. Mahesh Raghavan Menon have resigned from the Board..

Due to the present precarious position of the Company, no other non-Executive Director has joined the Board. However, efforts of the management are still on to invite best persons from the industry to join the Board of the Company.

With the enlargement of Board in the future, the provision of the Code will be complied with.

Eleven meetings of the Board of Directors were held during the year ended March 31, 2005. The dates on which the meetings were held are as follows :

April 30, 2004, June 30, 2004, July 30, 2004, September 10, 2004, September 29, 2004, October 11, 2004, October 29, 2004, November 2, 2004, December 31, 2004, January 28, 2005 and March 28, 2005.

The attendance of the Directors at Board meetings and at the last Annual General Meeting is given below :

Name of the Director	Board meetings attended	Attendance at the last Annual General Meeting held on September 23, 2004
Mr. Mahesh K. Rachh	11	Present
Mr. Gajendra Raj Abani *	11	Present
Mr. Mahesh Raghavan Menon	11	Present
Mr. Ashit J. Sheth **	N.A.	N.A.

* Resigned as a Director on July 14, 2005
** Appointed on June 30, 2005

Remuneration to Directors for the year 2004-2005:

Name of Directors	Salary and Allowances	Perquisites (Rs.)	Contribution to Provident Fund and Superannuation Fund (Rs.)	Sitting Fees (Rs.)
Mr. Mahesh K. Rachh	8,36,000	26,400	1,42,560	Nil
Mr. G. R. Abani	7,73,783	21,600	1,31,382	Nil
Mr. Mahesh Raghavan Menon	Nil	Nil	Nil	16,500

Information in respect of the Directors seeking appointment/ reappointment at the Annual General Meeting :

Mr. Mahesh K. Rachh, aged 48, has been the Director of the Company since August 2001. He has over seventeen years' corporate experience in various fields including financial services area. Mr. Rachh is B. A., LL.B. from the University of Mumbai. He is also the Director of Apple Housing Limited and Apple Housing Finance Limited.

Mr. Ashit J. Sheth, aged 40, was appointed an Additional Director and Executive Director of the Company on June 30, 2005. Mr. Sheth is B. Com. from the University of Mumbai. He is also a qualified Chartered Accountant and has over sixteen years' experience in area of management and financial accountancy. Before his induction into the Board, Mr. Sheth was a senior executive of the Company and designated as Assistant Vice President. He is also the Director of Apple Asset Management Limited.

Audit Committee :

The Code stipulates that the Company shall set up a qualified and independent Audit Committee comprising three members all being non-Executive Directors, with the majority of them being independent, and with at least one Director having financial and accounting knowledge.

As explained earlier, the Company at present has only one non-Executive Director on the Board and as such, the Company has not been able to constitute an Audit Committee as required under the Code.

Remuneration Committee :

The Company does not have a Remuneration Committee.

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Shareholders Committee :

The Code stipulates that a Board Committee under the Chairmanship of a non-Executive Director shall be formed to specifically look into the redressing of shareholders' and investors' complaints.

As explained earlier, the Company at present has only one non-Executive Director on the Board and as such, the Company has not been able to constitute a Shareholders Committee.

Mr. Parag B. Deshpande, Company Secretary is the Compliance Officer of the Company.

Complaints received during the year :

Nature of Complaints	Received	Cleared	Pending
Non-receipt of share certificates	14	14	Nil
Non-receipt of dividend/ interest warrant	57	57	Nil
Others/miscellaneous	32	32	Nil
Total	103	103	Nil

There were 18 transfers involving 2,240 equity shares pending as on March 31, 2005. The said transfers were processed and shares were dispatched in April and May 2005.

The above information is based on the details received from the Company's Registrars, Sharepro Services (India) Pvt. Ltd.

Details of Annual General Meetings :

Annual General Meeting	Location	Date	Time
18th Annual General Meeting	M.C. Ghia Hall, Bhogilal Hargovindas Building, Floor 2, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001	Sept.23, 2004	3.00 p.m.
17th Annual General Meeting	M.C. Ghia Hall, Bhogilal Hargovindas Building, Floor 2, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001	August 26, 2003	3.00 p.m.
16th Annual General Meeting	M.C. Ghia Hall, Bhogilal Hargovindas Building, Floor 2, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001	Sept. 24, 2002	10.30 a.m.

No Special Resolution was put through postal ballot last year nor it is proposed to be put in the current year.

Disclosures :

The Company has not entered into any transaction of a material nature with the promoters, the Directors or the management, their subsidiaries or relatives, etc., that may have any potential conflict with the interests of the Company.

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. There were no penalties imposed nor any strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority relating to the above.

Means of Communication:

The half-yearly/quarterly results are published in the newspapers (Mumbai edition) and are not being sent to each household of shareholders.

The results are usually published in Navshakti and The Free Press Journal.

The Company does not have a website and, therefore, the results are not posted on any website. It does not make presentations to institutional investors or analysts.

Management Discussions and Analysis Report forms part of the Directors' Report.

General Shareholder information:

- Date, time and venue of the AGM : September 30, 2005 at 3.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 2, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001
- Financial Calendar : April to March
- Adoption of Quarterly Results for the quarter ending : 4th week of
- June 30, 2005 : July 2005
- September 30, 2005 : October 2005
- December 31, 2005 : January 2006
- March 31, 2006 : June 2006
- Date of Book Closure : September 23, 2005 to September 30, 2005 (both days inclusive).
- Dividend Payment Date: Dividend is not recommended by the Board of Directors.
- Listing on Stock Exchange : The Company's equity shares are listed on The Stock Exchange, Mumbai (the Regional Stock Exchange), The Stock Exchange, Ahmedabad, The Calcutta Stock Exchange Association Limited, The Delhi Stock Exchange Association Limited, Vadodara Stock Exchange Limited and Madras Stock Exchange Limited.

  The Company has paid the annual listing fees only to The Stock Exchange, Mumbai for the financial year 2005-2006. The Company has not paid the annual listing fees to the other five Stock Exchanges since it has applied for delisting of its equity shares from the said five Stock Exchanges.
- Stock Code : 500014 on The Stock Exchange, Mumbai
- ISIN Number for NSDL and CDSL : INE096A01010
- Market Price Data : The high and low prices of every month during the financial year 2004-2005 are given below.

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Year 2004-2005	High (Rs.)	Low (Rs.)
April	1.11	0.80
May	0.99	0.70
June	0.74	0.62
July	0.81	0.60
August	0.67	0.55
September	0.70	0.55
October	0.88	0.60
November	2.37	0.87
December	3.07	1.61
January	3.91	2.61
February	6.33	2.85
March	4.88	3.70

◆ Registrar and Transfer Agents : Sharepro Services (India) Pvt. Ltd. Satam Estate, Floor 3, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099
Phone: 28215168, 28215991, 28329828 Fax : 28375646
Contact Person : Mrs. Indira Prashant Karkera

◆ Share Transfer System

A Committee of Directors comprising Mr. Mahesh K. Rachh and Mr. Mahesh Raghavan Menon has been constituted to approve the transfer, transmission, dematerialization and rematerialization of shares, issue of duplicate share certificates and allied matters. The Company's Registrars, Sharepro Services (India) Pvt. Ltd. have adequate infrastructure to process share transfers and dematerialization of shares.

A predetermined process cycle at regular interval ensures transfer of shares expeditiously and thereafter an option letter is sent to the transferee(s) for dematerialization. In compliance with the Listing Agreement, every six months, a Practising Company Secretary audits the system and a certificate to that effect is issued and filed with the Stock Exchanges.

◆ Distribution of Shareholding as on March 31, 2005 :

Shareholding	No. of Folios	% of Total	No. of Shares	% of Total
Less than 500	134237	94.720	19612327	35.228
501-1000	4591	3.239	3515080	6.313
1001-2000	1608	1.135	2437125	4.378
2001-3000	421	0.297	1089628	1.957
3001-4000	211	0.149	770924	1.385
4001-5000	196	0.138	938772	1.686
5001-10000	236	0.167	1725091	3.099
10001 and above	220	0.155	25584175	45.954
Total	141720	100.00	55673122	100.00

◆ 67.94% of the equity share capital has been dematerialized upto March 31, 2005.

◆ Categories of Shareholding as on March 31, 2005

Category	No. of shares held	Percentage of Shareholding
Promoters	15344980	27.56
Mutual Funds and UTI	568423	1.03
Banks, Financial Institutions and Insurance Companies	51450	0.09
FIIs	200	00.00
Private Corporate Bodies	3030139	5.44
Indian Public	32541013	58.45
NRIs/OCBs	813927	1.46
Trust	3322990	5.97
TOTAL	55673122	100.00

◆ Address for Correspondence:

The Company Secretary
11/13 Botawala Building, Floor 1, Horniman Circle, Fort, Mumbai 400 023.

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES

To the Members of Apple Finance Limited :

We have examined the compliance of conditions of Corporate Governance by Apple Finance Limited ("the Company") for the year ended March 31, 2005, as stipulated in Clause 49 of the Standard Listing Agreement of the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company to ensure compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, since the Company has only one Non-Executive Director on its Board, the Company is unable to comply with the conditions of Corporate Governance and accordingly, we certify that the Company has not complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Standard Listing Agreement of the Stock Exchanges.

For **MAHENDRA KUMBHAT & ASSOCIATES**
Chartered Accountants

Manoj P. Shah
Partner

Mahesh K. Rachh
Managing Director

Place : Mumbai
Date : July 30, 2005

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STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, GIVING REQUISITE PARTICULARS OF THE SUBSIDIARY COMPANY

1.	Name of the subsidiary Company	Apple Asset Management Limited
2.	Financial year	01.04.2004 to 31.03.2005
3.	Extent of holding company's interest	
	a. No. of equity shares	5000000
	Extent of holding	100%
	b. No. of preference shares	6200000
	Extent of holding	100%
4.	Net aggregate amount (in rupees) of the subsidiary's profit after deducting its losses or vice versa so far as it concerns members of the holding company	
	- Profits / (losses) not dealt within holding company's accounts	
	a. for the financial year of the subsidiary	(17742)
	b. for the previous financial years since it became the holding company's subsidiary,	(3395)
	- Profits dealt with or (losses) provided for in the holding company's accounts	
	a. for the financial year of the subsidary	-
	b. for the previous financial years since it became the holding company's subsidiary	-

Mahesh K. Rachh
Managing Director

Mahesh Menon
Director

Ashit J. Sheth
Executive Director

Parag B. Deshpande
Company Secretary

Place : Mumbai
Date : July 30, 2005

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AUDITORS' REPORT

To,

The members of Apple Finance Limited:

We have audited the attached Balance Sheet of Apple Finance Limited ("the Company") as at 31st March 2005 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto ("the Financial Statements"). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about, whether the financial statements are free of material misstatements. An audit includes examining, on the test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ("the Act"), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order to the extent applicable.

Further to our comments in the Annexure referred to above, we report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

(ii) In our opinion, the Company has kept proper books of account as required by law so far, as appears from our examination of those books.

(iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.

(iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; except for Accounting Standard 22 "Accounting for Taxes on Income".

(v) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2005 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

(vi) In our opinion and to the best of our information and according to the explanations given to us, ***the said accounts subject to***

a) Note No. 1 of Schedule 'O' regarding going concern assumption of the Company.

b) Note No. 5 (a) of Schedule 'O' regarding non-provision of interest expense in respect of interest on loans from banks and financial institutions and interest on debentures estimated to Rs. 42,24,73,857 and accordingly loss (before tax) for the year in Profit and Loss Account and secured and unsecured loan balances in the Balance Sheet as at Balance Sheet date has been understated by this amount.

c) Note No. 5 (b) of Schedule 'O' regarding unascertainable amount of interest expense as banks have not furnished the calculation of the same and accordingly the effect on loss (before tax) for the year in Profit and Loss Account and loan balances in the Balance Sheet as at Balance Sheet date is unascertainable.

d) Note No. 15 of Schedule 'O' regarding non-consideration of Deferred Tax Assets (Net) amounting to Rs. 51,83,01,360

and read with the other notes thereon give the information required by the Act, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2005.

b) In the case of the Profit and Loss Account, of the loss for the year ended on that date.

c) In the case of the Cash Flow Statement, of cash flows for the year ended on that date.

For **Mahendra Kumbhat & Associates**
Chartered Accountants

Manoj P. Shah
Partner
Membership Number : 43290

Place : Mumbai
Date : July 30, 2005

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our Report of even date)
Matters required as per paragraph 4 and 5 of the Companies (Auditor's Report) Order, 2003

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The management has not verified all the assets during the year. We have been informed that no material discrepancies have been noticed on the assets physically verified by the management.

(c) The Company has not disposed of substantial part of fixed assets during the year.

2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

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