



APPLE FINANCE LIMITED
13TH ANNUAL REPORT 1999

APPLE FINANCE LIMITED

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BOARD OF DIRECTORS

Dr. A.C. Shah (Chairman)
 Mr. A. K. T. Janak (Managing Director)
 Mr. Vivek G. Chaubal (Executive Director)
 Mr. V. Gopalakrishnan (Executive Director)

Mr. H.P. Nag Chowdhury

Mr. K. C. Sodhia

Mr. V. K. Kumar

AUDITORS

Messrs Mahendra Kumbhat & Associates
 Chartered Accountants

LEGAL ADVISORS

Messrs Dave & Girish & Co.
 Advocates

13th Annual General Meeting

On Wednesday, September 20, 2000 at 10.30 a.m.
 at Tejpal Auditorium, Near August Kranti Maidan,
 Gowalia Tank, Mumbai 400 007

REGISTERED OFFICE

38/39 Rajgir Chambers, 4th Floor
 Shahid Bhagat Singh Road
 Opp. Old Custom House, Fort
 Mumbai 400 023

REGISTRAR & TRANSFER AGENTS

Messrs Sharepro Services
 Satam Estate, 3rd Floor, Above Bank of Baroda
 Cardinal Gracias Road, Chakala
 Andheri (East), Mumbai 400 099
 Phone : 8348218 8329828 8215168 8215991
 Fax : 8375646

BANKERS

Canara Bank
 State Bank of India
 Bank of Baroda
 State Bank of Patiala
 Allahabad Bank
 Punjab National Bank
 The Federal Bank Limited
 Dena Bank
 Union Bank of India
 Bank of India
 State Bank of Hyderabad
 State Bank of Bikaner & Jaipur
 Central Bank of India
 The South Indian Bank Limited
 ICICI Bank Limited
 The Lakshmi Vilas Bank Limited
 The Catholic Syrian Bank Limited

NOTICE

NOTICE is hereby given that the thirteenth Annual General Meeting of the members of Apple Finance Limited will be held on Wednesday, September 20, 2000 at 10.30 a.m. at Tejpal Auditorium, Near August Kranti Maidan, Gowalia Tank, Mumbai 400 007 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at December 31, 1999, 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. K.C. Sodhia, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. A.C. Shah, who retires by rotation and being eligible, offers himself for reappointment.
4. 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

5. To appoint Mr. Vivek G. Chaubal as a Director of the Company.
6. To appoint Mr. V. Gopalakrishnan as a Director of the Company.
7. To appoint Mr. V. K. Kumar as a Director of the Company.
8. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution, the following:

"RESOLVED THAT the appointment of Mr. Vivek G. Chaubal 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, for a period of five years with effect from December 21, 1999 made by the Board of Directors of the Company (hereinafter referred to as "the Board") vide its resolution dated December 21, 1999 and the remuneration payable to Mr. Vivek G. Chaubal 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. Vivek G. Chaubal shall be liable to retire by rotation.

FURTHER RESOLVED THAT the Board be and is hereby authorized to vary the terms of appointment and / or increase or revise remuneration and perquisites at any time(s) as the Board may deem appropriate and in such manner so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto.

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."

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

"RESOLVED THAT the appointment of Mr. V. Gopalakrishnan 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, for a period of five years with effect from December 21, 1999 made by the Board of Directors of the Company (hereinafter referred to as "the Board") vide its resolution dated December 21, 1999 and the remuneration payable to Mr. V. Gopalakrishnan 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. V. Gopalakrishnan shall be liable to retire by rotation.

FURTHER RESOLVED THAT the Board be and is hereby authorized to vary the terms of appointment and / or increase or revise remuneration and perquisites at any time(s) as the Board may deem appropriate and in such manner so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto.

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."

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

"RESOLVED THAT subject to Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the increase in the remuneration payable to Mr. A.K.T. Janak, Managing Director of the Company effective January 1, 2000 sanctioned by the Board of Directors of the Company (hereinafter referred to as "the Board") vide its resolution dated March 9, 2000 and as set out in the Explanatory Statement annexed to this Notice.

FURTHER RESOLVED THAT the Board be and is hereby authorized to revise the remuneration at any time(s) as the Board may deem appropriate and in such manner so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto.

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."

By Order of the Board of Directors

PARAG DESHPANDE
Company Secretary

Registered Office:

38/39 Rajgir Chambers
Opp. Old Custom House
Shahid Bhagat Singh Road
Fort, Mumbai 400 023

Date: June 22, 2000

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. 5, 6, 7, 8, 9 and 10 as set out above, is annexed hereto.
3. Members are requested to notify the change, if any, in their address to the Registrar & Transfer Agents of the Company.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 14, 2000 to Wednesday, September 20, 2000 (both days inclusive).
5. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
6. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended June 30, 1994 have been transferred 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. Shareholders who have not encashed the dividend warrant for the said period are requested to claim from the Registrar of Companies, Maharashtra, Hakoba Mills Compound, 2nd Floor, Dattaram Lad Marg, Kalachowkie, Mumbai 400 033.

Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

Members who have not encashed their dividend warrants, may approach the Company's Registrar & Transfer Agents, Messrs Sharepro Services, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai 400 099 for obtaining duplicate warrants.

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

Item Nos. 5 and 8

The Board of Directors ("the Board") in its meeting held on December 21, 1999 appointed Mr. Vivek G. Chaubal as Additional Director and Executive Director of the Company. Mr. Vivek G. Chaubal will hold the office of Director upto the conclusion of forthcoming Annual General Meeting.

A qualified Chartered Accountant and a law graduate, Mr. Vivek G. Chaubal joined the Company in February 1992 and has over seventeen years' experience in financial service area. Prior to his induction into the Board, Mr. Vivek G. Chaubal was Senior Vice - President of the Company.

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. Vivek G. Chaubal as a candidate for office of Director of the Company.

The main terms of appointment, remuneration etc. of Mr. Vivek G. Chaubal as Executive Director are as under, which are subject to the approval of the members of the Company.

Term -Five years, effective December 21, 1999, subject to earlier termination either by the Company or him notice.

Salary including perquisites, ex-gratia and other allowances - Rs.13,01,000 per annum, with such revisions as may be approved by the Board from time to time.

In addition, Mr. Vivek G. Chaubal will be allowed the following benefits:

- The Company shall pay annual premium towards personal accident insurance as per the rules of the Company.
- The Company shall pay fees of clubs as per the rules of the Company, subject to a maximum of two clubs. This will, however, not include admission and life membership fee.

Mr. Vivek G. Chaubal 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. Vivek G. Chaubal, 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. Vivek G. Chaubal as Executive Director, the Company has no profits or its profits are inadequate, the Board shall be entitled to pay to Mr. Vivek G. Chaubal 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. Vivek G. Chaubal, none of the Directors has any concern or interest in the aforesaid resolutions.

The Board commends these resolutions for acceptance by the members.

Item Nos. 6 and 9

The Board of Directors ("the Board") in its meeting held on December 21, 1999, appointed Mr. V. Gopalakrishnan as Additional Director and Executive Director of the Company. Mr. V. Gopalakrishnan will hold the office of Director upto the conclusion of forthcoming Annual General Meeting.

Mr. V. Gopalakrishnan joined the Company in March 1994 and has about twenty one years' experience in marketing. Prior to his induction into the Board, Mr. V. Gopalakrishnan was Senior Vice - President of the Company.

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. V. Gopalakrishnan as a candidate for office of Director of the Company.

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

Term - Five years effective December 21, 1999, subject to earlier termination either by the Company or him by three months' prior notice.

Salary including perquisites, ex-gratia and other allowances - Rs.10,00,100 per annum, with such revisions as may be approved by the Board from time to time.

In addition, Mr. V. Gopalakrishnan will be allowed the following benefits:

- The Company shall pay annual premium towards personal accident insurance as per the rules of the Company.
- The Company shall pay fees of clubs as per the rules of the Company, subject to a maximum of two clubs. This will, however, not include admission and life membership fee.

Mr. V. Gopalakrishnan 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. V. Gopalakrishnan, 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. V. Gopalakrishnan as Executive Director, the Company has no profits or its profits are inadequate, the Board shall be entitled to pay to Mr. V. Gopalakrishnan 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. V. Gopalakrishnan, 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. 7

The Board of Directors in its meeting held on April 29, 2000, appointed Mr. V. K. Kumar as an Additional Director of the Company. Mr. V. K. Kumar will hold the office of Director upto the conclusion of forthcoming Annual General Meeting.

A qualified Chartered Accountant and Company Secretary as well as a law graduate, Mr. V. K. Kumar has to his credit over twelve years' experience in financial services area. At present, he is the Executive Director and Company Secretary of Apple Credit Corporation Limited.

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. V.K. Kumar as a candidate for office of Director of the Company. Your Directors commend the appointment of Mr. V.K. Kumar.

Except Mr. V.K. Kumar, none of the Directors has any concern or interest in the aforesaid resolution.

Item No.10

At the eleventh annual general meeting held on September 25, 1998, the members had approved the appointment of Mr. A.K.T. Janak as Managing Director of the Company for a period of five years effective December 30, 1997.

The Board of Directors ("the Board") in its meeting held on March 9, 2000 approved an increase in the remuneration payable to Mr. A.K.T. Janak, Managing Director effective January 1, 2000. Approval of the members is sought to such revised remuneration as summarized below:

Salary - Rs.16,20,000 per annum including other allowances and ex-gratia.

Perquisites-upto an amount not exceeding 60% of the salary.

In addition, Mr. A.K.T. Janak will be allowed the following benefits:

- The Company shall pay annual premium towards personal accident insurance as per the rules of the Company.
- The Company shall pay fees of clubs as per the rules of the Company, subject to a maximum of two clubs. This will, however, not include admission and life membership fee.

Mr. A.K.T. Janak 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. A.K.T. Janak, so long as he functions as Managing 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. A.K.T. Janak as Managing Director, the Company has no profits or its profits are inadequate, the Board shall be entitled to pay to Mr. A.K.T. Janak 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. A.K.T. Janak, none of the Directors has any concern or interest in the aforesaid resolution.

By Order of the Board of Directors

PARAG DESHPANDE
Company Secretary

Registered Office:

38/39 Rajgir Chambers
Opp. Old Custom House
Shahid Bhagat Singh Road
Fort, Mumbai 400 023

Date : June 22, 2000

APPLE FINANCE LIMITED**DIRECTORS' REPORT**

Your Directors present the thirteenth Annual Report on the business and operations of your Company and the audited financial accounts for the year ended December 31, 1999.

FINANCIAL RESULTS

The financial results of your Company for the year ended December 31, 1999 as compared to the previous year are summarized below:

(Rupees in crores)

	Financial year ended 31.12.1999	Financial year ended 31.12.1998
Gross income	125.81	171.81
Profit before depreciation and taxation	23.90	51.63
Less : Depreciation	26.74	33.83
Profit / (loss) before taxation	(2.84)	17.80
Less : Provision for taxation	0.05	1.70
Net profit / (loss) after taxation	(2.89)	16.10
Add : Balance brought forward from previous year	0.43	1.12
Add : Transfer from General Reserve	2.46	0.00
Balance available for appropriation	—	17.22

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

THE YEAR IN RETROSPECT

The downturn in the economy was reversed during the year 1999, with most industries showing positive growth. The automobile industry has also shown substantial buoyancy as compared to the previous year. However, the fortunes of the NBFC industry remained depressed due to high cost of borrowings and low lending rates. The focus of your Company continued to be on building quality assets, with simultaneous efforts in saving interest charges and cost control.

Your Company has duly complied with the guidelines issued by Reserve Bank of India on prudential accounting norms covering *inter alia* income recognition, investment accounting and provisioning for non-performing assets.

BUSINESS ACTIVITIES**Car Finance**

With recovery in the economy, the car industry grew by over 50% in the current year. The car sales have crossed 6,00,000 units by March 31, 2000. The automobile industry witnessed the launch of several new cars in the mid-size segment. Ford launched *Ikon*, Hyundai launched *Accent*, General Motors launched *Corsa*, Toyota launched *Qualis* and Maruti launched *Baleno*.

The car finance industry saw entry of several new players viz., HDFC, ICICI, ABN Amro, HSBC among others. These new entrants with their aggressive marketing tactics and financial strengths have made substantial inroads into the car finance market, which was once dominated by NBFCs. However, your Company has managed to maintain its substantial presence in the market due to its large customer base, retail marketing network and well established system and procedure.

Truck Finance

While the truck sales have increased, the freight rates have not substantially improved. Transport sector continued to be sluggish during the year. Your Company, therefore, focussed on recovery and disbursement to selected truck operators who are existing clients in good standing.

Resource Mobilization

Your Company continued its mobilization of low cost funds through private placement of non-convertible debentures. This has enabled your Company to reduce its overall costs of borrowings and provide funds at competitive rates for its operations.

CURRENT YEAR'S OUTLOOK

It is expected that the car and truck sales will continue to increase in the current year. However, the car finance market will continue to be highly competitive, and access to low cost funds will be critical for growth and profitability.

Your Company is well-equipped to meet these challenges considering the fact that several initiatives to reduce cost of funds are on anvil. Further, the large network of branches, well-established brand, trained manpower and a good knowledge of expertise in the business make your Company well positioned to meet these challenges.

JOINT VENTURE COMPANY

Transamerica Apple Distribution Finance Limited ("Joint Venture Company") during the year was able to establish a firm foothold in the market in the area of retail and wholesale finance.

On the retail side, the Joint Venture Company started with Whirlpool for its manufacturer sponsored programme and during

the year this has grown to thirteen including Whirlpool. The Joint Venture Company has tie-ups for retail financing with LG, Godrej, Whirlpool, Philips, Panasonic, Daewoo, Thomson, Onida, Aiwa, Sansui, Amtrex Hitachi in the appliances and electronics industry and with TVS Suzuki and Kinetic in the two-wheeler industry.

The wholesale finance division is primarily engaged in outbound finance that involves providing finance to manufacturers' distribution channel – primarily inventory finance provided to the dealers.

Presently the Joint Venture Company operates through 37 branches and has presence in 3,500 retail outlets across the country.

NON-CONVERTIBLE DEBENTURES

Your Company, during the year under review, raised a sum of Rs.84.50 crores by private placement of Non-Convertible Debentures.

The funds raised by the issue of Debentures have been utilized for the purpose for which they were raised.

SUBSIDIARIES

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, Infinity.Com Financial Securities Limited and Apple Granites Limited and the respective Auditors' Report therein, are annexed.

DIRECTORS

As part of the overall strategy of inducting professionals at the Board level, Mr. Vivek G. Chaubal and Mr. V. Gopalakrishnan have been appointed Executive Directors.

Mr. V.K. Kumar has been appointed an Additional Director.

During the current year Mr. Atul K. Nishar, Mr. D. P. Gupta, Mr. J.R.K. Sarma and Mr. N. P. Bhogilal resigned as Directors.

The Board places on record its appreciation of the services rendered by Mr. Atul K. Nishar, Mr. D. P. Gupta, Mr. J. R. K. Sarma and Mr. N. P. Bhogilal.

Dr. A. C. Shah was on December 21, 1999 elected Chairman of the Board of Directors.

Mr. K. C. Sodhia and Dr. A. C. Shah retire by rotation and, being eligible, offer themselves for reappointment.

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 all 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.

FIXED DEPOSITS

As on December 31, 1999, 5541 fixed deposits aggregating Rs.614.98 lacs remained unclaimed, out of which 3389 deposits aggregating Rs.387.05 lacs have since been repaid. Suitable steps are being taken to elicit responses from the remaining depositors.

The Company has complied fully with all the guidelines of Reserve Bank of India on maintenance of liquid assets on its portfolio of deposits.

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.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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.

As regards foreign exchange earnings and outflow, details have been shown in Note Nos.13 and 14 of Schedule "P" to the Annual Accounts.

INSURANCE

The assets of your Company have been adequately insured.

EMPLOYEE RELATIONS

The relations with the employees at all the locations continued to be cordial.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

DR. A. C. SHAH

Chairman

A. K. T. JANAK

Managing Director

VIVEK G. CHAUBAL

Executive Director

V. GOPALAKRISHNAN

Executive Director

Date : June 22, 2000

Place : Mumbai

APPLE FINANCE LIMITED**ANNEXURE TO THE DIRECTORS' REPORT**

Particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended December 31, 1999

Sr. No.	Name	Age (Years)	Designation	Gross Remuneration Received (Rs.)	Qualification & Experience (Years)	Date of Commencement of Employment	Last Employment Held, Designation, Period (Years)
EMPLOYED THROUGHOUT THE YEAR							
1.	A. K. T. Janak	50	Managing Director	1,245,805	B.Sc., PG.D.M. (27)	01-Apr-93	Canara Bank- Vice-President, Canbank Financial Services Limited (3)
2.	Arnab Datta	38	Sr. Vice-President	891,602	B.Tech., PG.D.M. (IIM-A) (15)	01-Sep-94	Escorts Financial Serv. Limited, Regional Head-East (3)
3.	Vivek G. Chaubal	41	Executive Director	882,003	B.Com.(Hons), L.L.B.(Gen), A.C.A. (17)	17-Feb-92	20th Century Kinetic Finance Limited- Manager (Finance) (1)
4.	V.Gopalakrishnan	42	Executive Director	606,950	B.Com. (21)	07-March-94	Ashok Leyland Limited- Branch Manager (5)
EMPLOYED FOR PART OF THE YEAR							
1.	J. Pradhan	46	Sr. Vice-President	658,645	B.Sc., PG.D.M. (22)	10-Nov-95	Self-Employed (8)
2.	Rahul Mullick	35	Sr. Vice-President	156,603	B.Sc., M.B.A. (12)	07-Aug-95	Bank of America, Asst. Vice-President (4)
3.	Ullhas Pagey	50	Chief Executive - Group HR & OD	893,150	B.E. (Mech.) M.M.M. (27)	19-Feb-90	Tata Unisys Ltd., Senior Manager - Human Resources (4)
4.	Vikram Narayan	39	Executive Director	147,656	M.Com., M.B.A. (15)	02-Apr-90	Self-Employed (2)
5.	V.S. R. Swamy	45	Sr. Vice-President	374,551	M.Com., M.A., CAIIB, BL, M.B.A. (21)	01-Dec-93	Canbank Factor Ltd., Factoring Officer (2)

Notes: (1) Remuneration includes salary, all allowances, Company's contribution to Provident and Superannuation Fund and taxable value of perquisites and allowances.

(2) None of the above employees is related to any Director of the Company.

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

1 Name of the subsidiary company	Apple Asset Management Limited	Infinity.com Financial Securities Limited (Formerly known as Apple Financial Securities Limited)	Apple Granites Limited
2 Financial year	01.10.98 to 30.09.99	01.10.98 to 30.09.99	01.09.98 to 31.08.99
3 Extent of holding company's interest			
a No. of equity shares Extent of holding	50,00,000 100%	45,00,000 100%	50,00,000 100%
b No. of preference shares Extent of holding	62,00,000 76%	6,00,000 100%	- -
4 Net aggregate amount of the subsidiary's profits after deducting its losses or vice versa so far as it concerns members of the holding company			
- Profits/ (losses) not dealt within the holding company's accounts			
a for the financial year of the subsidiary	Rs. 86.26 lacs	Rs. 29.80 lacs	Rs.34.68 lacs
b for the previous financial years since it became the holding company's subsidiary	Rs. (64.82) lacs	Rs. 22.52 lacs	Rs.(1,116.10) lacs
- Profits dealt with or (losses) provided for in the holding company's accounts			
a for the financial year of the subsidiary.	-	-	-
b for the previous financial years since it became the holding company's subsidiary.	-	-	-

Note:

No material change has occurred between the end of the last financial years of each of the subsidiaries and that of the holding company in respect of matters stated in Section 212(5) of the Companies Act, 1956.

Dr. A. C. SHAH

Chairman

A. K. T. JANAK

Managing Director

VIVEK G. CHAUBAL

Executive Director

V GOPALAKRISHNAN

Executive Director

H. PNAG CHOWDHURY

K. C. SODHIA

V. K. KUMAR

Directors

PARAG DESHPANDE

Company Secretary

Place : Mumbai

Date : June 22, 2000

APPLE FINANCE LIMITED**AUDITORS' REPORT****TO THE SHAREHOLDERS OF APPLE FINANCE LIMITED**

We have audited the attached Balance Sheet of Apple Finance Limited as at 31st December, 1999 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, enclosed in the Annexure is the statement on matters specified in the said Order to the extent applicable thereon .
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - b) proper books of account as required by law have been kept by the Company so far as it appears from our examination of these books ;
 - c) the Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account ;

- d) in our opinion the Profit and Loss Account and Balance Sheet complies with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view
 - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st December, 1999 and
 - ii) In the case of the Profit and Loss Account of the Loss of the Company for year ended on that date.

For **MAHENDRA KUMBHAT & ASSOCIATES**

Chartered Accountants

MANOJ P SHAH

Partner

Place : Mumbai

Dated : June 22, 2000

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our Report of even date)

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. All the assets have not been physically verified by the management during the year but there is a regular programme of verification which in our opinion, is reasonably adequate having regard to the size of the Company and the nature of its business. We are informed that no serious discrepancies have been noticed on the assets physically verified.
2. None of the fixed assets has been revalued during the year.
3. The stocks of shares and securities have been physically verified by the management during the year at reasonable intervals. We are informed that no material discrepancies between physical stocks and book records were noticed on such verification.
4. The procedure for physical verification of stocks followed by the management is in our opinion reasonable and adequate having regard to the size of the Company and the nature of its business.

5. In our opinion, the valuation of stocks is fair and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
6. In our opinion and according to the information and explanations given to us the rate of interest and the other terms and conditions on which the Company has taken loans from companies, firms and other parties required to be listed in the register to be maintained under section 301 and/or section 370 (1-B) of the Companies Act, 1956, are prima-facie not prejudicial to the interest of the Company .
7. In our opinion and according to the information and explanation given to us the rate of interest and the other terms and conditions on which the Company has given loans to companies, firms and other parties required to be listed in the register to be maintained under section 301 and /or section 370 (1-B) of the Companies Act, 1956 are prima-facie not prejudicial to the interest of the Company .
8. The parties including the employees to whom loans and advances in the nature of loans have been given, are repaying the principal amounts as stipulated and are also regular in