

Report  junction.com



APPLE FINANCE LIMITED

22ND ANNUAL REPORT 2007 - 2008

APPLE FINANCE LIMITED

CONTENTS

	Pg. No.
APPLE FINANCE LTD.	2
APPLE ASSET MANAGEMENT LTD.	27
CONSOLIDATED FINANCIAL STATEMENTS	34

REGISTERED OFFICE

8 Apeejay House
130 Mumbai Samachar Marg
Mumbai 400 023

BOARD OF DIRECTORS

Mr. Mahesh K. Rachh	(Managing Director)
Mr. Mahesh Raghavan Menon	(Director)
Mr. Mahendra S. Shah	(Director)

AUDITORS

Messrs Mahendra Kumbhat
& Associates
Chartered Accountants

22ND ANNUAL GENERAL MEETING

On Tuesday, September 30, 2008
at 3.00 p.m.
at M. C. Ghia Hall,
Bhogilal Hargovindas Building,
Floor 2, 18/20 Kaikhushru
Dubash Marg, Mumbai 400 001

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: 67720300/ 67720351
Fax: 2837 5646



NOTICE

NOTICE is hereby given that the twenty-second Annual General Meeting of the members of Apple Finance Limited will be held on Tuesday, September 30, 2008 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, 2008, 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 consider and, if thought fit, to pass with or without modification, as a Special Resolution, the following:

"RESOLVED THAT the reappointment of Mr. Mahesh K. Rachh as the Managing 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 three years with effect from August 9, 2008 made by the Board of Directors ("the Board") of the Company vide its resolution dated July 31, 2008 and the remuneration payable to Mr. Mahesh K. Rachh 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. Mahesh K. Rachh, Managing Director 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."

By Order of the Board of Directors

P. B. Deshpande
Company Secretary

Registered Office:
8 Apeejay House
130 Mumbai Samachar Marg
Mumbai 400 023
Date: July 31, 2008

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 No.4 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 Wednesday, September 24, 2008 to Tuesday, September 30, 2008 (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 transferred all the unclaimed amounts of dividends to the General Revenue Account/Investor Education and Protection Fund of the Central Government as required under Sections 205A and 205C of the Companies Act, 1956.
8. 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 filling Form 2B. The 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.
9. 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 No. 4

As the current period of appointment of Mr. Mahesh K. Rachh as the Managing Director of the Company will expire on August 8, 2008, the Board of Directors ("the Board") has in its meeting held on July 31, 2008, reappointed Mr. Mahesh K. Rachh as the Managing Director of the Company.

The main terms of reappointment, remuneration etc. of Mr. Mahesh K. Rachh as the Managing Director are as under, which are subject to the approval of the members of the Company.

APPLE FINANCE LIMITED

Term - Three years effective August 9, 2008, 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.11,00,000 per annum, with such revisions as may be approved by the Board from time to time.

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

The Board commends the resolution for acceptance by the members.

This may also be treated as an abstract of the terms and conditions of the benefits/remuneration payable to Mr. Mahesh K. Rachh as the Managing Director of the Company under Section 302 of the Companies Act, 1956.

By Order of the Board of Directors

P. B. Deshpande
Company Secretary

Registered Office:
8 Apeejay House
130 Mumbai Samachar Marg
Mumbai 400 023
Date: July 31, 2008



DIRECTORS' REPORT

Your Directors present their twenty-second Annual Report on the business and operations of your Company and the audited financial accounts for the year ended March 31, 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

The financial results of your Company for the year ended March 31, 2008 as compared to the previous year are summarized below:

	Year ended 31.03.2008	Rs. lacs Year ended 31.03.2007
Gross income	19.58	32.35
Profit/(Loss) before Depreciation and Taxation	(392.23)	(321.85)
Less: Depreciation	24.55	29.04
Profit/(Loss) before Taxation	(416.78)	(350.89)
Provision for Taxation	1.93	1.99
Net Profit/(Loss) after Taxation	(418.70)	(352.88)

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

During the year under review, your Company continued its focus on recovery of overdues. The Company also made efforts to settle its dues to banks and financial institutions and we are glad to inform that One-Time Settlement with most of the banks and financial institutions has been successfully completed. Efforts have also been made to control the operational expenses, wherever possible.

Apple Tower, the commercial property of the Company at the Bandra-Kurla Complex, Mumbai continued to be in the possession of the Court Receiver in terms of the Order passed by the High Court of Judicature at Bombay. By swap of this property, we propose to settle all the remaining creditors of the Company.

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 year under review, Mr. Ashit J. Sheth has resigned as a Director.

Mr. Mahesh K. Rachh retires by rotation and being eligible, offers himself for reappointment. He also seeks reappointment to the office of Managing Director.

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,

2008, 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, 2008 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 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 71% 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, 2008, 1183 fixed deposits aggregating Rs.126.25 lacs remained unclaimed, out of which 2 deposits aggregating Rs.0.33 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.

APPLE FINANCE LIMITED

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, debentureholders, bankers and financial institutions for their support. They also wish to acknowledge the spirit of dedication, commitment and cooperation extended by our employees at all levels.

For and on behalf of the Board

Mahesh K. Rachh **Mahendra S. Shah**
Managing Director Director

Place: Mumbai

Date: June 30, 2008

Report  junction.com



REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy:

The Company is committed to adopt the best practices in the area of Corporate Governance and endeavours to ensure transparency in its operations to protect the interest of the shareholders.

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

The Compliance Report is prepared and given below in conformity with the mandatory requirements of the Listing Agreement with Bombay Stock Exchange Limited.

II. Board of Directors:

A. Composition, category of Directors and their other directorship and committee memberships as on June 30, 2008:

Name of the Director	Category of Directorship	No. of other Directorship held in other Companies	No. of other Committee Membership
Mr. Mahesh K. Rachh	Managing Director (Executive Director)	3	Nil
Mr. Mahesh Raghavan Menon	Director (Non-Executive Director)	3	Nil
Mr. Mahendra S. Shah	Director (Non-Executive Director)	Nil	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.

Due to the precarious financial position of the Company and the past defaults in its obligation to banks, financial institutions and debenture-holders since last eight years, except Mr. Mahesh Raghavan Menon and Mr. Mahendra S. Shah, all the Non-Executive Directors have resigned from the Board. However, efforts of the Management are still on to invite best persons from the industry to join the Board of the Company.

Ten meetings of the Board of Directors were held during the year ended March 31, 2008. The dates on which the meetings were held

are as follows:

May 21, 2007, June 29, 2007, July 23, 2007, August 31, 2007, October 9, 2007, October 31, 2007, November 30, 2007, January 31, 2008, February 4, 2008 and March 12, 2008.

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 24, 2007
Mr. Mahesh K. Rachh	10	Present
Mr. Mahesh Raghavan Menon	10	Not Present
Mr. Ashit J. Sheth*	4	Present
Mr. Mahendra S. Shah	8	Not Present

*Resigned on October 1, 2007.

B. Remuneration to Directors for the year 2007-2008:

Name of Directors	Salary and Allowances (Rs.)	Contribution to Provident Fund and Super-annuation Fund (Rs.)	Sitting Fees (Rs.)
Mr. Mahesh K. Rachh	8,66,911	1,42,560	Nil
Mr. Ashit J. Sheth	3,58,544	50,873	Nil
Mr. Mahesh Raghavan Menon	Nil	Nil	13,500
Mr. Mahendra S. Shah	Nil	Nil	10,500

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

- Mr. Mahesh K. Rachh, aged 52, has been the Director of the Company since August 2001. He has over twenty 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 on the Board of Apple Housing Limited, Apple Housing Finance Limited and Ambit Hospitalities Private Limited.

III. 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 in the preceding clause, the Company at present has two non-Executive independent Directors on the Board, none of them has

APPLE FINANCE LIMITED

financial and accounting knowledge, and as such, the Company has not been able to constitute an Audit Committee as required under the Code.

IV. Remuneration Committee:

The Company does not have a Remuneration Committee.

V. 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.

Accordingly, the Company has duly constituted a shareholders'/ Investors' Grievance Committee, which is headed by the independent Non-Executive Director, Mr. Mahendra S. Shah to attend and address the grievances of the shareholders/investors as and when received. Mr. Mahesh K. Rachh is the other member of the Committee.

Mr. P. 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	4	4	Nil
Non-receipt of dividend/ interest warrant	3	3	Nil
Others/miscellaneous	5	5	Nil
Total	12	12	Nil

There was no transfer of shares pending as on March 31, 2008.

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

VI. Details of Annual General Meetings:

Annual General Meeting	Location	Date	Time
21st Annual General Meeting	M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 2, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001	September 24, 2007	3.00 p.m.
20th Annual General Meeting	M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 2, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001	September 25, 2006	3.00 p.m.
19th Annual General Meeting	M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 2, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001	September 30, 2005	3.00 p.m.

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

Financial Year	Meeting	Date	Time	No. of Special Resolutions passed
2004-2005	19 th AGM	30.9.2005	3.00 p.m.	1
2005-2006	20 th AGM	25.9.2006	3.00 p.m.	1
2006-2007	21 st AGM	24.9.2007	3.00 p.m.	1

VII. Disclosures:

The Company has not entered into any transaction of a material nature with the promoters, the Directors, the management, subsidiaries or relatives, etc., that may have any potential conflict with the interests of the Company. Transactions with related parties are disclosed in Note No.14 of Schedule 'O' to the accounts in the Annual Report.

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.

In compliance with the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 1992, as amended till date, on prevention of Insider Trading, the Company has a comprehensive Code of Conduct and the same is being strictly adhered to by its management, staff and relevant business associates.

VIII. 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 The Free Press Journal and Navshakti.

The Company does not have its own website. The Company, however, posts information relating to its financial results on the Electronic Data Information Filing and Retrieval System (EDIFAR) at www.edifar.com as required by Bombay Stock Exchange Limited. The Company does not make presentations to institutional investors or analysts.

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

IX. General Shareholder Information:

- Date, time and venue of the AGM : September 30, 2008 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, 2008 : July 2008
- September 30, 2008 : October 2008
- December 31, 2008 : January 2009
- March 31, 2009 : June 2009
- Date of Book Closure : September 24, 2008 to September 30, 2008 (both days inclusive).



- Dividend Payment Date : The Board of Directors has not recommended dividend.
- Listing on Stock Exchange : The Company's equity shares are listed on Bombay Stock Exchange Limited (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.
- 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: 67720300, 67720351
Fax : 28375646
Contact Persons : Mrs. Indira Karkera and Mr. Gopal S. Poojary
- Share Transfer System

The Company has paid the annual listing fees only to Bombay Stock Exchange Limited for the financial year 2008-2009. 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.

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 Practicing Company Secretary audits the system and a certificate to that effect is issued and filed with Bombay Stock Exchange Limited.

- Stock Code : 500014 on Bombay Stock Exchange Limited.

- ISIN Number for NSDL and CDSL : INE096A01010

- Market Price Data : The high and low prices of every month during the financial year 2007-2008 are given below.

Year	High (Rs.)	Low (Rs.)
2007-2008		
April	4.13	2.98
May	3.95	3.32
June	4.23	3.14
July	4.66	3.75
August	9.17	4.19
September	17.82	9.62
October	16.65	10.20
November	16.47	10.87
December	21.45	16.15
January	24.95	11.85
February	13.16	8.92
March	8.48	5.31

- Distribution of Shareholding as on March 31, 2008:

Shareholding	No. of Folios	% of Total	No. of Shares	% of Total
1-500	124273	94.07	18282437	32.84
501-1000	4854	3.67	3875294	6.96
1001- 2000	1622	1.23	2558899	4.60
2001- 3000	442	0.34	1144906	2.06
3001- 4000	180	0.14	656770	1.18
4001- 5000	243	0.18	1181679	2.12
5001- 10000	268	0.20	2090772	3.75
10001 and above	222	0.17	25882365	46.49
Total	132104	100.00	55673122	100.00

- 71.98% of the equity share capital has been dematerialized up to March 31, 2008.

APPLE FINANCE LIMITED

• Categories of Shareholding as on March 31, 2008:

Category	No. of shares held	Percentage of Shareholding
Promoters	14241306	25.58
Mutual Funds and UTI	13515	0.02
Banks, Financial Institutions and Insurance Companies	16540	0.03
FII's	86562	0.16
Private Corporate Bodies	4290717	7.71
Indian Public	32698748	58.73
NRI's/ OCBs	1007744	1.81
Trust	3317990	5.96
TOTAL	55673122	100.00

• Address for Correspondence:

The Company Secretary
8 Apeejay House, 130 Mumbai Samachar Marg, Mumbai 400 023.
Email add: apple.investors@gmail.com

MANAGING DIRECTOR'S CERTIFICATION IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

I, Mahesh K. Rachh, Managing Director of Apple Finance Limited hereby certify that:-

- a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:-
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with exiting accounting standards, applicable laws and regulations.
- b) To the best of my knowledge and belief, no transactions entered into by the Company during the year, which is fraudulent, illegal or violative of the Company's Code of Conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d) I have indicated to the Auditors:-
 - i) significant changes in internal control during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Mahesh K. Rachh
Managing Director

Place: Mumbai
Date: June 30, 2008

DECLARATION BY THE MANAGING DIRECTOR REGARDING AFFIRMATION BY THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF THE COMPANY TO THE CODE OF CONDUCT FOR ITS DIRECTORS AND SENIOR MANAGEMENT

I hereby declare that as per the requirement of Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited, all the Board Members and the Senior Management Personnel of the Company have confirmed compliance with the Code of Conduct of Apple Finance Limited for its Directors and Senior Management, for the year ended March 31, 2008.

Mahesh K. Rachh
Managing Director

Place: Mumbai
Date: June 30, 2008

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, 2008, 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 two Non-Executive Directors 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

Amar Chand Bagrecha
Partner

Place: Mumbai
Date: June 30, 2008