



APPLE FINANCE LIMITED

24TH ANNUAL REPORT 2009 - 2010

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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

24th ANNUAL GENERAL MEETING

On Tuesday, September 28, 2010
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.
13AB, Samhita Warehousing Complex, Floor 2
Sakinaka Telephone Exchange Lane
Off Andheri-Kurla Road, Sakinaka
Andheri (East), Mumbai 400 072
Phone: 6772 0300 / 6772 0400
Fax: 2859 1568 / 2850 8927

APPLE FINANCE LIMITED

NOTICE

NOTICE is hereby given that the twenty-fourth Annual General Meeting of the members of Apple Finance Limited will be held on Tuesday, September 28, 2010 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 ordinary business:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010, audited Profit and Loss Account for the year ended as on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mahendra Shantilal Shah, 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.
6. 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.
7. 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.
8. Shareholders are requested to bring their copy of Annual Report to the meeting.

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: May 31, 2010

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 of the Company.

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. Members are requested to notify the change, if any, in their address to the Registrar and Transfer Agents of the Company.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 22, 2010 to Tuesday, September 28, 2010 (both days inclusive).
4. Members / Proxies should bring the attendance slip sent herewith duly filled out for attending the meeting.
5. 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.



DIRECTORS' REPORT

Your Directors present their twenty-fourth Annual Report on the business and operations of your Company and the audited financial accounts for the year ended March 31, 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

The financial results of your Company for the year ended March 31, 2010 as compared to the previous year are summarized below:

	Rs. laes	
	Year ended 31.03.2010	Year ended 31.03.2009
Gross Income	1329.68	10593.57
Profit / (Loss) before Depreciation And Taxation	914.42	8413.55
Less: Depreciation	23.89	23.86
Profit / (Loss) before Taxation	890.53	8389.68
Provision for Taxation	0.40	1.87
Net Profit / (Loss) after Taxation	890.13	8387.81

During the year under review, the Company continued its focus on recovery of dues. Efforts have been made to control the operational expenses, wherever possible.

Owing to the accumulated loss and restrained resources, your Directors regret their inability to recommend Dividend.

The Management is exploring various options to embark on business activities, which offer potential for profitable growth.

SUBSIDIARY

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts for the year ended March 31, 2010 along with the report of the Board of Directors of the subsidiary company, Apple Asset Management Limited and the Auditors' Report therein, are annexed.

Further, pursuant to Accounting Standard 21 (AS 21) as notified by the Companies (Accounting Standard) Rules, 2006, the Consolidated Financial Statements presented by the Company include the financial information about its subsidiary.

DIRECTORS

Mr. Mahendra S. Shah retires by rotation and being eligible, offers himself for reappointment.

A brief resume of the Director retiring by rotation at the ensuing Annual General Meeting, nature of his expertise in specific functional areas, and the names of companies in which he holds directorship and/or membership/ chairmanship of committees of the Board, as stipulated under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited, is given in the section on Corporate Governance elsewhere in the Annual Report.

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:

- in the preparation of the accounts for the year ended March 31, 2010, the applicable accounting standards have been

followed along with proper explanation relating to material departures.

- 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 financial year and of the profit of the Company for the year under review.
- 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.
- the Directors have prepared the accounts for the year ended March 31, 2010 on a 'going concern' basis.

GROUP

Pursuant to the intimation from the Promoters, the names of the Promoters and entities comprising 'group' as defined under the Monopolies and Restrictive Trade Practices Act, 1969 are disclosed in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

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 72% 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, 2010, 1174 fixed deposits aggregating Rs. 105.96 laes remained unclaimed, out of which 2 deposits aggregating Rs. 0.20 laes 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 and that they are not disqualified for such reappointment within the meaning of Section 226 of the Companies Act, 1956.

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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) and (b) of Clause No. (vi) of their Report, attention of the members is invited to Note Nos. 1 and 9 of Schedule "P" 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 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 : May 31, 2010

REPORT ON CORPORATE GOVERNANCE

(As required under Clause 49 of the Listing Agreement entered into with Bombay Stock Exchange Limited)

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 May 31, 2010:-

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 and Independent Director)	2	Nil
Mr. Mahendra S. Shah	Director (Non-Executive and Independent Director)	Nil	Nil

The Company does not have a designated Chairman.

Seven meetings of the Board of Directors were held during the financial year ended March 31, 2010. The dates on which the meetings were held are as follows:-

June 30, 2009, July 31, 2009, August 31, 2009, October 30, 2009, November 30, 2009, January 29, 2010 and February 26, 2010.

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 29, 2009
Mr. Mahesh K. Rachh	7	Present
Mr. Mahesh Raghavan Menon	7	Present
Mr. Mahendra S. Shah	7	Not Present

B. Remuneration to Directors for the year 2009-2010:

Name of Directors	Salary and Allowances (Rs.)	Contribution to Provident Fund and Superannuation Fund (Rs.)	Sitting Fees (Rs.)
Mr. Mahesh K. Rachh	9,13,743	1,42,560	Nil
Mr. Mahesh Raghavan Menon	Nil	Nil	12,000
Mr. Mahendra S. Shah	Nil	Nil	12,000

There are no service contracts executed with the Directors and they are appointed pursuant to the resolutions passed at the General Meeting.

C. Information in respect of the Director seeking reappointment at the Annual General Meeting:

Mr. Mahendra Shantilal Shah, aged 52, has been the Director of the Company since June 2007. Mr. Shah is B.A. from the University of Mumbai and has over 28 years' experience in managing business. He does not hold Directorship of any other company.

III. Audit Committee:

On February 26, 2010 the Company has constituted the Audit Committee comprising three Directors viz., Mr. Mahendra S. Shah, Mr. Mahesh Raghavan Menon and Mr. Mahesh K. Rachh with Mr. Mahendra S. Shah as the Chairman. Since its constitution, the meetings of the Audit Committee were held on February 26, 2010 and May 31, 2010. The powers and role of the Audit Committee are as specified in Clause 49 (II) of the Listing Agreement.

The attendance of each member at the Audit Committee meetings is given below:

Name of the Member	Category of Directorship	Audit Committee meetings attended
Mr. Mahesh K. Rachh	Managing Director (Executive Director)	2
Mr. Mahesh Raghavan Menon	Director (Non-Executive and Independent Director)	2
Mr. Mahendra S. Shah	Director (Non-Executive and Independent Director)	2

IV. Remuneration Committee:

The Company does not have a Remuneration Committee.

V. Shareholders Committee:

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	1	1	Nil
Non-receipt of dividend/ interest warrant	1	1	Nil
Others miscellaneous	2	2	Nil
Total	4	4	Nil

There was no transfer of shares pending as on March 31, 2010.

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

VI. Subsidiary Company:

Apple Asset Management Limited is the only non-listed subsidiary company of the Company. Mr. Mahesh R. Menon and Mr. Mahendra S. Shah, Non-Executive Directors of the Company are on the Board of Apple Asset Management Limited.

The Company's Board reviews the financial statements of Apple Asset Management Limited. Attention of the Directors of the Company is drawn to all significant transactions and arrangements entered into by the subsidiary company.

VII. Details of Annual General Meetings:

Annual General Meeting	Location	Date	Time
23 rd Annual General Meeting	M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 2, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001	September 29, 2009	3.00 p.m.
22 nd Annual General Meeting	M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 2, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001	September 30, 2008	3.00 p.m.
21 st 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.

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
2006-2007	21 st AGM	24.9.2007	3.00 p.m.	1
2007-2008	22 nd AGM	30.9.2008	3.00 p.m.	1
2008-2009	23 rd AGM	29.9.2009	3.00 p.m.	1

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VIII. 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.8 of Schedule 'P' 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.

IX. 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 www.corpfiling.co.in under the Corporate Filing and Dissemination System as required by SEBI. The Company does not make presentations to institutional investors or analysts.

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

X. General Shareholder information:

- Date, time and venue : September 28, 2010 at 3.00 p.m. at of the AGM M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 2, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001
- Financial Calendar : 1st April to 31st March
- Adoption of Quarterly : On or before Results for the quarter ending
- June 30, 2010 : August 15, 2010
- September 30, 2010 : November 15, 2010
- December 31, 2010 : February 15, 2011
- March 31, 2011 : May 31, 2011
- Date of Book Closure : September 22, 2010 to September 28, 2010 (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.
The Company has paid the annual listing fees only to Bombay Stock Exchange Limited for the financial year 2010-2011. 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 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 2009-2010 are given below.

Year 2009-2010	High (Rs.)	Low (Rs.)
April	3.60	1.79
May	4.54	2.99
June	5.48	3.47
July	4.89	3.41
August	5.10	4.00
September	7.40	5.35
October	7.37	5.25
November	5.49	4.52
December	6.08	4.62
January	5.73	4.62
February	4.95	3.93
March	4.88	3.80

- Registrar and Transfer Agents : Sharepro Services (India) Pvt. Ltd.
13AB, Samhita Warehousing Complex, Floor 2, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072.
Phone: 6772 0300 6772 0400 Fax: 2859 1568 Contact Persons: Mrs. Indira Karkera and Mr. Gopal S. Poojary

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

• Distribution of Shareholding as on March 31, 2010:

Shareholding	No. of Folios	% of Total	No. of Shares	% of Total
1-500	121665	93.92	17796610	31.97
501-1000	4756	3.67	3794999	6.82
1001- 2000	1662	1.28	2615163	4.70
2001- 3000	467	0.36	1216648	2.18
3001- 4000	211	0.16	772774	1.39
4001- 5000	248	0.19	1197466	2.15
5001- 10000	282	0.22	2189097	3.93
10001 and above	250	0.20	26090365	46.86
Total	129541	100.00	55673122	100.00

72.49% of the equity share capital has been dematerialized up to March 31, 2010.

• Categories of Shareholding as on March 31, 2010:

Category	No. of shares held	Percentage of Shareholding
Promoters	14246596	25.59
Mutual Funds and UTI	13415	0.02
Banks, Financial Institutions and Insurance Companies	15540	0.03
FHs	200	0.00
Private Corporate Bodies	3758727	6.75
Indian Public	33291949	59.80
NRIs/OCBs	1029686	1.85
Trusts	3317009	5.96
TOTAL	55673122	100.00

- Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969:-

The following entities constitute the Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969, which exercises, or is established to be in a position to exercise, control, directly or indirectly, over the Company:-

Ace Leasing Private Limited
Adamica Consultancy Services Limited
Overseer Investments Private Limited
Vrushchik Consultancy Services Private Limited

The above disclosure has been made, *inter alia*, for the purpose of Regulation 3(1)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

- Address for correspondence:-

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

MANAGING DIRECTOR'S CERTIFICATION IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT WITH BOMBAY STOCK EXCHANGE LIMITED

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

- I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:-
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- To the best of my knowledge and belief, no transaction entered into by the Company during the year, which is fraudulent, illegal or violative of the Company's Code of Conduct.
- 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.
- I have indicated to the Auditors and the Audit Committee:-

- significant changes in internal control over financial reporting during the year;
- significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- instances of significant fraud 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 over financial reporting.

Mahesh K. Rachh
Managing Director

Place : Mumbai
Date : May 31, 2010

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, 2010.

Mahesh K. Rachh
Managing Director

Place : Mumbai
Date : May 31, 2010

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 the conditions of Corporate Governance by Apple Finance Limited ("the Company") for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the Company with 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 for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For MAHENDRA KUMBHAT & ASSOCIATES
Chartered Accountants
Amar Chand Bagrecha
Partner

Place : Mumbai
Date : May 31, 2010

APPLE FINANCE LIMITED

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	01.01.2009 to 31.03.2010
3. Extent of holding company's interest	
a. No. of equity shares	5,000,000
Extent of holding	100%
b. No. of preference shares	6,200,000
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	(895,819)
b. for the previous financial years since it became the holding company's subsidiary	(102,526,089)
- 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	-

Mahesh K. Rachh
Managing Director

Mahesh Menon
Director

Place : Mumbai
Date : May 31, 2010

Mahendra S. Shah
Director

P. B. Deshpande
Company Secretary

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 2010 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 Central Government 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 it 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 2010 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 'P' regarding going concern assumption of the Company.*
 - b) *Note No. 9 of Schedule 'P' regarding non-consideration of Deferred Tax Assets (Net) amounting to Rs. 312,235,474*

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 the 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 2010.
- b) In the case of the Profit and Loss Account, of the profit 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

Firm Regn. No. 105770W

Amar Chand Bagrecha

Partner

Membership No. : 56605

Place: Mumbai

Date : May 31, 2010

Annexure to the Auditors' Report

(Referred to in our Report of even date)

Matters required as per paragraphs 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.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. We have been informed that no material discrepancies between physical stocks and the book records were noticed on such verification.
3. The Company has not taken loans from / to companies, firms and other parties listed in the register maintained under Section 301 of the Act. The Company has given loan of Rs.21,25,500 to its wholly owned subsidiary, terms and conditions of loan are *prima facie* not prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there are in general adequate internal control procedures, commensurate with the size of the Company and the nature of its business, with regard to purchase of fixed assets, and for sale of services and we have not observed any major weaknesses in internal control.
5. According to the information and explanations given to us, the Company has not entered into the transactions requiring to be entered in the Register maintained in pursuance of the Section 301 of the Act.