



**APPLE FINANCE LIMITED**

**25<sup>TH</sup> ANNUAL REPORT 2010 - 2011**

## CONTENTS

Pg. No.

APPLE FINANCE LTD.	01
APPLE ASSET MANAGEMENT LTD.	23
CONSOLIDATED FINANCIAL STATEMENTS	30

## 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

## 25<sup>TH</sup> ANNUAL GENERAL MEETING

On Wednesday, September 28, 2011  
at 3.00 p.m. at M. C. Ghia Hall  
Bhogilal Hargovindas Building, Floor 4  
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 0400  
Fax: 2859 1568

# APPLE FINANCE LIMITED

## NOTICE

NOTICE is hereby given that the Twenty-fifth Annual General Meeting of the members of Apple Finance Limited will be held on Wednesday, September 28, 2011 at 3.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 4, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001 to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2011, 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. 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 an Ordinary 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 one year with effect from August 9, 2011 made by the Board of Directors (“the Board”) of the Company vide its resolution dated June 30, 2011 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: June 30, 2011

### 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. 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 21, 2011 to Wednesday, September 28, 2011 (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 as well as public deposits and interest thereon to the 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. 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, 2011, the Board of Directors (“the Board”) has in its meeting held on June 30, 2011 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.

Term – 1 (one) year with effect from August 9, 2011, 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.18,00,000 (Rupees eighteen lacs only) per annum.

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 will also be entitled to the following perquisites, which will 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.

Q

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: June 30, 2011

# APPLE FINANCE LIMITED

## DIRECTORS' REPORT

Your Directors present their twenty-fifth Annual Report on the business and operations of your Company and the audited financial statements for the year ended March 31, 2011.

## MANAGEMENT DISCUSSION AND ANALYSIS

The financial results of your Company for the year ended March 31, 2011 as compared to the previous year are summarized below:

	Rs. lacs	
	Year ended	Year ended
	31.03.2011	31.03.2010
Gross Income	712.38	1329.68
Profit/(Loss) before Depreciation		
And Taxation	531.84	914.42
Less: Depreciation	22.42	23.89
Profit/(Loss) before Taxation	509.42	890.53
Provision for Taxation	0.08	0.40
Net Profit/(Loss) after Taxation	509.34	890.13

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, 2011 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. Mahesh K. Rachh 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 annexed to 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, 2011, 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, 2011 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 have been 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

As the Members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited.

In view of the numerous advantages offered by the Depository system, Members are requested to avail of the facility of dematerialization of the Company's shares on either of the Depositories as aforesaid.

At present, over 72% of the paid-up equity share capital of the Company is held in dematerialized form.

## PUBLIC DEPOSITS

The Company, during the year under review, has not accepted any deposits from public. The Company had no unclaimed or overdue deposits as on March 31, 2011.

## AUDITORS

Messrs Mahendra Kumbhat & Associates, Chartered Accountants, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and, being eligible, have expressed their willingness to continue, if so appointed.

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 12 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**  
Managing Director

**Mahendra S. Shah**  
Director

Place : Mumbai  
Date : June 30, 2011

## 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 Corporate Governance practices and endeavors continuously to implement the Code of Corporate Governance in its true spirit. The Company's philosophy in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance shareholders' value without compromising in any way in complying with the applicable laws.

The Board of Directors acknowledges that it has a fiduciary relationship and a corresponding duty towards the stakeholders to ensure that their rights are protected. Through the Governance mechanism in the Company, the Board along with its Committees endeavors to strike a right balance with its various stakeholders.

### II. Board of Directors:-

#### A. Composition, category of Directors and their other directorship and committee membership as on June 30, 2011:-

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.

Four meetings of the Board of Directors were held during the financial year ended March 31, 2011. The dates on which the Board meetings were held are as follows:-

May 31, 2010, August 13, 2010, November 12, 2010 and February 11, 2011.

The attendance of the Directors at the 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 28, 2010
Mr. Mahesh K. Rachh	4	Present
Mr. Mahesh Raghavan Menon	4	Present
Mr. Mahendra S. Shah	4	Not Present

# APPLE FINANCE LIMITED

## B. Remuneration to Directors for the year 2010-2011:-

Name of Directors	Salary and Allowances (Rs.)	Contribution to Provident Fund and Superannuation Fund (Rs.)	Sitting Fees (Rs.)
Mr. Mahesh K. Rachh	9,10,850	1,42,560	Nil
Mr. Mahesh Raghavan Menon	Nil	Nil	6,000
Mr. Mahendra S. Shah	Nil	Nil	6,000

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

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

Mr. Mahesh K. Rachh, aged 54, has been the Director of the Company since August 2001 and has over twenty-three 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 Audit Committee of the Board of Directors of the Company, *inter alia*, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

Apart from all the matters provided in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, the Committee meets Statutory Auditors periodically and discusses their findings, suggestions, internal control systems, scope of audit, observations of the Auditors and reviews accounting policies followed by the Company. The Committee makes recommendation(s) to the Board on any matter relating to the financial management of the Company including Statutory Audit Reports. The Committee also recommends the appointment of the Statutory Auditors and fixation of their remuneration.

The Committee reviews with the management the quarterly, half yearly and annual financial statements before their submission to the Board.

The Audit Committee comprises three Directors viz., Mr. Mahesh K. Rachh, Mr. Mahesh Raghavan Menon and Mr. Mahendra S. Shah. The Chairman of the Audit Committee is Mr. Mahesh Raghavan Menon. All the Members of the Audit Committee are financially literate and have relevant financial expertise. The quorum for the Audit Committee meeting is two members with at least two independent Directors present at the meeting.

The Audit Committee generally meets once in a quarter to *inter alia* review the quarterly performance and the financial results.

During the financial year ended March 31, 2011, the Audit Committee met four times i.e. on May 31, 2010, August 13,

2010, November 12, 2010 and February 11, 2011.

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)	4
Mr. Mahesh Raghavan Menon	Director (Non-Executive and Independent Director)	4
Mr. Mahendra S. Shah	Director (Non-Executive and Independent Director)	4

## 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	2	2	Nil
Others/miscellaneous	1	1	Nil
Total	4	4	Nil

There was no transfer of shares pending as on March 31, 2011.

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 of the Company. Mr. Mahesh Raghavan 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
24 <sup>th</sup> Annual General Meeting	M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 4, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001	September 28, 2010	3.00 p.m.
22 <sup>nd</sup> Annual General Meeting	M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 4, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001	September 29, 2009	3.00 p.m.
22 <sup>nd</sup> Annual General Meeting	M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 4, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001	September 30, 2008	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
2007-2008	22 <sup>nd</sup> AGM	30.9.2008	3.00 p.m.	1
2008-2009	23 <sup>rd</sup> AGM	29.9.2009	3.00 p.m.	1
2009-2010	24 <sup>th</sup> AGM	28.9.2010	3.00 p.m.	None

**VIII. Disclosures:-**

The Company has not entered into any transaction of a material nature with the promoters, the Directors, the management, subsidiary or relatives, etc., that may have any potential conflict with the interests of the Company. Transactions with related parties have been disclosed in Note No.11 of Schedule 'P' to the accounts in the Annual Report.

The Company has complied with the requirements of Bombay Stock Exchange Limited, 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 Bombay Stock Exchange Limited, 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`s own website [www.applefinance.net](http://www.applefinance.net) is under construction. The Company posts information relating to its financial results on [www.corpfilling.co.in](http://www.corpfilling.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 of the AGM : September 28, 2011 at 3.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 4, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001
- Financial Calendar : April 1, 2011 to March 31, 2012
- Adoption of Quarterly Results for the quarter ending : On or before
- June 30, 2011 : August 15, 2011
- September 30, 2011 : November 15, 2011
- December 31, 2011 : February 15, 2012
- March 31, 2012 : May 31, 2012
- Date of Book Closure : September 21, 2011 to September 28, 2011 (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 2011-2012. 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 other 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 2010-2011 are given below.



# APPLE FINANCE LIMITED

Year 2010-2011	High (Rs.)	Low (Rs.)
April	5.39	4.22
May	4.90	4.04
June	5.66	4.03
July	4.87	4.05
August	7.44	4.17
September	5.61	4.61
October	4.88	4.43
November	4.76	3.68
December	4.26	3.70
January	4.03	3.41
February	3.43	2.88
March	3.13	2.86

- Registrar and Transfer Agents : Sharepro Services (India) Private Limited  
13AB, Samhita Warehousing Complex, Floor 2, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072  
Phone: 6772 0400 • Fax: 2859 1568  
• Contact Persons: Mrs. Indira P. 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) Private Limited 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, 2011:-

Shareholding	No. of Folios	% of of Total	No. of Shares	% of Total
1-500	119950	93.91	17489177	31.42
501-1000	4660	3.65	3729873	6.70
1001- 2000	1642	1.28	2588811	4.65
2001- 3000	499	0.39	1292474	2.32
3001- 4000	215	0.17	786825	1.42
4001- 5000	240	0.19	1162737	2.09
5001- 10000	279	0.22	2175734	3.90
10001 and above	246	0.19	26447491	47.50
Total	127731	100.00	55673122	100.00

72.72% of the equity share capital has been dematerialized up to March 31, 2011.

#### Categories of Shareholding as on March 31, 2011:

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
FII's	200	0.00
Private Corporate Bodies	3906850	7.02
Indian Public	33175539	59.59
NRIs/OCBs	997723	1.79
Trusts	3317259	5.96
<b>TOTAL</b>	<b>55673122</b>	<b>100.00</b>

- 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  
Apple Finance Limited  
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

a

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 and the Audit Committee:-
- i) significant changes in internal control over financial reporting 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 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: June 30, 2011

**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, 2011.

**Mahesh K. Rachh**  
Managing Director

Place: Mumbai  
Date: June 30, 2011

**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, 2011, 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.

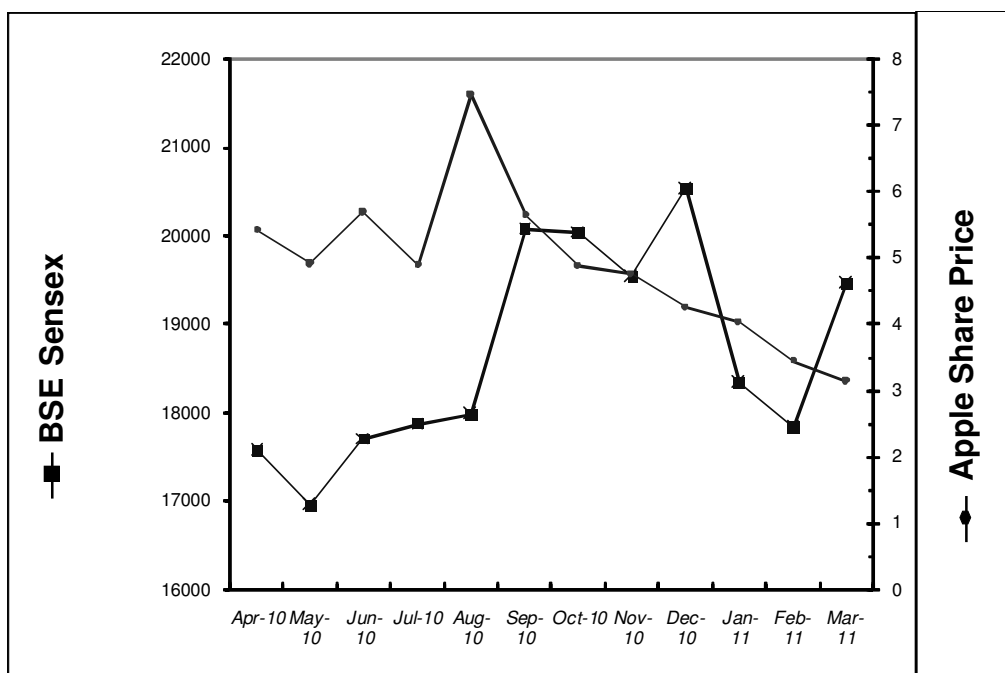
We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **MAHENDRA KUMBHAT & ASSOCIATES**  
Chartered Accountants

**Amar Chand Bagrecha**  
Partner

Place: Mumbai  
Date: June 30, 2011

The performance of share price of the Company in comparison with the BSE Sensex:-



# 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	01.04.2010 to 31.03.2011
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	(2,424,517)
b. for the previous financial years since it became the holding company`s subsidiary	(103,421,908)
- 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 : June 30, 2011

**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 31<sup>st</sup> March 2011 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 the 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement 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 the 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 31<sup>st</sup> March 2011 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. 12 of Schedule 'P' regarding non-consideration of Deferred Tax Assets (Net) amounting to Rs. 244,400,677** 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 the Balance Sheet, of the state of affairs

of the Company as at 31<sup>st</sup> March 2011.

- 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 : June 30, 2011

### 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 the 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.45,45,500 to its wholly owned subsidiary, the 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 under Section 301 of the Act.
6. The Company has not accepted deposits from public during the year and hence, the provisions of Sections 58A and 58AA

# APPLE FINANCE LIMITED

- of the Act and the rules thereunder are not applicable, however, old unclaimed deposits and interest of Rs.1,05,51,494 have been transferred to the Investor Education and Protection Fund as disclosed in Note No.3 of Schedule 'P' Notes to Accounts.
7. The Company does not have an Internal Audit system.
  8. We have been informed that the Central Government has not prescribed the maintenance of Cost records under Section 209(1)(d) of the Act.
  9.
    - a) We have been informed that during the year under review, the Company has regularly deposited all undisputed statutory dues including the Provident Fund, Investor Education and Protection Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues, wherever applicable. There were no arrears as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.
    - b) According to the information and explanations given to us, disputed statutory dues not deposited are nil.
  10. The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth and the Company has made cash profit in the current financial year and incurred cash loss in the previous financial year.
  11. The Company has not defaulted in respect of payment of dues to banks, financial institutions and debenture-holders.
  12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  13. As informed to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society and hence, clause (xiii) of paragraph 4 of the Order is not applicable.
  14. In our opinion, the Company has maintained proper records of the transactions and contracts in respect of investments in shares, securities, debentures and other investments and timely entries have been made therein. Except shares of Spectrum Alkyd Resins Limited, all the investments are held by the Company in its own name.
  15. The Company has not given any guarantees for loans taken by other companies and hence, clause (xv) of paragraph 4 of the Order is not applicable to the Company.
  16. The Company has not obtained term loans during the year and hence, clause (xvi) of paragraph 4 of the Order is not applicable to the Company.
  17. The Company has not raised funds on short term basis during the year and hence, the question of same being used for any long term investments does not arise.
  18. During the year, no preferential allotment of shares has been made to the parties and companies covered in the Register maintained under Section 301 of the Act.
  19. According to the information and explanation given to us, during the period covered by our audit report, the Company has not issued any debentures and hence, the question of creation of security does not arise.
  20. Since the Company has not come out with public issue during the year, clause (xx) of paragraph 4 of the Order is not applicable.
  21. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

For **MAHENDRA KUMBHAT & ASSOCIATES**  
*Chartered Accountants*  
*Firm Regn. No.105770W*

**Amar Chand Bagrecha**  
*Partner*  
*Membership No : 56605*

Place : Mumbai  
Date : June 30, 2011



## BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedule	As at		As at	
		31st March, 2011	31st March, 2010	31st March, 2011	31st March, 2010
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds:</b>					
Share Capital	"A"	556,701,477		556,701,477	
Reserves and Surplus	"B"	1,030,959,604		1,030,959,604	
			1,587,661,081		1,587,661,081
<b>Loan Funds:</b>					
Secured Loans	"C"	—		99,975,981	
Unsecured Loans	"D"	—		—	
			—		99,975,981
			1,587,661,081		1,687,637,062
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets:</b>					
Gross Block	"E"	125,866,425		131,617,690	
Less: Depreciation		61,284,388		61,806,000	
			64,582,038		69,811,690
<b>Investments:</b>					
	"F"		74,992,193		58,609,014
<b>Current Assets, Loans and Advances:</b>					
<b>Current Assets:</b>					
Stock-in-Trade - Equity Shares		24,675,000		24,675,000	
Cash and Bank Balances		150,626,482		101,029,197	
		175,301,482		125,704,197	
<b>Loans and Advances:</b>					
	"H"	19,983,767		132,134,857	
		195,285,248		257,839,054	
Less:					
<b>Current Liabilities and Provisions:</b>					
Current Liabilities	"I"	14,750,154		17,111,706	
Provisions		61,104,608		61,101,399	
		75,854,762		78,213,105	
<b>Net Current Assets</b>					
Profit and Loss Account as per annexed Account			119,430,486		179,625,949
			1,328,656,362		1,379,590,408
			1,587,661,081		1,687,637,062
Significant Accounting Policies "O"					
Notes Forming Part of Accounts "P"					
Schedules "A" to "P" form an integral part of the Accounts					

This is the Balance Sheet referred to in our report of even date

**For MAHENDRA KUMBHAT & ASSOCIATES**

*Chartered Accountants*

**Amar Chand Bagrecha**

*Partner*

Place : Mumbai

Date : June 30, 2011

**Mahesh K. Rachh**

*Managing Director*

**Mahendra S. Shah**

*Director*

**Mahesh Menon**

*Director*

**P. B. Deshpande**

*Company Secretary*

# APPLE FINANCE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Schedule	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
		Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>					
Income from Operations	“J”	1,165,349		17,996,411	
Other Income	“K”	61,790,712		88,521,387	
Provisioning for Non-performing Assets and Investments Written Back		—		26,450,000	
			62,956,061		132,967,798
<b>EXPENDITURE</b>					
Employment Expenses	“L”	2,839,363		2,837,909	
Administrative and Other Expenses	“M”	11,756,314		13,724,875	
Interest and Bank Charges	“N”	2,923,849		20,043,383	
Depreciation	“E”	2,242,166		2,389,405	
			19,761,692		38,995,572
Profit (+) / Loss (-) before Tax			43,194,369		93,972,225
Provision for Wealth Tax			8,617		40,588
Provision for Fringe Benefit Tax			(524)		(400)
Profit (+) / Loss (-) after Tax			43,186,276		93,932,037
Prior Period Income (Refer to Note No.3 of Schedule “P”)			8,281,619		—
Prior Period Expenses			533,850		4,919,322
Profit (+) / Loss (-) after Tax and Prior Period/Exceptional Items			50,934,045		89,012,715
Add : Balance brought forward from previous year			(1,379,590,408)		(1,468,603,124)
Balance carried to the Balance Sheet			(1,328,656,362)		(1,379,590,408)
Significant Accounting Policies	“O”				
Notes Forming Part of Accounts	“P”				
Schedules “A” to “P” form an integral part of the Accounts					

This is the Profit & Loss Account referred to in our report of even date

**For MAHENDRA KUMBHAT & ASSOCIATES**

*Chartered Accountants*

**Amar Chand Bagrecha**  
*Partner*

Place : Mumbai  
Date : June 30, 2011

**Mahesh K. Rachh**  
*Managing Director*

**Mahendra S. Shah**  
*Director*

**Mahesh Menon**  
*Director*

**P. B. Deshpande**  
*Company Secretary*



## SCHEDULES TO BALANCE SHEET

Particulars	As at 31st March, 2011		As at 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "A" - SHARE CAPITAL</b>				
<b>Authorized</b>				
75,000,000 Equity Shares of Rs.10 each		750,000,000		750,000,000
7,500,000 Preference Shares of Rs. 100 each		750,000,000		750,000,000
		<u>1,500,000,000</u>		<u>1,500,000,000</u>
<b>Issued and Subscribed</b>				
55,673,122 Equity Shares of Rs. 10 each		556,731,220		556,731,220
		<u>556,731,220</u>		<u>556,731,220</u>
<b>Paid-up</b>				
55,673,122 Equity Shares of Rs. 10 each fully paid up		556,731,220		556,731,220
Less : Call Money receivable		29,743		29,743
		<u>556,701,477</u>		<u>556,701,477</u>
<b>SCHEDULE "B" - RESERVES AND SURPLUS</b>				
<b>General Reserve</b>				
Per last Balance Sheet		400,000,000		400,000,000
Addition /(Reductions) during the year		—		—
<b>Capital Reserve</b>				
Per last Balance Sheet		6,933,420		6,933,420
<b>Capital Reserve on Settlement of Loans</b>				
Per last Balance Sheet		427,026,184		427,026,184
<b>Reserve Fund under Section 45IC(1) of the Reserve Bank of India Act,1934</b>				
Per last Balance Sheet		77,000,000		77,000,000
<b>Capital Redemption Reserve</b>				
Per last Balance Sheet		20,000,000		20,000,000
<b>Debenture Redemption Reserve</b>				
Per last Balance Sheet		100,000,000		100,000,000
		<u>1,030,959,604</u>		<u>1,030,959,604</u>
<b>SCHEDULE "C" - SECURED LOANS</b>				
Loans from an Investment Company		—		99,975,981
		—		<u>99,975,981</u>
<b>SCHEDULE "D" - UNSECURED LOANS</b>				
Fixed Deposits from public (principal as well as interest payable thereon, net of loans given to fixed depositors)		—	17,274,006	
Less : Balance lying in the escrow account with a scheduled bank (including interest accrued and TDS deducted)		—	17,274,006	—
		<u>—</u>	<u>—</u>	<u>—</u>



# APPLE FINANCE LIMITED

## SCHEDULES TO BALANCE SHEET

### SCHEDULE "E" - FIXED ASSETS

(Amount in Rupees)

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-04-2010	Addition	Reduction / Deduction	As at 31-03-2011	Upto 31-03-2010	Provided During Year	Reduction / Deduction	Upto 31-03-2011	As at 31-03-2011	As at 31-03-2010
Land	955,066	—	—	955,066	—	—	—	—	955,066	955,066
Buildings * & **	89,327,809	154,633	7,062,000	82,420,442	25,883,986	1,356,363	2,763,778	24,476,571	57,943,871	63,443,823
Plant & Machinery	23,423,309	28,500	—	23,451,809	21,546,212	276,275	—	21,822,487	1,629,322	1,877,097
Furniture & Fixtures	16,418,560	—	—	16,418,560	13,973,667	360,576	—	14,334,243	2,084,317	2,444,893
Vehicles	2,620,548	—	—	2,620,548	402,134	248,952	—	651,086	1,969,462	2,218,414
<b>Total Current Year</b>	<b>132,745,292</b>	<b>183,133</b>	<b>7,062,000</b>	<b>125,866,425</b>	<b>61,806,000</b>	<b>2,242,166</b>	<b>2,763,778</b>	<b>61,284,388</b>	<b>64,582,038</b>	<b>70,939,293</b>
Total Previous Year	133,547,691	1,694,824	3,624,825	131,617,690	60,782,855	2,389,405	1,366,260	61,806,000	69,811,690	72,764,837

\* Buildings include value of properties in Co-operative Societies including shares of respective societies.

\*\* Opening balance includes Rs.11,27,603 transferred from loans and advances, on registration of property acquired against receivables.

### SCHEDULE "F" - INVESTMENTS (at cost)

(FULLY PAID-UP UNLESS STATED OTHERWISE)

	Number of Shares/Debentures/ Bonds/Scripts	Face Value Rupees	As at 31st March, 2011	(Rupees) As at 31st March, 2010
<b>INVESTMENTS - EQUITY SHARES</b>				
<b>[QUOTED]</b>				
Ambika Cotton Mills Limited	180,233	10	8,651,200	8,651,200
Anjani Solvents India Limited	74,853	10	748,530	748,530
Anod Plasma Spray Limited	75,000	10	750,000	750,000
Cipla Limited	36,510	2	652,302	652,302
Dr. Reddy`s Laboratories Limited (Previous Year 17,300 shares of Rs.5 each)	—	—	—	4,202,602
Indian Lead Limited	332,066	10	12,331,200	12,331,200
Inland Printers Limited	33,300	10	1,998,000	1,998,000
Pittie Cements & Industries Limited	118,126	10	12,993,860	12,993,860
Sagar Tourist Resorts Limited	21,342	10	213,420	213,420
Shri Renuga Textiles Limited	40,000	10	6,000,000	6,000,000
Vital Foods Limited	93,900	10	1,032,900	1,032,900
SUB-TOTAL			45,371,412	49,574,014
<b>[UNQUOTED]</b>				
Aldrich Pharmaceuticals Limited	210,000	10	7,035,000	7,035,000
Spectrum Alkyd & Resins Limited	133,333	10	1,500,000	1,500,000
Vijaya Home Loans Limited	50,000	10	500,000	500,000
SUB-TOTAL			9,035,000	9,035,000
TOTAL (A)			54,406,412	58,609,014
<b>INVESTMENTS - MUTUAL FUNDS</b>				
<b>(QUOTED)</b>				
HDFC Cash Management Fund-Treasury (Advantage Plan-Wholesale-Daily Dividend)	6,501.46	10	65,219	—
Tempelton India Short Term Plan-Monthly Dividend		18,222.77	20,520,563	—
TOTAL (B)			20,585,781	—
<b>GRAND TOTAL (A+B)</b>			<b>74,992,193</b>	<b>58,609,014</b>
			<b>Cost (Rupees)</b>	<b>Market Value (Rupees)</b>
Aggregate Value of Quoted Investment (Previous Year)			65,957,193 (49,574,014)	68,763,609 (62,782,859)
Aggregate Value of Unquoted Investment (Previous Year)			9,035,000 (9,035,000)	
T O T A L (Previous Year)			74,992,193 (58,609,014)	



## SCHEDULES TO BALANCE SHEET

Particulars	As at 31st March, 2011		As at 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "G" - CURRENT ASSETS</b>				
<b>Stock-in-Trade - Shares and Securities (at cost)</b>		24,675,000		24,675,000
<b>Cash and Bank Balances</b>				
Cash	61,312		37,455	
Balances with Scheduled Banks (including cheques in hand)				
In Fixed Deposit Accounts (Out of which Rs.11,23,74,997 is under lien with Kotak Mahindra Bank Ltd.- Previous year Rs.10,00,00,000)	150,128,895		100,039,704	
In Current Accounts	436,276		952,038	
		<u>150,626,482</u>		<u>101,029,197</u>
		<u>175,301,482</u>		<u>125,704,197</u>
<b>SCHEDULE "H" - LOANS AND ADVANCES (UNSECURED - CONSIDERED GOOD)</b>				
Deposits		572,598		615,618
Advances recoverable in cash or in kind or for value to be received (net)		10,237,465		122,437,071
Advance Income Tax / Sales Tax (Net of Provision)		9,173,703		9,082,168
		<u>19,983,767</u>		<u>132,134,857</u>
<b>SCHEDULE "I" - CURRENT LIABILITIES AND PROVISIONS</b>				
<b>Current Liabilities</b>				
Sundry Creditors	67,283		2,227	
Other Liabilities	14,682,871		17,109,479	
		<u>14,750,154</u>		<u>17,111,706</u>
<b>Provisions</b>				
Provision for Non-performing Assets and Investments				
Opening Balance	60,710,953		87,160,953	
Less : Excess Provisions written back	—		26,450,000	
Less : Provision adjusted against actual write offs	—		—	
	<u>60,710,953</u>		<u>60,710,953</u>	
Provision for Leave Encashment	393,655		390,446	
		<u>61,104,608</u>		<u>61,101,399</u>
		<u>75,854,762</u>		<u>78,213,105</u>

# APPLE FINANCE LIMITED

## SCHEDULES TO PROFIT AND LOSS ACCOUNT

Particulars	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "J" - INCOME FROM OPERATIONS</b>				
Income from Hire-Purchase		20,349		35,080
Loss on Sale of Trading Stock (Shares)		—		(7,085,334)
Bad Debts Recovered		1,145,000		25,046,665
		<u>1,165,349</u>		<u>17,996,411</u>
<b>SCHEDULE "K" - OTHER INCOME</b>				
Profit on Sale of Fixed Assets		32,961,328		9,156,613
Long Term Capital Gain on Sale of Shares		16,803,400		69,382,293
Short Term Capital Gain on Sale of Mutual Fund Units		53,499		—
Dividend Income		2,122,705		759,895
Interest (TDS Rs.9,02,547; Previous year Rs.10,95,542) (Refer to Note No.3 of Schedule "P")		9,199,900		8,555,676
Miscellaneous Income		649,880		666,910
		<u>61,790,712</u>		<u>88,521,387</u>
<b>SCHEDULE "L" - EMPLOYMENT EXPENSES</b>				
Salary and other allowances		2,108,156		2,181,758
Contribution to Provident and other Funds		454,168		383,735
Welfare Expenses		277,039		272,416
		<u>2,839,363</u>		<u>2,837,909</u>
<b>SCHEDULE "M" - ADMINISTRATIVE AND OTHER EXPENSES</b>				
Rent		243,800		254,400
Rates and Taxes		2,279,269		1,104,561
Receivables written off (Net)		221,436		—
Travelling and Conveyance Expenses		1,533,234		1,586,277
Electricity Charges		307,837		408,977
Communication Expenses		233,179		264,347
Repairs and Maintenance - Buildings	5,800		227,000	
- Plant and Machinery	45,173		38,249	
- Others	7,660		12,931	
		<u>58,633</u>		<u>278,180</u>
Directors` Sitting Fees		12,000		24,000
Printing and Stationery		54,958		45,020
Auditors` Remuneration				
Audit Fees	350,000		350,000	
Tax Audit Fees	100,000		100,000	
Service Tax	46,350		46,350	
		<u>496,350</u>		<u>496,350</u>
Legal and Professional Fees		2,620,200		5,623,659
Registrar, Share and Debenture Expenses		879,712		844,671
AGM Expenses		1,792,944		1,927,642
Insurance		20,698		20,698
Service Charges		487,259		287,110
Loss on Assets Sold / Discarded		—		296,303
Security Charges		426,552		208,701
Miscellaneous Expenses		88,253		53,979
		<u>11,756,314</u>		<u>13,724,875</u>
<b>SCHEDULE "N" - INTEREST AND BANK CHARGES</b>				
Interest		2,923,574		20,033,931
Bank Charges		275		9,452
		<u>2,923,849</u>		<u>20,043,383</u>



## SCHEDULE "O" SIGNIFICANT ACCOUNTING POLICIES:

### 1. Accounting Convention and Concepts:

The Company follows the Historical Cost Convention and the Mercantile System of Accounting where the income and expenditure are recognised on accrual basis.

### 2. Fixed Assets:

Fixed assets are valued at cost less depreciation. Cost includes all expenses incurred for acquisition of assets.

### 3. Depreciation:

The Company provides depreciation on straight-line method on a pro-rata basis on completed month basis at the rate specified in Schedule XIV to the Companies Act, 1956.

### 4. Investments:

All investments are stated at cost of acquisition. The investments sold during the year are accounted on first-in-first-out basis and investments purchased and sold during the year are shown on net basis. Provision is made for diminution in the value of investments, wherever required.

### 5. Valuation of Stocks:

Stock of shares and securities is valued at cost or fair value whichever is less.

### 6. Retirement Benefits:

The provision for retirement benefits such as provident fund, gratuity and superannuation is made for employees from the date of their respective appointment.

- (i) Company's contribution to the Provident Fund, Pension Fund, Superannuation Fund and other fund is charged to the Profit and Loss Account.
- (ii) The amount of Gratuity liability as ascertained on the basis of actuarial valuation by Life Insurance Corporation of India is paid / provided and charged to the Profit and Loss Account.
- (iii) Provision is made towards liability for leave encashment.

### 7. Impairment of Assets:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

# APPLE FINANCE LIMITED

## SCHEDULE "P" - NOTES TO ACCOUNTS

Notes forming part of the Accounts for the year ended 31st March, 2011

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
(1) As the business was unviable, the Company surrendered its Certificate of Registration of Non-Banking Financial Institution to Reserve Bank of India. Reserve Bank of India cancelled the said Certificate of Registration vide their letter No. DNBS. MRO.No.4716 & 4869 / 02.01.60.Apple / 2003-04 dated January 13, 2004 and January 18, 2004. In view of this, in terms of Section 45-IA of the RBI Act, 1934, now the Company is not entitled to carry on the business of Non-Banking Financial Institution. However, the Company can in future carry on the business of Non-Banking Financial Institution after taking necessary approval from Reserve Bank of India. The Company does have business income from Interest, etc. and also has Stock-in-Trade for business and hence, accounts have been prepared on the Going Concern Basis and Historical Cost Method.		
(2) Contingent Liabilities in respect of:		
(a) Claims against the Company not acknowledge as debts.	100,000,000	100,000,000
(b) There is a contingent liability towards charges for extension of time for completing constructions of Apple Tower at the Bandra-Kurla Complex, payable to Mumbai Metropolitan Region Development Authority.	—	107,816,237
(3) The entire unclaimed public deposits and unclaimed interest of Rs.1,05,51,494 had been provided for in the escrow account maintained with the schedule bank. During the year, in compliance with the provisions of Section 205C of the Companies Act, 1956, the Company transferred the entire unclaimed public deposits and unclaimed interest to the Investor Education and Protection Fund based on accounts certified by a Chartered Accountant (Certificate). Additional amount of Rs.91,07,854 over and above the liability towards unclaimed deposits as certified by a Chartered Accountant has been withdrawn from the escrow account and credited to interest income, however, the the interest of Rs.82,81,619 pertaining to period prior to current financial year has been shown in the Profit and Loss Account under income for earlier years.		
(4) The Company has been advised that it does not have taxable income under the Income-tax Act, 1961 for the current financial year and accordingly, no provision for Income Tax has been made in the Profit and Loss Account of the Company. Further, Wealth Tax is accounted in the year in which it is paid and hence, no provision for Wealth Tax has been made in the Profit and Loss Account of the Company.		
(5) (a) All investments are in the name of the Company, except those under transfer/delivery.		
(b) All the investments are held by the Company as long term investments, except shown as Stock- in-Trade.		
(6) Remuneration to Directors:		
(a) Remuneration paid to the Managing Director:		
	<b>For the year ended 31st March 2011 Rupees</b>	<b>For the year ended 31st March 2010 Rupees</b>
Salaries and Contribution to the Provident and other funds	1,013,810	1,016,703
Perquisites *	39,600	39,600
Total	1,053,410	1,056,303
* Value of perquisites is determined as per the Income-tax Rules, 1962.		
(b) Since no commission is paid/payable to any Director, the computation of profits under Section 349 of the Companies Act, 1956 has not been made.		
(7) Confirmation of balances from parties have not been received. The balances, therefore, are as per the books of account of the Company.		
(8) There are no separate reportable segments.		
(9) Fixed Deposits with banks include Fixed Deposits with Punjab National Bank and Dena Bank of Rs.7,75,000 and Rs.3,70,000 respectively, which were earlier written off and the same have been written back as the interest on the same has been received.		
(10) Demat Account Holding Statement as on 31.3.2011 includes 500 equity shares of Numeric Power Systems Limited, which were already sold by the Company, however, the same have not beend transferred by the transferee in his own name. Consequently, dividends received on said shares have been considered as current liability.		

(11) Disclosures as required by the Accounting Standard 18 "Related Party Disclosures" are given below:

Name of related party and nature of relationship	For the year ended 31st March 2011 Rupees	For the year ended 31st March 2010 Rupees
(i) Directors / Key Management Personnel : Remuneration		
(1) Mr. Mahesh K. Rachh : Managing Director	1,053,410	1,056,303
(ii) Director and their relatives :Professional Fees		
(1) Mrs. Anita Mahesh Menon : Director`s wife	161,500	124,500
iii) Director Sitting Fees		
(1) Mr. Mahesh Menon : Director	6,000	12,000
(2) Mr. Mahendra Shah : Director	6,000	12,000

(12) Consequent to the issuance of the Accounting Standard 22 "Accounting for Taxes on Income" by the Institute of Chartered Accountants of India, which is mandatory, the Company has had Deferred Tax Assets (net) of Rs.24,44,00,677. In the opinion of the Board of Directors, it is unlikely that the Company would be able to take advantage of Deferred Tax Assets in the near future and accordingly, Deferred Tax Asset has not been considered.

Particulars	As at 31st March 2011 Rupees	As at 31st March 2010 Rupees
Deferred Tax Asset:		
(1) Provision for Non-Performing Assets and diminution in the value of investments	20,635,653	20,635,653
(2) Carry forward losses (including Unabsorbed Depreciation)	203,810,036	270,103,450
(3) Depreciation	19,954,988	21,496,371
Deferred Tax Asset (net)	244,400,677	312,235,474

(13) (a) Details of Stock of Shares and Securities :-

Unquoted		
141,000 Equity Shares of Rs.10 each of Indo Deutsche Metallo Chimique Limited	24,675,000	24,675,000
	24,675,000	24,675,000

(b) Quantitative Details :-

(i) Opening Stock		
Quantity (Nos.)	141,000	891,007
Value (Rs.)	24,675,000	32,188,190
(ii) Purchases / Received against Claims / Acquisition on Merger / Bonus		
Quantity (Nos.)	—	7
Value (Rs.)	—	—
(iii) Sales / Reduction on Merger		
Quantity (Nos.)	—	750,014
Value (Rs.)	—	7,513,190
(iv) Closing Stock		
Quantity (Nos.)	141,000	141,000
Value (Rs.)	24,675,000	24,675,000

(14) As per the Accounting Standard 13, Stock-in-Trade (Shares) is required to be recognised at cost or fair value whichever is less, however, the same has not been followed as fair values of the shares are not available since those Company`s shares are not quoted in the stock market. Hence, provision for the same has been made.

(15) Cash Flow is prepared as per Indirect Method.

(16) Figures in brackets pertain to the previous year. Figures for the previous year have been regrouped / rearranged wherever necessary.

Signatures to Schedules "A" to "P"

As per our report of even date

**For MAHENDRA KUMBHAT & ASSOCIATES**

Chartered Accountants

**Amar Chand Bagrecha**

Partner

Place : Mumbai

Date : June 30, 2011

**Mahesh K. Rachh**

Managing Director

**Mahendra S. Shah**

Director

**Mahesh Menon**

Director

**P. B. Deshpande**

Company Secretary

# APPLE FINANCE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
<b>A. Cash flow from operating activities :</b>				
Net profit before tax and extraordinary items		43,194,369		93,972,225
Adjustments for:				
Depreciation	2,242,166		2,389,405	
Provision for Non-performing Assets and Investments written back	—		(26,450,000)	
Profit/Loss on Sale of Assets and Investments	(49,711,229)		(78,242,603)	
Interest paid	2,923,574		20,033,931	
Investment Income - Dividend / Interest	(11,322,605)		(9,315,571)	
		<u>(55,868,094)</u>		<u>(91,584,838)</u>
<b>Operating profit before working capital changes</b>		<u>(12,673,725)</u>		<u>2,387,388</u>
Adjustments for:				
Inventories / Stock-on-Hire	—		7,513,190	
Trade payables	(2,358,343)		(179,985,199)	
Loans and Advances (net)	112,242,626		188,660,170	
		<u>109,884,283</u>		<u>16,188,162</u>
Cash generated from operations		97,210,559		18,575,549
Interest paid	(2,923,574)		(20,033,931)	
Direct taxes paid (-) / Refund of Income Tax (+)	(99,628)		(1,161,730)	
		<u>(3,023,202)</u>		<u>(21,195,661)</u>
Cash flow before extraordinary items		94,187,356		(2,620,112)
Extraordinary items		7,747,769		(4,919,322)
Net cash from operating activities	.... A	<u>101,935,125</u>		<u>(7,539,434)</u>
<b>B. Cash flow from investing activities:</b>				
Purchase and sale of fixed assets including advances given for work-in-progress		35,879,959		9,424,051
Investment redemption/sold		435,577		100,213,433
Interest received		9,199,900		8,555,676
Dividend received		2,122,705		759,895
Net cash used in investing activities	.... B	<u>47,638,141</u>		<u>118,953,055</u>
<b>C. Cash flow from financing activities</b>				
Proceeds from long term borrowings (net)		(99,975,981)		(110,600,000)
Net cash used in financing activities	.... C	<u>(99,975,981)</u>		<u>(110,600,000)</u>
<b>Net Increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<u>49,597,285</u>		<u>813,621</u>
<b>Cash and cash equivalents as at the beginning of the year (opening balance)</b>		<u>101,029,197</u>		<u>100,215,576</u>
<b>Cash and cash equivalents as at the end of the year (closing balance)</b>		<u>150,626,482</u>		<u>101,029,197</u>

Notes:

- Cash and cash equivalents include cash and cheques in hand and balances with scheduled banks.
- Previous year`s figures have been regrouped /rearranged wherever necessary.

For MAHENDRA KUMBHAT & ASSOCIATES

Chartered Accountants

Amar Chand Bagrecha  
Partner

Place : Mumbai  
Date : June 30, 2011

Mahesh K. Rachh  
Managing Director

Mahendra S. Shah  
Director

Mahesh Menon  
Director

P. B. Deshpande  
Company Secretary





# APPLE ASSET MANAGEMENT LIMITED

## DIRECTORS` REPORT

Your Directors present the 19<sup>th</sup> Annual Report together with the audited accounts for the year ended March 31, 2011.

## REVIEW OF OPERATIONS

During the year under review, the Company did not carry out any business activity and posted loss of Rs. 24.25 lacs.

Your Directors are exploring new business activity to be carried out by the Company.

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

## DIRECTORS

Mr. Pradeep Hari Deval retires by rotation and being eligible, offers himself for reappointment.

## DIRECTORS` RESPONSIBILITY STATEMENT

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

- i) in the preparation of the accounts for the year ended March 31, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) 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.
- iii) 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.
- iv) the Directors have prepared the accounts for the year ended March 31, 2011 on a 'going concern` basis.

## FIXED DEPOSITS

Your Company has not accepted any deposits from the public during the year under review.

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

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

During the year under review, there has been no income or outflow of foreign exchange.

## AUDIT COMMITTEE

The Company`s Audit Committee constituted under Section 292A of the Companies Act, 1956 comprises Mr. Pradeep H. Deval, Mr. Mahesh Raghavan Menon and Mr. Mahendra S. Shah.

## AUDITORS

M/s. S. Madanmal Mehta & Co., Chartered Accountants, Auditors retire at the conclusion of the ensuing annual general meeting and are eligible for reappointment. You are requested to reappoint the Auditors and authorize the Board of Directors to fix their remuneration.

## 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.

For and on behalf of the Board

**Mahesh Menon**  
Director

**Pradeep H. Deval**  
Director

Place : Mumbai  
Dated : May 23, 2011



## AUDITORS' REPORT

Auditors' Report to the members of Apple Asset Management Limited.

We have audited the attached Balance Sheet of Apple Asset Management Limited ("the Company") as at 31st March 2011 and also the Profit and Loss Account 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a 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 the 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (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 31<sup>st</sup> March 2011 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 and read with the other notes thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India :
  - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011.
  - b) In the case of the Profit and Loss Account, of the loss for the year ended on that date.
  - c) In the case of the Cash Flow Statement, of cash flow for the year ended on that date.

For **S. MADANMAL MEHTA & CO.**

*Chartered Accountants*  
Firm Regn. No. 105701W

**S. M. Mehta**  
*Proprietor*  
Membership No. : 42119

Place : Mumbai

Date : May 23, 2011

## 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. The Company was not having any fixed assets at the beginning of the financial year as well as there were no additions during the current financial year hence, clause (i) of paragraph 4 of the Order is not applicable to the Company.
2. The Company is in the business of rendering management service to Mutual Fund, and does not have inventories hence, clause (ii) of paragraph 4 of the Order is not applicable to the Company.
3. The Company has not granted any loans from/to companies, firms and other parties listed in the Register maintained under Section 301 of the Act. However, the Company has taken unsecured loan of Rs.45,45,500 from the Holding Company, the terms and conditions of loan taken by the Company 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 transactions requiring to be entered in the Register maintained under Section 301 of the Act.
6. The Company has not accepted any deposits from public during the year and hence, the provisions of Sections 58A and 58AA of the Act and the rules framed thereunder are not applicable.
7. The Company, with its current size and nature of the business, does not need internal audit to be carried out by an outside firm of Chartered Accountants.
8. We have been informed that the Central Government has not prescribed the maintenance of Cost records under Section 209(1)(d) of the Act.
9. We have been informed that during the year under review, the Company has regularly deposited all the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues, wherever applicable. There were no arrears as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.
10. The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth. The Company has incurred cash losses in the current financial year and also in

the immediately preceding financial year.

11. The Company has not defaulted in respect of payment of dues to banks, financial institutions and debenture-holders.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company has maintained proper records of the transactions and contracts in respect of investments in shares, securities, debentures and other investments and timely entries have been made therein. Except for some cases, all the investments are held by the Company in its own name.
15. The Company has not given any guarantees for loans taken by other companies and hence, clause (xv) of paragraph 4 of the Order is not applicable to the Company.
16. The Company has not obtained term loans during the year and hence, clause (xvi) of paragraph 4 of the Order is not applicable to the Company.
17. The Company has raised short term funds during the year and same have been used for the purpose for which they were raised.
18. During the year, no preferential allotment of shares has been made to the parties and companies covered in the Register maintained under Section 301 of the Act.
19. According to the information and explanation given to us, during the period covered by our audit report, the Company has not issued any debentures and hence, the question of creation of security does not arise.
20. Since the Company has not come out with public issue during the year, clause (xx) of the Order is not applicable.
21. No fraud on or by the Company has been noticed or reported during the year.

For **S. MADANMAL MEHTA & CO.**

*Chartered Accountants*  
Firm Regn. No. 105701W

**S. M. Mehta**  
*Proprietor*  
Membership No. : 42119

Place : Mumbai

Date : May 23, 2011

# APPLE ASSET MANAGEMENT LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedule	As at		As at	
		31st March, 2011	31st March, 2010	31st March, 2011	31st March, 2010
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS:</b>					
<b>Shareholders` Fund</b>					
Share Capital	“A”		112,000,000		112,000,000
Unsecured Loan from the Holding Company			4,545,500		2,125,500
			<u>116,545,500</u>		<u>114,125,500</u>
<b>APPLICATION OF FUNDS:</b>					
<b>Investments:</b>					
Current Assets, Loans and Advances:	“B”		10,681,443		10,681,443
Current Assets	“C”	37,369		8,971	
Loans and Advances	“D”	—		32,915	
		<u>37,369</u>		<u>41,886</u>	
<b>LESS:</b>					
<b>Current Liabilities and Provisions:</b>					
Current Liabilities	“E”		19,736		19,736
			<u>19,736</u>		<u>19,736</u>
<b>Net Current Assets</b>					
Profit and Loss Account as per annexed Account			17,633		22,150
			105,846,424		103,421,908
			<u>116,545,500</u>		<u>114,125,500</u>
Significant Accounting Policies	“H”				
Notes forming part of Accounts	“I”				
Schedules “A” to “I” form an integral part of the Accounts					

This is the Balance Sheet referred to in our report of even date

For **S. MADANMAL MEHTA & CO.**  
Chartered Accountants

**S. M. Mehta**  
Proprietor  
Membership No. : 42119

Place : Mumbai  
Date : 23rd May, 2011

**Mahesh Menon**  
Director

**Pradeep Deval**  
Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Schedule	For the year ended	
		31st March, 2011	31st March, 2010
		Rupees	Rupees
<b>INCOME</b>			
	“F”	632,520	—
<b>EXPENDITURE:</b>			
Administrative and Other Expenses	“G”	820,961	895,819
Profit / (Loss) for the year before Tax		(188,441)	(895,819)
Income Tax paid for earlier years		2,236,076	—
Profit / (Loss) after Tax		(2,424,517)	(895,819)
Profit / (Loss) brought forward from previous year		(103,421,908)	(102,526,089)
<b>Balance carried to Balance Sheet</b>		<u>(105,846,424)</u>	<u>(103,421,908)</u>
Significant Accounting Policies	“H”		
Notes forming part of Accounts	“I”		
Schedules “A” to “I” form an integral part of the Accounts			

This is the Profit and Loss Account referred to in our report of even date

For **S. MADANMAL MEHTA & CO.**  
Chartered Accountants

**S. M. Mehta**  
Proprietor  
Membership No. : 42119

Place : Mumbai  
Date : 23rd May, 2011

**Mahesh Menon**  
Director

**Pradeep Deval**  
Director

**SCHEDULES TO BALANCE SHEET**

(Amount in Rupees)

Particulars	As at 31st March, 2011	As at 31st March, 2010
<b>SCHEDULE "A" - SHARE CAPITAL</b>		
<b>AUTHORIZED</b>		
5,000,000 Equity Shares of Rs. 10 each	50,000,000	50,000,000
7,700,000 Preference Shares of Rs. 10 each	77,000,000	77,000,000
	<u>127,000,000</u>	<u>127,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
5,000,000 Equity Shares of Rs.10 each fully paid-up (All the shares are held by the Holding Company - Apple Finance Limited and its nominees)	50,000,000	50,000,000
6,200,000 14% Cumulative Redeemable Preference Shares of Rs.10 each fully paid-up (All the shares are held by the Holding Company - Apple Finance Limited and its nominees)	62,000,000	62,000,000
<b>TOTAL</b>	<u>112,000,000</u>	<u>112,000,000</u>

**SCHEDULE "B" - INVESTMENTS (At Cost)**  
(FULLY PAID UP UNLESS STATED OTHERWISE)

(Amount in Rupees)

	Number of Shares/Debentures/ Bonds/Scrips	Face Value Rupees	As at 31st March, 2011	As at 31st March, 2010
<b>[QUOTED]</b>				
Sesa Goa Limited (Allotted against shares of Sesa Industries Ltd. in terms of amalgamation between Sesa Industries Ltd. and Sesa Goa Ltd.)	5,800	1	51,023	—
<b>TOTAL (A)</b>			<u>51,023</u>	<u>—</u>
<b>[UNQUOTED]</b>				
Deluxe Fabrics Limited	250,000	10	4,780,421	4,780,421
Sesa Industries Limited	1,450	10	—	51,023
Indo Deutsche Metallo Chimique Ltd.	145,000	10	24,539,919	24,539,919
Union Motor Services Limited	366,667	10	8,806,560	8,806,560
Armour Pharmaceuticals Limited	593,750	10	8,386,690	8,386,690
<b>TOTAL (B)</b>			<u>46,513,590</u>	<u>46,564,613</u>
<b>DEBENTURES [UNQUOTED]</b>				
18 % Unsecured Redeemable Non-Convertible Debenture of Century Wood Limited	40,000	100	5,850,000	5,850,000
<b>TOTAL (C)</b>			<u>5,850,000</u>	<u>5,850,000</u>
<b>TOTAL INVESTMENT (A + B + C)</b>			<u><b>52,414,613</b></u>	<u>52,414,613</u>
Less: Provision for diminution in the value of Investments.			<u>41,733,170</u>	<u>41,733,170</u>
<b>Net Investments</b>			<u><b>10,681,443</b></u>	<u>10,681,443</u>

# APPLE ASSET MANAGEMENT LIMITED

## SCHEDULES TO BALANCE SHEET

(Amount in Rupees)

Particulars	As at 31st March, 2011	As at 31st March, 2010
<b>SCHEDULE "C"- CURRENT ASSETS</b>		
<b>Cash and Bank Balance</b>		
Cash in Hand	10,379	4
Balances with Scheduled Banks In Current Accounts	26,990	8,967
<b>TOTAL</b>	<b>37,369</b>	<b>8,971</b>
<b>SCHEDULE "D"- LOANS AND ADVANCES (CONSIDERED GOOD)</b>		
Advance Income Tax and TDS	—	32,915
<b>TOTAL</b>	<b>—</b>	<b>32,915</b>
<b>SCHEDULE "E"- CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Duties and Taxes	6,500	6,500
Sundry Creditors for Expenses	13,236	13,236
<b>TOTAL</b>	<b>19,736</b>	<b>19,736</b>

## SCHEDULES TO PROFIT AND LOSS ACCOUNT

(Amount in Rupees)

Particulars	For the Year Ended 31st March, 2011	For the Year Ended 31st March, 2010
<b>SCHEDULE "F" - INCOME</b>		
Interest on Income Tax Refund	632,520	—
<b>TOTAL</b>	<b>632,520</b>	<b>—</b>
<b>SCHEDULE "G"- ADMINISTRATIVE AND OTHER EXPENSES</b>		
Audit Fees	13,236	13,236
Professional Fee	797,100	802,083
ROC Filing Fees	10,625	80,500
<b>TOTAL</b>	<b>820,961</b>	<b>895,819</b>

## SCHEDULE "H" - SIGNIFICANT ACCOUNTING POLICIES

- Method of Accounting:  
The Company maintains its accounts on accrual basis.
- Income and Expenses:  
Income and expenses are accounted for on accrual basis.
- Investments:  
Investments are shown at cost, after providing for diminution in the value of investments.

## SCHEDULE "I" - NOTES FORMING PART OF THE ACCOUNTS

- Contingent Liability in respect of:  
Dividend at the rate of 14% on Cumulative Redeemable Preference Shares amounting to Rs. 1131.36 lacs (previous year Rs. 1044.56 lacs).
- The Company has made an application to the Income Tax Authority for waiver of interest of Rs.14,08,775 and Rs.50,583 in respect of the Income Tax liability for the Assessment Years 2005-06 and 2006-07 respectively. The Company has been advised that the said interest waiver will be granted to the Company and accordingly, no provision for such liability has been made in the books of the Company.
- In the opinion of the Board, the current assets, loans and advances have been stated at the value at which they will be realized in the ordinary course of business. Provision for all known liabilities has been made. No personal expenses have been charged to the Revenue Account.
- There are no separate reportable segments.

- (i) Disclosures as required by the Accounting Standard 18 "Related Party Disclosures" are given below:

	For the year ended 31st March 2011	For the year ended 31st March 2010
Name of related party:	Mahesh K. Rachh	Mahesh K. Rachh
Nature of relationship:	Holding Company-M.D.	Holding Company-M.D.
Nature of transaction:	Professional Fees paid	Professional Fees paid
Transaction value:	Rs.780,000	Rs.780,000

- (ii) The Company has been advised that no provision is required for Deferred Tax in terms of Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.
- Figures for the previous year have been regrouped /rearranged wherever necessary.

Signature to Schedule "A" to "I"

As per our report of even date,

For **S. MADANMAL MEHTA & CO.**  
Chartered Accountants

**S. M. Mehta**  
Proprietor  
Membership No. : 42119

**Mahesh Menon**  
Director

**Pradeep Deval**  
Director

Place : Mumbai  
Date : 23rd May, 2011



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	Schedule	For the Year Ended 31st March, 2011		For the Year Ended 31st March, 2010	
		Rupees	Rupees	Rupees	Rupees
<b>A. Cash flow from operating activities:</b>					
Net profit before tax and extraordinary items			(2,424,517)		(895,819)
Adjustments for :					
Direct taxes paid (-) / Refund (+)		(2,236,076)		—	
			(2,236,076)		—
<b>Operating profit before working capital changes</b>			(188,441)		(895,819)
Adjustments for:					
Trade Payables		—		(2,397)	
					(2,397)
Cash generated from operations			(188,441)		(898,216)
Direct taxes paid (-) / Refund (+)		(2,203,161)		27,246	
			(2,203,161)		27,246
Cash flow before extraordinary items			(2,391,602)		(870,970)
Net cash from operating activities	.... A		(2,391,602)		(870,970)
<b>B. Cash flow from investing activities:</b>					
Net cash used in investing activities	.... B		—		—
<b>C. Cash flow from financing activities:</b>					
Unsecured Loan from the Holding Company			2,420,000		860,500
Net cash used in financing activities	.... C		2,420,000		860,500
<b>Net Increase / (decrease) in cash and cash equivalents</b>					
	(A+B+C)		28,398		(10,470)
<b>Cash and cash equivalents as at the beginning of the year (Opening balance)</b>			8,971		19,441
<b>Cash and cash equivalents as at the end of the year (Closing balance)</b>			37,369		8,971

Notes :

1. Cash and cash equivalents include cash and cheques in hand and balances with scheduled banks.
2. Previous year's figures have been regrouped / rearranged wherever necessary.

For **S. MADANMAL MEHTA & CO.**

Chartered Accountants

**S. M. Mehta**

Proprietor

Membership No. : 42119

**Mahesh Menon**

Director

**Pradeep Deval**

Director

Place : Mumbai

Date : 23rd May, 2011





## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors

**Apple Finance Limited**

Mumbai

We have examined the attached Consolidated Balance Sheet of Apple Finance Limited ("the Company") and its subsidiary as at 31<sup>st</sup> March 2011 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement are collectively hereinafter referred to as "the Consolidated Financial Statements".

These Consolidated 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 have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a 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 the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Apple Asset Management Limited, which reflect total assets of **Rs. 10,699,076 (excluding debit balance of Rs.105,846,424 in the Profit and Loss Account) as at 31st March, 2011 and total revenue of Rs. 6,32,520** for the year ended on that date. These financial statements have been audited by other auditor, whose report has been furnished to us, and in our opinion, so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21 regarding "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiary included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited statements of Apple Finance Limited and its subsidiary, we are of the opinion that the Consolidated Financial Statements give a true and fair view in conformity with the generally accepted accounting policies in India:

- a) in the case of Consolidated Balance Sheet, of the state of affairs of Apple Finance Limited and its subsidiary as at 31<sup>st</sup> March 2011;
- b) in the case of Consolidated Profit and Loss Account, of the results of operations of Apple Finance Limited and its subsidiary for the year ended 31<sup>st</sup> March 2011; and
- c) in the case of Consolidated Cash Flow Statement, of the Cash Flows of Apple Finance Limited and its subsidiary for the year ended 31<sup>st</sup> March 2011.

For **Mahendra Kumbhat & Associates**  
*Chartered Accountants*  
*Firm Regn. No.105770W*

**Amar Chand Bagrecha**  
*Partner*  
*Membership No. : 56605*

Place : Mumbai

Date : June 30, 2011



# APPLE FINANCE LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedule	As at 31st March, 2011		As at 31st March, 2010	
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>					
<b>Shareholders` Funds:</b>					
Share Capital	“A”	556,701,477		556,701,477	
Reserves and Surplus	“B”	<u>1,030,959,604</u>		<u>1,030,959,604</u>	
			1,587,661,081		1,587,661,081
<b>Loan Funds:</b>					
Secured Loans	“C”	—		99,975,981	
Unsecured Loans	“D”	<u>—</u>		<u>—</u>	
			—		99,975,981
			1,587,661,081		1,687,637,062
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets:</b>					
Gross Block	“E”	125,866,425		131,617,690	
Less: Depreciation		<u>61,284,388</u>		<u>61,806,000</u>	
			64,582,038		69,811,690
<b>Investments:</b>	“F”		127,399,818		111,016,639
<b>Current Assets, Loans and Advances:</b>					
<b>Current Assets:</b>					
Stock-in-Trade - Equity Shares		24,675,000		24,675,000	
Cash and Bank Balances		<u>150,663,851</u>		<u>101,038,168</u>	
			175,338,851		125,713,168
<b>Loans and Advances:</b>	“H”	<u>15,438,267</u>		<u>130,042,272</u>	
			<u>190,777,117</u>		<u>255,755,440</u>
Less:					
<b>Current Liabilities and Provisions:</b>					
Current Liabilities	“I”	14,769,890		17,131,442	
Provisions		<u>214,837,777</u>		<u>214,834,568</u>	
			<u>229,607,667</u>		<u>231,966,010</u>
<b>Net Current Assets</b>					
			(38,830,550)		23,789,430
Profit and Loss Account as per annexed Account			<u>1,434,509,774</u>		<u>1,483,019,303</u>
			<u>1,587,661,081</u>		<u>1,687,637,062</u>
Significant Accounting Policies	“O”				
Notes Forming Part of Accounts	“P”				
Schedules “A” to “P” form an integral part of the Accounts					

This is the Balance Sheet referred to in our report of even date

For MAHENDRA KUMBHAT & ASSOCIATES

Chartered Accountants

Amar Chand Bagrecha

Partner

Place : Mumbai

Date : June 30, 2011

Mahesh K. Rachh

Managing Director

Mahendra S. Shah

Director

Mahesh Menon

Director

P. B. Deshpande

Company Secretary



## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Schedule	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
		Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>					
Income from Operations	“J”	1,165,349		17,996,411	
Other Income	“K”	62,423,232		88,521,387	
Provisioning for Non-performing Assets and Investments Written back		—		26,450,000	
			63,588,581		132,967,798
<b>EXPENDITURE</b>					
Employment Expenses	“L”	2,839,363		2,837,909	
Administrative and Other Expenses	“M”	12,577,275		14,620,694	
Interest and Bank Charges	“N”	2,923,849		20,043,383	
Depreciation	“E”	2,242,166		2,389,405	
			20,582,653		39,891,391
Profit (+) / Loss (-) before Tax			43,005,928		93,076,406
Income Tax Paid ( Earlier Years)			2,236,076		—
Provision for Wealth Tax			8,617		40,588
Provision for Fringe Benefit Tax			(524)		(400)
Profit (+) / Loss (-) after Tax			40,761,759		93,036,218
Prior Period Income (Refer to Note No.3 of Schedule “P”)			8,281,619		—
Prior Period Expenses			533,850		4,919,322
Profit (+) / Loss (-) after Tax and Prior Period/Exceptional Items			48,509,528		88,116,896
Add : Balance brought forward from the previous year			(1,483,019,303)		(1,571,136,200)
Balance carried to the Balance Sheet			(1,434,509,774)		(1,483,019,303)
Significant Accounting Policies	“O”				
Notes Forming Part of Accounts	“P”				

Schedules “A” to “P” form an integral part of the Accounts

This is the Profit and Loss Account referred to in our report of even date

**For MAHENDRA KUMBHAT & ASSOCIATES**

*Chartered Accountants*

**Amar Chand Bagrecha**  
*Partner*

Place : Mumbai  
Date : June 30, 2011

**Mahesh K. Rachh**  
*Managing Director*

**Mahendra S. Shah**  
*Director*

**Mahesh Menon**  
*Director*

**P. B. Deshpande**  
*Company Secretary*

# APPLE FINANCE LIMITED

## SCHEDULES TO CONSOLIDATED BALANCE SHEET

Particulars	As at 31st March, 2011		As at 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "A" - SHARE CAPITAL</b>				
<b>Authorized</b>				
75,000,000 Equity Shares of Rs.10 each		750,000,000		750,000,000
7,500,000 Preference Shares of Rs. 100 each		750,000,000		750,000,000
		<u>1,500,000,000</u>		<u>1,500,000,000</u>
<b>Issued and Subscribed</b>				
55,673,122 Equity Shares of Rs. 10 each		556,731,220		556,731,220
		<u>556,731,220</u>		<u>556,731,220</u>
<b>Paid-up</b>				
55,673,122 Equity Shares of Rs. 10 each fully paid-up		556,731,220		556,731,220
Less : Call Money receivable		29,743		29,743
		<u>556,701,477</u>		<u>556,701,477</u>
<b>SCHEDULE "B" - RESERVES AND SURPLUS</b>				
<b>General Reserve</b>				
Per last Balance Sheet		400,000,000		400,000,000
Additions / (Reductions) during the year				
<b>Capital Reserve</b>				
Per last Balance Sheet		6,933,420		6,933,420
<b>Capital Reserve on Settlement of Loans</b>				
Per last Balance Sheet		427,026,184		427,026,184
<b>Reserve Fund under Section 45IC(1) of the Reserve Bank of India Act, 1934</b>				
Per last Balance Sheet		77,000,000		77,000,000
<b>Capital Redemption Reserve</b>				
Per last Balance Sheet		20,000,000		20,000,000
<b>Debenture Redemption Reserve</b>				
Per last Balance Sheet		100,000,000		100,000,000
		<u>1,030,959,604</u>		<u>1,030,959,604</u>
<b>SCHEDULE "C" - SECURED LOANS</b>				
Loans from an Investment Company		—		99,975,981
		—		99,975,981
<b>SCHEDULE "D" - UNSECURED LOANS</b>				
Fixed Deposits from public (principal as well as interest payable thereon, net of loans given to fixed depositors)		—	17,274,006	
Less : Balance lying in the escrow account with a scheduled bank (including interest accrued and TDS deducted)		—	17,274,006	
		<u>—</u>	<u>—</u>	



## SCHEDULE "E" - FIXED ASSETS

(Amount in Rupees)

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-04-2010	Addition	Reduction / Deduction	As at 31-03-2011	Upto 31-03-2010	Provided During Year	Reduction / Deduction	Upto 31-03-2011	As at 31-03-2011	As at 31-03-2010
Land	955,066	-	-	955,066	-	-	-	-	955,066	955,066
Buildings * & **	89,327,809	154,633	7,062,000	82,420,442	25,883,986	1,356,363	2,763,778	24,476,571	57,943,871	63,443,823
Plant & Machinery	23,423,309	28,500	-	23,451,809	21,546,212	276,275	-	21,822,487	1,629,322	1,877,097
Furniture & Fixtures	16,418,560	-	-	16,418,560	13,973,667	360,576	-	14,334,243	2,084,317	2,444,893
Vehicles	2,620,548	-	-	2,620,548	402,134	248,952	-	651,086	1,969,462	2,218,414
<b>Total Current Year</b>	<b>132,745,292</b>	<b>183,133</b>	<b>7,062,000</b>	<b>125,866,425</b>	<b>61,806,000</b>	<b>2,242,166</b>	<b>2,763,778</b>	<b>61,284,388</b>	<b>64,582,038</b>	<b>70,939,293</b>
Total Previous Year	133,547,691	1,694,824	3,624,825	131,617,690	60,782,855	2,389,405	1,366,260	61,806,000	69,811,690	72,764,837

\* Buildings include value of properties in Co-operative Societies including shares of respective societies.

\*\* Opening balance includes Rs.11,27,603 transferred from loans and advances, on registration of property acquired against receivables.

## SCHEDULE "F" - INVESTMENTS (at cost)

(FULLY PAID-UP UNLESS STATED OTHERWISE)

(Rupees)

	Number of Shares/Debentures/ Bonds/Scripts	Face Value Rupees	As at 31st March, 2011	As at 31st March, 2010
<b>INVESTMENTS - EQUITY SHARES</b>				
<b>[QUOTED]</b>				
Ambika Cotton Mills Limited	180,233	10	8,651,200	8,651,200
Anjani Solvents India Limited	74,853	10	748,530	748,530
Anod Plasma Spray Limited	75,000	10	750,000	750,000
Cipla Limited	36,510	2	652,302	652,302
Dr. Reddy's Laboratories Limited (Previous Year 17,300 shares of Rs.5 each)	—	—	—	4,202,602
Indian Lead Limited	332,066	10	12,331,200	12,331,200
Inland Printers Limited	33,300	10	1,998,000	1,998,000
Pittie Cements & Industries Limited	118,126	10	12,993,860	12,993,860
Sagar Tourist Resorts Limited	21,342	10	213,420	213,420
Sesa Goa Limited (Allotted against shares of Sesa Industries Ltd. in terms of amalgamation between Sesa Goa Ltd. and Sesa Ind. Ltd.)	5,800	1	32,625	—
Shri Renuga Textiles Limited	40,000	10	6,000,000	6,000,000
Vital Foods Limited	93,900	10	1,032,900	1,032,900
<b>SUB-TOTAL</b>			<b>45,404,037</b>	<b>49,574,014</b>
<b>[UNQUOTED]</b>				
Aldrich Pharmaceuticals Limited	210,000	10	7,035,000	7,035,000
Deluxe Fabrics Limited	250,000	10	2,500,000	2,500,000
Sesa Industries Limited ( Previous Year 1,450 shares of Rs.10 each)	—	—	—	32,625
Spectrum Alkyd & Resins Limited	133,333	10	1,500,000	1,500,000
Vijaya Home Loans Limited	50,000	10	500,000	500,000
Indo Deutsche Metallo Chimique Limited	145,000	10	25,375,000	25,375,000
Union Motor Services Limited	366,667	10	11,000,000	11,000,000
Armour Pharmaceuticals Limited	593750	10	9,500,000	9,500,000
<b>SUB-TOTAL</b>			<b>57,410,000</b>	<b>57,442,625</b>
<b>TOTAL (A)</b>			<b>102,814,037</b>	<b>107,016,639</b>
<b>DEBENTURES &amp; BONDS [UNQUOTED]</b>				
18.00% Unsecured Redeemable Non-Convertible Debenture of Century Wood Limited	40,000	100	4,000,000	4,000,000
<b>TOTAL (B)</b>			<b>4,000,000</b>	<b>4,000,000</b>
<b>INVESTMENTS - MUTUAL FUNDS</b>				
HDFC Cash Management Fund-Treasury (Advantage Plan-Wholesale-Daily Dividend)	6,501.46	10	65,219	—
Tempelton India Short Term Plan-Monthly Dividend	18,222.77	20,520,563	—	20,596,823
<b>TOTAL (C)</b>			<b>20,585,781</b>	<b>—</b>
<b>GRAND TOTAL (A+B+C)</b>			<b>127,399,818</b>	<b>111,016,639</b>

# APPLE FINANCE LIMITED

## SCHEDULE "F" - INVESTMENTS (at cost) (contd.)

	<b>Cost</b>	<b>Market Value</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Aggregate Value of Quoted Investments (Previous Year)	65,989,818	70,448,799
Aggregate Value of Unquoted Investments (Previous Year)	(49,574,014)	(62,782,859)
T O T A L	61,410,000	61,442,625
(Previous Year)	127,399,818	(111,016,639)

## SCHEDULES TO CONSOLIDATED BALANCE SHEET

Particulars	As at 31st March, 2011		As at 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "G" - CURRENT ASSETS</b>				
<b>Stock-in-Trade - Shares and Securities (at cost)</b>		24,675,000		24,675,000
<b>Cash and Bank Balances</b>				
Cash	71,691		37,459	
Balances with Scheduled Banks (including cheques in hand)				
In Fixed Deposit Accounts	150,128,895		100,039,704	
(Out of which Rs.11,23,74,997 is under lien with Kotak Mahindra Bank Ltd.; Previous year Rs.10,00,00,000)				
In Current Accounts	463,266		961,005	
		<u>150,663,851</u>		<u>101,038,168</u>
		<u>175,338,851</u>		<u>125,713,168</u>
<b>SCHEDULE "H" - LOANS AND ADVANCES (UNSECURED - CONSIDERED GOOD)</b>				
Deposits		572,598		615,618
Advances recoverable in cash or in kind or for value to be received (net)		5,691,965		120,311,571
Advance Income Tax / Sales Tax (Net of Provision)		9,173,703		9,115,083
		<u>15,438,267</u>		<u>130,042,272</u>
<b>SCHEDULE "I" - CURRENT LIABILITIES AND PROVISIONS</b>				
<b>Current Liabilities</b>				
Sundry Creditors	80,519		15,463	
Other Liabilities	14,689,371		17,115,979	
		<u>14,769,890</u>		<u>17,131,442</u>
<b>Provisions</b>				
Provision for Non-performing Assets and Investments				
Opening Balance	214,444,122		240,894,122	
Less : Excess Provisions written back	—		26,450,000	
	<u>214,444,122</u>		<u>214,444,122</u>	
Provision for Leave Encashment	393,655		390,446	
		<u>214,837,777</u>		<u>214,834,568</u>
		<u>229,607,667</u>		<u>231,966,010</u>



## SCHEDULES TO PROFIT AND LOSS ACCOUNT

Particulars	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "J" - INCOME FROM OPERATIONS</b>				
Income from Hire-Purchase		20,349		35,080
Loss on Sale of Trading Stock (Shares)		—		(7,085,334)
Bad Debts recovered		1,145,000		25,046,665
		<u>1,165,349</u>		<u>17,996,411</u>
<b>SCHEDULE "K" - OTHER INCOME</b>				
Profit on Sale of Fixed Assets		32,961,328		9,156,613
Long Term Capital Gain on Sale of Shares		16,803,400		69,382,293
Short Term Capital Gain on Sale of Mutual Fund Units		53,499		—
Dividend Income		2,122,705		759,895
Interest (tax deducted at source Rs.9,02,547; Previous year Rs.10,95,542) (Refer to Note No.3 of Schedule "P")		9,832,420		8,555,676
Miscellaneous Income		649,880		666,910
		<u>62,423,232</u>		<u>88,521,387</u>
<b>SCHEDULE "L" - EMPLOYMENT EXPENSES</b>				
Salary and Other Allowances		2,108,156		2,181,758
Contribution to Provident and Other Funds		454,168		383,735
Welfare Expenses		277,039		272,416
		<u>2,839,363</u>		<u>2,837,909</u>
<b>SCHEDULE "M" - ADMINISTRATIVE AND OTHER EXPENSES</b>				
Rent		243,800		254,400
Rates and Taxes		2,279,269		1,104,561
Receivables written off (Net)		221,436		—
Travelling and Conveyance Expenses		1,533,234		1,586,277
Electricity Charges		307,837		408,977
Communication Expenses		233,179		264,347
Repairs and Maintenance				
- Buildings	5,800		227,000	
- Plant and Machinery	45,173		38,249	
- Others	7,660		12,931	
		<u>58,633</u>		<u>278,180</u>
Directors` Sitting Fees		12,000		24,000
Printing and Stationery		54,958		45,020
Auditors` Remuneration				
Audit Fees	350,000		350,000	
Tax Audit Fees	100,000		100,000	
Service Tax	46,350		46,350	
		<u>496,350</u>		<u>496,350</u>
Legal and Professional Fees		3,441,161		6,519,478
Registrar, Share and Debenture Expenses		879,712		844,671
AGM Expenses		1,792,944		1,927,642
Insurance		20,698		20,698
Service Charges		487,259		287,110
Loss on Assets Sold /Discarded		—		296,303
Security Charges		426,552		208,701
Miscellaneous Expenses		88,253		53,979
		<u>12,577,275</u>		<u>14,620,694</u>
<b>SCHEDULE "N" - INTEREST AND BANK CHARGES</b>				
Interest		2,923,574		20,033,931
Bank Charges		275		9,452
		<u>2,923,849</u>		<u>20,043,383</u>

# APPLE FINANCE LIMITED

## ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS OF APPLE FINANCE LIMITED

### SCHEDULE "O" SIGNIFICANT ACCOUNTING POLICIES:

#### A. Principle of Consolidation

The Consolidated Financial Statements relate to Apple Finance Limited ("the Company") and its subsidiary. The Consolidated Financial Statements have been prepared on the following basis:

- (i) The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-company balances and intra-company transactions resulting in unrealized profits or losses.
- (ii) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

#### B. Other significant accounting policies:

##### 1. Accounting Convention and Concepts:

The Company follows the Historical Cost Convention and the Mercantile System of Accounting where the income and expenditure are recognised on accrual basis.

##### 2. Fixed Assets:

Fixed assets are valued at cost less depreciation. Cost includes all expenses incurred for acquisition of assets. Amount received on assignments of future lease rentals in respect of lease contracts is included in the Current Liabilities.

##### 3. Depreciation:

The Company provides depreciation on straight-line method on a pro-rata basis on completed month basis at the rate specified in Schedule XIV to the Companies Act, 1956. However, depreciation on non-performing lease and discarded own assets has been increased by the lease equalization charge and additional depreciation to write off the substantial part of the assets over the period of lease/use.

##### 4. Investments:

All investments are stated at cost of acquisition. The investments sold during the year are accounted on first-in-first-out basis and investments purchased and sold during the year are shown on net basis. Provision is made for diminution in the value of investments, wherever required.

##### 5. Valuation of Stocks:

Stock of shares and securities is valued at cost or fair value, whichever is less.

##### 6. Retirement Benefits:

The provision for retirement benefits such as provident fund, gratuity and superannuation is made for employees from the date of their respective appointment.

- (i) Company's contribution to the Provident Fund, Pension Fund, Superannuation Fund and other fund is charged to the Profit and Loss Account.
- (ii) The amount of Gratuity liability as ascertained on the basis of actuarial valuation by Life Insurance Corporation of India is paid/provided and charged to the Profit and Loss Account.
- (iii) Provision is made towards the liability for leave encashment.

##### 7. Impairment of Assets:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.



## SCHEDULE "P" - NOTES TO THE CONSOLIDATED ACCOUNTS

Notes forming part of the Accounts for the year ended 31st March, 2011

	As at 31 st March, 2011 Rupees	As at 31 st March, 2010 Rupees
(1) As the business was unviable, the Company surrendered its Certificate of Registration of Non-Banking Financial Institution to Reserve Bank of India. Reserve Bank of India cancelled the said Certificate of Registration vide their letter No. DNBS. MRO.No.4716 & 4869 / 02.01.60.Apple / 2003-04 dated January 13, 2004 and January 18, 2004. In view of this, in terms of Section 45-IA of the RBI Act, 1934, now the Company is not entitled to carry on the business of Non-Banking Financial Institution. However, the Company can in future carry on the business of Non-Banking Financial Institution after taking necessary approval from Reserve Bank of India. The Company does have business income from Interest, etc. and also has Stock-in-Trade for business and hence, accounts have been prepared on the Going Concern Basis and Historical Cost Method.		
(2) Contingent Liabilities in respect of:		
(a) Claims against Company not acknowledge as debts .	100,000,000	100,000,000
(b) There is a contingent liability towards charges for extension of time for completing constructions of Apple Tower at the Bandra-Kurla Complex, payable to Mumbai Metropolitan Region Development Authority.	-	107,816,237
(3) The entire unclaimed public deposits and unclaimed interest of Rs.1,05,51,494 had been provided for in the escrow account maintained with the schedule bank. During the year, in compliance with the provisions of Section 205C of the Companies Act, 1956, the Company transferred the entire unclaimed public deposits and unclaimed interest to the Investor Education and Protection Fund based on accounts certified by a Chartered Accountant (Certificate). Additional amount of Rs.91,07,854 over and above the liability towards unclaimed deposits as certified by a Chartered Accountants has been withdrawn from the escrow account and credited to interest income, however, the the interest of Rs.82,81,619 pertaining to period prior to the current financial year has been shown in the Profit and Loss Account under the income for earlier years.		
(4) The Company has been advised that it does not have taxable income under the Income-tax Act, 1961 for the current financial year and accordingly, no provision for Income Tax has been made in the Profit and Loss Account of the Company. Further, Wealth Tax is accounted in the year in which it is paid and hence, no provision for Wealth Tax has been made in the Profit and Loss Account of the Company.		
(5) (a) All investments are in the name of the Company, except those under transfer/delivery. (b) All the investments are held by the Company as long term investments, except shown as the Stock-in-Trade.		
(6) Remuneration to Directors:		
(a) Remuneration paid to the Managing Director:		
	<b>For the year ended 31st March 2011 Rupees</b>	<b>For the year ended 31st March 2010 Rupees</b>
Salaries and Contribution to Provident and other funds	1,013,810	1,016,703
Perquisites *	39,600	39,600
Total	1,053,410	1,056,303
* Value of perquisites is determined as per the Income-tax Rules, 1962.		
(b) Since no commission is paid/payable to any Director, the computation of profits under Section 349 of the Companies Act, 1956 has not been made.		
(7) Confirmation of balances from parties have not been received. The balances, therefore, are as per the books of account of the Company.		
(8) There are no separate reportable segments.		
(9) Fixed Deposits with banks include Fixed Deposits with Punjab National Bank and Dena Bank of Rs.7,75,000 and Rs.3,70,000 respectively, which were earlier written off and the same have been written back as the interest on the same has been received.		



# APPLE FINANCE LIMITED

(10) Demat Account Holding Statement as on 31.3.2011 includes 500 equity shares of Numeric Power Systems Limited, which were already sold by the Company, however, same have not been transferred by the transferee in his own name. Consequently, dividends received on said shares have been considered as current liability.

(11) Disclosures as required by the Accounting Standard 18 "Related Party Disclosures" are given below :

Name of related party and nature of relationship	For the year ended 31st March 2011 Rupees	For the year ended 31st March 2010 Rupees
(i) Directors / Key Management Personnel : Remuneration		
(1) Mr. Mahesh K. Rachh : Managing Director	1,053,410	1,056,303
(ii) Director and their relatives : Professional Fees		
(1) Mr. Mahesh K. Rachh : Managing Director	780,000	780,000
(2) Mrs. Anita Mahesh Menon : Director `s wife	161,500	124,500
iii) Director Sitting fees		
(1) Mr. Mahesh Menon : Director	6,000	12,000
(2) Mr. Mahendra Shah : Director	6,000	12,000

(12) Consequent to the issuance of the Accounting Standard 22 "Accounting for Taxes on Income" by the Institute of Chartered Accountants of India, which is mandatory, the Company has had Deferred Tax Assets (net) of Rs.24,44,00,677. In the opinion of the Board of Directors, it is unlikely that the Company would be able to take advantage of Deferred Tax Assets in the near future and accordingly, Deferred Tax Asset has not been considered.

Particulars	As at 31 st March 2011 Rupees	As at 31 st March 2010 Rupees
Deferred Tax Asset :		
(1) Provision for Non-Performing Assets and Diminution in the value of investments	20,635,653	20,635,653
(2) Carry forward losses (including Unabsorbed Depreciation)	203,810,036	270,103,450
(3) Depreciation	19,954,988	21,496,371
Deferred Tax Asset (net)	244,400,677	312,235,474

(13) (a) Details of Stock of Shares and Securities :-

Unquoted:

141,000 Equity Shares of Rs.10 each of Indo Deutsche Metallo Chimique Limited	24,675,000	24,675,000
	24,675,000	24,675,000

(b) Quantitative Details :-

(i) Opening Stock		
Quantity (Nos.)	141,000	891,007
Value (Rs.)	24,675,000	32,188,190
(ii) Purchases / Received against Claims / Acquisition on Merger / Bonus		
Quantity (Nos.)	—	7
Value (Rs.)	—	—
(iii) Sales / Reduction on Merger		
Quantity (Nos.)	—	750,014
Value (Rs.)	—	7,513,190
(iv) Closing Stock		
Quantity (Nos.)	141,000	141,000
Value (Rs.)	24,675,000	24,675,000

(14) As per the Accounting Standard 13, Stock-in-Trade (Shares) are required to be recognised at cost or fair value whichever is less, however, the same has not been followed as fair values of the shares are not available since those Company `s shares are not quoted in the stock market. Hence, provision for the same has been made.

(15) Cash Flow is prepared as per Indirect Method.

(16) Figures in brackets pertain to the previous year. Figures for the previous year have been regrouped / rearranged wherever necessary.

Signatures to Schedules "A" to "P"

As per our report of even date

**For MAHENDRA KUMBHAT & ASSOCIATES**

Chartered Accountants

**Amar Chand Bagrecha**

Partner

Place : Mumbai

Date : June 30, 2011

**Mahesh K. Rachh**

Managing Director

**Mahendra S. Shah**

Director

**Mahesh Menon**

Director

**P. B. Deshpande**

Company Secretary



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Schedule	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
		Rupees	Rupees	Rupees	Rupees
<b>A. Cash flow from operating activities:</b>					
Net profit before tax and extraordinary items			43,005,928		93,076,406
Adjustments for:					
Depreciation		2,242,166		2,389,405	
Provision for Non-performing Assets and Investments written back				(26,450,000)	
Profit/Loss on Sale of Assets and Investments		(49,711,229)		(78,242,603)	
Interest paid		2,923,574		20,033,931	
Investment Income - Dividend/Interest		(11,955,125)		(9,315,571)	
			(56,500,614)		(91,584,838)
<b>Operating profit before working capital changes</b>			(13,494,686)		1,491,568
Adjustments for:					
Inventories/Stock-on-Hire				7,513,190	
Trade payables		(2,358,343)		(179,987,596)	
Loans and Advances (net)		114,662,626		189,520,670	
			112,304,283		17,046,265
Cash generated from operations			98,809,598		18,537,833
Interest paid		(2,923,574)		(20,033,931)	
Direct taxes paid (-)/Refund of Income Tax (+)		(2,302,789)		(1,134,484)	
			(5,226,363)		(21,168,415)
Cash flow before extraordinary items			93,583,234		(2,630,582)
Extraordinary items			7,747,769		(4,919,322)
Net cash from operating activities	.... A		101,331,003		(7,549,904)
<b>B. Cash flow from investing activities:</b>					
Purchase and sale of fixed assets including advances given for Work-in-Progress			35,879,959		9,424,051
Investment redemption/sold			435,577		100,213,433
Interest received			9,832,420		8,555,676
Dividend received			2,122,705		759,895
Net cash used in investing activities	.... B		48,270,661		118,953,055
<b>C. Cash flow from financing activities</b>					
Proceeds from long term borrowings (net)			(99,975,981)		(110,600,000)
Net cash used in financing activities	.... C		(99,975,981)		(110,600,000)
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>(A+B+C)</b>		49,625,683		803,151
<b>Cash and cash equivalents as at the beginning of the year (opening balance)</b>			101,038,168		100,235,017
<b>Cash and cash equivalents as at the end of the year (closing balance)</b>			150,663,851		101,038,168

Notes :

1. Cash and cash equivalents include cash and cheques in hand and balances with scheduled banks.
2. Previous year `s figures have been regrouped/rearranged wherever necessary.

**For MAHENDRA KUMBHAT & ASSOCIATES**

*Chartered Accountants*

**Amar Chand Bagrecha**  
*Partner*

**Mahesh K. Rachh**  
*Managing Director*

**Mahesh Menon**  
*Director*

Place : Mumbai  
Date : June 30, 2011

**Mahendra S. Shah**  
*Director*

**P. B. Deshpande**  
*Company Secretary*



# APPLE FINANCE LIMITED

Registered Office : 8 Apeejay House, 130 Mumbai Samachar Marg, Mumbai 400 023

## ATTENDANCE SLIP

### 25<sup>TH</sup> ANNUAL GENERAL MEETING - SEPTEMBER 28, 2011, 3.00 P.M.

Regd. Folio No ..... DP Id ..... Client Id .....

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the 25th Annual General Meeting of the Company at M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 4, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001 on Wednesday, September 28, 2011.

.....  
Member's / Proxy's name in BLOCK LETTERS

.....  
Member's / Proxy's Signature

Note : Please fill out this attendance slip and hand it over at the ENTRANCE OF THE HALL

----- ( TEAR HERE ) -----



# APPLE FINANCE LIMITED

Registered Office : 8 Apeejay House, 130 Mumbai Samachar Marg, Mumbai 400 023

## PROXY

I/We ..... of  
..... in the district of  
..... being a member / members of the above Company hereby appoint  
..... of ..... in the district of  
..... or failing him ..... in the district of .....  
as my / our Proxy to vote for me/us on my/our behalf at the 25th Annual General Meeting of the Company to be held at  
3.00 p.m. on Wednesday, September 28, 2011, and at every adjournment thereof.

Signed this ..... day of ..... 2011

Signature

Affix Re.1  
Revenue  
Stamp

Regd. Folio No ..... DP Id ..... Client Id .....

Notes :

1. Proxy need not be a member.
2. This form in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

( TEAR HERE )

# BOOK-POST

IF UNDELIVERED, PLEASE RETURN TO:

Sharepro Services (India) Pvt. Ltd., Unit : Apple Finance Limited, 13AB, Samhita Warehousing Complex, Floor 2, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri(East), Mumbai 400 072.

**CRYSTAL** (022) - 6614 0900  
cfl\_mum@crystalforms.com