



**APOLLO FINVEST (INDIA) LIMITED**

**ANNUAL REPORT**

**2005 - 2006**

**BOARD OF DIRECTORS:**

SMT. ANJU R. INNANI

**MANAGING DIRECTOR**

SHRI UMANATH R. AGARWAL

**EXECUTIVE DIRECTOR**

SHRI NARAYAN T. RATHI

**DIRECTOR**

SHRI DINESH R. INNANI

**DIRECTOR**

(upto 11<sup>th</sup> October 2005)

SHRI ANIL M. RAIKA

**DIRECTOR**

**AUDITORS:**

**SHANKARLAL JAIN & ASSOCIATES**

CHARTERED ACCOUNTANTS

**BANKERS:**

STANDARD CHARTERED BANK  
ORIENTAL BANK OF COMMERCE  
SANGLI BANK LIMITED

**REGISTERED OFFICE:**

JEWEL ARCADE,  
PLOT NO.123, 1<sup>ST</sup> FLOOR,  
WATERFIELD ROAD,  
BANDRA (WEST),  
MUMBAI - 400 050.

**REGISTRAR & SHARE TRANSFER AGENTS :**

INTIME SPECTRUM REGISTRY LIMITED  
C-13, PANNALAL SILK MILLS COMPOUND,  
L. B. S. MARG, BHANDUP (WEST)  
MUMBAI - 400 078.  
TEL : 2596 3838, 2596 0320  
FAX : 2594 6969

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**NOTICE**

**NOTICE** is hereby given that the 20<sup>th</sup> Annual General Meeting of the Members of **APOLLO FINVEST (INDIA) LIMITED** will be held on **Friday, 29<sup>th</sup> September, 2006** at No.1, Party Hall, Sumer Nagar, S.V. Road, Borivali (West), Mumbai – 400 092 at 11:30 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2006 and Profit and Loss Account for the year ended as on that date alongwith the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Anil M. Raika, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint M/s. Shankarlal Jain & Associates, Chartered Accountants, the retiring Auditors of the Company, as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

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

**“RESOLVED THAT** as per the recommendation of the Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII to the Companies Act, 1956 and subject to such other approvals as may be necessary, Smt. Anju R. Innani be and is hereby reappointed as the Managing Director of the Company for a period of three years with effect from November 19, 2006, upon the terms and subject to the conditions as set out hereunder, with further liberty to the Board of Directors of the Company to alter and vary the said terms and conditions, in such manner as may be agreed to between the Directors and Smt. Anju R. Innani but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time:

1. **Salary:** Rs. 51,500/- per month with such annual increments as may be determined by the Board of Directors of the Company from time to time, but subject to maximum salary of Rs. 1,50,000/- per month.
2. **Perquisite:** In addition to salary, Smt. Anju R. Innani will be allowed perquisites as specified in categories A, B and C as given below:

**Category ‘A’**

- a. Medical Reimbursement:  
Reimbursement of all medical expenses incurred (including premium on Medical Insurance, Hospitalisation, Nursing Home, Nursing, Dental and Optical treatment expenses) for Smt. Anju R. Innani and her family subject to a ceiling of one-month salary in a year or three months in a block of three years.
- b. Leave Travel Concession:  
For Smt. Anju R. Innani and her family once a year incurred in accordance with the rules specified by the Company.
- c. Club Fees:  
Fees of not more than two clubs excluding Admission and Life Membership Fees.
- d. Personal Accident Insurance:  
Annual premium shall not exceed Rs. 4,000/-.

**Category ‘B’**

- a. Contributions to Provident Fund, Superannuation Fund, Annuity Fund. The said contributions will not be included in the computation of ceiling on perquisites to the extent these either single or put together are not taxable under the Income-Tax Act.
- b. Gratuity: In accordance with the Rules of the Company but not exceeding half a month’s salary for every completed year of service of Smt. Anju R. Innani.
- c. Encashment of leave at the end of the tenure. The same will not be included in the computation of the ceiling on perquisites.

**Category ‘C’**

Use of car & telephone at her residence for business purposes of the Company.

Personal long distance call on telephone and use of car for Private purposes shall be billed by the Company to Smt. Anju R. Innani.

3. The Managing Director shall not be liable to retire by rotation.
4. Termination: The above contract of employment can be terminated by either side by giving three months notice in writing.”

**“RESOLVED FURTHER THAT** in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to the Managing Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification thereof and the same shall be treated as the Minimum Remuneration payable to the said Managing Director.”

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such actions and do all such things as may be necessary or desirable to give effect to this resolution."

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

"RESOLVED THAT as per the recommendation of the Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII to the Companies Act, 1956 and subject to such other approvals as may be necessary, Shri Umanath R. Agarwal be and is hereby re-appointed as the Whole Time Director designated as Executive Director of the Company for a period of three years with effect from October 21, 2006 upon the terms and subject to the conditions as set out hereunder, with further liberty to the Board of Directors of the Company to alter and vary the said terms and conditions, in such manner as may be agreed to between the Directors and Shri Umanath R. Agarwal but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time:

1. **Salary:** Rs. 78,500/- per month with such annual increments as may be determined by the Board of Directors of the Company from time to time, but subject to maximum salary of Rs. 2,00,000/- per month.
2. **Perquisite:** In addition to salary, Shri Umanath R. Agarwal will be allowed perquisites as specified in categories A, B and C as given below:

**Category 'A'**

- a. **Medical Reimbursement:**  
Reimbursement of all medical expenses incurred (including premium on Medical Insurance, Hospitalisation, Nursing Home, Nursing, Dental and Optical treatment expenses) for Shri Umanath R. Agarwal and his family subject to a ceiling of one-month salary in a year or three months in a block of three years.
- b. **Leave Travel Concession:**  
For Shri Umanath R. Agarwal and his family once a year incurred in accordance with the rules specified by the Company.
- c. **Club Fees:**  
Fees of not more than two clubs excluding Admission and Life Membership Fees.
- d. **Personal Accident Insurance:**  
Annual premium shall not exceed Rs. 4,000/-.

**Category 'B'**

- a. Contributions to Provident Fund, Superannuation Fund, Annuity Fund. Such contributions will not be included in the computation of ceiling on perquisites to the extent these either single or put together are not taxable under the Income-Tax Act.
- b. **Gratuity:** In accordance with the Rules of the Company but not exceeding half a month's salary for every completed year of service of Shri Umanath R. Agarwal.
- c. **Encashment of leave at the end of the tenure.** The same will not be included in the computation of the ceiling on perquisites.

**Category 'C'**

Use of car & telephone at his residence for business purpose of the Company.

Personal long distance call on telephone and use of car for Private purposes shall be billed by the Company to Shri Umanath R. Agarwal.

3. The Executive Director shall not be liable to retire by rotation.
4. **Termination:** The above contract of employment can be terminated by either side by giving three months notice in writing."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to the Whole Time Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification thereof and the same shall be treated as the Minimum Remuneration payable to the said Whole Time Director."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such actions and do all such things as may be necessary or desirable to give effect to this resolution."

**For and on behalf of the Board**

**Place: Mumbai**  
**Dated: 27<sup>th</sup> June, 2006**

**ANJUR. INNANI**  
**MANAGING DIRECTOR**

**REGISTERED OFFICE:**  
**"Jewel Arcade", Plot No. 123,**  
**1<sup>st</sup> Floor, Waterfield Road,**  
**Bandra (West),**  
**Mumbai- 400 050.**

**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/HERSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 (forty-eight) hours before the time fixed for holding the meeting.
3. The Register of Members and Share Transfer Books will remain closed from Monday, 25<sup>th</sup> September, 2006 to Friday, 29<sup>th</sup> September, 2006 (both days inclusive).
4. Members are requested to notify change of address, if any, to the Company's Registrar & Share Transfer Agent, M/s. Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai- 400 078 quoting their Folio numbers, or to their Depository Participant's (DP's) if their shareholding is in Demat Form.
5. Members desirous of obtaining any information as regards accounts and operations of the Company are requested to address their queries to the Registered Office of the Company in writing at least seven days in advance before the date of the Meeting, to enable the Company to keep the necessary information ready.
6. Members are requested to bring their copy of Annual Report to the Meeting.
7. Members are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting.
8. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item Nos. 4 and 5 is appended hereto.

**BRIEF RESUME OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING:**

Particulars	Anju R. Innani	Umanath R. Agarwal	Anil M. Raika
Age (Years)	44	51	35
Date of Appointment	19th Nov. 2001	21st Oct. 2001	29th July 2004
Qualifications	B.A.	B. Com F.C.A.	B. Com C.A.
Expertise in specific functional areas	Business Administration	Capital Market, Merchant Banking, Leasing, Financial & Investments	Investments Advisory
Directorship of other Companies	One	One	One
Chairman/Member of the Committees of the Board of the Companies on which he / she is a Director	Nil	Nil	Three
Shareholding of Non-Executive Directors in Apollo Finvest (India) Limited	N.A.	N.A.	Nil

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956:**
**Item No. 4:**

The present term of office of Smt. Anju R. Innani as the Managing Director of the Company will expire on November 18, 2006. The Board of Directors in its Meeting held on June 27, 2006 has as per the recommendation of the Remuneration Committee, approved, subject to the approval of the members in the General Meeting, the re-appointment of Smt. Anju R. Innani as the Managing Director of the Company for a further period of 3 (three) years with effect from 19<sup>th</sup> November, 2006 i.e. for the period from 19<sup>th</sup> November 2006 to 18<sup>th</sup> November 2009.

The broad particulars of remuneration payable to and the terms of re-appointment of Smt. Anju R. Innani as the Managing Director of the Company are given in the resolution at Item no. 4.

The re-appointment of Smt. Anju R. Innani as the Managing Director of the Company would require the consent of the Shareholders of the Company pursuant to Sections 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 and subject to the limits of Schedule XIII of the said act. The said resolution is therefore, recommended for your approval.

The explanatory statement and the resolution at Item No. 4 of the Notice is and may be treated as an abstract of the terms of re-appointment of Smt. Anju R. Innani as the Managing Director of the Company as required under Section 302 of the Companies Act, 1956.

As per the requirements of Schedule XIII to the Companies Act, 1956, the requisite information is given herein below in connection with the re-appointment of and payment of remuneration to Smt. Anju R. Innani as the Managing Director of the Company:

**I) General Information**

1. Nature of Industry: Non Banking Finance Company
2. Date of commencement of commercial production – Being an NBFC not applicable, The Company was incorporated on 29<sup>th</sup> July, 1985 and it commenced business activities after obtaining the certificate of commencement on 10<sup>th</sup> December 1985.
3. Financial Performance based on given Indicators:  
(Based on Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2006)

Particulars	Rs. in Lacs
Total Income	258.35
Operating Profit (Profit before Depreciation, Interest, Taxation)	152.51
Net Profit (Profit after Taxation)	112.54
Paid-up Share Capital	377.96
Reserves & Surplus	637.16
Basic and Diluted Earning per Share (Rs.)	2.98
Book Value per Share (Rs.) Face Value of Share – Rs. 10/-	26.86

4. Export Performance and Net Foreign Exchange Collaborations:  
The Company's products are not exported. The Company has no Foreign Exchange Collaborations.
5. Foreign Investments or Collaborators: Not applicable.

**II) Information about the Appointee –**

1. Background Details:  
Smt. Anju R. Innani, 44 years of age, has rich experience in administering the affairs of the Company. She has been associated with the company for 10 years and has been its Managing Director since last 10 years.
2. Past Remuneration:

Name of Director	Designation	Salary	Perquisites
Smt. Anju R. Innani	Managing Director	4.32	0.15

3. Job profile and her suitability:  
Smt. Anju R. Innani, has been appointed as the Managing Director of the Company. She will be the incharge of its overall management subject to the direction, supervision and control of the Board of the Directors of the Company. Her sincere efforts and dedication has been a major source for the growth for the Company.  
  
Taking into consideration her qualification and expertise, she is suited for the responsibilities assigned to her by the Board of Directors.
4. Remuneration proposed:  
Since the same have been already explained in detail hereinabove, the same are not repeated.
5. Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person:  
Considering the size of the Company, the profile of Smt. Anju R. Innani, the responsibilities shouldered by her and the industry benchmarks, the remuneration proposed to be paid to her is commensurate with the remuneration packages paid to similar appointees in other companies.
6. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:  
Besides the remuneration proposed to Smt. Anju R. Innani, she does not have any pecuniary relationship with the Company and its managerial personnel.

**III) Other Information:**

1. Reasons for loss or inadequacy of profits:  
The Company is a Non Banking Finance Company and makes investments in Shares, Mutual Fund Units and Portfolio Management Schemes. However, considering the volatility of the market, the net profit in future years may not be adequate. With a view to ensure payment of minimum remuneration to the Managing Director, the approval of the shareholders is sought.
2. Steps taken to improve the performance of the Company:  
The Company's operating and business control procedures have been framed in order that they ensure efficient use of resources. The Company has invested its resources in various recognized Portfolio Management Schemes in order to procure the advantage of their strong Research Departments.
3. Expected Increase in Productivity:  
This clause is not applicable as the Company is not a manufacturing Company.
4. Expected Increase in Profits in measurable terms:  
Due to various steps taken by the Company and the buoyancy in the Capital Market, profit during the year increased from 11.57 lacs during year ended 31<sup>st</sup> March 2005 to 112.54 lacs during year ended 31<sup>st</sup> March 2006. The Indian economy is doing well and therefore it is expected that Capital Market shall remain buoyant and profitability should increase further. However, due to volatility in the Capital Market, it is difficult to ascertain the increase in the profits in measurable terms.

Smt. Anju R. Innani is concerned or interested in the Resolution concerning her appointment. Save as aforesaid, no other Director of your Company is concerned or interested in the Resolution. The copy of the Letter of Appointment of Smt. Anju R. Innani as the Managing Director of the Company is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all days except Saturday, Sunday and public holidays upto the date of Annual General Meeting.

**Item No. 5:**

The present term of office of Shri Umanath R. Agarwal as the Whole-Time Director designated as Executive Director of the Company will expire on October 20, 2006. The Board of Directors in its Meeting held on June 27, 2006 has as per the recommendation of the Remuneration Committee approved, subject to the approval of the members in the General Meeting, the re-appointment of Shri Umanath R. Agarwal as the Whole-Time Director designated as Executive Director of the Company for a further period of 3 (Three) years with effect from October 21, 2006 i.e. for the period from 21<sup>st</sup> October 2006 to 20<sup>th</sup> October 2009.

The broad particulars of remuneration payable to and the terms of re-appointment of Shri Umanath R. Agarwal as the Whole-Time Director designated as Executive Director of the Company are given in the resolution at Item no.5

The re-appointment of Shri Umanath R. Agarwal would require the consent of the Shareholders of the Company pursuant to Sections 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 and subject to the limits of Schedule XIII of the said act. The said resolution is therefore, recommended for your approval.

The explanatory statement and the resolution at Item No. 5 of the Notice is and may be treated as an abstract of the terms of re-appointment of Shri Umanath R. Agarwal as the Whole-Time Director designated as Executive Director of the Company as required under Section 302 of the Companies Act, 1956.

As per the requirements of Schedule XIII to the Companies Act, 1956, the requisite information is given herein below in connection with the re-appointment of and payment of remuneration to Shri Umanath R. Agarwal as the Whole-Time Director designated as Executive Director of the Company.

**I) General Information :**

1. Nature of Industry: Non Banking Finance Company
2. Date of commencement of commercial production – Being an NBFC not applicable, The Company was incorporated on 29<sup>th</sup> July, 1985 and it commenced business activities after obtaining the certificate of commencement on 10<sup>th</sup> December 1985.
3. Financial Performance based on given Indicators:  
(Based on Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2006)

Particulars	Rs. in Lacs
Total Income	258.35
Operating Profit (Profit before Depreciation, Interest, Taxation)	152.51
Net Profit (Profit after Taxation)	112.54
Paid-up Share Capital	377.96
Reserves & Surplus	637.16
Basic and Diluted Earning per Share (Rs.)	2.98
Book Value per Share (Rs.) Face Value of Share – Rs. 10/-	26.86

4. Export Performance and Net Foreign Exchange Collaborations:  
The Company's products are not exported. The Company has no Foreign Exchange Collaborations.
5. Foreign Investments or Collaborators: Not applicable.

**II) Information about the Appointee –**

1. Background Details:  
Shri Umanath R. Agarwal, 51 years of age, is a commerce graduate and a Chartered Accountant. He is associated with the company for 10 years and has been its Executive Director since last 10 years.

2. Past Remuneration:

Name of Director	Designation	Salary	Perquisites
Shri. Umanath R. Agarwal	Executive Director	6.72	0.15

3. Job profile and his suitability:  
Shri Umanath R. Agarwal, has been appointed as the Executive Director of the Company. He will carry out such duties as may be entrusted to him by the Managing Director but subject to the supervision and control of Board of Directors from time to time. He has 30 years experience in the fields of Capital Market, Merchant Banking, Leasing, Financial and Investment Activities. His sincere efforts and dedication have been a major source for the growth of the Company.  
Taking into consideration his qualifications and expertise in the relevant fields, he is suited for the responsibilities assigned to him by the Board of Directors.
4. Remuneration proposed:  
Since the same has already been explained in detail hereinabove, the same are not repeated.
5. Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person:  
Considering the size of Company, the profile of Shri. Umanath R. Agarwal, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid to him is commensurate with the remuneration packages paid to similar appointees in other Companies.
6. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:  
Besides the remuneration proposed to Shri Umanath R. Agarwal, he does not have any pecuniary relationship with the Company and its managerial personnel.

**III) Other Information:**

1. Reasons for loss or inadequacy of profits:  
Company is a Non Banking Finance Company and makes investments in Shares, Mutual Fund Units and Portfolio Management Schemes. However, considering the volatility of the market, the net profit in future years may not be adequate. With a view to ensure payment of minimum remuneration to the Executive Director, the approval of the shareholders is sought.
2. Steps taken to improve the performance of the Company:  
The Company's operating and business control procedures have been framed in order that they ensure efficient use of resources. The Company has invested its resources in various recognized Portfolio Management Schemes in order to procure the advantage of their strong Research Departments.
3. Expected Increase in Productivity:  
This clause is not applicable as the Company is not a manufacturing Company.
4. Expected Increase in Profits in measurable terms:  
Due to various steps taken by the Company and the buoyancy in the Capital Market profit during the year increased from 11.57 lacs during year ended 31<sup>st</sup> March 2005 to 112.54 lacs during year ended 31<sup>st</sup> March 2006. Indian economy is doing well and therefore it is expected that Capital Market shall remain buoyant and profitability should increase further. However, due to volatility in the Capital Market, it is difficult to ascertain the increase in the profits in measurable terms.

Shri Umanath R. Agarwal is concerned or interested in the Resolution concerning his appointment. Save as aforesaid, no other Director of your Company is concerned or interested in the Resolution. The copy of the Letter of Appointment of Shri Umanath Agarwal as the Whole-Time Director of the Company designated as Executive Director is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all days except Saturday, Sunday and public holidays upto the date of Annual General Meeting.

**For and on behalf of the Board**

Place: Mumbai  
Date: 27<sup>th</sup> June, 2006

**ANJU R. INNANI  
MANAGING DIRECTOR**



## DIRECTORS' REPORT

**TO  
THE MEMBERS**

Your Directors have pleasure in presenting their Twentieth Annual Report on the operations of the Company, together with the Audited Accounts for the year ended March 31, 2006.

**FINANCIAL RESULTS :**

(Rs. in Lacs)

Particulars	Year Ended 31-03-2006	Year Ended 31-03-2005
Total income	258.35	156.27
Profit before Depreciation & Tax	152.51	50.56
Less: Depreciation	<u>36.32</u>	<u>38.04</u>
Profit before Tax	116.19	12.52
Less: Provision for Tax	3.00	0.95
Less: Provision for Fringe Benefits Tax	0.65	0.00
Balance carried to Balance Sheet	112.54	11.57

**REVIEW OF OPERATIONS:**

The total income for the year under review amounted to Rs. 258.35 Lacs compared to Rs. 156.27 Lacs in the previous year, which was mainly on account of Profit on Sale of Investments, Dividend, Sale of Shares, Interest etc. After deducting total expenditure including depreciation of Rs. 36.32 Lacs, the Company has earned Net Profit of Rs. 112.54 Lacs which has been carried to the Balance Sheet.

**DIVIDEND:**

With a view to conserve the financial resources for the future operations, your Directors thought it prudent not to declare dividend for the year ended 31<sup>st</sup> March, 2006.

**PRUDENTIAL NORMS OF RBI:**

The Company has followed the Prudential Norms of the Reserve Bank of India as are applicable to the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- In the preparation of the annual accounts the applicable accounting standards have been followed except AS-15 regarding the liability for Gratuity & Leave Encashment are not provided on the basis of actuarial valuation.
- The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006 and of the Profit of the Company for the year ended on that date.
- 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; and
- The Directors have prepared the attached Statement of Accounts for the year ended March 31, 2006 on a going concern basis.

**CORPORATE GOVERNANCE:**

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, form a part of the Annual Report.

**MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

A report on the Management Discussion & Analysis is annexed herewith.

**DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Anil M. Raika, Director of the Company, retires by rotation at the ensuing Annual General Meeting. He is eligible for re-appointment.

The necessary resolution for the re-appointment of the aforesaid Director has been included in the notice convening the ensuing Annual General Meeting.

The term of office of Smt. Anju R. Innani as the Managing Director and Shri Umanath R. Agarwal as the Whole - Time Director designated as Executive Director expires on November 19, 2006 and October 20, 2006 respectively. The Board of Directors have, as per the recommendation of the Remuneration Committee, re-appointed Smt. Anju R. Innani and Shri Umanath R. Agarwal for a period of three years starting from November 19, 2006 and October 20, 2006 respectively, subject to the approval of the Shareholders at the ensuing Annual General Meeting.

A brief profile of these Directors is given in the Notes to the Notice of the ensuing Annual General Meeting.

The necessary resolution for the re-appointment of the aforesaid Directors has been included in the notice convening the ensuing Annual General Meeting.

Mr. Dinesh Innani resigned from the Directorship of the Company on 11<sup>th</sup> October 2005. The Board acknowledges the valuable contribution made by him towards the progress of the Company.

None of the Directors are disqualified from being appointed as Directors as specified in terms of Section 274(1)(g) of the Companies Act, 1956.

**FIXED DEPOSITS:**

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

**AUDITORS:**

M/s. Shankarlal Jain & Associates, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office.

**AUDITORS' COMMENTS:**

Observations, if any, made by the Auditors in their Report read with relevant notes as given in the Notes on Accounts annexed to the Accounts, are self explanatory and therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

**CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**(A) Conservation of Energy and Technology Absorption:**

The information required under the provisions of section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 relating to the conservation of energy and technology absorption is not being given, since the Company is not engaged in any manufacturing activity.

**(B) Foreign Exchange Earnings And Outgo:**

Information regarding foreign exchange earnings and outgo is reported to be NIL for the year under review.

**PARTICULARS AS PER SECTION 217(2A) OF COMPANIES ACT, 1956:**

Statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956, is not given as none of the employees of the Company is covered under the provisions of the said section.

**ACKNOWLEDGEMENTS:**

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from all organizations connected with its business during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of Executives and Staff of the Company. Lastly, your Directors are deeply grateful for the confidence and faith shown by the Shareholders of the Company in them.

**For and on behalf of the Board**

Place: Mumbai  
Date: 27<sup>th</sup> June, 2006

**ANJU R. INNANI**  
Managing Director

**UMANATH R. AGARWAL**  
Executive Director

**Annexure to Directors' Report  
CORPORATE GOVERNANCE REPORT**

**(A) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

Apollo Finvest (India) Limited (AFL) firmly believes in and has consistently practiced good Corporate Governance. The Company's essential character is shaped by the values of transparency, professionalism and accountability. The Company is committed to attain high standards of Corporate Governance. The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance all shareholders' value within the framework of laws and regulations.

**(B) BOARD OF DIRECTORS:**

**Board Composition:**

The Composition of the Board is in accordance with the requirements of the Corporate Governance Code of the Listing Agreement with the Stock Exchange. The present strength of the Board is Four Directors comprising of Two (2) Executive Directors and Two (2) Non-Executive and Independent Directors. The Executive Directors as well as Non- Executive Directors are accomplished professionals and experts in their respective corporate fields. The Chairman of the Board is an Executive Director.

The constitution of the Board as on 31<sup>st</sup> March 2006 given below:

Director	Executive / Non Executive / Independent	Number of other		
		Director- ships*	Committee Member ships**	Committee Chairman- ships**
Smt. Anju R. Innani	Managing Director, Executive	1	Nil	Nil
Shri Umanath R. Agarwal	Whole Time Director, Executive	2	Nil	Nil
Shri Narayan T. Rathi	Non Executive, Independent	3	Nil	Nil
Shri Anil M. Raika	Non Executive, Independent	1	3	2

\* This excludes directorship held in Private Limited Companies.

\*\* The Committee Membership do not include Membership/ Chairmanship in Committee of Directors of Apollo Finvest (India) Limited.

**(C) BOARD MEETINGS:**

The Board meets at least once in a quarter to consider amongst other business the performance of the Company and Financial results. When necessary, additional meetings are held. The particulars of Board Meeting held during 2005-2006 as well as attendance of Directors at the Board Meetings and the last AGM are given here below:

During the year, Eight Board Meetings were held on 8<sup>th</sup> April 2005, 26<sup>th</sup> July 2005, 8<sup>th</sup> August 2005, 11<sup>th</sup> October 2005, 30<sup>th</sup> November 2005, 6<sup>th</sup> January 2006, 30<sup>th</sup> January 2006 and 27<sup>th</sup> March 2006.

The table hereunder gives the attendance record of the Directors at the Board Meetings held during 2005-06 and the last AGM:

Name of the directors	Number of Board Meetings held	Number of Board Meetings attended	Whether attended last AGM
Smt Anju R. Innani	8	8	Yes
Shri Umanath R. Agarwal	8	8	Yes
Shri Narayan T. Rathi	8	8	Yes
Shri Dinesh R. Innani (Resigned w.e.f. 11th October 2005)	8	1	No
Shri Anil M. Raika	8	3	Yes

**(D) BOARD COMMITTEES:**

To enable better and more focused attention on the affairs of the Corporation, the Board delegates particular matters to Committees of the Board set up for the purpose. The Committees prepare the groundwork for decision making and report at the subsequent Board meeting.

The Board is responsible for the constitution, co-opting and fixing the terms of reference for Committee members of the said Committees.

**1. Audit Committee:**

**Terms of reference**

**(a) Primary objectives of the Audit Committee:**

The Primary objective of the Audit Committee (the "Committee") is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

The Committee oversees the work carried out in the financial reporting process by the management, including the independent auditor and notes the process and safeguards employed by each.

**(b) Scope of the Audit committee:**

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the management, the Annual financial Statements before submission to the Board for approval, with particular reference to:
  - (i) Any changes in the accounting policies and practices
  - (ii) The going concern assumption
  - (iii) Compliance with accounting standards
  - (iv) Compliance with Stock Exchange and legal requirements concerning financial statements
  - (v) Significant adjustments arising out of audit
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, Shareholders (in case of non-payment of declared dividends) and creditors.

**(c) Composition of the Audit Committee as on 31<sup>st</sup> March 2006:**

The Company has set up an Audit Committee consisting of Two Non-Executive and Independent Directors and One Executive Director. The Chairman of the said Committee is a Non-Executive, Independent Director. All the members of the Committee are financially literate. The Composition of the Audit Committee meets the requirements of Clause 49 of the Listing Agreement and other relevant, statutory/regulatory provisions.

The audit committee of AFL comprises of following Directors:

1. Shri Narayan T. Rathi (Chairman), Non- Executive, Independent Director
2. Shri Anil M. Raika (Member), Non-Executive, Independent Director
3. \*Shri Umanath R. Agarwal (Member), Executive Director

\* Due to the resignation of Shri Dinesh R. Innani, the Audit Committee was re-constituted at the Board Meeting held on 11<sup>th</sup> October 2005, wherein Mr. Umanath R. Agarwal was appointed in place of Shri Dinesh R. Innani as a Member of the said Committee.

**(d) Meetings and Attendance:**

During the Financial year ended 31<sup>st</sup> March 2006, Four Audit Committee meetings were held on 25<sup>th</sup> July 2005, 6<sup>th</sup> August 2005, 29<sup>th</sup> November 2005 and 28<sup>th</sup> January 2006. The table hereunder gives the attendance record of the Audit Committee members:

Name of the Members	Number of Meetings held	Number of Meetings attended
Shri Narayan T. Rathi	4	4
Shri Anil M. Raika	4	4
Shri Umanath R. Agarwal	4	2
Shri Dinesh R. Innani (Resigned w.e.f. 11 <sup>th</sup> October 2005)	4	2

The Committee has recommended to the Board the appointment of M/s. Shankarlal Jain & Associates, Chartered Accountants, as the statutory and independent auditors of the Company for the Financial Year ending March 31,2006 and that necessary resolution for appointing them as auditors be placed before the shareholders.

The Committee doesn't have a permanent Company Secretary as required by Section 383A of the Companies Act, 1956. The Company is in process of complying with the same. However, the Company has appointed a Practicing Company Secretary to act as secretary to the Audit Committee.

**2. Shareholders/Investors Grievance Committee:**

The Committee is headed by an Independent, Non-Executive Director and consists of the following persons:

1. Shri Anil M. Raika ( Chairman), Non-Executive, Independent Director
2. Shri Narayan T. Rathi (Member), Non- Executive, Independent Director
3. Shri Umanath R. Agarwal (Member), Executive Director

Shri Lalsing B. Kshirsagar acts as the Compliance Officer of the Company.

**(a) Scope of the Shareholders/Investors Grievance Committee:**

The committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement of the quality of Investors Services. In order to expedite the process of share transfer, board has delegated the power of share transfer to the Registrar and Share Transfer Agent and share transfer formalities are approved by them on a fortnightly basis.

**(b) Meetings and Attendance:**

Four Shareholders/Investors Grievance Committee meetings were held on 25<sup>th</sup> July 2005, 6<sup>th</sup> August 2005, 29<sup>th</sup> November 2005 and 28<sup>th</sup> January 2006 during the year. The attendance record of members is given in the table hereunder:

Name of the Members	Number of Meetings held	Number of Meetings attended
Shri Anil M. Raika	4	4
Shri Narayan T. Rathi	4	4
Shri Umanath R. Agarwal	4	4

During the year 79 shareholders complaints were received. As at 31<sup>st</sup> March, 2006, no complaint remains to be resolved.

There were no shares which were pending for transfer from shareholders as at 31<sup>st</sup> March, 2006 for more than 30 days.

**3. Remuneration Committee:**

Although not mandatory in terms of Clause 49 of the Listing Agreement, the Company constituted a Remuneration Committee during the year at the meeting of the Board of Directors of the Company held on 6<sup>th</sup> January 2006.

**(a) Terms of Reference:**

The broad terms of reference of the Remuneration Committee is to ensure that the remuneration practices of the Company in respect of the Senior Executives including the Executive Directors are competitive keeping in view the prevalent compensation packages so as to recruit and retain suitable individual(s) in such capacity.

**(b) Composition of the Remuneration Committee:**

The Company has set up a remuneration Committee consisting of Two Non-Executive Independent Directors and One Managing Director. The Chairman of the said Committee is a Non-Executive, Independent Director.

The Remuneration Committee of AFL comprises of following Directors:

1. Shri. Anil Raika (Chairman) Non- Executive, Independent Director
2. Shri. Narayan T. Rathi (Member) Non-Executive, Independent Director
3. Smt. Anju R. Innani (Member) Executive, Managing Director

**(c) Remuneration Policy:**

The remuneration including perquisites paid to the Managing Director and Whole-Time Director of the Company is recommended by the Remuneration Committee, approved by the Board and is within the limits set by the Shareholders at the General Meetings.

**(d) Details of Remuneration paid to Managing Director / Executive Director for the year ended 31<sup>st</sup> March 2006 is as under:-**

Name of Director	Salary (Rs. in Lacs)	Perquisites (Rs. in Lacs)	Total (Rs. in Lacs)
Smt. Anju R. Innani	4.32	0.15	4.47
Shri. Umanath R. Agarwal	6.72	0.15	6.87

During the Financial year ended 31<sup>st</sup> March 2006, no sitting fees were paid to the Non- Executive Directors of the Company for attending the Committee Meetings and the Board Meetings.

**(e) Shares held by Non-Executive Directors:**

Name of the Non-Executive Director	Equity Shares held (No.)
Shri Anil M. Raika	Nil
Shri Narayan T. Rathi	2

**(f) Meetings and Attendance:**

During the financial year ended 31<sup>st</sup> March 2006, no meetings of the Remuneration Committee were held as there was no matter to be considered.

**(E) GENERAL BODY MEETINGS:**

The details of last three Annual General Meetings are given hereunder:-

Year	Date	Venue	Time
2002-03	29/09/2003	No. 1, Party Hall, Sumer Nagar, S.V. Road, Borivali (West), Mumbai – 400 092.	11:30A.M.
2003-04	17/12/2004	No. 1, Party Hall, Sumer Nagar, S.V. Road, Borivali (West), Mumbai – 400 092.	11:00A.M.
2004-05	29/09/2005	No. 1, Party Hall, Sumer Nagar, S.V. Road, Borivali (West), Mumbai – 400 092.	11:30A.M.

**Special Resolution:**

- At the 17<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September 2003, no special resolution was passed.
- At the 18<sup>th</sup> Annual General Meeting held on 17<sup>th</sup> December 2004, three special resolutions were passed as under:
  - Special Resolution u/s. 61 of the Companies Act, 1956 for delisting of shares from Ahmedabad Stock Exchange Limited and Jaipur Stock Exchange Limited.
  - Special Resolution u/s. 31 of the Companies Act, 1956 for Alteration of Articles of Association to enable Company to buyback its own shares.
  - Special Resolution u/s. 77A & 77B for Buyback of 11,50,000 Equity Shares of Rs. 10/- each at a price of Rs. 10/- each.
- At the 19<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September 2005, no special resolution was passed.

**(F) DISCLOSURES:**
**(i) Related Party Transactions:**

In terms of Accounting Standard AS-18, details of Related party transactions during the year have been set out under Note 12 of Schedule-Q annexed to the Balance Sheet and Profit and Loss Account. However, these are not having any potential conflict with the interest of the Company at large.

**(ii) Compliance by the Company:**

There is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchange, SEBI or any other statutory authority on any matter related to capital markets, during the last three years.

**(iii) Whistle Blower Policy and Access of personnel to the Audit Committee:**

The Company has not established the non-mandatory requirement of Whistle Blower Policy. However, the Company's personnel have access to the Chairman of the Audit Committee in cases such as concerns about unethical behavior, frauds and other grievances. No personnel of the Company have been denied access to the Audit Committee.

**(iv) Compliance with the Mandatory requirements and Implementation of the Non-mandatory requirements:**

The Company has complied with the mandatory requirements of the Corporate Governance Clause of Listing Agreement. The Company has not implemented the non-mandatory requirements except for the constitution of the remuneration committee, enlisted by way of annexure to Clause 49 of the listing agreement.

**(G) MEANS OF COMMUNICATION:**

The quarterly results of the Company are published in two newspapers in compliance with the provisions of Clause 41 of the Listing Agreement. Generally, the same are published in Free Press Journal (*English language*) and Navshakti (*Marathi language*). As the results of the Company are published in the newspapers, half-yearly reports are not sent to shareholders. The quarterly results as well as the proceedings of the Annual General Meeting are submitted to the Bombay Stock Exchange Limited immediately after the conclusion of the respective meeting. No presentations were made to the institutional investors or to analysts during the year under review.

**(H) MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The Management Discussion and Analysis Report is attached as Separate Annexure.

**(I) CERTIFICATE ON CORPORATE GOVERNANCE:**

As required by Clause 49 of the Listing Agreement, a certificate issued by M/s. Shankarlal Jain & Associates, Chartered Accountants, regarding compliance of conditions certificate is given as an annexure to the Directors' Report.

**(J) CEO CERTIFICATION:**

The Managing Director, Smt. Anju R. Innani has furnished the requisite certificate to the Board of Directors pursuant to Clause 49 of the Listing Agreement.

**(K) DECLARATION BY CEO WITH REGARD TO CODE OF CONDUCT:**

The Managing Director, Smt. Anju R. Innani has furnished a declaration affirming compliance of the Code of Conduct by the Board of Directors and the Senior Management Personnel.

**(L) GENERAL SHAREHOLDERS' INFORMATION:**

- i. Date, time and venue of Annual General Meeting of Shareholders      Friday, 29<sup>th</sup> September 2006,  
No. 1, Party Hall, Sumer Nagar,  
S.V. Road, Borivali (West),  
Mumbai- 400 092.
- ii. Financial Calendar (tentative)      April, 2006 to March, 2007  
Results for quarter ended:-  
30<sup>th</sup> June 2006      Last week of July, 2006  
30<sup>th</sup> September 2006.      Last week of October, 2006  
31<sup>st</sup> December 2006      Last week of January, 2007  
31<sup>st</sup> March 2007      Last week of April, 2007  
Annual General Meeting for year ended  
31<sup>st</sup> March 2007      On or before September 30, 2007.
- iii. Dates of book closures      25<sup>th</sup> September, 2006 to 29<sup>th</sup> September, 2006.
- iv. Listing on stock exchanges      Bombay Stock Exchange Limited  
Ahmedabad Stock Exchange Limited  
Jaipur Stock Exchange Limited
- v. Stock Exchange Code      Bombay Stock Exchange Limited – 512437
- vi. Demat ISIN No. in NSDL & CDSL      INE412D01013
- vii. Listing fees      Yes. Paid Annual Listing fees to Bombay,  
Ahmedabad & Jaipur Stock Exchanges.

**viii. Disclosures regarding appointment or re-appointment of Directors:**

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Shri Anil M. Raika shall retire by rotation in the forthcoming Annual General Meeting. The Board has recommended the re-appointment of Shri Anil M. Raika as Director to the shareholders. The detailed resume of Shri Anil M. Raika is provided in the notice of the Annual General Meeting.

**ix. Stock Market price data:**

Monthly high and low at the Bombay Stock Exchange Limited for financial year ended 31<sup>st</sup> March 2006:

Month	High Rs.	Low Rs.	BSE Sensex (High)
April, 2005	13.56	08.03	6649
May 2005	15.75	09.52	6773
June 2005	13.70	10.00	7228
July 2005	13.40	10.60	7709
August 2005	22.99	11.45	7921
September 2005	20.50	13.75	8722
October 2005	15.15	09.01	8822
November 2005	15.98	08.10	9034
December 2005	13.45	11.25	9443
January, 2006	13.84	10.69	9945
February 2006	14.55	10.10	10423
March 2006	14.50	10.51	11357



**x. Registrar and Share Transfer Agents:**

**Intime Spectrum Registry Limited**  
 C-13, Pannalal Silk Mills Compound,  
 L.B.S. Marg, Bhandup (West),  
 Mumbai – 400 078.  
 Tel. No.: 022- 2596 3838, 2596 0320  
 Fax No.: 022- 2594 6969

**xi. Share Transfer System:**

Shares sent for physical transfer are generally registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The total number of shares transferred in physical form during the year 2005-06 was 49,074 Shares.

**xii. Distribution of Shareholding as on March 31, 2006:**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Amount (in Rs.)	% of Total Amount
1 - 2,500	5,790	87.98	57,93,490	15.35
2,501 - 5,000	426	6.47	17,49,270	4.63
5,001 - 10,000	214	3.25	18,02,330	4.77
10,001 - 20,000	89	1.35	13,58,330	3.60
20,001 - 30,000	26	0.40	6,53,010	1.73
30,001 - 40,000	5	0.08	1,79,020	0.48
40,001 - 50,000	6	0.09	2,83,030	0.75
50,001 - 1,00,000	14	0.21	11,70,480	3.10
1,00,001 & Above	11	0.17	2,47,60,040	65.59
<b>Total</b>	<b>6,581</b>	<b>100.00</b>	<b>3,77,49,000</b>	<b>100.00</b>

**xiii. Categories of Shareholding as on March 31, 2006:**

Category	Shareholders		Shares	
	Number	% to total Shareholders	Number	% to total Shareholders
Promoters	9	0.14	22,24,784	58.94
Banks, Financial Institutions, Insurance Companies,	2	0.03	20,600	0.55
Mutual Funds and UTI	1	0.01	700	0.02
Bodies Corporate	57	0.87	39,544	1.05
NRIs/ OCBs	100	1.52	94,303	2.50
Indian Public	6,401	97.26	13,85,333	36.70
Others	11	0.17	9,636	0.24
<b>Total</b>	<b>6,581</b>	<b>100.00</b>	<b>377,4,900</b>	<b>100.00</b>

**xiv. Dematerialization of shares and liquidity:**

The Company has established required connectivity with Central Depository Services (India) Limited and National Securities Depository Limited and the same are available in electronic segment under ISIN No. **INE412D01013**. As on 31<sup>st</sup> March 2006, 29,94,811 Equity Shares representing 79.33% had been dematerialized.

**xv. Outstanding GDR's / ADR's / Warrant's or any Convertible Instruments, conversion date and likely impact on Equity :**

There are no GDR's/ADR's/Warrant's or any Convertible Instruments pending conversion or any other instrument likely to impact the Equity Share Capital of the Company.

**xvi Address for Correspondence:**

**Intime Spectrum Registry Limited**  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai – 400 078.  
Tel. No.: 022- 2596 3838, 2596 0320  
Fax No.: 022- 2594 6969

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**(a) Industry Structure & Developments:**

The operations of Non- Banking Financial Companies (NBFC's) are regulated and supervised by the Reserve Bank of India vide powers conferred under Chapter III – B of the Reserve Bank of India Act, 1934. The regulatory and supervisory framework for NBFC's have been continuously strengthened in order to ensure strong and healthy functioning, by limiting excessive risk taking practices and protecting the interest of shareholders.

The NBFC Sector in India has become very mature with reduced dependence on the acceptance of public deposits as part of its overall funding. The NBFC sector is now represented by a mix of few large Companies with nationwide presence and a large number of small and medium sized Companies with regional focus.

**(b) Opportunities & Threats:**

With GDP growth forecasts of 7% to 8% over the next few years, the Indian economy will continue to provide several growth opportunities. The increased thrust on the infrastructure sector including power, road, ports, telecom and other urban infrastructure projects will continue to provide excellent investment opportunities in the future. In addition, the services sector which is growing at rapid pace and contributes substantially to GDP, will provide many new opportunities for the financial services industry in India.

The NBFC Sector continues to face competitive pressures from the Banking sector and financial institutions, due to their increased penetration in the consumer financing market, with comparatively low cost of funds at their disposal. The spreads in the lending business have also narrowed considerably, bringing risk-adjusted margins to generally unviable levels.

**(c) Segment-wise Performance:**

The Company's main business is financing and all the activities of the Company are related to its main business. As such there is no separate reportable segment.

**(d) Outlook:**

The Company continues to explore the possibilities of expansion and will make the necessary investments when attractive opportunities arise.

**(e) Risks and Concerns:**

The Company is exposed to specific risks that are particular to its businesses and the environment within which it operates, including interest rate volatility, economic cycle, market risk and credit risk. The Company manages these risks by maintaining a conservative financial profile and by following prudent business and risk management policies.

**(f) Internal Control Systems & their Adequacy:**

The Company's operating and business control procedures have been framed in order that they ensure efficient use of resources and comply with the procedures and regulatory requirements. The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly. The Audit Committee reviews the quarterly and annual financial statements, adequacy of disclosures, treatment of various items involving accounting judgements.

**(g) Discussions on Financial Performance with respect to Operational Performance:**

The income during the year increased to Rs. 258.35 Lacs from Rs. 156.27 Lacs in the previous year registering a growth of 65.32%. The Company earned a profit aggregating Rs. 112.54 Lacs as against a profit of Rs. 11.57 Lacs in the previous year. The provision for taxation and provision for fringe benefit tax during the year amounted to Rs. 3 Lacs and Rs. 0.65 Lacs respectively.

**(h) Human Resource Development:**

The Company believes that the human resources are vital in giving the company a competitive edge in the current business environment. The Company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition/ dissemination, creativity and responsibility. As in the past, the Company has enjoyed cordial relations with the employees at all levels. The number of employees as on March 31, 2006, stood at nine.

**(i) Cautionary Statement:**

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members of  
**APOLLO FINVEST (INDIA) LIMITED**

We have examined the compliance of conditions of Corporate Governance by Apollo Finvest (India) Limited (the Company) for the year ended March 31, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examinations were limited to review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. 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, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders / Investor's Grievance Committee.

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

**For Shankarlal Jain & Associates  
Chartered Accountants**

**Place: Mumbai  
Date: 27<sup>th</sup> June 2006**

**SATISH JAIN  
Partner  
M. No. 48874**

**AUDITORS' REPORT**

To,

The Members

**APOLLO FINVEST (INDIA) LIMITED**

We have audited the attached Balance Sheet of **APOLLO FINVEST (INDIA) LIMITED** as at 31<sup>st</sup> March, 2006 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. 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 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 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 management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in term of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that;
  - (a) 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;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
  - (c) The Balance Sheet Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - (d) 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 in sub-section (3C) of section 211 of the Companies Act, 1956, except AS-15 regarding liability for gratuity and leave encashment are not provided on the basis of actuarial valuation.

- (e) On the basis of written representations and explanations received from the Directors as on 31<sup>st</sup> March, 2006 and taken on record by the board of Directors, we report that none of directors is disqualified as on 31<sup>st</sup> March, 2006 from being appointed as a Director in term of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2006 and
  - (b) In the case of the Profit & Loss Account, of the 'Profit' for the year ended on that date.
  - (c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

**For Shankarlal Jain & Associates**  
*Chartered Accountants*

Place: Mumbai  
Date: 27<sup>th</sup> June, 2006

**SATISH JAIN**  
*Partner*  
M. No. 48874

**ANNEXURE TO THE AUDITORS' REPORT**

**Annexure in terms of para 1 of our report of even date to the members of APOLLO FINVEST (INDIA) LIMITED on the accounts for the year ended 31<sup>st</sup> March, 2006.**

- 1(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1(b) We are informed that fixed assets other than Leased Assets has been physically verified by the management and no discrepancies were observed between book records and physical verification.
- 1(c) The Company has not disposed off substantial part of Fixed Asset during the year to effect to its going concern.
- 2(a) Physical verification has been conducted by the management at reasonable intervals in respect of stock of securities.
- 2(b) The procedures followed by the management for physical verification of stock are in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
- 2(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on such physical verification.

- 3(a) The Company has not either granted or taken any loan, secured or unsecured to/from companies, firms or other parties covered in the register maintained u/s. 301 of the Companies Act, 1956.
- 3(b) According to the information and explanation given to us, the rate of interest and other terms and conditions of loans given by the Company, secured or unsecured, are not prima facie prejudicial to the interest of the Company.
- 3(c) The Company has given loans and advances in the nature of loans, the principal amounts and interest wherever applicable are being recoverable as stipulated. The necessary provision has been made as required by the prudential norms of RBI as prescribed for the provisioning of non-performing assets.
- 3(d) In respect of lease / hire purchase transactions entered into by the Company in its ordinary course of business, where installments are overdue, according to the information and explanation given to us, we are of the opinion that reasonable steps have been taken by the Company for their recovery. The necessary provision has been made as required by the prudential norms of RBI as prescribed for the provisioning of non-performing assets.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase and sale of Stocks, Investments, Equipments and other fixed assets.
5. In respect of particulars of contracts or arrangement and transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
- a) In our opinion, particulars of contracts or transactions that needed to be entered in the register have been so entered.
- b) According to information and explanations given to us, these contracts or transactions have been made at prices which are reasonable having regards to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposit from public under provisions of Section 58A of the Companies Act, 1956 and accordingly the provisions of Section 58A and 58AA of the Companies Act and Rules framed thereunder are not applicable.
7. In our opinion, the Company has an Internal Audit system. However it needs to be strengthened to commensurate with its size and nature of its business.
8. According to the information and explanations given to us, maintenance of cost records have not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 with regard to the nature of the business of the Company.
- 9(a) The Company is regular in depositing undisputed statutory dues including income tax, sales tax, PF, ESIC, Service tax and any other statutory dues wherever applicable with the appropriate authorities. We are informed that there are no undisputed arrears of outstanding statutory dues as on 31<sup>st</sup> March, 2006 which are outstanding for more than 6 months.
- 9(b) The Company has disputed Income Tax liability of Rs. 155.80 Lacs which is pending before the Income Tax Appellate Tribunal. However, the Company has deposited full disputed amount.
10. The Company does not have accumulated loss at the end of financial year and it has not incurred cash loss in the financial year and in the financial year immediately preceding such financial year.
11. The Company has not taken any loan from bank or financial institution. Hence question of default in repayment does not arise.
12. The Company has not granted any loans or advance on the basis of security by way of pledge of share and debentures or any other securities.
13. In our opinion and according to the explanations given to us, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Society. Therefore, the provisions of clause XIII of the Order are not applicable to the Company.
14. The Company has maintained proper records of transactions and contracts in respect of dealing in shares, securities and other investments and timely entries have been made therein all shares and securities have been held by the Company in its own name except as stated in Schedule 'D' of Investments.
15. The Company does not give any guarantee for loans taken by others from bank or from financial institution.
16. The Company has not taken any term loan.
17. The Company has not raised any fund whether short term or long term during the year.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debenture.
20. The Company has not raised any money by way of public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us no fraud on or by the Company was noticed or reported during the year.

**For Shankarlal Jain & Associates**  
Chartered Accountants

Place: Mumbai  
Date: 27<sup>th</sup> June, 2006

**SATISH JAIN**  
Partner  
M. No. 48874

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2006

	SCHEDULE	(Rs.)	AS AT	AS AT
			31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2005
		(Rs.)	(Rs.)	(Rs.)
<b>SOURCES OF FUNDS :</b>				
<b>Shareholders' Funds</b>				
(a) Share Capital	A	37,696,500		49,196,500
(b) Reserves & Surplus	B	63,716,549		55,537,832
(c) Deferred Tax		<u>3,075,298</u>		-
	<b>TOTAL</b>		<u><b>104,488,347</b></u>	<u><b>104,734,332</b></u>
<b>APPLICATION OF FUNDS :</b>				
<b>Fixed Assets</b>				
(a) Gross Block	C	40,227,733		41,379,121
(b) Less: Depreciation		<u>40,360,722</u>		38,058,457
(c) Add: Lease Adjustment A/c		<u>11,188,674</u>		<u>11,188,674</u>
(d) Net Block			<b>11,055,685</b>	14,509,338
<b>Investments</b>	D		<b>96,512,942</b>	87,002,370
<b>Current Assets, Loans &amp; Advances</b>				
(a) Interest Accrued on Investments	E	7,044		21,145
(b) Stock of Securities	F	294,192		604,706
(c) Sundry Debtors	G	169,098		793,861
(d) Cash & Bank Balances	H	629,938		3,607,724
(f) Loans & Advances	I	<u>20,106,077</u>		<u>20,023,122</u>
		<u>21,206,349</u>		25,050,558
<b>Less: Current Liabilities &amp; Provisions</b>				
(a) Current Liabilities	J	6,884,504		4,372,820
(b) Provisions	K	<u>17,402,125</u>		<u>17,455,114</u>
		<u>24,286,629</u>		<u>21,827,934</u>
<b>Net Current Assets</b>			<u><b>(3,080,280)</b></u>	<u>3,222,624</u>
	<b>TOTAL</b>		<u><b>104,488,347</b></u>	<u><b>104,734,332</b></u>
<b>Notes to the Accounts</b>	Q			

As per our report of even date  
For Shankarlal Jain & Associates.  
Chartered Accountants

(SATISH JAIN)  
Partner  
M.No. 48874  
Place: Mumbai  
Date: 27<sup>th</sup> June 2006

For and on behalf of the Board

ANJU R. INNANI Managing Director

NARAYAN T. RATHI Director

UMANATH R. AGARWAL Executive Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2006**

PARTICULARS	SCHEDULE	YEAR ENDED	YEAR ENDED
		31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2005
		(Rs.)	(Rs.)
<b>INCOME :</b>			
Sale of Shares		309,516	4,325,075
Lease Rentals	L	-	384,827
Dividend		5,289,216	1,630,979
Profit on Sale of Investment (Net)		15,548,008	5,639,370
Interest	M	66,926	87,700
Excess provision in the value of Dimuntion in Investment written back		4,254,623	3,161,936
Miscellaneous Income	N	366,698	396,985
	<b>TOTAL</b>	<b>25,834,987</b>	<b>15,626,872</b>
<b>EXPENDITURE :</b>			
Purchase of Shares		-	129,048
Decrease/(Increase) in Stock	O	310,514	2,855,208
Administrative & Other Expenses	P	6,436,791	5,412,486
Provision for NPA		3,836,634	2,174,466
	<b>TOTAL</b>	<b>10,583,939</b>	<b>10,571,208</b>
<b>PROFIT BEFORE DEPRECIATION</b>		<b>15,251,048</b>	<b>5,055,664</b>
Depreciation		3,632,033	3,803,659
<b>PROFIT BEFORE TAXATION</b>		<b>11,619,015</b>	<b>1,252,005</b>
Provision for Taxation		300,000	95,000
Provision for Fringe Benefits Tax		65,000	-
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>11,254,015</b>	<b>1,157,005</b>
<b>Basic and diluted earning per share</b>		<b>2.98</b>	<b>0.23</b>

**Notes to the Accounts**
**Q**

As per our report of even date  
For Shankarlal Jain & Associates.  
Chartered Accountants

For and on behalf of the Board

ANJU R. INNANI

Managing Director

(SATISH JAIN)  
Partner

NARAYAN T. RATHI

Director

M.No. 48874  
Place: Mumbai  
Date: 27<sup>th</sup> June 2006

UMANATH R. AGARWAL

Executive Director

## SCHEDULES FORMING PART OF BALANCE SHEET

	YEAR ENDED 31 <sup>ST</sup> MARCH, 2006 (Rs.)	AS AT 31 <sup>ST</sup> MARCH, 2005 (Rs.)
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
80,00,000 Equity Shares of Rs. 10/- each.	<u>80,000,000</u>	<u>80,000,000</u>
<b>ISSUED :</b>		
49,27,450 Equity Shares of Rs. 10/- each.	<u>49,274,500</u>	<u>49,274,500</u>
<b>SUBSCRIBED AND PAID UP :</b>		
49,24,900 Equity Shares of Rs. 10/- each fully paid up	<u>49,249,000</u>	49,249,000
Less : 11,50,000 shares bought back by Company	<u>11,500,000</u>	
Less: In Arrears (other than Directors)	<u>(52,500)</u>	(52,500)
<b>TOTAL</b>	<u><u>37,696,500</u></u>	<u><u>49,196,500</u></u>
<b>SCHEDULE - B</b>		
<b>RESERVES AND SURPLUS</b>		
General Reserve :		
As per last Balance Sheet	<u>13,341,179</u>	12,184,174
<b>ADD</b> : Balance of Profit & Loss A/c	<u>11,254,015</u>	1,157,005
Less : Deferred Tax liability of earlier years (Note 14)	<u>(3,075,298)</u>	-
	<u>21,519,896</u>	<u>13,341,179</u>
Share Premium Account	<u>42,249,153</u>	42,249,153
<b>Less</b> : In Arrears-by others	<u>(52,500)</u>	(52,500)
<b>TOTAL</b>	<u><u>42,196,653</u></u>	<u><u>42,196,653</u></u>
<b>TOTAL</b>	<u><u>63,716,549</u></u>	<u><u>55,537,832</u></u>
<b>SCHEDULE - C</b>		
<b>FIXED ASSETS</b>		

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK			
	AS AT 1.4.2005 (Rs.)	ADDI TIONS (Rs.)	DEDU CTIONS (Rs.)	AS AT 31.3.2006 (Rs.)	UP TO 31.3.2005 (Rs.)	FORTHE YEAR (Rs.)	DEDU- CTIONS (Rs.)	UPTO 31.3.2006 (Rs.)	LEASE ADJUST MENT	AS AT 31.3.2006 (Rs.)	AS AT 31.3.2005 (Rs.)
<b>A. LEASED ASSETS</b>											
PLANT & MACHINERY	15,460,456	-	-	15,460,456	14,386,389	139,311	-	14,525,700	4,611,942	55,466,988	56,860,009
VEHICLES	19,741,675	-	-	19,741,675	19,042,737	3,200,126	-	22,242,864	6,576,732	40,755,433	72,756,669
Sub - Total (A)	<u>35,202,131</u>	-	-	<u>35,202,131</u>	<u>33,429,126</u>	<u>3,339,436</u>	-	<u>36,768,564</u>	<u>11,188,674</u>	<u>96,222,411</u>	<u>129,616,788</u>
<b>B. FOR OWN USE</b>											
OFFICE PREMISES	1,057,885	-	-	1,057,885	632,453	21,272	-	653,725	-	404,160	425,432
OFFICE EQUIPMENTS	237,118	80,640	-	317,758	184,471	11,027	-	195,498	-	122,260	52,647
COMPUTERS	1,374,153	142,125	1,374,153	142,125	1,321,246	42,477	1,329,769	33,954	-	108,171	52,907
AIRCONDITIONERS	444,965	-	-	444,965	347,953	13,494	-	361,447	-	83,518	97,012
FURNITURE & FIXTURES	2,292,628	-	-	2,292,628	1,859,075	78,473	-	1,937,548	-	355,080	433,553
VEHICLES	770,241	-	-	770,241	284,134	125,853	-	409,987	-	360,254	486,107
Sub Total (B)	<u>6,176,990</u>	<u>222,765</u>	<u>1,374,153</u>	<u>5,025,602</u>	<u>4,629,332</u>	<u>292,598</u>	<u>1,329,769</u>	<u>3,592,160</u>	-	<u>1,433,443</u>	<u>1,547,660</u>
<b>TOTAL (A + B)</b>	<u>41,379,121</u>	<u>222,765</u>	<u>1,374,153</u>	<u>40,227,733</u>	<u>38,058,458</u>	<u>3,632,033</u>	<u>1,329,769</u>	<u>40,360,722</u>	<u>11,188,674</u>	<u>11,055,684</u>	<u>14,509,338</u>
<b>PREVIOUS YEAR TOTAL</b>	<u>64,824,533</u>	<u>35,000</u>	<u>23,480,412</u>	<u>41,379,121</u>	<u>56,189,753</u>	<u>3,803,659</u>	<u>21,934,958</u>	<u>38,058,457</u>	<u>11,188,674</u>	<u>14,509,338</u>	



	YEAR ENDED 31 <sup>ST</sup> MARCH, 2006 (Rs.)	AS AT 31 <sup>ST</sup> MARCH, 2005 (Rs.)
<b>SCHEDULE - D</b>		
<b>INVESTMENTS (Non Trade)</b>		
Long Term (As Per Annexure I annexed)	96,512,942	87,002,370
<b>TOTAL</b>	<b>96,512,942</b>	<b>87,002,370</b>
<b>SCHEDULE - E</b>		
<b>INTEREST ACCRUED ON INVESTMENTS</b>		
On Debentures	-	9,589
On Fixed Deposits	7,044	11,556
<b>TOTAL</b>	<b>7,044</b>	<b>21,145</b>
<b>SCHEDULE - F</b>		
<b>STOCK-IN-TRADE</b>		
(As Certified by the management)		
(Equity Shares - As per Annexure II annexed)	294,192	604,706
<b>TOTAL</b>	<b>294,192</b>	<b>604,706</b>
<b>SCHEDULE - G</b>		
<b>DEBTORS (Unsecured and Considered Good)</b>		
(a) More than Six Months	-	-
(b) Other Debts	169,098	793,861
<b>TOTAL</b>	<b>169,098</b>	<b>793,861</b>
<b>SCHEDULE - H</b>		
<b>CASH AND BANK BALANCES:</b>		
(a) Cash on hand	28,735	19,618
(b) Balances with Scheduled Banks		
In Current Account	531,953	643,856
In Fixed Deposits	69,250	2,944,250
(Pledged Rs 69,250/- With Bank against Bank Guarantee)		
<b>TOTAL</b>	<b>629,938</b>	<b>3,607,724</b>
<b>SCHEDULE - I</b>		
<b>LOANS AND ADVANCES:</b>		
(Unsecured and Considered Good) except otherwise stated		
Loans (Considered doubtful)	737,642	735,482
Advances Recoverable in Cash or in kind for value to be received	3,276,509	3,559,683
Advance Tax & TDS	16,091,926	15,727,957
<b>TOTAL</b>	<b>20,106,077</b>	<b>20,023,122</b>
<b>SCHEDULE - J</b>		
<b>CURRENT LIABILITIES:</b>		
Sundry Creditors (other than SSI)	2,137,360	169,646
Deposits	2,851,372	2,821,372
Other Liabilities	1,895,772	1,381,802
<b>TOTAL</b>	<b>6,884,504</b>	<b>4,372,820</b>
<b>SCHEDULE - K</b>		
<b>PROVISIONS:</b>		
For Diminution in Value of Investment	8,350,000	12,604,623
For Non- Performing Assets	8,592,125	4,755,491
For Taxation	395,000	95,000
For Fringe Benefits Tax	65,000	-
<b>TOTAL</b>	<b>17,402,125</b>	<b>17,455,114</b>

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT**

	YEAR ENDED 31 <sup>ST</sup> MARCH, 2006 (Rs.)	ASAT 31 <sup>ST</sup> MARCH, 2005 (Rs.)
<b>SCHEDULE - L</b>		
<b>LEASE INCOME;</b>		
Lease Rental	-	408,312
Add: Lease Equalization ( Net)	-	(23,485)
<b>TOTAL</b>	<u>-</u>	<u>384,827</u>
<b>SCHEDULE - M</b>		
<b>INCOME FROM INTEREST:</b>		
On Debentures/Bonds (TDS Rs 15708/-Previous Year Rs. 16,203/-)	60,411	74,070
On Bank Fixed Deposits ( TDS Rs NIL - Previous Year Rs. 1,911/-)	6,515	13,630
<b>TOTAL</b>	<u>66,926</u>	<u>87,700</u>
<b>SCHEDULE - N</b>		
<b>MISCELLANEOUS INCOME:</b>		
Rent ( TDS Rs 53853/- Previous Year Rs. 46,419/-)	354,000	336,000
Brokerage	5,555	60,985
Sunday Balances Written Back (Net)	7,143	-
<b>TOTAL</b>	<u>366,698</u>	<u>396,985</u>
<b>SCHEDULE - O</b>		
<b>INCREASE / (DECREASE) IN STOCK:</b>		
Opening Stock	604,706	3,459,914
Less: Closing Stock	294,192	604,706
(Increase)/Decrease in Stock	<u>310,514</u>	<u>2,855,208</u>
<b>SCHEDULE - P</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES :</b>		
Salaries, Bonus & Allowances	1,868,813	1,695,282
Staff Welfare	118,391	85,898
Rent	327,000	327,000
<u>Repairs &amp; Maintenance</u>		
On Building	232,560	75,300
On Others	72,191	77,668
Insurance Charges	13,991	19,528
Motor Car expenses	157,398	133,092
Conveyance & Traveling	118,351	86,043
Postage & Telephone	232,618	191,710
Investment Written Off	420,618	
Printing & Stationery	138,165	92,560
Sundry Balances Written Off	-	25,940
Commission & Brokerage	38,500	-
Advertisement & Sales Promotion	235,327	77,958
Legal & Professional Charges	723,557	352,402
Directors' Remuneration	1,104,000	923,400
Auditors' Remuneration	182,850	136,299
Loss on sale of Assets	29,384	850,428
Miscellaneous Expenses	423,077	261,978
<b>TOTAL</b>	<u>6,436,791</u>	<u>5,412,486</u>

**SCHEDULE-Q****NOTES TO THE ACCOUNTS FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> March 2006.****1) SIGNIFICANT ACCOUNTING POLICIES****A. System of Accounting:**

The Company follows accrual system of accounting except in case of interest on allotment money in arrears which is accounted as and when received.

**B. Revenue Recognition:**

- (i) Lease Rentals are recognized as revenue over the lease period as per the terms of the lease agreements. Lease Equalisation Amount is computed in accordance with Guidance Note issued by ICAI.
- (ii) Income is recognized in respect of Non-Performing Assets on receipt basis as per RBI Prudential Norms applicable to NBFC.
- (iii) Profit/Loss on Sale of Investments is worked out on the basis of FIFO Method.

**C. Expenses:**

- (i) It is the Company's policy to provide for all expenses on accrual basis.
- (ii) As per the guidelines for Prudential Norms prescribed, the Company makes provision against Non-Performing Assets.

**D. Fixed Assets:**

Fixed Assets are stated at cost less accumulated depreciation after taking into consideration the Lease Adjustment Amount.

**E. Impairment of Fixed Assets:**

Fixed Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement for items of fixed assets carried at cost. However, in the opinion of the management, no provision is required for impairment of assets in the current year.

**F. Depreciation:****a) On assets for own use:**

Depreciation on assets for own use is provided on Written Down Value Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

**b) On assets given on lease:**

Depreciation on assets given on lease upto 31<sup>st</sup> March, 1994 is consistently provided on Written Down Value Method and on assets given on lease from 1<sup>st</sup> April, 1994 has been provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

**G. Investments:**

- a) All the Investments are classified as long-term investments, based on intention of holding them for a period exceeding one year.
- b) Long term investments have been valued at cost plus any incidental expenses thereto.
- c) Provision for diminution in the value of investments is made to recognize a decline, other than the temporary fall in the value.

**H. Stock-in-Trade:**

Stock-in-Trade is valued scrip wise at Cost or Market price whichever is lower.

**I. Gratuity & Other Retirement Benefit:**

Liabilities for gratuity and leave encashment are provided for on an estimated basis instead of on the basis of actuarial valuation.

2) Contingent liabilities not provided for:	Year ended 31.3.2006 (Rs. in Lacs)	Year ended 31.3.2005 (Rs. in Lacs)
i) Allotment/Call Money payable	15.97	15.97
ii) Demand raised by Income Tax department against which the Company has preferred an appeal	155.80	155.80
iii) Guarantee given by Bankers	0.50	0.50
<b>3) Directors' Remuneration:</b>		
Salary	11.04	9.23
Perquisites	0.30	0.30
<b>4) Details of Auditors' Remuneration:</b>		
(a) Statutory Audit Fees	0.39	0.38
(b) Tax Audit Fees	0.11	0.11
(c) Taxation Matters	1.19	0.79
(d) Certification & others	0.14	0.07
(e) Reimbursement of Expenses	<u>0.00</u>	<u>0.01</u>
	<u>1.83</u>	<u>1.36</u>

- 5) a) Provision for Diminution in value of Investment for fall in Market price of Long Term Investment below cost was provided for in earlier years. The Long Term Investments are now valued at cost. The provision for Diminution in the value of Long Term Investment has been adjusted accordingly.  
b) Company has made provision for NPA assets as per RBI Prudential Norms as applicable to NBFC. Accordingly, Company has made provision of Rs. 78,11,351/- (Previous year 47,55,591/-).
- 6) Balances of sundry debtors, sundry creditors and loans and advances are subject to confirmation and reconciliation if any.
- 7) Loans and advances include deposit given against office premises to the Managing Director and her relatives of Rs. Nil (previous year Rs. 17,00,000/-). Maximum balance at any day during the year Rs. 17,00,000/- (previous year Rs. 17,00,000/-)
- 8) Sundry creditors do not include any amount payable to SSI Units.
- 9) Company does not have a full time Company Secretary as it has not been able to find a suitable person looking to the size of the Company. However, Company has assigned a secretarial work to a practicing Company Secretary.
- 10) Particulars in respect of Opening Stock, Purchases, Sales and Closing Stock of Shares and Securities.

Particulars	Year Ended 31-3-2006	Year Ended 31-3-2005
<b>Opening Stock:</b>		
Quantity (Nos.)	74,015	86,951
Value (Rs.)	6,04,706	34,59,914
<b>Purchase / Adjustment:</b>		
Quantity (Nos.)	1,328	13,322
Value (Rs.)	-	1,29,048
<b>Sales / Adjustment:</b>		
Quantity (Nos.)	2,935	26,258
Value (Rs.)	3,09,516	43,25,075
<b>Closing Stock:</b>		
Quantity (Nos.)	72,408	74,015
Value (Rs.)	2,94,192	6,04,706

- 11) The Company's main business is financing and all the activities of the Company are related to its main business. As such there are no separate reportable segments as defined by Accounting Standard-17 on "Segment Reporting".

**12) Related Party Information:-**
**i) Relationships**
**a) Where control exists**

Anju R. Innani - Managing Director.  
 Estate of Late Shri Ramesh R Innani - Husband of Managing Director  
 Ramesh R. Innani HUF - HUF of Managing Director,  
 Mikhil R. Innani - Son of Managing Director,  
 M/s. AFL Securities India Limited - Associated Enterprise.

**b) Key Management Personnel**

Anju R. Innani	Managing Director
Umanath R. Agarwal	Executive Director
Narayan T. Rathi	Director
Anil M. Raika	Director

**ii) The transactions with related parties are:**

Particulars	Parties where control exists		Key Management Personnel	
	2005-06	2004-05	2005-06	2004-05
Rent	327000/-	327000/-	-	-
Professional Fees	-	-	302749/-	-
Remuneration	-	-	1104000/-	923400/-

**13) Earning per share**

	Particulars	2005-2006	2004-2005
a)	Weighted average number of equity shares outstanding during the year.	37,74,900	49,24,900
b)	Net Profit after tax available for equity shareholders (Rs. In Lacs)	112.54	11.57
c)	Basic & Diluted Earning Per Share	2.98	0.23

**14) Pursuant to Accounting Standard-22 issued by the Institute of Chartered Accountants of India, current tax is determined at the amount of tax payable in respect of estimated taxable income of the year.**

Deferred Tax resulting from 'timing difference' between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted on the balance sheet date. During the year the company has recognized deferred tax liability as on 31<sup>st</sup> March 2006 for amounting to Rs. 30.75 Lacs. The working of the same is as under:-

Particulars	Amount
Deferred tax liability due to difference between carrying amount of fixed assets.	30,84,119/-
Less: Deferred Tax Assets due to Expense disallowed u/s 43B.	8,821/-
<b>Net deferred tax liability</b>	<b>30,75,298/-</b>

**15) Other information's pursuant to the provisions paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 are not applicable.**
**16) Figures are rounded off to the nearest rupee.**
**As per our report of even date**
**For Shankarlal Jain & Associates.  
 Chartered Accountants**
**(SATISH JAIN)  
 Partner**

 M.No. 48874  
 Place: Mumbai  
 Date: 27<sup>th</sup> June 2006

**For and on behalf of the Board**
**ANJU R. INNANI** Managing Director

**NARAYAN T. RATHI** Director

**UMANATH R. AGARWAL** Executive Director

**Annual Report 2005-2006**

**ANNEXTURE - I of SCHEDULE 'D' - INVESTMENTS (NON TRADE)**

	FACE <u>VALUE</u>	QUANTITY (Numbers)		AMOUNT (RS.)	
		AS AT <u>31-03-06</u>	AS AT <u>31-03-05</u>	AS AT <u>31-03-06</u>	AS AT <u>31-03-05</u>
<b>LONG TERM INVESTMENTS</b>					
<b>UNQUOTED :</b>					
<b>A. UNITS OF MUTUAL FUNDS</b>					
Birla Cash Plus Fund		-	35,299	-	629,422
Birla Dividend Yield Fund		-	18,450	-	200,000
Birla Monthly Income Fund		-	1,413,217	-	17,553,333
DSP Meryl Lynch Op. Fund		-	28,375	-	450,000
Fidelity Equity Fund		29,340	-	300,000	-
Fidelity Equity Fund		136,466	-	1,400,000	-
Frankline Dynamic Fund		-	17,256	-	200,000
Frankline India Smaller Fund		200,000	-	2,000,000	-
Frankline Prima Fund		72,029	117,977	2,922,736	3,990,962
Frankline Prima Fund D		55,979	-	2,579,136	-
Frankline Templetan MIP		-	292,999	-	4,656,008
HDFC Capital Builder Fund G		67,646	181,184	3,928,862	3,911,776
HDFC Capital Builder Fund D		59,985	-	1,150,760	-
HDFC CMF Saving Plan Fund		-	25,051	-	345,000
HDFC Equity Fund		-	14,351	-	297,315
HDFC Income Fund		-	360,790	-	5,381,205
HDFC Multipule Yield Fund		-	250,000	-	2,500,000
HSBC Equity Fund		-	150,800	-	3,329,727
Kothak MNC Dividend Fund		16,620	-	300,000	-
Principal Cash Management Fund		42,757	19,991	584,913	260,320
Principal India Growth Fund		-	14,420	-	200,000
Prudential ICICI Discovery Fund		137,470	-	1,904,045	-
Prudential ICICI Emer Fund		172,653	-	3,521,715	-
Prudential ICICI Floater Fund		117,185	-	1,193,163	-
Reliance Growth Fund		76,461	84,935	3,111,070	3,079,919
Reliance Growth Fund		94,183	-	3,911,178	-
Reliance Equity Hedging Fund		320,000	-	3,200,000	-
Reliance Equity Hedging Fund		310,000	-	3,100,000	-
Reliance Equity Opporrtinity Fund		7,500	7,500	75,000	75,000
Reliance RLF-TP Fund		85,580	-	1,310,083	-
SBI Magnum Global Find		57,647	-	1,135,205	-
SBI Magnum Multicap Find		50,000	-	500,000	-
Standard Chartered Cash Fund		142,754	10,657	1,836,677	130,704
Sundaram Select Midcap Fund		78,009	-	1,134,749	-
Templeton Growth Fund		-	26,381	-	600,000
Templeton Treasury Management Fund		7,677	-	9,556,778	-
Templeton Income Fund		-	75,830	-	1,700,004
		<u>2,337,942</u>	<u>3,145,465</u>	<u>50,656,070</u>	<u>49,490,695</u>
<b>B. EQUITY SHARES ( FULLY PAID UP)</b>					
1	AFL Securities India Limited	10	-	100,000	2,500,000
	Ignifluid Boilers Limited	10	100,000	100,000	1,350,000
	Indo Deutsche Metallo Chimique Ltd.	10	40,000	40,000	7,000,000
	Shamrao Vithal Co-op Bank Limited	10	1,000	1,000	25,000
			<u>141,000</u>	<u>241,000</u>	<u>8,375,000</u>
<b>Aggregate cost of Unquoted Investments( A+B)</b>				<b>59,031,070</b>	<b>60,365,695</b>

	FACE VALUE	QUANTITY (Numbers)		AMOUNT (RS.)	
		AS AT 31-03-06	AS AT 31-03-05	AS AT 31-03-06	AS AT 31-03-05
<b>QUOTED :</b>					
<b>C. EQUITY SHARES ( fully paid-up unless otherwise stated )</b>					
3I Infotech Limited	10	1,229	-	215,917	-
Aashi Industries Limited	10	-	11,500	-	230,000
Aban Lloyd Limited	10	1,450	400	322,011	444,153
Acc Limited	10	750	1,300	257,646	413,988
Agro Tech Limited	10	4,406	-	437,180	-
Alok Text Industries Limited	10	-	1,420	-	103,177
Ambika Cotton Limited	10	2,283	-	599,333	-
Amrut Industries Limited	10	2,100	2,100	159,870	159,870
Andhra Sugar Limited	10	942	935	188,770	128,654
Atlas Copco Limited	10	455	190	373,929	140,638
Bajaj Auto Limited	10	485	-	1,009,816	-
Ballarpur Ind Limited	10	-	1,982	-	173,676
Balmer Lawrie B-1 Limited	10	273	-	119,231	-
Banswara Syntex Limited	10	3,021	-	235,750	-
Bank of India	10	-	1,856	-	184,148
Bharat Electronics Limited	10	897	897	485,366	485,366
Bharat Forg Limited	10	2,266	-	653,425	-
Bharat Heavy Electrics Limited	10	749	934	516,558	638,159
Bharat Hotel Limited	10	500	-	-	-
Birla Corporation Limited	10	-	2,854	-	462,866
Blue Dart Express Limited	10	376	-	164,032	-
BOC India Limited	10	913	-	91,528	-
Bongaigaon Refineries Limited	10	-	1,150	-	108,538
Bosch Chasis Systems Limited	10	198	-	151,907	-
BSES Limited	10	313	-	195,518	-
Celeste International Limited	10	4,000	4,000	115,000	115,000
Century Textile Limited	10	2,066	-	674,020	-
Crisil Limited	10	149	188	142,979	126,752
Cummins India Limited	2	-	3,500	-	434,701
Dabir India Limited	10	6,690	-	504,467	-
Deepharma Limited	10	800	800	35,965	35,965
Delta Industries Limited	10	2,000	2,000	270,000	270,000
Denmur Fax Rolls Limited	10	110,000	110,000	1,100,000	1,100,000
Dev Fastners Limited	10	10,000	10,000	100,000	100,000
Diamond Regina Ceramic Limited	10	88,000	88,000	1,056,000	1,056,000
Dr Reddys Labs Limited	5	-	142	-	103,436
Ellora Steels Limited	10	2,100	2,700	52,450	67,750
Essar Shipping Limited	10	-	1,903	-	64,880
Enkei Castalloys Limited	10	698	-	172,601	-
Esab India Limited	10	363	-	138,565	-
Fabworth India Limited	10	-	400	-	13,400
Gillette India Limited	10	-	180	-	115,794
Gitanjali Gems Limited	10	676	-	131,820	-
Glaxo India Limited	10	-	180	-	125,246
Glenmark Pharmaceuticals Limited	2	-	684	-	211,087
Goetze (India) Limited	10	1,114	-	277,149	-
Grasim Industries Limited	10	64	138	127,515	172,563

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	FACE VALUE	QUANTITY (Numbers)		AMOUNT (RS.)	
		AS AT 31-03-06	AS AT 31-03-05	AS AT 31-03-06	AS AT 31-03-05
Greaves Cotton Limited	10	4,485	-	713,191	-
Gujrat Ambuja Cement Limited	10	400	1,600	170,405	615,274
Gujrat Indo Lube Limited	10	5,800	5,800	98,600	98,600
Gwallior Transmission Limited	10	1,200	1,200	38,595	38,595
Hansu Controls Limited	10	6,800	6,800	68,000	68,000
HCL Infosystems Limited	10	-	804	-	561,635
HDFC Bank Limited	10	-	240	-	188,784
Hexaware Limited	10	3,838	-	420,399	-
Hikal Chemicals Limited	10	297	-	169,161	-
Hindalco Industries Limited	10	-	550	-	695,118
Hinduja Finance Corporation Limited	10	-	1,500	-	451,538
Hindustan Construction Limited	10	3,010	682	57,531	126,934
Hindustan Lever Limited	10	5,000	-	798,460	-
Housing Development Finance Corp Limited	10	399	-	358,195	-
Hyderabad Industries Limited	10	-	2,000	-	354,829
IFCI Limited	10	-	5,938	-	98,325
ICICI Bank Limited	10	1,571	1,005	780,283	380,048
Iconet Limited	10	3,064	3,064	137,880	137,880
I-Flex Solutions Limited	10	553	-	527,441	-
IDBI Limited	10	2,805	6,681	205,590	705,086
Indian Petrochemical Limited	10	-	100	-	18,047
Indian Swiss Labs Limited	10	200	-	39,948	-
Indian Hotels Limited	10	973	-	1,146,805	-
Infosys Technology Limited	10	184	-	516,278	-
ITC Limited	10	10,198	-	1,408,809	-
Jagran Prakashan Limited	10	216	-	69,120	-
Jaidka Foods Limited	10	23,000	23,000	782,000	782,000
Jaiprakash Association Limited	10	673	-	297,730	-
Jammu & Kashmir Bank Limited	10	-	352	-	133,300
Janak Intermediates Limited	10	2,500	2,500	200,000	200,000
Jindal Saw Pipes Limited	10	1,077	-	409,982	-
Jindal Southwest Limited	10	-	514	-	88,498
Jindal Steel & Power Limited	5	-	600	-	38,668
Jindal Strips Limited	10	-	136	-	89,699
Jindal Vijaynagar Limited	10	-	2,056	-	353,992
2. Kirloskar Oil Limited	2	3,080	616	225,766	225,766
Kothari Global Limited	10	400	400	35,000	35,000
Kpit Cummins Infosys Limited	10	-	1,600	-	434,587
Larsen & Toubro Limited	2	130	165	317,285	186,615
Lunar Diamonds Limited	10	1,900	1,900	71,250	71,250
Lupin Chemical Limited	10	443	50	372,922	36,620
Mahanagar Telephone Nigam Limited	10	4,769	1,771	724,931	245,547
Malvika Steels Limited (Partly Paid Up)	10	46,900	46,900	469,000	469,000
Manugraph India Limited	10	2,117	-	352,025	-
Maruti Udyog Limited	5	-	200	-	71,656
Max India Limited	10	937	2,163	197,313	453,434
Moira Wires Limited (Partly Paid Up)	10	25,000	25,000	125,000	125,000
Monet Ispat Limited	10	-	253	-	45,150
Motorol (India) Limited	10	2,000	2,000	67,331	67,331



	FACE VALUE	QUANTITY (Numbers)		AMOUNT (RS.)	
		AS AT 31-03-06	AS AT 31-03-05	AS AT 31-03-06	AS AT 31-03-05
Nahar Spg. Mills Limited	10	-	40	-	5,480
National Aluminum Limited	10	-	1,180	-	229,569
Navbharat Ferrow Limited	10	2,295	-	146,170	-
NTPC Limited	10	-	1,019	-	63,178
Nepc Micon Limited	10	-	100	-	6,530
NDTV Limited	4	2,995	994	607,818	185,373
ONGC Limited	10	756	1,451	626,745	1,133,518
Orchid Chemical Limited	10	1,416	-	382,286	-
Orient Syntex Limited	10	1,000	1,000	42,500	42,500
Overseas Cables Limited	10	1,800	1,800	56,250	56,250
Paramount Cosmetics Limited	10	1,300	1,300	143,342	143,342
Pentafour Products Limited	10	50	50	1,777	1,777
Pidilite Industries Limited	10	-	419	-	177,338
Psm Spinning Limited	10	9,500	9,500	451,250	451,250
Punjab National Bank Limited	10	1,559	-	661,763	-
Raasi Refractories Limited	10	-	50	-	2,373
Ranbaxy Laboratories Limited	10	25	-	10,873	-
Rathi Industries Limited	10	5,000	5,000	75,000	75,000
Redex Protech Limited	10	1,500	1,500	43,700	43,700
Reliance Capital Limited	10	1,458	200	588,571	23,854
Reliance Capital Venture Limited	10	1,455	-	217,291	-
Reliance Communication Limited	10	3,164	-	972,133	-
Reliance Energy Limited	10	748	-	38,589	-
Reliance Industries Limited	10	2,322	477	1,388,596	127,626
Reliance Natural Gas Resorce Limited	10	748	-	3,700	-
Renco Gears Limited	10	700	1,000	49,140	75,975
Rock Hard Petro Chem Limited	10	4,000	4,000	88,000	88,000
Samana Steels Limited	10	3,800	3,800	155,930	155,930
Sanghi Movers Limited	10	801	-	281,938	-
Saregama India Limited	10	2,000	-	637,923	-
Satyam Computers Limited	10	866	-	705,468	-
Savita Chemical Limited	10	-	512	-	123,200
Sesa Goa Limited	10	200	1,059	-	-
Shri Adhikari Brothers Limited	10	-	943	-	105,207
Siemens Limited	10	85	152	178,389	245,423
Silvrline Inds Limited	10	-	200	-	27,178
Sintex Industries Limited	10	-	1,500	-	452,937
Sonal Cosmetics (Exp) Limited	10	1,200	1,200	69,000	69,000
Sonal International Limited	10	7,200	7,200	261,000	261,000
State Bank of India	10	-	258	-	183,828
Steel Authority Limited	10	-	9,000	-	506,965
Steel Strips & Tubes Limited	10	5,000	5,000	250,000	250,000
Sterlite Industries Limited	10	-	850	-	503,628
Subex Systems Limited	10	374	-	113,334	-

	FACE VALUE	QUANTITY (Numbers)		AMOUNT (RS.)	
		AS AT 31-03-06	AS AT 31-03-05	AS AT 31-03-06	AS AT 31-03-05
Sudarshan Chemicals Limited	10	450	-	94,139	-
Sun Polytron Limited	10	1,500	1,500	135,000	135,000
TCS Limited	1	468	580	682,887	554,099
Talbross Limited	10	1,859	-	189,618	-
Tamil News Paper Limited	10	2,195	-	256,868	-
Tata Metaliks Limited	10	-	3,500	-	541,099
Tinplat Limited	10	-	1,000	-	47,820
Tisco Limited	10	200	2,495	78,754	892,145
TV -18 (India) Limited	10	1,982	-	830,932	-
UBE Industries Limited	10	16,700	17,100	896,712	918,187
Ultratech Cemco Limited	10	1,193	-	546,830	-
Unilever Foods Limited	10	3,000	3,000	87,900	87,900
Union Bank of India	10	5,968	3,837	510,832	272,266
United Phospores Limited	10	1,710	-	307,235	-
Vijaya Bank Limited	10	-	1,485	-	103,371
Western Fruit & Veg. Limited	10	2,500	2,500	41,250	41,250
Western Paques (I) Limited	10	700	1,000	126,000	180,000
Wockhadt Limited	5	-	650	-	-
Zicom Electronics Limited	10	-	686	-	69,000
		<u>523,987</u>	<u>504,560</u>	<u>37,481,873</u>	<u>26,136,676</u>
<b>D. DEBENTURES ( Fully paid )</b>					
14% IDBI Flexi Regular Income Bond 5,000		-	100	-	500,000
<b>Aggregate cost of Quoted Investments (C+D)</b>				<u>37,481,873</u>	<u>26,636,676</u>
<b>Aggregate Market Value of Quoted Investments</b>				<u>44,237,974</u>	<u>22,382,239</u>
<b>AGGREGATE COST OF INVESTMENT(A+B+C+D)</b>				<u>96,512,942</u>	<u>87,002,370</u>
<b>Notes:</b>					
1	Investments in a Company under the same management				
2	During the year one share of Rs. 10/- each of Kirloskar Oil Limited was sub divided into five shares of Rs .2/- each				

**ANNEXTURE -II of SCHEDULE 'E'  
STOCK IN TRADE CONSIST OF;**

Name of Script	Face <u>Value</u>	Quantity	Lower <u>value</u>
Altos India Limited	10	500	250
Andhra Paper Mills Limited	10	20	814
* Apollo Tyres Limited	10	265	21,250
* Autopal India Limited	10	500	250
Celeste International Limited	10	6,000	3,000
Consolidatae Found. Limited	10	4,200	2,100
Deepharma Limited	10	2,400	1,200
Gujrat Suspension Limited	10	900	450
Hansu Controls Limited	10	500	250
Hytasun Magnetics Limited	10	100	50
* IFCI Limited	10	500	4,500
India Rubber Limited	10	500	800
Indian Seamless Limited	5	104	1,362
* Indo Borex & Chem Limited	10	600	1,380
1. Kashipur Holdings Limited	10	575	-
2. Kirloskar Oil Limited	2	1,660	66,715
3. Minerva Holdings Limited	10	230	-
Nahar International Limited	10	600	4,500
Overseas Synthetics Limited	10	8,750	74,375
Pan India Drugs & Limited	10	1,000	2,050
Prestige Foods Limited	10	12,700	22,225
Punjab Tractor Limited	10	270	40,211
Raasi Fertilizers Limited	10	7,400	4,440
Rajesh Strips Limited	10	1,000	500
Sakura Seimetsu Limited	10	1,000	500
Sanghi Polysters Limited	10	15,000	24,750
Shri Ishar Agro Limited	10	1,800	900
Shri Ishar Alloy Limited	10	500	250
Simplex Mills Limited	10	1,334	6,803
Sunil Industries Limited	10	900	2,970
Swarnima Oils Industries Limited	10	500	250
Ucal Fuel Limited	10	100	5,095
<b>Total</b>		<b><u>72,408</u></b>	<b><u>294,192</u></b>

**Notes:**

- 1 Shares of Kashipur Holdings Limited have been shown at Nil cost as these have been received on account of Company's holding in Vam Organics Chemicals Limited
  - 2 During the year one share of Rs. 10/- each of Kirloskar Oil Limited was sub divided into five shares of Rs. 2/- each
  - 3 Shares of Minrva Holdings Limited have been shown at Nil cost as these have been received on account of Company's holding in Vam Organics Chemicals Limited
- \* Shares not held in the name of the Company. Transfer of the same is under process.



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2006**

	2005-2006 (Rs. in Lacs)	2004-2005 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit /(Loss) Before Tax	112.54	11.57
<b>Adjustments for :</b>		
Provision for Tax	3.00	0.95
Provision for FBT	0.65	-
Depreciation	36.32	38.04
(Excess)/Short Provision for Diminution in Value of Investment	(42.55)	(31.62)
(Excess)/ Short Provision for NPA	38.37	21.74
(Profit)/ Loss on sale of Investment	(155.48)	(56.39)
(Profit)/Loss on sale of Fixed Assets	0.29	8.51
Interest Income	(0.67)	(0.88)
Dividend Income	(52.89)	(16.31)
Rent Received	(3.54)	(3.36)
Lease Equilisation	-	0.23
	(176.50)	(39.09)
<b>Operating Profit before Working Capital Changes</b>	<b>(63.96)</b>	<b>(27.52)</b>
<b>Adjustments for :</b>		
Trade Debtors	6.25	(6.92)
Inventories	3.11	28.55
Trade Payables	25.11	(40.97)
Other Receivables	0.29	1.60
	34.76	(17.74)
<b>Cash generated from operations</b>	<b>(29.20)</b>	<b>(45.26)</b>
Direct Taxes Paid / Refund received	(0.98)	(0.90)
<b>Net cash Flow from operating activities</b>	<b>(30.18)</b>	<b>(46.16)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2.23)	(0.35)
Sale of Fixed Assets	0.15	48.00
Purchase of Investments	(4,280.02)	(971.67)
Sale of Investment	4,340.40	982.74
Rent Received	3.54	3.36
Interest Received	0.67	0.88
Dividend Income	52.89	16.31
<b>Net Cash Flow used in Investing Activities</b>	<b>115.40</b>	<b>79.27</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Buyback of shares	(115.00)	-
<b>Net Cash Flow from Financing Activities</b>	<b>(115.00)</b>	<b>-</b>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(29.77)	33.11
Opening Balance of Cash and Cash Equivalents	36.08	2.97
Closing Balance of Cash and Cash Equivalents	6.30	36.08

**As per our report of even date**
**For Shankarlal Jain & Associates.  
Chartered Accountants**
**(SATISH JAIN)  
Partner**

M.No. 48874  
Place: Mumbai  
Date: 27<sup>th</sup> June 2006

**For and on behalf of the Board**
**ANJU R. INNANI**

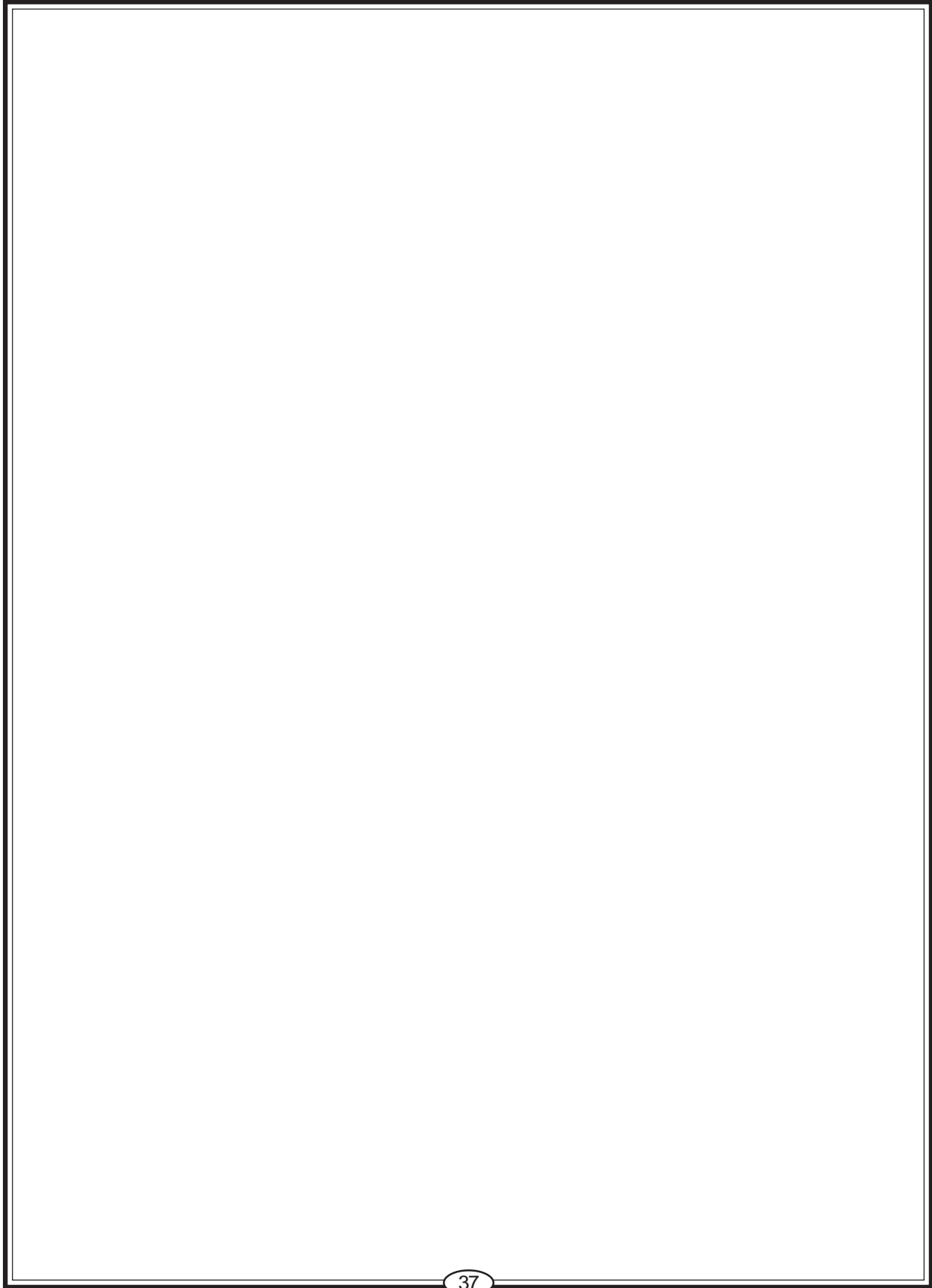
Managing Director

**NARAYAN T. RATHI**

Director

**UMANATH R. AGARWAL**

Executive Director



**APOLLO FINVEST (INDIA) LIMITED**

Registered Office: "JEWELARCADE", Plot No. 123, TPS IV, Waterfield Road,  
Bandra (West), Mumbai - 400 050.

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

Folio No.

No of shares held

DP ID\*

CLIENT ID\*

\* Applicable to investors holding shares in electronic form

I hereby record my presence at the 20<sup>th</sup> ANNUAL GENERAL MEETING to be held at No. 1, Party Hall, Sumer Nagar, S. V. Road, Borivali (West), Mumbai 400 092 on Friday 29<sup>th</sup> September, 2006 at 11.30 a.m. as shareholder / proxy.

\_\_\_\_\_  
Name Of Shareholder / Proxy\*

\_\_\_\_\_  
Signature Of Shareholder / Proxy\*

\* Strike whichever is applicable.

**APOLLO FINVEST (INDIA) LIMITED**

Registered Office: "JEWELARCADE", Plot No. 123, TPS IV, Waterfield Road,  
Bandra (West), Mumbai - 400 050.

**PROXY FORM**

Folio No.

No of shares held

CLIENT ID

I/We ..... of ..... being a member / members of the above named Company, hereby appoint ..... of ..... of failing him ..... of ..... of failing him ..... of ..... as my / our proxy to vote for me / us on my / our behalf at the 20<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held at No. 1, Party Hall, Sumer Nagar, S. V. Road, Borivali (West), Mumbai 400 092 on Friday, 29<sup>th</sup> September, 2006 at 11.30 a.m. and at any adjournment thereof.

Date..... Signature: .....

Rs. 1/-  
Revenue  
Stamp

**NOTES:**

1. The Proxy form should be signed across the stamp as per specimen signature recorded with the Company.
2. The Companies Act, 1956, lays down that the instrument, appointing a proxy shall be deposited at the Registered Office of the Company not less than **FORTY EIGHT HOURS** before the time fixed for holding the meeting.
3. A proxy need not be a member.

**BOOK - POST**

*If undelivered, please return to:*

**APOLLO FINVEST (INDIA) LIMITED  
REGISTERED OFFICE:  
"JEWEL ARCADE",  
PLOT NO. 123, TPS IV,  
WATERFIELD ROAD,  
BANDRA (WEST),  
MUMBAI - 400 050.**