

**THIRTEENTH**  
**ANNUAL**  
**REPORT**  
**2000 - 2001**

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**Apple**

**Credit Corporation Limited**

**APPLE CREDIT CORPORATION LIMITED****REGISTERED & CORPORATE OFFICE**

Gokul Arcade, 1 Floor,  
2, Sardar Patel Road, Adyar,  
Chennai - 600 020,  
Ph. : 4901603, 4901604, 4901607

**BRANCH**

Adyar, Ahmedabad, Bangalore, Baroda, Coimbatore, Hubli, Kochi, Kurnool,  
Madurai, Mangalore, Mumbai, Nagpur, Pune, Panjim, Salem, Secundrabad,  
Vijayawada, Vizag, Trichy.

**BANKERS**

State Bank of India, State Bank Of Travancore, State Bank of Hyderabad, State  
Bank Of Mysore, State Bank of Patiala, Allahabad Bank, Andhra Bank, Bank  
of Maharashtra, Bombay Mercantile Co-op Bank, The Catholic Syrian Bank,  
The Dhanalakshmi Bank, Dena Bank, The Federal Bank,  
Indian Bank, Indian Overseas Bank, The Karur Vysya Bank, The Vysya Bank,  
Punjab & Sind Bank Ltd, Canara Bank, Corporation Bank, Union Bank.

**BOARD OF DIRECTORS**

**Mr T N Padmanabhan**  
Chairman

**Mr P Vaidyanathan**  
Director

**Mr P V Raman**  
Managing Director

**Mr V K Kumar**  
Executive Director

**Mr P Loganathan**  
Executive Director

**Mr K Suryanarayanan**  
Executive Director

**Company Secretary**  
**Mr V K Kumar**

**Institutions**

Industrial Credit and Investment Corporation of India,  
Small Industries Development Bank of India,  
Industrial Finance Corporation of India,  
Unit Trust of India,  
Industrial Investment Bank of India.

**Auditors**

**M/s Mahendra Kumbhat & Associates**  
**Chartered Accountants**

**Legal Advisors**

**M/s Dave & Girish & Co.,**  
**Advocates.**

**Registrars & Transfer Agent**

Integrated Enterprises (India) Ltd  
2nd Floor "Kencees Tower"  
1, Ramakrishna Street,  
North Usman Road,  
1, Nager, Chennai - 600 017

Members are requested to bring their copy of the Annual Report along with  
them for the Annual General Meeting, as copies of the Report will not be  
distributed at the meeting.

## APPLE CREDIT CORPORATION LIMITED

Registered & Corporate Office :

Gokul Arcade I Floor, 2, Sardar Patel Road, Adyar, Chennai - 600 020.

### NOTICE CONVENING THE 13TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of the Company will be held on Saturday the 23<sup>rd</sup> June, 2001 at 11am at Rendezvous Hall, 48-B, 1<sup>st</sup> Main Road, Gandhi Nagar, Adyar, Chennai - 600020 to transact the following business:

#### ORDINARY BUSINESS

- (1) To receive, consider and adopt the Audited Statement of Accounts for the period ended 31<sup>st</sup> March, 2001 and the Reports of the Directors and Auditors thereon.
- (2) To elect a Director in place of Mr.P.V.Raman, who retires by rotation and being eligible offers himself for re-election.
- (3) To elect a Director in place of Mr.K.Suryanarayanan, who retires by rotation and being eligible offers himself for re-election.
- (4) To appoint Auditors and fix their remuneration. The retiring Auditors M/s Mahendra Khumbat & Associates, Chartered Accountants, Mumbai being eligible offer themselves for re-appointment.

#### SPECIAL BUSINESS

- (5) To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

RESOLVED THAT Clause V of the Memorandum of Association of the Company be altered by substituting the following:

"The Authorised Share Capital of the Company is Rs.80,00,00,000 (Rupees Eighty Crores only) divided into 7,50,00,000 (Seven Crores Fifty Lakhs) Equity Shares of Rs.10(Rupees Ten) each and 5,00,000 (Five Lakhs) Preference Shares of Rs.100 (Rupees One Hundred) each (and such Preference Shares may be either Convertible or Non-Convertible, Cumulative or Non-Cumulative and may carry such dividend as may be decided by the Directors, from time to time, with powers to the Company to convert the same into Equity Shares at any time) and, from time to time, to increase, reduce or modify the capital and to divide all or any of the shares in the Capital of the Company, for the time being, and to classify and reclassify such shares from shares of one class into shares of other class or classes and to attach thereto respectively such preferential,

deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by the Company in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights privileges, conditions or restrictions, in such manner and by such persons as may, for the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions for the time being in force in that behalf".

- (6) To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956, Clause 4 of the Articles of Association of the Company be altered by substituting the following:

"The Authorised Share Capital of the Company is Rs.80,00,00,000 (Rupees Eighty Crores only) divided into 7,50,00,000 (Seven Crores Fifty Lakhs) Equity Shares of Rs.10(Rupees Ten) each and 5,00,000 (Five Lakhs) Preference Shares of Rs.100 (Rupees One Hundred) each (and such Preference Shares may be either Convertible or Non-Convertible, Cumulative or Non-Cumulative and may carry such dividend as may be decided by the Directors, from time to time, with powers to the Company to convert the same into Equity Shares at any time) and, from time to time, to increase, reduce or modify the capital and to divide all or any of the shares in the Capital of the Company, for the time being, and to classify and reclassify such shares from shares of one class into shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by the Company in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights privileges, conditions or restrictions, in such manner and by such persons as may, for the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions for the time being in force in that behalf".

- (7) To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

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RESOLVED THAT subject to the provisions of Section 372 A and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Financial Institutions and other statutory authorities, as may be necessary, consent of the Members be and is hereby accorded to the Board of Directors of the Company for investing a sum of Rs.22.76.80,000 (Rupees twenty two crores seventy six lakhs eighty thousand only) by purchase of 20,00,000 (Twenty Lakhs only) Equity Shares of Transamerica Apple Distribution Finance Limited, Mumbai notwithstanding the fact that such investment would be in excess of the limits specified in Section 372 A and other applicable provisions, if any, of the Companies Act, 1956.

- (8) To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of the Articles of Association of the Company and subject to the approval, consent, permission and/or sanction, as may be necessary, from the Government of India, Securities and Exchange Board of India, Reserve Bank of India and all other concerned/appropriate authorities to the extent necessary and further subject to such conditions and modifications as may be prescribed in granting such approvals, consents, permissions and/or sanctions which Board of Directors of the Company be and is hereby authorised to agree and accept at its sole discretion (hereinafter referred to as "the Board" which term shall be deemed to include any committee of the Board), consent of the Members be and is hereby accorded to the Board to issue, offer and allot in one or more tranches, such number of Equity Shares in the Company not exceeding 6,15,00,000 equity shares (six crores fifteen lakhs only) of Rs.10 each at a premium of Rs.20 per share to the various Lenders to the Company (both secured and un-secured) and/or their Nominees as on the date of passing this resolution, comprising of Banks, Financial Institutions, Mutual Funds, Societies, AND further to other corporate bodies, promoters, directors and their relatives and friends, on a Preferential Basis or in any manner including by way of private placement/preferential allotment as the Board may deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors of the company be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things and accept any alteration(s) or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to the offer, issue and allotment of the said Equity Shares.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to constitute a Committee and delegate all or any of the powers conferred on it by this Resolution and such Committee be authorised to do all such acts, deeds, matters and things as may be necessary to give effect to this Resolution.

By Order of the Board

Place: Chennai

Date : April 11, 2001

**V.K.KUMAR**  
Company Secretary

**NOTE:**

- (1) A Member entitled to attend and vote is entitled, to appoint a proxy to attend and vote on a poll instead of the member and such a proxy need not be a member of the Company.
- (2) The Proxy Form duly stamped and executed should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the commencement of the Meeting.
- (3) Explanatory Statement under Section 173 of the Companies Act, 1956 is annexed hereto.
- (4) The Register of Members and Share Transfer Books of the Company will remain closed from 16<sup>th</sup> June 2001 to 23<sup>rd</sup> June 2001 (both days inclusive)
- (5) Members are requested to notify immediately to the Company any change in their address so that the intimation reaches the Company not later than 15<sup>th</sup> June 2001.
- (6) Members who have not encashed their dividend warrants of earlier years, are requested to approach the Company's Share Transfer Agents, M/s Integrated Enterprises (India) Ltd., 2nd Floor, "Kences Towers" 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017, for revalidation or for duplicate warrants.

**EXPLANATORY STATEMENT PURSUANT TO ARTICLE 100(2) OF THE ARTICLES OF ASSOCIATION READ WITH SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM NO.5 and NO.6**

It is proposed to issue Equity Shares of the nominal value of Rs.61,50,00,000 (Rupees sixty one crores fifty lakhs only) to the Company's Lenders as set out in Item No.8 of the Notice. In order to facilitate this, the existing authorised share capital of the Company is being reclassified to provide for a high equity component and a lower preference component. There will be no change in the total Authorised Share Capital of the Company while its division will change from 5,50,00,000 Equity Shares of Rs.10 each and 25,00,000 Preference Shares of Rs.100 each TO 7,50,00,000 Equity Shares of Rs.10 each and 5,00,000 Preference Shares of Rs.100 each. This will require an alteration to the capital Clause V of the Memorandum of Association of the Company and a corresponding alteration to Clause 4 of the Articles of Association of the Company as set out in the respective resolutions No.5 and No.6.

**Your Directors recommend the Resolution for your approval.**

None of the Directors is interested in the Resolution.

**ITEM NO.7**

The Company has been offered shares of Transamerica Apple Distribution Finance Limited in lieu of cash against amounts due from a Debtor to the Company. The Company has little choice but to accept these shares in lieu of cash as otherwise the entire debt is likely to become difficult to recover. Since the acquisition of these shares towards settlement of debt would result in the Company investing in excess of the limits specified under Section 372A of the Companies Act, 1956, the transaction shall have to be approved by the Members through a special resolution which is now being proposed for your consideration.

**Your Directors recommend the Resolution for your approval.**

None of the Directors is interested in the Resolution.

**ITEM NO.8**

The Company is working out a restructuring plan that will involve a major restructuring of the Debt component in the Company besides looking at a strategic partner to carry the company further. Such a restructuring plan would be beneficial to the Company and its shareholders in the long run. The restructuring plan envisages conversion of a part of the debt (both secured and unsecured) into equity at a premium. The premium has been arrived at on the same terms as to the previous issue made by the Company. The company is confident of getting the approval of all the Lenders to convert part of their debt into equity as already two such approvals are on hand. In order to be able to issue shares as and when the approvals are received, an enabling resolution seeking permission of the Members under Section 81 (1A) to offer, issue and allot equity shares in the Company of Rs.10 each at a premium of Rs.20 per share on a preferential basis is being sought. The restructuring plan may also require issue of equity shares to other corporate bodies, promoters, directors and their relatives and friends to reinforce their participation in the restructuring exercise. The total number of equity shares to be issued in this manner is not likely to exceed 6,15,00,000 equity shares to the various Lenders to the Company (both secured and un-secured) and/or their Nominees as on the date of passing this resolution, comprising of Banks, Financial Institutions, Mutual Funds, Societies, AND further to other corporate bodies, promoters, directors and their relatives and friends, on a Preferential Basis or in any manner including by way of private placement/preferential allotment as the Board may deem fit.

**Your Directors recommend the Resolution for your approval.**

None of the Directors is interested in the Resolution, except to the extent the preferential offer is availed by them at future date.

By Order of the Board

Place: Chennai  
Date : April 11, 2001

**V.K.KUMAR**  
Company Secretary

**APPLE CREDIT CORPORATION LIMITED****DIRECTORS' REPORT**

TO

**THE MEMBERS OF APPLE CREDIT CORPORATION LIMITED**

Your Directors present herewith the 13th Annual Report of your Company together with the Audited Accounts for the nine months period ended 31st March, 2001, in compliance with the RBI guidelines which require all NBFCs to close their accounts as of 31st March each year and the first of such closing to commence from 31st March, 2001.

**FINANCIAL RESULTS**

The financial highlights are as follows:

	(Rupees in lacs)	
	Period ended 31-03-2001	Year ended 30-06-2000
LOSS before Depreciation & Tax	4034.42	5693.25
Add: Depreciation	918.23	1532.30
LOSS before Tax	4952.65	7225.55
Add: Provision for Non Performing Assets	2376.17	90.99
Add: Provision for Taxation	0.28	0.48
LOSS after Tax	7329.10	7317.02
Add: Prior period adjustments	13036.96	
LOSS after Tax & Prior period adjustment	20366.06	7317.02
<b>Appropriations:</b>		
Used from Profit & Loss Account b/f	3095.25 (Loss)	40.07
Used from General Reserve		4175.00
Used from Capital Reserve		6.70
Balance Loss in Profit & Loss Account c/f	23461.31	3095.25

**OPERATIONS**

There was no significant disbursement during the period under review. The focus was on recoveries and substantial reduction in operational costs. Most of the internal accruals was therefore utilised to partially discharge debt obligations. Defaults in repayment of interest/principal was therefore inevitable as debt obligations far exceeded the available cash flows. Such a situation necessitated a close interaction with

the Lenders for restructuring their debt or negotiating compromise settlements, besides looking at other plans/options to take your Company further. Considerable effort was taken to find a strategic partner which has resulted in the Chennai based Shriram Group confirming their interest in a merger with one of their group companies, after the restructuring plan is approved by the Lenders to the Company.

The period under review resulted in a loss after tax of Rs.73.29 crores. Members are requested to study Note Nos.15, 16 and 17 of Notes on Accounts that explain the treatment of certain heads of account. Reduction in Stock on Hire of prior periods amounting to Rs.130.36 crores is as per the re-assessment carried out by an independent Auditor.

**DIVIDEND**

As the operations have resulted in a net loss for the period under review, no Dividend is being recommended.

**PROSPECTS FOR THE CURRENT YEAR**

The restructuring plan when agreed to by all the Lenders to the Company and when implemented would be beneficial to your Company in the long run. The involvement of a strategic partner would enable the Company to effectively be in business and encash its brand value and marketing network. Both these major events are likely to happen during the current year.

**FIXED DEPOSITS**

Your Company has no outstanding deposits as all deposits in the company have been either repaid or funds for full repayment provided in an Escrow account as per RBI guidelines. Therefore the rating assigned by ICRA is now redundant. However the rating assigned by ICRA for the Company's Debentures has been downgraded to MD (Default).

**DIRECTORS' RESPONSIBILITY**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

- (1) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (2) appropriate accounting policies have been selected and applied consistently and have 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 31st March, 2001 and of the loss of the company for the period ended 31st March, 2001;



- (3) proper and sufficient care has been taken 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;
- (4) the annual accounts have been prepared on a going concern basis.

### **CORPORATE GOVERNANCE**

A separate report on Corporate Governance is produced as a part of this Annual Report along with the Auditor's statement on its compliance, as prescribed under the amended Listing Agreements of the Stock Exchanges with which your Company is listed.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE**

Your Company has no activity relating to these areas during the period under review.

### **DIRECTORS**

There has been no change in the composition of the Board since the last Annual General Meeting. However Mr.P.V.Raman and Mr.K.Suryanarayanan will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-election.

Remuneration to Managing Director and Wholetime Director Mr.V.K.Kumar have been suitably reduced w.e.f. 1st April, 2001 to fall in line with the provisions of the Companies Act, 1956 in view of the erosion in the effective capital of the Company.

### **AUDITORS**

The Company's auditors M/s Mahendra Kumbhat & Associates, Chartered Accountants, Mumbai will retire at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment and the requisite

certificate u/s 224 of the Companies Act, 1956 has been received from them for this purpose.

With regard to the qualification of the Auditors regarding non-provision of Rs.12.71 crores towards interest on Debentures, your Directors would like to state that a restructuring plan is being pursued by the Company that would involve concessions from the Lenders both in terms of principal and interest. In view of this, it is estimated that the interest amount of Rs. 12.71 crores not provided for would fall within the concessions that are being sought and hence the non-provision of the same in the accounts.

### **PARTICULARS OF PERSONNEL**

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of this Report can be separately had on a request made in writing to the Company Secretary, as the same is not attached herewith as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956.

### **ACKNOWLEDGEMENT**

Your Directors wish to express their gratitude to the Shareholders, Debenture Holders, Bankers and Financial Institutions for the continued support and further look forward to their extended support in the restructuring plan being pursued by the Company. Your Directors also wish to acknowledge the dedication, support and co-operation extended by the employees at all levels.

**For and on behalf of the Board**

**T.N.Padmanabhan**  
Chairman

Place : Chennai

Date : April 11, 2001

**APPLE CREDIT CORPORATION LIMITED****CORPORATE GOVERNANCE****INTRODUCTION:**

The Securities and Exchange Board of India has introduced a Code of Corporate Governance for implementation by companies listed with Stock Exchanges. Accordingly, the Code was implemented by effecting amendments to the Listing Agreements of the Stock Exchange of Mumbai and the National Stock Exchange of

India with which the Company is listed. As per the amended Listing Agreements the Code is required to be implemented by March 31, 2001 which your company has done and reports as follows:

*The report on corporate governance is divided into five parts :*

- I. Board of Directors - Composition and functioning.
- II. Remuneration of Directors
- III. Committees of the Board
- IV. Share holder Information
- V. Other disclosures

**I) A. The Constitution of the Board as on March 31, 2001**

Director	Brief Resume	Number of outside directorships held (excluding alternate directorship and directorship in private companies) as on 11.04.2001
<b>T N Padmanabhan</b> Chairman	M A., B.L., I R S	3
<b>P Vaidyanathan</b> Director	A CA, ACS, ICWA	7
<b>P V Raman</b> Managing Director	B COM, PG certificate in Bus. Admn & Fin. Mgmt	1
<b>V K Kumar</b> Executive Director & Company Secretary	B COM, LLB, ACA, ACS,	None
<b>P Loganathan</b> Executive Director	B.Com PGDPM	None
<b>K Suryanarayanan</b> Executive Director	B.Tech. (Chemical Engg.) CAIIB, BGL, PGDBA	None

**B. Attendance , Record of the Directors :**

7 Board meetings were held during the period July 1, 2000 to March 31, 2001 . They were held on 20.7.2000, 31.7.2000, 20.10.2000, 31.10.2000, 29.11.2000, 11.12.2000 and 27.02.2001.

The attendance record of all Directors is as under:

Director	No. of Board meetings Attended	Sitting fees	Attendance at Last AGM
Mr T N Padmanabhan	7	14000	Yes
Mr P Vaidyanathan	7	14000	Yes
Mr P V Raman	6	-	Yes
Mr V K Kumar	6	-	Yes
Mr P Loganathan	-	-	Yes
Mr K. Suryanarayanan	-	-	Yes



15 Share Transfer committee meetings were held during the period July 1, 2000 to March 31, 2001. They were held on 8.7.2000, 22.7.2000, 8.8.2000, 26.8.2000, 12.9.2000, 27.9.2000, 14.10.2000, 10.11.2000, 29.11.2000, 11.12.2000, 30.12.2000, 23.01.2001, 12.02.2001, 2.3.2001, and 26.3.2001.

The attendance record of all Directors in the Committee is as under:

Director	No. of Committee meetings Attended	Sitting fees	Attendance at Last AGM
Mr T N Padmanabhan	15	30000	Yes
Mr P Vaidyanathan	15	30000	Yes
Mr V K Kumar	15	-	Yes

## II. REMUNERATION TO EXECUTIVE DIRECTORS:

Remuneration of Executive Directors is fixed by the Board of Directors duly approved by the Share holders at the Annual General Meeting.

## III COMMITTEES OF THE BOARD:

### A. AUDIT COMMITTEE:

Audit Committee was appointed on 27.02.2001. Audit Committee members are as under:

1. Mr. T N Padmanabhan - Director
2. Mr. P Vaidyanathan - Director
3. Mr. K Suryanarayanan - Director

The Committee closely reviews the adequacy of Internal audit controls, formulates and monitors the annual audit plan. The Committee met on 9.4.2001

### B. SHARE TRANSFER COMMITTEE :

Members: Mr. T N Padmanabhan/Mr.P Vaidyanathan/Mr.V K Kumar

The committee deals with matters relating to :

- Transfer /Transmission of shares
- Issue of duplicate share certificates
- Review of shares dematerialised
- All other matters related to shares

The Share Transfer committee generally meets once in 3 weeks. During the period 1.7.2000 to 31.3.2001, 15 meetings were held.

### C. SHARE HOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Committee was constituted on 27.2.2001 to specifically look into the redress of shareholder and investor complaints like transfer of shares, non receipt of dividends declared, non receipt of Annual Report etc.

## IV SHARE HOLDER INFORMATION:

Annual General Meeting

Date & Time	: June 23, 2001 - 11.00 AM
Venue	: Rendezvous Hall, 48 B 1 <sup>st</sup> Main Road, Gandhi Nagar, Adyar, Chennai 600 020
Book Closure Date	: June 16 to June 23, 2001.