

**FOURTH
ANNUAL
REPORT
2001-2002**

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Apple

Credit Corporation Limited

APPLE CREDIT CORPORATION LITED

REGISTERED & CORPORATE OFFICE

Gokul Arcade, I Floor,
2, Sardar Patel Road, Adyar,
Chennai – 600 020.
Ph. : 4901603, 4901604

BOARD OF DIRECTORS

Mr P V Raman
Managing Director

Mr K Elangovan
Director

Mr AL Meenaakkshi Sundharam
Director

BANKERS

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

Auditors

M/s Mahendra Kumbhat & Associates
Chartered Accountants

Institutions

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

Legal Advisors

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

Registrars & Transfer Agent

Integrated Enterprises (India) Ltd
2nd Floor, "Kences Tower"
1, Ramakrishna Street,
North Usman Road,
T. Nagar, 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 14TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of the Company will be held on Wednesday, the 24th July 2002 at 11.00 am at Rendezvous Hall, 42 B, First Main Road, Gandhi Nagar, Adyar, Chennai 600 020 to transact the following business:

ORDINARY BUSINESS

- (1) To receive, consider and adopt the Audited statement of Accounts for the year ended 31st March 2002 and the Reports of the Directors and Auditors thereon.
- (2) 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

- (3) To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

RESOLVED THAT MR. K. ELANGO VAN who was appointed as an Additional Director in the meeting of the Board of Directors held on 01.09.2001 and who in terms of Section 260 of the Companies Act, 1956 and Articles 147 of the Articles of Association of the Company, holds office only upto the date of this Annual General Meeting, and in respect of whom the Company has received a Notice from a member of the Company under Section 257 of the Companies Act 1956, proposing his candidature for the office of the Director, if appointed, as required under Section 264(1) of the Companies Act 1956, be and is hereby appointed as the Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.

- (4) To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

RESOLVED THAT MR AL MEENA AKKSHI SUNDHARAM who was appointed as an Additional Director in the meeting of the Board of Directors held on 12.12.2001 and who in terms of Section 260 of the Companies Act, 1956 and Articles 147 of the Articles of Association of the Company, holds office only upto the date of this Annual General Meeting, and in respect of whom, the Company has received a Notice from a member of the Company under Section 257 of

the Companies Act 1956, proposing his candidature for the office of the Director, if appointed, as required under Section 264(1) of the Companies Act 1956, be and is hereby appointed as the Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.

- (5) 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(IA) 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, 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 lacs only) of Rs.10 each at a premium of Rs.20/- per share inclusive of Equity shares already issued vide AGM Resolution dated 23.06.2001 to the various Lenders to the Company (both secured and unsecured) 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 act, deeds, matters and things and accept any alternation(s) or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question

APPLE CREDIT CORPORATION LIMITED

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.

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

RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory modification or reenactments thereof for the time being in force) Securities Contracts (Regulation) Act 1956 and the rules framed thereunder, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions as may be necessary and such modifications as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company the consent of the Company be and is hereby accorded to the Board to delist the equity Shares of the Company from all or any of the Stock Exchanges at Calcutta, Delhi, Mumbai and Baroda.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all necessary steps in pursuance of the aforesaid Resolution.

By Order of the Board

Place : Chennai

Date : May 27, 2002

K. ELANGO VAN
Director

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 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 16th July 2002 to 24th July 2002 (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 15th July 2002.
- (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.3

Shri K Elangovan was appointed as an Additional Director of the Company as per Section 260 of the Companies Act, 1956 and in pursuance of Articles 147 of the Articles of Association of the Company on 01.09.2001 and he holds office upto the date of this Annual General Meeting. The Company has received a deposit of Rs.500 and a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Shri K Elangovan as a candidate for the office of the Director and a resolution is proposed under Item No.3 to appoint him as a Director.

Mr. Elangovan carries with him rich legal experience that is vital to the company at this point of time.

None of the Directors except Mr. Elangovan is interested in this Resolution.

Your Directors recommend the Resolution for your approval.

ITEM NO.4

Shri AL Meenaakkshi Sundharam was appointed as an Additional Director of the Company as per Section 260 of the Companies Act, 1956 and in pursuance of Articles 147 of the Articles of Association of the Company on 12.12.2001 and he holds office upto the date of this Annual General Meeting. The Company has received a deposit of Rs.500 and a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Shri AL Meenaakkshi Sundharam as a candidate for the office of the Director and a resolution is proposed under Item No.3 to appoint him as a Director.

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None of the Directors except Mr. AL Meenaakkshi Sundharam is interested in this Resolution.

Your Directors recommend the Resolution for your approval.

ITEM NO.5

The Company is working out a restructuring plan that will involve a major restructuring of the Debt components 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 (IA) 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 the manner as on the date of passing this resolution, is not likely to exceed 6,15,00,000 equity shares to the various Lenders to the Company (both secured and unsecured)) and/or their Nominees 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.

Approval of the members was obtained at the previous AGM held on 23.06.2001 but since the entire equity

could not be issued as settlement with some of the lenders is still under consideration, the resolution is being revalidated by way of abundant caution.

Out of the 6,15,00,000 equity shares to be issued as above, the Company has issued 59,16,667 equity shares of Rs.10/- each at a premium of Rs.20 each for an aggregate value of Rs.17.75 crores in pursuance of the approval already obtained at the last AGM.

None of the Directors is deemed to be concerned or interested in this Resolution.

Your Directors recommend the Resolution for your approval.

ITEM NO.6

The Company's shares are presently listed in the Stock Exchanges at Chennai, Mumbai, Delhi, Calcutta, Baroda and at NSE, Mumbai. The shares have hardly been traded in most of these Exchanges and there are no quotations for the last 12 months, save and except in the Exchange of NSE, Mumbai and Chennai. The Company cannot bear the financial burden of listing fees considering its present financial position. Therefore, it is proposed to delist the share in all the exchanges except NSE and Chennai so that shareholders will continue to have the facility to liquidate their holdings as and when required.

None of the Directors is deemed to be concerned or interested in this Resolution.

Your Directors recommend the Resolution for your approval.

By Order of the Board

Place : Chennai
Date : 27.5.2002

K. ELANGO VAN
Director

APPLE CREDIT CORPORATION LIMITED**DIRECTORS' REPORT**

TO

THE MEMBERS OF APPLE CREDIT CORPORATION LIMITED

Your Directors present herewith the 14th Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

The financial highlights are as follows

	(Rupees in lacs)	
	Year ended 31-03-2002	Period Ended 31-03-2001
LOSS before Depreciation & Tax	(Profit) 849.08	4034.42
Add: Depreciation	1737.52	918.23
LOSS: Before Tax	888.44	4952.65
Add: Provision for Non-Performing Assets	588.93	2376.17
Add: Provision for Tax	0.25	0.28
LOSS after Tax	1477.62	7329.10
Add: Prior period adjustments	0.00	13036.96
LOSS after Tax & Prior period adjustments	1477.62	20366.06

Appropriations:

Profit & Loss Account balance b/f	(Loss) 23461.30	(Loss) 3095.24
Balance in Profit & Loss Account c/f	(Loss) 24938.92	(Loss) 23461.30

OPERATIONS

There was no disbursement during the year under review. The focus continued to be on recoveries only and towards substantial reduction in operational costs. In view of the defaults committed by your Company in repayment of interest/principal to its Lenders, most of the Lenders have filed DRT suits against the Company for recovery of their dues. This has resulted in DRT controlling the utilisation of all cash flows and application of all other assets, in your Company. That apart, your Company has been successful in arriving at and mostly completing compromise settlements reached with as many as 9 (Nine) Lenders (Rs.58.23 crores principal amount), while

compromise settlements with a further 4 (Four) Lenders (Rs.24.00 crores principal amount) are awaiting DRT approval. The future plans of your Company squarely depends on compromise settlements being reached with the remaining 25 (Twenty five) Lenders (Rs.283.32 crores principal amount), thus avoiding time consuming litigation that would largely erode the asset cover now available in your Company.

DIVIDEND

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

FIXED DEPOSITS

Your Company has no outstanding deposits as all deposits in the company have either been repaid or funds for full repayment provided in an Escrow Account as per RBI guidelines.

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, 2002 and of the Loss of the Company for the year ended 31st March, 2002;
- (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 Agreement of the Stock Exchanges with which your Company is listed.

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DELISTING AND ISSUE OF EQUITY

Approval of the Members is being sought for delisting the Company's shares from the Stock Exchanges at Calcutta, Baroda, Delhi and Mumbai for reasons stated in the Explanatory Statement to the Notice of AGM. However your Company's shares will continue to be listed on NSE and Chennai Stock Exchanges to provide liquidity to the investors.

Approval of the Members obtained at the previous AGM for issue of equity shares to the Lenders in part settlement of their debts, as envisaged in the restructuring plan, is being revalidated at the ensuing AGM by way of abundant caution, as the entire equity could not be issued since the passing of the resolution. The company has issued during the year under review, 59,16,667 equity shares of Rs.10/- each at a premium of Rs.20/- per share for an aggregate value of Rs.17.75 crores, to Banks and Institutions that have accepted compromise settlements as per the restructuring plan on the authority of the approval accorded by the Members by a resolution at the previous AGM.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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

DIRECTORS

During the year Mr.K.Elangovan (01/09/2001) and Mr.A.L.Meenaakkshi Sundharam (12/12/2001) were inducted as Additional Directors on the Board and will retire at the ensuing Annual General Meeting and resolutions seeking their appointment has been proposed in the Notice convening the 14th Annual General Meeting.

During the year Mr.T.N.Padmanabhan and Mr.P.Vaidyanathan (both 30/07/2001), Mr.K.Suryanarayanan (30.06.2001) Mr.P.Loganathan (02/09/2001) and Mr.V.K.Kumar (30/11/2001) resigned from the Board. The Board wishes to place on record its appreciation for their contribution during their tenures in office.

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 obtained from them for this purpose.

With regard to the qualification of the Auditors regarding non-provision of Rs.4910.73 lacs towards interest on borrowings represented by Debentures and Cash Credit / Demand Loan, 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.4910.73 lacs not provided for, would fall within the concessions that are being sought and hence the non-provision of interest. Members are also requested to refer to Schedule "P" Notes on Accounts Note 1(c), in this regard.

PARTICULARS OF PERSONNEL

The particulars of employees as required u/s 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 does not arise, as there were no employees drawing remuneration in excess of the limits specified under the said section requiring to be reported.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

P.V. Raman K. Elangovan
Managing Director Director

Place : Chennai

Date : May 27, 2002

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, 2002 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, 2002

Director	Brief Resume	Number of outside directorships held (excluding alternate directorship and directorship in private co's. as on 27.05.2002)
P V Raman Managing Director	B COM, PG certificate in Bus. Admn & Fin. Mgmt	Nil
K Elangovan	M.A. (Public Admn.) M.L. (Law), CAIIB, Diploma in Labour Law	Nil
AL Meenaakkshi Sundharam	Under Graduate	Nil

B. Attendance, Record of the Directors :

14 Board meetings were held during the period April 1, 2001 to March 31, 2002. They were held on 11.04.2001, 02.05.2001, 25.06.2001, 28.07.2001, 16.08.2001, 31.08.2001, 14.09.2001, 11.10.2001, 29.10.2001, 12.11.2001, 12.12.2001, 12.01.2002, 31.01.2002 and 11.03.2002.

The attendance record of all Directors is as under:

Director	No. of Board meetings Attended	Sitting fees	Attendance at Last AGM
Mr P V Raman	14	-	Yes
K Elangovan	8	6000	No
AL Meenaakkshi Sundharam	4	3000	No

15 Share Transfer committee meetings were held during the period April 1, 2001 to March 31, 2002. They were held on 11.04.2001, 02.05.2001, 31.05.2001, 23.06.2001, 16.07.2001. Subsequent to this all Share Transfers were considered in the Board Meeting held from 16.08.2001 onwards.

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 P V Raman	14	-	Yes
K Elangovan	8	-	No
AL Meenaakkshi Sundharam	4	-	No

* No sitting fees separately paid as the Board Meeting and Share transfer committee meeting were held at the same date, time and venue.

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II. REMUNERATION TO EXECUTIVE DIRECTORS:

Remuneration of Executive Directors is fixed by the Board of Directors duly approved by the Shareholders 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

Consequent to the resignation of the above 3 Directors, the Audit Committee was reconstituted on 14th September 2001 with the following Directors:

Mr. P V Raman
Mr. V K Kumar
Mr. K Elangovan

The Committee met on 21.10.2001 and closely reviewed the adequacy of Internal audit controls. The committee formulates and monitors the annual audit plan.

After the resignation of Mr. V K Kumar, the Audit committee was again reconstituted with the following 3 Directors of the Board and they met on 13.05.2002.

1. Mr. P V Raman
2. Mr. K Elangovan
3. Mr. AL Meenaakkshi Sundharam

The aforesaid members are also the only 3 Directors on the Board of the Company.

They have considered the draft accounts and the cases pending before DRT and NPAs.

B. SHARE TRANSFER COMMITTEE:

Members: All the 3 Directors in the Board.

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
- Investors' Grievances

The Share Transfer committee generally meets once in 3 weeks. During the period 01.04.2001 to 31.03.2002, 13 meetings were held.

C. SHARE HOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Share Transfer Committee also looks into the Investors Grievances and all Grievances were placed in the meeting during the year.

No. of Grievances	No. of Grievances	No. of Grievances
Received	Redressed	pending for redressal
988	988	Nil