

**FIFTEENTH
ANNUAL
REPORT
2002-2003**



Apple

Credit Corporation Limited

**/ Certified True Copy /
For APPLE CREDIT CORPORATION LIMITED**

AUTHORISED SIGNATORY

APPLE CREDIT CORPORATION LIMITED

REGISTERED & CORPORATE OFFICE

Gokul Arcade, I Floor,
2, Sardar Patel Road, Adyar,
Chennai – 600 020.
Ph. : 24901603, 24901604

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, Allahabad 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 Ltd,
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.

Share Transfer Agent

Integrated Enterprises (India) Ltd
2nd Floor, "Kences Tower"
No.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 15TH ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting of the Members of the Company will be held on Thursday, the 18th September 2003 at 11.00 am at Rendezvous Hall, 48 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 2003 and the Reports of the Directors and Auditors thereon.
2. To elect a Director in the place of Mr. K Elangovan who retires by rotation and being eligible, offers himself for re-election.
3. 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

4. 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 Rs20/- per share (inclusive of equity shares already issued on the basis of similar Resolutions passed at the AGMs held on 23.06.01 and 24.07.02) 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 acts, 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 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 : 24.06.2003

K. ELANGOVAN
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 01.09.03 to 09.09.03 (both days inclusive).
5. Members are requested to notify immediately to the

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Company any change in their address so that the intimation reaches the Company not later than 31.08.2003.

6. Members who have not encashed their dividend warrants of earlier years, are requested to approach the Company Share Transfer Agents, M/s Integrated Enterprises (India) Ltd., 2nd floor, "Kences Towers", 1, Ramakrishna St., 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: 4

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 eight such approvals (principal amount Rs.51.55 crores) are awaiting DRT clearance. 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 this manner 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 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.

Approval of the members was obtained at the AGM held on 23.06.01 and revalidated at the AGM held on 24.07.2002; but since the entire equity could not be issued as settlement with some of the lenders is still under consideration, the resolution is being once again re-validated 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 approvals already obtained at the previous AGMs.

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 : 24.06.2003

K. ELANGOVAN
Director

DIRECTOR'S REPORT

TO

THE MEMBERS OF APPLE CREDIT COPORATION LIMITED

Your Directors present herewith the 15th Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

The financial highlights are as follows:

	(Rupees in lacs)	
	Year ended 31-03-2003	Year ended 31-03-2002
LOSS before Depreciation & Tax	(Profit) 1108.51	849.08
Add: Depreciation	2085.99	1737.52
LOSS: Before Tax	977.48	888.44
Add: Provision for Non- Performing Assets	385.42	588.93
Add: Provision for Tax	NIL	0.25
LOSS: after Tax	1362.90	1477.62
LOSS after Tax & Prior period adjustments	1362.90	1477.62
Appropriation:		
Profit & Loss Account balance b/f	(Loss) 24938.93	23461.30
Balance in Profit & Loss Account c/f	(Loss) 26301.83	24938.92

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. Almost all Lenders have filed DRT suits and the utilisation of cash flows in the Company is as per DRT directives, which is being faithfully followed by the Company. Secured Loans have reduced from a peak of Rs.386.21 crores to Rs.306.68 crores through OTS and partial repayment of loans. Compromise Settlement with 8 (eight) lenders (principal amount Rs.51.55 crores) is awaiting DRT approval. As on the date of this Report, the Company has a Bank Balance of about Rs.23 crores awaiting distribution by DRT to the Lenders.

The Bombay High Court has appointed a receiver in respect of the assets secured to Debentures Series AAII for which ICICI Bank Ltd is the Trustee. The assets secured includes most of the properties belonging to the Company. The principal amount due under this series is Rs.60.50 crores.

Due to efflux of time, the asset cover in the Company is eroding and in order to ensure best possible distribution to the Lenders, the Company continues to pursue settlement options with its lenders. The future plans of your company will depend on the acceptance of the scheme by the Lenders.

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 fund for full repayment provided in an Escrow Account as per RBI guidelines, as early as August 2000.

DIRECTOR'S 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, 2003 and of the Loss of the Company for the year ended 31st March 2003;
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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ISSUE OF EQUITY

Approval of the Members obtained at the AGM for the 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 so far issued 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 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 AGM held on 23.6.01 and revalidated at the AGM held on 24.7.02.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND 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 during the year under review.

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.4689.26 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.4689.26 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 : 24.06.2003

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REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

The Securities and Exchange Board of India has introduced a Code of Corporate Governance for implementation by listed companies.

The report for the year 2002-2003 is as follows:

I. BOARD OF DIRECTORS:

A. The Constitution of the Board as on March 31, 2003

Director	Brief Resume	Number of outside directorships held (excluding alternate directorship and directorship in private as on 24.06.03)
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:

12 (Twelve) Board meetings were held during the period April 1, 2002 to March 31, 2003: They were held on 10.04.2002, 27.05.2002, 01.07.2002, 29.07.2002, 28.08.2002, 26.09.2002, 30.10.2002, 02.12.2002, 01.01.2003, 27.01.2003, 04.03.2003 and 28.03.2003.

The attendance record of all the Directors is as under:

Director	No. of Board meetings Attended	Sitting fees	Attendance at Last AGM
P V Raman	12	-	Yes
K Elangovan	11	8250	Yes
AL Meenaakkshi Sundharam	12	9000	Yes

12 (Twelve) Share Transfer committee meetings were held during the period April 1, 2002 to March 31, 2003.

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

Director	No. of Board meetings Attended	Sitting fees	Attendance at Last AGM
Mr P V Raman	12	Nil	Yes
K Elangovan	11	Nil	Yes
AL Meenaakkshi Sundharam	12	Nil	Yes

II. REMUNERATION TO MANAGING DIRECTOR:

Remuneration of Managing Director is fixed by the Board of Directors duly approved by the Shareholders at the Annual General Meeting for a term of five years at a time.

III. COMMITTEES OF THE BOARD:

A. AUDIT COMMITTEE:

After the resignation of Mr. V K Kumar on 30.11.2001, the Audit committee was again reconstituted with the following 3 Directors of the Board and they met on 13.5.2002.

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 account and the cases pending before DRT and NPAs.

Since there are only three Directors on the Board, they constitute the Audit Committee. No separate Audit Committee Meeting was held and the Accounts and other related matters were considered at the Board Meeting itself.

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B. SHARE TRANSFER COMMITTEE:

Members: All the 3 Directors on 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

C. SHARE HOLDERS/INVESTORS GRIEVANCE COMMITTEE:

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

No. of Grievances Received	No. of Grievances Redressed	No. of Grievances pending for redressal
252	252	Nil

IV. SHARE HOLDER INFORMATION:

Annual General Meeting	: 15 th Annual General Meeting
Date & Time	: September 18, 2003 - 11.00 AM
Venue	: Rendezvous Hall, 48 B, 1 st Main Road, Gandhi Nagar, Adyar, Chennai 600 020
Book Closure Date	: Sept. 1 to September 9, 2003.

The Company's Financial year is based on 4 periods comprising of 3 months per period:

Period	<u>Board meeting to approve the quarterly financial results</u>
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Annual Results (Audited)	End June
Unaudited First Quarter Results (subject to limited review by Auditors)	End July
Annual General Meeting	August/September
Unaudited Second quarter Results (subject to limited review by Auditors)	End October
Unaudited third Quarter Results (subject to limited review by Auditors)	End January

Registered Office	: Gokul Arcade, I floor, 2, Sardar Patel Road Adyar, Chennai 600 020
Listing of Equity Shares on Stock Exchanges	: The Madras Stock Exchange and the National Stock Exchange of India. Listing fees as prescribed has been paid to National stock Exchange upto March 31, 2001 while Madras Stock Exchange paid upto March 31, 2003 and part payment for 2003-2004. Application for delisting at the Stock Exchanges in Mumbai, Delhi, Vadodra and Calcutta is pending for approval. Delisting has been sought as per members approval obtained on 24.07.02 (last AGM) Madras Stock Exchange ACE
Stock Exchange	
Stock Code	

Stock Price Data:

Shares are not quoted in Madras / Mumbai / National Stock Exchanges on any day during the year.

Share Transfer Agents	: M/s Integrated Enterprises (India) Ltd 2 nd floor, "Kences Towers" 1, Ramakrishna Street, North Usman Rd T Nagar, Chennai 600 017
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Share Transfer System:

Shares sent for transfer in physical form are registered by the Share Transfer Agent within 30 days of receipt of the documents, if found in order. Shares under objection are returned within two weeks. The Share Transfer Committee meets generally once in 3 weeks to consider the transfer proposals. All requests for dematerialisation of shares are processed and the confirmation is given to the respective depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services Ltd. (CDSL) within 15 days:

Distribution of share holding as on 31.3.2003

S. No	Category	No. of Share Holders	No. of Shares held	% of Shares
01	Upto Rs.500	30813	3645286	18.7740
02	501-1000	556	461140	2.3750
03	1001-2000	244	371739	1.9145
04	2001-3000	81	206875	1.0655
05	3001-4000	34	123523	0.6362
06	4001-5000	22	102850	0.5296
07	5001-10000	36	258724	1.3325
08	Above 10001	44	14246530	73.3727
TOTAL		31830	19416667	100.0000

Categories of share holding as on 31.3.2003

S. No	Category	No. of Share Holders	% of holders	No. of Shares held	% of Shares
01	Non-Resident individuals	91	0.2859	10600	0.0546
02	Public/Pvt.Ltd Companies	190	0.5969	2126924	10.9541
03	Banks	8	0.0251	5917167	30.4747
04	Other Bodies Corporate/Trusts	5	0.0157	239800	1.2350
05	Mutual Fund	2	0.0063	1000	0.0052
06	Directors	1	0.0031	1400	0.0072
07	Resident Indian	31533	99.0669	11119776	57.2692
TOTAL		31830	100.0000	19416667	100.0000

Dematerialisation of shares and liquidity:

1,21,74,484 shares out of total Equity Capital of 1,94,16,667 shares is held in dematerialised form with NSDL and CDSL as on March 31, 2003. Trading in Equity shares of the company is permitted only in dematerialised form with effect from February 1998 as per notification issued by the Securities and Exchange Board of India (SEBI).

Address for Correspondence : M/s Integrated Enterprises (India) Ltd
(Share Transfer Agent) 2nd floor, "Kences Towers"
1, Ramakrishna Street, North Usman Rd
T Nagar, Chennai 600 017

V. OTHER DISCLOSURES:

1. Details of Annual/Extraordinary General Meetings:

Location and time of General Meetings held in last 3 years:

Year	Meeting	Location	Date	Time
2002	AGM	Rendezvous Hall, Adyar, Chennai	24.07.2002	11.00 am
2001	AGM	Rendezvous Hall, Adyar, Chennai	23.06.2001	11.00 am
2000	AGM	Russian Cultural Centre, Chennai	11.12.2000	12.00 Noon

AUDITOR'S REPORT ON CORPORATE GOVERNANCE:

The Board of Directors
Apple Credit Corporation Ltd
Gokul Arcade, 2, Sardar Patel Rd
Chennai 600 020

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended March 31, 2003 with the relevant records and documents maintained by the Company, furnished to us for our view and the report on Corporate Governance as approved by the Board of Directors.

On the basis of the above and according to the information and explanations given to us, in our opinion, the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

For MAHENDRA KUMBHAT & ASSOCIATES
Chartered Accountants

Place: Chennai
Date : 24.06.2003

T.G. Ramanathan
Partner