

**SIXTEENTH
ANNUAL REPORT
2003-2004**



Apple

Credit Corporation Limited

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. AL Meenaakkshi Sundharam
Director

Mr. R. Swaminathan
Director

Mr. A.S. Rajan
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, 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.

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**DIRECTORS' REPORT**

TO

THE MEMBERS OF APPLE CREDIT CORPORATION LIMITED

Your Directors present herewith the 16th Annual Report of your Company together with the Audited Accounts for the year ended 31st March 2004.

FINANCIAL RESULTS

The financial highlights are as follows:

(Rupees in lakhs)

	Year ended 31.3.2004	Year Ended 31.3.2003
LOSS before Depreciation & Tax	1585.91	(Profit) 1108.51
Add: Depreciation	148.50	2085.99
Loss: Before Tax	1734.41	977.48
Add: Provision for Non Performing Assets	454.29	385.42
Add: Provision for Tax	339.41	Nil
Loss: after tax	2528.11	1362.90
Loss after Tax and Prior period adjustments	2528.11	1362.90
Appropriation	-	-
Balance in Profit and (Loss)	26301.83	(Loss) 24938.93
Loss Account. b/f		
Balance in Profit (Loss) and Loss Account c/f	28829.94	(Loss) 26301.83

OPERATIONS

There was no disbursement during the year under review as all Lenders have filed DRT Suits and utilisation of cash flows in the company including administration expenses, is as per DRT directives, which is being faithfully followed by the Company. Secured Loans have reduced from a peak of Rs.386.21 to Rs.293.69 crores through OTS and partial repayment of loans. As on the date of this report, the Company has a Bank Balance of Rs.6.79 crores awaiting directions for distribution by DRT to the Lenders.

The Company presented a compromise settlement scheme to all the Lenders through a Petition u/s 391 of the Companies Act, 1956 filed before the Hon'ble Madras High Court. We regret that the Scheme failed as a majority of

the Lenders did not accept the Scheme at the Creditors' meeting held on 20.02.2004.

The Bombay High Court has appointed ITCOT as the Receiver in respect of assets secured to Debenture Series AAIL for which ICICI Bank Ltd. is the Trustee. The Assets secured include most of the properties belonging to the Company and these assets are in the process of being sold by the Receiver for which orders are awaited from the Bombay High Court. The Principal amount due under this series is Rs.60.50 crores. The Company is working other alternatives to settle all the outstanding Banks and Institutional Debtors.

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 was provided in an Escrow Account as per RBI guidelines as early as August 2000.

DIRECTORS' RESPONSIBILITY

Pursuant to Section 217 (2 AA) 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 2004 and of the Loss of the Company for the year ended 31st March 2004;
- 3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 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 alongwith the Auditors Statement on its compliance as prescribed under the amended Listing Agreement of the Stock Exchanges with which your Company is listed.

ISSUE OF EQUITY

There was no further issue of equity during the year owing to the failure of the compromise settlement scheme

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APPLE CREDIT CORPORATION LIMITED

Registered & Corporate Office:

Gokul Arcade, I floor, 2, Sardar Patel Road, Adyar, Chennai 600 020

NOTICE CONVENING THE 16TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 16th Annual General Meeting of the Members of the Company will be held on Tuesday the 30th November 2004 at 11.00 am at Rendezvous Hall, New No.103, (Old No.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 2004 and the Reports of the Directors and Auditors thereon.
- 2) To elect a Director in the place of Mr. AL Meenaakkshi Sundharam 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 Accounts, 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 an ordinary resolution :

RESOLVED THAT Mr A S Rajan who was appointed as an Additional Director in the meeting of the Board of Directors held on 29.11.2003 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. 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 an ordinary resolution :

RESOLVED THAT Mr R Swaminathan who was appointed as an Additional Director in the meeting of the Board of Directors held on 29.11.2003 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.

By Order of the Board

Place : Chennai
Date : 25.06.2004

P V RAMAN
Managing 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 24th November to 30th November 2004 (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 15.11.2004.
6. Members who have not encashed their dividend warrants for the years 1998 and 1999, 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 & 5

Mr A S Rajan and Mr R Swaminathan were appointed as Additional Directors 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 29.11.2003 and they hold office upto the date of this Annual General Meeting. The Company has received a deposit of Rs.500 and a notice from members under Section 257 of the Companies Act, 1956 signifying their intentions to propose both of them as candidates for the office of the Directors and resolutions are proposed under Item No.4 & 5 to appoint them as Directors.

None of the Directors except Mr.A.S.Rajan and Mr.R. Swaminathan are interested in these Resolutions.

Your Directors recommend these Resolutions for your approval.

For and on behalf of the Board

Place : Chennai
Date : 25.06.2004

P V RAMAN
Managing Director

APPLE CREDIT CORPORATION LIMITED**DIRECTORS' REPORT**

TO

THE MEMBERS OF APPLE CREDIT CORPORATION LIMITED

Your Directors present herewith the 16th Annual Report of your Company together with the Audited Accounts for the year ended 31st March 2004.

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(Rupees in lakhs)

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The Company presented a compromise settlement scheme to all the Lenders through a Petition u/s 391 of the Companies Act, 1956 filed before the Hon'ble Madras High Court. We regret that the Scheme failed as a majority of

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DIRECTORS' RESPONSIBILITY

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- 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 2004 and of the Loss of the Company for the year ended 31st March 2004;
- 3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 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 alongwith the Auditors Statement on its compliance as prescribed under the amended Listing Agreement of the Stock Exchanges with which your Company is listed.

ISSUE OF EQUITY

There was no further issue of equity during the year owing to the failure of the compromise settlement scheme

presented to the Lenders, although approval of the Members was obtained at the last AGM for the issue of equity shares to the Lenders in part settlement of their debts.

CONSERVATION OF ENERGY TECHNOLOGY

ABSORPTION AND FOREIGN EXCHANGE

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

DIRECTORS

Mr. K Elangovan resigned from the Board effective from 30.11.2003. The Board of Directors placed on record their sincere appreciation of the guidance and advice of Mr. Elangovan to the Company during the tenure of his office as Director.

Mr. R Swaminathan and Mr. A S Rajan were appointed as Additional Directors of the Board with effect from 30.11.2003 and will retire at the ensuing AGM and resolutions seeking their appointment has been proposed in the Notice convening the 16th AGM annexed hereto.

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 reappointment and the requisite certificate u/s 224 of the Companies Act 1956 has been obtained from them for this purpose.

With regard to qualification (vi) (b) in Auditors Report regarding non provision of Rs.4511.97 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.4511.97 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 Note (3) in Schedule "N" Notes on Accounts, in this regard.

With regard to qualification (vi) (c) in Auditors Report, ITCOT has been appointed Receiver in respect of certain properties secured to Debenture Series AAII and is therefore directly receiving income from these properties as well as meeting the connected expenditure thereon. In the absence of information from ITCOT, the Company is unable to ascertain the income/expenditure on the property and consequently the outstanding liability to the Debenture Holders under Series AAII. Members are requested to refer to Note (4) in Schedule "N" Notes on Accounts, in this regard.

With regard to qualification (vi) (a) and (vi) (d) in Auditors Report, the Notes (1) and (5) respectively in Schedule "N" Notes on Accounts, are self- explanatory.

With regard to Note (1) (b) in Annexure to the Auditors Report, all the assets of the Company are under the control of DRT, Chennai duly verified and taken stock of by an Advocate Commissioner appointed by DRT, Chennai and therefore no separate verification by the Company is required at this stage.

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 share holders, debenture holders, Bankers and Financial Institutions for their support .

For and on behalf of the Board

P V RAMAN
Managing Director

AL Meenaakkshi Sundharam
Director

Place : Chennai
Date : 25.06.2004

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 2003-2004 is as follows:

I. BOARD OF DIRECTORS:**A) The Constitution of the Board as on March 31, 2004**

Director	Brief Resume	Directorships held (excluding alternate directorship and directorship in private Ltd. Company as on 25.06.04)
P V Raman Managing Director	B COM, PG certificate in Bus. Admn & Fin. Mgmt	Nil
K Elangovan (Upto 30.11.2003)	M.A (Pub.Admn), M.L.(Law CAIIB) Diploma in Labour Law	Nil
AL Meenaakkshi Sundharam	Under Graduate	Nil
A S Rajan (From 30.11.2003)	Under Graduate	Commercial Goods Transport Ltd. Commercial Goods Transport (Madras) P.Ltd. Shriram Logistics Pvt.Ltd.
R Swaminathan (From 30.11.2003)	B Com,	Shriram Chits & Investments P.Ltd.

B) Attendance Record of the Directors :

11 Board meetings were held during the period April 1, 2003 to March 31, 2004:

They were held on 18.04.03, 29.05.03, 24.06.03, 30.07.03, 29.08.2003, 18.09.03, 29.10.03, 29.11.03, 31.12.03, 7.02.04 and 03.03.04 .

The attendance record of all Directors is as under:

Director	No. of Board meetings Attended	Sitting fees	Attendance at Last AGM
P V Raman	10	Nil	Yes
K Elangovan	08	6000	Yes
AL Meenaakkshi Sundharam	09	6750	No
A S Rajan	03	2250	N.A
R Swaminathan	03	2250	N.A

11 Share Transfer committee meetings were held during the period April 1, 2003 to March 31, 2004

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

Director	No. of Committee meetings Attended	Sitting fees	Attendance at Last AGM
P V Raman	10	Nil	Yes
K Elangovan	08	Nil	Yes
AL Meenaakkshi Sundharam	09	Nil	No
A S Rajan	03	Nil	NA
R Swaminathan	03	Nil	NA

II. REMUNERATION TO MANAGING DIRECTOR:

Remuneration of Managing Director is fixed by the Board of Directors duly approved by the Share holders at the 12th Annual General Meeting held on 11.12.2000 for a term of five years at a time.

III COMMITTEES OF THE BOARD:**A) AUDIT COMMITTEE:**

No separate Audit Committee Meeting was held and the Accounts and other related matters were considered at the Board Meeting itself.

B) SHARE TRANSFER COMMITTEE:

Members: All the 4 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
195	195	nil

SHARE HOLDER INFORMATION:

Annual General Meeting	: 16 th Annual General Meeting
Date & Time	: 30 th November 2004 - 11.00 AM
Venue	: Rendezvous Hall, New No.103 (Old 48-B), 1 st Main Road, Gandhi Nagar, Adyar, Chennai 600 020
Book Closure Date	: 24 th November to 30 th November 2004.

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

Period	: Board meeting to approve the quarterly financial results
Annual Results (Audited)	: Mid June 2004
Unaudited First Quarter Results (subject to limited review by Auditors)	: End July 2004
Annual General Meeting	: August/September 2004
Unaudited Second quarter Results (subject to limited review by Auditors)	: End October 2004
Unaudited third Quarter Results (subject to limited review by Auditors)	: End January 2005
Registered Office	: Gokul Arcade, 1 floor., 2 Sardar Patel Road Adyar, Chennai 600 020

Listing of Equity Shares on Stock

Exchanges : The Madras Stock Exchange .

Listing fees as prescribed has been paid upto March 2003 and part payment for 2003-2004 to Madras Stock Exchange.

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 at the AGM held on 24.07.2002.

Stock Exchange Stock Code

Stock Code : Madras Stock Exchange ACE

Stock Price Data :

Mumbai Stock Exchange (BSE)		National Stock Exchange (NSE)	
(in Rs.)		(in Rs.)	
High	Low	High	Low
Not quoted on any day during the year.			

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

Share Transfer System :

Shares sent for transfer in physical form are registered by the Registrar and 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 ie., National Securities Depository Limited (NSDL) and Central Depository Services Ltd. (CDSL) within 15 days :

Distribution of share holding as on 31.3.2004

S.No	Category	No. of share Holders	No. of Shares	% of Amount
01	Upto Rs.500 SHARES	30656	3634536	18.7186
02	501-1000	553	457813	2.3579
03	1001-2000	252	384041	1.9779
04	2001-3000	83	212275	1.0933
05	3001-4000	30	108973	0.5612
06	4001-5000	23	107950	0.5560
07	5001-10000	35	250849	1.2919
08	Above 10001	44	14260230	73.4433
TOTAL		31676	19416667	100

Categories of share holding as on 31.3.2004

S.No	Category	No.of share Holders	% of holders	Shares	% of shares
01	Banks	9	0.0284	5917267	30.4752
02	Body Corps-Group	3	0.0095	8900	0.0458
03	Body Corps-Others	206	0.6503	2139425	11.0185
04	Clearing Members	2	0.0063	200	0.0010
05	Directors	1	0.0032	1400	0.0072
06	Mutual Fund	2	0.0063	1000	0.0052
07	NRI	93	0.2936	10900	0.0561
08	Resident Indian	31357	98.9929	11097975	57.1570
09	Trusts	3	0.0095	239600	1.2340
TOTAL		31676	100	19416667	100

Dematerialisation of shares and liquidity:

1,23,74,484 shares out of total Equity Capital of 1,94,16,667 shares are held in dematerialised form with NSDL and CDSL as on March 31, 2004. 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

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
2003	AGM	Rendezvous Hall, Adyar, Chennai	18.09.2003	11.00 am
2002	AGM	Rendezvous Hall, Adyar, Chennai	24.07.2002	11.00 am
2001	AGM	Rendezvous Hall, Adyar, Chennai	23.06.2001	11.00 am

AUDITORS' 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, 2004 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

MANOJ P. SHAH
Partner

Place: Chennai
Date : 25.06.2004