

**SEVENTEENTH  
ANNUAL REPORT  
2004 - 2005**



**Apple**

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**Credit Corporation Limited**

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

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

**BOARD OF DIRECTORS**

**Mr. P.V. Raman,**  
Managing Director

**Jayanty Ramakrishna Sarma**  
Director

**Karra Nageswara Rao**  
Director

**Banker**

State Bank of India.

**Auditors**

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

**Institutions**

Unit Trust of India,  
Small Industries Development Bank 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**

Registered &amp; Corporate Office:

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

**NOTICE CONVENING THE 17TH ANNUAL GENERAL MEETING**

Notice is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Monday the 21<sup>st</sup> November 2005 at 11.00 am at 'The Hall of Ragaas' 47, 1st Avenue, Sastri 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 2005 and the Reports of the Directors and Auditors thereon.
- 2) To elect a Director in the place of Mr. P V Raman 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 Khumbhat & 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 an ordinary resolution :

RESOLVED THAT Mr Jayanty Ramakrishna Sarma who was appointed as an Additional Director in the meeting of the Board of Directors held on 18.04.2005 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 an ordinary resolution :

RESOLVED THAT Mr Karra Nageswara Rao, who was appointed as an Additional Director in the meeting of the Board of Directors held on 30.09.2005 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 up to 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.

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

RESOLVED THAT pursuant to Sections 198, 269, 309 and Schedule XIII of the Companies Act 1956, or any amendment or modifications thereof, approval of the Company be and is hereby accorded to the appointment of Shri P V Raman as the Managing Director of the Company for a period of Five years with effect from 31.3.2005 on the terms and conditions set out in the Explanatory Statement annexed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or modify the terms and conditions of the said appointment, including salary from time to time, subject to the provisions of Schedule XIII and all other applicable provisions of the Companies Act, 1956.

For and on behalf of the Board

Place: Chennai

Date : 30.09.2005

**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 16<sup>th</sup> November to 21<sup>st</sup> November 2005 (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 06.11.2005.

**APPLE CREDIT CORPORATION LIMITED**

6. Members who have not encashed their dividend warrants for the years 1997-98 onwards, are requested to approach the Company Share Transfer Agents, M/s Integrated Enterprises (India) Ltd., 2<sup>nd</sup> 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**

Shri Jayanty Ramakrishna Sarma was appointed as 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 18.4.2005 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 intentions to propose him as candidate for the office of the Director and a resolution is proposed under Item No.4 to appoint him as a Director.

None of the Directors except Mr. Jayanty Ramakrishna Sarma is interested in this Resolution.

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

**Item No. 5**

Shri Karra Nageswara Rao was appointed as 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 30.9.2005 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 intentions to propose him as candidate for the office of the Director and a resolution is proposed under Item No.5 to appoint him as a Director.

None of the Directors except Mr. Karra Nageswara Rao is interested in this Resolution.

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

**Item No. 6**

Shri P V Raman was appointed as Managing Director of the Company for a period of five years with effect from 30.3.2000. The Board of Directors have reappointed him for a further period of five years on the following terms and conditions.

**PERIOD OF APPOINTMENT :** 5 Years from 30.03.2005- appointment subject to compliance with Schedule XIII and Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and also subject to approval of the shareholders in a General Meeting.

**REMUNERATION :** Payable with effect from 30.03.2005 subject to Schedule XIII limits

I Salary. : Rs.36,000 per month with such changes/increments as may be decided by the Board from time to time, and other allowances of Rs.35,000 per month also subject to such changes /increments as may be decided by the Board from time to time.

II Perquisites: In addition to salary, the perquisites in respect of the following will be allowed :

- i) Medical Reimbursement: Medical expenses including hospitalisation and premium for medical insurance incurred by Mr. P V Raman for self and family subject to a ceiling of Rs.15,000/- per year.
- ii) Leave Travel Concession: As per the rules of the Company for self and family once in a year.
- iii) Club Fees: Fees for one Club. Admission and Life membership fees not allowed.
- iv) Personal Accident Insurance: Personal accident insurance of an amount, the annual premium on which shall not exceed Rs.5000/-.

III Other Perquisites:

- i) CONTRIBUTION TO PROVIDENT FUND AND SUPERANNUATION FUND: Contribution to the provident fund and the superannuation fund shall be limited to 12% and 15% of the salary respectively. The expenditure on these will not be considered or included for computation for ceiling of perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act which is presently limited to 27% of the salary.
- ii) GRATUTITY: Gratuity payable shall not exceed one half month's salary for each completed year of service.
- iii) FREE USE OF CAR: The company shall provide a Chauffeur driven car for the Company's business, the expenditure on which shall not be considered as a perquisite.
- iv) FREE TELEPHONE AT RESIDENCE: The Company shall provide a telephone at the residence of Mr. P V Raman, the expenditure on which shall not be considered as a perquisite. Personal long distance call charges will however, be borne by him.

- v) The company shall reimburse actual entertainment and travelling expenses incurred in the course of the Company's business.
- vi) P.V. Raman will be entitled to privilege leave period of 12 days for every year of service during the period of the Agreement with full pay and perquisites. He will be entitled to sick leave and casual leave benefits as per the rules of the Company.
- IV Mr. P.V. Raman will not receive sitting fees for attending the meetings of the Board or Committee thereof.
- V Mr. P.V. Raman shall keep the secrets of the Company.
- VI Mr. P.V. Raman shall cease to be the Director of the Company in the event of his ceasing to be the Managing Director.

VII The appointment may be terminated by either party by giving one month's notice or by mutual consent. The Company shall also be entitled to terminate the appointment without requisite notice by making payment to Mr. P.V. Raman of one month's remuneration.

VIII In the event of any modification made by the Government in the guidelines or ceilings on managerial remuneration during the period of Agreement, the remuneration payable to Mr. P.V. Raman shall be increased or decreased as the Board may deem fit, in accordance with such modified guidelines or ceilings.

None of the Directors except Mr. P.V. Raman is interested in this Resolution.

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

## Profile of Directors

Mr. P.V. Raman, aged 68 years, a Commerce graduate, PG Certificate in Bus. Admn. & Fin. Mgmt., having experience of more than 35 years in Banking and Financial Services. He served the Company as Chief Executive from November 1989 to January 1996 and again serving the Company as Managing Director since 30.3.2000.

Mr. Jayanty Ramakrishna Sarma, aged 48 years ACS, AICWA, having more than 25 years experience in the field of financial services. He had served the company as the Vice President for 4 years and Executive Director for 2 years. Presently he is management Consultant to the Company.

Mr. Karra Nageswara Rao, aged 65 years, a Commerce graduate, a retired Bank Manager having experience in Banking industry for more than 30 years.

Place: Chennai  
Date : 30.09.2005

For and on behalf of the Board

**P.V. RAMAN**  
Managing Director

**DIRECTORS' REPORT**

TO

**THE MEMBERS OF APPLE CREDIT CORPORATION LIMITED**

Your Directors present herewith the 17<sup>th</sup> Annual Report of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2005.

**FINANCIAL RESULTS**

The financial highlights for the year under review are as follows:

(Rupees in lacs)

	Year ended 31.3.2005	Year ended 31.3. 2004
Loss before Depreciation and Tax	9.73	1585.91
Add : Depreciation	128.19	148.50
Loss : Before Tax	137.92	1734.41
Add : Provision for Non Performing assets	416.90	454.29
Add : Provision for Tax	Nil	339.41
Loss: after Tax	554.82	2528.11
Balance in Profit & Loss Account b/f (Loss)	28829.94	26301.83
Balance in Profit & Loss Account c/f (Loss)	29384.76	28829.94

**OPERATIONS**

There were no disbursements during the year under review, since 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 outstanding has reduced from a peak of Rs.386.21 crores (Cash Credit / Working Capital of Rs.218.88 crores & Debentures/Term Loan of Rs.167.33 crores) to Rs.100.53 crores as on 31st March 2005 and further reduced to Rs.43.31 crores as on the date of this Report, as a result of One Time Settlements. The entire Cash Credit/ Working Capital outstanding has been settled. In addition, some of the Debentures have also been settled leaving a balance Debenture/Term Loan outstanding of Rs.43.31 crores only. Efforts are in progress to settle the remaining Secured Loans also and thus make your Company debt free. There are no Unsecured Loans as the same was settled in March 2005.

There is no change in the status over that reported last year, in respect of assets under the control of ITCOT, the

Receiver appointed by the Bombay High Court. The effort for sale of these assets are continuing but however no asset has been sold as of 31st March 2005. While some of these properties have been attached during the year by the Income Tax department for disputed tax arrears of Rs.3.91 crores, the Bombay High Court has permitted sale of these properties subject to the proceeds being deposited into a separate account till the claim of the Income Tax department is adjudicated.

**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 (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 31<sup>st</sup> March 2005 and of the Loss of the Company for the year ended 31<sup>st</sup> March 2005;
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 along with the Auditors Statement on its compliance as prescribed under the amended Listing Agreement of the Stock Exchanges with which your Company is listed.

**CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

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



## DIRECTORS

Mr. R. Swaminathan resigned from the Board on 18.04.05 and Mr. A.S. Rajan resigned from the Board on 20.06.05, Mr. A.L. Meenaakkshi Sundharam also resigned from the Board on 30.9.2005. The Board of Directors place on record their sincere appreciation for the guidance and advice extended to the Company during their tenure.

Mr. Jayanty Ramakrishna Sarma was appointed as Additional Director on 18.04.05 and Mr. Karra Nageswara Rao was appointed as Additional Director on 30.9.2005 and both of them will retire at the ensuing AGM and resolutions seeking their appointment has been proposed in the Notice convening the 17th 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 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 qualification (vi)(b) in Auditors Report regarding non-provision of interest on Secured Loans amounting to Rs.15,34,94,685, your Directors state that since the entire interest has been waived on all Secured Loans settled so far, they are confident that similar waiver would be extended by the remaining Secured Loan lenders as well, thus not requiring a provision. (Refer to Note (3) in Schedule "N" - Notes on Accounts)

With regard to qualification (vi)(c) in Auditors Report, ITCOT has been appointed Receiver in respect of certain properties secured to Debenture Series AAII (Trustee ICICI) 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 these properties as also the latest position of amounts outstanding to Debenture Holders under Series AAII. (Refer to Note (4) in Schedule "N" - Notes on Accounts).

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 Shareholders, Debenture Holders, Bankers and Financial Institutions for their support.

For and on behalf the Board

**P.V. Raman**  
Managing Director

**Jayanty Ramakrishna Sarma**  
Director

Place : Chennai  
Date : 30.09.2005

**APPLE CREDIT CORPORATION LIMITED****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 2004-2005 is as follows:

**I. BOARD OF DIRECTORS:****A) The Constitution of the Board as on March 31, 2005**

Director	Brief Resume	Directorships held (excluding alternate directorship and directorship in private Ltd. Company as on 31.3.2005)
<b>P V Raman</b> Managing Director	B.COM, PG Certificate in Bus, Admn & Fin. Mgnt.	Nil
<b>AL Meenaakkshi Sundaram</b>	Under Graduate	Nil
<b>A S Rajan</b>	Under Graduate	Commercial Goods Transport Ltd. Commercial Goods Transport (Madras) P. Ltd. Shriram Logistics Pvt. Ltd.
<b>R Swaminathan</b>	B Com,	Shriram Chits & Investments P.Ltd.

**B) Attendance Record of the Directors :**

12 Board meetings held during the period April 1, 2004 to March 31, 2005:

They were held on 02.04.04, 12.05.04, 25.06.04, 30.07.04, 28.08.04, 20.09.04, 02.11.04, 30.11.04, 27.12.04, 28.01.05, 28.02.05 and 28.03.05.

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	No
AL Meenaakkshi Sundharam	10	7500	Yes
A S Rajan	12	9000	Yes
R Swaminathan	11	8250	Yes

12 Share Transfer committee meetings held during the period April 1, 2004 to March 31, 2005

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	No
AL Meenaakkshi Sundharam	10	Nil	Yes
A S Rajan	12	Nil	Yes
R Swaminathan	11	Nil	Yes



**II. REMUNERATION TO MANAGING DIRECTOR:**

Remuneration of Managing Director is fixed by the Board of Directors duly approved by the Share holders at the Annual General Meeting 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
136	136	Nil

**SHARE HOLDER INFORMATION:**

Annual General Meeting : 17th Annual General Meeting  
 Date & Time : 21st November 2005 - 11.00 AM  
 Venue : Hall of Ragaas, 47, 1st Avenue, Sastri Nagar, Adyar, Chennai 600 020.  
 Book Closure Date : 16th November to 21st November 2005.

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) : End June  
 Unaudited First Quarter Results : End July  
 (subject to limited review by Auditors)  
 Annual General Meeting : September  
 Unaudited Second quarter Results : End October  
 (subject to limited review by Auditors)  
 Unaudited third Quarter Results : End January  
 (subject to limited review by Auditors)  
 Registered Office : Gokul Arcade, 1 floor, 2 Sardar Patel Road  
 Adyar, Chennai 600 020