

Report  Junction.com



APPLE FINANCE LIMITED
15TH ANNUAL REPORT 2001

APPLE FINANCE LIMITED

CONTENTS

	Pg. No.
APPLE FINANCE LIMITED	1
APPLE ASSET MANAGEMENT LIMITED	26
APPLE GRANITES LIMITED	32

REGISTERED OFFICE

G/1 Span Landmark, Ground Floor
Opp. Apple Heritage
Andheri-Kurla Road, Chakala
Andheri (East), Mumbai 400 093

BOARD OF DIRECTORS*

Mr. Manoj K. Chaudhary (Managing Director)

Mr. Gajendra D. M. (Executive Director)

Mr. T.K.R. Chary (Executive Director)

Mr. V. Venkataramani (Executive Director)

Mr. Premlal K.K. (Executive Director)

AUDITORS

Messrs Mahendra Kumbhat & Associates
Chartered Accountants

REGISTRAR & TRANSFER AGENTS

Messrs Sharepro Services
Satam Estate, 3rd Floor, Above Bank of Baroda
Cardinal Gracias Road, Chakala
Andheri (East), Mumbai 400 099
Phone : 8348218 8329828 8215168 8215991
Fax : 8375646

BANKERS

Canara Bank
State Bank of India
Bank of Baroda
State Bank of Patiala
Allahabad Bank
Punjab National Bank
The Federal Bank Limited
Dena Bank
Union Bank of India
Bank of India
State Bank of Hyderabad
State Bank of Bikaner & Jaipur
Central Bank of India
The South Indian Bank Limited
The Lakshmi Vilas Bank Limited
The Catholic Syrian Bank Limited

15th Annual General Meeting

On Friday, September 7, 2001 at 2.30 p.m.
at M.C. Ghia Hall, Bhogilal Hargovindas Bldg.,
Floor 2, 18/20 Kaikhushru Dubash Marg,
Mumbai 400 001

NOTICE

NOTICE is hereby given that the fifteenth Annual General Meeting of the members of Apple Finance Limited will be held on Friday, September 7, 2001 at 2.30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, Floor 2, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at March 31, 2001, Profit and Loss Account for the period ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Gajendra Raj Abani, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Premal K. K., who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Messrs Mahendra Kumbhat & Associates, Chartered Accountants, the retiring Auditors, the Auditors of the Company, and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To appoint Mr. Mahesh Rachh a Director of the Company.
6. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution, the following:
 "RESOLVED THAT the appointment of Mr. Mahesh Rachh as Managing Director of the Company subject to Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and also subject to the approval of the Central Government, if required, for a period of five years with effect from August 9, 2001 made by the Board of Directors of the Company (hereinafter referred to as "the Board") vide its resolution dated August 9, 2001 and the remuneration payable to Mr. Mahesh Rachh pursuant to the aforesaid resolution and as set out in the Explanatory Statement annexed to this Notice, be and is hereby approved.
 RESOLVED FURTHER THAT Mr. Mahesh Rachh shall be liable to retire by rotation.

AND THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper."

7. To consider and, if thought fit, to pass with or without modification, as a Special Resolution, the following :
 "RESOLVED THAT pursuant to the provisions of Section 21 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government and such other consents, permissions or sanctions of the appropriate authorities that may be required in this connection and subject to such conditions and modifications as may be prescribed in granting such approvals, the name of the Company be changed from its existing name "Apple Finance Limited" to "AFL Finance Limited" or such other name as may be approved by the appropriate authority and agreed to by the Board of Directors of the Company, and that the consequential amendments in the Memorandum and Articles of Association of the Company and incidental documents and name plates, etc. be made consequent upon the new name becoming effective.

AND THAT the Board of Directors be and is hereby authorized to do all such acts, matters, deeds and things as may be deemed expedient or necessary to give effect to this resolution without being required to seek any further consent or approval of the Company or otherwise, to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By Order of the Board of Directors

Parag Deshpande
 Company Secretary

Registered Office:
 G/1 Span Landmark
 Ground Floor, Opp. Apple Heritage
 Andheri-Kurla Road, Chakala
 Andheri (East)
 Mumbai 400 093
 Date: August 9, 2001



NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself. A proxy need not be a member.

The proxy form, duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Item Nos. 5, 6 and 7 as set out above, is annexed hereto.
3. Members are requested to notify the change, if any, in their address, to the Registrar and Transfer Agents of the Company.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 4, 2001 to Friday, September 7, 2001 (both days inclusive).
5. Members / Proxies should bring the attendance slip sent herewith duly filled out for attending the meeting.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. The Company has already transferred all unclaimed dividend declared upto the financial year ended June 30, 1994 to the General Revenue Account of the

Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial years, may claim their dividend from the Registrar of Companies, Maharashtra, CGO Complex, Floor 2, "A" Wing, CBD-Belapur, Navi Mumbai 400 614. Phone No.7576802.

8. Pursuant to the provision of Section 205 A of the Companies Act, 1956, as amended, dividend for the financial year ended June 30, 1995 and thereafter, which remain unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended June 30, 1995 or any subsequent financial years are requested to make their claim to the office of the Registrar and Transfer Agents, Messrs Sharepro Services, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai 400 099. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.
9. Shareholders are requested to bring their copy of Annual Report to the Meeting.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item Nos. 5 and 6

The Board of Directors ("the Board") in its meeting held on August 9, 2001, appointed Mr. Mahesh Rachh an Additional Director and Managing Director of the Company. Mr. Mahesh Rachh will hold the office of Director upto the conclusion of forthcoming Annual General Meeting.

Mr. Mahesh Rachh joined the Company in September 1987 and has over fourteen years' corporate experience in various fields.

The Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act, 1956 along with the requisite deposit amount, notifying his intention to propose Mr. Mahesh Rachh as a candidate for office of Director of the Company.

The main terms of appointment, remuneration etc. of Mr. Mahesh Rachh as Managing Director are as under, which are subject to the approval of the members of the Company.

Term - Five years effective August 9, 2001, subject to earlier termination either by the Company or him by three months' prior notice.

Salary including perquisites, ex-gratia and other allowances not exceeding Rs. 11,00,000 per annum, with such revisions as may be approved by the Board from time to time.

In addition, Mr. Mahesh Rachh will be allowed the following benefits:

- The Company shall pay annual premium towards personal accident insurance as per the rules of the Company.
- The Company shall pay fees of clubs as per the rules of the Company, subject to a maximum of two clubs. This will, however, not include admission and life membership fee.

Mr. Mahesh Rachh shall also be entitled to the following perquisites, which shall not be included in the computation of ceiling on remuneration specified above:

- Gratuity: Payable as per the rules of the Group Gratuity Scheme of the Company.
- Encashment of leave at the end of the tenure.

The perquisites, wherever applicable, shall be evaluated as per the Income-tax Rules, 1962.

Mr. Mahesh Rachh, so long as he functions as Managing Director, shall not be paid any sitting fees for attending the meetings of the Board or Committees thereof.

Where in any financial year during the term of office of Mr. Mahesh Rachh as Managing Director, the Company has no profits or its profits are inadequate, the Board shall be entitled to pay to Mr. Mahesh Rachh such

remuneration not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modifications or re-enactment thereof, for the time being in force.

Except Mr. Mahesh Rachh, none of the Directors has any concern or interest in the aforesaid resolutions.

The Board commends these resolutions for acceptance by the members.

Item No. 7

During the normal course of business, the Company had promoted Apple Credit Corporation Limited having its Registered Office at Chennai. However, now the Company is no longer a shareholder of the said Apple Credit Corporation Limited.

Therefore, in order to make the distinction between the two companies viz., Apple Finance Limited and Apple Credit Corporation Limited clear to the investors and general public, it is felt necessary to change the name of the Company.

Further, it is observed that since incorporation of the Company, several other companies have been incorporated with the names beginning with the word "Apple" and this leads to confusion amongst investors and public, since they consider those other companies as our group companies.

With the change of the name of the Company, it is hoped that such confusion will be avoided.

AFL is the acronym of the words Apple Finance Limited.

Section 21 of the Companies Act, 1956 provides *inter alia* that a company may by a Special Resolution and with the approval of the Central Government change its name.

Consequent to change of name of the Company, the name "AFL Finance Limited" would be substituted in the Memorandum and Articles of Association of the Company at places wherever the name "Apple Finance Limited" appears.

None of the Directors of the Company is in any way concerned or interested in the aforesaid resolution.

Your Directors recommend the resolution for your approval.

By Order of the Board of Directors

Parag Deshpande
Company Secretary

Registered Office:

G/1 Span Landmark
Ground Floor, Opp. Apple Heritage
Andheri-Kurla Road, Chakala
Andheri (East)
Mumbai 400 093

Date: August 9, 2001



DIRECTORS' REPORT

Your Directors present their fifteenth Annual Report on the business and operations of your Company and the audited financial accounts for the period ended March 31, 2001.

FINANCIAL RESULTS

The financial results of your Company for the period ended March 31, 2001 as compared to the previous year are summarized below:

	Rs. in lacs	
	Period ended 31.03.2001 (3 months)	Year ended 31.12.2000 (12 months)
Gross income	377.61	5228.82
Profit / (Loss) before depreciation and taxation	(3920.17)	(9731.11)
Less : Depreciation	2343.04	3710.33
Profit / (Loss) before taxation	(6263.21)	(13441.44)
Less : Provision for taxation	Nil	1.50
Net Profit / (Loss) after taxation	(6263.21)	(13442.94)
Add : Transfer from General Reserve	Nil	553.59
Add : Transfer from Contingency Reserve	Nil	5631.01

In view of the loss, your Directors regret their inability to recommend dividend.

THE PERIOD IN RETROSPECT AND FUTURE OUTLOOK

Your Directors have, in compliance with the direction of Reserve Bank of India, closed the books of account for the three months period ended March 31, 2001.

The country has been continuing to reel under the economic slowdown. There has been no let up in defaults, which has resulted in high level of non-performing assets. This has put your Company in more critical position and the losses have mounted. Cumbersome legal system has further weakened the financial position of your Company. Competition and rate war have been the major reasons for zero level business for your Company. The on-going efforts have enabled your Company to further reduce the public deposit to Rs.2.62 crores from last year's level of Rs.6.14 crores. Measures are on to prepay all the unclaimed deposits by sending regular reminders to the depositors. Focus on recoveries continues to be the main task of the Company.

Discussions with banks and financial institutions are being held on continuous basis for one-time settlement. The

progress has been encouraging. We hope to complete this process as early as possible.

The commercial complex at Bandra-Kurla is being given final touches and it will be ready for sale. We are in the process of finding a suitable buyer, subject to approvals from the creditors/appropriate authorities.

ACCOUNTING YEAR

The accounting year of your Company has been changed to end on March 31, 2001 in compliance with the notification No.DNBS.135/CGM (VSNM)-2000 dated January 13, 2000 of Reserve Bank of India.

Henceforth, your Company will follow accounting year - April - March.

SUBSIDIARIES

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts, along with the report of the Board of Directors of Apple Asset Management Limited and Apple Granites Limited and the respective Auditors' Report therein, are annexed.

DIRECTORS

Mr. Gajendra Raj Abani and Mr. Premal K. K., Directors of your Company, retire by rotation and being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the accounts for the period ended March 31, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period and of the loss of the Company for the period under review.
- the Directors have taken proper and sufficient care 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.
- the Directors have prepared the accounts for the period ended March 31, 2001 on a 'going concern' basis.

CORPORATE GOVERNANCE

Securities and Exchange Board of India has introduced a Code of Corporate Governance for implementation by

companies listed on the stock exchanges. As per the Listing Agreement, the Code is to be implemented by your Company within the financial year 2001-2002 but not later than March 31, 2002. Accordingly, your Company has initiated the process of implementation of the said Code and all systems and procedures are expected to be in place before March 31, 2002.

AUDIT COMMITTEE

In terms of Section 292A of the Companies Act, 1956, your Company has constituted Audit Committee comprising Mr. V. Gopalakrishnan, Mr. Gajendra Raj Abani and Mr. T. K. R. Chary.

DEPOSITORIES

Effective May 8, 2000, the equity shares of your Company have been mandated by Securities and Exchange Board of India for settlement only in demat form by all institutions and investors.

Your Company has already entered into arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited for custody and dematerialization of securities in accordance with the Depositories Act, 1996.

Your Company has opted for the scheme of one-time payment of custody fee charges, offered by NSDL. Accordingly, NSDL does not charge any custody fees to the Depository Participants for the dematerialized securities of the Company.

At present, about 61% of the paid-up equity share capital of the Company is held in dematerialized form.

FIXED DEPOSITS

As the Company has issued notice of prepayment to the fixed depositors, all the live fixed deposits have been treated as unclaimed deposits and as such as on March 31, 2001, 2513 fixed deposits aggregating Rs.2.62 crores remained unclaimed, out of which 98 deposits aggregating Rs. 12 lacs have since been repaid. Suitable steps are being taken to elicit responses from the remaining depositors.

AUDITORS

Messrs Mahendra Kumbhat & Associates, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing annual general meeting. The Company has received a letter from them to the effect that their reappointment, if made, would be within the

limits prescribed under Section 224 (1B) of the Companies Act, 1956.

Members are requested to consider their reappointment as the Auditors of the Company and authorize the Board of Directors to fix their remuneration.

AUDITORS' REPORT

As regards observations of the Auditors in clause No.2 (f) of their report, attention of the members is invited to Note Nos.5 (a), 5 (b) and 6 of Schedule "O" to the Annual Accounts, which are self-explanatory.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Rule 2 of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy and technology absorption, is not being given since your Company is not engaged in manufacturing activity.

As regards foreign exchange earnings and outflow, details have been shown in Note Nos.17 and 18 of Schedule "O" to the Annual Accounts.

EMPLOYEE RELATIONS

The relations with the employees at all the locations continued to be cordial.

ACKNOWLEDGEMENTS

Your Directors wish to express their gratitude to the shareholders, depositors, debentureholders, bankers and financial institutions for their support. They also wish to acknowledge the spirit of dedication, commitment and co-operation extended by our employees at all levels.

For and on behalf of the Board

V. Gopalakrishnan
Managing Director

Place : Mumbai

Date : April 16, 2001

a

APPLE FINANCE LIMITED**ANNEXURE TO THE DIRECTORS' REPORT**

Particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period (3 months) ended March 31, 2001.

Sr. No.	Name	Age (Years)	Designation	Gross Remuneration Received (Rs.)	Qualification & Experience (Years)	Date of Commencement of Employment	Last Employment Held, Designation, Period (Years)
EMPLOYED THROUGHOUT THE PERIOD						NIL	
EMPLOYEES FOR PART OF THE PERIOD							
1.	A.K.T. Janak	51	Managing Director	596275	B.Sc., PG.D.M. (28)	01-Apr-93	Canara Bank, Vice President - Canbank Financial Services Ltd.(3)
2.	Vivek G. Chaubal	42	Executive Director	304922	B.Com. (Hons), L.L.B. (Gen), A.C.A. (18)	17-Feb-92	20th Century Kinetic Finance Limited, Manager-Finance (1)

Notes :

- (1) Remuneration includes salary, all allowances, Company's contribution to Provident and Superannuation fund and value of perquisites and allowances.
- (2) None of the above employees is related to any Director of the Company.

15th annual report 2001

6

Report  junction.com

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, GIVING REQUISITE PARTICULARS OF THE SUBSIDIARY COMPANIES

1. Name of the subsidiary company	Apple Asset Management Limited	Apple Granites Limited
2. Financial year	01.10.2000 to 31.03.2001	01.09.2000 to 31.03.2001
3. Extent of holding company's interest		
a. No. of equity shares Extent of holding	5000000 100%	5000000 100%
b. No. of preference shares Extent of holding	6200000 76%	- -
4. Net aggregate amount of the subsidiary's profit after deducting its losses or vice versa so far as it concerns members of the holding company		
- Profits/ (losses) not dealt within holding company's accounts		
a. for the financial year of the subsidiary	Rs. (8.31) lacs	Rs. (181.08) lacs
b. for the previous financial years since it became the holding company's subsidiary	Rs. 40.10 lacs	Rs. (1187.83) lacs
- Profits dealt with or (losses) provided for in the holding company's accounts		
a. for the financial year of the subsidiary.	-	-
b. for the previous financial years since it became the holding company's subsidiary.	-	-

V. Gopalakrishnan
Managing Director

Parag Deshpande
Company Secretary

Gajendra Raj Abani
TK.R. Chary
V. Venkataramani
Premal K.K.
Executive Directors

Place : Mumbai
Date : April 16, 2001



APPLE FINANCE LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF APPLE FINANCE LIMITED

We have audited the attached Balance Sheet of Apple Finance Limited as at 31st March, 2001 and the Profit and Loss Account of the Company for the period ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, enclosed in the Annexure is the statement on matters specified in the said Order to the extent applicable thereon.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) proper books of account as required by law have been kept by the Company so far as it appears from our examination of these books.
 - c) the Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Profit and Loss Account and Balance Sheet complies with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) We have been informed that none of the Directors is disqualified from being appointed as Director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to
 - a) Note No. 5 (a) of Schedule "O" regarding non-provision of interest expense in respect of interest on bank and financial institution loans and interest on debentures estimated to Rs.18,51,23,429.
 - b) Note No.5(b) of Schedule "O" regarding unascertainable amount of interest expense in respect of interest not charged by some banks.
 - c) Note No.6 of Schedule "O" regarding non-recognition of penal interest amounting to Rs.5,65,876 debited by some banks in the bank account.

In view of this, Loss shown for the period and debit balance in Profit and Loss Account is lower by Rs.18,56,89,305 and read together with the other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001 and
- ii) In the case of the Profit and Loss Account, of the Loss of the Company for period ended on that date.

For **MAHENDRA KUMBHAT & ASSOCIATES**
Chartered Accountants

Manoj P. Shah
Partner

Place : Mumbai
Date : April 16, 2001

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our Report of even date)

1. The Company has maintained proper records, which requires to be updated, to show full particulars including quantitative details and situation of fixed assets. All the assets have not been physically verified by the management during the period but there is a regular programme of verification. We are informed that no serious discrepancies have been noticed on the assets physically verified.
2. None of the fixed assets has been revalued during the period.
3. The stocks of shares and securities have been physically verified by the management during the period at reasonable intervals. We are informed that no material discrepancies between physical stocks and book records were noticed on such verification.
4. The procedure for physical verification of stocks followed by the management is in our opinion reasonable and adequate having regard to the size of the Company and the nature of its business.
5. In our opinion, the valuation of stocks is fair and is in accordance with the normally accepted accounting

principles and is on the same basis as in the preceding year.

6. In our opinion and according to the information and explanations given to us, the rate of interest and the other terms and conditions on which the Company has taken loans from companies, firms and other parties required to be listed in the register to be maintained under Section 301 of the Companies Act, 1956 are *prima facie* not prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370, the provisions of Section 370 are not applicable on or after the commencement of the Companies (Amendment) Act, 1999.
7. In our opinion and according to the information and explanation given to us, the rate of interest and the other terms and conditions on which the Company has given loans to companies, firms and other parties required to be listed in the register to be maintained under Section 301 of the Companies Act, 1956 are *prima facie* not prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370, the provisions of Section 370 are not applicable on or after the commencement of the Companies (Amendment) Act, 1999.