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| Certified True Copy |

For APPLE CREDIT CORPORATION LIMITED

COMPANY SECRETARY.

Credit Corporation Limited.

Our Mission, Goals and Values

Mission

- ❖ To achieve a position of leadership through excellence.

Goals

- ❖ To be financially strong with consistently growing profitability.
- ❖ To excel in responding to the needs of the customer. Customer satisfaction will be top priority.
- ❖ To provide services and products of demonstrably superior quality.
- ❖ To create a performance oriented working environment wherein committed and capable people have ample opportunities to grow.

Values

- ❖ We respect the dignity and self-worth of our people.
- ❖ We are committed to creating a climate in which our shareholders, members, suppliers and customers take pride in being associated with us.
- ❖ We have a passion for excellence in whatever we do.
- ❖ We foster and recognize entrepreneurial spirit in our people.

APPLE CREDIT CORPORATION LIMITED

Registered Office : "Apple House"

64 Cathedral Road

Chennai 600 086

Corp. Office : 1st Floor, Temple Tower

476 Anna Salai, Nandanam

Chennai 600 035

NOTICE CONVENING THE NINTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of the Company will be held on Friday, the 28th November 1997 at 10.15 A.M. at Rama Rao Kala Mantapa, 36, Habibullah Road, Chennai-17 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Statements of Accounts for the year ended 30th June 1997 and to receive and consider the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To elect a Director in the place of Dr Nitish Sengupta, who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors and fix their remuneration. M/s Mahendra Kumbhat and Associates, Chartered Accountants, Mumbai, retire and are eligible for re-appointment.

SPECIAL BUSINESS :

5. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri G S Samuel, who was appointed as an Additional Director in the meeting of the Board of Directors held on 14th June 1997 and who, in terms of Section 260 of the Companies Act, 1956 and Article 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, and Shri G S Samuel having filed with the Company his consent to act as 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 Shri B Suresh, who was appointed as an Additional Director in the meeting of the Board of Directors held on 14th June 1997 and who, in terms of Section 260 of the Companies Act, 1956 and Article 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, and Shri B Suresh having filed with the Company his consent to act as 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."

7. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 198,269,309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof, approval of the Company be and is hereby accorded to the appointment of Shri G S Samuel as the Managing Director of the Company for a period of five years with effect from 14th June 1997, on the terms and conditions set out in the draft agreement entered into between the Company and Shri Samuel, a copy whereof initialled by the Chairman for the purpose of identification is placed before this meeting and which draft agreement is hereby specifically approved.

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

RESOLVED FURTHER THAT the Directors be and are hereby authorised to take all such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this Resolution."

8. To consider, and if thought fit, to pass, with or without modifications the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 198,269,309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 or any other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof, approval of the Company be and is hereby accorded to the appointment of Shri B Suresh as the Executive Director of the Company for a period of five years with effect from 14th June 1997 on the terms and conditions set out in the draft agreement entered into between the Company and Shri Suresh, a copy whereof initialled by the Chairman for the purpose of identification is placed before this meeting and which draft agreement is hereby specifically approved.

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

RESOLVED FURTHER THAT the Directors be and are hereby authorised to take all such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this Resolution."

9. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the Objects Clause of the Memorandum of Association of the Company be and is hereby amended by adding the following Sub-Clause 108 after the existing Sub-clause 107 of Clause III (C):

108. To carry on the business of acquiring, owning, hiring, letting on lease or otherwise, managing, developing or otherwise handling or disposing of wind mills and other such assets, and also in the generation and distribution of power and electricity, from hydel, thermal, wind, atomic, biogas and other sources.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby further authorised to do such acts, deeds and things and give such directions and authority to the officials of the Company or to any other person as may be considered necessary or desirable by the Directors to give effect to this Resolution."

10. To consider, and if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

"RESOLVED THAT by the addition of sub-clause 108 in clause III(C) of the Memorandum of Association of the Company, as proposed in the foregoing Special Resolution at Item No.9 of this Notice, the approval, pursuant to Section 149(2A) of the Companies Act, 1956 be and is hereby accorded and shall be deemed to have been accorded to the commencement or carrying on by the Company of any one or more of the businesses as more particularly set out in the said sub-clause 108.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby authorised to take such steps and to do such acts, deeds, matters and things as may be necessary and desirable to give effect to this Resolution."

11. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered as follows after sub-clause (ah) of Article 2 the following sub-clause be inserted:

(ai) "Beneficial owner" shall mean the beneficial owner as defined in Clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996.

(aj) "Depositories Act, 1996" shall include any statutory modifications or re-enactment thereof.

(ak) "Depository" shall mean a Depository as defined under Clause (e) of Sub-section (1) of Section 2 of the Depositories Act, 1996.

To insert the following words at the end of Article 22 and Article 23:

Provided the shares are not held in an electronic and fungible form under the provisions of the Depositories Act, 1996.

Existing Article 26 be replaced with the following:

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share and whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required or except only as is by these Articles otherwise expressly provided) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

To insert the following Article after the existing Article 252 and to be numbered as 253(1), 253(2) and 253(3):

253(1) Notwithstanding anything contained in the Articles of Association, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialised form. The Company shall further be entitled to maintain a Register of Members with the details of Members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media.

253(2) Notwithstanding anything contained in the Articles of Association, in the case of transfer of shares or other marketable securities, where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.

253(3) No instrument of transfer would be required and the provisions of Section 108 of the Act will not apply if transfer of shares is effected by the transferor and transferee, both of whom are entered as beneficial owners in the records of the Depository.

The shares shall be freely transferable, subject to the provisions of Section 111 and 111A of the Act.

By Order of the Board

Chennai
Dated 31st July, 1997

J R K SARMA
Company Secretary

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 a 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. The Register of Members and Share Transfer Books of the Company will remain closed from 18th November, 1997 to 28th November 1997 (both days inclusive).
4. Members are requested to notify immediately any change in address to the Company, and in any case not later than 18th November, 1997.

Explanatory Statement pursuant to Article 100(2) of Articles of Association read with Section 173(2) of the Companies Act, 1956.

Item No.5 :

Shri G S Samuel was appointed as an Additional Director of the Company as per Section 260 of the Companies Act, 1956 and in pursuance of Article 147 of the Articles of Association of the Company on 14th June, 1997 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 Shri Samuel as a candidate for the office of Director and a resolution is proposed under Item 5 to appoint him as a Director of the Company.

None of the Directors except Shri G S Samuel is interested in the resolution.

Your Directors recommend the Resolution for your approval.

Item No.6 :

Shri B Suresh was appointed as an Additional Director of the Company as per Section 260 of the Companies Act, 1956 and in pursuance of Article 147 of the Articles of Association of the Company on 14th June, 1997 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 Shri Suresh as a candidate for the office of Director and a resolution is proposed under Item 6 to appoint him as a Director of the Company.

None of the Directors except Shri B Suresh is interested in the resolution.

Your Directors recommend the Resolution for your approval.

Item No.7 :

The Board of Directors at its meeting on 14th June, 1997 approved the appointment of Shri G S Samuel as Managing Director of the Company, subject to the approval of the Company at the General Meeting and pursuant to Section 269 of the Companies Act, 1956 read with Schedule XIII and other applicable provisions. Shri G S Samuel, an M.A. PG DBA, was appointed as the Chief Executive of the Company on 12th January 1996. He has a rich experience of over 20 years in the Finance Sector and has been successfully guiding and leading a team of professionals across various departments.

Necessary notice under Section 302 of the Companies Act, 1956 for the said appointment, was circulated to the members on 4th July, 1997.

Terms of Appointment :

PERIOD OF APPOINTMENT : 5 years from 14.6.1997.

REMUNERATION : Payable with effect from 14.6.1997 subject to the overall ceiling of 5% of net profits.

I) Salary : Rs.44,000/- per month with such changes/increments as may be decided by the Board from time to time, and other allowances of Rs.34,600/- also subject to such changes/increments as may be decided by the Board from time to time.

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

1a) The Company shall provide unfurnished accommodation, the expenditure on which shall be subject to a ceiling of 60% of the salary of which 10% is payable by Shri G S Samuel.

b) In addition, gas, electricity, water and furnishings will be provided, the expenditure on which will be valued as per the Income Tax Rules 1962, subject to a ceiling of 10% of salary.

2) **Medical Reimbursement :** Medical expenses including hospitalisation and premium for medical insurance incurred by Shri G S Samuel for self and family subject to a ceiling of Rs.10,000/- per year.

3) **Leave Travel Concession :** As per the rules of the Company, for self and family, once in a year.

4) **Ex-gratia :** Ex-gratia payment, as per the rules of the Company, once in a year.

5) **Club Fees :** Fees of maximum of two clubs; Admission and Life membership fees not allowed.

6) **Personal Accident Insurance :** Personal accident insurance of an amount, the annual premium on which shall not exceed Rs.10,000/-

(B) Other Perquisites :

7) **Contribution to Provident Fund and Superannuation Fund :** Contribution to the provident fund and the superannuation fund shall be limited to 10% and 15% of the salary respectively. The expenditure on these will not be considered or included for computation of 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 25% of the salary.

8) **Gratuity :** Gratuity payable shall not exceed one-half month's salary for each completed year of service, or such maximum amount as per The Payment of Gratuity Act, 1972. as may be applicable from time to time, whichever is less .

9) **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.

10) **Free Telephone at Residence :** The Company shall provide a telephone at the residence of Shri Samuel, the expenditure on which shall not be considered as a perquisite. Personal long distance call charges will, however, be borne by him.

11) The Company shall reimburse actual entertainment and travelling expenses incurred in the course of the Company's business.

12) Shri Samuel will be entitled to privilege leave for a period of 21 days for every year of service during the period of the Agreement with full pay and perquisites. He will also be entitled to sick leave and casual leave benefits as per the rules of the Company.

13) In the event of any relaxation made by the Government in the guidelines or ceilings on managerial remuneration during the period of the Agreement, the remuneration payable to Shri Samuel shall be increased as the Board may deem fit, in accordance with such guidelines or ceilings.

Interest of Directors :

None of the Directors except Shri G S Samuel, is concerned or interested in the above Resolution.

Your Directors recommend the resolution for your approval.

Item No. 8 :

The Board of Directors at its meeting on 14th June, 1997 approved the appointment of Shri B Suresh as Executive Director of the

Company, subject to the approval of the Company at the General Meeting and pursuant to Section 269 of the Companies Act, 1956 read with Schedule XIII and other applicable provisions. Shri B Suresh, a B.Sc., MBA from IIM, Ahmedabad, has been the Executive Vice President of the Company, in charge of Car and Truck Marketing. He has a rich and varied experience in the field of Marketing and has played a major role in making your Company one of the leaders in Car Finance in the South.

Necessary notice under Section 302 of the Companies Act, 1956 for the said appointment, was circulated to the members on 4th July, 1997.

Terms of Appointment :

PERIOD OF APPOINTMENT : 5 years from 14.6.1997.

REMUNERATION : Payable with effect from 14.6.1997 subject to the overall ceiling of 5% of net profits.

I) **Salary** : Rs.38,000/- per month with such changes/increments as may be decided by the Board from time to time, and other allowances of Rs.30,400/- also subject to such changes/increments as may be decided by the Board from time to time.

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

- 1a) The Company shall provide unfurnished accommodation, the expenditure on which shall be subject to a ceiling of 60% of the salary of which 10% is payable by Shri B Suresh.
- b) In addition, gas, electricity, water and furnishings will be provided, the expenditure on which will be valued as per the Income Tax Rules 1962, subject to a ceiling of 10% of salary.
- 2) **Medical Reimbursement** : Medical expenses including hospitalisation and premium for medical insurance incurred by Shri B Suresh for self and family subject to a ceiling of Rs.10,000/- per year.
- 3) **Leave Travel Concession** : As per the rules of the Company, for self and family, once in a year.
- 4) **Ex-gratia** : Ex-gratia payment, as per the rules of the Company, once in a year.
- 5) **Club Fees** : Fees of maximum of two clubs: Admission and Life membership fees not allowed.
- 6) **Personal Accident Insurance** : Personal accident insurance of an amount, the annual premium on which shall not exceed Rs.10,000/-

(B) Other Perquisites :

- 7) **Contribution to Provident Fund and Superannuation Fund** : Contribution to the provident fund and the superannuation fund shall be limited to 10% and 15% of the salary respectively. The expenditure on these will not be considered or included for computation of 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 25% of the salary.
- 8) **Gratuity** : Gratuity payable shall not exceed one-half month's salary for each completed year of service, or such maximum amount as per The Payment of Gratuity Act, 1972, as may be applicable from time to time, whichever is less.
- 9) **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.
- 10) **Free Telephone at Residence** : The Company shall provide a telephone at the residence of Shri Suresh, the expenditure on

which shall not be considered as a perquisite. Personal long distance call charges will, however, be borne by him.

- 11) The Company shall reimburse actual entertainment and travelling expenses incurred in the course of the Company's business.
- 12) Shri Suresh will be entitled to privilege leave for a period of 21 days for every year of service during the period of the Agreement with full pay and perquisites. He will also be entitled to sick leave and casual leave benefits as per the rules of the Company.
- 13) In the event of any relaxation made by the Government in the guidelines or ceilings on managerial remuneration during the period of the Agreement, the remuneration payable to Shri Suresh shall be increased as the Board may deem fit, in accordance with such guidelines or ceilings.

Interest of Directors :

None of the Directors except Shri B Suresh, is concerned or interested in the above Resolution.

Your Directors recommend the resolution for your approval.

Item No.9 & 10:

Your Company is currently engaged in providing financial services, mainly in the form of leasing and hire purchase. Your Directors are of the opinion that your Company should also engage in the generation and distribution of power from all available sources, in addition to leasing, owning, hiring, etc., of windmills and such other assets.

Your Directors consider that the aforesaid new business could be conveniently and advantageously carried on along with the existing business of your Company and that it would be in the interest of the Company and the shareholders, to enter into the aforesaid new areas of business.

The Resolution at Item No.10 which is being proposed in terms of Section 149(2A) *ibid*, is consequential to and in furtherance of Resolution at Item number 9.

None of the Directors is, in any way, concerned or interested in this Resolution.

Your Directors recommend the resolution for your approval.

Item No.11:

Consequent upon the passing of the Depositories Act, 1996 and introduction of the depository system, some of the provisions of the Companies Act, 1956, pertaining to the issue, holding, transfer and dealing in shares and other securities as also certificates thereof have been amended so as to facilitate the depository system. The Articles of Association of the Company need to be amended as proposed in the resolution to be in line with the provisions of the Depositories Act, 1996.

In view of the numerous benefits available to the shareholders and to provide additional facility of custodial benefits and to provide scripless transfer of shares, the Company intends to join the Depository System.

None of the Directors is, in any way, concerned or interested in this Resolution.

Your Directors recommend the resolution for your approval.

By Order of the Board,

Chennai
Dated 31st July, 1997

J R K SARMA
Company Secretary

PUBLISHED 1998

REGISTERED OFFICE

"Apple House"
64 Cathedral Road
Chennai 600 086

CORPORATE OFFICE

"Temple Tower"
1st Floor,
476 Anna Salai,
Nandanam
Chennai 600 035.
Tel:4331051-54

BOARD OF DIRECTORS

Mr T N Padmanabhan
Chairman

Directors

Mr Atul K Nishar
Mr P Vaidyanathan
Mr G M Dave
Dr Nitish Sengupta

Mr. G.S. Samuel
Managing Director

Mr B Suresh
Executive Director

Branches

Adyar, Anna Nagar, Anantapur, Bangalore, Chickmagalur,
Coimbatore, Erode, Guntur, Hubli, Hyderabad, Karaikudi,
Kochi, Kozhikode, Kumbakonam, Kurnool, Madgaon,
Madurai, Mettupalayam, Mangalore, Mysore, Nandanam
(Chennai), Namakkal, Nellore, Panjim, Pondy, Rajahmundry,
Salem, Secunderabad, Tirunelveli, Vijayawada,
Vijayanagaram, Trissur, Trichy, Vizag,

Company Secretary

Mr J R K Sarma

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, Catholic Syrian Bank,
Dhanalakshmi Bank, Dena Bank, Federal Bank, Indian Bank,
Indian Overseas Bank, Karur Vysya Bank, Vysya Bank.

Auditors

M/s Mahendra Kumbhat & Associates
Chartered Accountants

Institutions

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

Legal Advisors

M/s Dave & Girish & Co
Advocates

Registrar & Transfer Agents

INTEGRATED ADVISORY SERVICES LTD.
"PARK VIEW" BASEMENT II
No.85 G N CHETTY ROAD, T.NAGAR
CHENNAI 600 017. PH : 8284826

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.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

0 1 6 2 7 5

State Code

1 8

Balance Sheet Date

3 0

0 6

9 7

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

0

Rights Issue

0

Bonus Issue

0

Private Placement

0

III. Position of Mobilisation and Deployment of Funds

(Amount in Thousands)

Total Liabilities

5 5 4 3 6 6 7

Total Assets

5 5 4 3 6 6 7

Sources of Funds

Paid up Capital

1 3 5 0 0 0

Reserves and Surplus

8 7 0 7 9 3

Secured Loans

2 5 3 9 3 1 9

Unsecured Loans

1 9 9 8 5 5 5

Application of Funds

Net Fixed Assets

9 7 4 0 4 2

Investments

2 5 0 8 4 4

Net Current Assets

4 3 0 7 6 9 0

Misc. Expenditure

1 1 0 9 1

Accumulated Losses

0

IV. Performance of Company (Amount in Rs Thousands)

Turnover

1 1 8 7 4 7 1

Total Expenditure

9 8 1 0 8 2

Profit before Tax

2 0 6 3 8 9

Profit After Tax

1 9 1 0 1 4

Earnings per Share in Rs

1 4

Dividend

2 5 %

V. Product Description

F I N A N C I A L
S E R V I C E S

ITC Code : Not Applicable

DIRECTORS' REPORT

TO

THE MEMBERS OF APPLE CREDIT CORPORATION LIMITED

Your Directors have great pleasure in presenting the 9th Annual Report of your Company together with the Audited Accounts for the year ended 30th June, 1997.

FINANCIAL RESULTS

The financial highlights of the Company are indicated below:

	(Rs. in Lakhs)	
	Accounting year ended 30.06.97	30.06.96
Profit before Depreciation & Taxation	4002.86	3643.59
Less : Depreciation	1938.97	1109.27
Profit before Taxation	2063.89	2534.32
Less : Provision for Taxation (net of previous years' written back, Rs.62.05 lacs)	153.75	101.95
Net Profit after Taxation	1910.14	2432.37
Add: Balance b/f from previous year	78.72	129.60
Balance available for Appropriation	1988.86	2561.97
Appropriations :		
Transfer to General Reserve	300.00	1900.00
Transfer to Statutory Reserve	385.00	0.00
Proposed Dividend	337.50	499.50
Dividend Tax	33.75	0.00
Debenture Redemption Reserve	330.00	112.50
Contingency Reserve	140.00	5.00
Balance Carried Forward	18.73	78.72

PERFORMANCE HIGHLIGHTS

During the year 1996-97 all Non-Banking Finance Companies (NBFCs), once again faced serious credit restrictions and higher interest rates on borrowings. While the resource crunch eased out during the latter half of the year due to deregulation of fixed deposit interest rates by Reserve Bank of India, the general market scenario was not very conducive to NBFCs. Despite these constraints, your Company has maintained good performance during the year 1996-97. Income at Rs.11874.71 lakhs for the year grew by 25.68 % as compared to Rs.9449.56 lakhs for the previous year. The Gross profit before Depreciation was higher at Rs 4002.86 lakhs as against Rs.3643.59 lakhs and the Net Profit for the year stood at Rs. 1910.14 lakhs. The Earnings per share is Rs.14.15.

DIVIDEND

As you are all aware, the market scenario this year and the considerable slow down in the economy had its impact on the growth of NBFCs. However, your Company has maintained good performance during the financial year, as is evident from the Balance Sheet and Profit and Loss Account tabled before you. Keeping in view the twin objectives of availability of increased internal resources and the need to strengthen the reserves, your Directors have decided to recommend a Dividend of 25% for the year ended 30th June 1997, absorbing Rs.337.50 Lakhs (previous year Rs.499.50 Lakhs inclusive of Tax).

CURRENT YEAR PROSPECTS

The recent budget proposals and the Reserve Bank of India's pragmatic credit policy contain measures to give a fillip to the economy. Your Company is hopeful that this would usher in stiffer competition coupled with greater challenges as well as opportunities. Your Company with its proven internal strengths and competent professional

staff is well geared to meet all such challenges and capitalize on the various opportunities.

It is pertinent to mention that RBI is contemplating to introduce new measures/norms viz., appointment of external auditors, maintaining Capital Adequacy, etc., among other measures, as norms for monitoring the functioning of NBFCs. You will be glad to know, that as part of our proactive efforts, external auditors, who are reputed audit firms of the respective centres, have been appointed at all our Branches to do a concurrent audit of various aspects of Branch functioning. We are also pleased to inform you that we continue to maintain a high Capital Adequacy ratio now at 18.85 % as against the stipulated 8%.

RESOURCES

- Deposits :** During the year, the Company witnessed a tremendous growth in its Fixed Deposit portfolio. Your Company has achieved the distinction of crossing the Rs. 175 crore mark during the year 1996-97. This reflects the tremendous confidence reposed by the depositors in the Company. The deposits have grown from Rs.10031.76 lakhs to Rs.19024.25 lakhs — a growth of 90 %. The number of depositors who joined the Apple Family during the year is 79870, taking the total to 139870 satisfied depositors. Your Company does not have any unpaid deposits other than 2005 unclaimed deposits aggregating to Rs.247.53 lakhs out of which 575 deposits aggregating to Rs.68.62 lakhs have since been claimed and refunded. Your Company is taking necessary and active steps to contact/arrange for repayment/renewal of these deposits.
- Bank/Institutional Finance :** An additional cash credit limit of Rs.5000 lakhs was sanctioned by your Company's Banking Consortium to meet the working capital requirements, taking the total limit to Rs.25000 lakhs. Your Company obtained sanctions of term loans from various Financial Institutions aggregating Rs.3880 lakhs taking the total to Rs.12860 lakhs.. Such support from our Bankers and Financial Institutions during the current year too would definitely improve the availability of funds resulting in greater volume of business.
- Redeemable Non-Convertible Debentures :** The Company had successfully mobilised funds to the tune of over Rs.1850 lakhs, during the year vide the AA-1 Series privately placed secured redeemable non-convertible Debentures. This again signifies the investor confidence reposed in your Company.

PRUDENTIAL NORMS

Your Company has followed the prudential norms prescribed by the Reserve Bank of India for income recognition, asset classification, investment accounting, provisioning for bad and doubtful debts, concentration of credit/investment, capital adequacy and credit rating requirements, in presenting the accounts for the year. The capital adequacy ratio computed as per norms is 18.85 %, well above the prescribed minimum of 8%. Your Company has also transferred an additional Rs.140 lakhs to Contingency Reserve as provision for the substandard assets as per RBI norms. Your Company has also transferred a sum of Rs.385 lakhs to the Statutory Reserve, in tune with the norms prescribed by RBI.

CREDIT RATING

During the year, your Company continued to enjoy the FAA (F Double A) rating accorded by CRISIL for the Fixed Deposit Programme, which indicates that the degree of safety regarding timely payment of interest and principal is high. In addition to this, for the Short Term Debt Programme of your Company, CRISIL awarded the highest rating of