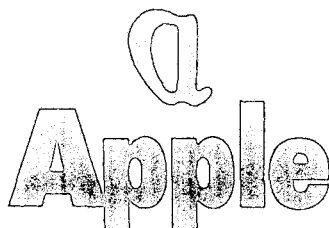


TENTH ANNUAL REPORT 1997 - 98

MD			BKC	
CS				
RO				
TRA				
AGM				
YE				

MD	✓		BKC	✓
CS	✓		BY	RA
RO	✓		BY	✓
TRA	✓		BY	✓
AGM	✓	✓	SLI	✓
YE	✓	✓		✓



Credit Corporation Limited.

*! Certified True Copy !*  
 For APPLE CREDIT CORPORATION LIMITED  
  
 COMPANY SECRETARY.

## *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 TENTH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the **Tenth Annual General Meeting** of the Members of the Company will be held on **Friday, the 4th December, 1998** at 10.15 a.m. at **Russian Cultural Centre, 27 Kasturi Rangan Road (Behind Hotel Chola), Chennai 600 018** to transact the following business :

#### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Statements of Accounts for the year ended 30<sup>th</sup> June, 1998 and to receive and consider the Reports of the Directors and Auditors thereon.
2. To declare dividend on preference and equity shares.
3. To elect a Director in the place of Mr T N Padmanabhan, who retires by rotation and being eligible offers himself for re-election.
4. To elect a Director in the place of Mr P Vaidyanathan, who retires by rotation and being eligible offers himself for re-election.
5. To appoint Auditors and fix their remuneration. M/s Mahendra Kumbhat and Associates, Chartered Accountants, Mumbai, retire and are eligible for re-appointment.

By Order of the Board

Chennai  
Dated 7th October, 1998

**J R K SARMA**  
Company Secretary

#### **NOTES :**

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 1<sup>st</sup> December, 1998 to 4<sup>th</sup> December, 1998(both days inclusive).
4. Members are requested to notify immediately any change in address to the Company and in any case not later than 24<sup>th</sup> November, 1998.
5. The Company has already transferred, unclaimed dividend declared upto the financial Year ended 30th June, 1994 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the 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 year may claim their dividend from the Registrar of Companies, Chennai, II Floor, Shastri Bhavan, Haddows Road, Chennai.

The Unpaid Dividends that are due for transfer to the Central Government are as follows :

<b>Financial Year ended</b>	<b>Due for Transfer on</b>
30.06.95	22.12.1998
30.06.96	22.12.1999
30.06.97	15.01.2000

Members who have not encashed their dividend warrants for the aforesaid financial years are requested to approach the Company's Share Transfer Agents, M/s Integrated Enterprises (India) Ltd., No. 46/3 Vijayaraghava Road, T Nagar, Chennai 600017, for obtaining duplicate dividend warrants.

APPLE CREDIT CORPORATION LIMITED
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**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 ENTERPRISES (INDIA) LTD.  
No.46/3, VIJAYARAGHAVA 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.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## Registration Details

Registration No.

0 1 6 2 7 5

State Code

1 8

Balance Sheet Date

3 0

0 6

9 8

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

Public Issue

0

Rights Issue

0

Bonus Issue

0

Private Placement

1 0 9 0 0 0

## III. Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities

5 0 9 6 8 1 7

Total Assets

5 0 9 6 8 1 7

Sources of Funds

Paid up Capital

1 4 5 9 0 0

Reserves and Surplus

8 7 3 1 5 8

Secured Loans

2 7 9 4 5 0 4

Unsecured Loans

1 2 8 3 2 5 5

Application of Funds

Net Fixed Assets

9 9 7 8 8 8

Investments

2 8 1 6 0 9

Net Current Assets

3 8 0 8 4 5 4

Misc. Expenditure

8 8 6 6

Accumulated Losses

0

## IV. Performance of Company (Amount in Rs Thousands)

Turnover

1 2 2 3 2 2 4

Total Expenditure

1 0 9 7 6 2 2

Profit before Tax

1 2 5 6 0 2

Profit After Tax

1 1 1 4 1 5

Earnings per Share in Rs

0 8

Dividend

2 0 %

## V. Product Description

FINANCIAL SERVICES

ITC Code : Not Applicable

## DIRECTORS' REPORT

TO

**THE MEMBERS OF APPLE CREDIT CORPORATION LIMITED**

Your Directors have great pleasure in presenting the 10th Annual Report of your Company together with the Audited Accounts for the year ended 30th June, 1998.

**FINANCIAL RESULTS**

The financial highlights of the Company are indicated below:

	(Rs. in Lakhs)	
	Accounting year ended	
	30.06.98	30.06.97
Profit before Depreciation & Taxation	3124.99	4002.86
Less : Depreciation	1507.82	1938.97
Profit before Taxation	1617.17	2063.89
Less : Provision for Taxation (inclusive of previous Years write off, Rs.5.66 lacs)	141.87	153.75
Less : Provision for Non-performing Assets	361.15	—
Net Profit after Taxation	1114.15	1910.14
Add: Balance b/f from previous year	18.73	78.72
Balance available for Appropriation	1132.88	1988.86
<b>Appropriations :</b>		
Transfer to General Reserve	125.00	300.00
Transfer to Statutory Reserve	225.00	385.00
Proposed Dividend	270.04	337.50
Dividend Tax	27.00	33.75
Debenture Redemption Reserve	430.00	330.00
Contingency Reserve	—	140.00
Capital Redemption Reserve	37.00	—
Balance Carried Forward	18.84	18.73

**PERFORMANCE HIGHLIGHTS**

The year 1997-98 continued to witness tight money market conditions and slowdown in economic activity. Non-Banking Finance Companies(NBFC) industry has been no exception. Many players who have earlier relied on the heavy commercial vehicle market have been affected due to sharp decline in the production and sales of these vehicles. Despite these constraints, your Company has maintained good performance during the year. Income for the year stood at Rs.12232.24 lakhs (previous 11874.71 lakhs). In line with the RBI's recent guidelines an amount of Rs.361.15 lakhs has been provided for Non-Performing Assets. However your Company is confident of recovering all the dues and making all efforts in this direction. The Gross Profit, before such provision and tax is at Rs.16.17 crores which is quite reasonable.

**RBI RE-REGISTRATION**

During the year, RBI has appointed external auditors to examine the assets and liabilities of NBFCs, with emphasis on capital adequacy, asset quality, management quality, earnings and liquidity. You will be glad to know that after a thorough operational and management audit, your Company has been issued a re-registration certificate. It is heartening to find that your Company finds place among the first and few NBFCs who could secure this distinction. This reflects the strong quality and fundamental strengths established over the years by your Company.

**DIVIDEND**

Your Company has in letter and spirit followed all the guidelines of RBI in respect of income recognition and provisioning and is one of the few companies which have done so in toto, impacting in the process the bottomline, which otherwise would have, as always, reflected the good performance. As outlined earlier, the market scenario this year and the considerable slow down in the economy had its impact on the growth of NBFCs. However, your Company's performance has been good during the financial year, as is evident from the Balance Sheet and Profit & Loss Account tabled before you. Keeping the general industry scenario in view and with the coming year not expected to show marked improvement, the need of the hour being to augment internal long term resources, to increase the Company's fundamental resilience and strength and thereby ensuring financial health of the Company, your Directors have decided to recommend a Dividend of 20% for the year ended 30th June 1998, absorbing Rs.270.04 lakhs (previous year Rs.337.50 lakhs).

**CURRENT YEAR PROSPECTS**

During the current year, we continue to do well in the Car finance segment as in the previous years and we are confident of maintaining the progress in the remaining months as well. The Directors wish to assure the shareholders, lenders and the investors that all efforts needed will be made at every level of functioning, be it executive, senior management or directors themselves, to ensure quality in acceptance of business, vigil on the recovery front and service levels leading to a healthy bottomline during the year.

**RESOURCES**

- a) **Deposits :** You will be glad to know that your Company conforms to RBI guidelines with regard to Fixed Deposits and has an outstanding figure of Rs.11743 lakhs. Your Company does not have any unpaid deposits other than 2087 unclaimed deposits aggregating Rs.268.05 lakhs out of which 1140 deposits aggregating to Rs.158.13 lakhs have since been claimed, renewed and refunded. Despite continuous efforts by your Company to contact the remaining depositors, an amount of Rs.109.92 lakhs is unpaid which is a very small percentage of the outstanding balance. Your Company is taking necessary and active steps to contact/arrange for repayment/renewal of these deposits.
- b) **Bank/Institutional Finance :** During the year, the Company had successfully raised Rs.139 crores from the Banking/Institutional/retail sector by way of cash credit/FCNR(B) loan, redeemable Non-Convertible Debentures etc. This again signifies the confidence reposed by them in our 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%(Tier I) well above the prescribed minimum of 10%. Your Company has also provided an additional Rs.361.15 lakhs as provision for the substandard assets as per RBI norms. Your Company has also transferred a sum of Rs.225 lakhs to the Statutory Reserve, in tune with the norms prescribed by RBI.

DIRECTORS' REPORT (CONTD.)
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**CREDIT RATING**

During the year, your Company continued to enjoy the MAA (M Double A) rating accorded by ICRA for the Fixed Deposit Programme, which indicates that the degree of safety regarding timely payment of interest and principal is high. In addition, the Company has secured MAA rating from ICRA for Redeemable Non-Convertible Debentures aggregating to Rs.75 crores which it has successfully placed.

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

Your Company has no activity relating to conservation of energy or technology absorption to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956. The Company does not have any foreign exchange earnings or outgo other than travel expenses, imports for capital goods and Fixed Deposit Interest payments against NRI deposits.

**DIRECTORS**

In terms of the provisions of Companies Act, 1956 and Articles 163, 164 & 165 of the Articles of Association of the Company, Mr T N Padmanabhan and Mr P Vaidyanathan are liable to retire by rotation at this Annual General Meeting and being eligible offer themselves for reappointment.

**AUDITORS' REPORT**

The Auditors' Report is self-explanatory, when read together with notes forming part of accounts and therefore does not call for any further comments.

**AUDITORS**

Your Auditors, M/s. Mahendra Kumbhat & Associates, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting,

and are eligible for reappointment. A certificate under Section 224 of the Companies Act, 1956 has been obtained from them.

**PARTICULARS OF PERSONNEL**

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given as annexure to the Directors' Report.

However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company, excluding the aforesaid information. Those shareholders who are interested in obtaining such particulars may write to the Company Secretary at the Company's Corporate Office.

**ACKNOWLEDGEMENT**

Your Directors wish to express their gratitude to the Shareholders, Depositors, Debentureholders, Bankers, Financial Institutions and the Customers for their continued support and patronage. They also wish to acknowledge the spirit of dedication, the untiring efforts and overwhelming support and co-operation extended by the staff members at all levels.

For and on behalf of the Board

Chennai  
07.10.1998

**T N Padmanabhan**  
Chairman