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R E P O R T
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Apple

Credit Corporation Limited

APPLE CREDIT CORPORATION LIMITED

REGISTERED OFFICE

Gokul Arcade, 1 Floor
No. 2, Sardar Patel Road,
Adyar, Chennai - 600 020.

CORPORATE OFFICE

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

BOARD OF DIRECTORS

Mr T N Padmanabhan
Chairman

Mr P Vaidyanathan
Director

Mr P V Raman
Managing Director

Mr V K Kumar
Executive Director

Mr P Loganathan
Executive Director

Mr K Suryanarayanan
Executive Director

BRANCHES

Adyar, Ahmedabad, Bangalore, Baroda, Calcutta, Coimbatore,
Hubli, Kochi, Kurnool, Madurai, Mangalore, Mumbai,
Nandanam (Chennai), Nagpur, Pune, Panjim, Salem, Secundrabad,
Vijayawada, Vizag, Trichy.

Bankers

State Bank of India, State Bank of Travancore, State Bank of
Hyderabad, State Bank of Mysore, State Bank of Patiala, Allahabad
Bank, Andhra Bank, Bank of Maharashtra, Bombay Mercantile Co-op
Bank, The Catholic Syrian Bank, The Dhanalakshmi Bank, Dena
Bank, The Federal Bank, Indian Bank, Indian Overseas Bank, The
Karur Vysya Bank, The Vysya Bank, Punjab & Sind Bank Ltd, Canara
Bank, Corporation Bank, Union Bank.

Company Secretary
Mr V K Kumar

Institutions

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

Auditors

M/s Mahendra Kumbhat & Associates
Chartered Accountants

Legal Advisors

M/s Dave & Girish & Co.,
Advocates.

Registrars & Transfer Agent

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.

APPLE CREDIT CORPORATION LIMITED**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 2 0 0 0

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

Public Issue

0 0 0 0 0 0 0 0

Rights Issue

0 0 0 0 0 0 0 0

Bonus Issue

0 0 0 0 0 0 0 0

Private Placement

0 0 0 0 0 0 0 0

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

Total Liabilities

0 0 0 4 2 6 2 1 8 4

Total Assets

0 0 0 4 2 6 2 1 8 4

Sources of Funds Paid up Capital

0 0 0 1 3 5 9 0 0

Reserves and Surplus

0 0 0 2 0 6 4 2 5

Secured Loans

0 0 0 3 8 6 2 1 0 3

Unsecured Loans

0 0 0 5 7 7 5 6

Application of Funds

Net Fixed Assets

0 0 0 7 3 6 4 4 6

Investments

0 0 0 1 6 6 4 8 1

Net Current Assets

0 0 0 3 3 5 4 8 3 0

Misc. Expenditure

0 0 0 4 4 2 7

Accumulated Losses

0 0 0 0 0 0 0 0

IV. Performance of Company (Amount in Rs Thousands)

Turnover

0 0 0 8 2 4 1 5 6

Total Expenditure

0 0 0 1 5 5 5 8 1 0

Loss before Tax

0 0 0 7 3 1 6 5 4

Loss after Tax

0 0 0 7 3 1 7 0 2

Earnings per Share in Rs

0 0

Dividend

0 0

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 present herewith the 12th Annual Report of your Company together with the Audited Accounts for the year ended 30th June, 2000

FINANCIAL RESULTS

The financial highlights are as follows:

	(Rupees in lacs)	
	Accounting year ended	
	30.06.2000	30.06.1999
(Loss)/Profit before Depreciation & Tax	(5693.25)	3141.29
(Add)/Less: Depreciation	(1532.30)	1733.29
(Loss)/Profit before Tax	(7225.55)	1408.00
(Add)/Less: Provision for Taxation	(0.48)	197.50
(Add)/Less: Provision for Non Performing Assets	(90.99)	84.44
(Loss)/Profit after Tax	(7317.02)	1126.06
Add: Balance b/f from previous year	40.07	18.84
Balance available for appropriation	(7276.95)	1144.90

Appropriations:

(Used) from/Transfer to General Reserve	(4175.00)	120.00
(Used) from/Transfer to Capital Reserve	(6.70)	-
Transfer to Statutory Reserve		226.00
Proposed Dividend		283.63
Dividend Tax		31.20
Debenture Redemption Reserve		407.00
Capital Redemption Reserve		37.00
Balance carried forward	(3095.25)	40.07

OPERATIONS

The year has indeed been a very difficult one as there has hardly been any change in the economic complexion to give a sigh of relief to financial services. Ironically, financial services is the first to be hit in a slowdown economy and unfortunately the last to recover when the economy revives. As no significant turnaround in the economy was visible during the year under review save and except the IT sector, your company had to weather the painful process of facing the onslaught of poor credit offtake and even slower recoveries leading to larger NPAs and unexpected bad debts. These developments have had a telling effect on the operations during the year under review resulting in substantial lower income, higher NPA provisions and unexpected bad debt write offs, all culminating in a net loss of Rs. 73.17 crores.

Your company could not hold on to its enviable position as a leading player in the vehicle financing segment, as the year saw other bigger aggressive entities like institutions and banks taking a major share of the cake in an already shrinking market, as they could offer much lower lending rates. Your company was not in a position to match these competitive rates as its own average cost of borrowing was much higher. This resulted in lower business volumes and surplus cash flows were therefore used to discharge fixed deposit and other debt obligations.

The result of corrections within the Company will largely depend on external factors like growth in economy and higher vehicle offtake, over which your Company has no control, especially when growth rate has been recast during the year at a lower level over that budgeted at the

beginning of the fiscal year. Focus during the year would therefore revolve around lowering debt costs by repayment through internal accruals or through swaps, besides tightening operational costs. Support of the Banks and Institutions in realigning our debt obligations would be critical and considering our long standing relationship and impeccable track record over the last ten years, they would hopefully be more than willing to lend a helping hand.

DIVIDEND

As the operations have resulted in a net loss for the year under review, no Dividend is being recommended. However your Company has paid a cumulative Dividend of 199% since its only Public Issue in November 1992.

PROSPECTS FOR THE CURRENT YEAR

The operations for the first quarter of the current year are not better and hence the coming year does not promise any significant improvement over the operations of the year under review. Corrections within the Company and external economic conditions would be the guiding factors that would offer support to the current year's operations. These are being effectively monitored to bring in long term benefit to your Company.

FIXED DEPOSITS

From a peak deposit base of Rs.197 Crores, your Company's deposit base has shrunk to Rs.2.56 crores as on 30/6/2000. As on the date of this Report, most of these deposits have been repaid and the balance outstanding has been transferred to an Escrow Account as per the guidelines of the Reserve Bank of India. With this, the Company has discharged its entire fixed deposit repayment obligation promptly and your Directors would like to take this opportunity to thank all the Depositors who have shown patronage to the Company. Your Directors are proud to say that your Company is one of the very few companies that have fully discharged all fixed deposit obligations with accrued interest, in all amounting to Rs.274.65 crores, thus causing no investment loss to any Depositor.

CREDIT RATING

ICRA conducted a rating review exercise in August 2000 and downgraded the Company's rating for Fixed Deposits and Non Convertible Debentures from MAA(-) to MA(-) indicating adequate safety which is now redundant, as all deposits have been repaid and the Company has no immediate plans to raise fresh deposits. The rating of short term Non Convertible Debentures was also downgraded by ICRA from A1+ to A3 indicating adequate safety.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Your Company has no activity relating to these areas except foreign exchange outgo on travel expenses that have been disclosed in Note (12) to Notes on Accounts.

DIRECTORS

During the year Mr.G.S.Samuel, Mr.B.Suresh, Mr.J.R.K.Sarma, Mr.Atul.K.Nishar resigned from the Board on 30/3/2000 and later Dr.Nitish Sengupta also resigned from the Board on 31/07/2000. Your Directors would like to place on record their appreciation for the valuable guidance given by them during their tenure in office.

During the year Mr.P.V.Raman, Mr.P.Loganathan, Mr.K.Suryanarayanan and Mr.V.K.Kumar were inducted on the Board as Additional Directors on 30/3/2000 who will all hold office upto the date of the Annual General Meeting and being eligible have offered themselves for re-appointment at the ensuing Annual General Meeting.

APPLE CREDIT CORPORATION LIMITED**AUDITORS**

The Company's auditors M/s Mahendra Khumbhat & Associates, Chartered Accountants, Mumbai will retire at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. They have furnished the requisite certificate u/s 224 of the Companies Act, 1956 for this purpose.

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 forming part of this Report can be separately had on a request made in writing to the Company Secretary, as the same is not attached herewith as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors wish to express their gratitude to the Shareholders, Depositors, Debenture Holders, Bankers, Financial Institutions and the Customers for their continued support and patronage. They also wish to acknowledge the dedication, support and co-operation extended by the employees at all levels.

For and on behalf of the Board

T.N. Padmanabhan
Chairman

Place : Chennai
Date : 20th October, 2000

AUDITOR'S REPORT**AUDITOR'S REPORT**

To the Shareholders of Apple Credit Corporation Limited

We have audited the attached Balance Sheet of Apple Credit Corporation Limited as at 30th June 2000 and the Profit and Loss Account of the Company for the year 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 those books.
 - c) The balance sheet and profit and loss accounts dealt with by this Report are in agreement with the books of account.

- d) In our opinion the Balance Sheet and Profit and Loss Account complies with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 30th June 2000 and
 - ii) In the case of Profit and Loss Account of the Loss of the Company for the year ended on that date.

For **MAHENDRA KUMBHAT & ASSOCIATES**
Chartered Accountants

T.G. RAMANATHAN
Partner

Place : Chennai
Dated : 20th October, 2000

ANNEXURE TO THE AUDITOR'S REPORT

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

1. In our opinion, based on the nature of business of the Company, Clauses (iii), (iv), (v), (vi), (xii), (xiv), (xvi) & (xx) of Paragraph 4 (A) of the Manufacturing and Other Companies (Auditor's Report) Order 1988 are not applicable.
2. The Company has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets. All the Assets have been physically verified by the Management during the year. We are informed that no significant discrepancies have been noticed on such verification.
3. None of the Fixed Assets have been revalued during the year.
4. 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 the 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. We are informed that there are no companies under the same management as defined under section 370 (1-B) of the Companies Act, 1956.
5. 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 given loans to the 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. We are informed that there are no companies under the same management as defined under section 370 (1-B) of the Companies Act, 1956.

6. a) In respect of hire monies due under hire purchase transactions entered into by the Company in the ordinary course of business, wherever installments are overdue, according to the information and explanations given to us, we are of the opinion that reasonable steps have been taken by the Company for the recovery of the same.
- b) The parties including the employees to whom loans and advances in the nature of loans have been given are repaying the principal amounts as stipulated and are also regular in the payment of interest wherever applicable.
7. In our opinion and according to the information and explanations given to us, it appears that there are adequate internal control procedures commensurate to the size of the Company and the nature of its business for purchase of plant and machinery, equipment and other assets.

8. According to the information and explanations given to us, the Company has entered into transactions for purchase and sale of services with parties required to be listed in the register to be maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50000/- or more in respect of each party at prices which are reasonable having regard to the prevailing market prices of such services or at prices at which similar services are availed from other parties.
9. According to the information and explanation given to us, in our opinion, the Company has complied with the Directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and rules framed thereunder, wherever applicable.
10. Internal Audit is carried out by independent firms of Chartered Accountants. In our opinion, the scope of internal audit is commensurate with the size and nature of the Company's business.
11. During the year under review, the Company has regularly deposited Provident Fund, Employees State Insurance contribution and Superannuation Fund dues.
12. According to the information and explanation given to us there are no undisputed amounts payable in respect of Income-tax, Wealth-tax, Customs Duty and Excise Duty which remains outstanding as at 30th June 2000 for a period exceeding six months from the date they became payable.
13. According to the information and explanation given to us no personal expenses have been charged to Revenue Account, other than those payable under contractual obligation or in accordance with the generally accepted business practices.
14. The Company has maintained adequate documents and proper records in respect of loans and advances granted against security by way of pledge of shares, debentures and other securities.
15. We are informed that any special statute applicable to Chit Fund, Nidhi and Mutual Benefit Society do not apply to the Company.
16. The Company has maintained proper record of transactions and contracts and timely entries have been made therein in respect of shares, debentures and other securities. All the investments are held by the Company in its own name except for those under transfer/delivery.

For MAHENDRA KUMBHAT & ASSOCIATES

Chartered Accountants

T.G.RAMANATHAN

Partner.

Place : Chennai

Date : 20th October, 2000



APPLE CREDIT CORPORATION LIMITED**APPLE CREDIT CORPORATION LIMITED****Balance Sheet As At 30th June, 2000**

(Rs In Laacs)

Particulars	Sche Dule	As At 30th June, 2000	As At 30th June, 1999
Sources of Funds			
Share Holders' Funds :			
Share Capital	"A"	1359.00	1459.00
Reserves and Surplus	"B"	2064.25	9381.27
		3423.25	10840.27
Loan Funds :			
Secured Loans	"C"	38621.03	33482.43
Unsecured Loans	"D"	577.56	6763.79
		39198.59	40246.22
		42621.84	51086.49
Application Of Funds			
Fixed Assets :	"E"		
Gross Block		12586.28	14677.94
Less : Depreciation		5221.82	5819.23
		7364.46	8858.71
Investments :	"F"	1664.81	1521.79
Current Assets, Loans and Advances :	"G"		
Current Assets :			
Stock On Hire		34633.67	40227.76
Sundry Debtors		1604.56	1926.29
Cash and Bank Balances		1275.65	3062.94
Interest Accrued on Investments		0.02	414.66
		37513.90	45631.65
Loans and Advances :		2378.20	3551.44
		39892.10	49183.09
Less:			
Current Liabilities and Provisions :	"H"		
Current Liabilities		5250.25	7192.80
Provisions		1093.55	1350.70
		6343.80	8543.50
Net Current Assets		33548.30	40639.59
Miscellaneous Expenditure	"I"	44.27	66.40
(To the Extent not Written off or Adjusted)			
		42621.84	51086.49
Significant Accounting Policies	"O"		
Notes Forming Part of Accounts	"P"		
Schedules "A" to "P" Form an Integral Part of Accounts			

This is The Balance Sheet Referred to in our Report of even date

For **Mahendra Kumbhat & Associates**

Chartered Accountants

T G Ramanathan
Partner**T N Padmanabhan**
Chairman**P V Raman**
Managing Director**P Vaidyanathan**
Director**P Loganathan**
DirectorPlace : Chennai
Dated : 20th October, 2000**K Suryanarayanan**
Director**V K Kumar**
Company Secretary**K Suresh**
Vice President - CAD
Accounts, MIS & Systems