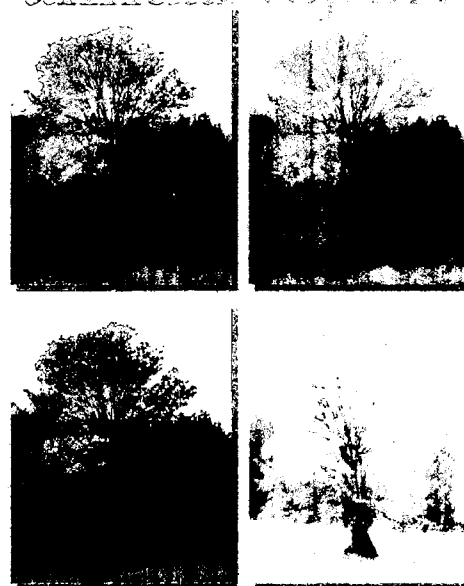


CEO	✓		BKC	✓
COO	✓		DPY	✓
SO	✓		DIV	✓
TRA	✓		AC	✓
ACM	✓	✓	SHI	✓
YE	✓	✓		✓

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*elevens*  
annual report



1997



**APPLE FINANCE LIMITED**



*Changing seasons. Changing  
environments.*

*The vagaries of nature .The  
tree withstands them all,  
while standing tall.*

*Apple Finance has not just  
withstood, but maintained  
its leadership position even  
in a climate of economic  
change.*

*Facing the challenges posed  
by the elements - and  
emerging a winner.*

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**BOARD OF DIRECTORS**

Mr. Atul K. Nishar (Chairman)

Mr. A.K.T. Janak (Managing Director)

Mr. Vikram Narayan (Executive Director)

Mr. G.M. Dave

Mr. N.P. Bhogilal

Mr. H.P. Nag Chowdhury

Mr. K.C. Sodhia

Mr. D.P. Gupta

Dr. A.C. Shah

Mr. S.K. Basu (UTI Nominee)

**AUDITORS**

Messrs Mahendra Kumbhat &amp; Associates

Chartered Accountants

**LEGAL ADVISORS**

Messrs Dave &amp; Girish &amp; Co.

Advocates

**REGISTERED OFFICE**

38/39 Rajgir Chambers, 4th Floor,  
Shahid Bhagat Singh Road,  
Opp. Old Custom House, Fort,  
Mumbai 400 023.

**REGISTRAR & TRANSFER AGENTS**

Messrs Sharepro Services

Satam Estate, 3rd Floor, Above Bank of Baroda,  
Cardinal Gracious Road, Chakala,  
Andheri (East), Mumbai 400 099.

Phone: 8347719/8202108 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

The Bank of Tokyo-Mitsubishi Limited

Dena Bank

Union Bank of India

Bank of India

State Bank of Hyderabad

State Bank of Bikaner &amp; Jaipur

Central Bank of India

The South Indian Bank Limited

ICICI Banking Corpn. Limited

The Lakshmi Vilas Bank Limited

The Catholic Syrian Bank Limited

**11th Annual General Meeting**

on Friday, September 25, 1998 at

Rama Watumull Hall of Kishinchand

Chellaram College, Dinshaw Vachha Road,

Churchgate, Mumbai 400 020.

**APPLE FINANCE LIMITED**

11th annual report 1997

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**NOTICE**

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of Apple Finance Limited will be held on Friday, September 25, 1998 at 10.30 a.m. at Rama Watumull Hall of Kishinchand Chellaram College, Dinshaw Vachha Road, Churchgate, Mumbai 400 020, to transact the following business :

**ORDINARY BUSINESS**

1. To consider and adopt the Balance Sheet as at December 31, 1997, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Preference and Equity Shares.
3. To appoint a Director in place of Mr. Atul K. Nishar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. H.P. Nag Chowdhury, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Messrs Mahendra Kumbhat & Associates, Chartered Accountants, the retiring Auditors, as the Auditors of the Company, and to authorize the Board of Directors to fix their remuneration.

**SPECIAL BUSINESS**

6. To appoint Mr. A.K.T. Janak as a Director of the Company.
7. To appoint Mr. Vikram Narayan as a Director of the Company.
8. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution, the following :

"RESOLVED THAT the appointment of Mr. A.K.T. Janak 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, for a period of five years with effect from December 30, 1997 made by the Board of Directors of the Company (hereinafter referred to as "the Board") vide its resolution dated December 30, 1997 and the remuneration payable to Mr. A.K.T. Janak pursuant to the aforesaid resolution and as set out in the Explanatory Statement annexed to this Notice, be and is hereby approved.

FURTHER RESOLVED THAT the Board be and is hereby authorized to vary the terms of appointment and /or increase or revise remuneration and perquisites at any time(s) as the Board may deem appropriate and in such manner so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto.

RESOLVED FURTHER 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."

9. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution, the following :

"RESOLVED THAT the appointment of Mr. Vikram Narayan as Executive Director of the Company subject to Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, for a period of five years with effect from June 24, 1997 made by the Board of Directors of the Company (hereinafter referred to as "the Board") vide its resolution dated June 24, 1997 and the remuneration payable to Mr. Vikram Narayan pursuant to the aforesaid resolution and as set out in the Explanatory Statement annexed to this Notice, be and is hereby approved.

FURTHER RESOLVED THAT the Board be and is hereby authorized to vary the terms of appointment and /or increase or revise remuneration and perquisites at any time(s) as the Board may deem appropriate and in such manner so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto.

RESOLVED FURTHER 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."

10. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution, the following :

"RESOLVED THAT pursuant to Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the appointment and remuneration of Mr. A.K.T. Janak as Executive Director of the Company for a period from June 24, 1997 to December 29, 1997, previously approved by the Board of Directors of the Company in its meeting held on June 24, 1997."

By Order of the Board of Directors  
**PARAG DESHPANDE**  
Company Secretary

**Registered Office :**

38/39 Rajgir Chambers  
Opp. Old Custom House  
Shahid Bhagat Singh Road  
Fort, Mumbai 400 023

Date : July 30, 1998

## 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. 6 to 10 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 dividends on the shares as recommended by the Board of Directors, if declared at the meeting, will be made payable after September 25, 1998, to those members whose names appear on the Company's Register of Members on that date.
5. The Register of Members and Share Transfer Book of the Company will remain closed from Friday, September 11, 1998 to Friday, September 25, 1998 (both days inclusive).
6. Members/Proxies should bring the attendance slip sent herewith duly filled out for attending the meeting.

7. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended June 30, 1994, have been transferred 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. Shareholders who have not encashed the dividend warrant for the said period are requested to claim from the Registrar of Companies, Maharashtra, Hakoba Mills Compound, 2nd Floor, Dattaram Lad Marg, Kalachowkie, Mumbai 400 033.

The unpaid dividends that are due for transfer to the Central Government are as follows :

Dividend No.	Date of declaration	For the financial year	Due for transfer on
9	30.12.1995	1994-95	16.02.1999
10	30.04.1997	1995-96	17.06.2000

Members who have not encashed their dividend warrants, may approach the Company's Registrar & Transfer Agents, M/s. Sharepro Services, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099 for revalidating the warrants or for obtaining duplicate warrants.



## ANNEXURE TO THE NOTICE

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

Item Nos. 6 and 8

The Board of Directors ("the Board") in its meeting held on June 24, 1997, appointed Mr.A.K.T.Janak as Additional Director and Executive Director of the Company. Mr. A.K.T. Janak will hold the office of Director upto the conclusion of forthcoming Annual General Meeting. The Board, subsequently felt it appropriate to entrust the responsibility of managing the Company's day-to-day affairs to Mr.A.K.T. Janak and as such the Board in its meeting held on December 30, 1997 appointed Mr. A.K.T. Janak as Managing Director of the Company effective the same date.

Mr.A.K.T.Janak joined the Company in April 1993 and has over twenty five years' experience in the areas of money, banking, capital markets, foreign exchange and allied financial services. Prior to his induction into the Board of the Company, Mr.A.K.T. Janak was the President of the Investment Banking Division of the Company.

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.A.K.T. Janak as a candidate for office of Director of the Company.

The main terms of appointment, remuneration, perquisites etc. of Mr.A.K.T. Janak as Managing Director are as under, which are subject to the approval of the members of the Company.

**Term**

Period of appointment - Five years effective December 30, 1997, subject to earlier termination either by the Company or him by three months' prior notice.

**Salary**

Rs. 13,30,000 per annum including other allowances and ex-gratia, with such revisions as may be approved by the Board from time to time.

**Perquisites**

In addition to salary, Mr. A.K.T. Janak will be allowed perquisites as specified below, which shall be restricted to an amount not exceeding 60% of the salary.

- Rent free residential accommodation (furnished or otherwise).

- Leave travel assistance for self and family in accordance with the rules of the Company.

- The Company shall pay as per the Company's policy, medical expenses including any such expenses as shall relate to surgical, optical and dental treatment incurred by Mr. A.K.T. Janak for himself, his wife and any of his children who are under 21 years of age and who are dependent on him.

Provided always that the total expenses under this clause shall not exceed one month's salary in a year or three months' salary over a period of three years.

- Mr. A.K.T. Janak and his family shall be covered under the Medclaim insurance scheme as per the rules of the Company.
- 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. A.K.T. Janak shall also be entitled to the following perquisites, which shall not be included in the computation of ceiling on remuneration specified above :

- Company's contribution towards Superannuation/Provident Fund : Such contributions shall not be included in the computation of the ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- Gratuity : Payable as per the rules of the Group Gratuity Scheme of the Company.
- Encashment of leave at the end of the tenure.
- Chauffeur driven Company maintained car on the Company's business and telephone at residence are not to be considered as perquisites. However, personal long distance telephone calls and use of car for private purposes shall be billed by the Company to Mr. A.K.T. Janak.

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

Subject to the exigencies of his employment, Mr. A.K.T. Janak shall be entitled to privilege leave as per the Company's policy, on full pay and allowances.

Mr. A.K.T. Janak, 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. A.K.T. Janak as Managing Director, the Company has no profits or its profits are inadequate, the Board shall be entitled to pay to Mr. A.K.T. Janak 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. A.K.T. Janak, none of the Directors has any concern or interest in the aforesaid resolutions.

The Board commends these resolutions for acceptance by the members.

Item Nos. 7 and 9

The Board of Directors ("the Board") in its meeting held on June 24, 1997, appointed Mr. Vikram Narayan as Additional Director and Executive Director of the Company. Mr. Vikram Narayan will hold the office of Director upto the conclusion of forthcoming Annual General Meeting.

Mr. Vikram Narayan joined the Company in April 1990 and has over thirteen years' experience in financial services area. Prior to his induction into the Board of the Company, Mr. Vikram Narayan was the Chief Executive Officer of the Financial Services Division of the Company.

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. Vikram Narayan as a candidate for office of Director of the Company.

The main terms of appointment, remuneration, perquisites etc. of Mr. Vikram Narayan as Executive Director are as under, which are subject to the approval of the members of the Company.

#### Term

Period of appointment - Five years effective June 24, 1997, subject to earlier termination either by the Company or him by three months' prior notice.

#### Salary

Rs. 12,63,500 per annum including other allowances and ex-gratia, with such revisions as may be approved by the Board from time to time.

#### Perquisites

In addition to salary, Mr. Vikram Narayan will be allowed perquisites as specified below, which shall be restricted to an amount not exceeding 60% of the salary.

- Rent free residential accommodation (furnished or otherwise).
- Leave travel assistance for self and family in accordance with the rules of the Company.
- The Company shall pay as per the Company's policy, medical expenses including any such expenses as shall relate to surgical, optical and dental treatment incurred by Mr. Vikram Narayan for himself, his wife and any of his children who are under 21 years of age and who are dependent on him.

Provided always that the total expenses under this clause shall not exceed one month's salary in a year or three months' salary over a period of three years.

- Mr. Vikram Narayan and his family shall be covered under the Mediciam insurance scheme as per the rules of the Company.
- 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. Vikram Narayan shall also be entitled to the following perquisites, which shall not be included in the computation of ceiling on remuneration specified above :

- Company's contribution towards Superannuation/Provident Fund : Such contributions shall not be included in the computation of the ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- Gratuity : Payable as per the rules of the Group Gratuity Scheme of the Company.
- Encashment of leave at the end of the tenure.
- Chauffeur driven Company maintained car on the Company's business and telephone at residence are not to be considered as perquisites. However, personal long distance telephone calls and use of car for private purposes shall be billed by the Company to Mr. Vikram Narayan.

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

Subject to the exigencies of his employment, Mr. Vikram Narayan shall be entitled to privilege leave as per the Company's policy, on full pay and allowances.

Mr. Vikram Narayan, so long as he functions as Executive 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. Vikram Narayan as Executive Director, the Company has no profits or its profits are inadequate, the Board shall be entitled to pay to Mr. Vikram Narayan 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. Vikram Narayan, 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. 10

Before his elevation to the office of Managing Director, Mr. A.K.T. Janak held the office of Executive Director of the Company for the period from June 24, 1997 to December 29, 1997. The resolution at Item No. 10 seeks ratification by the members of the appointment and remuneration entitlement of Mr. Janak for the aforesaid period, which was previously approved by the Board of Directors, subject to the approval of the members of the Company.

Mr. Janak's remuneration including perquisites, during the period of his holding the office of Executive Director was as under :

Salary including other allowances and ex-gratia Rs. 3,88,136

In addition to salary, Mr. A.K.T. Janak was in receipt of the undermentioned benefits :

- Leave travel assistance for self and family in accordance with the rules of the Company.
- Rent free unfurnished residential accommodation.
- Reimbursement of medical expenses in accordance with the policy of the Company.
- Premium of Mediclaim insurance policy for self and family, as per the rules of the Company.
- Contribution towards Superannuation/Provident Fund not exceeding the limits specified in the Income-tax Act, 1961.
- Chauffeur driven Company maintained car on the Company's business and telephone at residence are not to be considered as perquisites.

Except Mr. A.K.T. Janak, none of the Directors has any concern or interest in the aforesaid resolution.

The Board recommends passing of the said resolution.

By Order of the Board of Directors

**PARAG DESHPANDE**  
Company Secretary

**Registered Office :**

38/39 Rajgir Chambers  
Opp. Old Custom House  
Shahid Bhagat Singh Road  
Fort, Mumbai 400 023  
Date : July 30, 1998



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eleventh Annual Report on the business and operations of your Company and the audited financial accounts for the year ended December 31, 1997.

### FINANCIAL RESULTS

The financial results of your Company for the year ended December 31, 1997 as compared to the previous period are summarized below :

(Rupees in crores)

	Accounting year ended 31.12.1997 (12 months)	Accounting period ended 31.12.1996 (18 months)
Gross Income	206.27	254.17
Profit before depreciation and taxation	61.94	93.41
Less : Depreciation	36.68	53.18
Profit before taxation	25.26	40.23
Less : Provision for taxation	3.08	1.72
Net profit after taxation	22.18	38.51
Add : Balance brought forward from previous period	1.48	0.86
Balance available for appropriation	23.66	39.37
<b>Appropriations :</b>		
1. Transfer to General Reserve	2.00	15.87
2. Transfer to Capital Redemption Reserve	0.67	—
3. Transfer to Debenture Redemption Reserve	6.00	8.45
4. Transfer to Reserve Fund	4.45	—
5. Transfer to Contingency Reserve	2.07	—
6. Proposed dividend (previous period subject to deduction of tax)		
— Preference Shares	Rs.6,575	—
— Equity Shares	6.68	13.57
7. Dividend tax thereon	0.67	—
8. Balance carried forward	1.12	1.48
	23.66	39.37

### Appropriations :

1. Transfer to General Reserve
2. Transfer to Capital Redemption Reserve
3. Transfer to Debenture Redemption Reserve
4. Transfer to Reserve Fund
5. Transfer to Contingency Reserve
6. Proposed dividend (previous period  
subject to deduction of tax)
  - Preference Shares
  - Equity Shares
7. Dividend tax thereon
8. Balance carried forward

### DIVIDEND

Your Directors recommend dividend of 12% on equity shares and 12% payable pro-rata on preference shares for the year ended December 31, 1997. The dividends will be tax free in the hands of the shareholders.

### THE YEAR IN RETROSPECT

When the going gets tough, the tough gets going — this aptly summarizes your Company's response to the adverse macro economic environment for Non-Banking Financial Companies in 1997. The inherent financial strength of your Company, its conservative fiscal

management and leverage policies and above all, its high quality retail assets portfolio enabled your Company not only to weather the storm, but to reach a safe harbour in good shape.

An analysis of your Company's performance in 1997 vis-a-vis the annualized figures for the previous period indicates that Gross Income grew by 21.8% to Rs.206.27 crores from Rs.169.45 crores. Your Company has provided Rs.3.08 crores for taxation, as compared to Rs.1.72 crores in the previous period. Net profit after tax stood at Rs.22.18 crores as against Rs.25.67 crores for the period ended December 1996.

## APPLE FINANCE LIMITED

Your Company is registered as a non-banking financial company with Reserve Bank of India and has duly complied with the prudential norms for income recognition and provisioning for doubtful debts.

As on September 30, 1997, the Capital Adequacy stood at 24.77% as against the minimum of 10% stipulated by Reserve Bank of India.

### BUSINESS ACTIVITIES

#### Car Finance

The economy car segment in 1997 was again dominated by the Maruti 800 and it grew at a steady rate of 7%. However, the mid-size and the luxury end segments of the Indian car market were affected by very low demand. During 1997, your Company consolidated its leadership position in the Indian car finance arena and today enjoys a dominant market share. Apple Car Finance is sold and serviced from 94 locations spread over the country. Mr. Speedy - mnemonic of Apple Car Finance has occupied top-of-mind awareness among car finance buyers in the country, as it stands for speed of finance, paperwork and delivery. During the coming year, there will be a greater choice in the economy car segment, with offerings from Telco, Daewoo and Hyundai on the anvil. Your Company is poised to service this new market opportunity.

#### Truck Finance

During the year, your Company tapped new markets in Punjab and Rajasthan. It further improved its market share in the city of Delhi and consolidated its position in the Nagpur region. Given the overall sluggishness in the transport sector and subsequently in truck receivables, our asset accretion strategies were focussed qualitatively on large fleet operators, and operators having diversified incomes.

#### Investment Banking

The sluggish capital markets were more than adequately offset by the overwhelming volumes in the debt/bond offerings which catered to the investors' appetite following Reserve Bank of India's relaxation of investment norms for banks, poor credit offtake and low interest rates. In the given scenario, this division took the right initiatives and converted opportunities into harnessing expertise in all facets of investment banking.

As a lead manager/arranger, your Company managed a host of debt offerings made via the private placement and public issue route. A majority of the large bond offerings came from corporations/PSUs/state level bodies like ICICI, IFCI, IRFC, Konkan Rly. Corp. Ltd., OPGC, RSEB, IDCOL etc. The encouraging performance of the investment banking activity positioned your Company as one of the top eight merchant bankers (Source : Prime Database).

Your Company's initiative and foray in the area of Mergers and Acquisitions was marked by structuring of four deals executed under SEBI's new takeover code.

Your Company's traditional emphasis on retail business has given synergies; both in resource raising as much as in providing strong avenues for distribution. Its all India distribution network comprising 16 branches for procurement has elevated your Company to an enviable ranking amongst the top ten retail procurers in the country (Source : Prime Database).

#### Corporate Finance

The syndication desk placed your Company as one of the prime intermediaries and assisted many State Electricity Boards in raising funds through innovative structuring. Your Company has executed successfully lease funds mobilization mandates of the order of Rs. 50 crores during the year.

#### Resource Mobilization

During the year, your Company strategically focussed itself on diversifying its resource portfolio to eliminate overdependence on any one source. It concentrated on placement of debt with matching maturities. The overwhelming response towards your Company's private placement of debentures helped it raise low cost funds. Consequently, effective September 1997, it stopped accepting fresh deposits from public. The year saw the deposit base at Rs. 329.74 crores. During this period, your Company made conscious efforts to economize on its borrowing costs, while it arbitrated working capital partly against FCNR borrowings.

### CREDIT RATINGS

You will be pleased to know that in June 1997, after due consideration of the latest developments, ICRA reaffirmed the "MAAA" (M triple A) rating, indicating the highest safety for Apple Fixed Deposits. This rating has been reaffirmed as "MAAA" for the third consecutive year. The "MAAA" rating indicates that the prospect of timely servicing of the interest and principal as per terms is the best. In fact, your Company also enjoys the highest credit ratings for all tenures of debt. Right from short-term debt, where our rating is "A1+", indicating highest safety, to our "MAAA" rated three year Non-Convertible Debenture Programme.

### CURRENT YEAR'S OUTLOOK

We have crossed the bridge of most testing times for this industry during the last year and we have acquitted ourselves very well under given circumstances. Now we are poised to take off from here with markets