



**14th
ANNUAL REPORT
1998-99**

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APPU INDUSTRIES LTD.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

The proposed increase in capital will enable the company to issue further amount of capital as may be needed for funding the business activities of the Company. Your Directors, therefore, recommends that the Resolution as set out under item no 4 of the Notice, be approved for the interest of the Company.

The Directors of the Company may be deemed to be interested in the said Resolution, to the extent they may be entitled to the Shares that may be offered to them on 'Right' basis & otherwise and applied for and allotted to them.

ITEM NO. 5

The special resolution as mentioned above proposes to authorise the Board of Directors to raise Rs. 312.50 Lacs (including Rs. 62.5 lacs on account of premium) from issue of Equity Shares and Rs. 625 Lacs (including Rs. 125 lacs on account of the premium) from warrants to be attached with Equity Shares which shall have an option to apply for and to be allotted Equity shares within next 18 months with a view to augment the networth of the Company by an issue of Equity shares of Rs. 12.50 each for cash at a premium of Rs. 2.50 per Share in accordance with the SEBI guidelines for preferential allotment of shares dated, August 4, 1994 (as amended upto date).

As required by Regulation 3(1)(c)(ii) of the Securities & Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, the necessary information pertaining to the proposed preferential allotment is set out below in the prescribed format :-

I. Allotment Detail :

- a. Name of the Allottee(s) and its relation, if any, with the existing promoters or persons in control over the Target Company (T.C.) Names of persons deemed to be acting in concert with the allottee (all referred as "Acquirer" hereinafter) who will be holding more than 5% in T.C. shall also be disclosed.

ACQUIRERS

1. Jai Software & Systems Pvt. Ltd.
2. Jai Technology Pvt. Ltd.
3. Business Point Ltd.
4. Jai Point Ltd.
5. Master Merchants Pvt. Ltd.
6. Akashdoot Vayapar Pvt. Ltd.
7. Ritika Fabrics Pvt. Ltd.
8. Take Care Consultancy Services Pvt. Ltd.

Relation with Promoters

Holding more than 5%

N I L

N. A.



(i) The proposed allottees no. 1 to 8 are Companies who are not related to the existing promoter of the Company.

- b. In case, the allottee(s) is a company, identify its promoters or persons in control over the Company and the group they belong to, if any :- **Not Applicable.**

II. Acquisition Details

- a. No. and % of shares proposed to be allotted pursuant to special resolution Under Section 81(1A) preferential allotment 25,00,000 Equity Shares constituting 36.76% of the post issued Equity Share Capital of the Company is proposed to be allotted on allotment. The further allotment of Equity shares will depend upon the exercise of option by the Warrant holder of Warrant A and B. But the maximum allotment of equity shares upon exercise of option on Warrant cannot exceed 50,00,000 Equity Shares.

No. & % of shares proposed to be allotted to each of the allottee(s) mentioned at (I) above.)

<u>Names of the Preferential Allottees</u>	<u>No. of shares to be Allotted as Preferential Issue</u>	<u>% of Post issued capital</u>
1. Jai Software & Systems Pvt. Ltd.	3,30,000	4.85
2. Jai Technology Pvt. Ltd.	3,30,000	4.85
3. Business Point Ltd.	3,30,000	4.85
4. Jai Point Ltd.	3,30,000	4.85
5. Master Merchants Pvt. Ltd.	3,30,000	4.85
6. Akashdoot Vayapar Pvt. Ltd.	2,80,000	4.12
7. Ritika Fabrics Pvt. Ltd.	2,80,000	4.12
8. Take Care Consultancy Services Pvt. Ltd.	2,90,000	4.27
	<u>25,00,000</u>	<u>36.76%</u>

(b) Price at which the Allotment is Proposed :

- (i) Rs. 12.50 per Equity Share (i.e. at a premium of Rs.2.50 per share)

The Price state above is in accordance with the SEBI preferential offer guidelines dated 4th April, 1994.

Terms of payment is Rs. 2.50 on application and Rs. 10/- on allotment.

- (ii) The warrant shall be converted at the price of Rs. 12.50 i.e. the price as per SEBI Preferential Share Guidelines on the relevant date (here the relevant date means the 30 days prior to the date on which the general body of the shareholders is held in terms of Section 81(1A) of the Companies Act, 1956)

Terms of payment of warrants shall be Rs. 1.25 (i.e. 10%) shall be charged upfront which shall be adjusted at the time of exercise of option by the warrant holders against payment for Equity Shares. If any warrant holder does not exercise the



option to subscribe for the equity shares, then the upfront payment made shall be forfeited by the Company.

Purpose of and reason of the said allotment :-

The purpose of issue of the Equity Shares is to augment the Capital base of the Company which is a pre-requisite for the purposed Tie-Up. Consequential changes, if any in Board of Directors :-

- (iii) There will be no change in the Board of Directors consequent to this allotment.
- (iv) Consequential changes, if any, in the shareholding pattern of the Target Company.

	Pre Allotment in terms of Shares		Post Allotment terms of Shares	
	No.	%	No.	%
1. Directors, Relatives & Friends	13,25,000	30.81	13,25,000	19.49
Total for Promoters Gr	13,25,000	30.81	13,25,000	19.49
2. Acauirer (s)				
1. Jai Software & Systems Pvt. Ltd.	—	—	3,30,000	4.85
2. Jai Technology Pvt. Ltd.	—	—	3,30,000	4.85
3. Business Point Ltd.	—	—	3,30,000	4.85
4. Jai Point Ltd.	—	—	3,30,000	4.85
5. Master Merchants Pvt. Ltd.	—	—	3,30,000	4.85
6. Akashdoot Vayapar Pvt. Ltd.	—	—	2,80,000	4.12
7. Ritika Fabrics Pvt. Ltd.	—	—	2,80,000	4.12
8. Take Care Consultancy Services Pvt. Ltd.	—	—	2,90,000	4.27
3. MFs.FIs/Fis	—	—	—	—
4. PUBLIC				
Non Resident Indians	4,43,400	10.31	4,43,400	6.52
Other Bodies Corporate	4,91,650	11.43	4,91,650	7.23
Resident Individuals	20,39,950	47.45	20,39,950	30.00
Total paid Equity Capital of target Company.	43,00,000	100%	68,00,000	100%

The further allotment of Equity shares depends upon the exercise of option by the Warrantholder of Warrant A and B. But the maximum allotment of equity shares upon exercise of option of Warrants cannot exceed 50,00,000 Equity Shares.



(v) Consequential changes, if any, in voting rights

The voting rights of the allottees would change in tandem with shareholding pattern as mentioned above.

1. Promoter group
2. Acquirer (s)
3. MFs/FIIs/FIs
4. Public

(vi) Whether the said allotment should result in change in control over the Company –

There will not be any change in the control over the Company. The shares to be allotted in the above preferential issue shall be locked-in as per the latest SEBI guidelines.

Section 81(1A) of the Companies Act, 1956 permits offering of further shares to any person (s) in any manner whatsoever if special resolution to that effect is passed by the members of the Company.

The Listing Agreements with the Company in the first instance should offer all the shares and debentures to be issued for subscription pro-rata to the existing Equity Shareholders unless the Shareholders in a general meeting decide otherwise.

Accordingly consent of the Shareholders is being sought pursuant to the provisions of the section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the Provisions of the Listing agreements executed by the Company with the various Stock exchanges in India where the Company's Shares are listed.

The Directors recommended the resolution as a special resolution for approval of the shareholders. None of the directors of the Company be deemed to be concerned or are interested.

ITEM 6

In view of the Proposed diversification of your Company's activities the Board has, subject to your approval, decided to change the name of the Company as stated in the resolution. Accordingly, the special resolution, as required under section 21 of the Companies Act, 1956 for change of name is being proposed for your approval. The Company will submit the application to the Central Government for its approval.

The Board recommends this resolution for your approval.

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



DIRECTOR : MR. S. K. JAIN
MR. D. K. SARAOGI
MR. P. K. BAGARIA

AUDITORS : RAJESH DUGGAR & CO.
Chartered Accountants
Calcutta

SOLICITORS : S. N. AGARWAL
Calcutta

BANKER : Citi Bank N. A.
Calcutta

REGISTERED OFFICE : 1/1A, Upper Wood Street
Calcutta - 700 017



NOTICE

TO THE MEMBERS

NOTICE is hereby given that the Fourteenth Annual General Meeting of Appu Industries Limited will be held at P-21A, Old Ballygunj Road, Calcutta-700 019, on Monday, the 27th December, 1999, at 9:30 AM, to transact the following business :

ORDINARY BUSINESS

1. To receive consider and adopt the audited Balance Sheet of the company as at 30th June, 1999 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. D. K. Saraogi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the company and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modification, the following resolutions:—

As an Ordinary Resolutions :

4. RESOLVED that pursuant to Section 94 and other applicable provisions of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 5 Crores (Rupees Five Crores) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 12.60 Crores (Rupees Twelve Crore Sixty Lacs Only) divided into 1,26,00,000 (One Hundred Twentysix Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each.

RESOLVED further that pursuant to Section 16 and other applicable provisions of the Companies Act, 1956, the existing clause V of the Memorandum of Association of the Company be and is hereby amended accordingly to incorporate the afore-said increase in the Authorised Capital.

As a Special Resolutions :

5. RESOLVED that the consent of the Company be and is hereby accorded, under Section 81(1-A) of the Companies Act, 1956, to the Board of Directors of the Company to issue & allot 25,00,000 Equity Shares in the Capital of the Company to persons, named below in accordance with the guidelines for preferential issue of Shares/Warrants issued by the Securities & Exchange Board of India (SEBI) at a