

49TH ANNUAL REPORT

1997-98

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RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

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BIRLA VXL LIMITED
DIGJAM SAUKEM OCM

BIRLA VXL LIMITED**OPERATING DIVISIONS**

Digjam Woollen Mills
Aerodrome Road,
Jamnagar 361 006 (Gujarat)
Tel : (0288-) 55 1480
Fax : (0288-) 55 4697

OCM Woollen Mills
G.T. Road, Chheharta,
Amritsar 143 001 (Punjab)
Tel : (0183-) 25 8712
Fax : (0183-) 25 8714

Saurashtra Chemicals
Odedar Road, Birlasagar,
Porbandar 360 576 (Gujarat)
Tel : (0286-) 2 1735
Fax : (0286-) 2 1431

Universal Clothing
14/5, Mathura Road,
Faridabad 121 003
Tel : (0129-) 27 5713
Fax : (0129-) 27 6236

OTHER OFFICES

VXL House,
F-45, N.D.S.E. Part - I,
New Delhi 110 049
Tel : (011-) 461 9341
Fax : (011-) 461 5204

85, Maker Towers, F-Block,
Cuffe Parade,
Mumbai 400 005
Tel : (022-) 218 4640
Fax : (022-) 218 8365

REPRESENTATIVE OFFICE

1st Floor, Signal House,
Lyon Road, Harrow, HA1 ZAG,
England, U. K.
Tel : (0181-) 861 5510
Fax : (0181-) 424 0242

SHAREHOLDER INFORMATION

We try hard to be attentive to our Shareholders by having a policy of being readily accessible to them. We emphasize the importance of responding promptly in a friendly, helpful way when our Shareholders have questions or need assistance. If you need normally available information about your holding, please do not hesitate to call us on Telephone No. (033) 220 1680 or (033) 248 0135 and ask for Mr. D. K. Sonee/Mr. B. B. Nayak/Mr. S. Deb Mallick (Extn. 1017) or write to Secretarial Department at :
Birla VXL Limited
Birla Building,
9/1, R. N. Mukherjee Road,
Calcutta 700 001

Annual General Meeting of Shareholders

While the formal notice of the Shareholders' Meeting is attached to this Report, please note the next meeting of the Shareholders will be held on **Saturday, December 19, 1998 at 10.30 a.m.** at the Registered Office of the Company at Aerodrome Road, Jamnagar 361 006.

Registrar and Transfer Agent

ABC Computers Pvt. Ltd.
National Council of Education Building,
Jadavpur University Campus, Calcutta 700 032
Tele : (033) 473 1292, 473 1163, 473 5363

Stock Exchange Listings

Saurashtra Kutch Stock Exchange Ltd.
Popatbhai Sorathia Bhavan,
Sadar Bazar,
Rajkot 360 001

National Stock Exchange of India Ltd.
Trade World,
Senapati Bapat Marg, Lower Parel,
Mumbai 400 013

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 023

The Calcutta Stock Exchange Association Ltd.
7, Lyons Range,
Calcutta 700 001

The Delhi Stock Exchange Association Ltd.
West Plaza, I.G. Stadium, I.P. Estate,
New Delhi 110 002

PRINCIPAL OPERATING DIVISIONS

DIGJAM WOOLLEN MILLS, Jamnagar
 OCM WOOLLEN MILLS, Amritsar
 SAURASHTRA CHEMICALS, Porbandar
 UNIVERSAL CLOTHING, Faridabad

BANKERS

UCO BANK
 BANK OF INDIA
 BANK OF AMERICA
 BANK OF BARODA
 CENTRAL BANK OF INDIA
 PUNJAB NATIONAL BANK
 PUNJAB & SIND BANK
 STATE BANK OF INDIA
 STATE BANK OF SAURASHTRA
 STANDARD CHARTERED BANK
 UNION BANK OF INDIA

AUDITORS

LODHA & CO.
 Chartered Accountants,
 14, Government Place East,
 Calcutta 700 069

CORPORATE OFFICE

VXL House,
 F-45, N.D.S.E. Part I,
 New Delhi 110049

REGISTERED OFFICE

Aerodrome Road,
 Jamnagar 361006

DIRECTORS

S.K. BIRLA, Chairman
 A. N. LALBHAI
 SIDHARTH BIRLA
 R. K. CHOUDHURY
 S. GANGULY
 N. L. HAMIRWASIA
 T. HANAMAKI
 M. K. JHAWAR
 V. R. MEHTA
 A. C. MUKHERJI
 D. F. PATEL
 V. J. PABARI
 K. V. UNNI
 B. RATHKE
 C. L. GOSWAMI
 C. L. RATHI

EXECUTIVES

B. RATHKE
 President & Managing Director
 C. L. GOSWAMI
 Executive Director
 C. L. RATHI
 Executive Director
 J. P. AGRAWAL
 President (Group Finance)
 B. S. CHANDIRAMANI
 President (International Division)
 M. K. GOENKA
 Joint President (Digjam Woollen Mills)
 D. P. GOENKA
 Joint President (OCM Woollen Mills)
 RAVINDRA AGRAWAL
 Joint President (Saurashtra Chemicals)
 U. C. JAIN
 Vice-President (Legal)
 GIRISH BHATIA
 Secretary

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the Fortyninth Annual General Meeting of the Members of the Company will be held on Saturday, the 19th December, 1998 at 10.30 a.m. at the Registered Office of the Company at Aerodrome Road, Jamnagar 361 006, to transact the following business :

1. To consider and adopt the Directors' Report and audited Balance Sheet and Profit & Loss Account as at and for the 15 month period ended 30th June, 1998.
2. To confirm payment of Interim Dividend on Preference Shares and declare Dividend on Preference and Equity Shares.
3. To appoint Directors in place of Sarvashri A. N. Lalbhai, M. K. Jhawar, A. C. Mukherji and T. Hanamaki, who retire from office by rotation and being eligible, offer themselves for re-election.
4. To appoint Auditors and fix their remuneration and for the purpose, to consider and if thought fit, to pass with or without modification the following resolution, which will be proposed as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 224A of the Companies Act, 1956, M/S Lodha & Co., Chartered Accountants, Calcutta, be and are hereby re-appointed Auditors of the Company, to hold office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and are hereby authorised to fix their remuneration."

SPECIAL BUSINESS :

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

5. AS AN ORDINARY RESOLUTION

"RESOLVED THAT Dr. S. Ganguly be and is hereby appointed a Director of the Company."

6. AS AN ORDINARY RESOLUTION

"RESOLVED THAT Shri C. L. Rathie be and is hereby appointed a Director of the Company."

7. AS AN ORDINARY RESOLUTION

"RESOLVED THAT pursuant to the provisions of Articles 163A, 163B, 163C and 163D of the Articles of Association of the Company and Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby approves the appointment of Shri C. L. Rathie, as a Whole-time Director of the Company designated as Executive Director, for a period of five years with effect from 1st June, 1998, with liberty to either party to terminate the appointment on three months' notice in writing to the other, at a remuneration and on terms set out below :

1. Salary : Rs. 60,000/- per month, subject to such periodic increments as the Chairman of the Board may approve upto a total of Rs. 75,000/- per month, provided that all emoluments paid shall in any case be within the overall limits laid down by Schedule XIII of the Companies Act, 1956.
2. Allowance : City compensatory allowance shall be paid at the rate of Rs. 20,000/- per month.
3. Commission : Not exceeding 2% of the net profits of the Company, subject however, to a maximum amount of Rs. 4.0 lacs per annum or part thereof, computed in the manner laid down in Section 309(5) of the Companies Act, 1956 and further, as may be determined by the Board from time to time within this limit.
4. Housing : He shall be located in Delhi and the Company may, if available but without commitment, arrange for suitable housing for him, for which the actual rent paid would be recompensed to the Company by him.

5. Perquisites :**Category—A :**

- i. Rent : He shall recompense to the Company the actual amount of rent that the Company may be required to pay for his accommodation. No expenditure shall be incurred by the Company on gas, electricity or water charges, which shall be borne/recompensed by him.
- ii. Medical Reimbursement : As per Rules of the Company.
- iii. Leave Travel Concession : As per Rules of the Company.
- iv. Club Fees : Subject to a maximum of two Clubs. This will not include Admission and Life Membership Fee.
- v. Personal Accident Insurance : Premium not to exceed Rs. 4,000/- per annum.

The remuneration by way of salary, perquisites and any other allowances shall not exceed Rs. 10,50,000/- per annum or Rs. 87,500/- per month, where in any Financial Year during the currency of the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate.

Category—B :

The following perquisites shall not be included in the computation of the ceiling on remuneration specified in Para 1, 2, 3, 4 and 5 above :

- i. contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961;
- ii. gratuity payable at a rate not exceeding half a month's salary for each completed year of service ; and
- iii. encashment of leave at the end of the tenure.

Category—C :

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, 1962 wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Provision of one Car with Driver for use on Company's business and telephone at residence not to be considered as perquisites. Personal long distance telephone calls and use of Car for private purpose shall be billed by the Company as far as practicable on actual basis, failing which on an estimated basis.

Notwithstanding, where in any financial year during the currency of the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the Company may continue to pay him remuneration by way of salary and perquisites not exceeding the limits specified above as minimum remuneration."

8. AS AN ORDINARY RESOLUTION

"RESOLVED THAT pursuant to the provisions of Articles 163A, 163B, 163C and 163D of the Articles of Association of the Company and Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the extension of the terms of appointment of Shri C. L. Goswami as a Whole-time Director of the Company designated as Executive Director from 1st October, 1998 upto 31st December, 1999 with liberty to either party to terminate the appointment on three months' notice in writing to the other, on a remuneration and on the terms set out below :

1. Salary : Rs. 60,000/- per month, subject to such periodic increments as the Chairman of the Board may approve upto Rs. 67,500/- per month, provided that all emoluments paid shall in any case be within the overall limits laid down by Schedule XIII of the Companies Act, 1956.

BIRLA VXL LIMITED

2. Commission : Not exceeding 2% of the net profits of the Company, subject, however, to a maximum amount of Rs. 4.0 lacs per annum or part thereof computed in the manner laid down in Section 309(5) of the Companies Act, 1956 and as may be determined by the Board from time to time within this limit.

3. Perquisites :

- Category—A :

- i. The expenditure by the Company on hiring unfurnished accommodation, will be subject to a ceiling of 60% of the salary, over and above 10% payable by the Director as may be determined by the Board from time to time. However, expenditure by the Company on gas, electricity, water and furnishings shall be valued as per Income-tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary.
- ii. Medical Reimbursement : As per Rules of the Company.
- iii. Leave Travel Concession : As per Rules of the Company.
- iv. Club Fees : Subject to a maximum of two Clubs. This will not include Admission and Life Membership Fee.
- v. Personal Accident Insurance : Premium not to exceed Rs. 4,000/- per annum.

The remuneration by way of salary, perquisites and any other allowances, shall not exceed Rs. 10,50,000/- per annum or Rs. 87,500/- per month, where in any Financial Year during the currency of the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate and in such cases the same shall be paid as minimum remuneration.

- Category—B :

The following perquisites shall not be included in the computation of the ceiling on remuneration specified in Para 1, 2, 3 above :

- i. contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 ;
- ii. gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- iii. encashment of leave at the end of the tenure.

- Category—C :

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, 1962 wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Provision of one Car with Driver for use on Company's business and telephone at residence not to be considered as perquisites. Personal long distance telephone calls and use of Car for private purpose shall be billed by the Company as far as practicable on actual basis, failing which on an estimated basis."

9. AS AN ORDINARY RESOLUTION

"RESOLVED THAT pursuant to the provisions of Articles 163A, 163B; 163C and 163D of the Articles of Association of the Company and Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such sanctions and approvals as may be necessary, the Company hereby approves the appointment of Shri B. Rathke as the Managing Director of the Company, whose office shall not be liable to retirement by rotation under the Companies Act, 1956 for a period of five years, with effect from 23.2.1999 with liberty to either party to terminate the appointment on three months' notice in writing to the other, at a remuneration and on the terms set out below :

1. Salary : Rs. 65,000/- per month, subject to such periodic

increments as the Chairman of the Board may approve, provided that all emoluments paid shall in any case be within the overall limits laid down by Schedule XIII of the Companies Act, 1956.

2. Commission : Not exceeding 3% of the net profits of the Company, subject, however, to a maximum amount of Rs. 6.0 lacs per annum or part thereof computed in the manner laid down in Section 309(5) of the Companies Act, 1956 and as may be determined by the Board from time to time within this limit.

3. Perquisites :

- Category—A :

- i. The expenditure by the Company on hiring unfurnished accommodation, will be subject to a ceiling of 60% of the salary, over and above 10% payable by the Director as may be determined by the Board from time to time. However, expenditure by the Company on gas, electricity, water and furnishings shall be valued as per Income-tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary.
- ii. Medical Reimbursement : As per Rules of the Company.
- iii. Leave Travel Concession : As per Rules of the Company.
- iv. Club Fees : Subject to a maximum of two Clubs. This will not include Admission and Life Membership Fee.
- v. Personal Accident Insurance : Premium not to exceed Rs. 4,000/- per annum.

The remuneration by way of salary, perquisites and any other allowances, shall not exceed Rs. 10,50,000/- per annum or Rs. 87,500/- per month, where in any Financial Year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate and in such cases the same shall be paid as minimum remuneration.

- Category—B :

The following perquisites shall not be included in the computation of the ceiling on remuneration specified in Para 1, 2, 3 above :

- i. contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 ;
- ii. gratuity payable at a rate not exceeding half a month's salary for each completed year of service ; and
- iii. encashment of leave at the end of the tenure.

- Category—C :

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, 1962 wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Provision of one Car with Driver for use on Company's business and telephone at residence not to be considered as perquisites. Personal long distance telephone calls and use of Car for private purpose shall be billed by the Company as far as practicable on actual basis, failing which on an estimated basis."

10. AS AN ORDINARY RESOLUTION

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board/Committee of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of all or any of the following, viz. :

BIRLA VXL LIMITED

1. Industrial Development Bank of India (IDBI) ;
 2. The Industrial Credit and Investment Corporation of India Ltd. (ICICI);
 3. The Industrial Finance Corporation of India Ltd. (IFCI) ;
- A. to secure Foreign Currency Loans and Guarantee Assistance Facilities, in the manner and to the extent set out below, subject to such modification as might be agreed amongst the participants mentioned above :
1. Foreign Currency Loan of US\$ 13,800,000 equivalent to about Rs. 5000 lacs lent and advanced/agreed to be lent and advanced by IDBI to the Company ;
 2. Foreign Currency Loan of US\$ 8,115,256 or about Rs. 2915 lacs lent and advanced/agreed to be lent and advanced by ICICI to the Company ;
 3. Guarantee Assistance Facility of upto US\$ 13.25 Million or equivalent to about Rs. 48.40 Crores given by ICICI to the Company ;
 4. Guarantee Assistance Facility of upto US\$ 11.84 Million or equivalent to about Rs. 47.36 Crores given by IFCI to the Company ;

together with interest at the respective agreed rate, additional interest, liquidated damages, premium on prepayment or on redemption, costs, charges, expenses, commission and all other monies (including additional amount payable on account of any escalation clause or any revaluation or devaluation or fluctuation in the rates of exchange of foreign currencies involved) payable by the Company to IDBI, ICICI and IFCI in terms of their respective Loan Agreements/Hypothecation Agreements/Guarantee Agreements entered into/to be entered into by the Company, in respect of the said Foreign Currency Loans and Guarantee Assistance Facilities ; and

- B. to the Board agreeing with all or any of the said IDBI, ICICI and IFCI in terms of their respective Loan Agreements/Hypothecation Agreements/Guarantee Agreements to reserve a right to take over the management of the business and concern of the Company in certain events;

RESOLVED FURTHER THAT the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done in terms of the above by and with the authority of the Board be and are hereby approved and confirmed."

11. AS AN ORDINARY RESOLUTION

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or creating second mortgage and charge by the Board/Committee of Directors of the Company on all movable and immovable properties of the OCM Woollen Mills Division, Amritsar, of the Company wheresoever situate, present and future and/or conferring power to enter upon and take possession of the assets of the OCM Woollen Mills Division of the Company, subject to the prior written consent of the first chargeholders in certain events to or in favour of Bank of India to secure Export Packing Credit Advance of Rs. 1450 lacs ; together with interest, additional interest, premia on prepayment or on redemption, costs, charges, expenses and other monies payable to them in terms of Deed of Hypothecation.

RESOLVED FURTHER THAT the mortgage and charge created/to be created as above shall rank subsequent and subservient to the mortgages and charges created/to be created in favour of Financial and Investment Institutions for the various Term Loans etc. given by them and for various Debentures etc. allotted to them.

RESOLVED FURTHER THAT the Board/Committee of Directors be and is hereby authorised to finalise with The Industrial Credit and Investment Corp'n. of India Ltd. (ICICI), The Industrial Finance

Corp'n. of India Ltd. (IFCI) and aforesaid Bank, if deemed necessary, documents creating the aforesaid mortgage and/or second charge and to do all such acts, deeds and things as may be necessary, for giving effect to the above resolution."

12. AS A SPECIAL RESOLUTION

"RESOLVED THAT pursuant to Section 309(4) read with Section 309(7) of the Companies Act, 1956, the Directors of the Company be and are hereby authorised to continue to receive the commission (to be divided between them equally or in such manner as they may from time to time determine) @ 1% of the net profits of the Company computed in the manner referred to in Sub-section (1) of Section 198 of the Companies Act, 1956 for each of the five Financial Years of the Company commencing from 1st July, 1998.

Provided that the Directors may at their discretion decide the exact amount to be disbursed by way of commission in each such financial year within the limit stipulated above."

13. AS AN ORDINARY RESOLUTION

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company and subject to other permissions and approvals as may be required, consent of the Members be and is hereby accorded to the Board of Directors of the Company, to sell or otherwise dispose of or transfer the movable and immovable assets including land, building, plant and machinery, equipment etc. at Diamond Drill Syndicate Unit at Asansol and on such terms and conditions as may be decided by the Board of Directors.

RESOLVED FURTHER THAT the Board of Directors be and is hereby also authorised to finalise and execute necessary documents including Agreements, Deeds of Assignments, Conveyance Deeds, matters and things as may be considered necessary, desirable and expedient in their discretion for implementing this resolution or completion of such sale/transfer."

14. AS A SPECIAL RESOLUTION

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association of the Company be and are hereby modified and altered to the extent and in the manner as hereinafter stated :

- i. The existing Article 5b. be deleted and in place thereof, the following Article be substituted, viz. :

5b. BUY-BACK OF SHARES

Buy-Back of
Shares

Notwithstanding anything contained in these Articles, in the event it is permitted by law for a Company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by law.

- ii. Insert the following heading and Article as Article 72A after Article 72.

72A DEMATERIALISATION OF SECURITIES

Definitions

1. For the purpose of this Article :

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository ;

'SEBI' means the Securities & Exchange Board of India ;

'Depository' means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992 ; and

BIRLA VXL LIMITED

	'Security' means such security as may be specified by SEBI from time to time.	8. Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
Dematerialisation of Securities	2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.	9. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
Options for Investors	3. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.	10. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles."
Securities in depositories to be in fungible form	4. All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.	
Rights of depositories and beneficial owners	5. a. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner. b. Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. c. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.	
Service of documents	6. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.	
Transfer of Securities	7. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.	

15. AS A SPECIAL RESOLUTION

"RESOLVED THAT if and when permitted by the law and subject to all applicable provisions of the law and subject to such consents and such other approvals as may be required and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), or as may be prescribed or imposed while granting such consents and approvals and which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board, to purchase such number of Equity Shares or other Securities specified by the Government, of the Company, as may be thought fit, from the holders of the Equity Shares or other Securities of the Company in such proportion and manner as may be permitted by the law, not exceeding such percentage of the capital of the Company as may be permitted by the law, from such funds of the Company as are permitted to be used for this purpose or out of the proceeds of any issue made by the Company, on such terms and subject to such conditions as may be prescribed by the law.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of Equity Shares or other Securities.

RESOLVED FURTHER THAT nothing hereinabove contained shall confer any right on any member to offer or any obligation on the Company or the Board to buy back any Equity Shares or other Securities."

The Register of Members of the Company will remain closed from 1.12.1998 to 19.12.1998 (both days inclusive).

Registered Office :
Aerodrome Road,
Jamnagar 361 006

By Order of the Board

GIRISH BHATIA
Secretary

Dated : 7th September, 1998

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. The instrument appointing a proxy has to be deposited at the Company's Registered Office at Aerodrome Road, Jamnagar 361 006, not less than 48 hours before the time for holding the aforesaid meeting.
3. Dividend on Equity Shares declared at the Annual General Meeting will be paid to those Shareholders, whose names stand on Register of Members of the Company on 19th December, 1998 and to

whom Dividend Warrants will be posted on or before 29th January, 1999.

4. The instruments of Share transfer complete in all respects should be sent to the Company's Registrars and Transfer Agents — M/s ABC Computers Pvt. Ltd., National Council of Education Bldg., Jadavpur University Campus, Calcutta 700 032, well in advance, so as to reach them prior to Book Closing. Shares under any defective transfer (unless defect is removed prior to Book Closing) and/or instruments of transfer received during the period of Book Closing shall be considered after re-opening of the books.
5. Shareholders are requested to intimate the Company's Registrars and Transfer Agents as mentioned in Note No. 4 above, changes, if any, in their registered addresses including PIN CODE Number.
6. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed Dividends upto the Financial Year 1993-94 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the Dividend Warrants upto the said period are requested to claim the amount from the Registrar of Companies, Gujarat, Ahmedabad, by submitting an application in the prescribed form. The unclaimed Dividends for the Financial Year 1994-95 will also be transferred to the said account of the Central Government shortly. The Members, who have not yet claimed their Dividend for the said year, may claim it now before the same is so transferred.

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

<u>Financial Year ended</u>	<u>Due for transfer on</u>
31.3.95	10.10.1998
31.3.96	7.11.1999
31.3.97	7.11.2000

7. With a view to provide protection against fraudulent encashment of Dividend Warrants, Shareholders were requested by the Company to provide their Bank Account numbers, names and addresses of the Bank branches to enable the Company to incorporate the said details in the Dividend Warrants. Although several Shareholders responded to this request, a large number have not yet provided such information. These Members are once again requested to provide abovementioned details quoting their Folio numbers. Members will appreciate that the Company will not be responsible for any loss arising out of fraudulently encashed Dividend Warrants.
8. Members holding more than one Share Certificate in the same name under different Ledger Folios, are requested to apply for consolidation of such folios and send relevant Share Certificates to the Company's Registrars and Transfer Agents as stated in Note No. 4 above.
9. Members attending the meeting are requested to complete the enclosed slip and deliver the same at the entrance of the Meeting Hall.
10. Persons attending the Annual General Meeting are requested to bring their copies of Annual Reports as the practice of distribution of copies of the Annual Report at the meeting has been discontinued.
11. Shareholders of (the erstwhile) Western Bengal Coal Fields Ltd. (WBCF) which merged with Universal Electrics Ltd. (UEL) w.e.f. 1.7.82 and UEL and The Oriental Carpet Manufacturers (India) Ltd. (OCM) which merged with the Company w.e.f. 1.7.83 who have not yet surrendered the Share Certificate of the said erstwhile companies, viz. WBCF, UEL and OCM held by them are requested to surrender the same immediately to the Company's Office at 9/1, R. N. Mukherjee Road, Calcutta 700 001, in order to enable us to send Share Certificates of the Company in lieu thereof, as also to send prorata sale proceeds towards fractional entitlement, if any.
12. **SHAREHOLDERS OF THE COMPANY ARE AGAIN REMINDED TO SURRENDER ALLOTMENT-LETTER FOR 12.5% FULLY CONVERTIBLE DEBENTURES DULY DISCHARGED ALONG WITH RECEIPTED ALLOTMENT ADVICE-CUM-ALLOTMENT**

MONEY NOTICE TO THE COMPANY'S REGISTRARS AND TRANSFER AGENTS, AS MENTIONED IN NOTE NO. 4 ABOVE, TO ENABLE THEM TO DESPATCH FULLY PAID DEBENTURE-CUM-SHARE CERTIFICATE IN LIEU THEREOF.

13. For any further information regarding the said Accounts, advance intimation be given and the members should ensure that it reaches the Company's Office in Calcutta as stated in Note No. 11 above, atleast 10 days before the date of the ensuing meeting.

14. **EXPLANATORY STATEMENT** pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business stated above in appended below :

Item No. 5

Dr. S. Ganguly was appointed as an Additional Director of the Company and will hold Office until the conclusion of the ensuing Annual General Meeting of the Company and is eligible for re-appointment.

Dr. Ganguly holds Office of Director in a number of other reputed companies.

The Company has received a notice pursuant to Section 157 of the Companies Act, 1956 from a Member along with a deposit of Rs. 500/-, signifying his intention to propose at the ensuing Annual General Meeting, the appointment of Dr. S. Ganguly as a Director of the Company and for that purpose, to move a resolution as mentioned in the said notice.

It is considered that it would be in the interests of the Company to appoint Dr. S. Ganguly as a Director of the Company in view of his vast working knowledge and experience.

Dr. Ganguly is interested or concerned in the resolution. None of the other Directors is interested or concerned in the resolution.

Item No. 6 and 7

In view of the continued growth of the Company's activities, it was considered to be in the interests of the Company to appoint Shri C. L. Rathi as Executive Director of the Company. Accordingly, pursuant to the provisions of Articles 163A, 163B, 163C and 163D of the Articles of Association of the Company and Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Shareholders in General Meeting in due course, the Board of Directors at its meeting held on 16th May, 1998 has co-opted Shri C. L. Rathi as Whole-time Director with effect from 1st June, 1998 designated as Executive Director, for a period of five years in the first instance, on the salient terms and conditions of the appointment as set out in the resolution in Item No. 7 of the convening Notice.

The Company has received notice in writing with the required deposit, in terms of Section 257 of the Act from a Member of the Company, signifying his intention to propose the name of Shri C. L. Rathi for appointment as Director of the Company. The Board of Directors of the Company ("the Board") considers that the appointment of Shri C. L. Rathi as Director of the Company will prove beneficial to the Company and accordingly, recommends the resolutions set out in Item No. 6 and 7 of the convening Notice.

The appointment and remuneration payable to Shri C. L. Rathi as Executive Director requires the approval of the Company in General Meeting, in terms of Part III of Schedule XIII of the Companies Act, 1956 and the remuneration so payable to him also requires the approval of the Members of the Company in General Meeting under Section 309 of the Companies Act, 1956. Shri C.L.Rathi is concerned or interested in the resolutions concerning his appointment and remuneration as Whole-time Director.

Save as aforesaid, no other Director of the Company is concerned or interested in the resolutions.

An abstract of the terms of appointment and remuneration payable to Shri C. L. Rathi as Executive Director with effect from 1st June, 1998 has already been circulated to the Members, as required under Section 302 of the Companies Act, 1956.

BIRLA VXL LIMITED

Item No. 8

In view of the continued growth of the Company's activities and the need for greater development work in this area, it was considered to be in the interests of the Company to extend the terms of appointment of Shri C. L. Goswami as Whole-time Director of the Company beyond 30.9.1998 upto 31.12.1999. Accordingly, pursuant to the provisions of Articles 163A, 163B, 163C and 163D of the Articles of Association of the Company and Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Shareholders in General Meeting in due course, the Board of Directors at its meeting held on 7.9.1998 had extended the terms of appointment of Shri C. L. Goswami as Whole-time Director beyond 30.9.1998 upto 31.12.1999 on the salient terms and conditions as set out in the resolution in Item No. 8 of the convening Notice.

The appointment and remuneration payable to Shri C.L. Goswami as Whole-time Director requires the approval of the Company in General Meeting, in terms of Part III of Schedule XIII of the Companies Act, 1956 and the remuneration so payable to him also requires the approval of the Members of the Company in General Meeting under Section 309 of the Companies Act, 1956.

The resolution with the explanatory statement may also be treated as an abstract of the terms of the appointment of Shri C. L. Goswami as Whole-time Director as required under Section 302 of the Companies Act, 1956.

Shri C. L. Goswami is concerned and/or interested in the resolution concerning his appointment and remuneration as Whole-time Director.

Save as aforesaid, no other Director of the Company is concerned and/or interested in the resolution.

Item No. 9

The present terms of five years of Shri B. Rathke as Managing Director of the Company comes to an end on 22.2.1999. In the interest of the continued growth of the Company, the Board of Directors in its meeting held on 7.9.1998 considered it desirable to appoint Shri B. Rathke as Managing Director of the Company, not liable to retirement by rotation, for a period of five years with effect from 23.2.1999.

The appointment and remuneration payable to Shri B. Rathke as Managing Director requires the approval of the Company in General Meeting, in terms of Part III of Schedule XIII of the Companies Act, 1956 and the remuneration so payable to him also requires the approval of the Members of the Company in General Meeting under Section 309 of the Companies Act, 1956.

An abstract of the terms and conditions as to the remuneration as set out in resolution at Item No. 9 of the convening Notice and the terms proposed satisfy the conditions laid down in Parts I and II of Schedule XIII. Accordingly, the Board recommends the same.

This resolution with explanatory statement may also be treated as an abstract of the terms of the appointment of Shri B. Rathke as Managing Director as required under Section 302 of the Companies Act, 1956.

Shri B. Rathke is concerned and/or interested in the resolution concerning his appointment and remuneration as Managing Director.

Save as aforesaid, no other Director of the Company is concerned and/or interested in the resolution.

Item No. 10

The Company has approached Industrial Development Bank of India (IDBI), The Industrial Credit and Investment Corporation of India Ltd. (ICICI) and The Industrial Finance Corporation of India Ltd. (IFCI) (hereinafter collectively referred to as "the Financial Institutions") for financial assistance in the form of Foreign Currency Loan for meeting part of margin money for long term working capital requirements, to meet the project related

expenditure relating to setting up a Co-generation Power Plant at its Saurashtra Chemicals Unit at Porbandar in Gujarat and certain other utilities at its OCM Woollen Mills Unit in Amritsar, Punjab and Digjam Woollen Mills Unit at Jamnagar in Gujarat.

The Guarantee Assistance facilities are for providing guarantees for the External Commercial Borrowings raised from Dresdner (South-East Asia) Ltd. and other lenders for meeting Company's requirements of working capital margin money, normal capital expenditure and other corporate purposes.

The financial assistance from the Financial Institutions has to be secured by a first mortgage in a form satisfactory to the Financial Institutions of all the immovable properties of the Company, wheresoever situate, both present and future and a charge by way of hypothecation of all the movables, save and except book debts, but including movable machinery, machinery spares, tools and accessories, present and future, subject to prior charges created and to be created on specific equipment obtained under deferred credit and subject also to the charges on current assets created/to be created in favour of the Bankers for securing working capital requirements. The above mortgage and charge will rank pari passu with the charges created and/or to be created in favour of the Trustees of the existing/proposed Debentures and other existing term lenders and Banks.

Section 293(1)(a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of a public Company shall not without the consent in General Meeting, sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of such undertaking. Since the charging by the Company of its immovable and movable properties as aforesaid in favour of the Financial Institutions may be regarded as disposal of the Company's properties/undertakings, it is necessary for the Members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

None of the Directors may be considered to be interested in passing of this resolution.

Item No. 11

OCM Woollen Mills had been granted Export Packing Credit Advance of Rs. 1450 lacs as a part of working capital facilities by Bank of India. As a part of terms and conditions of Export Credit Advance Limit granted to the Division, the Company is required to mortgage/create second charge on all the movable and immovable assets of the above Division of the Company, as described in the resolution, subject to approval of ICICI, who is acting as Lead Institution for Term Loan/Financial Assistance availed by the Company.

Section 293(1)(a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of a public Company shall not without the consent in General Meeting, sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of such undertaking. Since the charging by the Company of its immovable and movable properties as aforesaid in favour of Bank of India may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

None of the Directors may be considered to be interested in passing of this resolution.

Item No. 12

Members had approved a similar resolution at the Annual General Meeting held on 27.9.1993. Since a Special Resolution in respect of commission on profits to the Directors is valid only for a period of five years and had, therefore, expired on 30.6.1998, it is proposed to seek a fresh mandate from Members for a further period of five years with effect from 1.7.1998. Since non-Executive Directors devote considerable time to the business of the Company