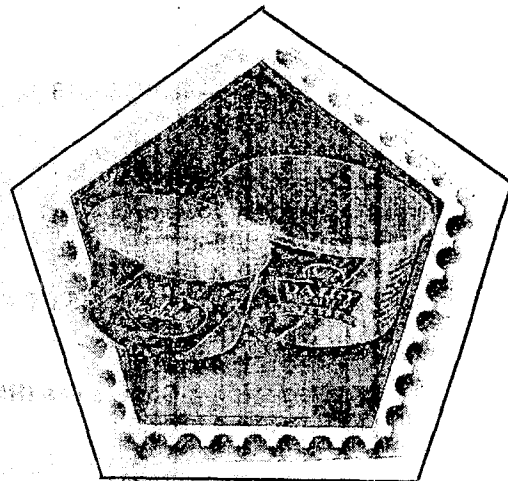
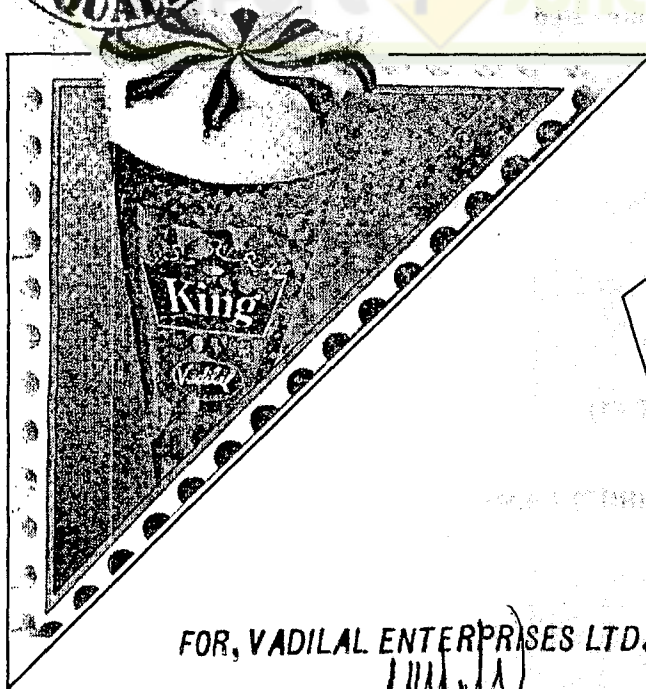
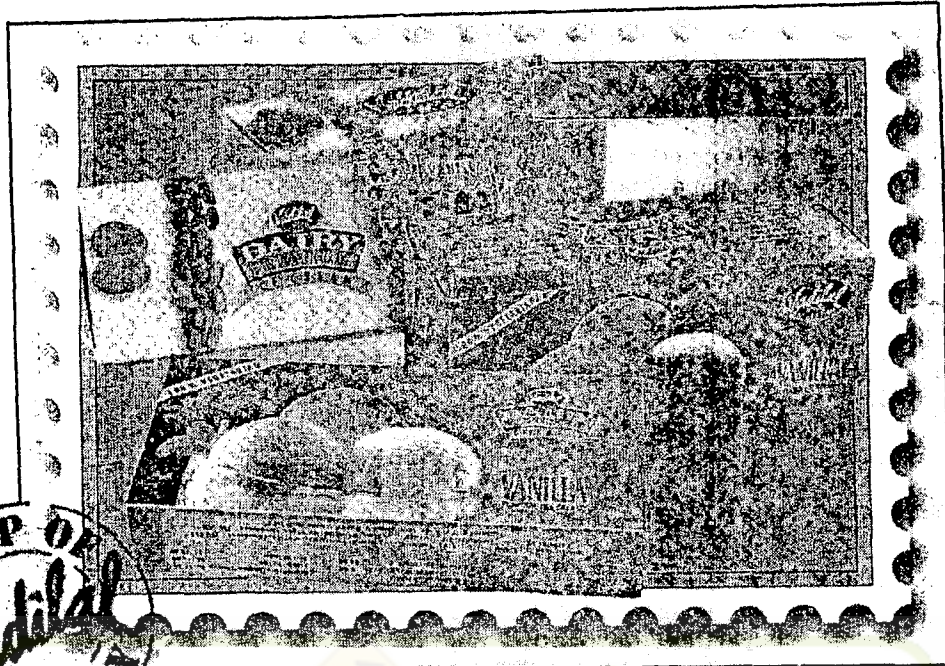


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| | | | | |
|-----|---|---|-----|----|
| MD | ✓ | | BKC | ✓ |
| CS | ✓ | | DPY | NA |
| RO | ✓ | | DIV | ✓ |
| TRA | ✓ | ✓ | AC | ✓ |
| AGM | ✓ | ✓ | SHH | ✓ |
| YE | ✓ | ✓ | | ✓ |



FOR, VADILAL ENTERPRISES LTD.

[Signature]
COMPANY SECRETARY



VADILAL ENTERPRISES LIMITED

**The
Cream
of
India**

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ADDITIONAL INFORMATION FOR THE SHAREHOLDERS

- 1) **Name of the Company**
Vadilal Enterprises Limited
- 2) **Company Regn. No.**
04-7995
- 3) **Share Department**
Members are requested to send their all correspondence relating to Shares including transfer, transmission, change of address etc. at the Share Department of the Company at the following address :-

Vadilal House, Shrimali Society,
Near Navrangpura Railway Crossing,
Navrangpura,
Ahmedabad - 380 009.
(Phone : 079 - 6564019 to 24)
(Fax : 079 - 6564027)
(Email : vadilal@ad.1.vsnl.net.in)
(Web : <http://www.vadilalgroup.com>)
- 4) **Dividend for the year ended 31st March, 1998**
Dividend of Rs. 1.50 per Share (i.e. @ 15%) on 8,70,148 Equity Shares of Rs. 10/- each for the year ended 31st March, 1998.
- 5) **Book-Closure for payment of Dividend**
Book-Closure for 2 days i.e. on 28th and 29th September, 1998
- 6) **Stock Exchanges where the Shares are listed**
 - Ahmedabad Stock Exchange
Kamdhenu Complex,
Opp. Sahajanand College,
Panjarapole, Ambawadi,
Ahmedabad - 380 015.
(Phone : 6446733, 6441842, 6561856)
(Fax : 079 - 6442222)
 - Bombay Stock Exchange
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Fort, Mumbai - 400 001.
(Phone : 2655581, 2655626, 2655860-61)
(Fax : 91-22 2658121)
- 7) **Address of Registrar of Companies (ROC), Gujarat**
The Registrar of Companies,
Gujarat,
ROC Bhavan, Opp. Rupal Park,
Behind Ankur Bus Stand,
Naranpura,
Ahmedabad - 380 013.
(Phone : 079 - 7438531, 7437597)

VADILAL ENTERPRISES LIMITED**BOARD OF DIRECTORS****Shantilal M. Modi**

Chairman (w.e.f. 21-2-1998)

Ramchandra R. Gandhi

Managing Director

Virendra R. Gandhi

Managing Director

Rajesh R. Gandhi**Devanshu L. Gandhi****Kashibhai B. Patel****Laxmiprasad C. Amin****Ramanlal V. Mehta****COMPANY SECRETARY**

Nikhil Patel

AUDITORS

M/s. Kantilal Patel & Co.,

Chartered Accountants,

2nd Floor, Paritosh,

River Side, Usmanpura,

Ahmedabad - 380 013

BANKERS

Bank of Baroda

Bank of India

Textile Traders Co.op. Bank Ltd.

REGISTERED OFFICE

Aditya Bldg., 5th Floor,

Opp. Sardar Patel Seva Samaj Hall,

Off. C.G. Road,

Nr. Mithakhali Six Roads,

Ahmedabad - 380 006.

SHARE DEPARTMENT

Vadilal House, Shrimali Society,

Nr. Navrangpura Rly. Crossing,

Navrangpura,

Ahmedabad - 380 009.

NOTES :

1. Members are requested to send their all correspondence relating to Shares including transfer, transmission, change of address etc. at the Share Department of the Company situated at Vadilal House, Shrimali Society, Near Navrangpura Railway Crossing, Navrangpura, Ahmedabad - 380 009.
2. Members are requested to bring their copy of the Annual Report to the meeting, as copies of Annual Report will not be distributed at the meeting.
3. Members seeking any further information about the Accounts and/or Operations of the Company are requested to send their queries to the Company at its Share Department, at least TEN days before the date of the meeting.

13TH ANNUAL GENERAL MEETING

Day - Tuesday

Date - 29th September, 1998

Time - 4.30 p.m.

Venue - Bhaikaka Hall,
Near Law Garden,
Ellisbridge,
Ahmedabad - 380 006.

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NOTICE

NOTICE is hereby given that the 13th ANNUAL GENERAL MEETING of the members of VADILAL ENTERPRISES LIMITED will be held on Tuesday, the 29th September, 1998, at 4.30 p.m., at Bhaikaka Hall, Near Law Garden, Ellisbridge, Ahmedabad - 380 006, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider, and adopt the Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 1998.
3. To appoint a Director in place of Shri Devanshu L. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Ramanlal V. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution** :-

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and is hereby altered in the following manner :-

- a) The following new para be added at the beginning of the existing Article 73(1) relating to Demand for Poll -

"Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion, and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid-up."

- b) In the existing Article 73(2), the words "by the person or persons who made the demand" be added after the existing words "The demand for a poll may be withdrawn at any time".

- c) The following new para be added after the existing para in Article 101 -

"A person who is not a Director retiring by rotation shall be eligible for appointment to the office of the Director at any General Meeting subject to the requirements of Section 257 of the Act."

- d) The interpretation of word "The Secretary" appeared in the existing Article 1 be deleted and the following interpretation be substituted in its place -

"Secretary" means a Company Secretary within the meaning of clause (c) of sub-section (1) of Section 2 of the Company Secretaries Act, 1980 as may from time to time be in force and includes any other individual possessing the prescribed qualifications and appointed to perform the duties which may be performed by a Secretary under the Act and any other ministerial or administrative duties.

- e) The existing Article 4 relating to Authorised Share Capital of the Company be deleted and the following new Article 4 be substituted in its place :-

4. The Authorised Share Capital of the Company shall be such amount and of such description as is stated for the time being or at any time in the Company's Memorandum of Association and the Company has power to divide the share capital, for the time being into several classes and to increase or reduce its capital from time to time and to vary, modify or abrogate any rights, privileges or conditions attached to any class of shares in accordance with the provisions of the Companies Act and regulations of the Company.

- f) In the existing Article 41 relating to Notice of refusal to register the transfer and transmission of shares and debentures, the Section No. 111(2) appeared in the last line of the Article be deleted and substituted by the Section No. 111(1).

- g) The following new Article 141(1) be added after the existing Article 141 of the Articles of Association -

"Where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the Company, it shall, notwithstanding any thing contained in any other provisions of the Act -

VADILAL ENTERPRISES LIMITED

- i) transfer the dividend in relation to such shares to the special account referred to in Section 205A of the Act unless the Company is authorised by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer; and
 - ii) keep in abeyance in relation to such shares any offer of rights shares under clause (a) of sub-section (1) of Section 81 of the Act and any issue of fully paid-up bonus shares in pursuance of sub-section(3) of Section 205 of the said Act.
 - h) In Article 13(a), the words "one month" appearing between the words "within" and "of receipt of the application for registration of the transfer" be substituted by the words "two months".
 - i) In Article 13(a), the words "complete and have ready for delivery" be deleted and substituted by the word "deliver".
 - j) In the existing Article 118, between the words "Sections 198, 309, 310 and 311" and "of the Act", the words "and in accordance with the conditions specified in parts I and II of Schedule XIII" be incorporated.
 - k) In existing Article 27 of the Articles of Association, the figure "12" be substituted by the figure "18".
 - l) The existing Article 3 of the Articles of Association be deleted and substituted by the following new Article 3 in its place :-
3. The Company shall have power, subject to and in accordance with all applicable provisions of the Companies Act, and other laws and subject to such other approvals, permissions and sanctions as may be necessary to "Buyback" any of its own shares/securities for cancellation or otherwise on such terms and conditions and upto such limits as may be prescribed by the Companies Act and/or other laws from time to time and make payment out of its General Reserve/Share Premium or otherwise by raising funds from other sources as may be permitted by law, in respect of such buyback, provided that nothing herein contained shall be deemed to affect the provisions of Sections 100 to 104 of the Companies Act in so far as they are applicable. This Article shall not be deemed to affect the power of the Company to enforce repayment of loans to members or to exercise a lien conferred by Article 31 and 32.
7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution** :-

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time including proposed new Companies Bill, 1997) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, 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), the consent of the Company be and is hereby accorded to the Board to buy-back, from the existing holders of shares and/or other securities giving right to subscribe for shares of the Company on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots), the shares or such other securities or securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as "the Securities") of the Company, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time; provided that the aggregate of the Securities so bought back shall not exceed 10% of the respective Securities of the Company or such percentage as may be prescribed under the provisions of Companies Act, 1956 (including proposed new Companies Bill, 1997)."

"RESOLVED FURTHER THAT the above buy back of own shares/securities by the Company is subject to such terms and conditions in relation to the price, debt-equity ratio, cancellation of such shares, further issue of shares/securities and other conditions as may be prescribed by the Companies Act, 1956 (including proposed new Companies Bill, 1997)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion,

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deem necessary, fit or proper and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of Shares or other securities."

"RESOLVED FURTHER THAT the acquisition, purchase or buy-back of Shares or other Securities of the Company by the Board as aforesaid shall not be construed as redemption of Share Capital of the Company within the applicable provisions of the Act."

"RESOLVED FURTHER THAT nothing hereinabove contained shall confer any right on any Shareholder or member to offer nor shall it confer any obligations on the Company or the Board to buy-back any shares or other securities of the Company."

By order of the Board
For VADILAL ENTERPRISES LIMITED

RAMCHANDRA R. GANDHI
Managing Director

Registered Office :

5th Floor, Aditya Building,
Opp. Sardar Patel Seva Samaj Hall,
Off C.G. Road, Nr. Mithakhali-
Six Roads, Ahmedabad - 380 006.

Dated : September 5, 1998

NOTES :

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE SHARE DEPARTMENT OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- (b) The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of Special Business mentioned in the above notice is annexed hereto.
- (c) The Register of Member and Share Transfer Books of the Company will remain closed for 2 days i.e. on 28th September, 1998 and 29th September, 1998 for the purpose of payment of dividend on Equity Shares for the year ended 31st March, 1998

- (d) Dividend @ 15% on Equity Shares for the year ended 31st March, 1998 as recommended by the Directors, if declared at the meeting, will be paid without deduction of tax at source to those members whose names appear on the Register of Member as on 29th September, 1998.

- (e) Members are requested to send to the Company at its Share Department his/her Bank Account details to ensure safe and prompt receipt of Dividend Warrants. This is in view of fraudulent encashment of such warrants.

- (f) Members are requested to send their all correspondence relating to Shares including transfer, transmission, change of address etc. at the Share Department of the Company situated at Vadilal House, Shrimali Society, Near Navrangpura Railway Crossing, Navrangpura, Ahmedabad - 380 009.

- (g) Pursuant to Section 205A of the Companies Act, 1956, the Company has already transferred unclaimed dividend declared for the year ended 31st March, 1994 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Gujarat at Ahmedabad. The unpaid dividends that are due for transfer to the Central Government are as follows :

| Financial Year ended | Due for transfer on |
|----------------------------------|---------------------|
| 31-03-1995 | 17-11-1998 |
| 31-03-1996 | 15-11-1999 |
| 31-03-1997 (Interim Dividend) | 05-06-2000 |

Members who have not encashed their dividend warrants for the aforesaid financial years are requested to approach the Company at its Share Department for revalidation or duplicate dividend warrants.

- (h) Members are requested to intimate the change in their registered address, if any, to the Company at its Share Department.
- (i) All documents referred to in the accompanying Notice are open for inspection at the Share Department of the Company during office hours on all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.

VADILAL ENTERPRISES LIMITED

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to Special Business mentioned in the accompanying notice and should be taken as forming part of the notice.

ITEM NO. 6

It is proposed to alter the following existing Articles 73(1), 73(2), 101, 1, 4, 41, 141(1), 13(a), 118, 27 and 3 of the Articles of Association of the Company :-

a) Article 73(1) and (2)

In the existing Article 73(1), the new para to be added which provides that a poll need not be ordered unless the demand is made by the members holding atleast 10% voting power or paid-up capital of Rs. 50,000/-. Accordingly, it is proposed to alter the existing Article 73(1) of the Articles of Association so as to be in conformity with Section 179 of the Companies Act, 1956 as amended. As per altered Article 73(2), the demand for a poll may be withdrawn at any time by the person or persons who made the demand for poll.

b) Article 101

The existing Article 101 of the Articles of Association deals with the Directors to retire by rotation at every Annual General Meeting of the Company. Under the amendment to Section 257 of the Act, it is proposed that the person standing as a candidate for Directorship will have to deposit an amount of Rs. 500/- or such sum as may be fixed by the Act from time to time with the Company which will be refunded only if he is elected as a Director. Accordingly, it is proposed to alter existing Article 101 of the Articles of Association to bring it in conformity with Section 257 of the Act as amended.

c) Article 1

As per sub-section (45) of Section 2 of the Act, the interpretation of the word "The Secretary" is being amended to reproduce the Section, which refers to the prescribed qualifications of the Secretary.

d) Article 4

Under Section 94 of the Act, the Capital Clause in the Memorandum of Association of the Company can be altered by an Ordinary Resolution whereas

under Section 31 of the Act, such an amendment in Articles of Association of the Company can be altered by a Special Resolution. This anomaly is sought to be removed by amending the Article by stating that the Authorised Share Capital of the Company would be the amount and description as stated in the Company's Memorandum of Association. This would enable the company to alter its Authorised Share Capital by an Ordinary Resolution for the alteration of the Memorandum of Association without having to amend the Article from time to time.

e) Article 41

The Section 111(1) of the Companies Act, 1956 provides for the right of the Directors to refuse to register the transfer and transmission of any Shares or Debentures and to give reasons for such refusal. In the existing Article 41, the Section No. 111(2) was wrongly mentioned in which case it should be Section No. 111(1).

f) Article 141(1)

As per Section 206A of the Act, Article 141(1) seeks to provide for payment of dividend, allotment of bonus and rights shares to the transferee on a mandate from the transferor and in the absence of such mandate, imposes an obligation on the Company to transfer dividends on such shares to the unpaid dividend account and to keep in abeyance any offer of rights or bonus shares, till the title to the shares is established.

g) Article 13(a)

In the existing Article 13(a), the time limit of one month for issue of Share Certificate after receipt of application for registration of transfer has been substituted by two months.

Earlier, under the provisions of Section 113 of the Act, the Company was required to keep ready for delivery, the Share Certificates within the time prescribed under Section 113 of the Act. Under the amended provisions of the said Section, the Company is now required to deliver, the Share Certificates within the period as mentioned in Section 113 of the Act. Accordingly the said Article is proposed to be amended.

h) Article 118

For appointment and payment of remuneration to the Managing Directors, the Company is also required to comply with the provisions of part I and II of Schedule XIII to the Companies Act, 1956 apart from provisions of Sections 198, 309, 310 and 311 of the Act.

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i) Article 27

In terms of Article 27 of the Articles of Association, members whose shares have been forfeited are still liable to pay call or instalment notwithstanding the forfeiture together with interest at 12% per annum. The Article 27 is required to be modified so as to increase the rate of interest to 18% in similar to the provisions of Article 16(1) of the Articles of Association of the Company relating to interest at the rate of 18% to be paid on call or instalment.

j) Article 3

It is proposed to delete the existing Article 3 which prohibits the Company from purchase of its own Shares. Based on the provisions of the Companies Bill, 1997 pending before the Parliament for its approval and / or such other amendments in Companies Act, 1956, Company proposes to "Buyback" its own shares/other securities subject to the terms and conditions as may be laid down under the provisions of the Companies Act. The proposed buyback will be subject to terms in relation to debt-equity ratio, time limit for buyback, etc. This requires insertion of enabling Article in the Articles of Association.

The resolution proposes alteration to the Articles of Association of the company by deleting the existing Article 3 and substituting it its place new Article to empower the Board of Directors to buyback Shares.

Your Directors therefore recommend the resolution for your approval for amending the existing Articles as mentioned above.

No Director of the Company is in any way concerned or interested in the resolution.

A copy of the Articles of Association together with all the proposed alterations is available for inspection at the Share Department of the Company between 11.00 a.m. to 1.00 p.m. on any working day except holidays upto the date of the meeting.

ITEM NO. 7

Buy back of own shares or other securities convertible into equity shares by the Companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, sought to lay down the operative provisions to regulate the buy back of shares/securities by the Companies. The said bill has not yet become the law. It is expected that, in due course of time, the law will be amended to allow such buy back.

Your Company proposed to buy back not exceeding 10% of the total voting powers relating to the shares or other securities giving right to subscribe for shares of the company or such per centage as may be prescribed under the Companies Act, 1956 (including proposed Companies Bill, 1997) from the existing security holders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots) subject to necessary enactment in this regard and subject to terms and conditions as may be laid down in relation to price, debt-equity ratio, cancellation of such shares, further issue of shares/securities etc.

The buy back of Shares as aforesaid shall be met out of the free reserves and/or the securities premium account and/or out of the proceeds of an issue specifically made for the purpose or from such other sources as may be permitted by law. The shares so bought back shall be dealt with as per the then prevailing law/regulation.

Your Company proposed to buy back its own shares to bring down the overall cost of capital or when the market price of the Company's Shares are unduly depressed and do not reflect the real value thereof.

The Board is of the opinion that it will be in the best interest of the Company if shareholders approve the said resolution, should the provisions be enacted permitting such buy back, so that the Company will be able to implement this resolution.

The resolution, if approved, will be operative and given effect to from the applicable date as may be prescribed in this regard, as the law in this regard has so far not been amended.

The resolution is an enabling provision aimed at facilitating the Company to buy back its shares as soon as legally permissible.

The Directors recommend the resolution for approval of the Shareholders.

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

By order of the Board
For VADILAL ENTERPRISES LIMITED

RAMCHANDRA R. GANDHI
Managing Director

Registered Office :
5th Floor, Aditya Building,
Opp. Sardar Patel Seva Samaj Hall,
Off C.G. Road, Nr. Mithakhali,
Six Roads, Ahmedabad - 380 006.

Dated : September 5, 1998