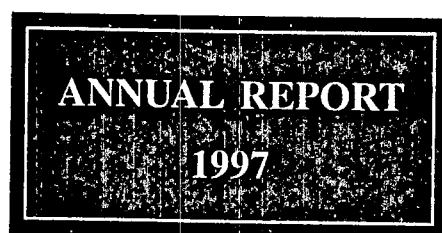


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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



IL&FS Venture Corporation Limited



IL&FS Venture Corporation Limited

**BANKERS**

Bank of Baroda
ANZ Grindlays Bank plc
United Bank of India

AUDITORS

Price Waterhouse
Chartered Accountants

INTERNAL AUDITORS

Patel & Deodhar
Chartered Accountants

REGISTERED OFFICE

HDFC House, 5th Floor
51, Kasturba Road
Bangalore 560 001

OFFICE

Mumbai
Mahindra Towers, 4th Floor
Dr. G. M. Bhosale Marg
Worli, Mumbai 400 018

Report

New Delhi
USI Complex
Rao Tula Ram Marg
Opp. Signals Enclave
New Delhi 110 010

**REGISTRARS & SHARE
TRANSFER AGENTS**

Investor Services India Limited
Teritex Business Service Centre
Saki Vihar Road
Chandivali, Andheri (E)
Mumbai 400 072
Phone : 850 1338
Fax : 850 9201

IL&FS Venture Corporation Limited



BOARD OF DIRECTORS

MR. S. M. DATTA
Chairman

MR. JOHN MARJORIBANKS

MR. RAVI PARTHASARATHY

MR. VIMAL BHANDARI

MR. GOPAL RAJAGOPALAN

MR. JEFFREY T. GRIFFIN

MR. RICHARD SIMPSON

MR. S. SUBRAMANIAN

MR. BANSI S. MEHTA

MR. P. S. SHENOY

MR. CHRISTOPHER J. KNIGHT
(Alternate to Mr. Jeffrey T. Griffin)

MR. V. H. RAMAKRISHNAN
(Alternate to Mr. P. S. Shenoy)

MR. HETAL GANDHI
Chief Executive

IL&FS Venture Corporation Limited



NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Members of the Company will be held on November 27, 1997 at 3.00 p.m. at 'The Senate', The Capitol Hotel, Rajbhavan Road, Bangalore 560 001, to transact the following business :

ORDINARY BUSINESS

- (1) To receive and adopt the Audited Balance Sheet as at March 31, 1997 and the Profit & Loss Account for the nine months ended on that date and the Reports of Auditors and Directors thereon
- (2) To appoint a Director in place of Mr John Marjoribanks who retires by rotation and being eligible, has offered himself for re-appointment
- (3) To appoint a Director in place of Mr Gopal Rajagopalan who retires by rotation and being eligible, has offered himself for re-appointment
- (4) To appoint a Director in place of Mr Vimal Bhandari who retires by rotation and being eligible, has offered himself for re-appointment
- (5) To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration

By Order of the Board of Directors

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Hetal Gandhi
Chief Executive

Registered Office :
HDFC House, 5th Floor
51, Kasturba Road
Bangalore 560 001, INDIA
Dated : September 30, 1997

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER

Proxies in order to be effective must be delivered at the Registered Office of the Company atleast 48 hours before the time appointed for the meeting

A Member/Proxy holder must bring the Attendance Slip to the meeting and hand it over at the entrance, duly signed
2. The Register of Members and Share Transfer Books of the Company will remain closed from November 18, 1997 to November 21, 1997 (both days inclusive)
3. Members desiring any information on the business to be transacted at the Annual General Meeting are requested to write to the Company at least 10 days in advance to enable the Management to keep the information, as far as possible, ready at the Meeting
4. Members are requested to bring their copy of the Annual Report to the Annual General Meeting
5. Members holding shares in the same set of names under different Ledger Folios are requested to apply for consolidation of such folios alongwith relevant share certificates to the Company's Registrars. Members are also requested to intimate the Company of any change in their registered address

IL&FS Venture Corporation Limited

**SPECIAL NOTICE***[Pursuant to Sections 190 & 225 of the Companies Act, 1956]*

To
The Members
IL&FS Venture Corporation Limited

NOTICE is hereby given that at the forthcoming Eleventh Annual General Meeting of the Members of the Company, to be held on November 27, 1997, the re-appointment of M/s Price Waterhouse, Chartered Accountants, New Delhi, who retire as the Statutory Auditors to the Company at that Meeting, have expressed their unwillingness to be re-appointed. Consequently, the Board of Directors have not recommended the re-appointment of M/s Price Waterhouse as Statutory Auditors, at the said Meeting

NOTICE is hereby further given that at the forthcoming Eleventh Annual General Meeting of the Members of the Company to be held on November 27, 1997, it is proposed to recommend the appointment of M/s SB Billimoria & Co., Chartered Accountants, as the Statutory Auditors to the Company and to hold office from the conclusion of the said Meeting until the conclusion of the next succeeding Annual General Meeting

NOTICE is hereby further given that M/s SB Billimoria & Co., have expressed their willingness to be appointed as Statutory Auditors of the Company from the conclusion of the said Annual General Meeting and have confirmed their eligibility under the Companies Act, 1956, to be so appointed

By Order of the Board of Directors

Hetal Gandhi
Chief Executive

Registered Office :
HDFC House, 5th Floor
51, Kasturba Road
Bangalore 560 001, INDIA
Dated : September 30, 1997

IL&FS Venture Corporation Limited



DIRECTORS' REPORT

The Shareholders
IL&FS Venture Corporation Limited

Your Directors present for your consideration and approval the Eleventh Annual Report with the Audited Financials of the Company for the period ended March 31, 1997

FINANCIAL HIGHLIGHTS

	Rs. Million	
	For the period ended March 31, 1997	For the year ended June 30, 1996
Total Income	12.66	16.61
Profit/(Loss) before depreciation	(10.97)	(65.38)
Depreciation	3.52	5.17
Miscellaneous expenditure written off	1.24	19.89
Contingency provision for diminution in value of trade investments	14.15	20.45
Provision for Non Performing Assets	0.31	—
Previous year expense / (income) reversed	1.05	(31.75)
Profit/(Loss) for the year	(29.14)	(142.64)
Profit & Loss balance b/f	(133.16)	5.18
Excess provision written back	—	4.30
Balance carried to Balance Sheet	(162.30)	(133.16)

DIVIDEND

Your Company has made a loss of Rs. 29.14 million for the financial year ended on March 31, 1997. In view of the financial condition of the Company your Directors regret their inability to recommend any dividend for the year under consideration

CHANGE IN ACCOUNTING YEAR

The financial year of the Company has been changed to March 31st every year from June 30th every year. Accordingly, the current financial year ending March 31, 1997 comprises of 9 months only and hence the figures for previous years are not comparable

CHANGE OF NAME

In pursuance of the approval of Shareholders at the Tenth Annual General Meeting held in March 1997 and other statutory approvals, the name of your Company has been changed to IL&FS Venture Corporation Limited. The name change revalidates the commitment of Infrastructure Leasing & Financial Services Limited (IL&FS), which is now the largest individual shareholder in your Company with about 19% shareholding, to provide required management support

SHIFT OF REGISTERED OFFICE

In pursuance of the resolution passed by the Shareholders at the Tenth Annual General Meeting of the Company and other statutory approvals, the Company has now shifted its Registered Office to the State of Karnataka

IL&FS Venture Corporation Limited

**OPERATIONS OF THE COMPANY**

Income: As you are aware, the Management of your Company had decided to focus on Fund Management and related activities, and divest the existing investments in a phased manner. Accordingly, the total income during the current financial year of Rs. 12.66 mn was primarily on account of management fees received in respect of the Funds under management. During the year, your Management has disinvested a part of the investment portfolio where the potential for appreciation is not likely to be significant. A contingency provision of Rs. 14.15 million has been made to take into account the current realisable values of investments held by your Company as on March 31, 1997

Costs: In view of the current financial condition of your Company, the Management had initiated effective steps for reducing costs without compromising the operational efficiencies. Your Directors are pleased to inform that the foregoing initiative has enabled your Company to reduce the aggregate operating losses for the current financial year

THE SARA FUND

The SARA Fund initiative is progressing well and investments are expected to commence from the Uttar Pradesh and Orissa State Venture Funds. In keeping with the changed capital market and investment environment, and with a view to reduce costs and enhance operational efficiencies, your Management had recommended consolidation of the SARA Fund into a unified Fund as against 10 separate State Funds envisaged earlier. The Board of SARA Trustee Company Limited has approved the recommendation of your Management for consolidation of the SARA Fund. Your Management is now awaiting formal approvals from the beneficiaries

On completion of the foregoing, your Company would have a single Fund corpus of Rs.1 billion, which would provide the rightful positioning for your Company as a meaningful player in the Funds Management business

THE AUTO ANCILLARY FUND

The Shareholders were informed at the last Annual General Meeting about the plans to set a sectoral equity investment Fund for investment in auto ancillary and related industries. The Fund is targeted to have a corpus of Rs. 1.5 billion. This initiative is progressing well, and is expected to be completed during the current financial year 1997-98. Your Company has already received in-principle approvals from IFC, Washington, Mahindras and IL&FS for participating in the Fund, and further commitments are being pursued

FUTURE OUTLOOK

The process of management transition is now complete, and your Company is now well poised to take forward its business plans. On consolidation of the SARA Fund, and the closure of the Auto Ancillary Fund, your Company would have approximately Rs. 2.5 billion of Funds under management. This would increase the income levels well beyond the current operating costs, enabling the Company to recover the lost ground

DIRECTORS

Mr John Marjoribanks, Mr Gopal Rajagopalan and Mr Vimal Bhandari retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment

STATUTORY AUDITORS

The Statutory Auditors of the Company M/s Price Waterhouse, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting of the Company and have expressed their inability to continue as Auditors of the Company

Your Directors hereby recommend M/s SB Billimoria & Co., Chartered Accountants, to be appointed as Statutory Auditors of the Company, subject to the provisions of the Companies Act, 1956

AUDITORS REPORT

The attention of the members is invited to Para 2 of the Auditors' Report dated June 20, 1997 attached to the Balance Sheet. The observations read with Notes 2, 3 and 4 appearing in Schedule 19 annexed to the Balance Sheet and Profit & Loss Account, as referred to by the Auditors, are self explanatory