



www.reportjunction.com



SIL&S Venture Corporation Limited

**BANKERS**

HDFC Bank
Bank of Baroda

AUDITORS

S.B. Billimoria & Co.,
Chartered Accountants

INTERNAL AUDITORS

Patel & Deodhar
Chartered Accountants

REGISTERED OFFICE

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

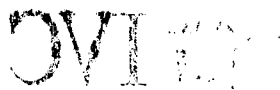
OTHER OFFICES

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

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

REGISTRARS & SHARE**TRANSFER AGENTS**

Investor Services of India Limited
Teritex Business Services Centre
Saki Vihar Road
Chandivali, Andheri (E)
Mumbai - 400 072
Phone : 857 4459
Fax : 857 9201



IL&FS Venture Corporation Limited



BOARD OF DIRECTORS

MR. S. M. DATTA

Chairman

MR. RAVI PARTHASARATHY

MR. VIMAL BHANDARI

MR. SHAHZAAD DALAL

MR. V. H. RAMAKRISHNAN

MR. A. M. ARONDEKAR

MR. RICHARD SIMPSON

MR. JOHN MARJORIBANKS

MR. JEFFREY T. GRIFFIN

MR. BANSI S. MEHTA

MR. S. SUBRAMANIAN

MR. HETAL GANDHI

Chief Executive



NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Members of the Company will be held on September 21, 1998 at 4.00 p.m. at "The Senate Hall", The Capitol Hotel, Raj Bhavan Road, Bangalore - 560 001, to transact the following business:

ORDINARY BUSINESS

- (1) To receive and adopt the Audited Balance Sheet as at March 31, 1998 and the Profit & Loss Account for the year ended as on that date and the Reports of Auditors and Directors thereon
- (2) To appoint a Director in place of Mr. S.M. Datta who retires by rotation and being eligible, has offered himself for re-appointment
- (3) To appoint a Director in place of Mr. Ravi Parthasarathy who retires by rotation and being eligible, has offered himself for re-appointment
- (4) To appoint a Director in place of Mr. S. Subramanian 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

SPECIAL BUSINESS

- (6) To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution

"RESOLVED THAT Mr. V.H. Ramakrishnan who was appointed with effect from June 26, 1998 as an Additional Director of the Company by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member of the Company proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company"
- (7) To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution

"RESOLVED THAT Mr. A. M. Arondekar who was appointed with effect from June 26, 1998 as an Additional Director of the Company by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member of the Company proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company"
- (8) To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution

"RESOLVED THAT Mr. Shahzaad Dalal who was appointed with effect from June 26, 1998 as an Additional Director of the Company by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member of the Company proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company"
- (9) To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution

"RESOLVED THAT in accordance with the provisions of Section 31 and other applicable provisions of the Companies

Act, 1956, the Article 99 of the Articles of Association of the Company pertaining to Quorum in the General Meeting of the Company be and is hereby altered by deleting the same and substituting in its place and stead the following clause

"If within half an hour from the time appointed for holding a meeting of Company other than a meeting called by or upon the requisition of members, a quorum is not constituted, such meeting shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjourned meeting also, a quorum is not constituted within half an hour from the time appointed for holding the meeting, the member present shall be quorum and may transact the business for which the meeting was called. Where a meeting is called by or upon the requisition of members, a quorum is not constituted within half an hour from the time appointed for holding the meeting, such meeting shall stand dissolved"

- (10) To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution

"RESOLVED THAT in accordance with the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, the Article 131 A of the Articles of Association of the Company pertaining to Shareholder Nominee Director be and is hereby altered by deleting the same and substituting in its place and stead the following clause

"Notwithstanding anything to the contrary contained in these Articles, so long as at least 10% of the Paid-up Equity Shares in the Share Capital of the Company are individually held by Infrastructure Leasing & Financial Services Limited (IL&FS), Bank of India (BOI), Asian Development Bank (ADB), Commonwealth Development Corporation (CDC) and International Finance Corporation (Washington) (IFC) (hereinafter in this article referred to as Institutional Shareholders), IL&FS shall have a right to nominate and appoint from time to time, three persons as Directors (hereinafter called as Shareholder Nominee Directors), BOI shall have a right to nominate and appoint from time to time, two persons as Directors and ADB, CDC, IFC (Washington) each shall have a right to nominate and appoint from time to time, one person as a Director on the Board of the Company

The Shareholder Nominee Director shall hold office only so long as the Institutional shareholder individually holds at least 10% of the Paid-up Equity Share Capital and the Shareholder Nominee Director shall ipso facto vacate such office immediately upon the Institutional Shareholder ceasing to be a member of the Company or transferring its holding in the Equity Shares of the Company such that it is less than 10% of the Paid-up Equity Share Capital or not themselves remaining beneficial owners of such Equity Shares

The Shareholder Nominee Director shall not be required to hold any share qualification in the Company. The Shareholder Nominee Director shall be liable to retire by rotation of Directors

Subject as aforesaid the Shareholder Nominee Director shall be entitled to the same rights and privileges and subject to the same obligations as any other Director of the Company

The Company shall pay to the Shareholder Nominee Director subject to such approvals of the authorities concerned, sitting fees and reimbursement of expenses and other fees and commission or reimbursement to which other Directors of the Company are entitled and pay or reimburse to the Institutional Shareholder any expenses that may be incurred by the Institutional Shareholder or such Shareholder Nominee Director in connection with their appointment or Directorship

Provided that in the event of the Shareholder Nominee Director, being appointed as whole-time Director/s, such Shareholder Nominee Director/s, shall exercise power and discharge such duties as may be approved by the Company in consultation with Institutional Shareholders, and shall have such rights as are usually exercised or available to whole-time Director in the management of the affairs of the Company, such whole-time Directors shall be entitled to receive such remuneration, fees, commission and monies or such perquisites as may be fixed in consultation with Institutional Shareholders and approved by the authorities concerned"



- (11) To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution

“RESOLVED THAT in accordance with the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, the Article 159 of the Articles of Association of the Company pertaining to Appointment of Managing Director or Whole-Time Director or Manager be and is hereby altered by deleting the same and substituting in its place and stead the following clause

“Subject to the provisions of the Act and these Articles, Infrastructure Leasing and Financial Services Limited (IL&FS) shall have a right to nominate a candidate acceptable to the Board of Directors of the Company as Managing Director or Whole Time Director or Manager of the Company to manage the affairs and business of the Company on such terms and conditions to be approved by the Board of Directors of the Company”

- (12) To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution

“RESOLVED THAT pursuant to Section 370 and other applicable provisions if any, of the Companies Act, 1956, and subject to the approval of the Central Government and such other approvals as may be necessary, consent of the shareholders be and is hereby accorded to the Board of Directors of the Company to make any loan upto an amount not exceeding 60% of the aggregate of the subscribed capital and free reserves of the Company and/or give any guarantee or provide security, in connection with a loan made by any other person to or to any other person by any body corporate (whether under the same management or not), notwithstanding that the loans together with existing loans, guarantee issued/securities provided to all other bodies corporate shall be in excess of any or all of the percentage prescribed by the Government from time to time pursuant to the provisions of Section 370 of the Companies Act, 1956, and the proviso thereto”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the actual sums to be so lent and all matters arising out of or incidental to the proposed loan/guarantee/security provided and to do all such acts and things as may be necessary to implement this resolution”

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

Item No. 6 & 7

The Institutional Shareholders of the Company had entered into a Supplemental Shareholders Agreement on March 30, 1998. Pursuant to the provisions of the agreement, Bank of India had nominated Mr. V. H. Ramakrishnan and Mr. A. M. Arondekar as Directors and they were inducted on the Board of Directors as Additional Directors with effect from June 26, 1998. According to the provisions of Section 260 of the Companies Act, 1956, Mr. V. H. Ramakrishnan and Mr. A. M. Arondekar hold office as Directors upto the date of the ensuing Annual General Meeting

As required by Section 257 of the Companies Act, 1956 notices in writing alongwith a deposit of Rs. 500/- each, in respect of Mr. V. H. Ramakrishnan and Mr. A. M. Arondekar, have been received from Members of the Company signifying their intention to propose the candidature of Mr. V. H. Ramakrishnan and Mr. A. M. Arondekar, for the office of Directors of the Company

Accordingly, the approval of Shareholders is sought by way of Ordinary Resolution included in the Notice

None of the Directors is concerned / interested in these resolutions except Mr. V. H. Ramakrishnan and Mr. A. M. Arondekar for their respective appointments

Item No. 8

Mr. Shahzaad Dalal was inducted on the Board of Directors as an Additional Director with effect from June 26, 1998 by the Board of Directors of the Company in pursuance of the nomination of Infrastructure Leasing & Financial Services Limited in place of its erstwhile nominee, Mr. Gopal Rajagopalan. According to the provisions of Section 260 of the Companies Act, 1956, Mr. Shahzaad Dalal holds office as Director upto the date of the ensuing Annual General Meeting

As required by Section 257 of the Companies Act, 1956 notices in writing alongwith deposit of Rs. 500/- each, in respect of Mr. Shahzaad Dalal, have been received from Members of the Company signifying their intention to propose the candidature of Mr. Shahzaad Dalal, for the office of Directors of the Company

Accordingly, the approval of Shareholders is sought by way of Ordinary Resolution included in the Notice

None of the Directors is concerned / interested in these resolutions except Mr. Shahzaad Dalal for his appointment

Item No. 9

Article 99 of the existing Articles of Association of the Company sets out the procedure to be followed in case quorum is not constituted in the General Meeting of the Company, if called by or upon the requisition of members. However, the procedure to be followed, in case of quorum is not constituted in General Meeting other than called by or upon the requisition of members, is not provided for in the Articles and is not in tandem with the Section 174 of the Companies Act, 1956. In order to bring the Article 99 in line with Section 174, it is proposed to substitute the existing Article 99 with a new Article in its place as mentioned in the resolution set out at Item No. 9 of the Notice

Accordingly, the approval of Shareholders is sought by way of Special Resolution included in the Notice

The Board recommends the passing of the resolution as a Special Resolution

None of the Directors is concerned / interested in the resolution

Item No. 10

The Institutional shareholders of the Company namely Asian Development Bank (ADB), Commonwealth Development Corporation (CDC), International Finance Corporation (Washington) (IFC), Infrastructure Leasing & Financial Services Limited (IL&FS) and Bank of India have entered into a Supplemental Shareholder's Agreement with the Company

The Article 131A of the Articles of Association of the Company governs the terms, conditions and appointment of Shareholder Nominee Director. In order to bring the Article 131A in line with the Supplemental Shareholder's Agreement, it is proposed to substitute the existing Article 131A with a new Article in its place as mentioned in the resolution set out at Item No. 10 of the Notice

Accordingly, the approval of Shareholders is sought by way of Special Resolution included in the Notice

The Board recommends the passing of the resolution as a Special Resolution

The Shareholder Nominee Directors are interested to the extent of their appointment as Nominee Director by the Institutional shareholder nominating them

Item No. 11

The Institutional shareholders of the Company namely Asian Development Bank (ADB), Commonwealth Development Corporation (CDC), International Finance Corporation (Washington) (IFC), Infrastructure Leasing & Financial Services Limited (IL&FS) and Bank of India have entered into a Supplemental Shareholder's Agreement with the Company

The Article 159 of the Articles of Association of the Company governs the terms, conditions and appointments of Managing Director-Whole-Time Director-Manager. In order to bring the Article 159 in line with the Supplemental Shareholder's Agreement, it is proposed to substitute the existing Article 159 with a new Article in its place as mentioned in the resolution set out at Item No. 11 of the Notice

IL&FS Venture Corporation Limited



Accordingly, the approval of Shareholders is sought by way of Special Resolution included in the Notice

The Board recommends the passing of the resolution as a Special Resolution

None of the Directors is concerned / interested in the resolution

Item No. 12

As per Section 370 of the Companies Act, 1956, the Board of Directors can lend monies, give any guarantees or provide any securities to other Companies (other than Companies under the same Management) upto a limit of 30% of the subscribed capital and free reserves of the Company. However, if the Company intends to make loans, give any guarantees or provide any securities in excess of the limit, prescribed under Section 370 of the Companies Act, 1956 prior approval of the Shareholders by a Special Resolution and the Central Government is necessary

The Company based on the projections, envisages surplus funds to be generated out of the Company's operations, which may be deployed in the form of loans to other Companies as mentioned in the resolution set out as Item No. 12 of the Notice

Accordingly, the approval of Shareholders is sought by way of Special Resolution included in the Notice

The Board recommends the passing of the resolution as a Special Resolution

None of the Directors is concerned / interested in the resolution

Registered Office
HDFC House, 5th Floor
51, Kasturba Road
Bangalore - 560 001, India

By Order of the Board of Directors

Prakash Kamath
Company Secretary

June 26, 1998

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

2. The Register of Members and Share Transfer Books of the Company will remain closed on September 09, 1998
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

**DIRECTORS' REPORT**

The Shareholders
IL&FS Venture Corporation Limited

Your Directors present for your consideration and approval the Twelfth Annual Report with the Audited Financials of the Company for the year ended March 31, 1998

FINANCIAL HIGHLIGHTS

	For the year ended March 31, 1998	Rs. Million For the period ended March 31, 1997
Total Income	29.64	12.66
Gross Profit / (Loss)	4.10	(10.30)
Non-cash Charges	3.11	3.52
Net Operating Income for the year	0.99	(13.82)
Miscellaneous expenditure written off	1.65	1.24
Loss on sale of assets	6.46	0.58
Prior period expenses/(income)	2.12	(0.99)
Provision for depreciation in investments	2.01	4.03
Contingency provision for diminution in value of Trade Investments	5.02	10.15
Provision for Non Performing Assets	(0.31)	0.31
Profit/(Loss) before Taxation	(15.96)	(29.14)
Provision for Interest tax	0.07	Nil
Net Profit/(Loss) after Taxation	(16.03)	(29.14)
Profit & Loss balance b/f	(162.30)	(133.16)
Balance carried to Balance Sheet	(178.33)	(162.30)

DIVIDEND

During the year, your Company achieved a net operating income of Rs. 0.99 million. However, in view of the provision for further erosion in value of investments made in the past, and losses arising from disposal of assets not required for business, your Company is reporting a net loss of Rs. 16.03 million.

In view of the foregoing, your Directors regret their inability to recommend any dividend for the year under consideration

OPERATIONS OF THE COMPANY

Your Company has been able to report a net operating income during the current Financial Year, after a gap of almost three years. This has been possible due to the various steps taken by your Management in controlling costs and improving the earnings through closure of new Funds

You would recall that your Management had decided last year to discontinue all investment activities, and focus on managing funds. Accordingly, the total income during the current Financial Year of Rs. 29.64 million primarily include management fees and structuring fees received in respect of the Funds under Management

During the year, your Management disposed off various assets, which were considered of having no future use. This has resulted in non-recurring loss of Rs. 6.46 million. Your Management also disposed off a part of the past investment portfolio, wherever possible depending on the available market opportunities. An additional contingency provision of Rs. 7.03 million has been made during the year to take into account the current realisable values of investments held as on March 31, 1998