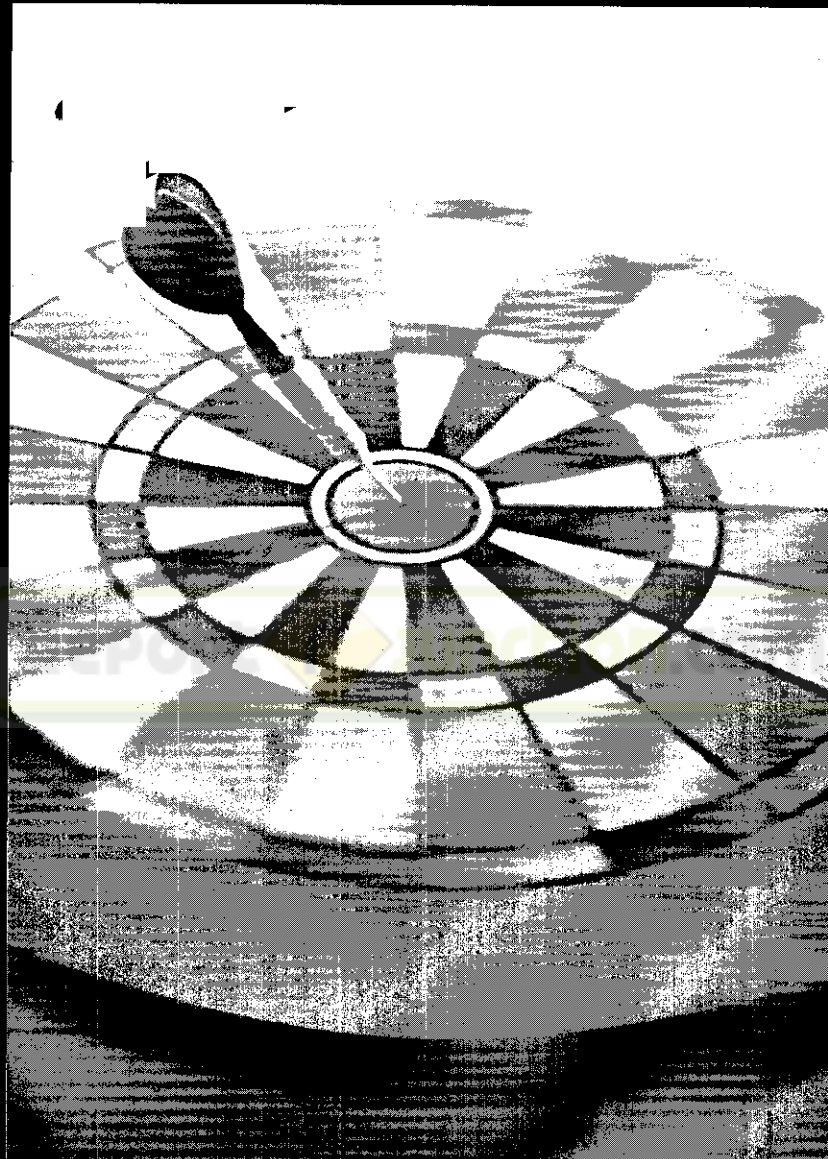


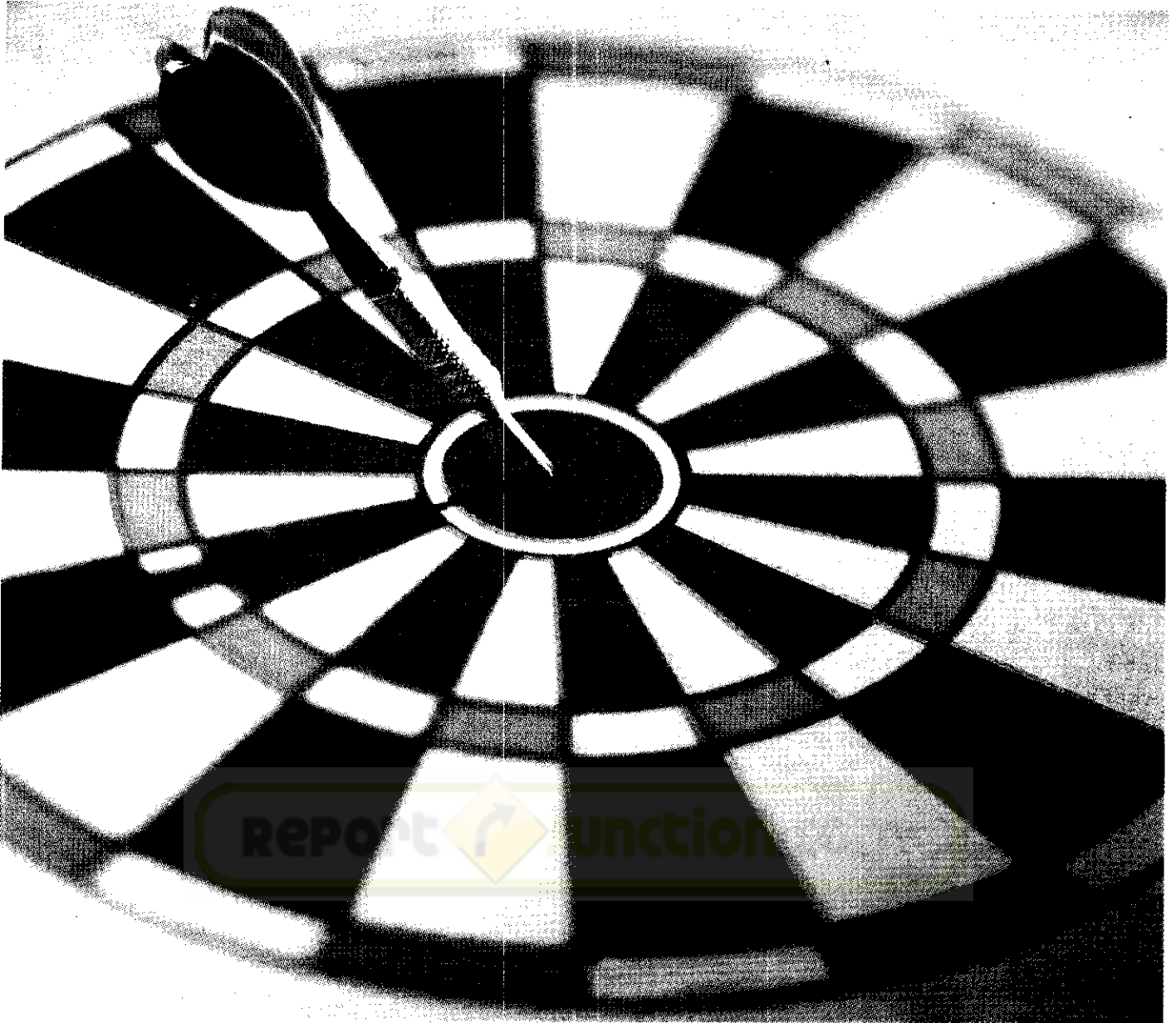
IVC

Energising Capital. Realising Ideas



ANNUAL REPORT 1999 - 2000

IL&FS VENTURE CORPORATION LIMITED



FOCUS LEADS TO RESULTS

A focussed investment approach has enabled IVC to evolve as one of the leading Venture Capitalists in India with an investment track record that is *predicated on nurturing partnerships*, and helping build successful organizations around them.

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BOARD OF DIRECTORS	MR. S.M.DATTA	<i>Chairman</i>
	MR. RAVI PARTHASARATHY	
	MR. VIMAL BHANDARI	
	MR. SHAHZAAD DALAL	
	MR. V.H.RAMAKRISHNAN	
	MR. N.S.NAYAK	
	MR. V.V.SUBRAMANIAN	
	MS. USHA RAO-MONARI	
	MR. BANSI S.MEHTA	
	MR. G.PARAMESWARAN	
	MR. HETAL GANDHI	<i>Managing Director</i>
COMPANY SECRETARY	MR. PRAKASH KAMATH	
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	<u>Mumbai</u> The IL&FS Financial Centre, 7th Floor Plot No.C-22, G Block Bandra-Kurla Complex Bandra (East) Mumbai 400 051	
	<u>New Delhi</u> USI Complex Rao Tula Ram Marg Opp. Signals Enclave New Delhi 110 010	
REGISTRARS & SHARE TRANSFER AGENTS	Investor Services of India Limited IDBI Building, 2nd Floor "A" Wing, Sector 11, Plot No.39,40,41 CBD Belapur, Navi Mumbai 400 614 Phone : 022-757 9636 Fax : 022-757 9650	

IL&S Venture Corporation Limited

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of the Company will be held on September 21, 2000 at 11.00 am 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, 2000 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 Shahzaad Dalal who retires by rotation and being eligible, has offered himself for re-appointment
- (3) To appoint a Director in place of Mr V H Ramakrishnan who retires by rotation and being eligible, has offered himself for re-appointment
- (4) To appoint a Director in place of Mr N S Nayak who retires by rotation and being eligible, has offered himself for re-appointment
- (5) To appoint a Director in place of Mr S M Datta who retires by rotation and being eligible, has offered himself for re-appointment
- (6) 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

- (7) To consider and if thought fit to pass, with or without modifications, the following resolution as Special Resolution
"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956 and other applicable provisions, if any, the Articles of Association be and are hereby altered in the following manner to include the new Article 73B as hereunder :

Article No. 73B - DEMATERIALISATION OF SHARES:

Definitions : For the purpose of this Article ;

"DEPOSITORIES ACT" means the Depositories Act, 1996, including any statutory modification or re-enactment thereof for the time being in force

"DEPOSITORY" means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992

"SEBI" means the Securities and Exchange Board of India

"SECURITY" means such security as may be specified by the Securities and Exchange Board of India from time to time

"MEMBER" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a beneficial owner in the records of the Depository

"PARTICIPANT" means person registered as such under Section 121(1A) of the Securities and Exchange Board of India Act, 1992

"REGISTERED OWNER" means a depository whose name is entered as such in the record of the Company

"BENEFICIAL OWNER" means a person whose name is recorded as such with a Depository

"RECORD" includes the records maintained in the form of books or stored in a computer or in such other forms as may be determined by the regulations issued by the Securities and Exchange Board of India, in relation to the Depositories

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"BYE-LAWS" means bye-laws made by the Depository under Section 26 of the Depositories Act

"REGULATIONS" means the regulations made by the Securities and Exchange Board of India

Words imparting the singular number only include the plural number and vice versa

Words and expressions used and not defined in the Companies Act, 1956 but defined in the Depositories Act shall have the same meaning respectively assigned to them in that Act

(a) Company to recognise interest in dematerialised securities under Depositories Act:

Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification(s) or re-enactment thereof

(b) Dematerialisation / rematerialisation of securities:

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialise its existing securities, re-materialise its securities held in depositories and / or offer its fresh securities in the dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any

(c) Option to receive security certificates or hold securities with Depository:

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificates or hold securities with a Depository. Where a person opts to hold a security with a Depository, the Company shall intimate such Depository the details of allotment of the Security, and on receipt of such information the Depository shall enter in its record the name of the allottee as the beneficial owner of that Security

(d) Securities in fungible form:

All Securities held by a Depository shall be dematerialised and be in fungible form. No Certificate shall be issued for the Securities held by the Depository. 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

(e) Beneficial owner deemed as absolute owner:

Except as ordered by a Court of competent jurisdiction or by Law required, the Company shall be or entitled to treat the person whose name appears on the Register of members as the holder of any share or absolute whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust equitable Contingent, future partial interest, other claim to or interest in respect of such share or (except only as these Articles otherwise expressly provide) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them

(f) Rights of Depositories and Beneficial Owners:

Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner

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Save as otherwise provided above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it

Every person holding securities of the Company and whose name is entered as a 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

(g) **Register and Index of Beneficial Owners:**

The Company shall cause to be kept a Register and Index of Members with details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a Register and Index of Members for the purpose of this Act. The Company shall have power to keep in any State or Country outside India a branch Register of Members resident in that State or Country

(h) **Cancellation of certificates upon surrender by a person:**

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificate and substitute in its records the name of the Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly

(i) **Service of documents:**

Notwithstanding anything contained 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

(j) **Allotment of securities:**

Where the securities are dealt with in a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities

(k) **Transfer of securities:**

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in Depository

(l) **Distinctive number of securities held in a depository:**

The shares in the capital shall be numbered progressively according to their several denomination provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future or issued in future in dematerialised form. Except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished

(m) **Provisions of articles to apply to shares held in depository:**

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form to the provisions of the Depository Act

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(n) **Depository to furnish information:**

Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf

(o) **Option to opt out in respect of any such security:**

If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within thirty (30) days of the receipt of intimation from a Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the Beneficial Owner or the transferee, as the case may be

(p) **Overriding effect of this article:**

Provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other article of these presents"

(8) To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution

"**RESOLVED THAT** pursuant to the provisions of Section 31, 109A, 109B and amendment to Section 58A of the Companies Act, 1956 and other applicable provisions, if any, the Articles of Association be and are hereby altered in the following manner to include the new Article 73C as hereunder :

Article No. 73C - NOMINATION FACILITY:

- (a) Every holder of shares in, or holder of debentures of, the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the Company shall vest in the event of his death
- (b) Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders
- (c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, or debentures of, the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of, the Company, the nominee shall, on the death of the Shareholder or holder of debentures of, the Company or, as the case may be, all the joint holders, in relation to such shares in, or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner
- (d) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination and to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of, the Company, in the event of his death, during the minority
- (e) Any person who becomes a nominee by virtue of the provisions of Section 109A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either --
 - (i) to be registered himself as holder of the share or debenture, as the case may be; or
 - (ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made
- (f) If the person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be

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- (g) All the limitations, restrictions and provisions of this Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice of transfer were a transfer signed by that shareholder or debenture holder, as the case may be
 - (h) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares or debenture, except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share or debentures, until the requirements of the notice have been complied with
 - (i) A depositor may, in terms of Section 58A at any time, make a nomination and the above provision shall, as far as may be, apply to the nomination made under the sub-section
- (9) To consider and if thought fit to pass, with or without modifications, the following resolution as Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, the Articles 131A of the Articles 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 8% of the Paid-up Equity shares in the Share Capital of the Company are individually held by Asian Development Bank (ADB), International Finance Corporation (Washington) (IFC), Infrastructure Leasing & Financial Services Limited (IL&FS) and Bank of India (BOI) hereinafter in this article referred to as Institutional Shareholders, the Institutional Shareholders namely ADB and IFC shall each have a right to nominate and appoint from time to time, a person as a Director (hereinafter called as Shareholder Nominee Director), BOI shall have a right to nominate and appoint from time to time, two persons as Directors (hereinafter called as Shareholder Nominee Directors) and IL&FS shall have a right to nominate and appoint from time to time, three persons as Directors (hereinafter called as Shareholder Nominee Directors) on the Board of the Company and to remove from, such office any person or persons so appointed by them individually and to appoint any person in his place

The Board of Directors of the Company shall have no power to remove from office any Shareholder Nominee Director

The Shareholder Nominee Director shall hold office only so long as the Institutional Shareholder individually holds at least 8% 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 8% 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 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

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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"

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

"**RESOLVED THAT** in accordance with the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, the Articles 88(1) of the Articles of the Company pertaining to Report Statement and Registers to be laid before the Annual General Meeting be and is hereby altered by deleting the same and substituting in its place and stead the following clause:

"At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the proxy register with proxies and the Register of Directors, Shareholders which latter Register shall remain open and accessible during the continuance of the meeting"

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

"**RESOLVED THAT** subject to approval of the Securities and Exchange Board of India, the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 be applicable to the Company in place of the SEBI Guidelines on Preferential Issues to Select Group U/s 81(1A) of the Companies Act, 1956 and Part - D of the SEBI Guidelines for Disclosure & Investor Protection of the old SEBI Guidelines on Employee Stock Option AND accordingly the Employee Stock Option Scheme of the Company be changed, modified, revised and altered in the place and stead of the old Employee Stock Option Scheme of the Company"

"**RESOLVED FURTHER THAT** for the purpose of giving effect to all or any of the foregoing, the Board be and is hereby authorised inter-alia to evolve, decide upon and bring into effect the Scheme and make and give effect to any modification, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time, as may be specified by any statutory authority or person or body of persons or as the Board may suo-moto decide in its absolute discretion and to do all such acts, deeds, matters and things whatsoever, including settling any question, doubt or difficulty that may arise with regard to or in relation to the Scheme or with regard to issue or allotment of any securities under the Scheme as it may, in its absolute discretion, consider necessary, expedient or proper in or about the premises"

An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 on the proposed resolutions is attached separately for the understanding of the shareholders of the Company

Registered Office

By Order of the Board of Directors

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

August 03, 2000

Prakash Kamath
Company Secretary