

MD	✓			BKC	✓
CS	✓			DPY	✓
RO	✓			DIV	✓
TRA	✓			AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓	✓		

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TATA INVESTMENT CORPORATION LIMITED

SIXTIETH

Annual Report

1996-97



Annual General Meeting on Friday, 8th August, 1997
Bombay House Auditorium at 4.00 p.m.

TATA INVESTMENT CORPORATION LIMITED

Sixtieth Annual Report

1996-97

CONTENTS

	Page
Notice	2
Directors' Report	3-5
Financial Highlights	5
Auditors' Report	6
Annexure to Auditors' Report	7
Balance Sheet	8
Profit and Loss Account	9
Notes to the Accounts	10-11
Schedules to the Profit and Loss Account '1' to '3'	12
Schedules to the Balance Sheet 'A' to 'H'	13-16
List 1— Quoted Investments	17-21
List 2— Unquoted Investments	21-22
Statement pursuant to Section 212 of the Companies Act, 1956	23
Summary of Investments — Distribution among Different Industries and classes of Securities	23
Cash Flow Statement	24
Financial Statistics	25
Accounts of the Subsidiary Company : Investa Ltd.	26-40

BOARD OF DIRECTORS :

F. A. Mehta (*Chairman*)
Pratap Bhogilal
P. S. Mistry
Jaykrishna Harivallabhdas
V. C. Vaidya
N. A. Soonawala
B. L. Paranjape
A. B. K. Dubash
K. N. Suntook

Manager & Secretary :

M. J. Kotwal

Bankers :

Bank of Baroda
Bank of India
Catholic Syrian Bank
Central Bank of India
Union Bank of India
Hatton National Bank Ltd., Colombo

Auditors :

Messrs A. F. Ferguson & Co.
Chartered Accountants.

Solicitors :

Messrs Mulla & Mulla and Craigie, Blunt & Caroe,
S. R. Vakil

Registered Office :

Ewart House, 22, Homi Mody Street, Fort,
Mumbai 400 001.

Registrars & Share Transfer Agents :

Tata Share Registry Ltd.,
Shalaka, 1st Floor,
Near Cooperage Telephone Exchange,
Maharshi Karve Road,
Mumbai 400 021.

TATA INVESTMENT CORPORATION LIMITED

NOTICE

THE SIXTIETH ANNUAL GENERAL MEETING OF TATA INVESTMENT CORPORATION LIMITED will be held at Bombay House Auditorium, Homi Mody Street, Fort, Mumbai 400 001, on Friday, the 8th day of August, 1997, at 4.00 p.m. to transact the following business:—

1. To receive and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended 31st March, 1997, and the Balance Sheet as at that date.
 2. To declare a dividend on Ordinary Shares.
 3. To appoint a Director in the place of Dr. F. A. Mehta, who retires by rotation and is eligible for re-appointment.
 4. To appoint a Director in the place of Mr. B. L. Paranjape, who retires by rotation and is eligible for re-appointment.
 5. To appoint a Director in the place of Mr. A. B. K. Dubash, who retires by rotation and is eligible for re-appointment.
 6. To appoint a Director in the place of Mr. K. N. Suntook, who was appointed Additional Director of the Company 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 pursuant to Section 257 of the Act, proposing his candidature for the office of Director.
 7. To appoint Auditors and to fix their remuneration.
- (d) If dividend on shares as recommended by the Directors is approved at the Meeting, payment will be made on or after Monday, 11th August, 1997, to those Members whose names are on the Company's Register of Members on 1st August, 1997.
 - (e) In view of the provisions of the Finance Act, 1997, no tax is required to be deducted from dividend payable for the financial year 1996-97. Consequently, it is not necessary to file Form 15G for exemption of deduction of tax at source on dividends.
 - (f) Odd lot re-purchase facility is available. Those members who wish to dispose of their odd lot shares may contact Tata Share Registry Limited, Army & Navy Building, 148, Mahatma Gandhi Road, Mumbai 400 001.
 - (g) In accordance with the provisions of Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, members are informed that the Unpaid Dividend for the year ended 31st March, 1994, shall be transferred by the Company to the General Revenue Account of the Government of India by 30th September, 1997. Those shareholders who have not yet encashed their dividend warrants for the year ended 31st March, 1994 may contact Tata Share Registry Limited, for claiming such dividend before the same is transferred to the Government.

NOTES:

- (a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item No. 6 set out above is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (c) The Register of Members and the Transfer Books of the Company will be closed from Tuesday, the 22nd July, 1997, to Friday, the 1st August, 1997, both days inclusive.

By Order of the Board of Directors,
TATA INVESTMENT CORPORATION LIMITED,

M. J. KOTWAL

Manager & Secretary.

Mumbai, 23rd June, 1997.

Registered Office:
Ewart House,
Homi Mody Street,
Fort, Mumbai 400 001.

EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement set out all material facts relating to the special business mentioned in Item No. 6 of the accompanying Notice dated 23rd June, 1997.

Item No. 6:

Mr. K. N. Suntook was appointed an Additional Director on the Board of Directors of the Company with effect from 5th March, 1997. Under the provisions of Section 260 of the Companies Act, 1956, Mr. Suntook holds office upto the date of the Annual General Meeting of the Company. A Notice has been received from a member signifying its intention to propose Mr. Suntook as a Director.

Mr. Suntook is at present the President of Tata Services Ltd. and has held Senior positions in various other companies. It would

therefore be in the interest of the Company that the Board should continue to receive the benefit of Mr. Suntook's advice.

It is therefore desirable that Mr. Suntook be appointed a Director of the Company.

By Order of the Board of Directors,
TATA INVESTMENT CORPORATION LIMITED,

M. J. KOTWAL

Manager & Secretary.

Mumbai, 23rd June, 1997.

Registered Office:
Ewart House,
Homi Mody Street,
Fort, Mumbai 400 001.

DIRECTORS' REPORT

TO

THE MEMBERS,

The Directors present their Sixtieth Annual Report with the Audited Statement of Accounts for the year ended 31st March, 1997.

2. FINANCIAL RESULTS

	Rupees (in lacs)	Previous Year Rupees (in lacs)
Total Income	3185.03	2791.35
Profit before tax	2433.39	2342.48
Less: Provision for tax	451.66	557.20
Profit after tax	1981.73	1785.28
Less: Liability for unencashed leave of earlier years	—	7.11
	1981.73	1778.17
Less: Amount carried to Capital Reserve	493.36	761.45
	1488.37	1016.72
Add: Balance brought forward from the previous year	247.84	259.43
Amount available for appropriation	1736.21	1276.15
The Directors have made the following appropriations:		
Proposed Dividend	550.68	428.31
Tax on proposed Dividend	55.07	—
Investment Reserve	200.00	—
Reserve Fund	397.00	—
General Reserve	300.00	600.00
	1502.75	1028.31
leaving a balance to be carried forward of	233.46	247.84
3. The Directors recommend the payment of dividend of Rs. 3.50 per share plus Re. 1.00 per share as Diamond Jubilee dividend (making a total of Rs. 4.50 per share), on 1,22,37,419 Ordinary Shares for the year ended 31st March, 1997. (previous year: Rs. 3.50 per share subject to deduction of tax)	550.68	428.31

DIVIDEND ON ORDINARY SHARES

4. The Directors are pleased to recommend a dividend of Rs. 3.50 per share plus Re. 1.00 per share as Diamond Jubilee dividend (making a total of Rs. 4.50 per share) on the paid-up share capital of the Company (previous year: Rs. 3.50 per share subject to deduction of tax).

OPERATING RESULTS

5. The total income during the year increased to Rs. 31.85 crores from Rs. 27.91 crores in the previous financial year, mainly due to increase in the income from dividend and interest and increase in the profit on sale of investments, despite the depressed stock market conditions. The total expenditure increased during the year to Rs. 7.52 crores from Rs. 4.49 crores in the previous year, mainly due to higher interest costs and provision for diminution in value of investments held as stock-in-trade in respect of the OTC division.

6. The profit before tax during the year increased from Rs. 23.42 crores to Rs. 24.33 crores, whilst the profit after tax increased from Rs. 17.85 crores to Rs. 19.82 crores, representing an earnings per share of Rs. 16.19. In accordance with the provisions of the Articles of Association of the Company, the net surplus on sale or realisation of certain investments amounting to Rs. 4.93 crores has been thereafter carried to the Capital Reserve Account.

OTC EXCHANGE OF INDIA

7. Although, the Company continues to be a Member of the OTC Exchange of India (OTCEI), owing to the very depressed OTCEI market, there has been no income in respect of the OTC operations during the year; in fact, the Company was required to provide Rs. 1.50 crores representing the diminution in value of certain OTC investments held as stock-in-trade.

TATA INVESTMENT CORPORATION LIMITED**INVESTMENT PORTFOLIO**

8. A summarised position of the Company's portfolio of investments on 31st March, 1997, as compared to that at the end of the previous year, is given below:—

	31-3-1997	31-3-1996
	(Rs. in crores)	
<u>Book value</u>		
Quoted investments	103.80	93.19
Unquoted investments	22.39	24.53
Subsidiary company	9.73	9.72
	<u>135.92</u>	<u>127.44</u>
<u>Market value</u>		
Quoted investments only	<u>394.79</u>	<u>496.30</u>
Percentage appreciation of quoted investments over their book value	280%	433%

9. The lower market value of quoted investments reflects the decline in market prices in general on 31st March, 1997 compared to those on 31st March, 1996.

10. The Directors confirm that all investments held by the Company and shown under "Investments" in the Balance Sheet are long term investments to be held for more than one year from the date of acquisition. Unless otherwise decided in specific cases, all investments made in future will also be categorised as long term investments.

FIXED DEPOSITS

11. Fixed Deposits from 289 parties amounting to Rs. 27.09 lacs which had matured during the year under report but were not claimed by the depositors, were outstanding at the end of the year. Out of these, 176 deposits aggregating Rs. 14.42 lacs remain outstanding as of date.

CRISIL has, for the Fixed Deposit programme of our Company, reaffirmed the 'FAAA' rating which indicates highest safety in timely payment of interest and principal amount of deposits.

SUBSIDIARY COMPANY — INVESTA LIMITED

12. Our subsidiary company, Investa Limited, has shown reasonably good working results for the year ended 31st March, 1997 and declared a dividend of 22% (previous year 25%) on the paid-up share capital for the year. However, taking into account the new tax on dividend and the payment of dividend on the full paid-up capital for the whole year, the Company's dividend pay-out was higher than the previous year. Investa's profit after tax for the year 1996-97 was Rs. 312.45 lacs compared to Rs. 297.20 lacs in the previous year. The book value of Investa's investments on 31st March, 1997, was Rs. 26.02 crores, the market value of which was Rs. 36.99 crores.

REDEMPTION OF DEBENTURES

13. The Company has redeemed during the year 5,00,000 14% Unsecured Non-convertible Debentures of Rs. 100 each issued to Citicorp Securities & Investments Ltd. as well as 2,00,000 14% Secured Non-Convertible Debentures of Rs. 100 each together with interest issued to Naval Group Insurance Fund.

OTHER MATTERS

14. Income-tax assessments upto the Assessment Year 1994-95 have been completed and appeals have been filed wherever necessary.

15. In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of the employees of the Company, in receipt of remuneration of not less than Rupees three lacs per annum or part thereof for the year under review are set out separately.

DIRECTORS

16. Mr. K. N. Suntook was appointed as an Additional Director during the year and holds office upto the date of the Annual General Meeting, and is eligible for re-appointment as a Director of the Company. The Board considers that the appointment of Mr. Suntook as a Director would be in the interest of the Company. Members attention is invited to Item No. 6 of the Notice.

17. Pursuant to the provisions of the Companies Act, 1956, and the Company's Articles of Association, Dr. F. A. Mehta, Mr. B. L. Paranjape and Mr. A. B. K. Dubash, retire by rotation and are eligible for re-appointment.

COMMENTS ON CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

18. Being an investment company, these provisions are not applicable to the Company.

COMMENTS ON FOREIGN EXCHANGE EARNINGS AND OUTGO

19. There were no foreign exchange earnings and outgo apart from those mentioned in Notes 2 and 7 to the Accounts.

AUDITORS

20. Shareholders are requested to appoint Auditors for the current year and to fix their remuneration. Messrs. A. F. Ferguson & Company have, under Section 224(1) of the Companies Act, 1956, furnished a certificate of their eligibility for the appointment.

On behalf of the Board of Directors,

Mumbai, 23rd June, 1997.

F. A. MEHTA
Chairman.

SIXTIETH ANNUAL REPORT 1996-97

**Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the
Companies (Particulars of Employees) Rules, 1975.
(Please refer para 15 of the Directors' Report)**

Sr. Name No.	Designation and Nature of Duties	Remuneration Received		Qualifications	Age (in years)	Experi- ence	Date of Commencement of employment	Last employment held, designation and period for which post held.
		Gross Rs.	Net Rs.					
1. Dotivala H.	Investment Officer	3,42,334	2,33,734	B.Com., Inter C.A.	45	19	16.6.1978	R. D. Katpitia & Co., (Accounts Assistant), 1 year.
2. Ghadiali K. J.	Chief Accountant	5,63,103	3,57,833	B.Com. (Hons.), A.C.A., A.C.S.	44	20	17.4.1985	Hindustan Ciba-Geigy Ltd., (Executive Finance), 3 years.
3. Kotwal M. J.	Manager & Secretary	5,97,570	3,56,200	B.Sc., LL.B., F.C.S.	49	30	1.1.1984	The Tata Mills Ltd. (Secretary), 3 1/2 years.
4. Mehta K. F.	Chief Investment Executive	5,55,600	2,92,150	B.Com., M.M.S. (Finance)	36	12	9.8.1989	Seton Capital Management (San Francisco), (Consultant), 9 months.

- NOTES: (1) Remuneration received includes salary and other allowances, taxable value of perquisites and contribution to Provident and Superannuation Funds.
(2) The above calculations do not include gratuity, medical and health insurance benefits, etc. which employees are entitled to as per Company's Rules.
(3) Net remuneration is arrived at by deducting from the gross remuneration, income-tax, Company's contribution to Provident Fund, Superannuation Fund and the monetary value of the non-cash perquisites.
(4) The employees have adequate experience to discharge the responsibilities assigned to them.
(5) Mr. K. F. Mehta is a relative of Dr. F. A. Mehta, a Director of the Company. None of the other employees mentioned above is a relative of any director of the Company.
(6) The nature of employment is contractual.

On behalf of the Board of Directors,

F. A. MEHTA
Chairman.

Mumbai, 23rd June, 1997.

Highlights for the last 5 years

Year ended 31st March,

	1993	1994	1995	1996	1997
	(Rs. in lacs)				
Total income	1384	2129	2697	2791	3185
Total expenses (including interest and Expenses of earlier years)	395	608	514	456	752
Profit before tax	989	1521	2183	2335	2433
Provision for tax	220	279	491	557	451
Profit after tax	769	1242	1692	1778	1982
Amount carried to Capital Reserve	144	337	575	761	493
Ordinary Share Capital	642	749	1224	1224	1224
Reserves (including Capital Reserve)	5070	6412	10393	11742	13118
Net Worth per Ordinary Share (Rs.)	89.02	95.58	94.92	105.96	117.20
Earnings per Ordinary Share (Rs.)	13.09	17.85	14.57	14.53	16.19
Dividend per Ordinary Share (%)	35	40	35	35	45
Book Value of investments	8285	9479	11208	12744	13592
Realisable value of investments	32535	57618	55210	53056	42691
Debt/Equity ratio	0.56:1	0.42:1	0.11:1	0.18:1	0.15:1
Total number of investments	343	354	414	431	425

Note: The figures for the years ended 31st March, 1996 and 1997 are in accordance with the mandatory change in Accounting Standard 13 of the Institute of Chartered Accountants of India which requires all profits on sale of investments to be routed through the Profit and Loss Account. The figures of earlier years in the above table have therefore, been regrouped accordingly.

TATA INVESTMENT CORPORATION LIMITED

AUDITORS' REPORT TO THE MEMBERS OF TATA INVESTMENT CORPORATION LIMITED

We have audited the attached balance sheet of TATA INVESTMENT CORPORATION LIMITED as at 31st March, 1997 and also the profit and loss account of the Company for the year ended on that date, annexed thereto and report that:

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
2. Further to our comments in the annexure referred to in paragraph 1 above: —
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
 - (c) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
 - (d) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :—
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 1997,
 - and
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date.

For A. F. FERGUSON & CO.,
Chartered Accountants.

B. P. SHROFF
Partner.

Mumbai, 23rd June, 1997.

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT ON THE ACCOUNTS OF
TATA INVESTMENT CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 1997.**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No discrepancies were noted on such verification.
2. None of the fixed assets has been revalued during the year.
3. The stock in trade of the Company are shares in companies listed on the Over the Counter (OTC) Exchange where the Company is a market maker. While no physical scrips exist the stock has been verified with the OTC screen and printouts and we are informed that no discrepancies have been noticed on such verification as compared to book records.
4. In our opinion and according to the information and explanations given to us, the valuation of shares held as stock in trade is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as the preceding year.
5. The Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 where the rate of interest and other terms and conditions are prima facie prejudicial to the interest of the Company. We are informed that there are no companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
6. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 where the rate of interest and other terms and conditions are prima facie prejudicial to the interest of the Company. We are informed that there are no companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
7. In respect of loans and advances in the nature of loans given by the Company, the parties are, where stipulations for repayment have been made, paying the principal amounts, as originally stipulated/rescheduled and are also regular in the payment of interest where applicable.
8. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of equipment and other assets.
9. In our opinion, as per the books and records of the Company and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 (to the extent applicable) and the directives issued by the Reserve Bank of India, with regard to the deposits accepted from the public.
10. The Company does not have a formal internal audit system as such, but its internal control procedures ensure reasonable internal checking of financial and other records which, in our opinion, are adequate.
11. According to the records of the Company, provident fund dues have been regularly deposited during the year with the appropriate authority. According to the information given to us, the Employees Pension Fund 1995 and the Employees State Insurance Act does not apply to the Company.
12. In our opinion and according to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, and excise duty were outstanding as at 31st March, 1997 for a period of more than six months from the date they became payable.
13. In our opinion and according to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
14. Adequate documents and records are maintained in a case where the company has granted loan on the basis of security by way of pledge of shares.
15. In respect of the Company's trading activities in OTC shares and securities, proper records have been maintained of the transactions and contracts and timely entries have been made therein and the investments are held by the Company in its own name in the OTC computer system.

For A. F. FERGUSON & CO.,
Chartered Accountants.

B. P. SHROFF
Partner.

Mumbai, 23rd June, 1997.

TATA INVESTMENT CORPORATION LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1997

	Rupees (in lacs)	Rupees (in lacs)	As at 31-3-1996 Rupees (in lacs)
FUNDS EMPLOYED:			
1. SHARE CAPITAL (Schedule 'A' page 13)		1223.74	1223.74
2. RESERVES AND SURPLUS (Schedule 'B' page 13)		13118.45	11742.45
3. TOTAL SHAREHOLDERS' FUNDS		14342.19	12966.19
4. LOANS: —			
(a) Secured (Schedule 'C' page 14)	49.65		371.18
(b) Unsecured (Schedule 'D' page 14)	2038.26		1902.97
		2087.91	2274.15
5. TOTAL FUNDS EMPLOYED		16430.10	15240.34
APPLICATION OF FUNDS:			
6. FIXED ASSETS (Schedule 'E' page 15)		264.40	279.36
7. INVESTMENTS (At or below cost) (Schedule 'F' page 15)		13591.59	12744.09
8. CURRENT ASSETS, LOANS AND ADVANCES (Schedule 'G' page 16)	3286.65		3023.80
9. Less — CURRENT LIABILITIES AND PROVISIONS (Schedule 'H' page 16)	712.54		806.91
NET CURRENT ASSETS		2574.11	2216.89
10. TOTAL ASSETS (NET)		16430.10	15240.34

For notes see pages 10 & 11

Per our report attached,
For A. F. FERGUSON & CO.
Chartered Accountants.

B. P. SHROFF
Partner.

Mumbai, 23rd June, 1997.

M. J. KOTWAL
Manager & Secretary.

For and on behalf of the Board,

F. A. MEHTA

Chairman.

P. S. MISTRY
JAYKRISHNA HARIVALLABHDAS
V. C. VAIDYA
N. A. SOONAWALA
B. L. PARANJAPE
K. N. SUNTOOK

Directors.