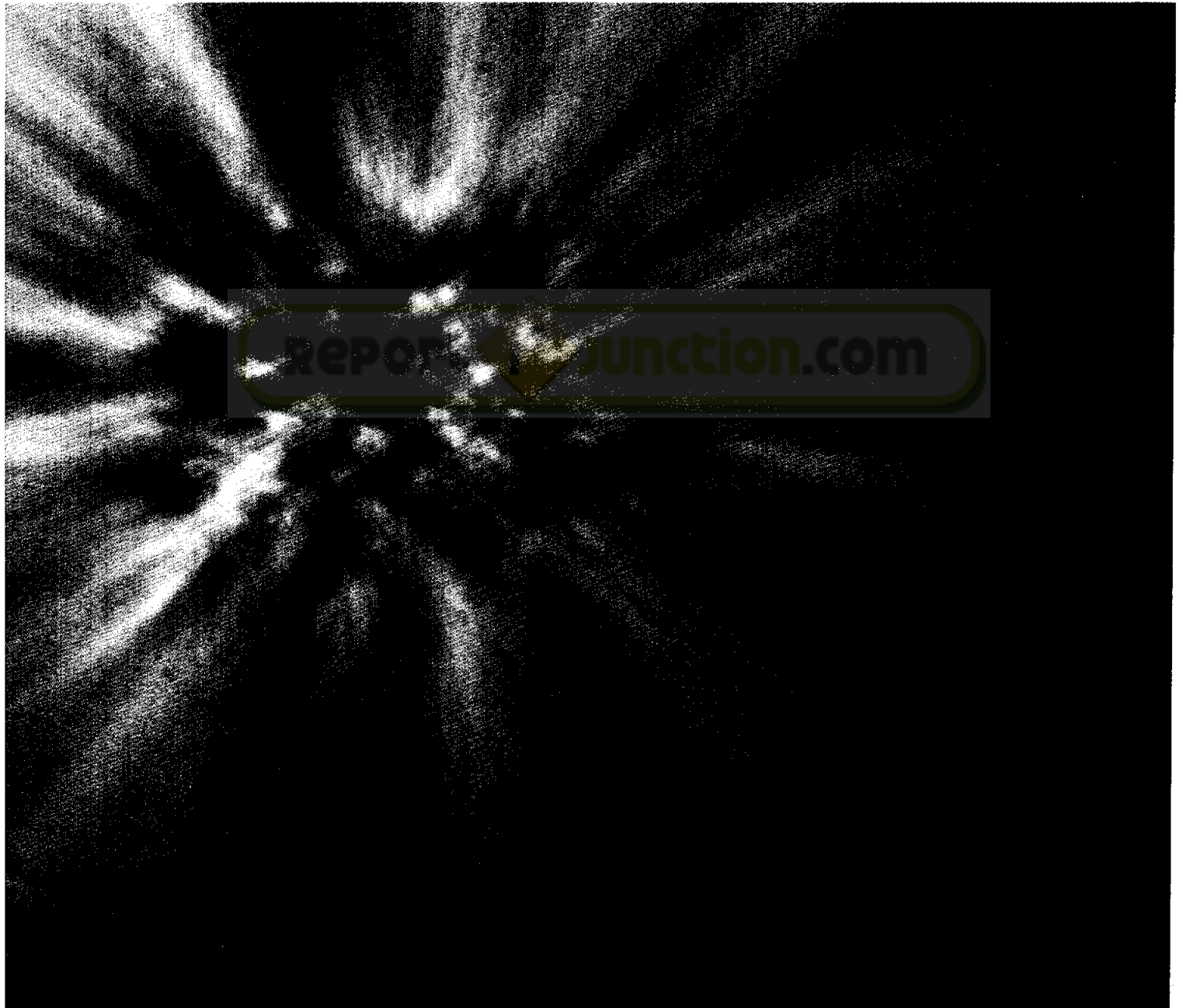




TATA INVESTMENT CORPORATION LIMITED




TATA INVESTMENT CORPORATION LIMITED

Sixty-fifth annual report 2001-2002

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BOARD OF DIRECTORS :

Dr. F.A. Mehta (*Chairman*)
 Mr. N.A. Soonawala (*Vice-Chairman*)
 Mr. Pratap Bhogilal
 Mr. P.S. Mistry
 Mr. V.C. Vaidya
 Mr. B.L. Paranjape
 Mr. A.B.K. Dubash
 Mr. K.N. Suntook
 Mr. M. J. Kotwal (*Executive Director & Secretary*)
 Mr. A. T. Contractor (*Executive Director – Investments*)

Registered Office :

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

Bankers :

Bank of India
 Catholic Syrian Bank
 Central Bank of India
 Citibank N.A.
 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

Registrars & Share Transfer Agents :

Tata Share Registry Limited,
 Army & Navy Building,
 148, Mahatma Gandhi Road,
 Mumbai 400 001.

Annual General Meeting on Wednesday, the 7th day of August, 2002 at Bombay House Auditorium at 3.00 p.m.

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TATA INVESTMENT CORPORATION LIMITED**NOTICE**

THE SIXTY-FIFTH ANNUAL GENERAL MEETING OF TATA INVESTMENT CORPORATION LIMITED will be held at Bombay House Auditorium, Homi Mody Street, Fort, Mumbai 400 001, on Wednesday, the 7th day of August, 2002, at 3.00 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, 2002, and the Balance Sheet as at that date.
2. To appoint a Director in the place of Dr. F. A. Mehta, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in the place of Mr. P.S. Mistry, 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 consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :-

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows :-

- (a) In Article 195(1)-

For the words "Share Premium Account" the words "Securities Premium Account" shall be substituted.

- (b) In Article 195(1) the following new proviso shall be added :

'Provided further that notwithstanding anything contained hereinabove, any amounts standing to the credit of the Securities Premium Account may also be utilised (other than for Capitalisation), in accordance with the provisions of law.'

- (c) Insert the following Article 195A after Article 195(6) :

' 195A. The Capital Reserve Account of the Company created in earlier years from the net profits on sale of investments and other assets shall be applied to capital purposes, including capitalisation under the provisions of Article 195 and may also be appropriated towards meeting realised losses on sale or transpositions of or writing down or providing for diminution in value of investments or other capital assets either individually or in the aggregate. Any enhancement in value in respect of such investments/ assets shall be written back (to the extent of the diminution) to the Capital Reserve Account. Sums standing to Capital Reserve Account may be applied for any of the purpose to which sums standing to the Reserve or any other fund under the provisions of Article 172(19) are applicable, except and provided that no part of the Capital Reserve Account shall in any event be transferred to revenue account (except for adjustment in value of investments as above) or regarded or treated as profits of the Company available for dividend or be applied in paying dividends on any shares in the Company's capital, or be transferred to any Fund for any such purpose.'

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

"RESOLVED that pursuant to the provisions of Sections 78,100 and other applicable provisions, if any, of the Companies Act, 1956. Articles 15 and 195 of the Articles of Association of the Company, and subject to the confirmation of the Hon'ble High Court of Judicature at Mumbai, an amount not exceeding Rs. 20 crores out of the balance standing in the Securities Premium Account of the Company be utilized partly by allocating a sum of Rs. 5 crores to augment the present provision for diminution in value of investments and partly for allocating and earmarking a sum not exceeding Rs. 15 crores to be utilized against provisions that may be required to be made in future for diminution in value of investments.

RESOLVED FURTHER that for the purpose of giving effect to the above Resolution, and for the removal of any difficulties of doubts, the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee or any person which the Board may nominate/constitute to exercise its powers, including the powers by this Resolution) be and is hereby authorised to do all such acts, deeds, matters and

things as it may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to utilization/adjustment of the Securities Premium Account including passing of such accounting entries and/or making such other adjustments in the books of accounts as are considered necessary to give effect to the above Resolutions or to carry out such modifications/directions as may be ordered by the Hon'ble High Court of Judicature at Mumbai to implement the aforesaid Resolution."

7. To appoint a Director in the place of Mr. M.J. Kotwal, who was appointed an Additional Director of the Company by the Board of Directors with effect from 4th September, 2001, and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, and Article 130 of the Articles of Association of the Company, but who is eligible for re-appointment and in respect of whom the Company has received notices in writing under Section 257 of the Act from shareholders proposing his candidature for the office of Director.
8. To appoint a Director in the place of Mr. A.T. Contractor, who was appointed an Additional Director of the Company by the Board of Directors with effect from 4th September, 2001, and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, and Article 130 of the Articles of Association of the Company, but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a shareholder proposing his candidature for the office of Director.
9. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-

"RESOLVED that pursuant to the provisions of Sections 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the appointment of Mr. M.J. Kotwal, who was appointed by the Board of Directors the Executive Director with effect from 4th September, 2001, for a period of 3 years upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the aforesaid period) set out in the draft Agreement submitted to this meeting and initialled by a Director for the purpose of identification, to be entered into between the Company of the one part and Mr. M.J. Kotwal of the other part which Agreement is hereby specifically approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Board of Directors and Mr. M.J. Kotwal."
10. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of Sections 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the appointment of Mr. A.T. Contractor, who was appointed by the Board of Directors the Executive Director with effect from 4th September, 2001, for a period of 3 years upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the aforesaid period) set out in the draft Agreement submitted to this meeting and initialled by a Director for the purpose of identification, to be entered into between the Company of the one part and Mr. A.T. Contractor of the other part which Agreement is hereby specifically approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Board of Directors and Mr. A.T. Contractor."
11. To appoint Auditors and to fix their remuneration.

Notes :

- a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item Nos. 2 to 10 set out above are 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) Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31st March, 1995, have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to claim the same from the

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Office of the Registrar of Companies, Maharashtra, CBD, Belapur 400 614.

- d) Consequent upon the introduction of Section 205C by the Companies (Amendment) Act, 1999 the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 1996 onwards, are requested to make their claims to the Company accordingly, without any delay.

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

M.J. KOTWAL

Executive Director & Secretary.

Mumbai, 4th July, 2002.

Registered Office :

Ewart House, Homi Mody Street, 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 business mentioned in Item Nos. 2 to 10 of the accompanying Notice dated 4th July, 2002.

Item No.2 : Dr. Fredie Ardeshir Mehta was appointed a Director & Chairman of Tata Investment in November, 1981. He is an eminent Economist with considerable knowledge and experience. He was first selected to the Tata Administrative Service in 1956 and became a Director of Tata Sons in 1972. He is the Chairman of a number of companies, including Siemens Ltd., SKF Bearings India Ltd., Rallis India Ltd. and Goodlass Nerolac Paints Ltd. He has served on a number of Government Committees and was a Director of IDBI for 12 years. Dr. Mehta received his Master of Arts degree from the University of Bombay and his Masters of Science and Doctorate from the London School of Economics. Dr. Mehta is also a member of the Company's Investment Committee. Dr. Mehta's vast knowledge and experience have been of immense help to the Board. The Directors commend his re-appointment as a Director.

Item No.3 : Mr. Pallonji S. Mistry, who joined the Board in January, 1966, is a well-known Industrialist who heads the Shapoorji Pallonji Group which, inter alia, is one the largest construction firms in the country. He is the Chairman of Forbes Gokak Ltd. and a Director on the Boards of many other companies. Mr. Mistry is also a member of the Company's Investment Committee. His advice and guidance have always proved useful to the Board. The Directors commend his re-appointment as a Director.

Item No.4: Mr. Bana L. Paranjape, joined the Board of Directors of the Company in August, 1984, and is a leading banker and former Chairman and Managing Director of the Union Bank of India as well as former consultant for Midland Bank UK. He is a Director on the Boards of many companies. He is the Chairman of the Company's Audit Committee. His knowledge and experience in the fields of banking, investment and finance have been of great use to the Board. The Directors commend his re-appointment as a Director.

Item Nos.5&6: Prior to 1995, the Company was transferring all profits (in respect of sale of investments and other assets which had taken place within a period of not less than two years from the date of acquisition) to Capital Reserve Account, in accordance with the then Article 196 of the Articles of Association of the Company. The Standard of Accounting for Investments issued in 1995 by The Institute of Chartered Accountants of India provides that all profits/losses on sale of investments have to be routed through the Profit & Loss Account. Moreover, the introduction of the Depository System and the de-materialisation of shares made it difficult to distinguish and identify different lots of securities at the time of sale. The Company therefore had difficulty in complying with the provisions of the said Article. Hence, Article 196 was deleted with effect from 1st April, 1998.

In accordance with the recent Accounting Standard which came into effect from 1st April, 1995, the Company is required to and therefore makes a provision for diminution in long term investments each year, which is debited to the Profit & Loss Account. The Company has an amount of Rs. 53 crores from net profit on sale of investments of earlier years standing to the credit of our Capital Reserve Account which could be logically utilised to off-set the provisions required to be made for diminution in value of long term investments. It is therefore proposed to introduce Article 195A to enable the Company to debit or adjust the provisions for diminution in value of long term investments (through the route of the Profit & Loss Account, if necessary) against the Capital Reserve Account of the Company.

In order to give the Company further flexibility, it is also proposed to re-allocate a portion of the large amount of Rs. 49 crores standing to the credit of the Securities Premium Account, partly by allocating a sum of Rs. 5 crores to augment the present provision of Rs. 14 crores for diminution in value of investments and partly to allocate and set aside a sum of Rs. 15 crores which could be used against provisions which may be required to be made in future for diminution in value of investments.

The partial utilisation of the Securities Premium Account in the above manner as permissible under Section 78 of the Companies Act would have to be implemented through a Capital Reduction Scheme under Section 100 of the Companies Act and is subject to the approval of the High Court at Mumbai.

The above proposals are in the interest of the Company and its shareholders as it will facilitate the wider use of a part of certain reserves.

The proposed reduction will not cause any prejudice to the creditors of the Company. For the sake of clarity, it is specified that the reduction of capital does not involve either the diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid-up capital. The creditors of the Company are in no way affected by the proposed restructuring of the Share Capital as there is no reduction in the amount payable to any of the creditors, no compromise or arrangement is contemplated with the creditors and there is no reduction in value of security, which the creditors may have in the Company. Further, the proposed adjustment would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitment or to pay its debts in the ordinary course of business.

The Resolution under item 6 of the Notice is subject to the confirmation of the Hon'ble High Court of Judicature at Mumbai.

The Board commends the Resolutions for acceptance by the Members as mentioned in items 5 & 6 of the Notice.

None of the Directors of the Company is concerned or interested in the proposed Resolutions.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alteration is available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

Item Nos.7 to 10 : Mr. M.J. Kotwal and Mr. A.T. Contractor were appointed Additional Directors by the Board with effect from 4th September, 2001. In terms of Section 260 of the Act, and Article 130 of the Company's Articles of Association, Mr. Kotwal and Mr. Contractor hold office as Directors only till the date of the forthcoming Annual General Meeting, but are eligible for re-appointment. Notices have been received from members as required by Section 257 of the Act, signifying their intention to propose the candidature of Mr. Kotwal and Mr. Contractor for the office of Directors.

Mr. Kotwal is a law graduate from the University of Bombay and a Fellow Member of the Institute of Company Secretaries of India and has 35 years of experience in legal, administrative and secretarial fields. Mr. Kotwal is a member of the Legal Affairs Committee and the Law and Company Affairs Committee of the Bombay Chamber of Commerce and Industry and the Indian Merchants' Chamber respectively, and is the past Chairman of the Institute of Company Secretaries of India (WIRC).

Mr. Contractor has been appointed as Executive Director - Investments with effect from 4th September, 2001. Mr. Contractor is a Commerce Graduate from the University of Bombay and holds a B.A. (Hons.) degree from London and a M.S. degree from Wright State University, USA. Mr. Contractor was earlier the Vice President-Investments of Tata Mutual Fund. Mr. Contractor is a member of the Capital Markets Committee of the Bombay Chamber of Commerce and Industry.

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The Board of Directors have, on 24th August, 2001, appointed Mr. M.J. Kotwal and Mr. A.T. Contractor as Wholetime Directors of the Company with effect from 4th September, 2001, subject to the approval of the shareholders, with the designations indicated below :-

Mr. M.J. Kotwal - Executive Director & Secretary

Mr. A.T. Contractor - Executive Director - Investments

The draft Agreements between the Company and Mr. M.J. Kotwal and Mr. A.T. Contractor contain the following main terms and conditions :-

- i. The Executive Directors shall carry out such duties as may be entrusted to them subject to the supervision and control of the Board of Directors.
- ii. Tenure of agreements : 3 years with effect from 4th September, 2001.
- iii. Remuneration :-
 - a) Salary : In the scale of Rs.35,000/- - Rs.1,50,000/- per month for each of them with authority to the Board (which expression shall include a Committee thereof) to fix their salaries within the above scale from time to time. The annual increments will be merit based and take into account the Company's performance.
 - b) Incentive Remuneration : upto 100% of salary to be paid at the discretion of the Board annually, based on certain performance criteria.
 - c) Commission :
Such remuneration by way of commission, in addition to the salary, incentive remuneration (if any) and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. The specific amount payable to the Executive Directors will be based on certain performance criteria to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the Members.
 - d) Perquisites and allowances :-
 - In addition to the salary and commission payable, the Executive Directors shall also be entitled to perquisites and allowances like company accommodation (furnished or otherwise) or house rent allowance and house maintenance allowance in lieu thereof, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, society charges and property tax; medical reimbursement, medical/accident insurance, leave travel concession for himself and his family; club fees and such other perquisites and allowances; in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and the Executive Directors; such perquisites and allowances will be subject to a maximum of 125% of their respective annual salaries.
 - For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.
 - Provision for use of Company's car for official duties and telephone at residence shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.
 - Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- iv. Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Executive Directors, the profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above and such incentive remuneration (if any) as determined by the Board.



- v. The terms and conditions of the said appointments and/or Agreements may be altered and varied from time to time by the Board as it may in its discretion deem fit, within the maximum amount payable to the Executive Directors in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.
- vi. The Agreements between the Company and the Executive Directors may be terminated by either party giving the other party six months' notice, or the Company paying six months' remuneration in lieu of the notice.
- vii. If at any time either of the Executive Directors ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Wholtime Director of the Company. If at any time either of the Executive Directors ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
- viii. The Executive Directors are appointed by virtue of their employment in the Company and their appointments are subject to the provisions of Section 283(1)(l) of the Act.
- ix. The Executive Directors shall not be entitled to supplement their respective earnings under the Agreements with any buying or selling commission. Neither of them shall become interested or otherwise concerned directly or through their respective wives and/or minor children in any selling agency of the Company, without the prior approval of the Central Government.
- x. In compliance with Sections 269 and 309 of the Companies Act, 1956, the terms of remuneration and appointments specified above are placed before the shareholders for their approval.
- xi. An abstract of the terms and conditions between the Company and Mr. M.J. Kotwal and Mr. A.T. Contractor pursuant to Section 302 of the Companies Act, 1956, was sent to the members in September, 2001.
- xii. The Board considers it desirable that the Company should continue to avail of the services of Mr. Kotwal and Mr. Contractor as Directors and accordingly commend the Resolutions at Item Nos.7 to 10 for acceptance by the Members.
- xiii. Mr. M.J. Kotwal and Mr. A.T. Contractor are interested in Item Nos. 7 & 9 and 8 & 10 respectively of the Notice.

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

M.J. KOTWAL

Executive Director & Secretary.

Mumbai, 4th July, 2002.

Registered Office :

Ewart House, Homi Mody Street, Mumbai 400 001.

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Tata Investment Corporation Limited**DIRECTORS' REPORT**

TO

THE MEMBERS,

The Directors present their Sixty-fifth Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2002.

2. FINANCIAL RESULTS :

	Rupees (in lacs)	Previous year Rupees (in lacs)
Total Income	5032.73	4480.76
Profit before tax	4511.72	4082.60
Less : Provision for tax	159.27	155.25
Less/Add : Provision for tax of earlier years (net)/ Tax refunds/excess provision of earlier years written back	(23.34)	185.37
Add: Amount transferred to Deferred Tax Asset	67.62	—
Profit after tax	4396.73	4112.72
Balance brought forward from the previous year	1117.01	912.32
Amount available for appropriation	5513.74	5025.04
The Directors have made the following appropriations -		
Value previously written off on shares sold, shown above, now written back, taken to Capital Reserve	5.81	—
Interim dividend	984.60	—
Proposed final dividend on Ordinary Shares	—	984.60
Tax on dividends	100.43	100.43
Debenture Redemption Reserve	328.18	—
Reserve Fund	882.00	823.00
General Reserve [including Rs. 422.00 lacs on declaration of Interim dividend during the year (Previous Year Rs. Nil) pursuant to Section 205(2A) of the Companies Act, 1956]	2000.00	2000.00
	4301.02	3908.03
leaving a balance to be carried forward of	1212.72	1117.01

3. DIVIDEND :

An Interim dividend of Rs.6.00 per share i.e. 60% (previous year final dividend - 60%) was paid on 26th March, 2002, on the Company's then Ordinary Share capital of Rs.16.41 crores, to those shareholders whose names stood on the Register of Members on the Record Date i.e. 22nd March, 2002. The Directors have decided not to recommend any final dividend for the year 2001-2002.

4. OPERATIONS :

The total income of the Company during the year was Rs. 50.33 crores against Rs.44.81 crores in the previous financial year. The total expenditure during the year was higher at Rs.5.21 crores against Rs.3.98 crores in the previous year mainly because of a higher provision for long term diminution in the value of investments.



The profit after tax for the year under review at Rs. 43.97 crores was higher than that of the previous year i.e. Rs. 41.13 crores even though the previous year's tax included a tax credit of Rs.1.85 crores relating to earlier years. In accordance with the Accounting Standard (AS)-22 issued by the Institute of Chartered Accountants of India, the profit after tax for the current year is after taking credit for deferred tax asset of Rs.0.68 crores. The accumulated deferred tax asset of Rs.1.70 crores for the years upto 31.3.2001, has been directly credited to the General Reserve during the current year.

The basic earnings per share (Basic EPS) computed in accordance with the Accounting Standard 20 issued by the Institute of Chartered Accountants of India was Rs. 24.49 on the increased capital as against Rs. 22.92 computed likewise for the previous year. In the opinion of the Directors, the calculation of the EPS according to the new accounting standard artificially reduces the actual EPS because, over and above the actual increase in capital arising from the recent rights issue of Convertible Debentures, the new standard requires the capital base to be further notionally increased (for this calculation) by an amount representing the benefit given to the shareholders through the lower conversion price compared to the ex-rights market price then prevailing. The previous year's EPS is also required to be recalculated on this new basis (for purpose of comparison) even though no increase in capital was contemplated at that time. The EPS for 2001-2002 calculated according to the conventional method works out to Rs. 26.78 (instead of Rs. 24.49 under the new accounting standard) on the increased capital as against Rs. 25.06 for the previous year on the old capital.

The net asset value (NAV) of the share as on 31st March, 2002 works out to Rs. 233 per share, as against Rs. 257 per share as on 31st March, 2001. The decline in the NAV is because of the increase in the share capital by Rs.3.28 crores, as a result of the first conversion of the Convertible Debentures on 31st March, 2002, the last day of the accounting year.

The year 2001-2002 has been a difficult year for the Indian economy in general and for the investment business in particular. The Indian Stock markets which had already gone through adverse conditions declined further during 2001-2002, with the Sensex declining from 3604 on 31st March, 2001 to 3469 on 31st March, 2002. The performance of the Company has therefore to be reviewed in the context of this environment. With little control over the reduction in dividend income from corporates and with the falling interest rates affecting our interest income as well, the Company had to put in special efforts to book profits at every available opportunity during upswings in the stock markets. Considering this difficult scenario, the Directors hope that the Company's overall performance of showing an increase in total income as well as increase in profit after tax, would be considered to be satisfactory by the shareholders.

5. INVESTMENT PORTFOLIO :

The Company continued to monitor its portfolio so that the total number of scrips reduced from 367 in March 2001 to 322 in March 2002. This was the result of a reduction of 64 scrips and the addition of 19 new scrips during the year. This is over and above the net reduction of 55 scrips in the previous year. The Company would continue its efforts to reduce the number of its scrips in its portfolio and particularly dispose of non-performing scrips so that its portfolio would be more focussed and profitable.

A summarised position of the Company's portfolio of investments on 31st March, 2002, as against that at the end of the previous year, is given below :-

	31.3.2002	31.03.2001
	(Rs. in crores)	
BOOK VALUE OF		
I. Long Term Investments		
Quoted investments	219.61	204.30
Unquoted investments	86.59	73.48
	306.20	277.78
Less : Provision for long term diminution in value of investments	14.08	11.13
	292.12	266.65
II. Current Investments		
Quoted Equity shares (net of diminution)	7.91	6.58
Total book value of all investments	300.03	273.23
Book value of <u>quoted</u> long term and current investments only ..	227.52	210.88
Market value of <u>quoted</u> long term and current investments only	417.67	393.13
Percentage appreciation in value of quoted investments over book value (net of long term diminution)	92%	94%