




TATA INVESTMENT CORPORATION LIMITED

Report  junction.com

68th Annual Report
2004-2005



In Grateful Remembrance

of

our late Chairman & Director

DR. FREDIE A. MEHTA

who expired on 19th June, 2005.

TATA INVESTMENT CORPORATION LIMITED

Sixty-eighth annual report 2004-2005

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BOARD OF DIRECTORS :

Mr. N.A. Soonawala (*Chairman*)
 Dr. F.A. Mehta (*expired on 19.06.2005*)
 Mr. Pratap Bhogilal (*retired w.e.f. 26.07.2004*)
 Mr. V.C. Vaidya
 Mr. A.B.K. Dubash
 Mr. K.N. Suntook
 Mr. M. J. Kotwal (*Executive Director & Secretary*)
 Mr. N. N. Tata
 Mr. K. A. Chaukar
 Mr. F. N. Subedar (*appointed w.e.f. 11.03.2005*)
 Mr. H. N. Sinor (*appointed w.e.f. 01.04.2005*)

Registered Office :

Ewart House,
 Homi Mody Street,
 Mumbai 400 001.
 (Tel: 56658282 – Fax: 22652629)
 e-mail: ticl@tata.com

Bankers :

Bank of India
 Catholic Syrian Bank
 Central Bank of India
 Citibank N.A.
 ICICI Bank Ltd.
 HDFC Bank Ltd.
 Hatton National Bank Ltd., Colombo
 Standard Chartered Bank Ltd.

Auditors :

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

Solicitors :

Messrs Mulla & Mulla and Craigie, Blunt & Caroe

Registrars & Share Transfer Agents :

Tata Share Registry Limited.
 (Tel. 56568484 Fax: 56568494)
 e-mail: csg-unit@tatashare.com

Annual General Meeting on Friday, the 22nd day of July, 2005 at Bombay House Auditorium at 3.30 p.m.

No hand bags/parcels of any kind will be allowed inside the Auditorium. The same will have to be deposited outside the Auditorium on the counter provided, at the visitor's own risks.

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TATA INVESTMENT CORPORATION LIMITED**NOTICE**

THE SIXTY-EIGHTH ANNUAL GENERAL MEETING OF TATA INVESTMENT CORPORATION LIMITED will be held at Bombay House Auditorium, 24, Homi Mody Street, Mumbai 400 001, on Friday, the 22nd day of July, 2005, at 3.30 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, 2005, and the Balance Sheet as at that date.
2. To declare a dividend on Ordinary Shares.
3. 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 Section 262 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company, Mr. N.N. Tata who was appointed a Director of the Company in the casual vacancy caused by the resignation of Mr. P. S. Mistry, and in respect of whom the Company has received a notice in writing from a member, under Section 257 of the Act, proposing his candidature for the office of a Director, be and is hereby appointed a Director of the Company."

4. 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 Section 262 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company, Mr. K.A. Chaukar who was appointed a Director of the Company in the casual vacancy caused by the demise of Mr. B. L. Paranjape, and in respect of whom the Company has received a notice in writing from a member, under Section 257 of the Act, proposing his candidature for the office of a Director, be and is hereby appointed a Director of the Company."

5. 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 Section 262 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company, Mr. F.N. Subedar who was appointed a Director of the Company in the casual vacancy caused by the retirement of Mr. Pratap Bhogilal, and in respect of whom the Company has received a notice in writing from a member, under Section 257 of the Act, proposing his candidature for the office of a Director, be and is hereby appointed a Director of the Company."

6. To appoint and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-

"RESOLVED that Mr. H.N. Sinor, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 1st April, 2005, pursuant to Section 260 of the Companies Act, and Article 130 of the Articles of Association of the Company, and in respect of whom the Company has received a notice in writing from a member, under Section 257 of the Act, proposing his candidature for the office of a Director, be and is hereby appointed a Director of the Company."

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

"RESOLVED that pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be increased from Rs.25,00,00,000 divided into 2,50,00,000 Ordinary Shares of Rs.10 each to Rs.50,00,00,000 divided into 5,00,00,000 Ordinary Shares of Rs.10 each by creation of 2,50,00,000 Ordinary Shares of Rs.10 each and that Clause V of the Memorandum of Association of the Company be altered accordingly."

8. 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, Article 6 of the Articles of Association of the Company be substituted by the following Article :

'6 The present authorised capital of the Company is Rs.50,00,00,000 divided into 5,00,00,000 Ordinary Shares of Rs.10 each with power to increase the capital from time to time.'

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

"RESOLVED that

- (a) pursuant to the provisions of Article 195 of the Articles of Association of the Company and subject to such consents and approvals as may be required, and such conditions and modifications as may be considered necessary and agreed to by the Board of Directors of the Company, (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), a sum not exceeding Rs.11,48,67,960 as determined by the Board, out of the amount standing to the credit of the Capital Reserve as at 31st March, 2005 be capitalised and transferred from the Capital Reserve to Share Capital Account and that such sum shall be applied for allotment of new Ordinary Shares of Rs.10 each as fully paid Bonus Shares to the persons who, on a date to be hereafter fixed by the Board, shall be the holders of the existing Ordinary Shares of Rs.10 each of the Company on the said date and that such new Ordinary Shares out of the Company's unissued Ordinary Shares, credited as fully paid, be accordingly allotted as Bonus Shares to such persons in the proportion of one such new Ordinary Share for every two existing Ordinary Shares held by such persons respectively on the said date, upon the footing that they become entitled thereto for all purposes as capital;
 - (b) the new Ordinary Shares of Rs.10 each to be allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with and carry the same rights as the existing Ordinary Shares and shall be entitled to participate in full in any dividends to be declared for the financial year in which the Bonus Shares are allotted;
 - (c) no fractional certificates shall be issued in respect of any fractional entitlement, but that the new Ordinary shares in respect of such fractions shall be consolidated and allotted to any person or persons appointed by the Board on the express understanding that such person or persons shall sell the new Ordinary Shares so allotted at such price or prices to such person or persons as they may think fit, as soon as practicable and pay to the Company the net sale proceeds (after deducting all expenses, if any, incidental to the sale) which proceeds shall be distributed by the Company pro rata amongst the members entitled thereto;
 - (d) an intimation letter will be sent to the allottees of the bonus shares intimating (i) to those members holding shares in demat form, the number of bonus shares credited to their demat account and (ii) to those members holding shares in physical form, an option to receive the bonus shares either in physical form or in demat form as may be opted for by the allottee;
 - (e) for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the issue, allotment and distribution of the new Ordinary Shares."
10. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :-

"RESOLVED that pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding 1% per annum of the net profits of the Company computed in accordance with the provisions of the Act for each of the five financial years of the Company commencing from 1st April, 2005, be paid to and distributed as commission amongst the Directors in such amounts or proportions and in such manner and in all respects, as may be directed from time to time, by the Board of Directors of the Company.

RESOLVED FURTHER that pursuant to the provisions of Section 309(2) and 310 of the Companies Act, 1956, a Director be paid sitting fees for each meeting of the Board or Committee thereof attended by him as may be fixed by the Board of Directors from time to time and such fee shall not exceed such sum as may be prescribed under the Act or Rules thereunder."

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 special business under Item Nos. 7 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) The Register of Members and the Transfer Books of the Company will remain closed from Tuesday, 12th July, 2005 to Friday, 22nd July, 2005, both days inclusive.

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- d) Dividend, if declared, will be paid on or after 22nd July, 2005 to those members whose names appear on the Company's Register of Members on 22nd July, 2005. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of shares as at the end of business hours on 11th July, 2005 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Ltd.
- e) Members are requested to notify immediately any change in their addresses and/or the Bank Mandate details to the Company's Registrars and Share Transfer Agents for shares held in physical form and to their respective Depository Participants for shares held in electronic form.
- f) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/deletion in such bank details. Further, instructions, if any, already given by them in respect of shares held in physical form, will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend to their Depository Participants.
- g) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31st March, 1996 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 forward their claims in the prescribed Form No.II to the Registrar of Companies, Central Government Office Bldg., 'A' Wing, 2nd floor, Next to Reserve Bank of India, CBD Belapur 400 614.

Pursuant to Section 205C of the Companies Act, 1956, 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 shall be transferred to the Investor Education and Protection Fund (the 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, 1998 onwards, are requested to make their claims to the Company accordingly, without any delay. It may be noted that the unclaimed dividend for the financial year ended 31st March, 1998 is due for transfer to the Fund on 31st August, 2005.

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

M.J. KOTWAL

Executive Director & Secretary.

Mumbai, 22nd June, 2005

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 sets out all material facts relating to the special business mentioned in Item Nos. 7 to 10 of the accompanying Notice dated 22nd June, 2005.

Item No.3 : Mr. N.N. Tata was appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr. P.S. Mistry. Mr. Tata would therefore retire as a Director on the day Mr. Mistry would have retired viz. at the ensuing Annual General Meeting, but is eligible for appointment as a Director of the Company. The Company has received a Notice from a member under Section 257 of the Companies Act, 1956, signifying his intention of proposing Mr. Tata as a Director of the Company. The relevant particulars of Mr. Tata are given separately in this Notice. The Directors commend the appointment as a Director of the Company.

Item No.4 : Mr. K.A. Chaukar was appointed as a Director of the Company in the casual vacancy caused by the demise of Mr. B.L. Paranjape. Mr. Chaukar would therefore retire as a Director on the day Mr. Paranjape would have retired viz. at the ensuing Annual General Meeting, but is eligible for appointment as a Director of the Company. The Company has received a Notice from a member under Section 257 of the Companies Act, 1956, signifying his intention of proposing Mr. Chaukar as a Director of the Company. The relevant particulars of Mr. Chaukar are given separately in this Notice. The Directors commend the appointment as a Director of the Company.

Item No.5 : Mr. F.N. Subedar was appointed as a Director of the Company in the casual vacancy caused by the retirement of Mr. Pratap Bhogilal. Mr. Subedar would therefore retire as a Director on the day Mr. Bhogilal would have retired viz. at the ensuing Annual General Meeting, but is eligible for appointment as a Director of the Company. The Company has received a Notice from a member under Section 257 of the Companies Act, 1956, signifying his intention of proposing Mr. Subedar as a Director of the Company. The relevant particulars of

Mr. Subedar are given separately in this Notice. The Directors commend the appointment as a Director of the Company.

Item No.6 : Mr. H.N. Sinor was appointed as an Additional Director of the Company with effect from 1st April, 2005. Mr. Sinor is a banker by profession and till a couple of years ago, was the Managing Director of ICICI Bank Ltd. He is at present the Chief Executive of the Indian Banks Association and is also on the Boards of other reputed companies. In view of Mr. Sinor's knowledge and experience, the Board considers it desirable that he be appointed a Director of the Company. The Company has received a Notice from a member under Section 257 of the Companies Act, 1956 signifying his intention of proposing Mr. Sinor as a Additional Director of the Company. The relevant particulars of Mr. Sinor are given separately in this Notice.

Item Nos.7 & 8 : In order to facilitate the capitalisation of reserves as set out in the Resolution at Item No.9, the Authorised Capital of the Company is being increased from Rs.25,00,00,000 divided into 2,50,00,000 Ordinary Shares of Rs.10 each to Rs.50,00,00,000 divided into 5,00,00,000 Ordinary Shares of Rs.10 each as indicated in the Resolution at Item Nos.7 & 8 of the Notice. Consequently, Clause V of the Memorandum of Association and Article 6 of the Articles of Association of the Company are proposed to be altered.

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

Item No.9 : Within the guidelines prescribed by Securities and Exchange Board of India (SEBI) for capitalization of reserves, the Board of Directors at its meeting held on 15th June, 2005, has recommended an issue of Bonus Shares in the proportion of one Ordinary Share for every two existing Ordinary Shares held by the members on a date to be fixed by the Board, by capitalizing a part of the Capital Reserve.

The terms and conditions of the proposed issue are set out in the Resolution at Item No.9 of the Notice and are subject to such approvals as may be necessary. The new Ordinary Shares will rank *pari passu* in all respects, including the right to dividend, with the existing Ordinary Shares of the Company in respect of the financial year in which the Bonus Shares are allotted.

The Directors of the Company may be deemed to be concerned or interested in the issue of the Bonus Shares to the extent of their shareholdings in the Company, or to the extent of the shareholdings of the Companies/Institutions/Charitable Trusts of which they are the directors or members or Trustees without any beneficial interest.

Item No.10 : At the Annual General Meeting held on 28th September, 2000, the Company had, by a Special Resolution passed under Section 309 of the Companies Act, 1956, authorized payment of remuneration not exceeding 1% p.a. of the net profits of the Company computed in accordance with the provisions of the Act, for each of the five financial years of the Company, commencing from 1st April, 2000.

Since the last five years, the size and value of the Company's portfolio of investments has increased considerably. Moreover, various SEBI Regulations, as well as Clause 49 of the Listing Agreements with the Stock Exchanges on Corporate Governance, has cast onerous responsibilities and requires much greater involvement of the Non-Executive Directors, including their participation in statutory and other committees. It is therefore proposed that in terms of Section 309 of the Companies Act, 1956, the Directors be paid for each of the five financial years of the Company commencing from 1st April, 2005, a remuneration not exceeding 1% per annum of the net profits of the Company computed in accordance with the provisions of the Act, subject to such ceiling per annum as may be fixed by the Board of Directors from year to year. This remuneration will be distributed amongst all or some of the Directors in such proportion and manner as the Board may decide. The payment of the aforesaid remuneration would be exclusive of any fees payable to the Directors for attending meetings of the Board and/or Committees thereof.

At present, each non-executive Director is paid Rs.8,000/- for each meeting of the Board or the Audit Committee and Rs.5,000/- for each meeting of any other Committee attended by him. It is proposed to pay sitting fees to the Directors for each meeting of the Board or Committee thereof attended by the Directors as may be fixed by the Board of Directors from time to time not exceeding such sum as may be prescribed under the Companies Act, 1956 or Rules thereunder.

All the Non-Executive Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent of the remuneration that may be received by them.

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

M.J. KOTWAL

Executive Director & Secretary.

Mumbai, 22nd June, 2005.

Registered Office :

Ewart House
Homi Mody Street
Mumbai 400 001.

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**Details of the directors seeking re-appointment at the
forthcoming Annual General Meeting -
[Clause 49(1)(A) of the Listing Agreement]**

Name of the Director	Mr. N.N. Tata	Mr. K.A. Chaukar	Mr. F.N. Subedar	Mr. H.N. Sinor
Date of Birth	12.11.1956	01.08.1947	24.09.1955	05.12.1944
Date of Appointment	09.06.2004	09.06.2004	11.03.2005	01.04.2005
Expertise in specific functional areas	Marketing, Administration and Investments	Investment and Finance	Taxation, Accounts and Finance	Banking, Finance Investments
Qualifications	B.A.(Eco) Univ. of Sussex, IEP, INSEAD, France	B.A.(Eco), PGDBA, DEA - Rural Economics	B.Com., F.C.A., A.C.S.	B.Com., LL.B.
Directorships held in other companies (excluding private & foreign cos.)	Trent Ltd. Voltas Ltd. Titan Industries Ltd. Bombay Chamber of Commerce & Industry Trent Brands Ltd.	Tata Industries Ltd. Tata Advanced Materials Ltd. Tata Teleservices Ltd. Idea Cellular Ltd. Tata Autocomp Systems Ltd. Sitel India Ltd. Videsh Sanchar Nigam Ltd. Tata Teleservices (Maharashtra) Ltd. IDFC Asset Management Company Ltd. E2E SerWiz Solutions Ltd. Tata Petrodyne Ltd.	The Associated Building Co. Ltd. Tata Services Ltd. Ewart Investments Ltd. Primal Investment & Finance Ltd. Panatone Finvest Ltd. Chemical Terminal Trombay Ltd. TCE Consulting Engineers Ltd. Global Information Services Ltd. THDC Ltd. Tata International Ltd. Tata Petrodyne Ltd.	CRISIL Ltd. 3i Infotech Ltd. ICICI Lombard General Insurance Co. Ltd. National Commodity & Derivative Exchange National Collateral Management Services Ltd. Themis Medicare Ltd.
Committee position held in other companies		Tata Autocomp Systems Ltd. (Member: Audit Committee) Tata Teleservices Ltd. (Member: Audit Committee) Idea Cellular Ltd. (Chairman : Audit Committee Member : Remuneration Committee) Videsh Sanchar Nigam Ltd. (Chairman: Investors' Grievance Committee) Tata Teleservices (Maharashtra) Ltd. (Member : Audit Committee) Sitel India Ltd. (Chairman : Audit Committee)	Tata Services Ltd. (Member : Audit Committee Member : Remuneration Committee) TCE Consulting Engineers Ltd. (Member: Audit Committee) Tata International Ltd. (Member : Audit Committee) THDC Ltd. (Member : Audit Committee) Chemical Terminal Trombay Ltd. (Member : Audit Committee)	CRISIL Ltd. (Member : Audit Committee) 3i Infotech Ltd. (Member : Audit Committee) National Commodity & Derivatives Exchange (Chairman : Remuneration Committee Member : Audit Committee) Themis Medicare Ltd. (Chairman : Audit Committee) Member : Remuneration Committee)

DIRECTORS' REPORT

TO

THE MEMBERS,

The Directors present their Sixty-eighth Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2005.

2. FINANCIAL RESULTS :

	Rupees (in lacs)	Previous Year Rupees (in lacs)
Total Income	11918.47	9036.69
Profit before tax	11389.84	8550.07
Less: Provision for tax	113.04	356.81
Amount transferred from Deferred Tax Asset	39.27	137.58
Profit after tax	11237.53	8055.68
Balance brought forward from the previous year	2349.83	1695.59
Amount available for appropriation	13587.36	9751.27
The Directors have made the following appropriations -		
Interim dividend on Ordinary Shares	—	459.47
Proposed dividend on Ordinary Shares @ 120%	2756.83	1860.86
Tax on dividends (including Rs.4.77 lacs for earlier year, previous year Rs.Nil)	391.42	297.29
Debenture Redemption Reserve	—	1171.82
Reserve Fund	2248.00	1612.00
General Reserve [including Rs.Nil on declaration of interim dividend (Previous Year Rs.140 lacs) pursuant to Section 205(2A) of the Companies Act, 1956]	4000.00	2000.00
	9396.25	7401.44
leaving a balance to be carried forward of	4191.11	2349.83

3. DIVIDEND :

The financial year 2004-2005 has been an exceptionally good year for the Company with a record profit after tax of Rs.112.38 crores. In view of this, the Directors are pleased to recommend a dividend of Rs.12 per share i.e. 120% for the year 2004-2005 (previous year 101%).

4. OPERATIONS :

The total income of the Company during the year increased to Rs.119.18 crores (including a write-back of Rs.3.49 crores in the provision for diminution in value of investments no longer required) against Rs.90.37 crores (including a similar write back of Rs.6.26 crores) in the previous financial year. The total expenditure during the year was Rs.5.29 crores against Rs.4.87 crores in the previous year (including donations of Rs.1.34 crores and Rs.1.08 crores made in these two years respectively).

The profit before tax increased from Rs.85.50 crores in the previous year to Rs.113.90 crores for the year under review. The profit after tax for the year under review at Rs.112.38 crores was likewise higher than that of the previous year of Rs.80.56 crores i.e. an increase of about 40%.

The earnings per share (EPS) computed in accordance with the Accounting Standard 20 issued by the Institute of Chartered Accountants of India was Rs.48.92 as against Rs.35.06 for the previous year. The net asset value (NAV) of the share as on 31st March, 2005 works out to Rs.635 per share, as against Rs.458 per share as on 31st March, 2004.

The Directors trust that the shareholders will find the performance of the Company for the financial year 2004-2005 to be satisfactory.

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Tata Investment Corporation Limited**5. ISSUE OF BONUS SHARES :**

Your Directors are pleased to recommend an issue of bonus shares in the ratio of one bonus Ordinary share for every two existing Ordinary Shares of the Company held by the members on a date to be fixed by the Board, by capitalising a part of the Capital Reserve to the extent of Rs.11.49 crores. The proposed issue of bonus shares is subject to the consent of the shareholders at the forthcoming Annual General Meeting. The bonus shares shall rank pari passu in all respects with the existing fully paid up Ordinary Shares of the Company, including any dividend that may be declared for the financial year in which the bonus shares are allotted.

6. INVESTMENT PORTFOLIO :

A summarised position of the Company's portfolio of investments on 31st March, 2005, as against that at the end of the previous year, is given below :-

	31.03.2005	31.03.2004
	(Rs. in crores)	
BOOK VALUE -		
I. Long Term Investments		
Quoted investments	279.20	242.70
Unquoted investments (including Mutual Funds)	226.06	216.09
	<u>505.26</u>	<u>458.79</u>
Less: Provision for long term diminution in value of investments	4.67	9.50
	<u>500.59</u>	<u>449.29</u>
II. Current Investments		
Quoted Equity shares	15.94	5.72
Total book value of investments	<u>516.53</u>	<u>455.01</u>
Book value of quoted long term and current investments only (net of provision for diminution)	<u>294.22</u>	<u>241.88</u>
Market value of quoted long term and current investments only	<u>1267.74</u>	<u>971.63</u>
Percentage appreciation in value of quoted investments over Book value (net of provision for diminution)	<u>331%</u>	<u>302%</u>
'Value' of total portfolio (taking quoted investments at market value and unquoted investments at book value less provision for diminution)	<u>1490.05</u>	<u>1184.76</u>

The Directors confirm that most of the investments held by the Company are long term investments and would normally be held for more than one year from the date of acquisition, unless otherwise decided in specific cases. A small part of the portfolio is in the category of 'Current Investments' which, for accounting and other purposes, are so classified at the time of making such investments and are indicated separately in the list of investments shown in the relevant schedule in the Balance Sheet.

7. MANAGEMENT DISCUSSION & ANALYSIS :

The financial year 2004-05 was another good year both for the Indian economy and for the Indian stock markets, though the main performance parameters were not as good as those achieved during the exceptional financial year 2003-04. It will be recalled that during the financial year 2003-2004, the BSE Sensex had increased from 3049 on 1st April 2003 to 5591 on 31st March 2004, showing a spectacular gain of 83% during that 12-month period. During the financial year 2004-2005, the BSE Sensex increased from 5591 on 1st April 2004 to 6493 on 31st March 2005, showing a gain of 16% over the year. It is interesting and relevant to note that over these last two financial years, the BSE Sensex more than doubled from 3049 to 6493.

As in the previous year, the equity markets had their fair share of volatility, ranging from a low of 4228 on 17th May 2004 to a high of 6955 on 9th March 2005. There were two significant declines during the year, the first arising from the uncertainty of the policy directions from the newly installed Government at the Centre after the general elections and the second arising from a delayed reaction to the Union Budget of 2004-2005.