



TATA INVESTMENT CORPORATION LIMITED



70th Annual Report
2006-07

TATA INVESTMENT CORPORATION LIMITED

Seventieth annual report 2006-2007

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BOARD OF DIRECTORS :

Mr. N.A. Soonawala (*Chairman*)
 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
 Mr. H. N. Sinor

Registered Office :

Ewart House,
 Homi Mody Street,
 Mumbai 400 001.
 (Tel: 66658282 – Fax: 22652629)
 e-mail: ticl@tata.com

Bankers :

Bank of India
 Catholic Syrian Bank
 Central Bank of India
 Citibank N.A.
 HDFC Bank Ltd.
 Hatton National Bank Ltd., Colombo
 ICICI Bank Ltd.
 Standard Chartered Bank
 The Hongkong and Shanghai Banking Corporation Ltd.

Auditors :

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

Solicitors :

Messrs Mulla & Mulla and Craigie, Blunt & Caroe

Registrars & Share Transfer Agents :

TSR Darashaw Limited
 (Tel. 66568484 Fax: 66568494)
 e-mail: csg-unit@tsrdarashaw.com

Annual General Meeting on Friday, the 20th day of July, 2007 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 risk.

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Tata Investment Corporation Limited

TATA INVESTMENT CORPORATION LIMITED**NOTICE**

THE SEVENTIETH ANNUAL GENERAL MEETING OF TATA INVESTMENT CORPORATION LIMITED will be held at Bombay House Auditorium, Homi Mody Street, Mumbai 400 001, on Friday, the 20th day of July, 2007, at 3.30 p.m. to transact the following business :-

1. To receive and adopt the Directors' Report, the Audited Profit and Loss Account and the Cash Flow Statement for the year ended 31st March, 2007, 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 Mr. N.A. Soonawala, who retires by rotation as a Director pursuant to the provisions of Section 256 of the Companies Act 1956, be and is hereby re-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 Mr. Noel N. Tata, who retires by rotation as a Director pursuant to the provisions of Section 256 of the Companies Act 1956, be and is hereby re-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 Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, (the Act), read with Schedule XIII of the Act, the Company hereby approves of the re-appointment and terms of remuneration of Mr. M.J. Kotwal, who has been re-appointed by the Board of Directors as the Executive Director of the Company for the period 4th September, 2007 to 27th May, 2012, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting, with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board of Directors and Mr. Kotwal.
RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."
6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-
"RESOLVED that sanction be and is hereby accorded to the payment of retirement benefits to Managing/ Whole-time Directors of the Company on their retirement, which benefits, as set out in the Explanatory Statement hereto, will only be provided to them at the discretion of the Board in each individual case on the recommendation of the Remuneration Committee of the Board, and which benefits are subject to the terms and conditions set out in the Explanatory Statement."
7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :-
"RESOLVED that in supersession of the Special Resolution passed at the Annual General Meeting of the Company held on 11th August, 1992, and pursuant to Section 163 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) (the Act), the Company hereby approves that the Registers and Indexes of Members and Debentureholders and copies of all Annual Returns prepared under Section 159 of the Act, together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act or any one or more of them, be kept at the Registered Office of the Company and/or at the offices of TSR Darashaw Limited, Registrars and Share Transfer Agents of the Company at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 and/or Pooja Apartments, Ground floor, Near Vitrum Glass Factory, L.B.S. Road, Vikhroli (W), Mumbai 400 079, and/or at 27 Acres, Kothari Compound, Near Tikujini Wadi, Chitalnar, Manpada, Thane (West) – 400 607, and/or at Godown No.4, 9 Acres Kothari Compound, Near Tikujini Wadi, Chitalnar, Manpada, Thane (West) – 400 607."
8. 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. 5 to 7 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 Saturday, 7th July, 2007 to Friday, 20th July, 2007, both days inclusive.
- d) Dividend, if declared, will be paid on or after 20th July, 2007, to those members whose names appear on the Company's Register of Members on 20th July, 2007. 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 6th July, 2007 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, 1997 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 Building, '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, 2000 onwards, are requested to make their claims to the Company accordingly, without any delay. It may be noted that the unclaimed final dividend for the financial year ended 31st March, 2000 is due for transfer to the Fund on 30th September, 2007.

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

M.J. KOTWAL

Executive Director & Secretary.

Mumbai, 4th June, 2007

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. 5 to 7 of the accompanying Notice dated 4th June, 2007.

Item No.5 : At the Annual General Meeting held on 26th July 2004, the members of the Company had approved of the re-appointment and terms of remuneration of Mr. M.J. Kotwal as the Executive Director of the Company for a period of three years from 4th September 2004. Further, the members of the Company at the Annual General Meeting held on 21st July 2006, in partial modification of the resolutions passed on 26th July 2004, had approved the revision in terms of remuneration of the Executive Director.

The Board at its meeting held on 4th June, 2007, re-appointed Mr. M.J. Kotwal as the Executive Director for the period from 4th September 2007 to 27th May 2012, subject to the approval of the shareholders.

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 wide experience in legal, administrative and secretarial fields. Mr. Kotwal has been 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, for several years, and is the past Chairman of the Institute of Company Secretaries of India (WIRC).

The main terms and conditions relating to the re-appointment of Mr. M.J. Kotwal as the Executive Director are as follows:

- (1) Period – From 4th September 2007 to 27th May 2012.
- (2) Nature of Duties-

The Executive Director shall carry out such duties as may be entrusted to him, subject to the supervision and control of the Board of Directors and he shall also perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors.

- (3) A. Remuneration-
Salary: Upto a maximum of Rs.4,00,000 per month, with annual increments effective 1st April, every year, as may be decided by the Board, based on merit and taking into account the Company's performance for the year. The benefits, perquisites and allowances will be determined by the Board from time to time. Commission will be based on certain performance criteria to be prescribed by the Board.

- B. Minimum Remuneration-

Notwithstanding anything to the contrary herein contained where in any financial year during the currency

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- of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above.
- (4) The terms and conditions of the said appointment 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 managing and whole-time directors in accordance with Schedule XIII to the Act, or any amendments made hereinafter in this regard.
 - (5) The agreement between the Company and Mr. M.J. Kotwal as the Executive Director may be terminated by either party giving the other party six months' notice or the Company paying six months' remuneration in lieu thereof.
 - (6) If at any time the Executive Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Executive Director.
 - (7) If at any time the Executive Director ceases to be the Executive Director of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
 - (8) If at any time the Executive Director ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
 - (9) The Executive Director is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(l), of the Act, but the Executive Director is not liable to retire by rotation.

In compliance with the provisions of Section 309 read with Schedule XIII of the Act, the terms of the remuneration specified above are now being placed before the Members in General Meeting for their approval.

Mr. M.J. Kotwal is concerned or interested in Item No.5 of the Notice.

This may be treated as an abstract of the draft agreement between the Company and Mr. M.J. Kotwal as Executive Director pursuant to the provisions of Section 302 of the Act.

The Resolution regarding the re-appointment of the Executive Director at Item No.5 is commended for approval by the Members.

Item No.6 : At its meeting held on 22nd July, 2005, the Board of Directors approved the Scheme for payment of retirement benefits to its Managing (MD)/Whole-time Directors (WTD) under which certain benefits could be provided to the MD/WTD of the Company on their retirement as MD/WTD of the Company.

The benefits to be provided to the retiring MD/WTD will be at the discretion of the Board in each individual case based on the recommendation of the Remuneration Committee appointed by the Board and subject, inter alia, to the condition that the retiring MD/WTD undertakes not to engage in or start, directly or indirectly, any business or activity competing with the business of the Company.

The retirement benefits may include compensation in the nature of a monthly payment related to the last drawn salary and the length of service with the Tata Group (subject to indexation), and on the death of the Director, a portion thereof to the spouse for life-time; ex-gratia payment, related to the length of service; medical benefits; residential accommodation only for the MD during his/her life time or, in the alternative, payment of monetary compensation in lieu of the accommodation; on such terms and conditions as may be decided by the Board.

It is considered appropriate as a measure of good corporate practice, that the Members' approval be sought to the said payments.

The Resolution is commended for approval by the Members.

Mr. M.J. Kotwal, Executive Director of the Company, to the extent that he may be entitled to these benefits, may be deemed to be concerned or interested in the resolution at Item No.6 of the Notice.

Item No.7 : Under the provisions of the Companies Act, 1956, certain documents such as Registers and Indexes of members, Debentureholders and Bondholders and copies of all Annual Returns have to be kept at the Registered Office of the Company. However, these documents can be kept at any other place within the city in which the Registered Office is situated with the approval of the shareholders.

Owing to the shifting of the Registered Office of TSR Darashaw Ltd. the Registrars and Share Transfer Agents of the Company, the approval of the members is sought by a Special Resolution for the Registers and Indexes of Members, Debentureholders and Bondholders, Annual Returns and other documents to be kept also at the locations mentioned in the Resolution.

The time for inspection of documents, by shareholders or such persons as are entitled to such inspection, will be between 11.00 a.m. to 1.00 p.m. on any working day at the Registered Office of the Company or at the office of TSR Darashaw Ltd.

By Order of the Board of Directors,

TATA INVESTMENT CORPORATION LIMITED

M.J. KOTWAL

Executive Director & Secretary.

Mumbai, 4th June, 2007.

Registered Office :

Ewart House
Horn Mody Street
Mumbai 400 001.

**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.A. Soonawala	Mr. N.N. Tata	Mr. M.J. Kotwal
Date of Birth	27.6.1935	12.11.1956	28.5.1947
Date of Appointment	19.3.1981	9.6.2004	4.9.2001
Expertise in specific functional areas	Corporate Finance and Investments	Marketing, Administration and Investments	Legal, Administration and Personnel
Qualifications	B.Com., A.C.A.	B.A. (Eco) University of Sussex, IEP, INSEAD, France	B.Sc., LL.B., F.C.S.
No. of Shares held in the Company	30,915 Ordinary Shares	17,092 Ordinary Shares	3,601 Ordinary Shares
Directorships held in other companies (excluding private and foreign cos.)	Tata Sons Ltd. (Vice Chairman) Tata Industries Ltd. Tata Motors Ltd. The Indian Hotels Co. Ltd. Trent Ltd.	Trent Ltd. (Managing Director) Voltas Ltd. Titan Industries Ltd. Bombay Chamber of Commerce & Industry Trent Brands Ltd. Landmark Ltd. Retail Association of India	Tata Securities Ltd. (Chairman)
Position held in mandatory committees of other companies	Tata Sons Ltd. (Chairman: Audit Committee) The Indian Hotels Co. Ltd. (Chairman: Share Transfer & Investor Grievance Committee)	Voltas Ltd. (Chairman: Shareholders'/ Investors Grievance Committee)	

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DIRECTORS' REPORT

TO
THE MEMBERS,

The Directors present their Seventieth Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2007.

2. FINANCIAL RESULTS :

	Rupees (in crores)	Previous Year Rupees (in crores)
Total Income	204.14	170.88
Profit before tax	197.73	164.59
Less: Provision for tax	15.29	1.55
Amount transferred to/from Deferred Tax Asset	- 0.79	+ 0.10
Profit after tax	181.65	163.14
Balance brought forward from the previous year	60.27	41.91
Amount available for appropriation	241.92	205.05
The Directors have made the following appropriations -		
Proposed dividend on Ordinary Shares @ 150%	51.69	41.35
Tax on dividends	8.78	5.80
Reserve Fund	36.33	32.63
General Reserve	75.00	65.00
	171.80	144.78
leaving a balance to be carried forward of	70.12	60.27

3. OPERATIONS :

The total income of the Company during the year increased by about 20% to Rs.204.14 crores against Rs.170.88 crores in the previous financial year. The total expenditure during the year however remained more or less the same at Rs.6.40 crores against Rs.6.29 crores in the previous year.

The profit before tax also increased by 20% from Rs.164.59 crores in the previous year to Rs.197.73 crores for the year under review. However, the profit after tax for the year under review increased by 10% to Rs.181.65 crores as against Rs.163.14 crores in the previous year, due to a higher tax provision of Rs.16.08 crores (previous year: Rs.1.45 crores) arising out of the 'minimum alternative tax' payable on capital gains from 2006-2007 onwards.

The basic earnings per share (EPS) computed in accordance with the Accounting Standard 20 issued by the Institute of Chartered Accountants of India was Rs.52.71 per share as against Rs.47.34 per share for the previous year. The net asset value (NAV) of the Company's equity share as on 31st March, 2007 works out to Rs.588 per share based on the market value of quoted shares (net of tax applicable from this year) and the book value of the unquoted investments.

The Directors trust that the shareholders will find the performance of the Company for the financial year 2006-2007 to be satisfactory.

4. DIVIDEND :

Your Directors are pleased to recommend a dividend of Rs.13 per share i.e. 130% (previous year 120%) and a special dividend of Rs.2 per share (20%) on completion of 70 years [total Rs.15 per share (150%)] for the year 2006-2007. The total dividend payout (including dividend tax) would represent about 33% of the profit after tax.

5. INVESTMENT PORTFOLIO :

A summarised position of the Company's portfolio of investments on 31st March, 2007, as against that at the end of the previous year, is given below :-

	Rupees (in crores)	As at 31.03.2006 Rupees (in crores)
BOOK VALUE -		
A. Long Term Investments		
Quoted investments	361.59	296.37
Unquoted investments (including Mutual Funds)	365.26	308.39
Application Moneys on securities not allotted	4.95	—
	<u>731.80</u>	<u>604.76</u>
Less: Provision for long term diminution in value of investments	6.69	3.80
	<u>725.11</u>	<u>600.96</u>
B. Current Investments		
Quoted Equity shares	28.48	23.67
Total book value of investments	<u>753.59</u>	<u>624.63</u>
C. BOOK VALUE of <u>quoted</u> long term and current investments only (net of provision for diminution)	<u>387.05</u>	<u>319.63</u>
D. MARKET VALUE of <u>quoted</u> long term and current investments only	<u>1843.47</u>	<u>2133.08</u>
E. Percentage gross appreciation in market value of quoted investments over book value (net of provision for diminution) .	<u>376%</u>	<u>567%</u>
F. Gross Value of total portfolio (taking quoted investments at market value and unquoted investments at book value less provision for diminution)	<u>2210.00</u>	<u>2438.07</u>
G. Total number of companies	<u>229</u>	<u>231</u>

(The figures shown under E and F above would be subject to tax as may be applicable.)

The apparent decline in the market value of the quoted investments has been analysed and explained in the following section on "Management Discussion and Analysis".

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 (less than 4% of the book value) 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.

6. MANAGEMENT DISCUSSION & ANALYSIS :

During 2006-2007, the stock market in India continued its upward trend for the fourth year in succession. However, the rate of growth was considerably lower than that seen in the previous years, with the BSE Sensex increasing by 16% and the BSE-200 Index increasing by 10% during the year under review. The modest increases in these indices between the beginning and end of the financial year do not reflect the relatively large swings in prices during the year which have now become rather frequent, indicating a high level of volatility in our markets, particularly over the last 2 years.

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The apparent bull market of the past twelve months has been rather narrow in the sense that the overall increase in the stock market indices were largely driven by a few of the major shares which have a significant weightage in the Index. It is estimated by certain reputed Research Reports that over 60% of the stocks traded during the year have delivered negative returns. It is essential to bear these facts in mind in assessing the performance of an investment portfolio like ours with a wide diversity of stocks covering 229 companies.

As in the past 3-4 years, the markets have reacted favourably to certain major positive factors in the Indian economy, namely the high GDP growth rate of over 8%, sustained growth in corporate earnings and the continuing in-flow of large funds from Foreign Institutional Investors (FIIs). Though the net investments by FIIs declined from the level of \$10 billion per year witnessed over the preceding three years to about \$7 billion during 2006-2007, reports about the increasing number of FIIs and 'hedge funds' with enormous investible resources coming into the Indian markets, continue to contribute to the bullish trend of the stock market. It is worth noting that the cumulative FII investments in the Indian stock market is now estimated to be over \$50 billion, the current market value of which will obviously be much higher. The Indian Mutual Funds also continued to attract very large inflows and a reasonable part of these funds are now invested in the equity markets. This combined pressure of funds and the generally perceived positive outlook on India continues to take the stock market prices to increasingly higher levels particularly in the absence of an equally large supply of new stocks coming into the markets during the last year - though it is expected that there would be several new public issues in the current financial year.

In view of the diversified nature of our investments in over 200 companies, it would be more appropriate to benchmark our portfolio against the BSE-200 Index. The Directors regret that, for the first time in many years, the market value of the quoted investments in our total portfolio showed a decline of about 13% as against an increase of 10% in the BSE-200 Index. There are a few reasons for this apparent under-performance. Firstly, despite the general increase in share market prices, there were a few reasonably large investments in our portfolio (mostly in mid-cap stocks) whose market prices did not reflect the same upward trend even though these are good long-term investments; secondly, in view of the continuing increase in the market prices, it was considered prudent and in the interest of the shareholders to realise larger income of Rs.203 crores which inevitably reduced the total market value of the residual portfolio; and thirdly, while we realised Rs.134 crores through the sale of shares of a book value of Rs.69 crores, fresh purchases during the year amounted to about Rs.140 crores which could not be expected to show a high level of appreciation by the end of the year.

However, your Directors are glad to report that since the beginning of the current financial year on 1st April, 2007 up to the date of this report, the market value of our quoted investments has increased by 18% to Rs.2172 crores which has out-performed the increase of 13% in the BSE-200 Index during this period.

Due to the higher level of sale of investments during 2006-2007 and the lower level of re-investment of the realised funds, the surplus funds held by the Company have increased and have been invested in debt and equity related schemes of various Mutual Funds. Out of this, apart from the amount required for payment of dividend (including tax) there are also some commitments for certain investments to be made in the coming months. The higher level of capital gains and dividend income enabled the Company to show a record level of profit after tax of Rs.182 crores compared to Rs.163 crores in the preceding year even after paying a significantly larger amount of tax as now applicable to the Company.

During the current financial year which commenced from 1st April, 2007, many of the economic fundamentals of the country and of the corporate sector continue to remain favourable and this should be reflected in a continuation of the high GDP growth rate. However, there are also certain areas of concern such as the rate of inflation, increase in rates of interest, pressure on profit margins, widening current account deficits, changes in exchange rates (which will help some companies and hurt others) which cannot be ignored. Moreover, the continuing expectations of high growth in the performance of the corporate sector in general have taken share market prices and P/E ratios to levels which are not considered by many analysts to be as attractive as before. Dependent as we are on the performance of the corporate sector for our dividend income and on the stock market for our capital gains, it will be our continuing endeavour to manage our portfolio to optimise our income and profits in the current financial year.

7. INTERNAL CONTROL SYSTEMS :

The Company has proper and adequate internal control systems commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly and that all applicable statutes and corporate policies are duly complied with.

The Company has appointed an independent firm of Chartered Accountants, as Internal Auditors, which continuously reviews the adequacy and efficacy of the internal controls. The Internal Auditors submit an Internal Audit Report periodically which is placed before and reviewed by the Audit Committee.

8. TATA SECURITIES LIMITED :

Our Company has a stake of 49.9% in Tata Securities Ltd. (TSL) which is in the mutual fund distribution business. There has been no significant change in the operations of TSL. Since the close of the last financial year, our Company has received an offer to purchase our holding in TSL at an attractive price in one or more tranches and the Board has decided to sell a part of our investment for the present.

9. PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS :

In accordance with the relevant Accounting Practice, an amount of Rs.2.87 crores has been debited to the Securities Premium Account, on account of provision for diminution in the value of certain long term investments.

10. FIXED DEPOSITS :

Fixed Deposits from 88 parties amounting to Rs.9.88 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, 51 deposits aggregating Rs.5.57 lacs remain outstanding to date. The Company has sent reminder letters by registered post to all the depositors whose deposits have remained unclaimed upto the date of the Report. The Company has stopped renewal of Fixed Deposits since November 2004.

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

11. DIRECTORS :

Pursuant to the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. N.A. Soonawala and Mr. Noel N. Tata retire by rotation but are eligible for re-appointment. Details of these Directors who are eligible to be re-appointed is furnished in the Explanatory Statement to the Notice of the ensuing Annual General Meeting.

At the Board Meeting held on 4th June, 2007, the Directors have re-appointed Mr. M.J. Kotwal as the Executive Director of the Company for the period 4th September, 2007 to 27th May, 2012, subject to the approval of the shareholders. Members attention is invited to Item No.5 of the Notice and the related Explanatory Statement.

12. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that, to the best of their knowledge –

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit & loss of the Company for the period;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis.