



TATA INVESTMENT CORPORATION LIMITED

*74th Annual Report
2010-2011*

TATA INVESTMENT CORPORATION LIMITED

Seventy-Fourth annual report 2010-2011

CONTENTS

	Page(s)
Board of Directors	1
Notice	2-3
Directors' Report	4-8
Report on Corporate Governance	9-16
Auditors' Report	17
Annexure to Auditors' Report	18-19
Balance Sheet	20
Profit and Loss Account	21
Cash Flow Statement	22
Schedules forming part of the Balance Sheet including List of investments	23-31
Schedules forming part of the Profit and Loss Account	32-35
Notes to the Accounts	36-42
Balance Sheet abstract and Company's general business profile	43
Schedule as per NBFC Prudential Norms (RBI) Directions	44-45
Financial Statistics	46
Summary of Investments – Distribution among different Industries and classes of Securities	46

BOARD OF DIRECTORS :

(as on 31st March, 2011)

Noel N. Tata (*Chairman*)
 Mr. F.N. Subedar (*Vice-Chairman*)
 Mr. A.B.K. Dubash
 Mr. M.J. Kotwal (*Executive Director & Secretary*)
 Mr. K.A. Chaukar
 Mr. H.N. Sinor
 Mr. P.P. Shah
 Mr. A.N. Dalal (*Executive Director-Investments*)
 Mr. Z. Dubash
 Mr. A. Chandra

Registered Office :

Elphinstone Building,
 10, Veer Nariman Road,
 Mumbai - 400 001.
 (Tel: 66658282 – Fax: 66657917)
 e-mail: ticl@tata.com

Principal Bankers :

Catholic Syrian Bank Ltd.
 HDFC Bank Ltd.

Auditors :

Deloitte Haskins and Sells
 Chartered Accountants.

Solicitors :

Mulla & Mulla and Craigie, Blunt & Caroe

Registrars & Share Transfer Agents :

TSR Darashaw Limited
 6-10, Haji Moosa Patrawala Industrial Estate
 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.
 (Tel.: 022-6656 8484 Fax: 022-6656 8494)
 e-mail: csg-unit@tsrdarashaw.com
 Website: www.tsrdarashaw.com

Annual General Meeting on Friday, 8th July, 2011 at Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai - 400020 at 3.30 p.m.

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

TATA INVESTMENT CORPORATION LIMITED**NOTICE**

THE SEVENTY-FOURTH ANNUAL GENERAL MEETING OF TATA INVESTMENT CORPORATION LIMITED will be held at Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai 400 020, on Friday, the 8th day of July, 2011, 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, 2011, and the Balance Sheet as at that date.
2. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-
"RESOLVED that Mr. F. N. Subedar, who retires by rotation as a Director pursuant to the provisions of Section 256 of the Companies Act, be and is hereby re-appointed a Director of the Company."
3. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-
"RESOLVED that Mr. A.B.K. Dubash, who retires by rotation as a Director pursuant to the provisions of Section 256 of the Companies Act, 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. H.N. Sinor, who retires by rotation as a Director pursuant to the provisions of Section 256 of the Companies Act, be and is hereby re-appointed a Director of the Company."
5. To appoint Auditors and to fix their remuneration.

NOTES :

- a) 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.
- b) The Register of Members and the Transfer Books of the Company will remain closed from Friday, 1st July, 2011 to Friday, 8th July, 2011, both days inclusive.
- c) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31st March, 1998 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, 2005 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, 10th May, 2011

Registered Office :
Elphinstone Building
10 Veer Nariman Road
Mumbai 400 001.

**Details of the directors seeking re-appointment at the
forthcoming Annual General Meeting -
Clause 49 of the Listing Agreement**

Name of the Director	Mr. F.N. Subedar	Mr. A.B.K. Dubash	Mr. H.N. Sinor
Date of Birth	24.09.1955	22.09.1943	05.12.1944
Date of Appointment	11.03.2005	28.08.1984	01.04.2005
Expertise in specific functional areas	Taxation, Accounts and Finance	Business & Industry	Banking, Finance and Investments
Qualifications	B.Com, A.C.A., A.C.S.	Businessman	B.Com., LL.B.
No. of Shares held in the Company (as on 31.3.2011)	1,961 Ordinary Shares	2,172 Ordinary Shares	Nil
Directorships held in other companies (excluding private and foreign cos.) (as on 31.3.2011)	Tata Services Ltd. Ewart Investments Ltd. Pantone Finvest Ltd. Tata Consulting Engineers Ltd. Tata Petrodyne Ltd. Tata Sky Ltd. Tata AIG General Insurance Co. Ltd. TS Investments Ltd. Tata Capital Ltd. Tata Capital Financial Services Ltd.		3i Infotech Ltd. ICICI Venture Funds Management Co. Ltd. ICICI Lombard General Insurance Co. Ltd. CRISIL Ltd. Sahara India Financial Corporation Ltd. Themis Medicare Ltd. Tata Capital Ltd. Tata Motors Finance Ltd. Zoroastrian Co- operative Bank Ltd. Tata Capital Financial Services Ltd.
Position held in mandatory committees of other companies	Tata Services Ltd. (Chairman: Audit Committee) Tata Consulting Engineers Ltd. (Chairman: Audit Committee) Tata Capital Ltd. (Member: Audit Committee) Ewart Investments Ltd. (Chairman: Audit Committee) Tata Petrodyne Ltd. (Member: Audit Committee) Tata Sky Ltd. (Chairman : Audit Committee) (Member: Share Transfer & Allotment Committee)		ICICI Venture Funds Management Co. Ltd.) (Member: Audit Committee) ICICI Lombard General Insurance Co. Ltd. (Member: Audit Committee) CRISIL Ltd.(Chairman: Audit Committee) Sahara India Financial Corporation Ltd. (Member: Audit Committee) Themis Medicare Ltd. (Member: Audit Committee) Tata Capital Ltd. (Member: Audit Committee) Tata Motors Finance Ltd. (Chairman: Audit Committee) Zoroastrian Co-operative Bank Ltd.(Chairman: Audit Committee)

DIRECTORS' REPORT

TO

THE MEMBERS,

The Directors present their Seventy-fourth Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2011.

2. FINANCIAL RESULTS :

	Rupees (in crores)	Previous Year Rupees (in crores)
Total Income	247.28	232.62
Profit before tax	234.47	222.81
Less: Provision for tax	35.88	28.89
Profit after tax	198.59	193.92
Balance brought forward from the previous year	194.22	131.86
Amount available for appropriation	392.81	325.78
The Directors have made the following appropriations -		
Interim Dividend on Ordinary Shares	77.18	62.02
Tax on Dividend	12.82	10.54
Reserve Fund	40.00	39.00
General Reserve	20.00	20.00
	150.00	131.56
leaving a balance to be carried forward of	242.81	194.22

3. OPERATIONS :

The total income of the Company during the year was Rs.247.28 crores against Rs.232.62 crores in the previous financial year. The increase in total income was mainly due to increase in dividends received on investments, interest income and other miscellaneous income. The total expenditure during the year increased mainly due to increase in staff costs and other miscellaneous expenses during the year.

The profit before tax for the year under review was higher at Rs.234.47 crores against Rs.222.81 crores in the previous year. The profit after tax for the year under review was marginally higher at Rs.198.59 crores compared to Rs.193.92 crores in the previous year. There was a higher provision for taxation of about Rs.35.88 crores as compared to Rs.28.89 crores in the previous year, commensurate with the increase in the rate of Minimum Alternate Tax from 17% to 20% approximately, applicable primarily to profit on sale of long term investments.

The basic and diluted earnings per share (EPS) computed in accordance with the Accounting Standard 20 issued by the Institute of Chartered Accountants of India was Rs.41.17 per share and Rs.39.65 per share respectively as against Rs.49.64 and Rs.39.35 per share respectively, for the previous year.

4. DIVIDEND :

An interim dividend of Rs.16.00 per share (previous year: Rs.15.00 per share) was paid towards the end of the financial year in February, 2011 on the Company's paid-up Ordinary Share Capital of Rs.48.24 crores to those shareholders whose names stood on the Register of Members on the record date i.e. 8th February, 2011. Accordingly, the Directors have decided not to recommend any final dividend for the year 2010-2011.

5. INVESTMENT PORTFOLIO :

A summarised position of the Company's portfolio of investments is given below :-

	31.03.2011 Rupees (in crores)	As on 31.03.2010 Rupees (in crores)
QUOTED INVESTMENTS (Long Term and Current) -		
Net Book value	931.06	761.63
Market value	3304.29	2823.46
UNQUOTED INVESTMENTS (including Mutual Funds and application money)-		
Net Book value	359.82	543.89
Estimated value (please see para below)	754.24	814.61
TOTAL BOOK VALUE		
Net Book value of all investments	1290.88	1305.52
TOTAL MARKET VALUE		
Total market value of quoted investments and estimated value of unquoted investments (subject to tax as applicable)	4058.53	3638.07
BANK DEPOSITS AND INTERCORPORATE DEPOSITS	330.50	217.00
TOTAL NUMBER OF COMPANIES (excluding mutual funds)	205	197

The Net Asset Value (NAV) of the Company's equity share, as computed by the management, was Rs.910 before tax (Rs.795 after tax) per share as on 31st March, 2011. The NAV is computed on the basis of the market value of quoted investments, NAVs of unquoted mutual funds, most of the other equity investments in unlisted companies taken on the basis of the last available independent valuations based on the balance sheets available as at 31st March, 2010, and the relatively small balance of unquoted investments taken at respective book values.

A provision for diminution in value of investments of Rs.1.32 crores, no longer required, has been written back to the Securities Premium Account. Members attention is invited to Note 2 to the Notes to Accounts.

The Directors confirm that all the investments held by the Company, except those held as 'Current Investments', 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. Investment in the category of 'Current Investments' which, for accounting and other purposes, is so classified at the time of making the investment and is indicated separately in the list of investments shown in the relevant schedule in the Balance Sheet.

The Company continues to invest in Tata and non-Tata companies, both in the listed and unlisted categories, though investments in Tata companies generally constitute a larger proportion and are of a longer term and strategic nature .

6. MANAGEMENT DISCUSSION & ANALYSIS :

The Indian economy registered a healthy growth of 8.60% in 2010-11 vis-à-vis 8.00% in 2009-10. Higher growth was achieved despite a slight slow-down witnessed during the second half of the year, particularly in the industrial sector. Credit growth not supported by commensurate deposit growth created considerable liquidity pressures in the Banking system in the second half of the year, with one year Bank FD rates crossing 10.00% in March 2011.

In spite of a fragile global economic recovery and rupee appreciation (of about 4% against the dollar), exports grew by 37.50%, exceeding USD 245 Billion - especially in value-added exports-which aided the performance of the economy. Conversely, imports grew by 21.60% thus easing the pressure on Current Account Deficit.

The Reserve Bank of India (RBI) has now pegged the base-line GDP growth for this fiscal at 8.00%, considerably lower than that suggested during the budget announcements which were close to 9.00%.

Doing away with its calibrated baby steps approach, RBI increased the repo rate by 50 basis points to rein in inflation, which at 9.00% is far higher than the RBI's comfort zone of 6.00%. Though the central bank expects inflation to remain at the elevated level of 9.00% during the first half of the current fiscal, its objective is to bring it down to 6.00% by March 2012.

It is not clear how the inflation rate will come down since the factors igniting inflation are supply side factors which can only be corrected with investments enhancing productivity, both in agriculture and infrastructure. Nevertheless, a key outcome of liquidity tightening measures by the RBI has been a firming up of interest rates. The RBI in its policy statement on 3rd May 2011 has clearly indicated that inflation control in the current environment takes precedence over growth.

Higher international crude prices, rising interest rates, unabated domestic inflation and possible slippages in the fiscal deficit forecasts pose substantial down-side risks for equity investors. The markets were surprisingly resilient, till the end of April 2011, given the negative news both on the economic and political platform. Post the RBI policy announcement the market has begun the process of discounting the impact of the factors which will have a negative impact on earnings growth in FY 2011-12. Analyst forecasts of earnings growth for FY 2011-12 have yet to start bearing downward revisions.

Poor allocation of domestic savings towards equities remains an area of concern. The net outflows from equity mutual fund schemes in FY 2009-10 was Rs.10,235 crores which increased to Rs.20,181 crores in FY 2010-11, mainly due to redemptions. Investments through traditional life insurance products, especially from LIC, is the major source of allocation for domestic equity savings. FII inflows are the major source of capital for equities. In FY 2009-10 FII inflows into the Indian equity markets was USD 25 billion which increased to USD 32.2 billion in FY 2010-11.

The Company functions as an investment company with a primary objective of long term appreciation in the value of its portfolio. The Company has been disclosing the net asset value of its share (NAV) based on the realisable value of its portfolio on a quarterly basis since September, 2008.

The profits of the Company are derived from a mix of dividend and interest income, supplemented to a large extent by profit on sale of investments. The Board of Directors, after due deliberations, propose to reduce the dependence on sums generated from realisation from sale of investments, thereby providing an opportunity to further increase the period of holding and thereby benefit from a possible higher valuation of its investments. It is envisaged that the above modification in the investment strategy of the Company is likely to alter the attributes of the investment portfolio by elongating its investment horizon and enabling the Management to take a much longer term investment view, with the objective to further enhance the NAV.

Consequently, there could be a relative change in the composition of the income of the Company, resulting in lower profits from sale of investments, which may have an impact on the overall profits of the Company. The Company would, however, strive to ensure that this would not adversely affect the dividends that may be declared by the Company, from time to time.

7. CONVERSION OF WARRANTS INTO ORDINARY SHARES :

In accordance with the terms of the Issue of the Zero Coupon Convertible Bonds (with warrants), a Warrant holder was entitled to exercise his right to apply for one Ordinary Share of Rs.10/- each at the warrant exercise price of Rs.400/- for each warrant held, during the exercise period 1st April, 2011 to 30th April, 2011. Accordingly 1,400 warrant holders holding 68,58,222 warrants exercised their entitlement resulting in the paid-up capital of the Company increasing from Rs.48.24 crores on 31st March, 2011 to Rs.55.10 crores as on the date of the Report.

8. 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, in the selection of the accounting policies consulted the statutory auditors and have 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.

9. INTERNAL CONTROL SYSTEMS :

The Company's auditors have confirmed that 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.

10. DIRECTORS :

Mr. N.A. Soonawala and Mr. K.N. Suntook retired from the Board of Directors on 24th June, 2010, upon their reaching the stipulated retirement age adopted by the Board.

Consequent upon the resignation of Mr. N.A. Soonawala as the Chairman of the Company, the Board unanimously appointed Mr. Noel N. Tata and Mr. F. N. Subedar as Chairman and Vice Chairman of the Company respectively with effect from 24th June, 2010.

Pursuant to the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. F.N. Subedar, Mr. A.B.K. Dubash and Mr. H.N. Sinor retire by rotation but are eligible for re-appointment.

The Board commends their re-appointment as Directors of the Company.

11. AUDITORS :

Deloitte Haskins & Sells, Chartered Accountants, who are the statutory auditors of the Company, hold office in accordance with the provisions of the Act upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

12. GENERAL :

Being an investment company, the provisions regarding conservation of energy and technology absorption are not applicable to the Company.

There were no foreign exchange earnings and outgo other than those mentioned in Notes 4 to 6 to the Accounts.

A statement giving particulars of employees as required under Section 217(2A) the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, pursuant to the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid statement. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

A report on Corporate Governance, in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges is set out separately for the information of the shareholders.

On behalf of the Board of Directors,

NOEL N. TATA
Chairman.

Mumbai, 10th May, 2011.

REPORT ON CORPORATE GOVERNANCE

The Company seeks to adopt good corporate governance practices and to ensure compliance with all relevant laws and regulations. The Company conducts its activities in a manner that is fair and transparent and also perceived to be such by others.

Board of Directors :

As on 31st March, 2011, the Board of Directors of the Company comprised ten members, of whom eight are Non-Executive Directors. Mr. N.A. Soonawala and Mr. K.N. Suntook who had reached the stipulated retirement age adopted by the Board, had intimated their intention not to offer themselves for re-appointment and accordingly, retired from the Board of Directors at the end of the Annual General Meeting on 23rd June, 2010. Mr. Noel N. Tata and Mr. F.N. Subedar were appointed as Chairman and Vice Chairman respectively with effect from 24th June, 2010. Mr. Zubin Dubash and Mr. Amit Chandra who functioned as Additional Directors earlier, were appointed as Directors at the aforesaid Annual General Meeting. In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. F.N. Subedar, Mr. A.B.K. Dubash and Mr. H.N. Sinor retire by rotation but are eligible for re-appointment. Profile of Directors seeking re-appointment, pursuant to Clause 49 of the Listing Agreement have been given along with the Notice of the Annual General Meeting.

Board Meetings :

18 Board/Committee Meetings were held at Mumbai during the year under review comprising 5 Board Meetings and 13 various Committee Meetings. The Board Meetings were held on 17th May, 2010, 22nd June, 2010, 29th July, 2010, 26th October, 2010, and 27th January, 2011. The category of each Director, together with his attendance at Board Meetings, the number of his Directorships and memberships of the SEBI-designated Board Committees of other companies as well as his holding in the Company, as on 31st March, 2011, are given below :

Name of Directors	Category of Director	Board Meetings attended during 2010-2011	No. of Directorships of other Indian Companies as on 31st March, 2011	Membership of mandatory Board Committees of other companies as on 31st March, 2011		No. of Ordinary Shares held as on 31 st March, 2011
				Chairman	Member	
Mr. N.N. Tata	Non Independent	5	8	1	2	16,551
Mr. F.N. Subedar	Non Independent	5	9	4	6	1,961
Mr. A.B.K. Dubash	Independent	4	-	-	-	1,500
Mr. M.J. Kotwal	Executive Director	5	3	-	-	3,999
Mr. K.A. Chaukar	Non Independent	5	12	1	4	-
Mr. H.N. Sinor	Independent	4	10	3	5	-
Mr. P.P. Shah	Independent	3	14	2	3	-
Mr. A.N. Dalal	Executive Director	5	5	-	2	-
Mr. Z. Dubash	Independent	3	1	-	1	-
Mr. A. Chandra	Independent	4	2	-	1	-
Mr. N.A. Soonawala*	Non Independent	2	-	-	-	8,000
Mr. K.N. Suntook*	Independent	2	-	-	-	840

* Retired 24th June, 2010

All the Directors, except Mr. A.B.K. Dubash and Mr. P.P. Shah, who were out of Mumbai on that day, had attended the last Annual General Meeting held on 23rd June, 2010.

Committee of Directors :

Upon the retirement of Mr. N.A. Soonawala and Mr. K.N. Suntook on 23rd June, 2010 from the Board of Directors of our Company (and consequently as Directors on various Committees of the Board), the