



TATA INVESTMENT CORPORATION LIMITED

75th

Annual Report
2011-2012

Past Chairmen



SIR NOWROJI SAKLATWALA
(1937-1938)



MR. J. R. D. TATA
(1938-1965)



MR. J. D. CHOKSI
(1965-1977)



MR. A. B. BILLIMORIA
(1977-1981)



DR. F. A. MEHTA
(1981-2003)



MR. N. A. SOONAWALA
(2003-2010)

TATA INVESTMENT CORPORATION LIMITED

Seventy-fifth annual report 2011-2012

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BOARD OF DIRECTORS :

(as on 31st March, 2012)

Mr. 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 :

IDBI Bank Ltd.
 HDFC Bank Ltd.
 Catholic Syrian 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, 3rd August, 2012, at Rangaswar Auditorium, Y B Chavan Centre, 4th Floor, General Jaganath Bhosale Marg, Nariman Point, Mumbai - 400021 at 3.00 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.

TATA INVESTMENT CORPORATION LIMITED**NOTICE**

THE SEVENTY-FIFTH ANNUAL GENERAL MEETING OF TATA INVESTMENT CORPORATION LIMITED will be held at Rangaswar Auditorium, Y B Chavan Centre, 4th Floor, General Jaganath Bhosale Marg, Nariman Point, Mumbai 400021, on Friday, the 3rd day of August, 2012, at 3.00 p.m. to transact the following business :-

1. To receive and adopt the Directors' Report, the Audited Statement of Profit and Loss and the Cash Flow statement for the year ended 31st March, 2012, 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. 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."
4. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-
"RESOLVED that Mr. P.P. Shah, 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 Mr. Z. Dubash, 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."
6. 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, 20th July 2012 to Friday, 3rd August 2012, both days inclusive.
- c) Dividend, if declared, will be paid on 6th August, 2012, to those members whose names appear on the Company's Register of Members on 3rd August, 2012. 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 Thursday, 19th July, 2012 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Ltd.
- d) 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.
- e) 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.
- f) 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, 2006 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, 18th May, 2012
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. Noel N. Tata	Mr. P.P. Shah	Mr. Z. Dubash
Date of Birth	12.11.1956	07.01.1953	16.08.1959
Date of Appointment	09.06.2004	19.06.2008	17.03.2010
Expertise in specific functional areas	Marketing, Administration & Investments	Investment & Finance	Investment & Finance
Qualifications	B.A. (Economics) University of Sussex IEP, INSEAD, France	B.Com., ACA, AICWA, M.B.A. (Harvard Business School)	B.Com., (Hons.) ACA (England and Wales), MBA (Wharton)
No. of Shares held in the Company (as on 31.3.2012)	19,145 Ordinary Shares	Nil	Nil
Directorships held in other companies (excluding private and foreign cos.)	Trent Ltd. (Vice Chairman) Tata International Ltd. (Managing Director) Landmark Ltd. (Chairman) Titan Industries Ltd. Voltas Ltd. Trent Hypermarket Ltd. (Chairman) Kansai Nerolac Paints Ltd. Drive India Enterprise Solutions Ltd. (Chairman)	BASF India Ltd. Godrej & Boyce Mfg. Ltd. Grindwell Norton Ltd. Kansai Nerolac Paints Ltd. KSB Pumps Ltd. Mukand Ltd. Panasonic Energy India Co. Ltd. Pfizer Ltd. Shah Foods Ltd. (Chairman) Sonata Software Ltd. (Chairman) Wyeth Ltd. (Chairman) Reid & Taylor (India) Ltd.	Trent Ltd.
Position held in mandatory committees of other companies	Voltas Ltd. (Chairman: Shareholders/ Investors Grievance Committee) Trent Ltd. (Member: Audit Committee) Trent Hypermarket Ltd. (Member: Audit Committee)	BASF India Ltd. (Member: Audit Committee) Kansai Nerolac Paints Ltd. (Chairman: Audit Committee) Panasonic Energy India Co. Ltd. (Member: Audit Committee) Pfizer Ltd. (Member: Audit Committee) (Member: Shareholders' Grievance Committee) Sonata Software Ltd. (Member: Audit Committee)	Trent Ltd. (Member: Audit Committee)

DIRECTORS' REPORT

TO
THE MEMBERS,

The Directors present their Seventy-Fifth Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2012.

2. FINANCIAL RESULTS :

	Rupees (in crores)	Previous Year Rupees (in crores)
Dividend, Interest & Other Income	129.88	100.20
Profit on Sale of Investments	72.47	147.90
Total Revenue	202.35	248.10
Profit before tax	185.68	234.47
Less: Provision for tax	24.09	35.88
Profit after tax	161.59	198.59
Balance brought forward from the previous year	242.81	194.22
The Directors have made the following appropriations -		
Dividend on Ordinary Shares:		
a. Final	88.15	-
b. Platinum Jubilee	27.55	-
c. Interim	-	77.18
Tax on Dividend	18.77	12.82
Statutory Reserve	32.94	40.00
General Reserve	16.95	20.00
	184.36	150.00
Surplus as per Statement of Profit and Loss	220.04	242.81

The profit from ordinary activities before tax, excluding profit on sale of investments, has increased to Rs.113.21 crores for the year ended 31st March, 2012 (Rs.86.57 crores – year ended 31st March, 2011). During the financial year, the Company has benefited from the increased yields on fixed income securities and the timely re-allocation of funds in fixed income investments.

The profits of the Company are derived from a mix of dividend and interest income, supplemented by profit on sale of investments. The profit from sale of investments for the year ended 31st March, 2012 is Rs.72.47 crores as compared to Rs.147.90 crores for the previous year. As mentioned earlier, the Board of Directors, after due deliberations, had resolved to reduce the dependence on sums generated from realisation from sale of investments, providing an opportunity to further increase the period of holding and thereby benefit from a possible higher valuation.

The profit before tax for the year under review is Rs.185.68 crores against Rs.234.47 crores in the previous year. The profit after tax for the year under review stands at Rs.161.59 crores as against Rs.198.59 crores as on 31st March, 2011.

The total number of companies held in the equity portfolio of the Company stands reduced from 205 as on 31st March, 2011 to 171 as on 31st March, 2012. Besides reducing the number of scrips in which the Company is invested, the Company wrote off the historical holdings in 26 companies in

Sri Lanka & Pakistan, which the Company had been carrying for over fifty years but which had either closed operations or could not be traced or realised and the cost of which had been written down to a very nominal amount.

During the year, the Ordinary share capital of the Company increased from Rs.48.24 crores as on 31.3.2011 to Rs.55.10 crores, upon exercise of warrants on 9th May, 2011, resulting in an issue of 68,58,222 Ordinary shares. The warrant holders subscribed at Rs.400 per share (i.e. at a premium of Rs.390 per share) resulting in a net increase in the Securities Premium Account by Rs.267.20 crores.

Considering the increased share capital as above, the basic and diluted earnings per share (EPS) computed in accordance with the Accounting Standard 20 were Rs.29.71 and Rs.29.62 per share as at 31st March, 2012 against Rs.41.17 and Rs.39.65 per share as at 31st March, 2011, respectively.

In keeping with the spirit of contributing to CSR activities, the Company has decided to increase the donations for the year to Rs.3.05 crores as compared to Rs.1.20 crores in the previous year.

3. DIVIDEND :

The Directors are pleased to recommend a dividend of Rs.21 per share (210%) [including Rs.5 per share (50%) as Platinum Jubilee Dividend] on the paid up capital of Rs.55.10 crores (previous year : interim dividend of Rs.16 per share on the then paid up capital of Rs.48.24 crores).

4. INVESTMENT PORTFOLIO :

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

	31.03.2012 (Rs. in crores)	As on 31.03.2011 (Rs. in crores)
QUOTED INVESTMENTS (Non-Current and Current) -		
Net Book value	1441.08	931.06
Market value	3720.75	3304.29
UNQUOTED INVESTMENTS (Non-Current and Current) - (including Mutual Funds)		
Net Book value	366.53	359.82
Estimated value (please see para below)	751.02	754.24
TOTAL BOOK VALUE		
Net Book value of all investments	1807.61	1290.88
TOTAL MARKET VALUE		
Total market value of quoted investments and estimated value of unquoted investments (subject to tax as applicable)	4471.77	4058.53
BANK DEPOSITS AND INTERCORPORATE DEPOSITS	229.26	341.92
TOTAL NUMBER OF COMPANIES (excluding mutual funds)	171	205
Net Asset Value (NAV)		
Before tax (Rs.)	830	910
After tax (Rs.)	735	795

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, 2011, and the relatively small balance of unquoted investments taken at respective book values.

The Directors confirm that all the investments classified as non-current investments/trade investments as per the revised Schedule VI of the Companies Act, 1956 have been made with the intent to hold for long term appreciation, to enhance the income from dividends and are not held for trade. Investments in the category of 'Current Investments' intended to be held for less than one year, which for accounting and other purposes are so classified at the time of making the investment, are indicated separately 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.

The financial statements have been prepared in accordance with the revised Schedule VI to the Companies Act, 1956 and the results have been published in the new format, consequently, previous year's figures have been regrouped, wherever necessary.

5. MANAGEMENT DISCUSSION & ANALYSIS:

The Indian Shareholder has been a witness to the challenging socio-political environment in the year 2011-12. The downtrend in the equity markets over the year reflected the considerable uncertainty, with the Sensex recording a negative return of 10.5% and closing the year at 17,404 as on 30.3.2012, whilst touching a low of 15,175 on 20.12.2011.

Both the Finance Ministry and the Reserve Bank of India (RBI) had estimated GDP growth to be upwards of 8% for the F.Y. 2011-12. RBI policy of reducing liquidity in the system was supported by the hypothesis that growth in itself is a push to inflation. The RBI Governor at a CII Convention stated that "short term sacrifice to growth is an inevitable cost to pay for price stability in a supply constrained economy". At the end of the financial year, inflation still remains high but growth has fallen to 6.5%.

Crude oil prices have risen by almost 20% during the calendar year 2011 posing additional risk to the widening India's current account deficit. The trade deficit is estimated to increase from USD 119 billion for the year ended March 2011 to USD 185 billion for the year ended March 2012. This has added stress to our forex reserves and the exchange rate of the rupee vis-à-vis other currencies. The country's dependency on capital inflows is best indicated by the need to balance the monthly current account deficit of approximately USD 5.8 billion with commensurate capital inflows. A depreciating rupee is a cause for concern to asset managers and may make India an unattractive destination for global inflows over the medium term. FII inflows are, in any case, fluid and can be easily reallocated elsewhere by global fund managers. The case for reallocation to other destinations stands enhanced with the legal uncertainties which have arisen from the proposed retrospective changes in tax laws in the current year's Budget.

At the end of the previous fiscal year, fixed deposit rates of banks had risen to 10%. Most investors felt that this was a short term phenomena and the stress on bank funds would ease during the year. The rates advertised by State Bank of India in March 2012 for one year and upto ten years fixed deposits do not indicate a reversal possibility to lower rates in the near future.

At this juncture, it would only be correct to point out that revenue and earnings growth has now become extremely sector and company specific. Investors would have to carefully sieve through the maze of equity options whilst investing, since large number of companies are recording substantial de-growth and experiencing considerable financial stress. Credit quality of the Indian Corporates has worsened, with the annual default rate of companies, as recorded by CRISIL, having risen to 3.4% - the highest in the last 10 years. Burgeoning interest and input rates and slowing growth pose cash flow problems to certain segments of the corporate sector. The Debt Restructuring Cell is now looking over Rs.75,000 crores of corporate debt proposals to be restructured in Fiscal 2012 - more than 3 times the Rs.25,000 crores, value in fiscal 2011.

The light at the end of the tunnel for equity markets remains with the hope that the central bank's actions in 2011 will lower inflation and will allow the RBI to reduce rates in 2012. There is an urgent need for government policy execution, higher capital allocation to road building & construction and for investment in distribution infrastructure for food grains to fulfill the promise of India's growth story, both to its people and to foreign investors.

6. 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 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.

7. 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.

8. DIRECTORS :

Mr. M.J. Kotwal, who will reach the stipulated retirement age adopted by the Board, will retire as the Executive Director and consequently also as a Director of the Company with effect from 28th May, 2012, after putting in a service of almost 45 years with the Tata group of which 29 years have been with our Company. The Directors have placed on record the long and meritorious service rendered by Mr. Kotwal both as an Executive and as a Director of the Company.

Pursuant to the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Noel N. Tata, Mr. P.P. Shah and Mr. Z. Dubash retire by rotation and are eligible for re-appointment. The Board commends their re-appointment as Directors of the Company.

9. AUDITORS :

M/s. 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.

10. GENERAL :

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

During the year, the Company's earnings and expenditure in foreign exchange were Rs.12.79 crores and Rs.0.01 crore respectively, as mentioned in Notes 8 & 9 to the Accounts.

A statement giving particulars of employees as required under Section 217(2A) of 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, 18th May, 2012.

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, 2012, the Board of Directors of the Company comprised ten members, of whom eight are Non-Executive Directors. Mr. M.J. Kotwal, who will reach the stipulated retirement age adopted by the Board, will retire as the Executive Director and consequently also as a Director of the Company with effect from 28th May, 2012. In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Noel N. Tata, Mr. P.P. Shah and Mr. Z. Dubash, Directors, retire by rotation and are eligible for re-appointment. Pursuant to Clause 49 of the Listing Agreement, profile of Directors seeking re-appointment, have been given along with the Notice of the Annual General Meeting. None of the Directors of the Company is related to one another.

Board Meetings :

18 Board/Committee Meetings were held at Mumbai during the year under review comprising 5 Board Meetings and 13 meetings of various Committees. The Board Meetings were held on 10th May, 2011, 26th July, 2011, 19th October, 2011, 16th January, 2012 and 29th March, 2012. 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, 2012 are given below :

Name of Directors	Category of Director	Board Meetings attended during 2011-2012	No. of Directorships of other Indian Companies as on 31st March, 2012	Membership of mandatory Board Committees of other companies as on 31st March, 2012		No. of Ordinary Shares held as on 31 st March, 2012
				Chairman	Member	
Mr. N.N. Tata	Non Independent	5	8	1	2	19,145
Mr. F.N. Subedar	Non Independent	5	9	4	2	2,455
Mr. A.B.K. Dubash	Independent	4	-	-	-	2,265
Mr. M.J. Kotwal	Executive Director	5	3	-	-	4,248
Mr. K.A. Chaukar	Non Independent	5	14	1	5	-
Mr. H.N. Sinor	Independent	5	12	2	5	-
Mr. P.P. Shah	Independent	2	12	1	4	-
Mr. A.N. Dalal	Executive Director	5	5	1	2	-
Mr. Z. Dubash	Independent	4	1	-	1	-
Mr. A. Chandra	Independent	4	2	-	1	-

All the Directors, except Mr. P.P. Shah, Mr. Z. Dubash and Mr. A. Chandra, who were out of Mumbai on that day, had attended the last Annual General Meeting held on 8th July, 2011.

Committee of Directors :

Details of the various Committees of the Board of Directors of the Company as on 31st March, 2012 and the meetings attended by each Director during the year 2011-2012, shown within brackets, are as under:

Name of the Director

Audit Committee :
(4 meetings held during the year)

Mr. H.N. Sinor – *Chairman* (4),
Mr. A.B. K. Dubash (3), Mr. F.N. Subedar (4),
Mr. P.P. Shah (2)