

AF-TAAB INVESTMENT COMPANY LIMITED

DIRECTORS REPORT

To The Members
AF-TAAB INVESTMENT COMPANY LIMITED

The Directors hereby present their Thirty-Third Annual Report on the business and operations of the Company and the statement of accounts for the year ended 31st March, 2012.

1. FINANCIAL RESULTS

The summarized financial results are:

	2011-12 Rupees In lakhs	2010-11 Rupees In lakhs
Profit/(Loss) before tax	540.40	20197.38
Less : Income tax adjustment for earlier year	-	-
Less : Provision for Taxation	34.00	3890.00
Add/(Less) : Provision for Taxation : Deferred tax	(0.64)	(0.40)
Profit /(Loss) after tax	507.04	16307.78
Profit on account of merger of VIL	3.87	-
Profit for the year	510.91	16307.77
Balance brought forward from the previous year	250.01	198.46
Amount available for appropriation	760.92	16506.24
Appropriations		
Interim Dividend	-	9039.60
Proposed Dividend	170.55	619.10
Tax on Dividend	27.67	1604.19
Transfer to Capital Redemption Reserve	101.20	101.00
Transfer to Special Reserve	102.19	3261.56
Transfer to General Reserve	51.09-	1630.78
		16256.23
Balance to be carried forward	308.22	250.01

2. OPERATIONS

The Company made a profit before tax of Rs. 540.40 Lakhs as against a profit of Rs. 20197.38 Lakhs during the previous year. The Profits for the year were mainly on account of profit on sale of current Investments.

The Profits in the Previous year were high on account of sale of 22,00,000 equity shares of Tata Consultancy Services Ltd.

AF-TAAB INVESTMENT COMPANY LIMITED

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3 BUYBACK OF SHARES

During the year, the Company has, in accordance with Section 77A of the Companies Act, 1956 bought back 101,200 equity shares at Rs. 2100 per share from its parent company by utilizing the Securities Premium account. These bought back shares have been cancelled by the Company.

4. DIVIDEND

The Directors now recommend a Final Dividend of Rs 15 per share (Previous Year Final Dividend Rs. 50/- per share) on 11,37,000 equity shares for the year under review amounting to Rs. 1,70,55,000/- (Inclusive of Rs. 27,67,174/- Dividend Tax) subject to approval of shareholders at the Annual General Meeting.

5. AMALGAMATION

The Company had filed a petition for approval of the scheme of amalgamation (the Scheme) between Vantech Investments Limited (VIL) a wholly owned subsidiary of the Company and the Company which is approved by the Hon'ble High Court of Bombay vide its Order dated 25th November, 2011. Pursuant to the scheme the entire business and all assets and liabilities of VIL are transferred to and vested in the Company, from 1st April, 2010 (the appointed date). In accordance with the Order of High Court of Bombay dated 25th November, 2011 the General Reserve on account of merger amounting to Rs. 8,44,548/- will not be used towards payment of Dividends.

6. SUBSIDIARY COMPANIES

The Company has a wholly owned subsidiary viz Tata Power Green Energy Limited which was incorporated on 5th January, 2011.

Statement required under Section 212 (2) (a) of the Companies Act is attached.

7. DIRECTORS

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Mr P D Karkaria and Mr S Ramakrishnan retires by rotation and is eligible for re-appointment.

The Company has an Audit Committee comprising of three Directors viz. Dr H S Vachha, Mr P D Karkaria and Mr S Dube. Mr P D Karkaria is the Chairman of the Audit Committee.

8. AUDITORS

Members are requested to appoint Auditors for the current year and to fix their remuneration. M/s Deloitte Haskins & Sells, the existing Auditors, have under Section 224(1) of the Companies Act, 1956, indicated their eligibility for re-appointment.

9. AUDITORS' REPORT

The Notes to the Accounts referred to in the Auditors' Report of the Company are self-explanatory and, therefore, do not call for any further explanation under Section 217(3) of the Act.

AF-TAAB INVESTMENT COMPANY LIMITED

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10. PARTICULARS OF EMPLOYEES

The Company had no employees of the category specified under section 217(2A) of the Companies Act, 1956.

11. CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

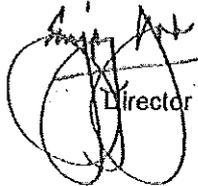
There are no particulars to be furnished in this report as required by Section 217(1) (e) of the Companies Act, 1956, relating to conservation of energy and technology absorption. There are no foreign exchange earnings or outgo during the year.

12. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:-

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departure;
- ii) they have, in the selection of the accounting policies consulted the Statutory Auditors and have applied them consistently and made judgments 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 that period;
- iii) they have taken proper and sufficient care, to the best of knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, 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;

On behalf of the Board of Directors


Director


Director

Mumbai, 7th May, 2012.

Deloitte Haskins & Sells

Chartered Accountants
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli, Mumbai - 400 018
India

Tel: +91 (022) 6667 9000
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AUDITORS' REPORT TO THE MEMBERS OF AF-TAAB INVESTMENT COMPANY LIMITED

1. We have audited the attached Balance Sheet of **AF-TAAB INVESTMENT COMPANY LIMITED** ("the company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

Deloitte Haskins & Sells

- (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

R. A. Banga

R. A. BANGA
Partner
(Membership No. 37915)

MUMBAI, 9th May, 2012

Deloitte Haskins & Sells

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

Having regard to the nature of the company's business/activities, clauses (viii) and (xiii) of CARO are not applicable.

- (i) In respect of its fixed assets:
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Physical verification of fixed assets was carried out during the year by the management, the frequency of which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) During the year no fixed assets were disposed of by the company.
- (ii) In respect of its inventory:
 - (a) As explained to us, the inventories were verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of verification of inventory followed by the management were found reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventory and no discrepancies were noticed on verification.
- (iii) The company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for purchases of inventory, fixed assets and with regard to the sale of shares and securities. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.

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- (v) According to the information and explanations given to us, the company has not entered into any contracts or arrangement with parties, which needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and the provision of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 and rules framed there under.
- (vii) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the company and nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues:
- (a) The company has been generally regular in depositing undisputed dues, including income tax, sales tax, service tax, cess and any other material statutory dues applicable to it with the appropriate authorities during the year.
- (b) There were no undisputed amounts payable in respect of income tax, sales tax, service tax and cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

(c) Details of dues of income tax which have not been deposited as on 31st March, 2012 on account of disputes are given below:

Name of the statute	Nature of the dues	Amount	Period to which the amount relates	Forum where pending
Income Tax Act, 1961	Tax, interest and penalty	7,174,710/-	Financial Year 1997-98, 2000-01 and 2001-02	Commissioner of Income Tax (Appeals)

- (ix) The company does not have accumulated losses as at 31st March, 2012 and has not incurred cash losses during the financial year ended as on that date or in the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks or financial institutions.
- (xi) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) Based on our examination of the records and evaluation of the related internal controls, the company has maintained proper records of the transactions and contracts in respect of its dealing in shares, securities, debentures and other investments and timely entries have been made therein. The aforesaid securities are held by the company in its own name.

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- (xiii) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xiv) In our opinion and according to the information and explanations given to us, no term loans have been raised by the company during the year and hence, the provisions of clause 4 (xvi) of the CARO are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xvi) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xvii) According to the information and explanations given to us and the records examined by us, the company has not issued any debentures during the year.
- (xviii) According to the information and explanations given to us and the records examined by us, the company has not raised any money by public issue during the year.
- (xix) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

R. A. Banga

R. A. BANGA
Partner
(Membership No. 37915)

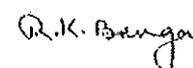
MUMBAI, 9th May, 2012

AF-TAAB INVESTMENT COMPANY LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2012

	Notes	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	113,700,000	123,820,000
Reserves and surplus	4	1,165,997,272	1,324,347,835
Total shareholders' funds		1,279,697,272	1,448,167,835
Non-current liabilities			
Deferred tax liability	5	4,230,000	4,294,400
Total non-current liabilities		4,230,000	4,294,400
Current liabilities			
Trade payables		328,652	331,878
Other current liabilities	6	118,593	151,683
Short-term provisions	7	39,822,694	94,371,984
Total current liabilities		40,269,939	94,855,545
TOTAL		1,324,197,211	1,547,317,780
II. ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	17,286,499	17,703,303
Non-current investments	9	935,553,458	772,296,238
Long-term loans and advances	10	8,809,632	5,901,839
Total non-current assets		961,649,589	795,901,380
Current assets			
Current investments	11	216,109,763	572,795,455
Inventories	12	145,889,949	174,852,915
Cash and cash equivalents	13	517,034	3,742,401
Short-term loans and advances	14	30,876	25,629
Total current assets		362,547,622	751,416,400
TOTAL		1,324,197,211	1,547,317,780

III. See accompanying notes forming part of the financial statements

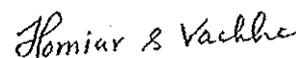
In terms of our report attached
FOR DELOITTE HASKINS & SELLS
Chartered Accountants



R. A. Banga
Partner

For and on behalf of the Board of Directors

A Sardana



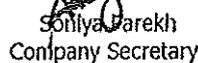
H S Vachha



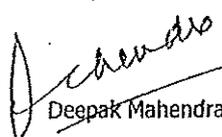
P D Karkaria



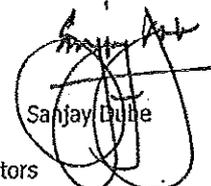
S Ramakrishnan



Soniya Parekh
Company Secretary



Deepak Mahendra



Sanjay Dube
Directors

MUMBAI, 9th May, 2012

MUMBAI, 9th May, 2012

AF-TAAB INVESTMENT COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Notes	March 31, 2012 Rupees	March 31, 2011 Rupees
I. Revenue from operations	15	87,976,362	2,066,465,622
II. Other Income	16	34,725	9,171,594
Total revenue		<u>88,011,087</u>	<u>2,075,637,216</u>
III. Expenses			
Purchase of shares and securities		-	4,765,485
Decrease in Inventories	17	28,962,966	34,453,403
Operation and other expenses	18	4,591,298	16,175,161
Finance costs	19	-	88,151
Depreciation and amortization expense		416,804	416,804
Total expenses		<u>33,971,068</u>	<u>55,899,004</u>
IV. Profit before tax		54,040,019	2,019,738,212
V. Tax expenses			
Current tax			
Current tax expense for current year		5,500,000	389,000,000
Less: MAT credit entitlement in respect of earlier years		2,100,000	-
Net current tax expenses		<u>3,400,000</u>	<u>389,000,000</u>
Deferred tax		(64,400)	(39,600)
Total tax expense		<u>3,335,600</u>	<u>388,960,400</u>
VI. Profit after taxes and before adjustment for result of Vantech Investment Limited (VIL) for the period 1st April, 2010 to 31st March, 2011		50,704,419	1,630,777,812
Add: Profit after tax for year ended 31st March, 2011 of VIL on account of scheme of amalgamation	23	387,217	-
VII. Profit for the year		<u>51,091,636</u>	<u>1,630,777,812</u>
VIII. Earnings per equity share basic and diluted Rupees (face value of Rs. 100 each)	20	41.51	1,241.06

IX. See accompanying notes forming part of the financial statements

In terms of our report attached
FOR DELOITTE HASKINS & SELLS
Chartered Accountants

R. A. Banga

R. A. Banga
Partner

For and on behalf of the Board of Directors

A Sardana

H S Vachha

P D Karkaria
P D Karkaria

S Ramakrishnan
S Ramakrishnan

Soniya Parekh
Soniya Parekh
Company Secretary

Deepak Mahendra
Deepak Mahendra

Sarjay Dube
Sarjay Dube

Directors

MUMBAI, 9th May, 2012

MUMBAI, 9th May, 2012

AF-TAAB INVESTMENT COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	March 31, 2012 Rupees	March 31, 2011 Rupees
A. Cash flow from operating activities		
Profit before taxes	54,040,019	2,019,738,212
Adjustments for:		
Profit on sale of fixed assets	-	(99,000)
Profit on sale of long term Investments	-	(1,860,075,930)
Profit on sale of current Investments	(44,208,775)	(7,377,597)
Provision for diminution in value of long term investment	-	10,825,600
Depreciation	416,804	416,804
	<u>(43,791,971)</u>	<u>(1,856,310,123)</u>
Operating profit before working capital changes	10,248,048	163,428,089
Adjustments for:		
Inventories	28,962,966	34,453,404
Trade receivables	-	363,762
Short-term loans and advances	23,707	2,468
Other current assets	-	2,397,699
Trade payable	(3,226)	2,985
Other current liabilities	(103,284)	(11,839,148)
	<u>28,890,163</u>	<u>25,381,170</u>
Operating profit after working capital changes	39,128,211	188,809,259
Inter-corporate loans given	(85,000,000)	(5,000,000)
Inter-corporate loans refund (including interest)	85,000,000	65,410,418
Purchase/subscription of long term Investments:		
From/to - subsidiaries	(400,020)	(10,925,580)
From - others	(162,857,200)	(111,586,985)
Proceeds from sale of long-term investments:		
From - subsidiaries	-	2,200,000
From others	-	1,872,121,430
Purchase of current Investments	(164,907,533)	(2,302,505,004)
Proceeds from sale of current investments	577,944,000	1,804,888,690
	<u>249,779,247</u>	<u>1,314,602,969</u>
Cash generated from operations	288,907,458	1,503,412,228
Taxes paid	(7,470,240)	(382,262,894)
Net cash from operating activities -	(A) <u>281,437,218</u>	<u>1,121,149,334</u>
B. Cash flow from investing activities		
Sale of fixed assets	-	99,000
Net cash from investing activities -	(B) <u>-</u>	<u>99,000</u>
C. Cash flow from financing activities		
Dividend paid	(61,910,000)	(997,704,000)
Income-tax on dividend paid	(10,282,477)	(165,913,070)
Amount paid towards buy back of equity shares	(212,520,000)	(227,250,000)
Net cash used in financing activities -	(C) <u>(284,712,477)</u>	<u>(1,390,867,070)</u>
Net decrease in cash and cash equivalents (A+B+C)	<u>(3,275,267)</u>	<u>(269,618,736)</u>
Cash and cash equivalents as at 1st April, 2011	3,742,401	273,361,137
Add: Cash and cash equivalents acquired on account of scheme of amalgamation	49,900	-
Cash and cash equivalents as at 31st March, 2012	<u>517,034</u>	<u>3,742,401</u>

See accompanying notes forming part of the financial statements

Note:

Pursuant to the Scheme of Amalgamation (the Scheme) between Vantech Investment Limited, a wholly owned subsidiary of the company and the company, approved by the Hon'ble High Court of Bombay vide its order dated 25th November, 2011, the entire business and all the assets and liabilities of VIL were transferred to and vested in the company, from 1st April, 2010 (the appointed date) at the value indicated below. This transaction is a non-cash transaction;

Investment of Rs. 11,862,601 (net of provision for diminution in value of long term investment of Rs. 40,609,139)

Current Assets Loans and Advances of Rs. 1,905,411

Current Liabilities and Provisions of Rs. 932,509

In terms of our report attached
FOR DELOITTE HASKINS & SELLS
 Chartered Accountants

R.K. Banga
 R. A. Banga
 Partner

For and on behalf of the Board of Directors

A Sardana

H S Vachha

S Ramakrishnan

Deepak Mahendra
 Deepak Mahendra
 Company Secretary

Sanjay Chaudhary

Directors
 MUMBAI, 9th May, 2012

MUMBAI, 9th May, 2012

AF-TAAB INVESTMENT COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1) CORPORATE INFORMATION

Af-Taab Investment Company Limited was Incorporated on 21st February, 1979 under the Companies Act, 1956.

The company is registered as a non-banking financial institution under the Reserve Bank of India Act, 1934. The principal business of the company is to carry on the business of issue houses, underwriters and dealers and traders in shares, securities, bonds, debentures and other investments.

Its registered office is at B Block, Corporate Centre, 34, Sant Tukaram Road, Carnac Bunder, Mumbai-400009.

2) SIGNIFICANT ACCOUNTING POLICIES

(a) Basis for accounting and preparation of financial statements:

The financial statements are prepared under historical cost convention on accrual basis and comply in all material respects with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

(b) Use of estimates:

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(c) Fixed assets:

Fixed Assets are stated at cost less accumulated depreciation, amortisation and impairment loss if any. Cost includes purchase price, borrowing costs and all other applicable expenses incurred to bring the assets to its present location and condition.

(d) Depreciation/Amortisation:

The company is providing depreciation on fixed assets at the rates prescribed in Schedule XIV of the Companies Act, 1956 on Straight Line Method (SLM) basis. Depreciation on addition/deduction of assets is provided on pro-rata basis. Assets costing less than Rs. 5,000 are depreciated at the rate of 100%.

(e) Investments:

Purchases of securities of Tata Group Companies other than investments in mutual funds are considered as long term investments. Long term investments are carried at cost, less provision for diminution other than temporary, if any, in the value of such investments. Current investments are carried at lower of cost and fair value.

(f) Inventories:

Inventories are valued at lower of cost or fair value.

(g) Revenue recognition:

Dividend income is accounted for when the right to receive income is established.

Interest income is recognised on a time proportion basis, taking into account the amount outstanding and the rate applicable.

(h) Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provision of the Income Tax Act, 1961. Credit in respect of Minimum Alternate Tax paid is recognised only if there is convincing evidence of realisation of the same.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

(i) Segment reporting:

The accounting policies adopted for segment reporting are in line with the accounting policy of the company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated income/expenses".

(j) Provision, contingent liabilities and contingent assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in financial statements.

AF-TAAB INVESTMENT COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3) SHARE CAPITAL

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
Authorised		
1,500,000 (31st March, 2011: 1,500,000) equity shares of Rs. 100/- each	150,000,000	150,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and fully paid-up		
1,137,000 (31st March, 2011: 1,238,200) equity shares of Rs. 100/- each	113,700,000	123,820,000
Total Issued, subscribed and fully paid-up	<u>113,700,000</u>	<u>123,820,000</u>

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Equity shares

	March 31, 2012		March 31, 2011	
	Numbers	Rupees	Numbers	Rupees
At the beginning of the period	1,238,200	123,820,000	1,339,200	133,920,000
Less: bought back during the year	(101,200)	(10,120,000)	(101,000)	(10,100,000)
Outstanding at the end of the period	<u>1,137,000</u>	<u>113,700,000</u>	<u>1,238,200</u>	<u>123,820,000</u>

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.100 per share. Each equity shareholder is eligible for one vote per share held. Each equity shareholder is entitled to dividend as and when the company declares and pay dividend after obtaining shareholders approval. Dividends are paid in Indian Rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended 31st March, 2012, the amount of per share dividend recognised as distribution to equity shareholder was Rs. 15 per share (31st March, 2011 Rs.725 per share).

c. The entire share capital is held by The Tata Power Company Limited the holding company.

d. Aggregate number of shares bought back during the period of five years:

	March 31, 2012 Rupees	March 31, 2011 Rupees
Equity shares bought back by the company 101,200 shares (31st March, 2011 101,000 shares)	10,120,000	10,100,000

Pursuant to the approval of the Board of Directors/shareholders of the company, the company has in accordance with Section 77A of the Companies Act, 1956 bought back 101,200 equity shares (31st March, 2011- 101,000 equity shares) @ Rs. 2,100 per share (31st March, 2011- @ Rs. 2,250 per share) from its holding company by utilising the securities premium account. Further in terms of Section 77AA of the Companies Act, 1956, an amount equivalent to the nominal value of equity shares bought back has been transferred to capital redemption reserve.

AF-TAAB INVESTMENT COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4) RESERVES AND SURPLUS

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
(a) Capital redemption reserve		
Opening balance	10,100,000	-
Add: Amount transferred from Surplus in Statement of Profit and Loss	10,120,000	10,100,000
Add : On account of scheme of amalgamation (Note no.23)	1,000	-
Closing balance	<u>20,221,000</u>	<u>10,100,000</u>
(b) Securities premium account		
Opening balance	461,626,000	678,776,000
Less: Amount utilised towards buy back of equity shares	<u>202,400,000</u>	<u>217,150,000</u>
Closing balance	259,226,000	461,626,000
(c) Special reserve fund under Section 45(1)(c) of Reserve Bank of India Act, 1934		
Opening balance	587,861,000	261,705,000
Add : On account of scheme of amalgamation (Note no.23)	11,934,000	-
Add: Amount transferred from Surplus in Statement of Profit and Loss	10,219,000	326,156,000
Closing balance	<u>610,014,000</u>	<u>587,861,000</u>
(d) General reserve		
Opening balance	239,760,000	76,682,000
Add : On account of scheme of amalgamation (Note no.23)	844,548	-
Add: Amount transferred from Surplus in Statement of Profit and Loss	5,109,000	163,078,000
Closing balance	<u>245,713,548</u>	<u>239,760,000</u>
(e) Surplus in Statement of Profit and Loss		
Opening balance	25,000,835	19,845,957
Add: Profit for the year	51,091,636	1,630,777,812
Less:		
Interim dividend (amount per share Rs. Nil (31st March, 2011: Rs. 675))	-	903,960,000
Tax on Interim dividend	-	150,136,457
Proposed equity dividend (amount per share Rs. 15 (31st March, 2011: Rs. 50))	17,055,000	61,910,000
Tax on proposed equity dividend	2,766,747	10,282,477
Transferred to:		
Capital redemption reserve	10,120,000	10,100,000
Special reserve fund	10,219,000	326,156,000
General reserve	5,109,000	163,078,000
Closing balance	<u>30,822,724</u>	<u>25,000,835</u>
Total Reserves and Surplus	<u><u>1,165,997,272</u></u>	<u><u>1,324,347,835</u></u>

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AF-TAAB INVESTMENT COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5) DEFERRED TAX LIABILITY

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
Deferred tax liability		
Depreciation and amortisation	4,230,000	4,294,400
	4,230,000	4,294,400

6) OTHER CURRENT LIABILITIES

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
Other liabilities		
Statutory liabilities	-	33,090
Other payables	118,593	118,593
	118,593	151,683

7) SHORT-TERM PROVISIONS

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
Other provisions		
Proposed equity dividend	17,055,000	61,910,000
Provision for tax on proposed equity dividend	2,766,747	10,282,477
Provision for tax (net of advance tax of Rs. 461,912,252 (31st March, 2011 Rs. 455,928,493))	20,000,947	22,179,507
	39,822,694	94,371,984

(1)

AF-TAAB INVESTMENT COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

8) FIXED ASSETS

Description	GROSS BLOCK (at cost)			DEPRECIATION AND AMORTISATION			(Amount in Rupees)	
	As at April 1, 2011	Additions during the year	Deductions during the year	As at April 1, 2011	Additions during the year	Deductions during the year	As at March 31, 2012	As at March 31, 2011
Tangible assets								
Buildings	25,570,711	-	-	7,867,408	416,804	-	8,284,212	17,286,499
Computers	165,830	-	-	165,830	-	-	165,830	17,703,303
Office equipment	1,450,000	-	-	1,450,000	-	-	1,450,000	-
Total	27,186,541	-	-	9,483,238	416,804	-	9,900,042	17,286,499
Previous Year	33,159,302	-	5,972,761	15,039,195	416,804	5,972,761	9,483,238	17,703,303

(3)

AF-TAAB INVESTMENT COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

9) NON-CURRENT INVESTMENTS

	Opening Quantity Units	Closing Quantity Units	Cost as at March 31, 2012 Rupees	Cost as at March 31, 2011 Rupees
A. INVESTMENTS IN SUBSIDIARY COMPANIES- NON TRADE				
1 Ordinary Shares - (Unquoted) fully paid up Tata Power Green Energy Ltd. Vantech Investments Ltd. (Note no. 23)	9,998	50,000	500,000	99,980
	1,990,000	-	-	52,595,700 **
Total A			<u>500,000</u>	<u>52,695,680</u>
B. INVESTMENTS IN ASSOCIATES COMPANIES- NON TRADE				
1 Ordinary Shares - (Unquoted) fully paid up Nelito Systems Ltd. Tata Ceramics Ltd - acquired on account of scheme of amalgamation (Note no.23)	570,000	570,000	159,616,300	159,616,300
		20,829,802	40,609,139 **	-
Total B			<u>200,225,439</u>	<u>159,616,300</u>
C. OTHER INVESTMENTS- NON TRADE				
1 Ordinary Shares - (Quoted) fully paid up Trent Ltd. Tata Motors Ltd. Tata Motors Ltd. - differential voting rights Tata Investment Corporation Ltd. Tata Consultancy Services Ltd. Neko Ltd.	327,266	399,990	\$ 117,737,018	77,738,818
	67,705	338,525	# 53,632,576	53,632,576
	9,672	48,360	# 2,949,960	2,949,960
	750,000	857,143	@ 134,057,281	91,200,081
	761,952	761,952	236,205	236,205
	318,460	318,460	29,512,977	29,512,977
			<u>338,126,017</u>	<u>255,270,617</u>
2 Ordinary Shares - (Unquoted) fully paid up ASL Advanced Systems Private Ltd. Brihat Trading Private Ltd. Hemisphere Properties Ltd. Rujuvallika Investments Ltd. Tata International Ltd. Tata Industries Ltd. Tata Services Ltd. The Associated Building Co. Ltd. Taj Air Ltd. Tata Capital Ltd	180,000	180,000	1,800,000	1,800,000
	3,350	3,350	33,500	33,500
	25,000	25,000	250,000	250,000
	183,333	183,333	3,000,000	3,000,000
	12,000	24,000	189,948,002	69,948,002
	1,000,543	1,000,543	127,751,700	127,751,700
	552	552	554,739	554,739
	425	425	384,415	384,415
	4,200,000	4,200,000	42,000,000	42,000,000
	2,106,039	2,106,039	31,590,585	31,590,585
			<u>397,312,941</u>	<u>277,312,941</u>
3 Preference Shares - (Unquoted) fully paid up Natural Plants Products India Ltd.	4,993	4,993	499,300 **	499,300 **
			<u>499,300</u>	<u>499,300</u>
4 Warrants - (Quoted) fully paid up Tata Investment Corporation Ltd (Warrants)-2011	107,143	-	-	-
			<u>-</u>	<u>-</u>
5 Preference Shares - (Quoted) fully paid up Trent Ltd.- Series A (Cumulative Convertible Preference Shares)- 2011 Trent Ltd.- Series B (Cumulative Convertible Preference Shares)- 2012	72,724	-	\$ 39,998,200	39,998,200
	72,724	72,724	39,998,200	79,996,400
			<u>39,998,200</u>	<u>79,996,400</u>
Total C			<u>775,936,458</u>	<u>613,079,258</u>
Total A+B+C			<u>976,661,897</u>	<u>825,391,238</u>
** Provision for diminution in value of Investments other than temporary			(41,108,439)	(53,085,000)
			<u>935,553,458</u>	<u>772,296,238</u>

Increased on account of split of shares during the year
@ On account of conversion of warrants into equity shares
\$ On account of conversion of preference shares into equity shares

As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
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Notes (1) Aggregate of Quoted Investments- Cost	378,124,217	335,267,017
Market Value.....	1,831,304,645	1,860,091,118
(2) Aggregate of Unquoted Investments- Cost	598,537,680	490,124,221

AF-TAAB INVESTMENT COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

10) LONG TERM LOANS AND ADVANCES - Unsecured, considered good

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
(a) Advance income tax (net of provision of tax Rs. 74,675,602 (31st March, 2011 Rs.70,210,458))	7,995,277	5,087,484
(b) Other loans and advances Security deposit	814,355	814,355
	8,809,632	5,901,839

11) CURRENT INVESTMENTS

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
Investment in Mutual Funds (Unquoted)		
ICICI Prudential Liquid Super Institutional Plan-Daily Dividend	16,524,010	15,439,868
ICICI Prudential Liquid Super Institutional Plan-Growth	49,500,000	49,500,000
Tata Liquid Super High Investment Fund - Daily Dividend	22,786,380	18,062,990
Tata Liquid Super High Investment Fund - Growth	127,299,373	489,792,597
	216,109,763	572,795,455

12) INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
Stock of shares and securities	145,889,949	174,852,915
	145,889,949	174,852,915

13) CASH AND CASH EQUIVALENTS

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
Balances with banks: In current accounts	517,034	3,742,401
	517,034	3,742,401

14) SHORT TERM LOANS AND ADVANCES

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
Other loans and advances -Unsecured, considered good Prepaid expenses	30,876	25,629
	30,876	25,629

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AF-TAAB INVESTMENT COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

15) REVENUE FROM OPERATIONS

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
(a) Sales of shares and securities	1,490,196	112,790,280
(b) Dividend Income		
Dividend from long term Investments		
Associates	570,000	1,425,000
Others	30,069,107	68,143,680
Dividend from current Investments		
Others	3,032,787	9,174,313
Dividend from shares and securities (Inventories)		
Others	3,395,769	3,605,575
(c) Interest Income		
Interest on debentures	-	56,817
Interest on Inter-corporate loans	5,209,728	3,816,430
(d) Other operating revenue		
Profit on sale of long term Investments	-	1,860,075,930
Profit on sale of current Investments	44,208,775	7,377,597
	<u>87,976,362</u>	<u>2,066,465,622</u>

16) OTHER INCOME

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
(a) Leave and license fees	-	8,101,139
(b) Interest on Income tax refund	-	937,653
(c) Lease rental	-	17,914
(d) Profit on sale of assets	-	99,000
(e) Miscellaneous Income	34,725	15,888
	<u>34,725</u>	<u>9,171,594</u>

17) DECREASE IN INVENTORIES

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
Inventories at the beginning of the year	174,852,915	209,306,318
Less: Inventories at the end of the year	145,889,949	174,852,915
	<u>28,962,966</u>	<u>34,453,403</u>

AF-TAAB INVESTMENT COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

18) OPERATION AND OTHER EXPENSES

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
(a) Advances written off	50,000	-
(b) Advertisement charges	133,219	-
(c) Custodian charges	26,057	25,451
(d) Rates and taxes	467,200	924,804
(e) Profession tax	2,500	2,500
(f) Legal expenses	10,500	14,500
(g) Professional fees	1,892,101	1,613,215
(h) Directors' sitting fees	242,000	112,000
(I) Internal audit fees	55,666	55,152
(j) Auditors' fees	1,126,224	1,316,982
(k) Dematerialisation charges	3,465	879,392
(l) Provision for diminution in value of long term investment	-	10,825,600
(m) Insurance	30,980	38,693
(n) Maintenance charges	396,809	255,755
(o) Electricity charges	111,589	80,815
(p) Miscellaneous expenses	42,988	30,302
	4,591,298	16,175,161

Payment to Auditors

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
Auditors' remuneration (Inclusive of service tax):		
Audit fees	667,980	551,500
Tax audit fees	303,325	656,285
Other services	154,420	109,197
Out of pocket expenses	499	-
	1,126,224	1,316,982

The remuneration disclosed above includes fees of Rs. 82,725 (31st March, 2011- Rs. 474,290) for attest and other professional services rendered by a Firm of accountants in which some partners of the firm of statutory auditors are partners.

19) FINANCE COSTS

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
Interest on inter-corporate loans	-	88,151
	-	88,151

20) EARNINGS PER SHARE (EPS)

	March 31, 2012	March 31, 2011
Profit attributable to equity share holders (Rupees)- (A)	51,091,636	1,630,777,812
The weighted average number of equity shares (Nos.)- (B)	1,230,734	1,314,019
The nominal value per equity share (Rupees)	100	100
Basic and diluted earnings per share = (A)/(B)	41.51	1,241.06

AF-TAAB INVESTMENT COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

21) SEGMENT ACCOUNTING

(a) Primary segment information :

	Amount Rupees			
	Investments	Trading	Inter Corporate Loans	TOTAL
REVENUE				
Segment revenue	77,880,669	4,885,965	5,209,728	87,976,362
	<i>1,946,253,337</i>	<i>116,395,855</i>	<i>3,816,430</i>	<i>2,066,465,622</i>
RESULT				
Segment results	77,852,335	(24,078,189)	5,209,728	58,983,874
	<i>1,934,535,801</i>	<i>77,164,060</i>	<i>3,816,430</i>	<i>2,015,516,291</i>
Unallocated income net of unallocated expense				(4,943,855)
				<i>4,221,921</i>
Income Taxes				(3,335,600)
				<i>(388,960,400)</i>
Profit after tax				50,704,419
				<i>1,630,777,812</i>
OTHER INFORMATION				
Segment assets	1,151,663,221	145,889,949	-	1,297,553,170
	<i>1,345,091,693</i>	<i>174,852,915</i>	-	<i>1,519,944,608</i>
Unallocated assets				26,644,041
				<i>27,373,172</i>
Total assets				1,324,197,211
				<i>1,547,317,780</i>
Segment liabilities	-	-	-	-
Unallocated liabilities				44,499,939
				<i>99,149,945</i>
Total liabilities				44,499,939
				<i>99,149,945</i>
Capital expenditure	-	-	-	-
Non-cash expenses other than depreciation	-	-	-	-
	<i>10,825,600</i>	-	-	<i>10,825,600</i>
Depreciation	-	-	-	-

Type of products and services in each business segment:

Investments - Investment in current and non-current shares and securities

Trading - Trading in shares and securities

Inter-corporate loans - Placement of inter-corporate loans

Notes: Previous year's figures are in Italics.

(b) Secondary segment information:

There is no secondary reportable segment relating to the company's business.

AF-TAAB INVESTMENT COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

22) RELATED PARTY DISCLOSURES

Disclosure as required by Accounting Standard 18 (AS-18) "Related Party Disclosures" are as follows:

a) List of the related parties and description of relationship:

Name of the related party	Country of origin
Holding Company	
1. The Tata Power Company Limited (TPCL)	India
Related parties where control exists	
Subsidiaries	
1. Vantech Investments Limited (VIL) (upto 20th December, 2011)	India
2. Tata Power Green Energy Limited (TPGEL) (from 5th January, 2011)	India
Related party disclosure where transactions have taken place	
Associates	
1. Nelito Systems Limited (NSL)	India
2. Tata Ceramics Limited (TCL)	India
Fellow Subsidiaries	
1. NELCO Limited (NELCO)	India
Associate of the holding company	
1. Rujwalika Investments Limited (RIL)	India

b) Related party transactions:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Fellow Associates
Inter corporate loans given to TCL	-	-	85,000,000	-	-
	-	-	<i>5,000,000</i>	-	-
Refunds towards inter corporate loans given to TCL	-	-	85,000,000	-	-
	-	-	<i>65,000,000</i>	-	-
Inter corporate loans received from TPCL	90,000,000	-	-	-	-
Repayment of inter corporate loans received from TPCL	90,000,000	-	-	-	-
Interest earned on inter corporate loans from TCL	-	-	5,209,728	-	-
	-	-	<i>3,816,430</i>	-	-
Interest paid on inter corporate loans	88,151	-	-	-	-
Lease rent - Income	17,914	-	-	-	-
Professional fees	1,269,083	-	-	-	-
	<i>972,132</i>	-	-	-	-
Dividend earned from NELCO, NSL and RIL	-	-	570,000	-	13,108,309
	-	-	<i>1,425,000</i>	<i>636,920</i>	<i>275,000</i>
Dividend paid	61,910,000	-	-	-	-
	<i>997,704,000</i>	-	-	-	-
Sale of Investments	2,200,000	-	-	-	-
Profit on sale of fixed assets	99,000	-	-	-	-
Amount paid towards Equity contribution to TPGEL	-	400,020	-	-	-
	-	<i>99,980</i>	-	-	-
Amount paid on buyback of shares	212,520,000	-	-	-	-
	<i>227,250,000</i>	-	-	-	-
Guarantee given on behalf of TCL (Note no. 24 (b))	-	-	85,000,000	-	-
	-	-	<i>75,000,000</i>	-	-
Letter of undertaking given on behalf of TCL (Note no. 25)	-	-	160,292,215	-	-
	-	-	<i>148,005,145</i>	-	-
Balance Outstanding					
Final proposed dividend payable	17,055,000	-	-	-	-
	<i>61,910,000</i>	-	-	-	-
Guarantee outstanding on behalf of TCL (Note no. 24 (b))	-	-	85,000,000	-	-
	-	-	<i>75,000,000</i>	-	-
Letter of undertaking outstanding given on behalf of TCL (Note no. 25)	-	-	160,292,215	-	-
	-	-	<i>148,005,145</i>	-	-

Notes: Previous year's figures are in Italics.

AF-TAAB INVESTMENT COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

23) SCHEME OF AMALGAMATION

The company had filed a petition for approval of the scheme of amalgamation (the Scheme) between Vantech Investments Limited (VIL) a wholly owned subsidiary of the company and the company which was approved by the Hon'ble High Court of Bombay vide its Order dated 25th November, 2011. Pursuant to the Scheme, the entire business and all assets and liabilities of VIL were transferred to and vested in the company, from 1st April, 2010 (the appointed date). The Scheme became effective on 21st December, 2011 and the following are the effects given in these financial statements of the company in accordance with the approved Scheme.

- (a) Investments, Current Assets and Current Liabilities of VIL as on 1st April, 2010 have been taken into the books of the company on line by line basis. The net effect is an increase in assets of Rs. 12,779,548.
- (b) Debit balance of Rs. 19,055,452 appearing in the profit and loss account of VIL as at 1st April, 2010 has been adjusted against the general reserves of the company.
- (c) Share Capital of Rs. 19,900,000 of VIL as at 1st April, 2010 has been adjusted against the general reserve of the company. Therefore the net effect of Note no. 23 (b) and (c) is an increase in general reserve of Rs. 8,44,548.
- (d) Credit balance of Rs. 11,934,000 and Rs. 1,000 appearing in the special reserve fund and capital redemption reserve of VIL as at 1st April, 2010 has been accounted as the special reserve fund and capital redemption reserve of the company.
- (e) Investments of VIL in the company's books of Rs. 52,595,700 and the provision of Rs. 52,595,700 in respect of this investment has been cancelled and has been adjusted against the general reserves of the company.
- (f) In accordance with the Order of Hon'ble High Court of Bombay dated 25th November, 2011, the addition to general reserve as stated in Note no. 23 (c) above amounting to Rs. 8,44,548 shall not be utilised for declaring of dividend.

VIL was engaged in the business of Non-Banking Financial Company (NBFC) and its Profit after tax of Rs. 387,217 for the period 1st April, 2010 to 31st March, 2011, as per the financial statements of VIL has been recognised in the current year and disclosed separately in the profit & loss account.

24) CONTINGENT LIABILITIES (No cash outflow is expected in the near future)

- (a) Claims against the Company not acknowledged as debt
Taxation Matters in respect of which the company is in appeal and paid for Rs. 6,359,537/- (31st March, 2011 - Rs. 6,744,426/-).
- (b) Guarantees
The company has given guarantee of Rs. Nil (31st March, 2011 - Rs. 35,000,000) to Tata Investment Corporation Limited, Rs. 50,000,000 (31st March, 2011 - Rs. Nil) to Tata Petrodyne Limited and Rs. 35,000,000 (31st March, 2011 - Rs. 40,000,000) to Tata Industries Limited for timely servicing/repayment of Inter-corporate loans of Rs. 50,000,000 and Rs. 35,000,000 respectively, given by them to Tata Ceramics Limited.
Loans outstanding against these amounting to Rs. 85,000,000 (31st March, 2011 - Rs. 75,000,000).

25) LETTER OF UNDERTAKING

The company in case of Tata Ceramics Limited (TCL), has given a letter of undertaking to the rating agency that in the event of TCL not having requisite cash flows to timely service its debt obligations, the company will make all endeavors to repay the principal and interest falling due, from its own cash flows in such manner that all the banks of TCL are repaid on or before due dates.

Outstanding debt (principal and interest) of TCL as on 31st March, 2012 amounting to Rs. 160,292,215 (31st March, 2011 - Rs. 148,005,145) against this letter of undertaking.

- 26) The company has an investment in Taj Air Limited (TAL) of Rs. 42,000,000/- (31st March, 2011 - Rs. 42,000,000/-), TAL has accumulated losses as at 31st March, 2011, based on audited accounts for March, 2011, which has significantly eroded its net worth. In the opinion of the management, having regard to the long term nature of its business, at this point of time there is no diminution other than temporary, in the value of the investment.

27) MICRO, SMALL AND MEDIUM ENTERPRISES DISCLOSURES

During the year there are no transactions with 'suppliers' as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

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28) RBI DISCLOSURES

The Following additional information (other than what is already disclosed elsewhere) is disclosed in terms of RBI circular (Ref. No. DBNS. 200/CGM CPR-2008) dated 1st August, 2008.

(A). Capital to Risk Assets Ratio (CRAR):-

	Items	2011-12*	2010-11
I	CRAR %	88.10	97.96
II	CRAR- Tier I Capital %	88.10	97.96
III	CRAR- Tier II Capital %	-	-

* NBS-7 return yet to be filed.

(B). Exposures to Real estate sector:-

	Category	2011-12	2010-11
I	Direct exposure	N.A.	N.A.
	Commercial real estate	N.A.	N.A.
II	Indirect exposure	N.A.	N.A.
	Exposure to housing finance companies	N.A.	N.A.

(C). Assets Liability Management:-

Maturity pattern of certain items of assets and liabilities as on 31st March, 2012:

	1 day to 30/31 days (one month)	Over one month to two months	Over two months to three months	Over three months to six months	Over six months to one year	Over one year to three years	Total
Liabilities							
Borrowing from banks	-	-	-	-	-	-	-
Market borrowing	-	-	-	-	-	-	-
Assets:							
Advances (ICD) and Investments@	-	-	-	-	-	-	-

@ Non-current investments and current investments amounting to Rs. 935,553,458 and Rs. 216,109,763 respectively have not been included above, since there is no set maturity pattern for the same.

29) PREVIOUS YEAR'S FIGURES

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

R2

Schedule to the Balance Sheet of a non-deposit taking non-banking financial company

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

Particulars			
	Liabilities side:		
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
	(a) Debentures : Secured	NII	NII
	: Unsecured	NII	
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	NII	NII
	(c) Term Loans	NII	NII
	(d) Inter-corporate loans and borrowing	NII	NII
	(e) Commercial Paper	NII	NII
	(f) Other Loans (specify nature)	NII	NII
	* Please see Note 1 below		
			Amount outstanding
	Assets side:		
(2)	Break-up of Loans and advances including bills receivables (other than those included in (4) below)		
	(a) Secured:		
	(b) Unsecured:		
	(1) Non current		8,809,632
	(2) Current		30,876
(3)	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors :		NII
	(a) Financial Lease		
	(b) Operating Lease		
	(ii) Stock on hire including hire charges under sundry debtors :		NII
	(a) Assets on hire		
	(b) Repossessed Assets		
	(iii) Other loans counting towards AFC activities :		NII
	(a) Loans where assets have been repossessed		
	(b) Loans other than (a) above		
(4)	Break-up of Investments		
	Current Investments		
	Quoted :		NII
	(i) Shares : (a) Equity		
	(b) Preference		
	(ii) Debentures and Bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others (please specify)		
	Unquoted :		
	(i) Shares : (a) Equity		
	(b) Preference		
	(ii) Debentures and Bonds		
	(iii) Units of mutual funds		216,109,763
	(iv) Government Securities		
	(v) Others (please specify)		
	Long Term Investments		
	Quoted :		
	(i) Shares : (a) Equity		338,126,017
	(b) Preference		39,998,200
	(ii) Debentures and Bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others (please specify)		
	Unquoted :		
	(i) Shares : (a) Equity		598,038,380
	(b) Preference		499,300
	(ii) Debentures and Bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others (please specify)		

(5) Borrower group-wise classification of assets financed as in (2) and (3) above :			
Please see Note 2 below			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	8,840,508	8,840,508
Total	-	8,840,508	8,840,508

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :			
Please see Note 3 below			
Category	Market Value / Break-up* or Fair Value* or NAV	Book Value (Net of Provisions)	
1. Related Parties**			
(a) Subsidiaries #	392,500		500,000
(b) Companies in the same group	-		-
(c) Other related parties#	163,325,112		194,597,192
2. Other than related parties	2,681,690,855		956,566,029
Total	2,845,408,467		1,151,663,221

** As per Accounting Standard of ICAI (Please see Note 3)
* Based on the latest available audited accounts.
does not include the investments which have been fully provided.

(7) Other information		Amount
Particulars		
(i) Gross Non-Performing Assets		Nil
(a) Related parties		
(b) Other than related parties		
(ii) Net Non-Performing Assets		Nil
(a) Related parties		
(b) Other than related parties		
(iii) Assets acquired in satisfaction of debt		

Notes :

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.
- Companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956 have been considered as companies in the same group.

AF-TAAB INVESTMENT COMPANY LIMITED

J. Chandio

[Signature]
AUTHORISED SIGNATORY