

TATACHEM

Fifty-Eighth Annual Report 1986-9





TATA CHEMICALS LIMITED

Fifty-Eighth Annual Report 1996-97

D. S. Seth
Chairman - Emeritus

MD	✓		BKC	✓
CS	✓		DPY	✓
FO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
VE	✓	✓		✓

BOARD OF DIRECTORS

R. N. Tata

Chairman

Harshavadan Mangaldas

Keshub Mahindra

D. M. Ghia

Nusli N. Wadia

F. J. Heredia

R. C. Khanna

A. N. Lalbhai

Dr. Manu Seth

Managing Director

G. Chidambar

Nominee of LIC

Upto 17 August, 1996

Dr. D. V. Kapur

Saleem Shervani

Upto 20 August, 1996

N. J. Jhaveri

Nominee of ICICI

Upto 12 August, 1996

N. A. Soonawala

T. S. Srinivasan

Nominee of IDBI

Mrs. Lalita D. Gupte

Nominee of ICICI

Appointed on 12 August, 1996

J. S. Salunke

Nominee of LIC

Appointed on 17 August, 1996

Upto 12 May, 1997

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REGISTERED OFFICE:

Bombay House, 24, Homi Mody Street, Mumbai 400 001.

REGISTRARS & TRANSFER AGENTS:**Tata Share Registry Limited**

Army & Navy Building,
148, Mahatma Gandhi Road,
Fort, Mumbai 400 001.

Shalaka, 1st Floor,
Plot No. 9, Queens Barrack Area,
Near Cooperage Telephone Exchange,
Maharshi Karve Road,
Mumbai 400 021.

WORKS:

Chemicals Complex and Cement Plant – Mithapur, Gujarat
Fertiliser Complex – Babrala, Dist. Badaun, U.P.
Detergent Plant – Pithampur, Dist. Dhar, Madhya Pradesh

BANKERS:

Bank of Baroda
State Bank of India
State Bank of Bikaner & Jaipur
Citibank N.A.
Bank of America
HDFC Bank Limited

SOLICITORS:

Messrs Mulla & Mulla and Craigie, Blunt & Caroe, Mumbai.
Mr. S. R. Vakil

AUDITORS:

Messrs S. B. Billimoria and Company, Mumbai.
Chartered Accountants.
Messrs N. M. Rajji and Company, Mumbai.
Chartered Accountants.

ANNUAL GENERAL MEETING

Thursday, 18 September, 1997 – 4 p.m.
at Birla Matushri Sabhagar,
Mumbai 400 020.

MANAGEMENT

R. N. Tata Chairman
Dr. Manu Seth Managing Director

MUMBAI

B. R. Bahl Company Secretary
S. U. K. Menon Vice President- Finance & Accounts
V. K. Gondhalekar Vice President - Purchase
K. Mehan Vice President - Sales & Marketing
B. P. Chinoy Controller of Finance
J. D. Thanawalla Corporate Accounts Manager
F. M. Gotla Marketing Manager- Chemicals
S. C. Kalani Manager-Taxation, Insurance & Funds
S. V. Patankar Purchase Manager

MITHAPUR

R. L. Kaul President
S. Ganapathy Sr. Vice President - Projects
V. P. Damodaran Vice President- Services
T. V. Rao Corporate Manager- Management Information System
M. Hariharaswamy Vice President (Production)
C. Neelkantan Vice President-HRD & Administration
I. L. Momin Manager- Cement Plant
G. J. Adroja Manager- Materials
P. M. Khanderia Manager- Research & Development
R. V. Chaudhary Manager- Soda Ash
H. P. Pota Manager- Personnel & Administration
S. K. Syan Manager- Power Plant
B. T. Gajjar Manager- Maintenance
H. A. Patel Manager-Procurement & Construction
Dr. A. M. Gandhe Chief- Medical & Health Services
V. D. Sharma Manager-Chlor Caustic & Marine Group
K. M. Chauhan Manager- Process Equipment
D. D. Kumta Manager- Salt

BABRALA

G. P. Khurana President
A. M. Vaidya Vice President- Production
P. J. Parekh Vice President- Services
S. Mohan Corporate Manager- Electricals
K. V. Sundaravadanan Marketing Manager- Fertilisers
A. J. Gupta Manager- Ammonia
V. K. Bhatia Manager- Urea
C. P. Chhabra Manager- Maintenance & Technical Services
S. G. Chaudhuri Manager- Offsites and Utilities
O. P. Tripathi Manager- Instrumentation
S. Chandrashekharan Accounts Manager

PITHAMPUR

M. V. Rao Manager- Pithampur Operations

AHMEDABAD

K. Garg Marketing Manager-Cement

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NOTICE

NOTICE is hereby given that the FIFTY-EIGHTH ANNUAL GENERAL MEETING of TATA CHEMICALS LIMITED will be held at the Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Thursday, 18th September, 1997 at 4.00 P.M. to transact the following business:—

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date.
2. To declare a dividend on Ordinary Shares.
3. To appoint a Director in place of Mr. Harshavadan Mangaldas, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Keshub Mahindra, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. N. A. Soonawala, who retires by rotation and is eligible for re-appointment.

NOTICE RECEIVED UNDER SECTION 257 OF THE COMPANIES ACT, 1956

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

“RESOLVED that pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr. Shyam Sunder Gupta be and is hereby appointed a Director of the Company.”

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:—

“RESOLVED that pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr. I. C. Agarwal be and is hereby appointed a Director of the Company.”

8. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :—

“RESOLVED that pursuant to the provisions of Section 257 of the Companies Act, 1956,

Mr. A. M. Joshi be and is hereby appointed as a Director of the Company”.

RE-APPOINTMENT OF DR. MANU SETH, MANAGING DIRECTOR

9. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:—

“RESOLVED that pursuant to Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the re-appointment and terms of remuneration of Dr. Manu Seth, Managing Director of the Company for a period of five years with effect from 1st July 1998 upon the terms and conditions set out in the draft Agreement submitted to this Meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement in such manner as may be agreed to between the Directors and Dr. Manu Seth.”

CREATION OF CHARGES

10. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :—

“RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company in such form and manner as existing mortgages, charges and hypothecations created by the Company in such form and manner as the Board may direct on such of the assets of the Company, both present and future and together with power to take over the management of the Company in certain events, to or in favour of:—

- (A) State Bank of India to secure a short term loan of Rs. 100 crores;
- (B) The Pradeshia Industrial Investment Corporation of Uttar Pradesh, Limited to

secure an Interest Free Loan (in lieu of Trade Tax Deferment Scheme) of upto Rs. 125 crores; and

(C) The Industrial Credit and Investment Corporation of India Limited (ICICI) as Trustees to secure—

(i) 17% Non-Convertible Debentures privately placed with Life Insurance Corporation of India aggregating Rs. 75 crores;

(ii) 17% Non-Convertible Debentures privately placed with Army Group Insurance Fund aggregating Rs. 25 crores;

(iii) 17% Non-Convertible Debentures privately placed with General Insurance Corporation of India and its subsidiaries aggregating Rs. 40 crores; and

(iv) 13.5% Non-Convertible Debentures to be privately placed with Bank of Baroda aggregating Rs. 50 crores;

together with interest, at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, cost, charges, expenses and all other moneys payable by the Company to the lenders in terms of the Heads of Agreement entered into/ to be entered into by the Company in respect of the said Debentures/loans.

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise the terms and conditions of the loan and debentures and the documents for creating the mortgages/charges/ hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to the above Resolution.”

APPOINTMENT OF AUDITORS

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

“RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if

any, of the Companies Act, 1956, Messrs S. B. Billimoria and Company and Messrs N. M. Rajji and Company, the retiring auditors of the Company be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Meeting upto the conclusion of the next Annual General Meeting of the Company and to examine and audit the accounts of the Company for the financial year 1997-98 on a remuneration of Rs. 6.00 lacs each, plus out-of-pocket, travelling and living expenses in connection with the work of audit to be carried out by them.”

Notes:—

(a) The relative Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Items 6 to 11 set out above are annexed thereto.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(c) The Register of Members of the Company will remain closed from Thursday, 14th August, 1997 to Wednesday, 3rd September, 1997 (both days inclusive). The Transfer Books of the Company will also remain closed for the aforesaid period.

(d) The dividend as recommended by the Directors, if declared at the Annual General Meeting, will be paid on or after 19th September, 1997, to the Members whose names are on the Company's Register of Members on Wednesday, 3rd September, 1997.

(e) With a view to provide protection against fraudulent encashment of dividend warrants, the Shareholders were requested by the Company to provide their Bank Account numbers, names and addresses of the Bank Branches to enable the Company to incorporate the said details in the dividend warrants. Although several Shareholders responded to this request, a large number have not yet provided such information. These Members are once again requested to provide to the Company the above mentioned details quoting their folio numbers so as to reach the Company as early as possible to enable the Company to incorporate

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the same in the dividend warrants. Members will appreciate that the Company will not be responsible for any loss arising out of fraudulently encashed dividend warrants.

- (f) Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company's Registrars enclosing their share certificates to enable the Company to consolidate their holdings into one folio.
- (g) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31st March, 1993, have been transferred to the General Revenue Account of the Central Government. Members who have not claimed the Dividend for the aforesaid period are requested to

claim the amount from the office of the Registrar of Companies, Mumbai.

- (h) Members desiring any information on Accounts are requested to write to the Company at least one week before the Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the Meeting.
- (i) Members/Proxies should bring the attendance slips sent herewith, duly filled in, for attending the Meeting.
- (j) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

By Order of the Board of Directors
TATA CHEMICALS LIMITED

R. N. TATA
Chairman

Mumbai, 19th August, 1997.

Registered Office:
Bombay House,
24, Homi Mody Street,
Mumbai 400 001.

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EXPLANATORY STATEMENT as required by Section 173 of the Companies Act, 1956.

The following Explanatory Statement sets out all material facts relating to the business mentioned in the accompanying Notice dated 19 August, 1997.

2. ¹ **Item Nos. 6, 7 & 8:** Mr. Shyam Sunder Gupta, a shareholder of the Company, has, by his letter dated 21 January 1997, given Notice to the Company under Section 257 of the Companies Act, 1956, proposing himself as a candidate for the office of Director of the Company.

3. Mr. I. C. Agarwal, a shareholder of the Company, has, by his letter dated 26 May, 1997, given Notice to the Company under Section 257 of the Companies Act, 1956, proposing himself as a candidate for the office of Director of the Company.

4. Mr. M. J. Patel, has, by his letter dated nil, received by the Company on 16 July 1997, given Notice to the Company under Section 257 of the Companies Act, 1956, proposing Mr. A. M. Joshi, as a candidate for the office of Director of the Company.

5. The Resolutions for Mr. Shyam Sunder Gupta, Mr. I. C. Agarwal and Mr. A. M. Joshi are being included in the Notice of the Annual General Meeting as required by law.

6. **Item No. 9:** Dr. Manu Seth was appointed Executive Director of the Company from 21 July, 1987 for a period of 5 years. Subsequently, Dr. Manu Seth was appointed Deputy Managing Director of the Company from 03 March, 1990 for a period of 5 years and was promoted as Managing Director for the period 01 May, 1994 upto 30 June, 1998, mutually terminating the earlier Agreement between the Company and Dr. Manu Seth in his capacity as Deputy Managing Director. The Board at its Meeting held on 19 August, 1997 has reappointed Dr. Manu Seth as Managing Director of the Company for a further period of 5 years from 01 July, 1998 subject to the approval of the shareholders.

7. Dr. Manu Seth is highly qualified and experienced and has obtained his B.Tech. in Chemical Engineering from IIT Kanpur in 1974 and M. S. in Chemical Engineering from the University of California, Berkeley, in 1976 and his Ph.D. in Chemical Engineering from the same University in 1980.

Dr. Seth has worked in the Company for 12 years in various capacities and the Board commends to the Shareholders the re-appointment of Dr. Seth as the Company's Managing Director.

8. The draft agreement between the Company and Dr. Manu Seth contains the following main terms and conditions:—

(1) PERIOD OF AGREEMENT

5 years with effect from 01 July, 1998.

(2) REMUNERATION**1. Salary**

Rs. 50,000/- per month in the scale of Rs. 35,000 — Rs. 75,000.

The annual increments which will be effective 01 April each year, will be decided by the Board and will be merit based and take into account the Company's performance.

2. Perquisites and Allowances:

(i) In addition to the salary and commission payable, the Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; club fees and leave travel concession for himself and his family; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Dr. Seth; such perquisites and allowances will each year be subject to a maximum of 125% of his annual salary.

(ii) For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

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Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

- (iii) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

3. *Commission:*

Such remuneration by way of commission, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Act. The specific amount payable to the Managing Director not exceeding four times his annual salary, will be based on certain performance criteria to be laid down by the Board and will be payable annually after the annual accounts have been approved by the Board of Directors and adopted by the Shareholders.

4. *Minimum Remuneration:*

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above.

- (3) The terms and conditions of the said re-appointment and/or Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Managing and Whole-time

Director in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.

- (4) The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.
- (5) If at any time the Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director.
- (6) If at any time the Managing Director ceases to be Managing Director of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
- (7) The Managing Director is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(l) of the Act.
- (8) If at any time the Managing Director ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
- (9) The Managing Director shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission. He shall not also become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior approval of the Central Government.
- (10) The Managing Director shall not, *inter alia*, have the following powers:
- the power to make calls on shareholders in respect of monies unpaid on shares in the Company;
 - the power to issue debentures; and
 - the power to invest the funds of the Company in shares, stocks and securities, except to the extent authorised by the Board.
9. In compliance with the provisions of Section 309 of the Act, the terms of remuneration specified above are now being placed before the Members in General Meeting for their approval.