TATA

TATA CHEMICALS

When Chemistry cares
a Community smiles

[65th Annual Report | 2003-04]

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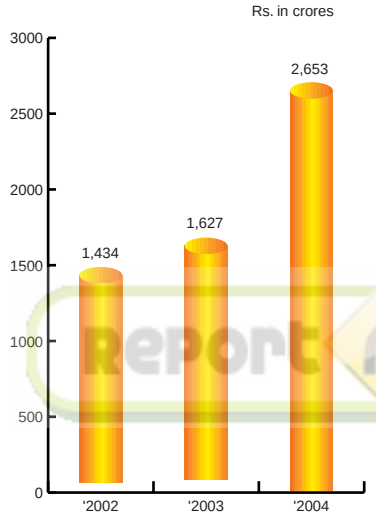
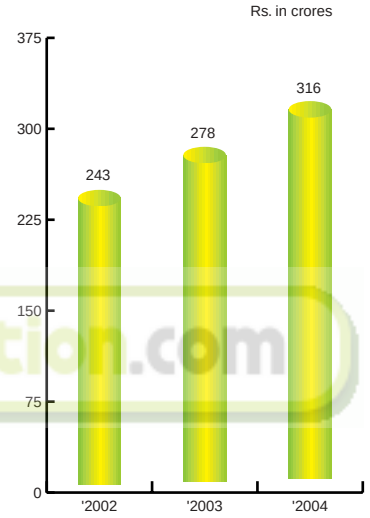
FINANCIAL HIGHLIGHTS

- Turnover crosses Rs.2,500 Crores
- Sales volumes across all products register an increase over Previous Year
- Cement production crosses 100% Capacity ever since commissioning
- Energy consumption of Urea at all time low at 5.31 MKCal/ton of Urea- the best so far in the country
- Interest costs reduce by 44% to Rs 51 crs
- Profit from Operations, Profit before Tax and Net Profit register an increase of 14%,24% and 12% respectively

TURNOVER



OPERATING PROFIT



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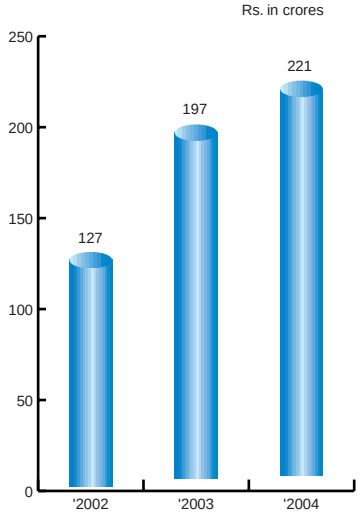
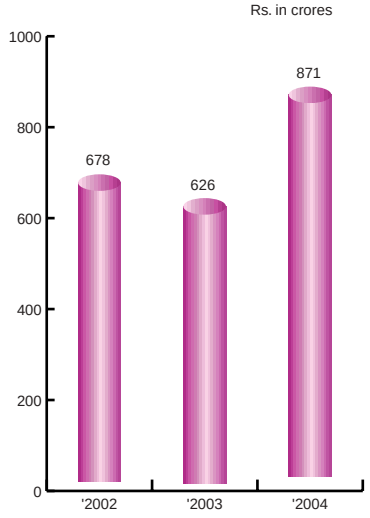
NET PROFIT



NET WORKING CAPITAL



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Tata Chemicals Limited

Contents

	Page No.
Corporate Information	2
Notice	3 - 9
Directors' Report	10 - 18
Management Discussion and Analysis	19 - 27
Corporate Governance Report	28 - 38
Summarised Balance Sheet and Profit and Loss Account	39
Auditors' Report	40-43
Balance Sheet	44
Profit and Loss Account	45
Cash Flow Statement	46 - 47
Schedules to Profit and Loss Account — '1' to '5'	48 - 51
Schedules to Balance Sheet — 'A' to 'H'	52 - 63
Notes on the Balance Sheet and Profit and Loss Account	64 - 74
Balance Sheet Abstract and Company's General Business Profile	75
Financial Statistics	76
Financial Highlights	77

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Annual General Meeting : September 20, 2004
Time : 3.30 p.m.
Venue : Birla Matushree Sabhagar,
19 Sir Vithaldas Thackersey Marg, Mumbai - 400 020

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Tata Chemicals Limited

Board of Directors :

Ratan N. Tata *(Chairman)*
R. Gopalakrishnan *(Vice-Chairman)*
Keshub Mahindra
D. M. Ghia
Nusli N. Wadia
R. C. Khanna
Dr. D. V. Kapur
U. Mahesh Rao *(Nominee of ICICI Bank Limited)*
Prasad R. Menon *(Managing Director)*
N. C. Sharma *(Nominee of LIC - Resigned with effect from December 26, 2003)*
Dr. T. Mukherjee
Homi R. Khusrokhan *(Executive Director - with effect from April 1, 2004)*

Registered Office :

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

Share Registrars :

Tata Share Registry Limited,
Army & Navy Building,
148, Mahatma Gandhi Road,
Mumbai 400 001.

Solicitors :

Mulla & Mulla and
Craigie Blunt & Caroe, Mumbai.

Auditors :

Messers S. B. Billimoria & Co.,
Chartered Accountants
Messers N. M. Raiji & Co.,
Chartered Accountants

Works :

Inorganic Chemicals — Mithapur, Gujarat
Fertilisers — Babrala, Dist. Badaun, U.P.
Phosphatics — Haldia, W. Bengal

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Management Team :

Prasad R. Menon	Managing Director
Homi R. Khusrokhan	Executive Director
P. K. Ghose	Chief Financial Officer
A. M. Vaidya	Chief Technology Officer
Kapil Mehan	Chief Operating Officer (Fertilisers)
R. Mukundan	Chief Operating Officer (Chemicals)
Shankar V.	Chief Operating Officer (Phosphatics)
Dr. Srinivas Kilambi	Chief Knowledge Officer
Satish Sohoni	Chief Operating Officer (Food Additives)
B. Sudhakar	Head, HR & Admn.
A Tyagi	Head, Strategy
D. Ghose	Head, Corporate Audit & Risk Management
B. Renganathan	Deputy Company Secretary

Bankers :

Bank of America
Bank of Baroda
Citibank N.A.
Deutsche Bank
HDFC Bank Limited
Punjab National Bank
Standard Chartered Bank
State Bank of Bikaner & Jaipur
State Bank of India
The Hongkong and Shanghai Banking Corporation Ltd.

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY-FIFTH ANNUAL GENERAL MEETING OF TATA CHEMICALS LIMITED will be held on Monday, September 20, 2004 at 3.30 p.m. at Birla Matushree Sabhagar, 19 Sir Vithaldas Thackersey Marg, Mumbai 400 020, to transact the following business: -

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2004 and the Balance Sheet as at that date, together with Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend on Ordinary Shares.
3. To appoint a Director in place of Mr. Nusli N. Wadia, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. R.C.Khanna, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Dr.T.Mukherjee who retires by rotation and is eligible for re-appointment.
6. To appoint auditors and fix their remuneration.
7. **APPOINTMENT OF MR. HOMI R. KHUSROKHAN AS A DIRECTOR**

   To appoint a Director in place of Mr. Homi R. Khusrokhan who was appointed as an Additional Director of the Company by the Board of Directors with effect from April 1, 2004 and who holds office upto the date of the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 ("the Act") but who is eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Act from a member proposing his candidature for the office of Director.
8. **APPOINTMENT OF MR. HOMI R. KHUSROKHAN AS AN EXECUTIVE DIRECTOR**

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

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269,309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, the approval of the members of the Company be and is hereby accorded to the terms of appointment of Mr. Homi R. Khusrokhan with effect from April 1,2004, for a period of three years, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with authority to the Board of Directors to fix his salary within such maximum limit and proportionate benefits as set out in the draft agreement submitted to this meeting and initialed by a Director for the purpose of identification, which agreement is hereby specifically sanctioned.

   "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things to execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid resolution"

9. **REVISION IN THE TERMS OF REMUNERATION OF MR. PRASAD R. MENON, THE MANAGING DIRECTOR**

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

   "RESOLVED THAT in partial modification of the resolution passed at the Annual General Meeting of the Company held on July 26,2001 and pursuant to Sections 198,269,309, 310,311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, the approval of the members of the Company be and is hereby accorded to the revision in the maximum amount of salary, perquisites and allowances payable to Mr. P.R.Menon, the Managing Director of the Company (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with authority to the Board of Directors to fix his salary within such maximum amount, increasing thereby proportionately all the benefits related to the quantum of salary with effect from April 1,2004 for the remainder of his tenure, as set out in the draft supplementary agreement submitted to this meeting and initialed by a Director for the purpose of identification, which supplementary agreement is hereby specifically sanctioned."

   "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things to execute all such documents, instruments and writings as may be required and to

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delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid resolution"

10. **VOLUNTARY DELISTING OF COMPANY'S ORDINARY SHARES FROM CERTAIN STOCK EXCHANGES**

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

"RESOLVED THAT subject to the applicable provisions of the Companies Act, 1956, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 including any statutory modification or re-enactment thereof for the time being in force, and subject to such approvals, sanctions and permissions as may be necessary and subject to such conditions and modifications as may be imposed while granting such approvals, sanctions and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board ", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) consent of the members of the Company be and is hereby accorded to the Board to delist the Company's Ordinary Shares from all or any of the following Stock exchanges viz. The Stock Exchange,Ahmedabad, Madras Stock Exchange, The Delhi Stock Exchange Association Ltd. and The Calcutta Stock Exchange Association Ltd.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all necessary steps in this regard in order to facilitate the legal and/or procedural formalities and to do all such acts, deeds or things as may be necessary to give effect to above."

Notes:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under items 7 to 10 set out above are annexed hereto. The relevant details in respect of item Nos 3 to 5 and 7 above, as required by Clause 49 of the Listing Agreement entered into with Stock Exchanges are also annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Members are requested to immediately notify any change in their address to the Registrars and Share Transfer Agents of the Company, viz., Tata Share Registry Limited,(Army & Navy Building, 148, M. G. Road, Fort, Mumbai 400 001) for shares held in physical form and to their respective Depository Participants for shares held in electronic form. In all correspondence with the Company/Registrars and Share Transfer Agents, members are requested to quote their account/folio numbers or DP ID and Client ID for physical or electronic holdings respectively.
4. A member desirous of getting any information on the accounts or operations of the Company is required to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available at the Meeting.
5. The Register of Members and the Share Transfer Books of the Company will be closed from September 1, 2004 to September 20, 2004, both days inclusive.
6. The dividend, as recommended by the Board, if declared at the Annual General Meeting, will be paid on or after September 21, 2004 to those persons or their mandates:
   (a) whose names appear as Beneficial Owners as at the end of the business hours on August 31, 2004 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
   (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / Registrar and Share Transfer Agents on or before August 31, 2004.
7. Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the Meeting.
8. As per the provisions of the Companies Act, 1956 nomination facility is available to members in respect of the shares held by them. Nomination forms can be obtained from the Company's Registrars and Share Transfer Agents.

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9. Pursuant to Section 205A(5) of the Companies Act, 1956, dividend which had remained unpaid/unclaimed upto the financial year ended March 31,1996 has been transferred to the **Investor Education & Protection Fund,** (''the fund'') established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Dividends which remain unclaimed/unpaid for a period of 7 years from the date of transfer to the unpaid dividend account of the Company in respect of the financial year ended March 31,1997 onwards will be transferred by the Company to the fund on respective due dates.

   It may be noted that the unclaimed dividend for the financial year ended March 31, 1997 is due for transfer to the fund on November 6, 2004.

   In respect of erstwhile Hind Lever Chemicals Limited, dividend which had remained unclaimed/unpaid upto the financial year ended December 31, 1996 has been transfered to the fund.

   It may be noted that the unclaimed dividend in respect of the financial year ended December 31, 1997 is due for transfer to the fund on June 7, 2005.

10. **Members are requested to note that no claim shall lie against the Company or the aforesaid Fund in respect of any amount of dividends remaining unclaimed/unpaid for a period of seven years from the dates they became first due for payment.** Any person/member who has not claimed dividend in respect of the financial year ended March 31,1997 or any year thereafter, is requested to approach the Company / The Registrars and Share Transfer Agents of the Company for claiming the same.

11. In order to provide protection against fraudulent encashment of the warrants, members holding shares in physical form are requested to intimate the Company/Registrar & Share Transfer Agents under the signature of the Sole/First holder, the following information to be incorporated on the Dividend Warrants:

    I. Name of the Sole/First joint holder and the folio Number

    II. Particulars of bank Account viz.,

    a) Name of the Bank

    b) Name of the Branch

    c) Complete address of the Bank with Pin code Number

    d) Bank Account Number allotted by the Bank

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12. Members holding shares in electronic form may kindly note that their bank details as furnished by their Depository Participants to the Company will be printed on the dividend warrants and the Company /Registrar will not entertain any direct request from such member for deletion of /change 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 shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank accounts.

13. **Electronic Clearing Services (ECS) facility**
    With respect to payment of dividend, the Company provides ECS facility to all members, holding shares in electronic/physical forms. Members holding shares in the physical form who wish to avail ECS facility may furnish to the Company/Registrar & Transfer Agents, with their ECS mandate in the prescribed form, which can be obtained from the Registrar & Share Transfer Agents.

14. As a measure of austerity, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies to the Meeting.

On behalf of the Board of Directors

R. N. TATA
Chairman

Mumbai.
July 23, 2004

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

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Tata Chemicals Limited

EXPLANATORY STATEMENT

The following Explanatory Statement sets out all material facts relating to the business mentioned under item Nos. 7 to 10 of the accompanying Notice dated July 23, 2004

Item Nos. 7 & 8

Mr. Homi R. Khusrokhan was appointed as an Additional Director of the Company by the Board of Directors, with effect from April 1,2004. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act"), Mr. Khusrokhan will hold office as a Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Act from a member proposing his candidature for the office of the Director.

Mr. Khusrokhan is a Chartered Accountant with a Masters Degree in Economics from The London School of Economics and Political Science. He had been with Glaxo Laboratories (India) Limited for around 29 years and retired as Managing Director in 2000. Before joining the Company he was the Managing Director of Tata Tea Limited.

Mr. Homi R. Khusrokhan was also appointed as an Executive Director of the Company for a period of three years with effect from April 1,2004 and the Board of Directors at their meeting held on May 13, 2004 approved the terms of appointment, subject to the approval of the members. Brief terms were: Salary in the scale of Rs. 35,000/- – Rs. 1,75,000/- per month and perquisites & allowances limited to 125% of his annual salary. Subsequently, the Board of Directors at their meeting held on July 23, 2004 revised the upper limit of the salary scale from Rs. 1,75,000/- per month to Rs. 4,00,000/- per month and the limit of perquisites & allowances from 125% to 140% of his annual salary, with effect from April 1, 2004.

The principal terms and conditions of the appointment of Mr. Homi R Khusrokhan are as under:

1) **Period of Appointment:** Three years with effect from April 1,2004.

2) Mr. Homi R. Khusrokhan shall carry out such duties and exercise such powers as may be entrusted to him from time to time by the Board and the Managing Director of the Company.

3) **Remuneration:**

   a) **Salary:** In the scale of Rs. 35,000/- - 4,00,000/- per month with authority to the Board of Directors to determine the amount of salary payable and the amount of increment payable every year. The annual increment will be merit based and take into account the Company's performance.

   b) **Commission:** Such remuneration by way of commission in addition to the salary, perquisites and allowances calculated with reference to the net profits in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, based on the recommendations of the Remuneration Committee and subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956. The specific amount payable will be decided by the Board of Directors/Remuneration Committee based on certain performance criteria and will be payable only after the Annual Accounts of the Company have been approved by the Board of Directors and adopted by the members.

   c) **Perquisites and allowances:**

      i. In addition to the salary and commission payable, Mr. Homi R. Khusrokhan 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, furnishing repairs, servants' salaries, society charges and property tax, medical reimbursement, medical/accident insurance, leave travel concession for himself and family, club fees 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 Mr. Homi R. Khusrokhan. Such perquisites and allowances will be subject to a maximum of 140% of his annual salary.

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

      iii. Provision for use of the Company's car for official duties and telephone at residence shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

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iv. Company's contribution to Provident Fund and Superannuation Fund 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.

d) Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Homi R. Khusrokhan, the Company has no profits or the profits of the Company are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.

4) The terms and conditions of the said 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 amounts payable to Mr. Homi R. Khusrokhan in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.

5) Mr. Homi R. Khusrokhan will be entitled to avail of leave according to the Company's Rules.

6) If at any time Mr. Homi R. Khusrokhan ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Executive Director of the Company.

7) If at any time Mr. Homi R. Khusrokhan ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be a Director of the Company.

8) Mr. Homi R. Khusrokhan is being 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.

9) Mr. Khusrokhan shall not be entitled to supplement his earnings under this 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) This arrangement may be terminated by either party giving the other party six months' notice or the company paying six months' remuneration in lieu of the notice.

In compliance with the requirements of the Act, the terms of remuneration and appointment specified above are now placed before the members in the General Meeting for their approval.

Abstracts in terms of Section 302 of the Act pertaining to the terms of appointment and remuneration payable to Mr. Homi R. Khusrokhan and subsequent revision therein were duly sent to the members.

The draft agreement between the Company and Mr. Homi R. Khusrokhan is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company.

Your Directors are of the view that the Company would be immensely benefited by the varied experience and expert advice of Mr. Homi R. Khusrokhan and therefore commend for approval, the Resolutions contained in item nos. 7 and 8 of the Notice convening the Annual General Meeting.

None of the Directors except Mr. Homi R. Khusrokhan is concerned or interested in item nos. 7 and 8 of the Notice.

Item No. 9

At the Annual General Meeting of the Company held on July 26,2001, Mr. Prasad R. Menon was appointed as the Managing Director of the Company, for a period of five years with effect from October 4,2000, on a salary scale of Rs. 35,000/- – Rs. 1,75,000/- per month and perquisites and allowances subject to a maximum limit of 125 % of his annual salary. Taking into consideration the improved performance and growth of the Company under his management and based on the recommendation of the Remuneration Committee, the Board of Directors at their meeting held on June 8,2004,subject to the approval of the members of the Company, approved the following:

- Revision in the upper limit of the present salary scale from Rs. 1,75,000/- to Rs. 4,50,000/- per month with effect from April 1,2004
- Revision in the maximum limit of perquisites and allowances from 125% to 140 % of his annual salary with effect from April 1,2004.
- All other terms and conditions governing his appointment as approved by the members at the Annual General Meeting held on July 26,2001 shall remain unchanged.

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Tata Chemicals Limited

The Board is of the view that the increase in remuneration is commensurate with the increased responsibility of Mr. Prasad R. Menon. The Board commends the Resolution for acceptance by the members.

In compliance with the requirements of the Companies Act, 1956 the terms of remuneration and appointment specified above are now placed before the members in the General Meeting for their approval.

An abstract of the revision in the terms of remuneration payable to Mr. Prasad R. Menon pursuant to Sec.302 of the Companies Act, 1956 was duly sent to the members.

The draft supplementary agreement between the Company and Mr. Prasad R. Menon, is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on all working days of the Company.

Mr. Prasad R. Menon, the Managing Director is concerned or interested in item no. 9 of the Notice.

Item No. 10:

Presently, the Ordinary Shares of the Company are listed on following 6 Stock Exchanges in India:

The Stock Exchange, Mumbai. (BSE)
The National Stock Exchange of India Ltd.(NSE)
The Delhi Stock Exchange Association Ltd.
The Stock Exchange,Ahmedabad
Madras Stock Exchange Ltd.
The Calcutta Stock Exchange Association Ltd.

Consequent to technological developments the Ordinary Shares of the Company are traded all over India through on-line terminals provided by BSE and NSE.

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The trading volumes of the Ordinary Shares of the Company on the Stock Exchanges other than BSE and NSE (hereinafter referred to as " said Stock Exchanges") are substantially low. The continued listing does not confer any advantage to the Company/investors in the changed scenario of the nationwide trading terminals set up by the BSE and NSE.

Therefore, the Board of Directors at their meeting held on July 23,2004 decided, subject to the approval of the members, to apply for voluntary delisting of the Company's Ordinary Shares from the said Stock Exchanges.

The proposed voluntary delisting of the Company's Ordinary Shares from the said Stock Exchanges would not affect the members/investors located in the regions where the said Stock Exchanges are situated.

Pursuant to the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, and the applicable provisions, if any, of the Companies Act, 1956, it is now proposed to seek the approval of the members by way of a Special Resolution for voluntary delisting of the Ordinary Shares of the Company from the Stock Exchanges as set out in the Resolution at item no.10 of the Notice dated July 23,2004 convening the Annual General Meeting of the Company. In terms of the said Guidelines, no Exit Option is required to be offered to the members as the Ordinary Shares of the Company shall continue to remain listed on BSE and NSE.

The proposed voluntary delisting is in the interest of the Company/investors and the Board commends the resolution for acceptance by the Members.

None of the Directors of the Company is concerned or interested in the Resolution at item No.10.

On behalf of the Board of Directors

R. N. TATA
Chairman

Mumbai.
July 23, 2004

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

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