



# TATA CHEMICALS



Environment

Care

Community development

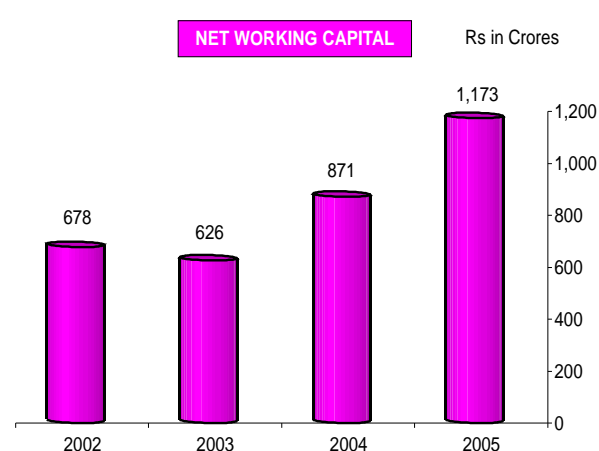
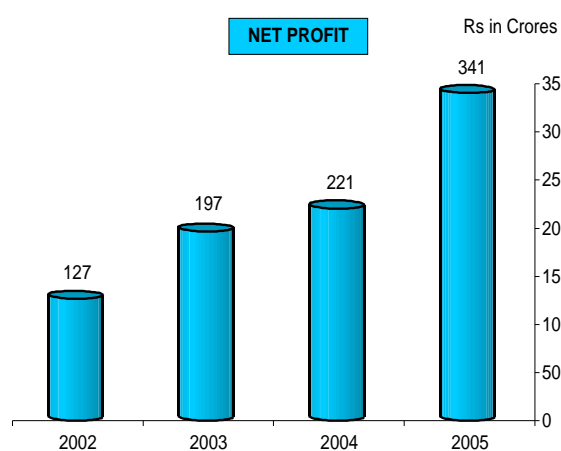
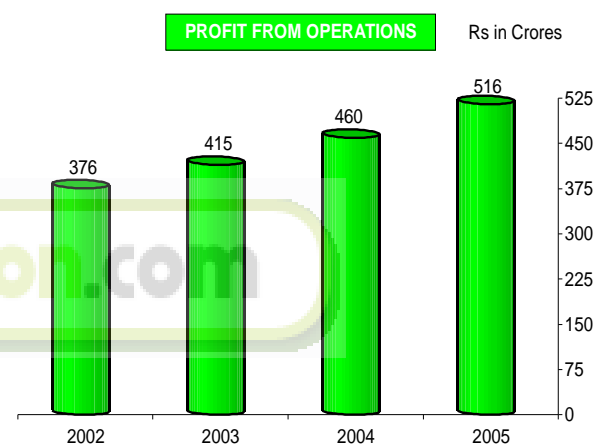
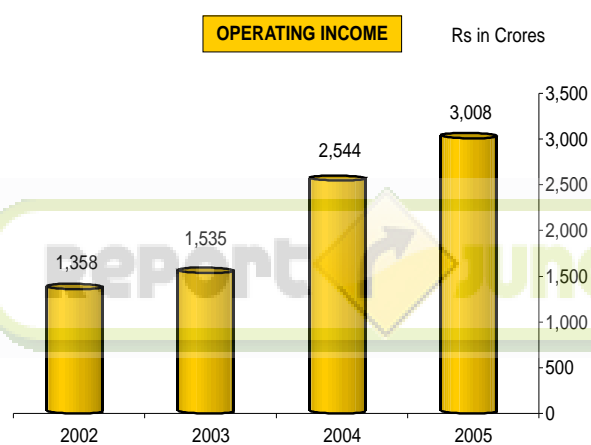
Globalisation

66<sup>th</sup> annual report 2004  
2005

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## Financial Highlights

- Operating Income crosses Rs.3000 crores
- Record Profit before Taxes (PBT) registered during FY 2004-05 at Rs.453 crores
- Record sales volumes of Vacuum Salt and Cement
- Energy consumption of Urea at all time low of 5.23 MKCal / ton of Urea
- Interest costs reduce by 52% over previous year levels
- Profit from operations, PBT and Net Profit register an increase of 12%, 39% and 54% over previous year respectively



Tata Chemicals Limited

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**Annual General Meeting :** July 21, 2005  
**Time :** 3.00 p.m.  
**Venue :** Birla Matushri Sabhagar,  
19, Sir Vithaldas Thackersey Marg, Mumbai - 400 020

**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 D. V. Kapur****U. Mahesh Rao** — *Nomination withdrawn by ICICI Bank Limited, with effect from November 4, 2004***Prasad R. Menon** — *Managing Director***Dr. T. Mukherjee****Homi R. Khusrokhhan** — *Executive Director***Dr. Vijay L. Kelkar** — *Additional Director with effect from October 19, 2004.***Registered Office :**

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

**Registrar &  
Share Transfer Agent :**

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

**Visit us at: [www.tatachemicals.com](http://www.tatachemicals.com)****Management Team :**

Prasad R. Menon	Managing Director
Homi R. Khusrokhhan	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)
P. M. Khanderia	Head-Business Excellence
Shankar V.	Chief Operating Officer (Phosphatics)
Satish Sohoni	Chief Operating Officer (Food Additives)
B. Sudhakar	Head – Human Resources & Administration
D. Ghose	Chief Audit and Risk Officer
A. Tyagi	Head – Strategy
Dr. Srinivas Kilambi	Chief Knowledge Officer
B. Renganathan	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.

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY-SIXTH ANNUAL GENERAL MEETING OF TATA CHEMICALS LIMITED will be held on Thursday, July 21, 2005 at 3.00 p.m. at Birla Matushri 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, 2005 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. R. Gopalakrishnan, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Dr. D. V. Kapur, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. Keshub Mahindra, who retires by rotation and is eligible for re-appointment.
6. To appoint auditors and fix their remuneration.
7. **APPOINTMENT OF DR. VIJAY L. KELKAR AS A DIRECTOR**

To appoint a Director in place of Dr. Vijay L. Kelkar, who was appointed as an Additional Director of the Company, by the Board of Directors, with effect from October 19, 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. **RE-APPOINTMENT OF MR. PRASAD R. MENON AS MANAGING DIRECTOR OF THE COMPANY**

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, 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 terms of re-appointment of Mr. Prasad R. Menon, as Managing Director of the Company, with effect from October 4, 2005, for a period of five 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."

#### Notes:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 7 and 8 set out above are annexed hereto. The relevant details in respect of Item Nos. 3 to 5, 7 and 8 above, as required by Clause 49 of the Listing Agreement form part of the Corporate Governance Report.
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. **The Register of Members and the Share Transfer Books of the Company will remain closed from July 1, 2005 to July 21, 2005, both days inclusive.**

**Tata Chemicals Limited**

4. The dividend, if declared at the Annual General Meeting, will be paid on or after July 22, 2005 to those persons or their mandates:
  - (a) whose names appear as Beneficial Owners as at the end of the business hours on June 30, 2005 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 / Registrars and Share Transfer Agents on or before June 30, 2005.
5. Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the Meeting, along with the Annual Report.
6. **Nomination Facility :**
  - As per the provisions of the Companies Act, 1956, nomination facility is available to the members in respect of the shares held by them.
  - Members holding shares in physical form may obtain the Nomination forms from the Company's Registrars and Share Transfer Agents.
  - Members holding shares in electronic form may obtain the Nomination forms from their respective Depository Participants.
7. **Electronic Clearing Services (ECS) facility**
  - To avoid loss of dividend warrants in transit and undue delay in respect of receipt thereof, the Company provides ECS facility to the members. The ECS facility is available at locations identified by the Reserve Bank of India, from time to time and covers most of the cities and towns.
  - Members holding shares in the physical form may furnish their details in the prescribed form, which can be obtained from the Registrars & Share Transfer Agents of the Company.
  - Members holding shares in the electronic form may furnish their details in the prescribed form, which can be obtained from their respective Depository Participants.
8. **Unclaimed Dividends :**
  - ***Transfer to General Revenue Account***

Pursuant to Section 205A of the Companies Act, 1956, all unclaimed / unpaid dividends upto the financial year ended March 31, 1995, have been transferred to the General Revenue Account of the Central Government. Members, who have not yet encashed their dividend warrant(s) for the said period are requested to forward their claims in Form No. II prescribed under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to :

Office of the Registrar of Companies  
Central Government Office Building  
'A' Wing, Second floor,  
Next to Reserve Bank of India,  
CBD, Belapur 400 614
  - ***Transfer to the Investor Education and Protection Fund***

Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, shall be transferred to the Investor Education and Protection Fund ("the Fund") set up by the Government of India.

Accordingly, the dividend which had remained unpaid/unclaimed for the financial year ended March 31, 1996 and March 31, 1997 have been transferred to the Fund. In respect of erstwhile Hind Lever Chemicals Limited, the unclaimed dividend for the financial year ended December 31, 1996 has been transferred to the Fund.

It may be noted that the unclaimed dividend for the financial year ended **March 31, 1998** is due for transfer to the Fund on **September 17, 2005**.

In respect of erstwhile Hind Lever Chemicals Limited, the unclaimed dividend for the financial year ended **December 31, 1997** is due for transfer to the Fund on **June 7, 2005** and in respect of the financial year ended **December 31, 1998**, the due date of transfer is **May 10, 2006**.

9. **Members are requested to note that no claim shall lie against the Company or the aforesaid Fund in respect of any amount of dividend 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, 1998 or any year thereafter, is requested to approach the Company / the Registrars and Share Transfer Agents of the Company for claiming the same.**
10. 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
11. In respect of the matters pertaining to Bank details, ECS mandates, nomination, power of attorney, change in name / address etc., the members are requested to approach the Company's Registrars and Share Transfer Agents, in case of shares held in physical form and the respective Depository Participants, in case of 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.
12. 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.

On behalf of the Board of Directors

**R. N. TATA**  
Chairman

Mumbai.  
May 31, 2005

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

**EXPLANATORY STATEMENT**

The following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 7 and 8 of the accompanying Notice dated May 31, 2005.

**Item No. 7:**

Dr. Vijay L. Kelkar was appointed as an Additional Director by the Board of Directors of the Company, with effect from October 19, 2004. In accordance with the provisions of Section 260 of the Companies Act, 1956 ("the Act"), Dr. Vijay L. Kelkar 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.

Dr. Vijay L. Kelkar holds a Ph. D in Economics and held various positions including that of the Finance Secretary to the Government of India. Your Directors are of the view that the Company would be immensely benefited by the wealth of experience and expert guidance of Dr. Vijay L. Kelkar and therefore commend for approval, the Resolution contained in Item No. 7 of the Notice convening the Annual General Meeting.

None of the Directors except Dr. Vijay L. Kelkar is concerned or interested in Item No. 7 of the Notice.

**Item No. 8:**

At the Annual General Meeting of the Company held on July 26, 2001, members of the Company appointed Mr. Prasad R. Menon as the Managing Director of the Company, for a period of five years, with effect from October 4, 2000. Accordingly, Mr. Menon will hold office as the Managing Director till October 3, 2005.

Considering the improved performance and growth of the Company under his dynamic leadership and based on the recommendation of the Remuneration Committee, the Board of Directors, at their meeting held on May 31, 2005, approved re-appointment of Mr. Prasad R. Menon as the Managing Director of the Company for a period of five years with effect from October 4, 2005, subject to the approval of the members.

The principal terms and conditions of re-appointment of Mr. Prasad R. Menon are as under:

- 1) **Period of Appointment:** 5 years with effect from October 4, 2005.
- 2) Mr. Prasad R. Menon shall carry out such duties and exercise such powers as may be entrusted to him from time to time by the Board.
- 3) **Remuneration:**
  - a) **Salary:**

In the scale of Rs. 35,000/- to Rs. 4,50,000/- per month with the 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) **Perquisites and allowances:**
    - i. In addition to the salary payable, Mr. Prasad R. Menon 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. Prasad R. Menon. 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.
- 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, 1961, 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.

**c) 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, 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 Act"). The specific amount payable will be decided by the Board of Directors based on certain criteria and will be payable only after the Annual Accounts of the Company have been adopted by the members of the Company.

**d) Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Prasad R. Menon, 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 re-appointment under this Agreement/Arrangement may be altered and varied from time to time by the Board as it may, in its discretion deem fit, in accordance with the provisions of the Act or any amendments made hereafter in this regard.
- 5) Mr. Prasad R. Menon will be entitled to avail leave according to the Company's Rules.
- 6) Mr. Prasad R. Menon is being re-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.
- 7) If at any time Mr. Prasad R. Menon ceases to be in the employment of the Company, for any cause whatsoever, he shall cease to be a Director of the Company.
- 8) If at any time Mr. Prasad R. Menon ceases to be a Director of the Company, for any cause whatsoever, he shall cease to be the Managing Director of the Company.
- 9) If at any time Mr. Prasad R. Menon ceases to be the Managing Director of the Company, for any cause whatsoever, he shall cease to be a Director of the Company.

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**Tata Chemicals Limited**

- 10) Mr. Prasad R. Menon shall not be entitled to supplement his earnings under this Agreement / Arrangement with any buying or selling commission. He shall also not 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.
- 11) This Agreement / 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 re-appointment and remuneration specified above are now placed before the members in the General Meeting for their approval.

This may be treated as an abstract of the draft agreement between the Company and Mr. Prasad R. Menon pursuant to Section 302 of the Companies Act, 1956.

The draft 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 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 guidance of Mr. Prasad R. Menon and therefore commend for approval, the Resolution contained in Item No. 8 of the Notice convening the Annual General Meeting.

None of the Directors except Mr. Prasad R. Menon is concerned or interested in Item No. 8 of the Notice.

On behalf of the Board of Directors

**R. N. TATA**  
*Chairman*

Mumbai.  
May 31, 2005

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