TATA

TATA CHEMICALS

70th Annual Report - 2008-09

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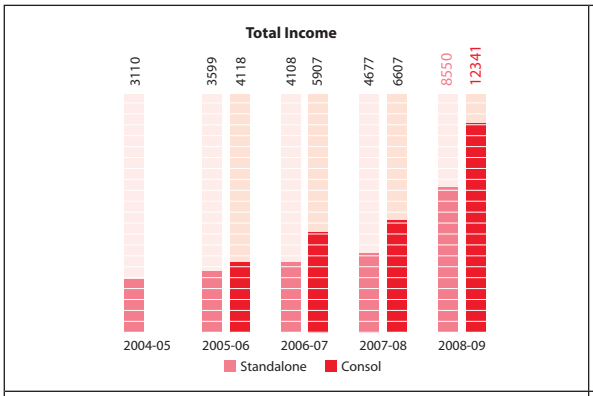
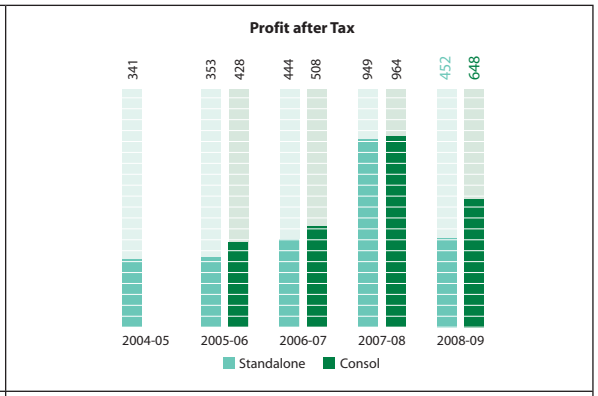
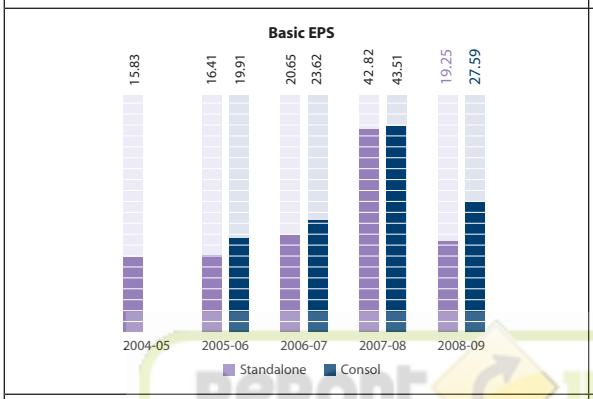
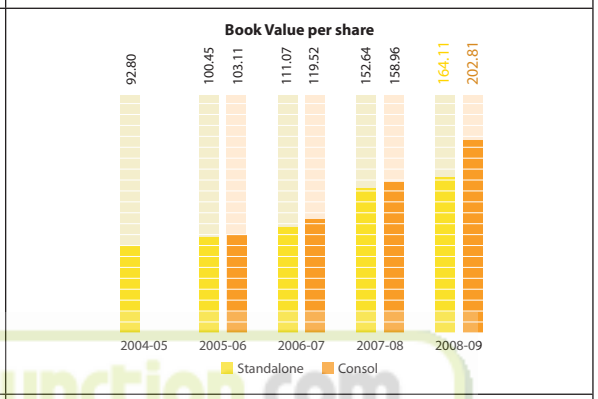
in Rs. crores, except per share data









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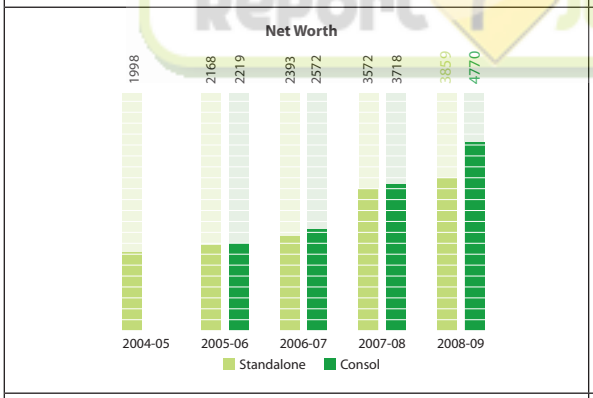

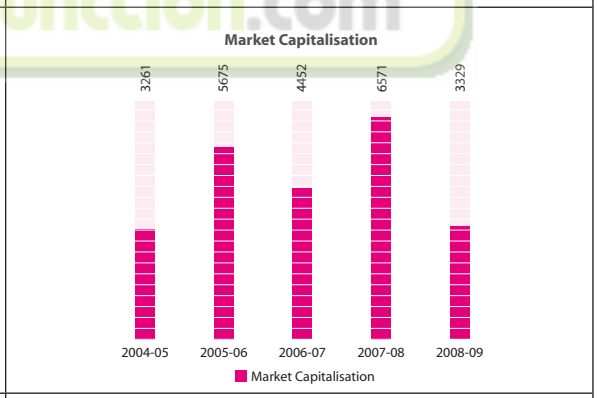

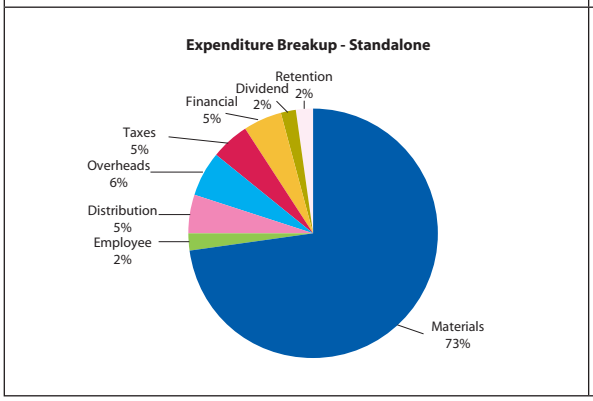

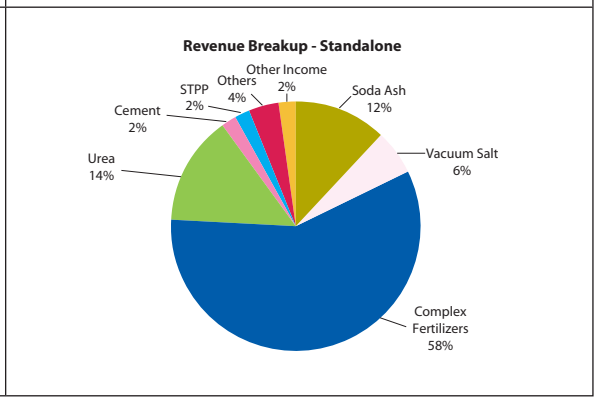

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> In a free enterprise the community is not just another stakeholder in business but is in fact the very purpose of its existence.
>
> – Jamsetji Tata

At Tata Chemicals, Chemistry and Care always go hand in hand!

From its inception, the story of the company has been about 'Chemistry with a Conscience'; of harnessing the fruits of science for goals that go beyond business; of care and commitment towards all its stakeholders.

We call this **'The Human Touch of Chemistry'**... Further, with products and services that touch human lives every day, whether by means of the Salt that makes our food tastier or the Soda Ash that goes into the manufacturing of Glass and detergents or the fertilizers that make a farmer smile, TCL subtly touches our lives, as 'Ingredients in Excellence', each and every day spreading joy and cheer to the users.

Our credo, **'The Human Touch of Chemistry'** (HTC)... encompasses all this and more…For us at Tata Chemicals the statement -**'The Human Touch of Chemistry'** - reflects our sensitivity towards sustainability. Our values, our vision for a greener tomorrow, our effort towards enriching the quality of life all together helps us integrate sustainability into our business strategy.

> In areas where new job opportunities were close to zero, "Uday "our rural BPO along with SerWizSol at Mithapur and Babrala has been providing job opportunities to 206 rural youth and has brought sunshine in their lives.

The roots of Sustainability at Tata Chemicals are 70 years strong and deep. Since 1939, Tata Chemicals Limited regarded the whole of Okhamandal- rather than Mithapur alone - as the home of Tata Chemicals & has been, over the years, deeply involved in promoting the welfare & well being of the Okhamandal community. The company has been most active in the support of the Okhamandal community in years of drought & distress & has always happily placed its resources at the disposal of the community in providing drinking water, health care, cattle care, rehabilitation of wells, afforestation & importantly additional employment opportunities etc.

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"Tata Chemicals has been issued Carbon Credits for registered projects by UNFCCC mostly related to Energy reduction and Methane Reduction. Also we are actively involved in advocacy forums for Climate Change and are a member of TERI-CORE-BCSD, Signatory to Global Roundtable on Climate at Earth Institute, Columbia University."

In the year 1979, Tata Chemicals Limited promoted a Society under the name of "Tata Chemicals Society for Rural Development" (TCSRD) exclusively for community development activities, & channeled its budgeted funds for the reason of community development through TCSRD. It was explained that the company would be one of the founder corporate members & also the principal promoter of the society. The membership of the society would be open to any person or society, body corporate etc. who believed in the objects of the society.

TCSRD
Tata Chemicals Society for Rural Development

From a humble beginning 30 years ago, TCSRD has successfully created an impressive network spread over Gujarat, Uttar Pradesh and West Bengal, constantly endeavoring to further strengthen the TATA philosophy of good corporate citizenship. With the spread of our operations now extending beyond India, we have commenced several Social Responsibility programs in our overseas locations. Today, as a responsible member of the global community, we have included in our targets contribution towards **UN's Millennium Development Goals**. Poverty Alleviation, Women's empowerment, child & maternal health, environment sustainability, bio-diversity & water management are the key goals in TCSRD's agenda.

"In April 2008 we took an internal assessment of the CO_2 emissions across the operations of our Climate Change Cell and the value of within the fence CO_2 emissions is around 5 million mt per year."

Our Corporate Sustainability Policy recognizes that sustainability encompasses Environmental Stewardship, Adding Economic Value, Promoting Human Rights and Building Social Capital, all of which are the basis of a "Triple Bottom-line approach". In order to further strengthen the Company's efforts in sustainability, this year, sustainability goals have been established that cover systems, people and programs in a manner that combine the four essential dimensions of *'human'*, *'social'*, *'environmental'* and *'financial'* benefit. These 4 dimensions are further sub-divided into *'risks'*, *'opportunities'* and *'innovation'*. Specifically the principles we follow in this regard are:

- Upholding the highest standards of Business Ethics and Corporate Governance

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"Safety process has been made robust by adapting British Safety Council (BSC) in Babrala, Du Pont Safety System in Mithapur and DuPont Behavioral Audit in Haldia, Mithapur and Babrala."

- Respecting the universal declaration of human rights and the International Labor Organization's fundamental conventions on core labor standards
- Conducting all our operations in a manner that is protective of the environment, health and safety of employees, customers and the community
- Striving to develop new products and improve existing ones to consistently enhance the value proposition to our customers while taking care of the environment, throughout their life cycle
- Encouraging and supporting our partners to embrace similar ethical and social responsibility standards
- Encouraging diversity of culture, experience and expertise while creating an environment that fosters achievement, innovation, learning and teamwork in our employees
- Setting targets, measuring and reporting our performance across Social, Environmental and Financial dimensions

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"Periodical technical Audits and Operational excellence initiatives like Manthan, Udaan have helped us in maximizing the recycling of materials such as Limestone, ESF Cake ,NFC etc, energy saving, water and treated effluent recycling. A total energy saving of 734.45 TJ has been achieved over the last three years by process modifications, retrofitting of equipments and waste heat recovery."

Tata Chemicals believes that sustainability and stakeholder engagement are the very core of our organization. At the heart of the leadership system of Tata Chemicals is understanding and responding to the needs and expectations of our stakeholders.

Our stakeholder Engagement Framework comprises of three main elements namely ***Materiality - which requires knowing stakeholders and the organizations material issues, Completeness which refers to understanding stakeholder concerns, that is, views, needs, and performance expectations and perceptions associated with their material issues, Responsiveness which***

means coherently responding to stakeholders' and the organization's material concerns and Inclusivity which encompasses Accounting for Stakeholders aspirations and needs.

The key elements of Sustainability are: ***Integrating the economic, ecological and social aspects in 'triple bottom line', Interact with all stakeholders including employees and improve conditions, continually improve business practices, integrating long term and short term aspects.***

Mithapur has achieved 99% reduction in dependence on ground water in the last three years by adopting various in-house water conservation methods, sea water desalination as well as management of rain water harvesting in lakes.

Our Sustainability Programs and actions are driven and guided by six major drivers namely Climate Change - GHG Emissions, Green Manufacturing Index - (Energy Consumption, Water Consumption, Solid Waste reuse, Green Cover- afforestation, Renewable energy) Workforce - Safety, Health, Engagement, Community - CS Protocol Index, Product Stewardship & Green Chemistry Investments.

At Tata Chemicals we are committed to serve our customers with better & newer offerings. While most of the Company's existing products are in the maturity phase, a conscious attempt is continuously made to promote a culture of innovation & democratize it across the organization, so as to be able to maintain a healthy pipeline of new offerings. The Innovation Center (IC) is one example of how this has been institutionalized. Another is the business model innovation currently taking place in the Fertilizer business, in the Crop Nutrition division. Attention is being turned from merely selling fertilizers to improving soil health, educating farmers about better farming practices and assisting the farmers with better market access and price-discovery, so that the company also makes a contribution to the country's need for "inclusive growth" and helps to improve rural prosperity, albeit in a small way, initially.

All sites of Tata Chemicals have achieved 100 % legal compliance in all environmental norms. Specific effluent generation at all sites has been reduced from 21.7 to 18.8 KL per tonne of production since 2004-05 to 2007-08.

We strongly believe that People are central to company's transformation agenda and a crucial enabler in its journey of becoming a truly responsible global citizen. The safety and health of our people is the principal consideration of all our policies and business activities. We invest a large amount of

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resources to reduce workplace accidents and ensure a safe working environment. We protect the interests of our employees by providing them with appropriate and up-to-date training and access to development programs. By adhering to world safety standards, promoting product and operational safety, and encouraging the active participation of every employee, we have strived to create a healthy work environment that complements our superior product line.

"At our Babrala plant soil was totally alkaline and there were less than 30 trees since inception of plant, land reclamation and top soil treatment resulted in about 34.1 % of the total land having lush green belt comprising of 2.6 lakhs trees and plants of various species."

Integrating environmental sustainability principles in overall operations and planning is the philosophy followed by us. We try and ensure that all employees and associates understand their responsibilities towards protection of environment and sustainable business with appropriate training and support. Our corporate strategy has considered Climate Change as one of the major environmental challenge and has established a Corporate Cell on Climate Change to respond to the challenge and to develop action for a low carbon economy.

With the growing industrialization across the world, demand of industrial resources is also growing and an increase in extraction of materials and other natural resources is leading to a demand supply gap.This makes it imperative to continuously improve operational efficiencies. At Tata Chemicals, resource conservation and efficiency improvement are the philosophy in operations and the strategy is to optimize the consumption and minimize the losses of raw materials and other resources.

"What comes from the people must go back to the people many times over" - this principle is an inheritance from the founding fathers of the Tata Group. Tata Chemicals Limited (TCL) honors its legacy through various means and has established trusts & societies such as: **Tata Chemicals Society for Rural Development (TCSRD),Golden Jubilee Trust (GJT) and UDAY Foundation.**

These bodies take up development work, and

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support programs such as **'Save the Whale Shark', 'Lion Conservation Project', 'Desh ko Arpan'** etc. Community is our key stakeholder and we believe that development of the community is only possible through inputs and partnerships from all stakeholders. We partner with other agencies (NGOs, Govt. etc.) and the communities to take up programs that enrich the quality of life of the rural populace in a sustainable manner. The guiding principles for engagement with the community are enshrined in the **"Community Development Policy"**. These principles are: **sustainability, participatory approach, transparency, networking & partnership, resource center and volunteering.**

"Through our Watershed Development and Water Management Program we have impacted approx 100000 people helping them get water for drinking and irrigation."

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We have various tools like Sustainability Scorecard, Environmental Performance Evaluation Tool which helps us in monitoring, analyzing and evaluating the health and progress of our various initiatives and projects in the Sustainability arena.

Every year brings with it a new set of business challenges. However, our endeavor has been to continuously improve through a structured analysis of our processes, past performance and future projects. We constantly evaluate where we are and raise the bar each year, while remaining firmly rooted in our core value systems. Looking into the future we can say that we aim to embed sustainability in all our processes, and fulfill the changing expectations of all our stakeholders namely customers, employees, investors, government, suppliers and community. Our continuing focus on ***'The Human Touch of Chemistry'***, will differentiate us from others and makes Tata Chemicals a company which values chemistry with conscience.

"A total of 817 youth have been trained and have undergone the Rural Entrepreneurship Development Programme (REDP) Training of which 117 have successfully set up enterprises till date. In the year 2007-08, 326 youth of which 30 trainees have upgraded or started their enterprises and as a result doubled their income."

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CORPORATE INFORMATION

Board of Directors

Ratan N. Tata
(Chairman)

R. Gopalakrishnan
(Vice-Chairman)

Nusli N. Wadia

Prasad R. Menon

Nasser Munjee

Dr. Yoginder K. Alagh

Dr. M. S. Ananth

Arun Nath Maira

Eknath A. Kshirsagar

R. Mukundan
Managing Director

Kapil Mehan
Executive Director

P. K. Ghose
Executive Director & CFO

Registered Office

Bombay House,
24, Homi Mody Street,
Fort, Mumbai 400 001
Tel: 022-66658282
Fax: 022-66658143

Visit us at: www.tatachemicals.com

Members of the Executive Committee

R. Mukundan	Managing Director
Kapil Mehan	Executive Director
P. K. Ghose	Executive Director & CFO
B. Sudhakar	Chief Human Resources Officer
Dr. Murali Sastry	Chief Scientific Officer
A. J. Gupta	Sr. Vice President - New Business & Projects

Company Secretary

Rajiv Chandan

Registrar & Share Transfer Agent

TSR Darashaw Limited
6-10 Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road,
Mahalaxmi, Mumbai 400 011.

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Debenture Trustees

IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor, 17, R Kamani Marg,
Ballard Estate, Mumbai 400 001

Solicitors

AZB & Partners, Mumbai
Mulla & Mulla and Craigie Blunt & Caroe, Mumbai.

Auditors

Delotte Haskins & Sells, Chartered Accountants
N. M. Raiji & Co., Chartered Accountants

Works

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

Bankers

Bank of America, Bank of Baroda, Citibank N.A., Deutsche Bank, HDFC Bank Limited, Standard Chartered Bank, State Bank of India, The Hongkong and Shanghai Banking Corporation Ltd., ICICI Bank Ltd., Axis Bank Ltd., Kotak Mahindra Bank Ltd., DBS Bank

Company Identification No.

CIN L24239MH1939PLC002893

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Annual General Meeting	: July 30, 2009
Time	: 3.00 p.m.
Venue	: Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai - 400 020

BOOK CLOSURE DATES
JULY 16, 2009 — JULY 30, 2009

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