

# Transform Grow



## About this report

Tata Chemicals seeks to go beyond compliance in its corporate reporting. Alongside statutory declarations, this Annual Report includes non-financial information that is disclosed on a voluntary basis in accordance with the Integrated Reporting <IR> framework of International Integrated Reporting Council (IIRC). Assurance on financial statements has been provided by independent auditors B S R & Co. LLP and non-financial statements by Ernst & Young LLP.

Monitoring marine turtle mortality and nesting along the Okhamandal coast



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# Transform Grow

The world around us is changing rapidly. Forces are combining to disrupt old orders and create exciting new opportunities.

We are on the cusp of a digital-led new industrial revolution. Digital technologies give us unprecedented access allowing us to track our operations at levels previously unavailable. This helps to understand customers better, and to deliver products and services more tightly aligned to their individual needs.

At the same time, we are experiencing a moment of change, as a young generation born, into a globalised world, takes its place as employees, wage earners, consumers and decision-makers.

Those young people are reimagining many aspects of life. They are health conscious and demand healthier food products. They want to deal with companies that share their vision and can show a sense of purpose beyond commercial profit. They discard traditional markers of success.

So we find ourselves at a moment of transformation. It is exciting and has immense potential. At Tata Chemicals, we have prepared ourselves for this new era by restructuring our portfolio and investing in the industries of tomorrow. We have taken decisions that allow us to participate in this transformation and to begin a new era of growth.

We believe it has the potential to benefit all stakeholders. This integrated annual report explains in detail what we have achieved and the growth we anticipate.

# Spotlight

## Global footprint

Our global supply chain allows us to service our customers effectively across the world.



## Business sectors

- Inorganic chemicals
- Consumer products
- Specialty products - nutritional solutions, advanced materials and agri inputs (agro chemicals and seeds)



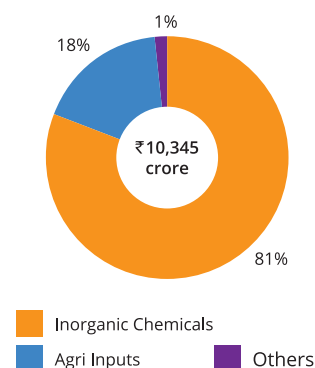
Our consolidated business has ~5,000 employees, including Rallis and Metahelix.

TCL	TCNA	TCE	TCM
2,327	551	385	251
TCIPL	TCSA	Rallis	Metahelix
3	11	977	443

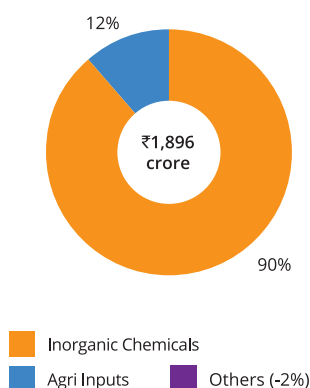
TCNA - Tata Chemicals North America, TCE - Tata Chemicals Europe, TCM - Tata Chemicals Magadi, TCIPL - Tata Chemicals International, TCSA - Tata Chemicals South Africa

## Financial performance

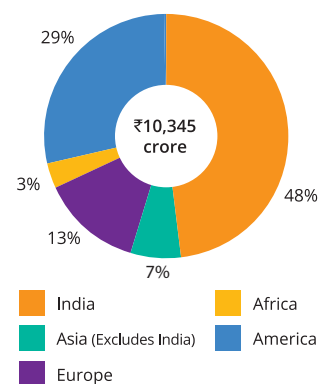
### Segment revenue - consolidated (%)



### Segment results PBIT - consolidated (%)



### Geographical revenue - consolidated (%)



# Company overview

**We are a diverse but closely integrated set of people and businesses with a shared mission to serve society through science.**

Established in 1939, Tata Chemicals Limited (TCL or the Company) is a global chemicals company serving the needs of industry, consumers and the agricultural sector. The Company manufactures inorganic chemicals, consumer products, crop protection and agriculture inputs, and nutritional solutions. We serve a varied set of customers across five continents with employees spread across four regions.

## Our approach to business is

- Delivering high performance for stakeholders
- Caring for the community
- Nurturing a committed and passionate workforce

## Growing our businesses

Through our consumer products portfolio, we have positively impacted the lives of millions of Indians through the iodised and Iron fortified Tata Salt. The Tata Sampann umbrella brand focuses on providing everyday nourishing food to consumers such as unpolished high protein dals, low oil absorb besan, and a wide range of uniquely developed spices. Our nutritional solutions business through its umbrella brands NQ and Nx provides innovative range of prebiotics and healthier alternatives to regular sugar.

Our inorganic chemicals business is a specialised manufacturer of soda ash, sodium bicarbonate and allied products. These are consumed as inputs to diverse industries such as glass, detergents, textiles, feed, mining and chemical processing across the globe. The global chemicals business has a competitive advantage, as it is the world's most

diversified natural soda ash manufacturer. Through two subsidiaries, Rallis India Limited (Rallis) and Metahelix Life Sciences Limited (Metahelix), we provide innovative products and services to the Indian farm sector. Rallis has a portfolio of crop protection chemicals, seeds, plant growth nutrients, soil conditioners and agri-services and serves the international market through contract manufacturing and registration based sales. Metahelix is a world-class biotechnology innovator in the field of seed hybridisation.

In the last 79 years, our deep-rooted values along with our cultural pillars have kept us focused on our mission to accomplish our vision.



### Values

Safety, Passion, Integrity, Care and Excellence.



### Cultural pillars

Proactive cost focus, Agile execution, Collaborative innovation and Trusting relationships.



### Mission

Serving society through science.



### Vision

To be a sustainable Company with deep customer insights and engaging relationship with all stakeholders in industrial chemicals, branded agriculture and consumer products.

## On the path to transforming our businesses

Completed sale and transfer of Urea Business (Babrala) to Yara Fertilisers India Private Limited in January 2018

Divested Phosphatic fertiliser and trading business (Haldia) to IRC Agrochemicals Private Limited

Invested in knowledge-led businesses by signing Memorandum of Understanding (MoU) with Government of Andhra Pradesh to invest in a greenfield biotechnology manufacturing unit for food ingredients and formulations

Greenfield project under construction in Nellore, Andhra Pradesh for a manufacturing plant of fructooligosaccharides with installed capacity of 5,000 MT of FructoOligosaccharides (FOS) with a total investment of ₹ 270 crore

Commitment to invest ₹ 295 crore for manufacturing silica based products

Acquired the precipitated silica business of Allied Silica Limited in Cuddalore, Tamil Nadu for upto ₹ 123 crore to manufacture Highly Dispersible Silica (HDS) and other silica based products developed at our Innovation Centre

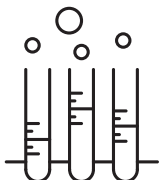
Handling the water purifier business as a Corporate Social Responsibility (CSR) initiative to serve communities that do not have access to clean drinking water

Launched Multigrain Khichdi, Nutri Mix Chillas, and Organic pulses with Star Bazaar and Amazon in Mumbai, Pune, Bengaluru, Hyderabad, Delhi NCR, Kolkata

Launched Medikarb™, India's first branded pharmaceutical-grade sodium bicarbonate

## Organisational structure - our businesses

### Chemicals



#### Product profile

##### TCL

Soda ash, allied chemicals, sodium bicarbonate, cement, and advance materials.

##### TCE

Light soda ash, sodium bicarbonate, sodium chloride, calcium chloride, crex, and heavy soda ash

##### TCNA

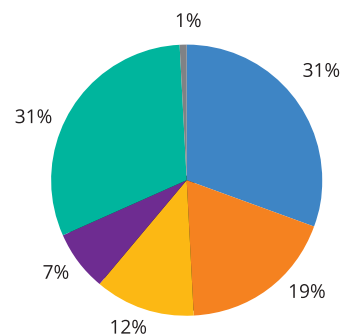
Dense soda ash, natural light soda ash, and synthetic light soda ash

##### TCML

Dense soda ash, crushed refined soda, sodium bicarbonate, dry industrial salt, and fortified animal salt.



#### Ownership structure of Tata Chemicals



- Promoter and Promoter Group
- Resident Individuals
- Foreign Holdings
- Public Financial Institutions
- Other Companies, Mutual Funds
- Others

### Consumer Products



#### Product profile

Tata Salt, Tata Salt Plus, Tata Salt Lite, Rock Salt and Black Salt, Tata Sampann Dals, Tata Sampann Besan, Tata Sampann Spices (Tata Swach non-electric water purifier)



### Nutritional Solutions



#### Product profile

Nutritional solutions, Sustentials™ brand, wellness foods, prebiotic products, Gossence™, Fossence™, Tata Nx Lite & Sweet, Tata Nx Zero Sugar



### Agricultural Solutions



#### Product profile

Hybrid seeds and fertilisers



#### Awards



- Tata Salt ranked 3rd Most Trusted Food Brand in Economic Times' Survey 2017
- Recognised as Asia and India's Most Admired Knowledge Enterprise 2017
- Awarded at the CFBP Jamnalal Bajaj Award for Fair Practices 2017
- Number 1 in Responsible Business Rankings 2017
- Tata Chemicals won at the Confederation of India Industry (CII) Industrial IP Awards 2017 as the Trademarks Driven Industry of the year
- TCL's Corporate Social Responsibility team won the Best Practice Award on Sustainable Development Goals of UN Global Compact Network India
- Tata Chemicals Mithapur won the Sustainability Award for Excellence in Safety (Chemicals) at the Federation of Indian Chambers of Commerce & Industry FICCI Chemicals and Petrochemicals Awards 2017



#### Soda ash

3rd largest soda ash producer. Most diversified soda ash manufacturer. The glass used in approximately every 5th vehicle in the automobile industry. Majority of Indian detergent manufacturers use Tata Chemicals' soda ash.

#### Salt

Leadership in salt. 25.5% overall market share reaching 148 million households annually.

#### Bicarbonate

5th largest sodium bicarbonate producer. Companies such as Parle, Colgate, Britannia, Godrej, and unbranded snacks manufacturers use Tata Chemicals' sodium bicarbonate.



# MD's message

## Dear Shareholders,

It gives me immense pleasure to share with you our performance for the year and perspectives on the way forward. This year marks 150 years of Tata Group's service to society. Tata Chemicals has made a significant contribution to the group's agenda. Next year we will celebrate 80 years of Tata Chemicals and 90 years of the founding of the enterprise as Okha Salt Works. Throughout the time our Company has constantly evolved to stay relevant to meet the needs of customers and deliver value to all its stakeholders.

## Overall Business Performance

Our business is robust. Performance was upwards and on expected lines across all geographies including India, Kenya, the UK, and the USA. In India, we launched Medikarb, a pharmaceutical grade sodium bicarbonate, and there were pilot launches of khichdi mix, a nutrimixes range, and our organic pulses range. Distribution of new products is through modern retail stores which is improving the focus and brand equity of Sampann.

With a strong focus on productivity improvement, the Company achieved profits in line with expectations. During the year revenue from continuing operations was ₹ 10,345 crore, down from ₹ 10,681 crore in the previous year. This small reduction was consequent to a management decision to reconfigure the supply chain in our Consumer Products Business. Net profit was up by ₹ 439 crore at ₹ 1,560 crore. Adjusting for one off events the net profit from continuing operations was up by ₹ 123 crore.

Cash flow from operations continues to be strong. On a standalone basis there was a reduction of borrowings by ₹ 1,003 crore and we showed a healthy cash position of ₹ 3,753 crore resulting from the divestment of our urea business.

## Going Forward – Our Strategy

The Company today is engaged in an energising transformation agenda built on the three pillars of Innovation, Sustainability and Digitisation. Our future growth catalysts are going to be specialty chemicals and consumer products.

For the Specialty Business, the past year marked the first milestone of our transformation. We seeded two new investments totaling ₹ 565 crore. We began work on our nutritional solutions plant in Nellore, Andhra Pradesh and signed the business transfer agreement for our acquisition of the precipitated silica business of Allied Silica from which we will build the Highly Dispersible Silica Business out of Cuddalore, Tamil Nadu. Both these businesses were spawned in our Innovation Centre in Pune and are first in a pipeline of businesses being seeded by the Company with a focus on innovation and applications of new technologies. Our two subsidiaries Rallis and Metahelix, which house the specialty businesses, Agrochemicals and seeds respectively, are also making excellent strides in terms of new products and innovation in farms.

Our Consumer Products Business is following a strategy to expand range and reach. We expanded our range from Tata Salt to pulses including organic pulses, nutri-mixes and khichdi. We have a strong pipeline of value added products, to be launched from time to time. In addition we have invested resources to build a resilient digitised sales and distribution engine to drive greater reach and engagement. Our direct reach continues to improve and all our brands improved their brand equity position in the past year.

## Simplify, Synergise and Scale

Our exit from the fertiliser sector has simplified the portfolio of the Company and there are now strong synergies between all our businesses, underpinned by a foundation of science. The focus

now is to scale our specialty and food consumer businesses while we retain scale in our basic chemicals business. The balance sheet strength of the Company now enables it to drive scale in both the specialty and consumer portfolio.

## Focus on Innovation, Digital, and Sustainability

Our investments in laboratories in Pune and Bengaluru are the backbone of building knowledge driven businesses with strong foundations in future technologies. Many of the product lines being pursued at these facilities are in line with a growing emphasis on sustainable solutions. Digital technology is now at the centre of every aspect of the Company's operations. We are embracing the opportunities of the fourth industrial revolution through Manufacturing 4.0 and Sales & Distribution 4.0. These are central pillars to our ways of working. Our efforts toward managing the concerns of climate change and energy use are driven through a focus on responsible manufacturing, to deliver Zero Harm to people, assets, and environment across the value chain in current and future businesses. These efforts will gather momentum in the current year and beyond.

## In Conclusion

I would like to thank all the shareholders of the Company for their continued support. We remain focused on building a sustainable long-term future for the Company for all its stakeholders while upholding the Tata Values and Group Purpose. Engaged employees are our strength and they bring passion and energy in all our efforts. We now rededicate ourselves to the journey ahead as we celebrate 150 years of the Tata Group.

I assure you it will be a fruitful and fulfilling journey together.

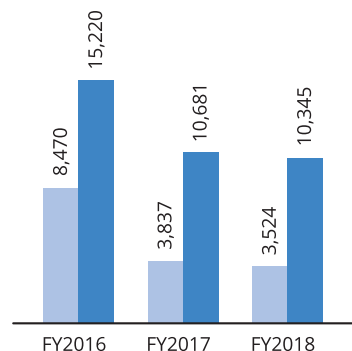
Best regards,  
**R. Mukundan**  
 Managing Director & CEO



# Performance highlights

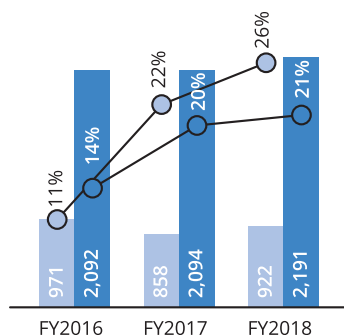
Standalone Consolidated

## Financial capital



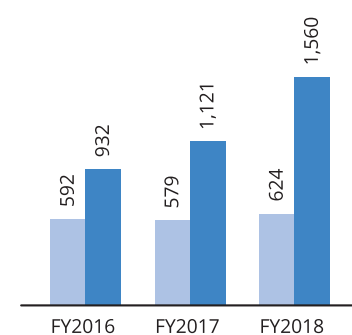
Total revenue from continuing operations (₹ in crore)

Standalone Consolidated

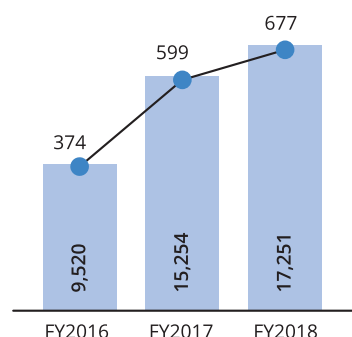


EBITDA (₹ in crore)  
Earnings before interest, tax, depreciation and amortization

Standalone Consolidated

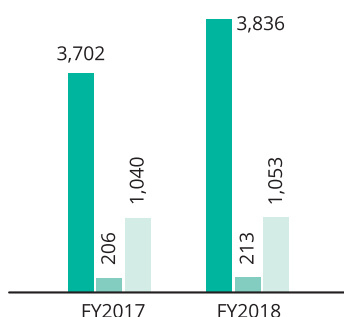


Profit after tax (₹ in crore)



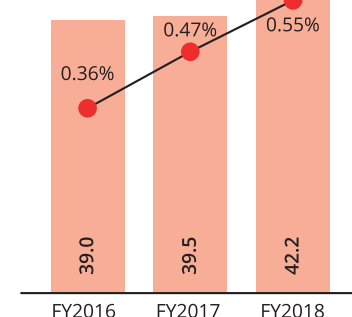
Share price (₹/share)  
Market cap (₹ in crore)

## Manufactured capital



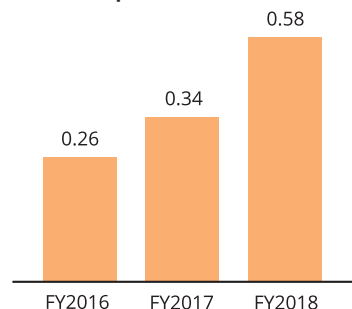
Production volume (in Kts.)  
Soda ash  
Sodium bicarbonate  
Branded salt

## Intellectual capital



As % of revenue from standalone operations  
R&D expenditure (₹ in crore)

## Human capital

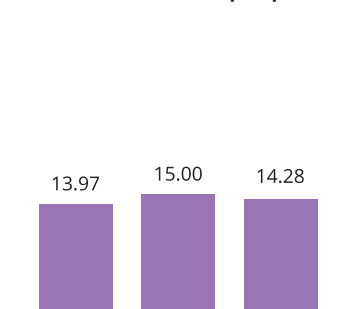


Employee productivity (₹ in crore)  
Profit before tax (PBT)/employee\*%

\*TCL India, % FY2017 numbers are as per Ind AS and previous year's numbers are as per IGAAP.

\*Excludes profit on sale of Urea Business of ₹ 1,214 crore

## Social and relationship capital

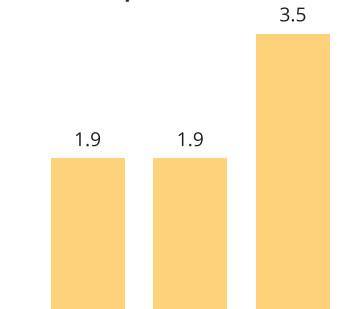


Expenditure on CSR\* (₹ in crore)

\*TCL India

\*CSR Spend numbers for FY2018 are pre statutory audit

## Natural capital



RMI: Responsible Manufacturing Index

We measure our Natural Capital using an internal tool - RMI (Responsible Manufacturing Index) to monitor key indicators across the geographies such as energy, water, recycle waste, climate change, renewable energy, product rejection, etc.






• All data relates to continuing operations

# Aligning materiality to business priorities

## Engaging our stakeholders

Tata Chemicals understands the significance of maintaining strong relations with stakeholders through effective engagement. Our management represent the Company in various industry associations and committees including: Confederation of Indian Industry, Indian Chemicals Council, Chief Financial Officer (CFO) Choice, National Human Resource Department Network, All India Manufacturers' Organisation, Advertising Standards Council of India, Eastern Africa Association, Wyoming Mining Association, and the UK's Chemical Industries Association, to promote sustainability matters and create solutions.



Our stakeholders	Relevant matters	Engagement methods
Shareholders and investors	Appreciation in share price and growth in dividends, high level of corporate governance	Annual General Meeting, report to shareholders, investor/analysts meet, quarterly results, media releases
Customers 	Consistent quality, timely delivery, mutually profitable and long term relationship	Distributor/retailer/direct customer meets, senior leader customer meets/visits, customer plant visits, Chief Operating Officer's club, achievers meet, KAM workshops, membership in trade organisation/associations, complaints management, joint business development plans, customer surveys
Suppliers and partners 	Timely payment, vendor selection process, safety, health and wellbeing, and human rights of employees of contracting companies/suppliers along with long term relation	Supplier prequalification/vetting, supplier plant visits, MOUs, trade association meets, contract management, product workshops
Employees 	Employee engagement, training and development, career progression, health and safety	Senior leaders' communication/talk, town hall briefing, performance review, union meetings, wellness initiatives, intranet, websites, poster campaigns, Confluence, circulars, quarterly publications, newsletters
Government 	Legal compliance, especially on safety, health and environmental performance, creating jobs through growth sustained contribution to national tax, community development and progress on implementation of social and labour plans	Advocacy meetings with governments and ministries, seminars, media releases, membership in local enterprise partnership, membership in industry bodies
Communities 	Proactive engagement, contribution to local infrastructure, skill and capacity building, sustainable livelihood, clean and safe environment	Community meetings/visits, local authority and town council meetings, location head's meet, Strengths, Weaknesses, Opportunities and Threats (SWOT), committee meetings, community projects, seminar/conferences