Contents

	Page No.
Board of Directors	2
Notice	3
Directors' Report	8
Annexure to Directors' Report	13
Management Discussion and Analysis	17
Summarised Balance Sheet and Profit and Loss Account	21
Auditors' Report	22
Balance Sheet	26
Profit and Loss Account	27
Schedules to Profit and Loss Account — '1' to '5'	28
Schedules to Balance Sheet — 'A' to 'H'	32
Notes on the Balance Sheet and Profit and Loss Account	43
Balance Sheet Abstract and Company's General Business Profile	52
Cash Flow Statement	53
Corporate Governance Report	55
Financial Statistics	69

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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
A. N. Lalbhai
Dr. D. V. Kapur
N. A. Soonawala
U. Mahesh Rao *(Nominee of ICICI)*
Prasad R. Menon *(Managing Director)*
S. Srinivasan *(Nominee of IDBI) (upto April 10, 2002)*
N. C. Sharma *(Nominee of LIC)*
Dr. T. Mukherjee *(Appointed as Additional Director w.e.f. March 4, 2002)*
Dr. P. K. Basu *(Nominee of IDBI) (w.e.f. April 10, 2002)*

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Chief Financial Officer & Company Secretary :

Sunil Wadhwa

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 Complex — Mithapur, Gujarat
Fertiliser Complex — Babrala, Dist. Badaun, U.P.

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Bankers :

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

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NOTICE

Notice is hereby given that the SIXTY-THIRD ANNUAL GENERAL MEETING of the Company will be held at Birla Matushri Sabhagar, 19, Vithaldas Thackersey Marg, Mumbai 400 020, on Thursday, August 01, 2002 at 4.00 p.m. to transact the following business:-

1. To receive and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended March 31, 2002, and the Balance Sheet as at that date.

2. To confirm the declaration and payment of interim dividend on the Ordinary Shares.

3. To appoint a Director in place of Mr. A.N. Lalbhai, 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. R. Gopalakrishnan, who retires by rotation and is eligible for re-appointment.

6. **APPOINTMENT OF AUDITORS**

   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. Raiji and Company, the retiring Auditors of the Company be and are hereby re-appointed Auditors of the Company to hold the office from the conclusion of this Meeting upto the conclusion of the next Annual General Meeting of the Company, for the financial year 2002-2003 on such remuneration plus reimbursement of service tax, out- of-pocket expenses, travelling and other expenses as may be mutually agreed upon between the Board of Directors and the Auditors in connection with the work of audit to be carried out by them."

7. **APPOINTMENT OF Dr. T. MUKHERJEE**

   To appoint a Director in place of Dr. T. Mukherjee, who was appointed an Additional Director of the Company by the Board of Directors with effect from March 04, 2002, under Section 260 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and being eligible offers himself for appointment by the Company and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a shareholder proposing his candidature for the office of Director.

Notes:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item nos. 6 and 7 set out above are annexed hereto.

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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE 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 Share Transfer Agents of the Company, Messrs Tata Share Registry Limited. In all correspondence with the Company, members are requested to quote their account/folio numbers.

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 atleast 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 Transfer Books of the Company will be closed from July 24, 2002 to August 1, 2002, (both days inclusive).

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Tata Chemicals Limited

6. Members/Proxies should bring attendance slips sent herewith duly filled in, for attending the Meeting.

7. As per the provisions of the Companies Act, 1956 facility for making nomination is available for shareholders and debentureholders in respect of the shares and debentures held by them. Nomination forms can be obtained from the Company's Registrars and Transfer Agents.

8. Pursuant to Section 205A of the Companies Act, 1956, ("the Act") all unclaimed/unpaid dividends upto the financial year ended March 31, 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not yet encashed the dividend warrants for the said period are requested to forward their claims in prescribed Form No. 11 to The Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to –

   Office of Registrar of Companies,
   CGO Complex,
   A Wing, 2nd Floor,
   Next to Reserve Bank of India,
   CBD, BELAPUR 400 614
   (Tel. No. 7576802)

   Shareholders are hereby informed that after the amendment of the Companies Act, 1956, w.e.f October 31, 1998, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ('the Fund") established by the Central Government. In accordance with Section 205C of the Companies Act, 1956, no claim shall lie against the Company or Fund in respect of individual amounts of dividends remaining unclaimed and unpaid for a period of seven years from the dates they became first due for payment and no payment shall be made in respect of any such claims.

   Members who have not yet encashed their dividend warrant(s) for the financial year ended March 31, 1995 onwards, are requested to make their claims to the Company accordingly, without any delay.

9. 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, May 31,2002

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

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EXPLANATORY STATEMENT

The following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 6 & 7 of the accompanying Notice dated May 31, 2002

ITEM NO. 6

Section 224A of the Companies Act, 1956, provides that in the case of a Company of which not less than 25% of the subscribed capital is held either singly or in any combination by public Financial Institutions, Government Companies, etc., the appointment or re-appointment of an Auditor of that Company has to be made by a Special Resolution.

Since the combined shareholding of LIC, UTI, GIC and its subsidiaries and nationalised banks in the Company exceeds 25% of the subscribed share capital of the Company, the re-appointment of Messrs S.B. Billimoria and Company and Messrs N.M. Raiji and Company as Auditors of the Company is required to be made by a Special Resolution. The shareholders' approval is also being sought to authorise the Board of Directors to determine the remuneration to be paid to the Auditors in consultation with them.

As required under Section 224 of the Companies Act, 1956, certificates have been obtained from them to the effect that their appointments, if made, will be in accordance with the limits specified in that Section.

ITEM NO. 7

The Board of Directors of the Company appointed Dr. T. Mukherjee, as an Additional Director of the Company with effect from March 04, 2002. In accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company, Dr. T. Mukherjee will hold office as Director upto the date of the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a notice in writing from a member proposing the candidature of Dr. T. Mukherjee for the office of Director under the provisions of Section 257 of the companies Act, 1956.

Dr. T. Mukherjee is the Deputy Managing Director of The Tata Iron & Steel Co. Limited. He is a technologist and has to his qualifications B.E. Mettallurgy from Calcutta University and Ph.D. in Mettallurgy from Sheffield University, U.K. He brings with him a wealth of experience and the Board considers it desirable that the Company should continue to avail itself of his services and therefore, commends passing the resolution relating to his appointment.

By Order of the Board of Directors
TATA CHEMICALS LIMITED

R. N. TATA
Chairman

Mumbai. May 31,2002

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

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Tata Chemicals Limited

Details of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting

(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	**Mr. A.N.Lalbhai**	**Dr. D.V. Kapur**	**Mr.R.Gopalakrishnan**	**Dr. T. Mukherjee**
Date of birth	03.04.1918	09.09.1928	25.12.1945	13.10.1942
Date of Appointment	31.07.1984	29.09.1989	30.10.1998	04.03.2002
Expertise in specific functional areas	Industrialist with rich business experience in general	A retired government servant with expertise in the fields of Power, Chemicals, Heavy Industries	Thirty-five years in Marketing and general management	Technologist and experienced in the field of metallurgy
Qualifications	B.Sc.,	B.E.	B.Sc., (Hons) B.Tech (Hons) in Electronics from IIT Khargpur	B.E.& Phd in Metallurgy
Directorship in other public Limited Companies	• The Arvind Mills Limited • Birla VXL Limited • J.K. Industries Limited • Arvind Products Limited • Atul Limited	• Reliance Power Limited • GKN Driveshaft (India) Limited • Reliance Salgaocar Power Limited • Divetech Accessories Limited • L & T Limited • Honda Seil Power Products Limited • Zenith Limited • DLF Power Limited • DCM Hyundai Limited • Reliance Industries Limited	• Tata Engineering & Locomotive Company Limited • Tata Sons Limited • Tata Power Company Limited • ICI India Limited • Rallis India Limited • Tata Internet Services Limited • Birla-Tata AT & T Limited • Tata Teleservices Limited • Tata Honeywell Limited • Castrol India Limited • Tata Technologies Limited • Sheba Properties Limited • Tata Autocomp Systems Limited	• Tata Metalliks Limited • Tata Yodogawa Limited • Jamshedpur Injection Powder Limited • Timken India Limited • Tata Refractories Limited • The Tata Iron & Steel Company Limited • Tata Advanced Materials Limited • Tata Ryerson Limited • T.M. International Logistics Limited

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	Mr. A.N.Lalbhai	Dr. D.V. Kapur	Mr.R.Gopalakrishnan	Dr. T. Mukherjee
Membership of Committees in other Public Limited companies	1. The Arvind Mills Ltd.,- Shareholders'/ Investors' Grievance Committee. 2. Arvind Products Ltd.- Share Transfer Committee	1. Honda Seil Power Products Ltd.- Audit Committee 2. GKN Driveshafts (India) Ltd.- • Audit Committee • Chairman's Executive Committee 3. L &T Ltd., Shareholders'/ Investors' Grievance Committee 4. Zenith Ltd., Audit Committee.	1. Sheba properties Limited- Audit Committee 2. Tata Power Co., Ltd.,- Remuneration Committee 3. ICI India Ltd.- • Audit Committee • Remuneration Committee 4. Tata Engineering & Locomotive Co. Ltd. Shareholders'/ Investors' Grievance Committee 5. Castrol India Ltd.- • Audit Committee • Remuneration Committee 6. Tata Tele services Ltd.- • Remuneration Committee	1. Tata Yodogawa Ltd. • Remuneration Committee • Share Transfer Committee 2. Tata Metalliks Limited Remuneration Committee 3. Tata Refractories Limited Remuneration Committee 4. Timken India Limited • Audit Committee • Shareholders'/ Investors' Relations & Grievance Committee 5. Jamshedpur Injection Powder Ltd. Share Allotment Committee

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Tata Chemicals Limited

DIRECTORS' REPORT

TO THE MEMBERS

The Directors hereby present their Sixty-third Annual Report on the business and operations of the Company together with the Audited Statement of accounts for the year ended March 31,2002:-

	(Rs. Crores)	Previous Year (Rs. Crores)
FINANCIAL RESULTS		
Total Income	**1,516.05**	1,734.11
Profit before Depreciation	**348.02**	408.96
Less Depreciation	**133.21**	132.84
Profit before extraordinary items	**214.81**	276.12
Less extraordinary items -		
— Compensation paid under Employee Separtion Scheme	**14.75**	13.03
— Provision for contingencies	**—**	77.00
Profit before tax	**200.06**	186.09
Tax	**73.24**	21.14
Profit after tax	**126.82**	164.95
Add -		
Balance in Profit and Loss Account	**349.03**	220.11
Contingencies Reserve no longer required	**—**	80.00
Amount available for Appropriation	**475.85**	465.06
Appropriations -		
(a) Interim Dividend	**90.32**	**—**
(b) Final Dividend	**—**	90.32
(c) Tax on Dividend	**—**	9.21
(d) General Reserve	**85.00**	16.50
(e) Balance Carried forward	**300.53**	349.03
	475.85	465.06

DIVIDEND

For the year under review, the Directors have declared an interim dividend of Rs.5/- per share (previous year final dividend – Rs.5/- per share), on the Ordinary shares of the Company, aggregating Rs.90.32 crores. The Directors do not recommend any final dividend.

MITHAPUR OPERATIONS

As already reported in last year's Annual Report , the major fire which broke out on March 2, 2001 in the Turbine House of the Chemical Plant at Mithapur, seriously impacted the steam and power generation facility. Despite the damage to power generation capacity, power supply was progressively restored in the plant and soda ash production was back to normalcy in August 2001.

Rehabilitation and replacement of the equipment was a major task, involving complete renewal of buildings, substations, cabling and control systems, without any accident. Expeditious steps were taken to relocate and refurbish the entire electrical distribution network.

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The Company has so far received a sum of Rs.75 crores from the insurance company against the claim for material damage and loss of profit . The final settlement of both the claims is pending.

Product wise performance is given below:

Soda Ash

Soda Ash production at 5,86,700 tonnes was 15% lower than the previous year, mainly because of restricted availability of steam and power, due to the fire in the Turbine House. Dense Ash production at 1,50,714 tonnes was marginally lower by 3.1% than the previous year. Despite lower production rates, care was taken to sustain the improved efficiencies which had been achieved during the previous year.

Exports contributed 4% to the Soda Ash turnover during the year.

Sodium Bicarbonate

The total production of Sodium Bicarbonate was 40,083 tonnes which was higher by 8% over the previous year.

Salt

Total production of all varieties of Vacuum evaporated salt was 3,62,097 tonnes which was marginally lower by 2.53% over the previous year. The plants resumed normal production after restoration of power and steam availability. The total production of Solar Salt for the year at 7,33,554 tonnes was lower by 32% over the previous year.

The distribution network was restructured by the appointment of new packing/ C & F agents. An innovative advertising campaign was launched to reinforce the branding of Tata salt as a market leader in the premium segment.

Marine Chemicals

The total production of Liquid Bromine was 750 tonnes which was considerably higher by 47% over the previous year.

Chlor-Caustic

The total production of Caustic Soda at 3,139 tonnes was lower by 67% over the previous year, as the plant resumed operations only by December 2001 , due to limited power availability. Similarly, the production of Liquid Chlorine at 1,178 tonnes, was lower by 59% and Hydrochloric Acid production at 3,667 was lower by 74% and Sodium Hypochloride at 556 tonnes was lower by 67%.

Cement

Production of Clinker and Cement were also significantly affected due to the fire. The cement plant remained closed from March 2, 2001 to May 15, 2001, due to non-availability of power. Production of Cement at 2,29,839 tonnes and Clinker at 2,35,233 tonnes were lower by 33% and 38% respectively.

The sales and marketing operations which were hitherto handled by ACC Ltd., were taken over smoothly by the Company from December 2001.

BABRALA OPERATIONS

Steady performance of the Fertiliser Plant, despite restrictions on gas supply, resulted in a production of 8,53,547 tonnes. Energy consumption remained the lowest among the urea fertiliser units in the country. The Division is benchmarking against world class Safety , Health, Environment Standards and has registered itself with British Safety Council. The Division has won the Environment Protection Award of the Fertiliser Association of India.

Urea continues to be under the Retention Pricing Scheme of the Government which provides for fixed returns on capital employed. While the Government of India has announced the adoption of Pricing Policy for the 7th and 8th Pricing Period commencing from July 01,1997, details of the policy are yet to be notified and its implications ascertained. But in the meantime, Government revised the energy consumption norms which had a negative impact on the Retention Price.

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Tata Chemicals Limited

SALE OF DETERGENT DIVISION

Pursuant to the approval of the shareholders at the last Annual General meeting, the Company disposed off the assets of the Detergent division at Pithampur and realised a sum of Rs 3.75 crores.

SAFETY, HEALTH AND ENVIRONMENT MEASURES

A major drive was undertaken for improving the safety standards at Mithapur and Babrala. The chemicals plant at Mithapur has bagged 'Certificate of Honour and Salt Works has a 'Certificate of Merit' from Gujarat State Safety Council. ISO 14001 has been awarded to Mithapur Township and this is the first time that an industrial township has been conferred with such a certificate. The Fertiliser Plant at Babrala had an Accident Free year and is ISO 14001 and OHSAS –18001 certified.

The Company is embarking on new initiatives to continuously upgrade Safety, Health and Environment standards by benchmarking against best practices.

STRATEGIC INITIATIVES

The Company is pursuing a number of initiatives to consolidate and drive growth in its core businesses. These initiatives aim to build on the organisation's inherent manufacturing strengths to drive sustainable and profitable growth and become globally competitive. They include restructuring the marketing function and becoming more customer focused and improving operational efficiencies by aggressively cutting costs and streamlining Supply Chain Management.

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CORPORATE AFFAIRS

Finance

During the year under review, the Company redeemed Non Convertible Debentures aggregating Rs.118.29 crores and repaid long term Rupee Loans from Banks and Financial Institutions aggregating Rs.44.91 crores. In addition there was a net reduction of Rs.85.44 crores in short term borrowings. This outgo of funds aggregating to Rs.248.64 crores was partially financed by availing Rupee Term loans of Rs. 150 crores from banks at lower cost and an interest free loan of Rs.12.95 crores from Pradeshya Industrial Investment Corporation of U.P. (PICUP).

As a result of continuing efforts to economise on working capital requirements, the Company was able to effect a reduction in Net Current Assets by Rs.58 crores during the year.

The cumulative impact of the measures to reduce borrowings over the past two years coupled with the reduction in interest rates resulted in savings in interest cost of Rs.56 crores over the previous year.

Human Resource Development

As a part of the organisation building exercise, initiatives are being taken in the areas of Leadership Development and Succession Planning. This is being done through a combination of job enrichment, job rotation and a selective infusion of external talent. The Performance Management System of the Company utilises a tool known as the Balanced Scorecard to monitor organisational performance. This has been linked to performance pay and has now been implemented for all management staff in the Company. Many initiatives have been taken in the area of training and learning across the Company.

Industrial Relations

The relationship with the recognised unions has remained cordial and the next long term settlement is under discussion.

Rural development and social welfare

The Company's rural development activities have concentrated on three main areas — agricultural development, watershed development and women's programmes. These include crop demonstrations, hybrid seed distribution, land reclamation, water harvesting structures and formation and nurturing of women's self help groups. The Company treats community development as a part of its business practice, and the approach is always participatory in nature.

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