

TATA CHEMICALS

Annual Report 2013-14

PASSION PARTNERSHIP PROGRESS

A journey of 75 years & beyond



TATA
TATA CHEMICALS

75
YEARS
SERVING SOCIETY
THROUGH SCIENCE

AGM

Thursday, 21st August, 2014
Time: 3:00 p.m.

Venue

Birla Matushri Sabhagar, 19,
Sir Vithaldas Thackersey Marg,
Mumbai – 400 020.

Book closure dates

12th August, 2014 to
21st August, 2014

Contents

02 CORPORATE OVERVIEW

- 02** Tata Chemicals at a Glance
- 04** Key Milestones
- 06** The Formative Years (1939-1953)
- 08** Expansion & Consolidation (1954-1968)
- 10** Building Social Capital (1969-1983)
- 12** Expanding Verticals (1984-1998)
- 14** Growth & Globalisation (1999-2013)
- 16** Forging Ahead (2014 & beyond)
- 20** Board of Directors
- 21** Senior Management
- 22** Financial Highlights
- 24** Awards and Accolades

25 STATUTORY REPORTS

- 25** Notice
- 42** Directors' Report
- 55** Management Discussion and Analysis
- 72** Corporate Governance Report
- 86** Business Responsibility Report - Summary

87 FINANCIAL STATEMENTS

Standalone Financial Statements

- 87** Independent Auditors' Report
- 90** Balance Sheet
- 91** Statement of Profit and Loss
- 92** Cash Flow Statement
- 94** Notes forming part of the Financial Statements
- 126** Summary of Financial Information of Subsidiary Companies

Consolidated Financial Statements

- 128** Independent Auditors' Report
- 130** Consolidated Balance Sheet
- 131** Consolidated Statement of Profit and Loss
- 132** Consolidated Cash Flow Statement
- 134** Notes forming part of the Consolidated Financial Statements
- 163** Financial Statistics
Proxy/Attendance Slip

Being around for 75 years means one has seen a lot.
A lot of change. However, as they say, the more things
change, the more they remain the same.

So what remains unchanged at Tata Chemicals.

For one, we continue to play a catalytic role in the growth of Indian industry, as we did since our inception. We remain partners in the progress of India and increasingly around the world, as we have done since 1939, consistently aiding and facilitating the nation's industrial transformation.

We remain true to our core as an organisation that leverages the power of science to improve lives. We will keep making pioneering products available to our customers and consumers, that ensures multiple socio-economic benefits.

Yet, some things are changing.

We are now even more passionate about providing products and

solutions to fuel the next level of growth for a more aspirational, brand-conscious and global consumer. While we continue to be a responsible corporate citizen, we will increasingly be playing a greater role in the farm, health and nutrition space.

In so doing, we are inspired by our glorious past and the exciting promise of the future.

4,566
EMPLOYEES
GLOBALLY

COMMUNITY
REACH

3+ lakh
people

10+ crore
NO. OF
HOUSEHOLDS
REACHED

NO. OF
FARMERS
REACHED
2+ crore



Tata Chemicals at a Glance

Brand Portfolio

Tata Chemicals Limited is a global organisation with interests in businesses that focus on Living, Industry and Farm Essentials. In FY 2013-14, Tata Chemicals earned consolidated revenues of nearly ₹ 16,000 crore.

Our Living Essentials portfolio has positively impacted the lives of millions of Indians. Tata Chemicals is the pioneer and market leader in India's branded iodised salt segment. Through our innovative, low-cost, nanotechnology-based water purifier, Tata Swach, we provide affordable, safe drinking water to the masses.

We are the world's second largest producer of soda ash with manufacturing facilities across Asia, Europe, Africa and North America. Our Industry Essentials product range provides key ingredients to some of the world's largest manufacturers of glass, detergents and other industrial products.

Our Farm Essentials portfolio has enabled us to become a leading crop nutrients provider. We are a leading manufacturer of urea and phosphatic fertilisers and through our subsidiary, Rallis and Metahelix, we have a strong position in the crop protection, high quality seeds and agri-solution businesses.

LIVING ESSENTIALS



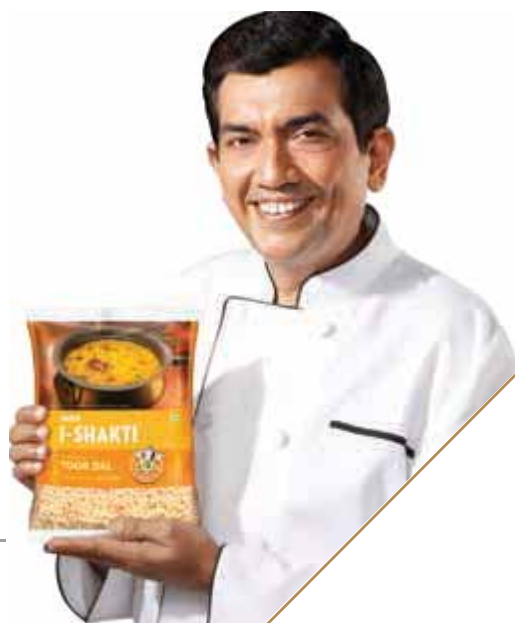
i-Shakti salt



Tata Salt and Flavoritz



i-Shakti pulses, cooking soda and besan



INDUSTRY ESSENTIALS



Cement



Soda ash

Sodium bicarbonate



Tata Swach



FARM ESSENTIALS



Tata Paras



Insecticides



Fungicides



Herbicides



PGN



TKS Crop protection



Key Milestones



Plant view from Salt Works



RCC Silos Soda Ash storage

1939

- Tata Chemicals Limited incorporated on January 23
- Listed on the Bombay Stock Exchange

1952-53

- Soda ash capacity increases from 50 to 100 tonnes per day

1957

- Major expansion programme launched to increase capacity of products

1974

- Tata Energy Research Institute (TERI) set up

1944

- Soda ash production starts in February

1955-56

- Declared dividend for the first time on ordinary shares

1962-64

- Soda ash capacity touches 400 tonnes per day

1980

- Tata Chemicals Society of Rural Development (TCSR) established

Aerial view of Warehouse (Central Maintenance Shop)



Construction of Cooling Towers



Babrala Fertiliser Plant

Tata Salt first pack



i-Shakti dal

**1983**

- Tata Salt, India's first iodised, vacuum-evaporated, branded salt launched

1994

- Fertiliser plant at Babrala commissioned in 36 months, a world record

2005-08

- Acquires stake in Indo Maroc Phosphore SA (IMACID) – the first step towards internationalisation
- Acquires UK-based Brunner Mond Group (now known as Tata Chemicals Europe), including Magadi Soda Company (now known as Tata Chemicals Magadi), Kenya
- Acquires US-based General Chemical Industrial Products (now known as Tata Chemicals North America)

2010-11

- i-Shakti dals (pulses) launched
- Tata Salt Plus and Flavoritz launched
- Metahelix becomes a part of the Tata Chemicals family
- Acquires 100% stake in British Salt, UK

1992-93

- Tata Shudh detergent launched
- New cement plant started in Mithapur to convert waste into wealth

2003-04

- Tata Salt ranked No. 1 Food brand in Brand Equity Survey of India's most trusted brands
- Merger of Hind Lever Chemicals Limited (HLCL) with Tata Chemicals
- Innovation Centre in Pune set up

2009

- Tata Swach Nanotech water purifier launched
- Rallis India Limited becomes a subsidiary

2014

- Tata Chemicals completes 75 glorious years

Construction of cement plant



Iodised salt pack advertisement



Tata Swach

1939

1953

THE FORMATIVE YEARS

"Of all the companies with which I have been concerned, none has had to overcome so many difficulties compounded with bad luck, as has been the lot of Tata Chemicals."

– J.R.D. Tata

The story of Tata Chemicals is that of men and women who had the passion and the nerve to take challenges head on so that India could have a self-reliant chemical industry of its own. At a time when infrastructure bottlenecks plagued entrepreneurs, a chemical engineer from the University of Manchester, Kapilram Vakil, began the 'Okha Salt Works' in present day Mithapur, 13 km from the holy city of Dwarka. The Okha Salt Works was the first such plant in India to be planned on a scientific basis.

Tata Chemicals' growth has been an integral part of India's industrialisation story.

Our journey began in pre-independence India. We have, since then, progressed with the country while we have continued to create and develop a profitable and sustainable business model.

The seeds of growth were sown at a small salt factory in the semi-arid deserts and salt pans of western Gujarat. It has been a learning and enriching experience – to follow a passion and build a company which has enterprise, technology and innovation at its forefront.



Later, at the request of the then Maharaja of Baroda, Sayaji Rao Gaikwad, in whose area the plant was, the Tatas readily agreed to support and sustain the efforts of Kapilram and took an informed decision to establish Tata Chemicals Limited.

Untrained staff, a closely guarded technology and competition from the UK-based Imperial Chemical Industries



were some of the challenges we encountered.

That was in 1939. Something else happened that year: the outbreak of World War II, which further added to the challenging atmosphere in the country. It took the Company some time to stabilise production even after the end of the War.

Five years later, we were given the rights to manufacture salt and marine minerals by the state of Baroda and were also allowed to use limestone and other raw materials needed for soda ash manufacturing. Following this, we set



up the soda ash production plant, which has gone on to make its mark as a major growth driver in our business today.

We declared our first dividend on ordinary shares, 16 years since starting operations. However, we did not just grow our business; we also built hospitals and medical facilities for our employees and helped local communities to improve their standard of living.

We began with passion to create value and partnered the nation in its industrial and economic growth trajectory.



1954

**EXPANSION &
CONSOLIDATION**

1968

We saw our soda ash capacity expand from 100 tonnes per day in 1953 to 400 tonnes per day in 1964.

This was no mean achievement. This growth was crafted through years of hard work, expertise, innovation and a passion for creation by a dedicated and disciplined workforce.

In these intermittent years we innovated with new products:

1956: Technical grade benzene hexachloride (a pesticide)

1957: Ethylene dibromide and copper oxychloride (an insecticide)

Our continuous capacity expansion has allowed us to emerge as one of the industry leaders in the country.

Increased production capacity, the introduction of new and innovative products, technological advancement and a dedicated workforce were the pillars on which we grew the Company.

These were years of growth and consolidation. We improved our production process and refined our technological expertise as our businesses delivered industry-leading performances.

