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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*)

**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.

Visit us at: www.tatachemicals.net

Bankers :

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

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. Rajji 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).

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.

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. Rajji 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. Metallurgy from Calcutta University and Ph.D. in Metallurgy 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.

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	<ul style="list-style-type: none"> • The Arvind Mills Limited • Birla VXL Limited • J.K. Industries Limited • Arvind Products Limited • Atul Limited 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

	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.- <ul style="list-style-type: none"> • 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.- <ul style="list-style-type: none"> • Audit Committee • Remuneration Committee 4. Tata Engineering & Locomotive Co. Ltd. Shareholders'/ Investors' Grievance Committee 5. Castrol India Ltd.- <ul style="list-style-type: none"> • Audit Committee • Remuneration Committee 6. Tata Tele services Ltd.- <ul style="list-style-type: none"> • Remuneration Committee 	1. Tata Yodogawa Ltd. <ul style="list-style-type: none"> • Remuneration Committee • Share Transfer Committee 2. Tata Metalliks Limited Remuneration Committee 3. Tata Refractories Limited Remuneration Committee 4. Timken India Limited <ul style="list-style-type: none"> • Audit Committee • Shareholders'/ Investors' Relations & Grievance Committee 5. Jamshedpur Injection Powder Ltd. Share Allotment Committee

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 Separation 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. Expedient steps were taken to relocate and refurbish the entire electrical distribution network.

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.

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.

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.

Tata Business Excellence Model (TBEM)

TBEM, based on Malcom Balridge Model, is a key change driver for the companies in the Tata Group. The Company has started implementing an action plan for TBEM, which will enable it to adopt world class business processes in all its functional areas.

Buy back of shares of the Company

The Board of Directors in January 2002 conveyed its approval for buy back of Ordinary shares of the Company upto a maximum of 10% of the paid up share capital and free reserves at a price not exceeding Rs.60/- per share through the stock market route. This approval is valid for a period of one year from the date of approval and the Company has not yet commenced the buy back operations.

Directors

Dr. T. Mukherjee was appointed as Additional Director by the Board of Directors of the Company with effect from March 4, 2002. He holds office till the ensuing Annual General Meeting and being eligible offers himself for appointment as a Director.

Dr. P.K.Basu, was appointed by IDBI as a Nominee Director on the Board in place of Mr.S.Srinivasan, with effect from April 10, 2002. The Directors welcomed the appointment of Dr. P.K.Basu and placed on record appreciation of the services rendered by Mr.S.Srinivasan during his tenure with the Company.

In accordance with the requirements of the Companies Act 1956, and the Company's Articles of Association, Dr. D.V. Kapur, Mr. A.N.Lalbhai and Mr.R.Gopalakrishan, Directors of the Company are due for retirement by rotation and are eligible for re-appointment.

Corporate Governance

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding Compliance of the same are made a part of this Annual Report.

PARTICULARS OF EMPLOYEES

The information as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended is annexed hereto as Annexure 'B' and forms part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto as Annexure 'A' and forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that-

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz., March 31, 2002 and of the profit of the Company for the year ended on that date;
- iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis.

Tata Chemicals Limited

AUDITORS' REPORT

The note 12 to the accounts referred to by the auditors in para 4(e) of their Report relating to the Retention Price for Urea as in the earlier years is self explanatory and does not call for any further explanation.

The auditors have made observations in the annexure to their report on valuation and physical verification of cyclone / rain- damaged stocks. As reported in earlier years , certain stock of soda Ash and Sodium Bicarbonate were damaged due to the unprecedented cyclone and heavy rainfall in June 1998. This stock is spread over a vast area in the Plant and physical verification thereof involves considerable re-location and unreasonably high expense compared to the realisable value.

The damaged material is being gradually reprocessed and the Company is also making efforts for it's sale on " as is " basis.

Provisions made in the accounts for possible diminution in value of these materials is considered adequate.

AUDITORS

The shareholders are requested to appoint Auditors for the current year as detailed in the requisite Resolution and the relative Explanatory Statement. Messrs S.B. Billimoria & Company and Messrs N.M. Rajji & Company, the existing Auditors, have, under Section 224(1B) of the Companies Act, 1956, furnished certificates of their eligibility for the appointment. The appointment, if approved, will have to be made by a Special Resolution as required by Section 224A of the Companies Act, 1956.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation of the Financial Institutions, Banks, Central and State Governments for their continued cooperation and support to the Company, and the Company's Unions and the staff for their unstinting cooperation.

On behalf of the Board of Directors

Mumbai, May 31, 2002

R.N. TATA
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Annexure 'A'

(UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956)

Disclosures

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken

- Commissioning of Extraction - Condensing turbine for improved steam utilisation
- Double entry cooling water system at Soda Ash plant
- Piping modifications in Air compressors
- Third party energy audit for Power generation units in Captive Power plant and Steam-Power consumption at Soda Ash plant
- Optimisation of plant parameters
- Hollow blades for Cooling Tower Fans

(b) Additional investments and proposals, if any, being implemented for reduction of energy consumption

- Automation at Kilns and Carbonating towers in the Soda Ash plant
- High Efficiency air blowers in Kilns
- Dump condenser to improve the steam power balancing
- 120 to 50 psig steam flash tank enhancement
- Additional economiser tubes in CEHP Boiler
- New Ejectors at Brine Evaporators
- New Bucket Elevator in Dense Ash Plant
- Steam Tube Drier condensate vessel orientation change
- Boiler air preheater tube replacement
- Inter-connection of boiler feed water header for high pressure boilers
- Improvement of boiler furnace controls
- Replacement of boiler fans' rotating assemblies for higher efficiency
- De-superheaters in 120 and 50 psig steam lines to Caustic Soda evaporators
- Inter-connection of main sea water headers

(c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of Production

- Improved steam power balance and flexibility in operation
- Reduction in pressure drop at the compressors
- Enhanced cooling water availability for the plant leading to improved efficiencies
- Improvement in steam consumption and reliability of the equipment at old Make-up Water Plant
- Reduced energy consumption at Steam Tube Drier due to improved draining of the condensate vessel
- Improved cooling at the carbonating towers leading to lower raw material and energy consumption and higher Soda Ash production
- Reduced energy consumption at Boilers' auxiliaries
- Reduced energy consumption at Caustic Soda Evaporator
- Use of one Gas Turbine (instead of two on sharing load), results in reduction of specific energy consumption

Tata Chemicals Limited
(d) Total Energy consumption per unit of production as per Form A:
Form A

Captive Steam Power plant at Mithapur is based on "Total Energy" concept, co-generating Steam and Power and therefore the cost of steam and power is shown as a composite number in the following calculation.

POWER AND FUEL CONSUMPTION

	Current year 2001-2002	Previous year 2000-2001
1 ELECTRICITY		
(a) Purchased		
Units (Mwh)	1,70,494	8,659
Total Amount (Rs. Crores)	86.86	7.86
Avg. Rate (Rs./Mwh)	7,530.36	9,073.16
(b) Own Generation		
(i) Through Diesel Generators (Mwh)	26,213	—
(ii) Through Steam Turbine/Generator		
Unit (Mwh)	2,10,458	3,59,333
Steam produced (Tonnes)	29,43,654	37,83,852
Total Value of Electricity and Steam produced (Rs. Crores)	223.53	152.53
(iii) Through Gas Turbine		
Units produced (MWh)	1,38,589	1,47,962
Steam produced (Tonnes)	11,82,208	11,58,027
Total Value of Electricity and Steam produced (Rs. Crores)	62.83	104.24
2 Coal (specify quality and where used)		
Mostly imported coal received from various sources and "A" grade Lignite are used in the boilers		
Quantity (Tonnes)	4,09,742	6,13,184
Total Cost (Rs. Crores)	100.98	116.03
Average Rate (Rs./Tonne)	2,464.54	1,892.27
3 Natural Gas		
Purchased (SCM)	21,03,79,479	19,36,82,329
Total Cost (Rs. Crores)	85.88	80.00
Average Cost (Rs./SCM)	4.08	4.13
4 Naphtha		
Purchased (KL)	4,703	56,711
Total Cost (Rs. Crores)	4.85	59.38
Average Cost (Rs./KL)	10,305.22	10,470.85

CONSUMPTION PER UNIT OF PRODUCTION

Products	ELECTRICITY (Kwh/MT)		STEAM (MT/MT)	
	2001-2002	2000-2001	2001-2002	2000-2001
Soda Ash	135.83	145.78	3.23	3.35
Sodium Bicarbonate	97.50	110.34	1.04	1.03
Caustic Soda	2,742.86	2,869.34	2.32	2.03
Vacuum Evaporated Salt	63.44	71.38	1.58	2.02
Cement	136.38	144.44	—	—
Urea	70.00	71.00	1.22	1.12
Ammonia	161.00	166.00	0.29	0.32

B. TECHNOLOGY ABSORPTION

Form B

Research and Development (R & D)

1 **Specific areas in which R&D is carried out by the Company :**

- Energy conservation
- Improvement in Raw Material consumption efficiencies
- Waste materials utilisation
- Water conservation
- Product quality improvement

2 **Benefits derived as a result of above R & D**

- Improved raw material and energy consumptions
- Waste reduction
- Better quality products

3 **Future plan of action**

Continued R & D efforts to attain objectives of cost reduction, energy conservation, waste utilisation, value addition, environmental improvement and efficient management of water.

4 **Expenditure on R & D**

	Current year 2001-2002 (Rs. Crores)	Previous year 2000-2001 (Rs. Crores)
(a) Capital	—	0.06
(b) Recurring	2.08	2.21
(C) Total	2.08	2.27
(d) Total R & D expenditure as a percentage of total turnover	0.15 %	0.15 %

Technology Absorption, Adaptation, & Innovation

1 Efforts in brief made towards Technology Absorption, Adaptation and innovation

- New Microprocessor based governing system for high pressure turbine
- New vibration monitoring system for turbines
- All boiler and turbine controls implemented through Distributed System

2 Benefits derived as a result of the above efforts

- Improved cooling at the Soda Ash plant resulting in better operating efficiencies
- Improvement in the reliability of the boiler and turbine control systems

Tata Chemicals Limited

3	Imported Technology	
(a)	Technology imported	New microprocessor based control system for the High pressure turbine
(b)	Year of Import	2001-02
(c)	Has technology been fully absorbed?	Yes
(d)	If not fully absorbed, reasons and future course of action	N A

C. FOREIGN EXCHANGE EARNINGS AND OUTGO	Current year 2001-02 (Rs. Crores)	Previous year 2000-01 (Rs. Crores)
1 Foreign exchange earned		
Export of goods on FOB basis	20.75	22.10
2 Outgo of foreign exchange		
Value of imports (CIF)		
(a) Raw materials and fuels	65.55	81.53
(b) Stores, components and spares	11.72	4.95
(c) Capital goods	—	0.11
3 Expenditure in foreign currencies	13.81	1.45
4 Remittance of Dividend - Gross	0.45	0.45

ANNEXURE 'B'

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, forming part of the Directors' Report for the year ended 31, March, 2002.

Name	Gross Remuneration Rs.	Net Remuneration Rs.	Designation & Nature of Duties	Qualification	Experience (Years)	Date of Commencement of Employment	Age	Particulars of last Employment Employer, last post held and period for which post held
1	2	3	4	5	6	7	8	9
Mr. Prasad R. Menon	38,10,444	19,09,648	Managing Director	B.E. (Chem) IIT Kharagpur	32	04/10/2000	56	Nagarjuna Fertilizer and Chemicals Ltd. Technical Director and Agri Business Sector Chief — Nagarjuna Group-11 years.
Mr. Sunil Wadhwa*	12,15,851	6,68,073	Chief Financial Officer & Co. Sec.	B.Com., FCA, ACS	19	31/07/01	42	Sr. V. P. Finance & Secretary Hi-Tech Drilling Services India Ltd — 15 years

*indicates earnings for part of the year.

- NOTE: (1) "Gross Remuneration" includes salary, allowances and commission received during the year, Company's contribution to Provident Fund and taxable value of perquisites wherever applicable.
 (2) "Net remuneration" is arrived at by deduction from the gross remuneration, Income tax, Profession tax, Company's contribution to Provident Fund and the monetary value of non-cash perquisites.
 (3) All the employees have adequate experience to discharge the responsibilities assigned to them.
 (4) Nature of Employment with the Managing Director is contractual.
 (5) No employee is a relative of any director of the Company.

On behalf of the Board of Directors

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Tata Chemicals Limited (TCL) is one of India's leading manufacturers of inorganic chemicals and fertilisers. The inorganic chemical complex in Mithapur in Gujarat is India's largest and most integrated plant. The main products manufactured here are soda ash, a basic industrial heavy chemical used by a large number of downstream industries and branded edible salt which is a leading national brand namely 'TATA SALT'.

The Company's fertiliser complex at Babrala, in Uttar Pradesh is the most energy efficient urea plant in the country. It is situated in the heart of India's agricultural states and plays a major role in sustaining agricultural productivity.

Inorganic Chemicals Business:

The largest contributors to this business are Soda ash and Salt. The year 2001-02 for TCL began with major efforts going into restoration of the turbine house which was damaged by the fire that occurred in March 2001 at Mithapur. While the restoration work was in progress generator sets were pressed into service and power was also drawn from the State grid for early restoration of production. An electrical substation was constructed within a record time of three months and the entire restoration work of the Turbine House was completed by the end of January 2002.

Soda Ash

The soda ash manufacturing facility at Mithapur is the largest in the country. The Company manufactures multiple variants of soda ash – *light, medium, dense, granular* – to cater to different sectors for which it serves as raw material, such as detergents, glass, chemicals, silicates etc., The largest consumer is the detergent industry which accounts for 42% of sales, followed by the glass industry which consumes about 23%.

During the year ended March 2002, the Company's exports accounted for about one third of the total exports of soda ash from India.

The demand for soda ash grew at an annual rate of 4.6% in the financial year 2001-02, as against 5.3% in the previous year. The drop in the rate of growth in demand is the result of a lower growth in the Detergent sector.

Against an installed capacity of 8,75,000 tonnes per annum the overall soda ash production for the year under review was 5,86,700 tonnes - 15% lower than the previous year mainly on account of restricted availability of power and steam. The consumption of raw materials per tonne of soda ash declined due to improved efficiencies.

During the year under review, dense ash production at 1,50,714 tonnes was marginally lower by 3.1% than the previous year. However, despatches increased by 2.5% on account of increase in demand.

The soda ash industry is faced with a situation of over capacity with utilisation levels of about 78%. However, due to captive access to critical inputs for this product, improved efficiencies, steady growth in demand for the product and the various initiatives undertaken, the Company is confident that it will sustain leadership position in the market.

Salt

The Company is a leading producer of industrial and edible salt in the country. TCL has one of the largest solar salt works spread over an area of about 36000 acres. The salt works is capable of producing around 20% of total salt production in India. As a leader in the manufacture of salt, TCL is fully equipped to manufacture and supply varieties of salt such as Industrial Solar salt, Vacuum Evaporated Iodised Salt etc.

TCL is the pioneer in the branded edible salt segment in the country with a market share of 38% for its brand 'TATA SALT'.

Total production of all varieties of Vacuum evaporated salt was 3,62,097 tonnes, marginally lower by 2.53% than the previous year. In spite of major constraints, a record production of 1,803 tonnes of vacuum salt was achieved on a single day and record sales of 45,828 tonnes was achieved in February 2002.

Tata Chemicals Limited

With the objective of offering an alternative to the price-conscious housewife, a second brand of salt, under the name "SAMUNDER" was test marketed by TCL which proved successful and the brand is now set for a statewide launch in Tamil Nadu.

With the aggressive launch of new brands, the branded salt market is likely to witness stiffer competition. With its restructured distribution network and well established brand 'TATA SALT', coupled with an aggressive promotion and advertisement strategy, TCL is confident of maintaining its market share and leadership position.

The performance of other products manufactured at Mithapur are as under :-

Sodium Bicarbonate

The total production of Sodium Bicarbonate for the year at 40,083 tonnes was higher by 8% over the previous year. However the total despatches during the year were higher by 12% at 41,492 tonnes mainly on account of an increase of 34% in exports.

Marine Chemicals

The total production of liquid bromine was 750 tonnes, which was higher by 47% than the previous year despite constraint of non-availability of captively produced liquid chlorine.

Chlor-caustic

This plant remained non-operational for a period of nine months. The production of caustic soda at 3,139 tonnes was lower by 67% over the previous year. Similarly the production of liquid chlorine at 1,178 tonnes and hydrochloric acid at 3,667 tonnes were 59% and 74% respectively over the previous year. Production of Sodium Hypochloride was restricted to 556 tonnes – lower by 67% over the previous year.

Cement

The total production of Clinker at 2.35 lac tonnes was lower by 38% over the previous year. The production of Cement at 2.29 lac tonnes was lower by 33% over the previous year. After stabilisation of operations, a daily record in clinker grinding of 1,825 tonnes was achieved.

Gypsum

The total production of Gypsum for the year was 30,515 tonnes - 8% higher than the previous year.

Fertiliser Business

Urea continues to be under the Retention Pricing Scheme of the Government which provides for fixed returns on capital employed. Downward revision in the energy consumption norms and upward reassessment of plant capacities and consequent reduction in the Retention Price coupled with restrictions on production have affected the profitability of the industry in the current year.

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 and its implications are yet to be notified and ascertained.

The Complex has "state of the art" technology and is considered to be among the most technologically advanced plants in the country. It continues to achieve high efficiency levels in terms of energy consumption. The Company produced 8,53,547 tonnes of Urea during the year 2001-02. Both production and sales continued to be affected due to restrictions on capacity utilisation as well as allocation under Essential Commodities Act.

The Government is expected to finalise a long term fertiliser policy during the current year and it is hoped that this will encourage the growth of the Fertiliser industry. High inventory levels within the industry coupled with accumulation of foodgrains stocks in the country are areas of concern, and could impact the consumption of Urea in the short term. With its established efficiency levels in terms of energy consumption as well as its brand image, the Company is in a position to meet the challenges of progressive liberalisation as and when announced by the Government.

Outlook for Tata Chemicals

The Soda Ash industry has been witnessing low capacity utilisation levels mainly on account of excess capacity in the industry. TCL is laying increased focus on exports as also strengthening its domestic marketing set up to face the challenges.

An Operational Efficiency Programme named, Project Manthan has been implemented with the assistance and expertise of McKinsey & Co. at Mithapur. The initial focus will be on four areas viz., purchasing, marketing, manufacturing and supply chain. It is expected that Project Manthan would result in significant cost savings and will help the Company in achieving its mission of attaining unassailable cost levels towards becoming globally competitive.

The year 2001-02 saw new launches in the branded salt market and it is expected that the competition would further stiffen in the years to come. To deal with this market scenario, TCL has restructured its salt distribution network with requisite back office support. The branded salt industry is expected to grow at an average annual rate of 7%.

The Urea industry continues to face uncertain Government policies, but the new policy is likely to be in place during the coming year. The Company's farmers service centers Tata Kisan Kendras, will continue to help strengthen its market base.

Adequacy of Internal Controls

TCL has a proper, strong, independent and adequate system of internal controls to ensure that all the assets are safeguarded, protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

The efficiency and effectiveness of the Company's internal control system is guaranteed by the fact that the Company has in place, SAP/R3, an ERP System which provides for checks and balances and improvements in controls are regularly made.

The internal control systems are also designed to ensure that the financial and other records are reliable, for preparing financial statements and other data.

TCL has an Internal Audit department which conducts audit of various departments based on an annual audit plan and reports significant observations along with 'Action Taken Reports' to the Audit Committee from time to time. The views of the statutory auditors are also considered to ascertain the adequacy of the internal control system.

Financial Review

The core business areas viz. soda ash, salt and urea accounted for the bulk of the Company's revenues during the year. There was improvement in the operating profit over the preceding year which was supplemented by interest on tax refunds.

The Company's efforts in preceding years to restructure/roll over high cost debts have reduced the interest outgo for the year under review.

The long term debt rating for the Company was re-affirmed at AA by CRISIL which signifies high safety with regard to timely payment of interest and principal. The Company has a healthy debt equity ratio of 0.7:1 which further makes it possible to access borrowings at competitive interest rates.

The working capital requirements of the company are met by a consortium of six bankers. The Company raises short term debt in the form of Commercial Paper (CP) and also accepts Inter Corporate Deposits. The CP Programme of the Company has been given the highest credit rating of P1+ by CRISIL. The Company is increasingly tapping the low cost CP market.

The Company's Ordinary share capital stands at Rs.180.70 crores and there are no outstanding instruments which are convertible into equity at a later date.

Tata Chemicals Limited

The book value of the Company's share stands at Rs.84 as on March 31,2002. The market price ranged between Rs. 34/- and Rs. 48/-during the year. The book value per share of Rs.84 has been arrived at after making provision for deferred taxation of Rs.464.31 crores as required by Accounting Standard – 22.

Human Resource Development

Human Resources (HR) at TCL is drawn from diverse academic background and across the country. The Company has around 2,904 employees.

HR Policies have been comprehensively reviewed during the year. The focus on performance evaluation, performance-linked remuneration, training and succession planning has begun to yield results in terms of high levels of motivation.

Forward-Looking Statement – Cautionary Statement

Statement in this Management Discussion and Analysis report detailing the Company's objectives, projections about the future, estimates, expectations or predictions, including, but not limited to, statements about the Company's strategy for growth, product development, market position, and expenditures may be "forward-looking statements" within the meaning of applicable securities laws and regulations.

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, fixation of Retention Price by the Government in respect of Urea, changes in the Governmental regulations, tax regimes and such other factors.

The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis, of any subsequent developments, information or events.

SUMMARISED BALANCE SHEET AS AT 31 MARCH, 2002

	As at 31-3-2002 Rs. in crores	As at 31-3-2001 Rs. in crores
WHAT THE COMPANY OWNED:		
1. Fixed Assets		
Gross Block (Original cost including Capital Works-in-Progress)	2,859.89	2,812.38
Less: Depreciation	1,045.22	928.02
Net Block	1,814.67	1,884.36
2. Investments	555.68	428.22
3. Net Current Assets	678.32	737.03
4. Miscellaneous Expenditure	27.71	42.10
5. Total Assets (Net)	<u>3,076.38</u>	<u>3,091.71</u>
WHAT THE COMPANY OWED:		
1. Borrowings from Institutions, Banks and others	1,060.71	1,146.27
2. The Company's Net Worth (Shareholders' Equity)	1,551.36	1,945.44
Represented by		
i. Share Capital	Rs. 180.70 crores (Previous Year Rs. 180.70 crores)	
ii. Reserves	Rs. 1,370.66 crores (Previous Year Rs. 1,764.74 crores)	
3. Deferred Tax Liability (Net)	464.31	—
4. Total (Capital employed)	<u>3,076.38</u>	<u>3,091.71</u>
Debt/Equity Ratio	0.68:1	0.58:1

SUMMARISED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2002

	2001-02	2000-01
1. Income		
Sales and operating Income	1,433.85	1,493.15
Investment Income (Net)	34.73	231.97
Interest on refund of taxes	47.47	8.99
Total	<u>1,516.05</u>	<u>1,734.11</u>
2. Expenditure		
Raw materials, stores, wages and other expenses	1,058.08	1162.99
Depreciation	133.21	132.84
Interest (Net)	109.95	162.16
Total	<u>1,301.24</u>	<u>1,457.99</u>
3. Profit before Extraordinary Items	214.81	276.12
4. Extraordinary Items	14.75	90.03
5. Profit before taxes	200.06	186.09
6. Taxes	73.24	21.14
7. Profit after taxes	126.82	164.95
8. Balance Brought Forward	349.03	220.11
9. Contingencies Reserve no longer required	—	80.00
10. Amount available for Appropriations	<u>475.85</u>	<u>465.06</u>
11. Appropriations		
(a) Interim Dividend	90.32	—
(b) Proposed Dividend	—	90.32
(c) Tax on Dividend	—	9.21
(d) General Reserve	85.00	16.50
(e) Balance carried to Balance Sheet	300.53	349.03
Total	<u>475.85</u>	<u>465.06</u>
Ratios:		
Net Profit to Total Income	8.4%	9.5%
Return on Capital employed	10.1%	11.3%
Net Earnings per Ordinary Share	Rs. 7.02	Rs. 9.13

Tata Chemicals Limited

AUDITORS' REPORT**TO THE MEMBERS OF
TATA CHEMICALS LIMITED**

1. We have audited the attached Balance Sheet of TATA CHEMICALS LIMITED as at 31st March, 2002 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3, we report as follows:-
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - (e) reference is invited to Note 12 of the Balance Sheet and Profit and Loss Account regarding the following matters:
 - (i) revenue from sale of Urea is recognised from 1994-95 and onwards on the basis of the provisional Retention Price notified by the Government;
 - (ii) claims for escalation and input costs, interest subsidy and freight amounting to Rs.41.34 crores, net of settlements, are accounted pending final issuance of Government notification.

The consequential impact of (i) and (ii) above, on the Profit for the year and on the Reserves cannot be ascertained, on account of the uncertainties associated with the fixation of the final Retention Price.
 - (f) Subject to the matters reported in para (e) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002; and
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
 - (g) One of the directors, Mr. Arvind N. Lalbhai, had advised that in one of the companies in which he is a director, "the company has been legally advised that upon the Scheme of Arrangement with certain creditors of the company becoming effective with retrospective effect from the appointed date, viz. 1st April 2000, the defaults of the company in redemption of its debentures become remedied with effect from that date. Hence the disqualification under section 274(1)(g) will not also be applicable to the directors of the company with effect from the appointed date, viz. 1st April 2000".

Apart from the above, according to the information and explanations given to us and on the basis of written representations received from the directors, taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2002 from being appointed as director in terms of section 274(1)(g) of the Companies Act, 1956.

For S.B.BILLIMORIA & CO.
Chartered Accountants

For N. M. RAIJI & CO.
Chartered Accountants

N. VENKATRAM
Partner

A. R. GANDHI
Partner

Mumbai, 31st May, 2002

Tata Chemicals Limited

ANNEXURE TO THE AUDITORS' REPORT**Referred to in Paragraph 3 of our Report of even date.**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. According to the information and explanations given to us, the Company has formulated a regular programme of verification by which all the assets of the Company shall be verified over a period of four years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. To the best of our knowledge, no material discrepancies were noticed on verification conducted during the year as compared with the book records.
2. None of the fixed assets has been revalued during the year.
3. The Company has a perpetual inventory system in respect of stores and spare parts. Most of the items of finished goods and raw materials have been physically verified during the year by the Management. In our opinion, the frequency of verification of stocks is reasonable except for the cyclone/rain-damaged stocks, which have not been physically verified. In the case of stocks lying with third parties, certificates confirming stocks have been received in respect of a substantial portion of the stocks held.
4. The procedure of physical verification of stocks followed by the Management is generally reasonable and adequate in relation to the size of the Company and nature of its business but there is scope for improvement in this area.
5. The discrepancies noticed on verification between the physical stocks and the book records (except in respect of the stocks of materials affected on account of cyclone/rain which have not been physically verified) were not significant in relation to the size of the Company and the nature of its business and the same have been properly dealt with in the books of account. The Management has represented that the provision made for the loss, on an estimated basis, on account of stock of materials affected by cyclone/rain is adequate. However, we are unable to express an opinion on the extent of discrepancy, if any, between the physical stocks and the book records in respect of cyclone/rain affected stock, which have not been verified by the Management.
6. In our opinion, the valuation of the stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the previous year.
7. In our opinion, the rates of interest and the terms and conditions of loans taken by the Company from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, are *prima facie* not prejudicial to the interests of the Company. We are informed that there are no companies under the same Management as defined under sub-section (1B) of Section 370 of the said Act.
8. In our opinion, the rates of interest and the terms and conditions of loans granted by the Company to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, are *prima facie* not prejudicial to the interests of the Company. We are informed that there are no companies under the same Management as defined under sub-section (1B) of Section 370 of the said Act.
9. In respect of loans and advances in the nature of loans given by the Company, the principal amounts have generally been repaid as stipulated and payment of the interest, where stipulated, is also regular.
10. In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of stores, raw materials, plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices which are reasonable having regard

to prevailing market prices for such goods, materials or services, where such market prices are available with the Company or the prices at which transactions for similar goods, materials and services have been made with other parties.

12. As explained to us, the Company has a regular procedure for determination and write off of unserviceable or damaged stores and raw materials and adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap. According to the information and explanations given to us, the Company has no significant realisable by-products.
15. In our opinion, the Internal Audit System is generally commensurate with the size of the Company and the nature of its business.
16. The Central Government has prescribed under Section 209(1)(d) of the Companies Act, 1956, the maintenance of cost records in respect of Cement, Caustic Soda, Soda Ash, Methyl Bromine, Ammonia and Urea. We have broadly reviewed the books of account maintained and in our opinion, the prescribed accounts and records have *prima facie* been maintained by the Company.
17. According to the records of the Company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities and there are no arrears of Provident Fund dues as at 31st March 2002. The Company has obtained exemption from the provisions of the Employees' State Insurance Scheme for most of its Divisions and for others, regular payments are being made.
18. There were no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax, customs duty and excise duty for a period more than six months from the date they became payable.
19. According to the information and explanations given to us and the records examined by us, there are no personal expenses charged to revenue account other than payments made under service contract obligations with employees or in accordance with accepted business practices.
20. The Company is not a sick industrial company under the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For S.B.BILLIMORIA & CO.
Chartered Accountants

For N. M. RAIJI & CO.
Chartered Accountants

N. VENKATRAM
Partner

A. R. GANDHI
Partner

Mumbai, 31st May, 2002

Tata Chemicals Limited

BALANCE SHEET AS AT 31ST MARCH, 2002

	Schedule	Page	Rupees in Crores	Rupees in Crores	As at 31-Mar-01 Rupees in Crores
Sources of Funds					
1. SHARE CAPITAL	A	32		180.70	180.70
2. RESERVES AND SURPLUS	B	32		1,370.66	1,764.74
3. TOTAL SHAREHOLDERS' FUNDS				1,551.36	1,945.44
4. LOANS :-					
(a) SECURED	C	33	785.56		842.12
(b) UNSECURED	D	33	275.15		304.15
				1,060.71	1,146.27
5. DEFERRED TAX LIABILITY (NET)				464.31	—
(See note 5, page 46)					
6. TOTAL FUNDS EMPLOYED				3,076.38	3,091.71
Application of Funds					
7. FIXED ASSETS	E	35			
(a) Gross Block			2,826.42		2,765.99
(b) Less : Depreciation			1,045.22		928.02
(c) Net Block			1,781.20		1,837.97
(d) Capital Work-in-Progress			33.47		46.39
				1,814.67	1,884.36
8. INVESTMENTS	F	36		555.68	428.22
9. NET CURRENT ASSETS	G	41			
(a) Current Assets, Loans and Advances ..			1,094.63		1,155.82
(b) Less : Current Liabilities and Provisions			416.31		418.79
				678.32	737.03
10. MISCELLANEOUS EXPENDITURE	H	42		27.71	42.10
11. TOTAL ASSETS (Net)				3,076.38	3,091.71
(Contingent liabilities and Notes on page 43)					

As per our report attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

For N.M.Raiji & Co.
Chartered Accountants

N. VENKATRAM
Partner

A. R. GANDHI
Partner

Mumbai, 31st May, 2002

For and on behalf of the Board

R. N. TATA *Chairman*

R. GOPALAKRISHNAN *Vice-Chairman*

P. R. MENON *Managing Director*

S. WADHWA *Chief Financial Officer &
Company Secretary*

Mumbai, 31st May, 2002

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	Schedule	Page	Rupees in Crores	Rupees in Crores	Previous Year Rupees in Crores
Income					
1. SALES AND OPERATING INCOME	1	28	1,433.85		1,493.15
2. INVESTMENT INCOME (NET)	2	28	34.73		231.97
3. INTEREST ON REFUND OF TAXES			47.47		8.99
4. TOTAL INCOME				1,516.05	1,734.11
Expenses					
5. MANUFACTURING AND OTHER EXPENSES ..	3	29	1,058.37		1,164.31
6. INTEREST	4	30	109.95		162.16
			1,168.32		1,326.47
7. DEPRECIATION			133.21		132.84
			1,301.53		1,459.31
8. Less : EXPENDITURE TRANSFERRED TO CAPITAL ACCOUNT			0.29		1.32
9. TOTAL EXPENSES				1,301.24	1,457.99
Profit before Tax and Extraordinary Items					
				214.81	276.12
10. EMPLOYEE SEPARATION COMPENSATION ...			14.75		13.03
11. PROVISION FOR CONTINGENCIES			—		77.00
				14.75	90.03
Profit before Tax					
12. PROVISION FOR TAX				200.06	186.09
— CURRENT			39.50		21.14
— DEFERRED (See note 5, page 46)			33.74		—
				73.24	21.14
Profit after Tax					
				126.82	164.95
13. BALANCE BROUGHT FORWARD				349.03	220.11
14. CONTINGENCIES RESERVE NO LONGER REQUIRED				—	80.00
15. AMOUNT AVAILABLE FOR APPROPRIATIONS				475.85	465.06
16. APPROPRIATIONS :					
(a) Interim Dividend				90.32	—
(b) Proposed final dividend				—	90.32
(c) Tax on Dividend				—	9.21
(d) General Reserve				85.00	16.50
(e) Balance carried to Balance Sheet				300.53	349.03
				475.85	465.06

(Notes on page 43)

As per our report attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

For N.M.Raiji & Co.
Chartered Accountants

N. VENKATRAM
Partner
Mumbai, 31st May, 2002

A.R. GANDHI
Partner

For and on behalf of the Board

R. N. TATA Chairman

R. GOPALAKRISHNAN Vice-Chairman

P. R. MENON Managing Director

S. WADHWA Chief Financial Officer &
Company Secretary

Mumbai, 31st May, 2002

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Schedule 1 : Sales and Operating Income
(Item No. 1 , page 27)

	Rupees in crores	Rupees in crores	Previous Year Rupees in crores
1. Sales		1,387.10	1,470.00
2. Operating Income:			
(a) Town Income	0.86		0.89
(tax deducted at source Rs. 0.01 crore ; Previous Year Rs. 0.01 crore)			
(b) Miscellaneous Income	4.85		4.53
(c) Insurance Claims (See note 14 page 48)	41.04		17.73
		<u>46.75</u>	<u>23.15</u>
		<u><u>1,433.85</u></u>	<u><u>1,493.15</u></u>

Schedule 2 : Investment Income
(Item No. 2 , page 27)

	Rupees in crores	Rupees in crores	Previous Year Rupees in crores
1. Income from Long Term Investments (Gross)			
(a) Dividend on Trade Investments	12.65		8.33
(b) Profit on Sale of Investments	—		219.88
		<u>12.65</u>	<u>228.21</u>
2. Income from Current Investments (Gross)			
(a) Dividend Income	24.80		6.19
Less : Diminution in Carrying amount of Investments	<u>(5.70)</u>		<u>(1.52)</u>
	19.10		4.67
(b) Profit/(Loss) on Sale of Investments-net	<u>2.98</u>		<u>(0.91)</u>
		<u>22.08</u>	<u>3.76</u>
		<u><u>34.73</u></u>	<u><u>231.97</u></u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)

Schedule 3 : Manufacturing and Other Expenses (Item No. 5 , page 27)

	Rupees in crores	Rupees in crores	Previous Year Rupees in crores
1. Raw Materials Consumed			
(a) Stock on 1st April, 2001	43.79		46.29
(b) Add : Purchases and cost of materials	218.32		282.41
	262.11		328.70
(c) Less : Stock on 31st March, 2002	26.16		43.79
		235.95	284.91
2. Cost of Traded Goods		17.93	—
3. Payments to and Provisions for Employees			
(a) Wages and Salaries (including Bonus)	44.21		46.04
(b) Company's Contribution to Provident, Superannuation and Gratuity Funds	7.69		8.30
(c) Company's Contribution under Group Insurance Scheme	0.11		0.21
(d) Workmen and Staff Welfare Expenditure	8.34		7.96
		60.35	62.51
4. Operation and Other Expenses			
(a) Stores, Spare Parts, Loose Tools and Equipment Consumed	57.27		54.34
(b) Packing Material Consumed	61.25		74.24
(c) Power and Fuel	229.99		270.61
(d) Repairs to Buildings	2.62		3.42
(e) Repairs to Machinery	26.29		29.19
(f) Rent	3.47		3.16
(g) Royalty, Rates and Taxes	10.15		8.33
(h) Commission and Distributors' Service Charges / Discount	73.41		79.99
(i) Sales Promotion Expenses	24.22		48.46
(j) Insurance Charges	12.25		15.58
(k) Freight and Forwarding Charges	63.31		40.50
(l) Lease Rent	5.17		22.21
(m) Loss on Assets sold or discarded	8.86		17.51
(n) Establishment and Other Expenses	59.84		57.37
(o) Prior Years' Adjustments - Net	0.94		2.92
		639.04	727.83
5. Excise Duty		76.04	87.90
6. Directors' Fees / Commission		0.56	0.25
		1,029.87	1,163.40
7. Change in inventory of Semi Finished and Finished Products			
(a) Opening Stock	78.49		79.40
(b) Less : Closing Stock	49.99		78.49
		28.50	0.91
		1,058.37	1,164.31

Tata Chemicals Limited
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)
Schedule 4 : Interest
 (Item No. 6 , page 27)

	Rupees in Crores	Rupees in Crores	Previous Year Rupees in Crores
1. Interest on			
(a) Debentures and Fixed Loans	123.49		166.24
(b) Other Loans	4.81		10.59
		128.30	176.83
Less - (i) Interest Capitalised	—		1.28
(ii) Interest concession under R P S for Urea	9.18		—
		9.18	1.28
		119.12	175.55
2. Less - Interest received on			
(Tax deducted at source Rs.1.59 Crores; Previous Year Rs. 2.67 Crores)			
(a) Inter-corporate Loans / Deposits	6.74		12.59
(b) Sundry Advances etc.	2.43		0.80
		9.17	13.39
		109.95	162.16

Schedule 5 :
Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for remuneration to Whole-time Directors:

	Rupees in Crores	Rupees in Crores	Previous Year Rupees in Crores
1. Profit as per Profit and Loss Account (before Taxes)		200.06	186.09
Add :			
2. Directors' Remuneration, Commission & Fees	0.84		0.70
3. Provision for doubtful debts and advances	0.48		11.34
4. Profit on sale of Investments	(2.98)		(218.97)
5. Provision for Contingencies	—		77.00
		(1.66)	(129.93)
6. Net Profit in accordance with Section 349 of the Companies Act, 1956		198.40	56.16
7. Maximum amount permissible for the Managing Director under Section 309 of the Companies Act, 1956		9.92	2.81
Commission to Managing Director		0.30	0.10
8. Commission to non whole - time Directors (maximum permissible 1%)		1.98	0.56
9. Commission to non whole - time Directors		0.20	0.10

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)

Notes on the Profit and Loss Account	Rupees in Crores	Rupees in Crores	Previous Year Rupees in Crores
1. Item 2(b) of Schedule 1			
Miscellaneous Income Rs. 4.85 Crores (Previous Year Rs. 4.53 Crores) include:			
Gains on foreign exchange transactions		0.20	0.09
2. Items 3, 4 and 6 of Schedule 3			
Payments to and Provisions for Employees, Operation and Other Expenses and Directors' Fees/Commission includes Remuneration to Managing Director :			
(a) Remuneration (Including Company's contribution to Provident Fund and Superannuation Fund)		0.23	0.40
(b) Commission		0.30	0.10
(for computation see Schedule 5, page 30)			
(c) Estimated value of benefits in cash or in kind		0.05	0.05
		0.58	0.55
Note:- (i) The above figures do not include contribution to Gratuity Fund, as separate figures are not available for the Managing Director.			
(ii) Previous year's figures include remuneration to former Managing Director			
3. Item 4(n) of Schedule 3			
Establishment and Other Expenses Rs. 59.84 Crores (Previous Year Rs.57.37 Crores) include:			
(a) Auditors' Remuneration			
(i) For Services as Auditors [includes Rs.1,36,500 to cost Auditors; (Previous Year Rs.1,25,500)]	0.27		0.18
(ii) For Tax Matters	0.05		0.03
[includes Tax Audit fees Rs.0.05 Crore (Previous Year: Rs.0.03 Crore)]			
(iii) For Other Services	0.21		0.08
(iv) Reimbursement of travelling and out-of-pocket expenses	0.01		0.01
		0.54	0.30
(b) Research & Development Expenses		2.08	2.21
(c) Donations		0.05	1.70
		2.67	4.21
4. Item 4(o) of Schedule 3			
Prior Years' Adjustments include:			
(a) Manufacturing Expenses		0.02	—
(b) Operation and Other Expenses		0.76	3.02
(c) Depreciation		0.27	(0.10)
(d) Interest		(0.10)	—
(e) Other items		(0.01)	—
		0.94	2.92

Tata Chemicals Limited
SCHEDULES FORMING PART OF THE BALANCE SHEET
Schedule A : Share Capital
 (Item No. 1 , page 26)

	Rupees in Crores	As at 31-Mar-01 Rupees in Crores
1. Authorised 20,00,00,000 Ordinary Shares of Rs.10 each	200.00	200.00
	<u>200.00</u>	<u>200.00</u>
2. Issued 18,07,24,971 Ordinary Shares of Rs.10 each	180.72	180.72
	<u>180.72</u>	<u>180.72</u>
3. Subscribed 18,06,38,651 Ordinary Shares of Rs.10 each	180.64	180.64
Of the above Shares:		
(i) 37,000 Ordinary Shares of Rs.10 each were allotted as fully paid-up pursuant to a contract without payment being received in cash.		
(ii) 10,54,02,144 Ordinary Shares of Rs.10 each were issued as fully paid-up Bonus Shares by Capitalisation of Rs.92.97 Crores from Share Premium Account and Rs. 12.43 Crores from General Reserve.		
(iii) 42,49,864 Ordinary Shares of Rs.10 each allotted as fully paid-up to the Shareholders of erstwhile Tata Fertilisers Ltd., pursuant to the Scheme of Amalgamation		
4. Forfeited Shares Amount paid-up on 86,320 shares	0.06	0.06
	<u>180.70</u>	<u>180.70</u>

Schedule B : Reserves and Surplus
 (Item No. 2 , page 26)

	Rupees in Crores	Rupees in Crores	As at 31-Mar-01 Rupees in Crores
1. Capital Reserve Balance as per last account		0.66	0.66
2. Surplus On Amalgamation Balance as per last account		20.75	20.75
3. Share Premium Balance as per last account	168.31		156.71
Add: Credited on Amalgamation of Sabras Investment & Trading Company Limited	—		11.60
		<u>168.31</u>	<u>168.31</u>
4. General Reserve (a) Balance as per last account	980.53		788.71
(b) Add: Credited on Amalgamation of Sabras Investment & Trading Company Limited	—		175.32
	<u>980.53</u>		<u>964.03</u>
(c) Less: Deferred Tax Adjustment on initial adoption	(430.58)		—
(d) Add : Transferred from Profit and Loss Account	<u>85.00</u>		16.50
		<u>634.95</u>	<u>980.53</u>
5. Debenture Redemption Reserve Balance as per last account		245.46	245.46
6. Contingencies Reserve Balance as per last account	—		80.00
Less : Transferred to Profit & Loss Account	—		80.00
		<u>—</u>	<u>—</u>
7. Balance in Profit and Loss Account		300.53	349.03
		<u>1,370.66</u>	<u>1,764.74</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Schedule C : Loans - Secured (Item No. 4(a), page 26)

	Rupees in Crores	Rupees in Crores	Rupees in Crores	As at 31-Mar-01 Rupees in Crores
1. Debentures :				
(a) 1,40,00,000 - 17% Debentures Sixteenth Series (2000) face value of Rs 100 each. Debentures of face value aggregating Rs. 100 Crores and Rs. 40 Crores are redeemable at par in three equal annual instalments commencing 31 March, 2000 and 26 June, 2000 respectively.		13.33		60.00
(b) 20,000 - 14% Debentures Eighteenth Series (2001) face value of Rs 1,00,000 each, redeemable at par in three equal annual instalments commencing 7 August, 2001		134.00		200.00
(c) 300 - 13.25% Debentures Nineteenth Series (2003) face value of Rs 50,00,000 each, redeemable at par in three equal half yearly instalments commencing 1 September, 2003		150.00		150.00
(d) 16,86,000 - 13.75% Non Convertible Debentures face value of Rs. 100 each redeemable at par in twelve quarterly instalments commencing from 01 April, 2001. .		9.84		15.46
(e) 50 - 11.15% Secured Redeemable Non- Convertible Debentures face value Rs 1,00,00,000 each redeemable at par in the ratio of 33:33:34 in three monthly instalments commencing from 15 January, 2006		50.00		50.00
			357.17	475.46
2. Loans :				
(a) From Banks :				
(i) Cash / Packing credits	30.61			86.92
(ii) Term Loans	200.00			53.19
		230.61		140.11
(b) Term Loans from Financial Institutions		197.78		226.55
			428.39	366.66
			785.56	842.12

Amount repayable within one year **Rs 228.2 Crores** (Previous Year Rs. 155.44 Crores) excluding Cash/Packing Credit

Schedule D : Loans - Unsecured (Item No. 4(b), page 26)

	Rupees in Crores	Rupees in Crores	As at 31-Mar-01 Rupees in Crores
1. Fixed Deposits		0.15	0.15
2. Short Term Loans			
(a) From Banks	50.00		65.00
(b) From others	—		39.00
		50.00	104.00
3. Commercial Paper Issued		225.00	200.00
(Maximum balance outstanding during the year Rs. 225.00 Crores ; Previous Year Rs. 200.00 Crores)			
		275.15	304.15

(Amount repayable within one year **Rs 275.15 Crores**; Previous Year Rs. 304.15 Crores)

Tata Chemicals Limited**SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)****Notes: Secured Loans**

- A. The Debentures under item 1(a) are secured by equitable mortgage of immovable assets of the Company and further secured by hypothecation of all movable properties of the Company subject to prior charge created in favour of Company's bankers for securing working capital borrowings.
- B. The Debentures under item 1 (b) are secured by way of :
- (a) Legal Mortgage in English form of all freehold pieces of Land hereditaments and premises, situated at Mithapur together with all buildings, structures, factory, construction and all fixed plant and machinery or any fixtures or fittings annexed to the same.
 - (b) The whole of the movable properties of the Company including movable plant and machinery, both present and future, situate at its Babrala and Mithapur Plants
 - (c) All other assets of the Company both present and future including uncalled capital, goodwill and undertaking of the Company.
- C. The Debentures under item 1 (c) are secured by way of first mortgage and charge on the Company's immovable and movable properties at Mithapur and Babrala.
- D. The Debentures under item 1 (d) are to be secured by a pari passu first charge on the assets of the Fertiliser Complex at Babrala by way of mortgage by deposit of title deeds and hypothecation of movable assets, subject to prior charge created in favour of Company's bankers for securing working capital borrowings.
- E. The Debentures under item 1 (e) are to be secured by a pari passu first charge on the fixed assets of the Company at Mithapur and Babrala by way of mortgage by deposit of title deeds and hypothecation of movable assets subject to prior charge in favour of Company's bankers for securing working capital borrowings.
- F. Loans from Banks on Cash/Packing Credit Accounts under item 2(a)(i) are secured by hypothecation of all stocks of Raw Materials, Finished Products, Stores and Stock-in-Process as well as Book Debts.
- G. The Term Loans from Bank of Baroda and Oriental Bank of Commerce aggregating to Rs. 150 crores included in item 2(a)(ii) are secured by first mortgage on immovable properties, both present and future, at Mithapur and Babrala and a first charge by hypothecation of movables subject to a prior charge created in favour of Banks on inventories and book debts for working capital facilities. Term loan from State Bank of India of Rs. 50 crores is secured by hypothecation of moveable assets both present and future, at Mithapur and Babrala subject to a prior charge created in favour of Banks on inventories and book debts for working capital facilities.
- H. Term Loans from Financial Institutions included in item 2(b) aggregating Rs. 82.35 crores are secured by first mortgage on all immovable properties, both present and future, pertaining to Fertiliser Complex at Babrala and the first charge by way of hypothecation of all movables at Babrala, subject to the prior charge created in favour of Banks on inventories and book debts for working capital facilities, pari passu with the charges created in favour of the Debenture Trustees. Item 2(b) includes Rs.75.05 crores being interest - free loan under Sales Tax Deferment Scheme from Pradeshya Industrial and Investment Corporation of Uttar Pradesh, which is secured by second charge on Company's properties at Babrala.
- I. The Term Loans from Financial Institutions included under item 2(b) amounting to Rs.0.38 crores are secured by a first mortgage of immovable assets pertaining to the Cement Division at Mithapur, both present and future, and a first charge by way of hypothecation of all movable assets, pertaining to the Cement Division, subject to the prior charge created in favour of banks on inventories and book debts for securing working capital facilities. A Term Loan from ICICI Limited amounting to Rs. 40 crores is secured by a pledge of 28,52,179 equity shares of Tata Tea Limited.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Schedule E : Fixed Assets

(Item No.7, page 26)

Fixed Assets
(At Cost)

	Gross Block as at 1-Apr-01 Rs. in crores	Additions / Adjustments Rs. in crores	Deductions / Adjustments Rs. in crores	Gross Block as at 31-Mar-02 Rs. in crores	Depreciation for 2001-02 Rs. in crores	Total Depreciation 31-Mar-02 Rs. in crores	Net Block as at 31-Mar-02 Rs. in crores
1. Lands :							
(a) Freehold	7.58	0.01	0.01	7.58	—	—	7.58
	5.07	2.51	—	7.58	—	—	7.58
(b) Leasehold	14.71	—	0.37	14.34	0.16	1.31	13.03
	14.71	—	—	14.71	0.16	1.18	13.53
2. Works :							
(a) Saltworks,Reservoirs and Pans	21.71	2.41	—	24.12	0.46	18.03	6.09
	21.69	0.02	—	21.71	0.65	17.58	4.13
(b) Plant and Machinery	2,340.22	62.16	16.58	2,385.80	119.36	919.51	1,466.29
	2,320.11	56.13	36.02	2,340.22	118.42	810.31	1,529.91
(c) Traction Lines and Railway Sidings	15.95	—	0.06	15.89	0.83	9.04	6.85
	17.12	0.08	1.25	15.95	0.83	8.26	7.69
(d) Buildings	144.10	8.93	2.36	150.67	4.75	32.76	117.91
	138.34	7.60	1.84	144.10	4.66	28.82	115.28
3. Town	141.72	12.44	0.30	153.86	2.47	18.97	134.89
	131.49	10.86	# 0.63	141.72	2.21	16.54	125.18
4. Water Works	8.70	—	—	8.70	0.14	6.78	1.92
	8.74	—	0.04	8.70	0.14	6.64	2.06
5. Furniture,Fitting and Office Equipment	38.15	2.12	1.13	39.14	2.77	19.73	19.41
	37.55	1.08	0.48	38.15	2.97	17.55	20.60
6. Vehicles	33.15	0.89	7.72	26.32	2.27	19.09	7.23
	37.70	0.16	4.71	33.15	2.80	21.14	12.01
	2,765.99	88.96	28.53	2,826.42	133.21	1,045.22	1,781.20
	2,732.52	78.44	44.97	2,765.99	132.84	928.02	1,837.97
Capital Works-in-progress (incl. advances for Capital Expenditure)				33.47	—	—	33.47
				46.39	—	—	46.39
				2,859.89	133.21	1,045.22	1,814.67
				2,812.38	132.84	*928.02	1,884.36

NOTES: 1. * Depreciation provided upto 31 March, 2001
Less : Adjustment in respect of Assets sold or discarded

Add : Depreciation Adjustment Relating to Prior Year
Add : Provision for the year

928.02
16.28
911.74
0.27
133.21
1,045.22

2. # Includes Rs 0.03 crores towards sale of a residential flat (written down value Rs 1,57,158) to a former Deputy Managing Director of the Company under and pursuant to an option to purchase the flat conferred on him by Board of Directors in 1981.

3. The Figures in light print are for Previous Year.

Tata Chemicals Limited

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Schedule F : Investments (Item No. 8, page 26)	Face Value Rupees	Holdings As at 31-Mar-02	Rupees in crores	Rupees in crores	Holdings As at 31-Mar-01	Rupees in crores
A LONG TERM INVESTMENTS						
<i>Trade Investments :</i>						
Quoted Equity Shares, Fully paid unless otherwise stated :						
Associated Cement Companies Ltd.	10	288	*		288	*
Indian Hotels Ltd.	10	6,00,964	0.99		6,00,964	0.99
Oriental Hotels Ltd.	10	4,32,328	4.79		4,32,328	4.79
Rallis India Ltd.	10	11,26,518	19.06		11,26,518	19.06
Tata Engineering & Locomotive Co. Ltd. (Including 88,388 shares allotted during the year on conversion 7% Fully Convertible Debentures)	10	4,41,941	6.50		3,53,553	5.92
Tata Finance Ltd. (Including 12,29,370 shares allotted during the year on conversion of 10% Cumulative Convertible Preference Shares)	10	14,67,897	4.07		2,38,527	1.69
Tata Honeywell Ltd.	10	8,66,250	2.40		8,66,250	2.40
Tata Investment Corporation Ltd. (Including 5,04,514 shares allotted during the year on conversion of Part A of zero coupon Partly Convertible Debentures)	10	30,27,086	8.32		25,22,572	6.31
Tata Iron and Steel Co. Ltd.	10	20,72,868	50.26		20,72,868	50.26
Tata Tea Ltd.	10	43,17,514	16.09		43,17,514	16.09
Tata Telecom Ltd.	10	3,49,750	1.34		3,49,750	1.34
Titan Industries Ltd.	10	14,30,580	19.68		14,30,580	19.68
				133.50		128.53
Unquoted Equity Shares, Fully paid :						
Associated Building Co. Ltd.	900	550	0.02		550	0.02
Megapode Airlines Ltd.	10	40,00,000	4.00		40,00,000	4.00
Orchid Print India Ltd.	10	92,302	0.14		92,302	0.14
Tata Cellular Ltd. (10,00,000 shares sold during the year)	10	—	—		10,00,000	1.00
Tata Industries Ltd. (Including 2,89,000 shares purchased during the year)	100	41,86,930	55.52		38,97,930	46.81
Tata International Ltd.	1,000	24,000	3.35		24,000	3.35
Tata Projects Ltd.	100	32,250	0.38		32,250	0.38
Tata Services Ltd.	1,000	900	0.09		900	0.09
Tata Sons Ltd.	1,000	10,237	56.87		10,237	56.87
Tata Teleservices Ltd.#	10	20,00,200	2.00		20,00,200	2.00
Tata Televentures (Holdings) Ltd. (10,00,000 shares purchased during the year)	10	10,00,000	1.00		—	—
				123.37		114.66
Listed but not quoted Preference Shares, Fully paid :						
Tata Finance Ltd. (10% Cumulative Convertible Preference Shares, 2,38,250 Preference Shares redeemed during the year)	100	—	—		2,38,250	2.38
Tata Finance Ltd. (9% Cumulative Convertible Preference Shares, 47,706 shares, purchased during the year)	100	47,706	0.48		—	—
				0.48		2.38
Carried Forward				257.35		245.57

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Schedule F : Investments (Item No. 8, page 26)	Face Value Rupees	Holdings As at 31-Mar-02	Rupees in crores	Rupees in crores	Holdings As at 31-Mar-01	Rupees in crores
Brought Forward				257.35		245.57
Unquoted Preference Shares, Fully paid :						
Tata Finance Ltd. (10% Cumulative Redeemable, Non Convertible Preference Shares, 10,00,000 shares purchased during the year)	100	10,00,000	10.00		—	—
Tata Sons Ltd. (10% Cumulative Redeemable Preference Shares)	1,000	27,200	2.72		27,200	2.72
				12.72		2.72
Listed but not quoted Debentures fully paid :						
Tata Engineering & Locomotive Co. Ltd. (11% Secured Redeemable Non-Convertible Debentures, 35,355 debentures purchased and sold during the year)	100	—	—		—	—
Tata Engineering & Locomotive Co. Ltd. (7% Secured Convertible Debentures, 88,388 debentures purchased and converted into equity shares during the year)	65	—	—		—	—
Tata Investment Corporation Ltd. (Zero Coupon Partly Convertible Debentures, 5,04,514 debentures purchased during the year)	60	5,04,514	3.03		—	—
				3.03		—
Detachable Warrants :						
Tata Engineering & Locomotive Co. Ltd. (35,355 warrants allotted during the year)		35,355		*		—
LONG TERM INVESTMENTS				273.10		248.29
B CURRENT INVESTMENTS						
Other Investments :						
Quoted Equity Shares, Fully Paid :						
Bombay Dyeing & Manufacturing Co. Ltd.	10	279	*		279	*
Compuage Infocom Ltd.	10	9,756	0.17		9,756	0.17
Excel Industries Ltd.	10	42,000	0.20		42,000	0.25
FAL Industries Ltd.	10	5,55,600	0.83		5,55,600	0.87
ICICI Ltd.	10	15,000	0.02		15,000	0.02
Mahindra & Mahindra Ltd.	10	53,843	0.27		53,843	0.27
Nirma Ltd.	10	9,000	0.05		9,000	0.05
				1.54		1.63
Unquoted Equity Shares, Fully Paid :						
Fiora Cosmetics Ltd.	100	9,000	0.09		9,000	0.09
Gateway Hotels & Getaway Resorts Ltd. (99,950 shares sold during the year)	10	—	—		99,950	0.10
IFCI Venture Capital Funds Ltd.	10	2,50,000	0.25		2,50,000	0.25
Kowa Spinning Ltd.	10	60,000	*		60,000	0.11
Simto Investment Co. Ltd. (1,20,000 shares sold during the year)	10	—	—		1,20,000	0.12
				0.34		0.67
In units of Unit Trust of India :						
UTI - Mastershare	10	96,100	0.09		96,100	0.12
Unit Scheme - 1964 (56,496 units allotted during the year on reinvestment of dividend)	10	24,81,559	1.57		24,25,063	3.19
Unit Scheme - 1964 in compliance with Rule 3A of the Companies (Acceptance of Deposits) Amendment Rule, 1978.	10	1,19,000	0.07		1,19,000	0.18
				1.73		3.49
Current Investments Carried Forward				3.61		5.79
Investments Carried Forward				276.71		254.08

Tata Chemicals Limited
SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Schedule F : Investments (Item No. 8, page 26)	Face Value Rupees	Holdings As at 31-Mar-02	Rupees in crores	Rupees in crores	Holdings As at 31-Mar-01	Rupees in crores
Investments Brought Forward				276.71		254.08
Current Investments Brought Forward				3.61		5.79
In units of Mutual Funds :						
Alliance Cash Manager - Dividend (1,00,144 units purchased and sold during the year)	1,000	—	—		—	—
Alliance Income Fund - Regular Dividend (54,49,591 units purchased and 49,21,260 units sold during the year)	10	54,49,591	5.54		49,21,260	5.00
Birla Income Plus – Dividend	10	50,55,612	4.96		50,55,612	4.96
Chola Liquid Institutional Dividend Reinvestment Plan (50,68,122 units purchased during the year)	10	50,68,122	5.07		—	—
DSP Merrill Lynch Bond Fund - Dividend - Regular (1,45,37,656 units purchased during the year)	10	1,45,37,656	15.64		—	—
DSP Merrill Lynch Liquidity Fund - Dividend Reinvestment (81,26,901 units purchased during the year)	10	81,26,901	10.09		—	—
Grindlays Supersaver Income Fund - Dividend (Quarterly) (2,35,02,304 units purchased during the year)	10	2,35,02,304	23.95		—	—
Grindlays Supersaver Income Fund (Short Term)-Dividend (99,26,544 units purchased during the year)	10	99,26,544	9.93		—	—
HDFC Balanced Fund (2,00,00,000 units sold during the year)	10	—	—		2,00,00,000	18.48
HDFC Income Fund	10	2,09,56,552	21.19		2,09,56,552	21.19
HDFC Liquid Fund (3,17,52,710 units purchased and sold during the year)	10	—	—		—	—
IDBI-Principal Cash Management Fund- Money at Call-Dividend (1,61,59,913 units purchased and sold during the year)	10	—	—		—	—
IDBI-Principal Cash Management Fund- Liquid Option-Dividend (99,59,223 units purchased and sold during the year)	10	—	—		—	—
IL & FS Liquid Account - Dividend (1,01,37,874 units purchased during the year)	10	1,01,37,874	10.14		—	—
ING Treasury Portfolio-Dividend (49,76,333 units purchased during the year)	10	49,76,333	4.98		—	—
JM High Liquidity Fund - Dividend (1,01,29,797 units purchased during the year)	10	1,01,29,797	10.13		—	—
K Bond Unit Scheme 99 (Deposit Plan) - Dividend (47,24,112 units sold during the year)	10	—	—		47,24,112	4.81
Investments in Mutual Funds Carried Forward			121.62			54.44
Current Investments Carried Forward				125.23		60.23
Investments Carried Forward				401.94		314.31

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Schedule F : Investments (Item No. 8, page 26)	Face Value Rupees	Holdings As at 31-Mar-02	Rupees in crores	Rupees in crores	Holdings As at 31-Mar-01	Rupees in crores
Investments Brought Forward				401.94		314.31
Current Investments Brought Forward				125.23		60.23
Investments in Mutual Funds Brought Forward			121.62			54.44
K. Bond Unit Scheme 99 (Wholesale Plan) - Dividend (96,00,022 units purchased during the year)	10	96,00,022	9.76		—	—
K Liquid Scheme-Dividend (50,35,142 units purchased during the year)	10	50,35,142	5.04		—	—
Pioneer ITI Income Builder- Plan A-Dividend (69,51,727 units purchased during the year)	10	69,51,727	9.77		—	—
Pioneer ITI Income Builder-Plan B-Dividend	10	14,40,922	2.00		14,40,922	2.00
Pioneer ITI Treasury Manager - Growth (61,943 units purchased during the year)	1,000	61,943	8.50		—	—
Prudential ICICI Income Plan-Dividend (93,54,537 units purchased during the year)	10	1,39,62,832	14.38		46,08,295	4.70
Prudential ICICI Short Term Plan-Dividend (50,34,372 units purchased during the year)	10	50,34,372	5.05		—	—
Prudential ICICI Liquid Plan-Dividend (1,93,95,408 units purchased and 42,47,534 units sold during the year)	10	1,51,47,874	17.90		—	—
Sun F&C Money Value Fund Bond-Dividend (2,78,73,324 units sold during the year)	10	—	—		2,78,73,324	28.23
Tata Income Fund (6,10,41,464 units purchased and 5,93,18,814 units sold during the year)	10	1,33,00,186	13.63		1,15,77,536	11.96
Tata Liquid Fund Dividend Option (42,72,847 units purchased and 1,75,23,360 units sold during the year)	10	42,72,847	4.72		1,75,23,360	19.92
Tata Liquid Fund-Serial Plan I (6,02,785 units purchased and 2,25,78,968 units sold during the year)	10	—	—		2,19,76,183	21.99
Tata Liquid Fund-Serial Plan II (1,07,15,542 units sold during the year)	10	—	—		1,07,15,542	10.71
Tata Gilt Securities Fund (41,25,379 units purchased during the year)	10	4,125,379	4.89		—	—
Templeton India Government Securities Fund (51,09,625 units sold during the year)	10	—	—		51,09,625	5.45
Templeton India Income Fund	10	1,38,18,456	14.74		1,38,18,456	14.74
Templeton India Liquid Fund (1,54,32,140 units purchased during the year)	10	1,54,32,140	15.44		—	—
Zurich India Liquidity Fund-Saving Plan- Dividend (4,58,39,971 units purchased and 1,75,23,114 units sold during the year)	10	2,83,16,857	28.49		—	—
Investments in Mutual Funds Carried Forward			275.93			174.14
Current Investments Carried Forward				279.54		179.93
Investments Carried Forward				552.64		428.22

Tata Chemicals Limited

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Schedule F : Investments (Item No. 8, page 26)	Face Value Rupees	Holdings As at 31-Mar-02	Rupees in crores	Rupees in crores	Holdings As at 31-Mar-01	Rupees in crores
Investments Brought Forward				552.64		428.22
Current Investments Brought Forward				279.54		179.93
Investments in Mutual Funds Brought Forward			275.93			174.14
Zurich India Liquidity Fund-Saving Plan-Dividend	10	30,23,833	3.04		—	—
(30,23,833 units purchased during the year)						
Zurich India HIF FMP Quarterly Dividend - 5 (1,06,29,914 units purchased and sold during the year)	10	—	—		—	—
				<u>278.97</u>		<u>174.14</u>
CURRENT INVESTMENTS				282.58		179.93
TOTAL INVESTMENTS				555.68		428.22
			Book Value	Market	Book Value	Market
			Rupees	Price	Rupees	Price
			in crores	Rupees	in crores	Rupees
Aggregate of Quoted Investments			415.74	459.38	307.79	374.01
Aggregate of Unquoted Investments			139.94	—	120.43	—

Shares can be transferred only with the prior approval of the Board of Directors of Tata Teleservices Ltd.
* Value below Rs. 50,000

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Schedule G : Net Current Assets
(Item No. 9, page 26)

	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores	As at 31-Mar-01 Rupees in Crores
1. Current Assets, Loans and Advances :					
(a) Inventories :					
(i) Stores and Spare Parts at cost		121.85			147.67
(ii) Loose Tools and Equipment		0.07			0.09
(iii) Stock-in-Trade :					
(as valued and certified by the Management)					
(a) Raw Materials at Cost	26.16				43.79
(b) Semi-Finished Products at cost or net realisable value whichever is lower	0.65				0.89
(c) Finished Products at cost or net realisable value whichever is lower	49.34				77.60
		<u>76.15</u>			<u>122.28</u>
			198.07		<u>270.04</u>
(b) Sundry Debtors :					
(unsecured and considered good unless otherwise stated)					
(i) Over Six Months Old :					
Considered Doubtful	19.12				18.71
Others	225.87				198.47
		<u>244.99</u>			217.18
(ii) Others		142.09			186.78
		<u>387.08</u>			403.96
Less : Provision for Doubtful Debts ...		19.12			18.71
			367.96		<u>385.25</u>
[Including subsidy receivable of Rs. 220 Crores (Previous Year Rs 198.48 Crores) on Urea under the Retention Price Scheme]					
(c) Interest Concession receivable under the Retention Pricing Scheme for Urea (including Rs. 11.49 Crores outstanding for more than six months, Previous year Rs. 11.49 Crores)			20.67		11.49
(d) Cash and Bank Balances :					
(i) Cash on Hand		0.61			1.45
(ii) Balance with Scheduled Banks in Current Accounts		8.46			12.65
			9.07		<u>14.10</u>
(e) Loans and Advances :					
(unsecured and considered good unless otherwise stated)					
(i) Deposits with Public Bodies		8.68			13.59
(ii) Advance Payment of Taxes (Net of Provision)		320.32			267.65
(iii) Other Advances *					
Considered Doubtful	0.07				—
Others	169.86				193.70
	<u>169.93</u>				193.70
Less: Provision for Doubtful Advances ...	0.07				—
		<u>169.86</u>			193.70
			498.86		<u>474.94</u>
Carried forward				1,094.63	1,155.82

Tata Chemicals Limited

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)
Schedule G : Net Current Assets (Contd.)
 (Item No. 9, page 26)

	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores	As at 31-Mar-01 Rupees in Crores
Brought Forward				1,094.63	1,155.82
Less:					
2. Current Liabilities and Provisions :					
(a) Current Liabilities :					
(i) Sundry Creditors		99.19			97.99
(ii) Dividend Warrants posted but not encashed		5.11			4.49
(iii) Sundry Deposits		2.72			1.39
(iv) Interest Accrued but not due :					
(a) On Secured Loans	16.72				14.19
(b) On Unsecured Loans	0.57				0.38
		17.29			14.57
			124.31		118.44
(b) Provisions :					
(i) Proposed Final Dividend		—			90.32
(ii) Tax on Proposed Dividend		—			9.21
(iii) Interim Dividend		90.32			—
(iv) Provision for Leave encashment		4.68			3.82
(v) Provision for Contingencies		197.00			197.00
			292.00		300.35
				416.31	418.79
3. Net Current Assets				678.32	737.03

* Other Advances include loans:

 To Officer of the Company **Rs.Nil** (Previous year Rs.5,14,779) Maximum balance during the year **Rs.5,14,779** (Previous year Rs.5,28,795)

 To Managing Director of the Company **Rs.19,88,411** (Previous year Rs.20,95,415) Maximum balance during the year **Rs.20,95,415** (Previous year Rs.21,40,000)

Schedule H : Miscellaneous Expenditure

(Item No. 10, page 26)

(to the extent not written off or adjusted)

	Rupees in Crores	As at 31-Mar-01 Rupees in Crores
(a) Share Issue Expenses	0.10	0.13
(b) Preliminary Expenses	0.09	0.12
(c) Deferred Revenue Expenditure	27.52	41.85
	27.71	42.10

NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1 Significant Accounting Policies :

(a) General

The accounts of the Company are prepared under the Historical Cost Convention using the accrual method of accounting.

(b) Capital Expenditure

Fixed Assets are carried at cost less depreciation. The cost of fixed assets includes interest on borrowings attributable to acquisition of fixed assets upto the date of commissioning of the assets and other incidental expenses incurred upto that date.

Fixed Assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in project cost.

(c) Capital Work-in-Progress

Projects under commissioning and other Capital Work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

(d) Foreign Currency Transactions

(i) Purchases and sales in foreign currency are accounted at exchange rates prevailing on the date of transaction. Current assets and liabilities in foreign currency as at the Balance Sheet date are re-converted at rates prevailing at the year end and the resultant net gains or losses are adjusted in the accounts.

(ii) Term loans in foreign currency for financing capital expenditure are accounted at rupee equivalent values on the date of loan disbursement. Differences arising on conversion of year end balances and on repayment are adjusted to the cost of fixed assets and resultant cost of asset is depreciated over the remaining specified life of the relevant assets.

(e) Investments

Long term investments are carried at cost less provision for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value. Profit/Loss on sale of investments is computed with reference to average cost of investments.

(f) Inventories

Raw Materials, Stores, Spare parts, Loose tools and equipments are valued at cost. Finished products and stock-in-process are valued at lower of cost or market/net realisable value (Provisional Retention Price, less selling expenses, in case of Urea). The cost of inventories are worked out using weighted average cost formula. Provision is made in respect of non-standard and obsolete items.

(g) Miscellaneous Expenditure

(i) Share Issue and Preliminary Expenses are charged to revenue on a deferred basis.

(ii) Employee Separation Compensation

(a) Compensation paid to employees who have opted for retirement under Voluntary Retirement Scheme is amortised over a period of 48 months.

(b) Compensation to employees who have opted for retirement under the "Early Separation Scheme" of the Company is amortised over 36 months on the basis of actuarial valuation.

(h) Sales

Sales are recognised, net of returns, on despatch of goods to customers and are reflected in the accounts at gross realisable value i.e. inclusive of excise duty. Sales tax recovered is excluded. In respect of Urea, sales are recognised at Provisional Retention Price, escalation claims and equated freight under the Retention Pricing Scheme.

(i) Other Income

Income from investments and interest are accounted on accrual basis.

(j) Research & Development Expenses

Revenue expenditure pertaining to the Research and Development is charged to Profit and Loss Account under the natural head of expense and capital expenditure on Research and Development is capitalised.

Tata Chemicals Limited
NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)
(k) Depreciation

(i) Depreciation has been provided on the straight line method as per Section 205(2)(b) of the Companies Act, 1956 as follows :

- (a) in respect of assets acquired prior to 31st March, 1987, in accordance with circular no. 1/86 dated 21st May, 1986 of the Department of Company Affairs; and
- (b) in respect of assets acquired on or after 1st April, 1987, at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 as amended, except for catalysts and temporary structures in the Fertiliser Plant and membrane cells in the Caustic Soda Plant which have been depreciated on the basis of useful life as technically assessed.

(ii) Leasehold land is amortised over the duration of lease.

(l) Retirement Benefits

Retirement benefits are dealt with in the following manner:

- (i) Contribution to Provident Fund and Superannuation Fund are accounted on accrual basis with corresponding contribution to recognised funds.
- (ii) Provision for Gratuity liability is made on the basis of actuarial valuation, with corresponding contribution to recognised fund.
- (iii) Provision for value of unutilised leave due to employees on retirement is made on the basis of actuarial valuation.

(m) Taxes on Income

Income tax expense for the year comprises of current tax and deferred tax. Current tax provision has been determined on the basis of reliefs, deductions etc. available under the Income Tax Act. Deferred tax is recognised for all timing differences, subject to the consideration of prudence, applying the tax rates that have been substantively enacted by the Balance Sheet date.

2 Segment Information for the year ended 31st March, 2002
(a) Information about Primary Business Segments

	(Rs. Crores)			
	Inorganic Chemicals	Fertiliser	Elimination	Total
Revenue :				
External	794.62	639.23	—	1,433.85
Inter-segment	0.34	—	0.34	—
Total Revenue	794.96	639.23	0.34	1,433.85
Result :				
Segment Result	112.86	154.50	—	267.36
Unallocated Expenditure net of Unallocated Income				(24.80)
Interest Expense (Net)				(109.95)
Interest on Refund of Taxes				47.47
Income from Investments				34.73
Profit before Extraordinary items				214.81
Extraordinary items				(14.75)
Profit Before Tax				200.06
Provision for Taxation				(73.24)
Profit After Tax				126.82

NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)

Other Information :

	(Rs. Crores)			
	Inorganic Chemicals	Fertiliser	Unallocated	Total
Segment Assets	1,134.05	1,354.33	1,004.31	3,492.69
Segment Liabilities	66.48	213.75	136.08	416.31
Capital Expenditure	67.94	18.67	2.35	88.96
Depreciation	61.74	70.66	0.81	133.21
Non-cash Expenses other than Depreciation ...	0.32	0.23	13.83	14.38

(b) Information about Secondary Business Segments

Revenue by geographical market

	(Rs. Crores)		
	Domestic	International	Total
External	1,407.04	26.81	1,433.85
Inter-segment	0.34	—	0.34
Total	1,407.38	26.81	1,434.19
Segment Assets	3,492.69	—	3,492.69
Capital Expenditure	88.96	—	88.96

(c) Notes:

(i) Management has identified two reportable business segments, namely :

- Inorganic Chemicals - comprising of Soda Ash, Salt, Marine Chemicals, Caustic Soda and Cement.
- Fertiliser - comprising of Urea.

Segments have been identified and reported taking into account the nature of products, the integration of manufacturing processes, the organisation structure and the internal financial reporting systems.

(ii) Segment Revenue in each of the above domestic business segments primarily includes Sales, Miscellaneous Income and Insurance claims in the respective segments.

Segment Revenue comprises of :

- Sales	1,387.10
- Other Income excluding Income from Investments	46.75
	1,433.85

(iii) The Segment Revenue in the geographical segments considered for disclosure are as follows :

- Domestic - comprising of sales to customers located within India and earnings in India.
- International - comprising of sales to customers located outside India.

(iv) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

(v) Inter segment Transfer Pricing :

Inter segment transfers are effected at rates as per the prevailing price list of the Company.

(vi) As this is the first year for which segment information is presented, comparative figures are not available.

Tata Chemicals Limited

NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)

3 Earnings per Share :

	2001-02	2000-01
(a) Weighted average number of equity shares of Rs.10 each		
(i) Number of shares at the beginning of the year	18,06,38,651	18,06,38,651
(ii) Number of shares at the end of the year	18,06,38,651	18,06,38,651
Weighted average number of equity shares outstanding during the year	18,06,38,651	18,06,38,651
(b) Net Profit after tax available for equity shareholders (Rs. Crores)	126.82	164.95
(c) Basic and diluted earnings per share (in Rupees)	7.02	9.13

4 Related Party Disclosure

Mr. Prasad R. Menon, Managing Director, is covered by the definition of Key Management Personnel. Remuneration is paid to the Managing Director, under his contract of employment with Company (see Note 2, page 31). Additionally, as at 31st March, 2002, the balance of loan due from him amounted to Rs.19,88,411. There are no other related party relationships as envisaged in Accounting Standard 18 pertaining to Related Party Disclosures.

5 Deferred Taxes

Consequent to Accounting Standard 22 - "Accounting for Taxes on Income" becoming mandatory effective 1st April, 2001, the Company recorded the deferred tax balance of Rs.430.58 Crores that has accumulated prior to the adoption of this standard as a charge to the General Reserves.

The significant component and classification of deferred tax assets and liabilities on account of timing differences are :

	As at 31 March, 2002 (Rs. Crores)	As at 1 April, 2001 (Rs. Crores)
Deferred Tax Assets :		
Provision for diminution in value of investments	1.30	—
Provision for doubtful debts and advances	7.03	6.68
Other timing differences	0.04	10.08
	<u>8.37</u>	<u>16.76</u>
Deferred Tax Liability :		
Depreciation	472.68	447.34
Net deferred tax (liability)/asset on account of timing differences	<u>(464.31)</u>	<u>(430.58)</u>
The tax expense for the period comprises of :		
	2001-2002 (Rs. Crores)	2000-01 (Rs. Crores)
Income Tax		
- Current tax	39.44	21.08
- Deferred tax	33.74	—
Wealth Tax	0.06	0.06
Total	<u>73.24</u>	<u>21.14</u>

The deferred tax provision of Rs.33.74 Crores made during the year includes Rs.13.27 Crores being the impact of the higher tax rate of 36.75% enacted vide Finance Act, 2002 on the cumulative deferred tax liability including the liability for the period prior to 1st April, 2001.

6 Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.5.70 Crores (Previous Year Rs.6.35 Crores)

NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)

- 7 **Claims not acknowledged by the Company :**
- (a) **By Income tax authorities ;**
- (i) Pending before Appellate authorities in respect of which the Company is in appeal **Rs.377.59 Crores** (Previous Year Rs.471.30 Crores).
- (ii) Decided in Company's favour by Appellate authorities and Department is in further appeal **Rs.298 Crores** (Previous Year Rs.132.54 Crores).
- (b) **By others -**
- (i) On Revenue Account **Rs.52.08 Crores** (Previous Year Rs.42.26 Crores) Net of Tax - **Rs.33.49 Crores** (Previous Year Rs.25.55 Crores).
- (ii) On Capital Account **Nil** (Previous Year Rs.4.03 Crores).
- (iii) Various claims pending before Industrial Tribunals and Labour Courts of which amounts are indeterminate.
- 8 **Contingent Liabilities for :**
- (a) Bank Guarantees issued by Banks on behalf of the Company **Rs.13.66 Crores** (Previous Year Rs.16.15 Crores). These are covered by the charge created in favour of the Company's bankers by way of hypothecation of stocks and debtors.
- (b) Others **Rs.0.43 Crore** (Previous Year Rs.1.23 Crores)
- 9 The Company had sold some of its machineries and leased them back in March, 1995. The primary period of lease ended in June, 2001 and the lease rentals upto June, 2001 (including Rs.5.18 Crores in current year) have been charged off to the Profit and Loss account in the respective years. The Company has the option under a lease arrangement to renew the lease annually during secondary period at an annual rental of Rs.6,000. The present value of the future lease payments is therefore not significant.
- The lease deposit of Rs.38.13 Crores in the books of account at the end of primary lease period is being provided for by way of a charge to the Profit and Loss account over the residual useful life of the assets on the principle of matching of revenue and costs and an amount of Rs.2.59 Crores has been charged off in the current year.
- 10 Sabras Investment and Trading Company Limited (Sabras) - a wholly owned subsidiary of Company has been amalgamated with the Company with effect from 1st April, 2000 in terms of the Scheme of Amalgamation (Scheme) sanctioned by the High Court of Judicature at Mumbai vide their order dated 8th November, 2000. The amalgamation, which is in the nature of merger has resulted in the transfer of assets, liabilities and reserves of Sabras to the Company in accordance with the terms of the Scheme, in the previous year.
- 11 The Company follows the practice of capitalising in its books of account all interest on borrowings used for capital expenditure for the period upto the date on which the asset has been put to use. However, for tax purposes, the Company treats all interest on borrowings as deductible expenditure and provision for taxation is being made on such basis. The major portion of demand referred to in Note 7(a)(i) and (ii) is on this account.
- 12 (a) Urea is under the Retention Pricing Scheme of the Government of India. Pending fixation of final Retention Price by the Government, the revenue for the years 1994-95 and 1995-96 was recognised based on Actual Cost Data submitted to FICC. The subsequent notified provisional Retention Price was less than the price estimated by the Company to the extent of Rs.197 Crores and the following adjustment have been made in the accounts :
- In the Accounts for 1999-00 and 2000-01, a sum of Rs.120 Crores and Rs.77 Crores respectively was charged to the Profit and Loss Account by way of a provision for contingencies relating to Urea price. In view of this, Contingencies Reserve of Rs.80 Crores created in the accounts for the year 1995-96 was considered no longer required and hence was written back in 2000-01.
- (b) The Accounts for the year 2001-02 are prepared on the basis of Provisional Retention Price notified by the Government. The Government is in the process of formulating a new fertiliser pricing policy, including the reassessment of the capacity with reference to which retention price would be fixed, the impact of which on the final retention price of Urea is indeterminate. Accordingly, no adjustment has been made on this account.
- (c) During the year, Government had notified interim amendments in the computation of retention price which have had an adverse impact on the revenue for the current year. These relate to :
- (i) restriction effective 1st April, 2000 on the usage of substitute feedstock / fuel beyond 100% capacity utilisation;
- (ii) impact of change in retention prices on account of installation of "Energy Saving Devices" and
- (iii) interim downward revision in the energy norms effective from 1st April, 2000.
- Consequently, a sum of Rs.28.27 Crores pertaining to the period upto 31st March, 2001 has been reduced from revenue for the current year.
- (d) In addition, a sum of **Rs.41.34 Crores** (Previous Year Rs.39.64 Crores) net of settlements, including **Rs.5.28 Crores** for the current year (Previous Year Rs.4.81 Crores), being claims for escalation in input costs and interest subsidy in terms of pricing policy are accounted pending final issuance of Government notifications/decision on interest subsidy.

Tata Chemicals Limited
NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)

- 13 The Company has disposed off its detergent plant at Pithampur in November, 2001 and consideration of Rs.3.75 Crores has been received.
- 14 The claims made under the insurance policies in respect of losses suffered by the Company due to the earthquake on 26th January, 2001 and the fire that occurred on 2nd March, 2001 at the power plant at the Mithapur works have been accounted for as follows, pending final settlement of claims :
- (a) The amount estimated to be recoverable under the fire policy are based on an assessment by an independent surveyor. The estimated total claim recoverable (which includes on account payment of Rs.25 Crores received as at the Balance Sheet date) has been applied against the net book value of fixed assets that were damaged and the balance amount has been deducted from expenditure incurred on restoration including capital expenditure.
- (b) Loss of Profit claims have been recognised as income to the extent of standing charges (fixed costs) incurred. The excess over standing charges representing contribution is recognised only on receipt.
- 15 (a) Provision for Employee Separation Compensation has been calculated on the basis of the net present value of the future monthly payments of pension.
- (b) The amount shown under Miscellaneous Expenditure on this account represents the balance amount to be amortised over the future years.
- (c) **Rs.0.89 Crore** is payable under the scheme within one year.
- 16 (a) Sundry Creditors include dues to Small Scale Industrial Undertakings **Rs.1.34 Crores** (previous year Rs.1.38 Crores).
- (b) Name of Small Scale industrial undertaking to whom the Company owes an amount for more than thirty days are :
Shroff Polypack Pvt. Ltd.

17 Licensed and installed capacities :

	As at 31 March, 2002		As at 31 March, 2001	
	Licensed Capacity Tonnes	Installed Capacity Tonnes*	Licensed Capacity Tonnes	Installed Capacity Tonnes*
Soda Ash	10,00,000	8,75,000	10,00,000	8,75,000
Sodium Bicarbonate	72,000	50,000	72,000	50,000
Sodium Bicarbonate IP/USP	3,600	3,600	3,600	3,600
Caustic Soda	36,000	36,000	36,000	36,000
Fusite	N.A.	1,500	N.A.	1,500
Liquid Chlorine	31,950	14,400	31,950	14,400
Hydrochloric Acid	N.A.	64,800	N.A.	64,800
Bromine	2,520	1,500	2,520	1,500
Inorganic Bromides	400	400	400	400
Ethyl Bromide	150	150	150	150
Hydrobromic Acid	50	50	50	50
Vacuum Salt	N.A.	5,00,000	N.A.	5,00,000
Pure Salt	N.A.	25,000	N.A.	25,000
Gypsum	N.R.	60,000	N.R.	60,000
Methyl Bromide	300	300	300	300
Detergent	1,50,000	—	1,50,000	75,000
Chemicals and other Industrial Machinery	5,000	5,000	5,000	5,000
Clinker	N.R.	5,61,000	N.R.	5,61,000
Pozzolana Portland Cement	4,40,000	4,40,000	4,40,000	4,40,000
Ammonia	N.R.	4,45,500	N.R.	4,45,500
Urea	N.R.	7,42,500	N.R.	7,42,500

* As certified by the Management and accepted by the Auditors.

N.A. Not Applicable

N.R. Not Required

NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)

18 Production and Sales :

	Production/Purchase		Internal Use *		Sales			
	2001-2002 Tonnes	2000-2001 Tonnes	2001-2002 Tonnes	2000-2001 Tonnes	2001-2002		2000-2001	
					Tonnes	Rs. Crores	Tonnes	Rs. Crores
Soda Ash	5,86,700	689,807	61,770	71,860	5,23,082	463.29	6,39,526	506.33
Sodium Bicarbonate	40,083	37,126	2	641	41,491	40.96	37,047	36.85
Caustic Soda	3,139	9,524	980	1,922	2,059	2.45	7,433	9.17
Liquid Chlorine	1,178	2,898	188	176	973	0.29	2,661	1.65
Hydrochloric Acid	3,668	14,338	3,132	7,683	445	0.02	6,571	0.91
Bromine	750	511	166	168	502	3.56	345	2.64
Inorganic Bromides	647	1,755	106	39	522	0.04	1,677	0.40
Hydrobromic Acid	—	18	3	3	4	0.03	8	0.06
Vacuum Salt	3,40,176	360,435	42,250	50,130	2,99,410	155.26	3,37,527	161.53
Pure Salt	21,921	11,046	533	1,092	20,638	6.57	11,506	4.06
Gypsum	30,516	28,220	10,206	7,243	24,002	1.14	11,460	0.55
Methyl Bromide	107	107	2	3	104	2.16	109	2.30
Detergent	—	2,743	—	148	—	—	3,135	6.75
Cement	2,29,839	339,746	3,911	3,156	2,22,320	50.46	3,39,727	60.14
Clinker	2,35,233	382,560	2,18,227	350,732	18,674	2.73	84,500	10.19
Ammonia	4,88,815	512,200	4,87,766	513,327	—	—	—	—
Urea	8,53,547	892,647	1,379	1,420	8,97,950	637.25	8,34,959	666.47
Sale of Purchased Materials :								
Soda Ash	22,861	—	—	—	22,861	20.68	—	—
Vacuum Salt	510	—	—	—	510	0.21	—	—
						1,387.10		1,470.00

* includes free issues under sales promotion schemes.

19 Closing Stocks of Finished Products :

	As at 31 March, 2002		As at 31 March, 2001		As at 31 March, 2000	
	Tonnes	Rs. Crores	Tonnes	Rs. Crores	Tonnes	Rs. Crores
Soda Ash	56,423#	18.22@	54,576	20.75@	76,155	41.31
Sodium Bicarbonate	4,993#	2.82@	6,403	4.05@	6,965	4.34
Caustic Soda	269	0.36	169	0.01	—	—
Liquid Chlorine	85	0.03	68	0.04	7	*
Hydrochloric Acid	344	0.03	254	0.03	170	0.01
Bromine	85	0.50	4	0.03	6	0.04
Inorganic Bromides	62	0.11	43	0.05	4	0.05
Ethyl Bromide	4	0.05	4	0.04	4	0.04
Hydrobromic Acid	8	0.05	15	0.09	8	0.05
Vacuum Salt	52,493	8.97	53,977	8.82	81,199	11.68
Pure Salt	1,175	0.21	425	0.08	1,977	0.42
Gypsum	29,980	0.41	33,672	0.45	24,155	0.26
Methyl Bromide	6	0.09	5	0.09	10	0.16
Detergent	—	—	—	—	540	0.99
Cement	5,124	0.73	1,516	0.14	4,653	0.44
Clinker	29,371	1.44@	31,039	2.78	83,711	6.77
Ammonia	2,725	1.38	1,676	0.94	2,803	1.50
Urea	33,163	13.94	78,945	39.21	22,677	9.85
		49.34		77.60		77.92

* Value below Rs 50,000

@ Net of values written down for reprocessing charges and other incidental charges for cyclone / rain damaged stocks.

includes cyclone damaged Soda Ash-38,765 Tonnes, Rs.7.74 Crores and Bicarbonate-2,090 Tonnes, Rs.0.41 Crore.

Tata Chemicals Limited
NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)
20 Raw Materials consumed :

(inclusive of Salt, Limestone, Soda Ash and Gypsum produced and captively consumed)

	Measure	2001-2002		2000-2001	
		Quantity	Rs. Crores	Quantity	Rs. Crores
(a) Limestone @	Tonnes	10,89,785	31.34	15,92,455	46.23
(b) Liquid Ammonia	Tonnes	2,228	2.21	2,690	4.24
(c) Salt *	Tonnes	10,78,422	10.88	14,65,440	23.17
(d) Coke	Tonnes	65,754	45.14	97,275	58.65
(e) Natural Gas	SCM	32,96,00,198	134.51	33,10,59,055	136.71
(f) Naptha	KL	—	—	4,400	4.46
(g) Other Raw Materials			16.39		17.01
			<u>240.47</u>		<u>290.47</u>

 @ Includes **Rs.1.51 Crores** (Previous year Rs.0.94 Crore) charged to Wages, Salaries and other Revenue Accounts.

 * Includes **Rs.3.01 Crores** (Previous year Rs.4.62 Crores) charged to Wages, Salaries and other Revenue Accounts.

21 Value of Imports (C.I.F. Value)

	2001-2002 Rs. Crores	2000-2001 Rs. Crores
(a) Raw Materials & Fuel	65.55	81.53
(b) Stores, Components and Spare Parts	11.72	4.95
(c) Capital Goods	—	0.11
	<u>77.27</u>	<u>86.59</u>

22 Expenditure in Foreign Currencies :

	2001-2002 Rs. Crores	2000-2001 Rs. Crores
(a) Interest in Rupees to Financial Institutions on foreign currency loans	—	0.17
(b) For Technical Know how Fee	3.19	0.73
(c) Payments on other accounts	10.62	0.55
	<u>13.81</u>	<u>1.45</u>

23 Remittances in foreign currencies for Dividends :

The Company has remitted during the year **Rs.0.01 Crore** (previous year Rs.0.01 Crore) in foreign currencies on account of dividends and does not have information as to the extent to which other remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars of dividends paid to non-resident shareholders for the year 2000-01, for which dividend was declared during the year, are as under :

	2001-2002	2000-2001
(a) Number of Non-Resident Shareholders	896	827
(b) Number of Ordinary Shares held by them	8,98,580	9,04,299
(c) Gross amount of dividend (Rs. Crore)	0.45	0.45

24 Earnings in Foreign Exchange

	2001-2002 Rs. Crores	2000-01 Rs. Crores
Export of goods on F.O.B. basis	20.75	22.10

NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)

- 25 Value of imported and indigenous raw materials, stores, components and spare parts consumed :

	2001-2002				2000-01			
	Raw Materials		Stores Components and Spare Parts		Raw Materials		Stores Components and Spare Parts	
	Rs. Crores	%	Rs. Crores	%	Rs. Crores	%	Rs. Crores	%
(a) Imported	9.74	4.05	4.45	7.78	36.11	12.43	11.37	20.92
(b) Indigenous	230.73*	95.95	52.82	92.22	254.36*	87.57	42.97	79.08
	<u>240.47</u>	<u>100.00</u>	<u>57.27</u>	<u>100.00</u>	<u>290.47</u>	<u>100.00</u>	<u>54.34</u>	<u>100.00</u>

* Includes **Rs.4.52 Crores** (Previous year Rs.5.56 Crores) charged to Wages, Salaries and other Revenue Accounts.

- 26 Figures have been presented in 'Crores' of rupees with two decimals in accordance with the approval received from the Department of Company Affairs, Government of India. Asterisks denotes figures below Rs.50,000. Previous years' figures have been regrouped wherever necessary. Figures for the current year are not strictly comparable with the figures reported for the previous year consequent to the amalgamation of Sabras Investment and Trading Co. Ltd. effective from 1st April, 2000.

Signatures to Schedules '1' to '5'; 'A' to 'H'; Notes to Accounts, Balance Sheet Abstract of Company's General Business Profile.

For and on behalf of the Board

R. N. TATA *Chairman*

R. GOPALAKRISHNAN *Vice-Chairman*

P. R. MENON *Managing Director*

S. WADHWA *Chief Financial Officer &
Company Secretary*

Mumbai, 31st May, 2002

Tata Chemicals Limited

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.
 Balance Sheet Date
 Date Month Year State Code

II. Capital raised during the year (Amount in Rs. Thousand)

Public Issue
 Bonus Issue
 Rights Issue
 Private Placement (Debentures)

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities
 Sources of Funds Paid up Capital
 Secured Loans
 Deferred Tax Liability (Net)
 Application of Funds Net Fixed Assets
 Net Current Assets
 Accumulated Losses
 Total Assets
 Reserves and Surplus
 Unsecured Loans
 Investments
 Misc. Expenditure

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Gross Revenue)
 +/- Profit/Loss before tax
 +/- Profit/Loss after tax
 Earning per Share in Rs.
 Total Expenditure
 Dividend %

V. Generic names of three Principal Products/Services of the Company (as per monetary terms)

Item code no. (ITC Code)
 Product Description
 Item code no. (ITC Code)
 Product Description
 Item code no. (ITC Code)
 Product Description

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2002

	Rupees in Crores 2001-2002	Rupees in Crores 2000-2001
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items	214.81	276.12
Adjustments for :		
Depreciation	133.21	132.84
Interest Expense - Net	109.95	162.16
Profit on Sale of Investments - Net	(2.98)	(218.97)
Dividend Income	(37.45)	(14.52)
Provision for Doubtful Debts and Advances	0.48	11.29
Amortisation of Miscellaneous Expenditure	0.07	0.07
Deferred Revenue Expenses Charged	—	3.26
Reduction in carrying cost of Current Investments	5.70	1.52
Lease Rent Charged	5.17	22.21
Loss on Assets Sold or Discarded	8.86	17.51
Operating Profit before Working Capital Changes	437.82	393.49
Adjustments for :		
Trade & Other Receivables	40.40	65.79
Inventories	71.97	(1.67)
Trade Payables & Other Liabilities	3.84	21.42
Cash Generated from Operations	554.03	479.03
Interest - Net	(116.39)	(173.75)
Taxes Paid	(92.17)	(46.69)
Cash Flow before Extraordinary Items	345.47	258.59
Employee Separation Compensation	(0.92)	(0.13)
Provision for Contingencies	—	(77.00)
Net Cash from Operating Activities	344.55	181.46
B. Cash Flow from Investing Activities		
Acquisition of Fixed Assets	(76.04)	(12.33)
Sale of Fixed Assets	3.66	0.20
Purchase of Investments	(417.97)	(210.45)
Sale of Investments	287.79	369.26
Dividend Received	37.45	14.52
Net Cash from Investing Activities	(165.11)	161.20

Tata Chemicals Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2002

	Rupees in Crores 2001-2002	Rupees in Crores 2000-2001
C. Cash Flow from Financing Activities		
Proceeds from Borrowings	175.00	114.76
Repayment of Borrowings	(260.56)	(338.52)
Lease Rent Paid	—	(21.93)
Dividends Paid	(98.91)	(89.67)
Net Cash used in Financing Activities	(184.47)	(335.36)
Net Increase/ (Decrease) in Cash & Cash equivalents	(5.03)	7.30
Cash & Cash equivalents at start of the year	14.10	6.80
Cash & Cash equivalents at close of the year	9.07	14.10

For and on behalf of the Board

R. N. TATA *Chairman*R. GOPALAKRISHNAN *Vice-Chairman*P. R. MENON *Managing Director*

Mumbai, 31st May, 2002

AUDITORS' CERTIFICATE

The Board of Directors,
Tata Chemicals Limited,
Bombay House, 24, Homi Mody Street,
Fort, Mumbai 400 001.

We have examined the attached Cash Flow Statement of Tata Chemicals Limited for the year ended 31st March, 2002. The Statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 31st May, 2002 to the Members of the Company.

For S.B. BILLIMORIA & CO.
Chartered Accountants.

For N.M. RAJI & CO.
Chartered Accountants.

N.VENKATRAM
Partner.

A.R.GANDHI
Partner.

Mumbai, 31st May, 2002

CORPORATE GOVERNANCE REPORT

Company's Philosophy on the Code of Governance

Corporate Governance primarily involves transparency, full disclosure, independent monitoring of the state of affairs and being fair to all stakeholders. The Corporate Governance code, recently introduced by the Securities and Exchange Board of India (SEBI) has been incorporated in Clause no. 49 in the Listing Agreement of the Stock Exchanges.

The objective of your Company is not only to meet the statutory requirements of the code but to go well beyond it by instituting such systems and procedures as are in accordance with the latest global trend of making management completely transparent and institutionally sound.

Your Company, as part of the Tata Group, has always believed in the concept of good Corporate Governance involving transparency, empowerment, accountability and integrity with a view to enhance stake holder value. The Company has professionals on its Board of Directors who are actively involved in the deliberations of the Board on all important policy matters.

Board of Directors:

Composition:

The Company has a combination of Executive and Non-Executive Directors. The Company has a Non-Executive Chairman and more than one-third of the total number of Directors are Independent Directors. The number of Non-Executive Independent Directors is more than 50% of the total number of Directors.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(IV)(B)) across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other companies.

The Company's Board at present has 14 Directors comprising of a Managing Director and thirteen Non-Executive Directors (including three Institutional Nominees).

The Board met seven times on the following dates during the financial year 2001-2002 and the maximum time gap between two meetings did not exceed four months:

June 01, 2001	January 23, 2002
July 26, 2001	March 04, 2002
August 13, 2001	March 26, 2002
October 29, 2001	

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the financial year 2001-02 and at the last Annual General Meeting, as also the number of Directorships and Committee positions held by them in other public limited companies as on March 31, 2002 are given below:

CORPORATE GOVERNANCE REPORT (Contd.)

Name	Category	No. of Board Meetings attended during 2001-02	Whether attended AGM held on July 26, 2001	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies	
					Chairman	Member
Mr. R. N. Tata (Chairman)	Promoter, Non Independent, Non-Executive	7	Yes	13	—	3
Mr. R. Gopalakrishnan (Vice-Chairman)	Promoter, Non Independent, Non-Executive	6	Yes	13	1	7
Mr. Keshub Mahindra	Independent, Non-Executive	7	Yes	9	4	2
Mr. D. M. Ghia	-do-	7	Yes	6	—	—
Mr. Nusli N. Wadia	-do-	5	No	11	2	2
Mr. R. C. Khanna	-do-	6	Yes	6	—	7
Mr. A. N. Lalbhai	-do-	4	No	5	1	1
Dr. D. V. Kapur	-do-	6	No	10	3	2
Mr. N. A. Soonawala	Promoter, Non Independent, Non-Executive	7	Yes	11	3	6
Mr. U. M. Rao (ICICI Nominee)	Independent, Non-Executive	7	Yes	6	1	6
Mr. Prasad R. Menon (Managing Director)	Non Independent, Executive	7	Yes	5	—	—
Mr. S. Srinivasan (IDBI Nominee)	Independent, Non Executive	5	No	1	—	—
Mr. N. C. Sharma (LIC Nominee)	-do-	5	No	4	—	—
Dr. T. Mukherjee (with effect from March 4, 2002)	Non Independent, Non Executive	2	N.A.	9	2	5

CORPORATE GOVERNANCE REPORT (Contd.)

The information as required under Annexure I to Clause 49 of the Listing Agreement is being made available to the Board.

The Company did not have any pecuniary relationship or transactions with the Non Executive Directors during 2001-02.

Audit Committee

The Audit Committee of the Company was constituted in the year 1986. The terms of reference of the Audit Committee as stipulated by the Board are in accordance with all the items listed in Clause 49 (II) (D) of the Listing Agreement as follows:

1. To review reports of the Internal Audit Department and recommend to the Board to decide about the scope of its work including the examination of major items of expenditure.
2. To meet statutory and internal auditors periodically and discuss their findings, suggestions and other related matters.
3. To review the auditors' report on the financial statements and to seek clarification thereon, if required, from the auditors.
4. To review the weaknesses in internal controls, if any, reported by the internal and statutory auditors and report to the Board the recommendations relating thereto.
5. To act as a link between the statutory and internal auditors and the Board of Directors.
6. To recommend a change in the auditors if in the opinion of the Committee the auditors have failed to discharge their duties adequately.
7. And, generally, all items listed in Clause 49 (II) (D) of the Listing Agreement.

The Company has complied with the requirements of Clause 49 (II)(A) as regards the composition of the Audit Committee.

The Audit Committee of the Company as on March 31, 2002 comprises of the following four Directors of the Company:

Mr. R. C. Khanna	Chairman	Independent, Non-Executive Director
Mr. R. Gopalakrishnan	Member	Promoter, Non Independent, Non-Executive Director
Mr. D. M. Ghia	Member	Independent, Non-Executive Director
Mr. U. M. Rao	Member	Independent, Non-Executive Director(ICICI Nominee)

Mr. R. C. Khanna is a qualified Senior Chartered Accountant. Other three members of the Committee have wide exposure in the relevant areas.

Tata Chemicals Limited

CORPORATE GOVERNANCE REPORT (Contd.)

Mr. Sunil Wadhwa, Chief Financial Officer & Company Secretary acts as the Secretary to the Committee.

The Audit Committee met on the following dates during the last financial year:

May 24, 2001 June 1, 2001 July 26, 2001

October 29, 2001 November 29, 2001 and January 23, 2002

Attendance at the Audit Committee Meeting:

Name of Director	No. of Meetings held	No. of Meetings Attended
Mr. R. C. Khanna	6	6
Mr. R. Gopalakrishnan	6	6
Mr. D. M. Ghia	6	5
Mr. U. M. Rao	6	6

Audit Committee meetings are attended by the Managing Director, Chief Financial Officer and Company Secretary, Controller of Finance, Corporate Accounts Manager, Chief Internal Auditor and the Chief Operating Officer (when required). Representatives of Statutory Auditors are being invited to the meetings.

Shareholders'/Investors' Grievance Committee**Terms of Reference:**

The Company has a Shareholders' / investors Grievance Committee, which was constituted on December 22, 2000, to look into redressal of investors' / shareholders complaints and requests like delay in transfer of shares/debentures, non-receipt of dividend, annual report, etc.

The Committee met on the following dates during the financial year 2001-02.

May 24, 2001, July 25, 2001, October 29, 2001, January 23, 2002 — These meetings were attended by all the committee members.

The Committee comprises of:

Mr. D. M. Ghia Chairman Independent, Non-Executive Director

Mr. U. M. Rao Member Independent, Non-Executive Director,

Mr. Prasad R. Menon Member Non Independent, Executive Director

Mr. Sunil Wadhwa, Chief Financial Officer & Company Secretary, acts as the Secretary to the Committee.

CORPORATE GOVERNANCE REPORT *(Contd.)*

No. of correspondence/queries/complaints received from the shareholders/investors from April 1, 2001 to March 31, 2002, comprising non receipt of dividend/interest warrants, non receipt of shares sent for transfer, demat queries etc. 23,878

No. of correspondence/queries/complaints not attended. 18*

(* Correspondence/queries/complaints lodged in the last week of March 2002 and hence pending as on March 31, 2002. The above information is based on the details received from the Company's Registrars.)

Remuneration Committee

The Company had constituted the Remuneration Committee in the year 1993. The broad terms of reference are to determine and recommend to Board, compensation payable to Executive Directors, appraisal of the performance of the Managing Director and to determine and advise the Board for the payment of annual commission/compensation to the Non-Executive Directors.

The Remuneration Committee as on March 31, 2002 comprises of the following three Directors

Mr. Keshub Mahindra	Chairman	Independent, Non-Executive Director
Mr. R. N. Tata	Member	Promoter, Non Independent, Non-Executive Director
Mr. R. Gopalakrishnan	Member	Promoter, Non Independent, Non-Executive Director

One meeting was held during the financial year 2001-2002 i.e., on June 1, 2001 and all the members attended the same.

Remuneration of Directors

The remuneration of the Non-Executive Directors (NEDs) of the Company is decided by the Board of Directors on the recommendation of the remuneration committee. The NEDs are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval obtained at the 59th Annual General Meeting of the Company held on September 17, 1998, the Commission is paid at the rate not exceeding one per cent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956. The distribution of commission amongst the NEDs is determined by the Board and is broadly on the basis of Board Meetings and various Committee Meetings attended by the NEDs.

The Company pays remuneration to its Managing Director by way of salary, perquisites and allowances (a fixed component) and commission (a variable component). Salary is paid within the range as approved by the Shareholders. The Board on the recommendations of the Remuneration Committee approves the annual increments (effective 1st April each year). The Board fixes a ceiling on perquisites and allowances as a percentage of salary. Within the prescribed ceiling, the perquisite package is recommended by the Remuneration Committee. Commission is calculated with reference to the net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year based on the recommendations of the Remuneration Committee, subject to the overall ceiling as stipulated in Sections 198 and 309 of the Companies Act, 1956.

CORPORATE GOVERNANCE REPORT (Contd.)

Given below are the details of remuneration paid to Directors during the financial year 2001-2002. (Rupees)

Director	Sitting fees	Salaries and other perquisites	Commission (for the year 2000-2001) paid during the year
Mr. R. N. Tata	45,000	—	1,40,000
Mr. R. Gopalakrishnan	75,000	—	1,40,000
Mr. Keshub Mahindra	40,000	—	45,000
Mr. D. M. Ghia	80,000	—	70,000
Mr. Nusli N. Wadia	35,000	—	90,000
Mr. R. C. Khanna	60,000	—	95,000
Mr. A. N. Lalbhai	20,000	—	20,000
Dr. D. V. Kapur	30,000	—	20,000
Mr. N. A. Soonawala	45,000	—	1,00,000
Mr. U. M. Rao	85,000	—	1,00,000
Mr. Prasad R. Menon	—	28,10,444	10,00,000
Mr. S. Srinivasan	25,000	—	15,000
Mr. N. C. Sharma	25,000	—	5,000
Dr. T. Mukherjee	10,000	—	N.A.
Mr. F. J. Heredia	—	—	25,000
Mr. G. N. Bajpai	—	—	10,000
Mr. T. S. Srinivasan	—	—	35,000

Notes:

- As per practice, commission to Directors for each year is paid after the accounts are approved at the Annual General Meeting following the close of the year. A sum of Rs. 50 lacs has been provided as commission to Directors for the year 2001-02, of which an amount of Rs. 30 lacs relates to the Managing Director. Allocations from the balance amount of Rs. 20 lacs for Non-Executive Directors will be made after the accounts are adopted by the members of the Company at the Annual General Meeting.

CORPORATE GOVERNANCE REPORT *(Contd.)*

2. Commission in respect of Directors who are nominees of financial institutions were paid directly to the institutions concerned.
3. Sitting fees in respect of Mr. T.S.Srinivasan and Mr. S.Srinivasan were paid to IDBI. Sitting fees in respect of Mr. G.N.Bajpai and Mr. N.C.Sharma were paid to LIC.

Committee of Directors

In addition to the above Committees, the Board has constituted a Committee of Directors (COD) for capital expenditure and investments. The terms of reference of the COD are to periodically review ongoing capital expenditure, the investments made by the Company, to examine new proposals for investment from the stand point of their business and financial impact, the impact on shareholder value and other related factors, evolution and formulation of the future strategic direction and business development of the Company.

The Committee met on the following dates during the last financial year:

May 10, 2001 July 17, 2001

The Committee of Directors as on March 31, 2002 comprises of the following Directors:

Mr. R. N. Tata	Chairman
Mr. R. Gopalakrishnan	Member
Mr. Nusli N. Wadia	Member
Mr. N. A. Soonawala	Member
Mr. Prasad R. Menon	Member

Attendance at the Committee of Directors meetings during the year

Names of Members	No. of Meetings Held	No. of Meetings Attended
Mr. R. N. Tata	2	1
Mr. R. Gopalakrishnan	2	2
Mr. Nusli N. Wadia	2	2
Mr. N. A. Soonawala	2	2
Mr. Prasad R. Menon	2	2

Details on General Meetings:

Location, date and time of General Meetings held during the last 3 years:

Year	Location	AGM/ EGM	Date	Day	Time	No. of Special Resolutions
1998-1999	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020	AGM	August 24, 1999	Thursday	4.00 p.m.	2
1999-2000	As above	AGM	August 24, 2000	Thursday	4.00 p.m.	2
2000-2001	As above	EGM	August 30, 2000	Wednesday	4.00 p.m.	1
2000-2001	As above	AGM	July 26, 2001	Thursday	4.00 p.m.	1

None of the special resolutions was required to be put through postal ballot.

Tata Chemicals Limited

CORPORATE GOVERNANCE REPORT (Contd.)**Disclosures****Related Party Transactions**

Related party Transactions under clause 49 of the Listing Agreement are defined as the transactions of the Company of a material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

Among the related-party transactions are, contracts or arrangements, made by the Company from time to time with Companies in which the Directors are interested. All these contracts or arrangements are entered in Register of Contracts under Section 301 of the Companies Act, 1956 and the register is placed before the Board.

There were no material transactions during the year 2001-2002 that are prejudicial to the interest of the Company.

Statutory Compliance, Penalties and Strictures

The Company has complied with the requirements of the Stock Exchange/SEBI/ and Statutory Authorities on all matters related to capital markets during the last three years. There are no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities relating to the above.

GENERAL SHAREHOLDER INFORMATION**Means of Communication:**

- The quarterly results are published in the leading English Dailies (Times of India/ Economic Times) and Marathi Newspaper (Loksatta). The Company has large number of Gujarati Shareholders and for their benefit the Company also publishes the results in "Gujarat Samachar".
- The financial results are displayed on www.tata.com and www.tatachemicals.net
- Management Discussion and Analysis forms part of the annual report.

Compliance Officer

Mr. Sunil Wadhwa

Chief Financial Officer & Company Secretary

Tata Chemicals Limited

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

Annual General Meeting

Date and Time : August 1, 2002 at 4.00 p.m.
Venue : Birla Matushri Sabhagar
19, Sir Vithaldas Thackersey Marg
Mumbai 400 020

Financial Calendar : Year ending March 31

Date of Book Closure : July 24, 2002 to August 1, 2002
(both days inclusive)

Interim Dividend payment date : June 17, 2002

Listing on Stock Exchanges : The Company's securities are listed on the following 6 Stock Exchanges in India:

1. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001.
2. National Stock Exchange of India Ltd.
Trade World, Senapati Bapat Marg
Lower Parel
Mumbai 400 013
3. The Calcutta Stock Exchange Association Ltd.
7, Lyons Range
Kolkata 700 001
4. The Delhi Stock Exchange Association Ltd.
DSE House, 3/1, Asaf Ali Road
New Delhi 110 002
5. The Stock Exchange, Ahmedabad
Kamdhenu Complex, Opp. Sahajanand College
Panjarapole
Ahmedabad 380 015
6. The Madras Stock Exchange Ltd.
Exchange Building, Post Box no. 183
11, Second Line Beach
Chennai 600 001

CORPORATE GOVERNANCE REPORT *(Contd.)*

The Company has paid the Annual Listing fees to each of the above Stock Exchanges for the financial year 2002-2003.

Stock Code:	The Stock Exchange, Mumbai (Physical Segment)	TATACHM770
	The Stock Exchange, Mumbai (Demat Segment)	TATACHM500770
	National Stock Exchange of India Ltd.	TATACHEM EQ/TT
	The Stock Exchange, Ahmedabad	60210/TATACHEMCL
	The Calcutta Stock Exchange Association Ltd.	TATACHEM30012
	The Delhi Stock Exchange Association Ltd.	20013
	The Madras Stock Exchange Ltd.	TCC

Demat ISIN in NSDL and CDSL for Equity Shares: INE092A01019

Market Price Data:

	Bombay Stock Exchange (in Rs.)		National Stock Exchange (in Rs.)	
	High	Low	High	Low
Apr- 2001	42.45	38.05	44.25	36.00
May-2001	46.10	39.35	46.75	38.50
Jun-2001	47.65	35.05	48.25	34.55
Jul-2001	40.15	35.35	41.90	34.15
Aug-2001	42.75	38.70	44.75	38.50
Sep-2001	39.80	34.15	46.85	33.00
Oct-2001	39.20	36.25	40.10	34.60
Nov-2001	42.20	38.65	46.00	38.30
Dec-2001	45.25	38.15	47.40	38.00
Jan-2002	43.30	38.85	44.75	39.00
Feb-2002	44.80	40.35	46.00	40.25
Mar-2002	46.50	42.30	48.35	40.65

Share Registrar and Transfer Agents.

Tata Share Registry Limited	Tel.	:	022-2873831
Army & Navy Building	Fax	:	022-2844160
148, M. G. Road, Fort	E-mail	:	csg-unit@tatashare.com
Mumbai 400 001	Website	:	www.tatashare.com
	Business Hours	:	10.00 a.m. to 3.30 p.m. (Monday to Friday)

For the convenience of investors based in the following cities, transfer documents and letters will also be accepted at the following branches/agencies of Tata Share Registry Limited (TSRL):

Tata Share Registry Limited
503, Barton Centre, 5th floor,
84, M. G. Road,
Bangalore 560 001

Tel : 080 5320321 Fax: 080 5580019

Tata Share Registry Limited
C/o Tata Finance Limited, Apeejay House,
Block-A, 7th floor, 15-Park Street,
Kolkata 700 016

Tel : 033 2175904/05 Fax: 033 2175904

Tata Chemicals Limited**CORPORATE GOVERNANCE REPORT (Contd.)**

Tata Share Registry Limited
2/42, Sant Vihar
Ansari Road, Darya Ganj
New Delhi 110 002

Tel : 011 3271805
Fax : 011 3271802

Tata Share Registry Limited
Bungalow No. 1, 'E' Road
Northern Town, Bistupur
Jamshedpur 831 001

Tel : 0657 426616
Fax : 0657 426937

Share Transfer System: Share Transfers in physical form can be lodged with Tata Share Registry Limited at the above mentioned address or at their branch offices.

The Transfers are normally processed within 15-20 days from the date of receipt if the documents are complete in all respects. The Company also offers transfer-cum-demat facility for the convenience of the investors.

Distribution of shareholding as on May 17, 2002

Category	No. of shareholders	Percentage	No. of shares	Percentage
1-500	2,22,431	88.87	2,82,02,706	15.61
501-1000	15,356	6.13	1,13,98,738	6.31
1001-2000	7,446	2.97	1,06,34,955	5.89
2001-3000	2,199	0.88	54,25,435	3.00
3001-4000	960	0.38	33,57,108	1.86
4001-5000	597	0.24	27,45,373	1.52
5001-10000	887	0.35	62,59,443	3.47
Above 10000	445	0.18	11,26,14,893	62.34
Total	2,50,321	100.00	18,06,38,651	100.00

Categories of Shareholders as on May 17, 2002

Category	No. of Shareholders	Voting Strength (%)	No. of Ordinary Shares
Individuals	2,45,948	39.40	7,11,90,145
Unit Trust of India	21	3.23	58,31,750
Life Insurance Corporation of India	9	12.51	2,25,92,921
Government and Other Public Financial Institution	18	9.72	1,75,53,628
Tata Group	33	30.31	5,47,58,135
Other Companies	3,018	3.65	65,96,164
Non Resident Individuals	947	0.52	9,30,478
Nationalised Banks, Mutual Funds and Trusts	191	0.52	9,32,295
Foreign Institutional Investors & Foreign Companies	40	0.11	1,98,430
Foreign Banks and Other Banks	96	0.03	54,705
Total	2,50,321	100.00	18,06,38,651

CORPORATE GOVERNANCE REPORT (Contd.)

Top 10 Shareholders of the Company as on May 17, 2002

Particulars	No. of Shares held	Voting Strength (%)
Life Insurance Corporation of India	2,25,92,921	12.51
Tata Sons Ltd.	1,83,10,280	10.14
Tata Investment Corpn. Ltd.	1,79,03,543	9.91
Tata Tea Ltd.	1,53,85,522	8.52
Unit Trust of India	58,31,750	3.23
New India Assurance Co. Ltd.	53,28,070	2.95
General Insurance Corporation of India	39,55,419	2.19
National Insurance Co. Ltd.	31,78,302	1.76
United India Insurance Co. Ltd.	29,88,722	1.65
Oriental Insurance Co. Ltd.	17,67,379	0.98
Total	9,72,41,908	53.84

Dematerialisation of Shares and Liquidity:

78.83% of the Company's share capital is dematerialised as on May 17, 2002. The Company's shares are regularly traded on the Stock Exchange, Mumbai, and The National Stock Exchange of India Ltd.

Plant Locations	:	Works
Inorganic Chemicals Division	:	Mithapur 361 345 Okhamandal Gujarat.
Fertiliser Divison	:	Indira Dham, P. O. Box No. 1 Babrara 202 521, Dist. Badaun Uttar Pradesh.
Address of Regd. Office	:	Tata Chemicals Limited Bombay House 24, Homi Mody Street, Fort Mumbai 400 001.

CORPORATE GOVERNANCE REPORT (Contd.)

Table Showing Financial Results Cumulative for the period 1.4.2001 to 31.3.2002

(Rs. in Crores)

Particulars	Quarter ended 30.06.2001 (Unaudited)	Six months ended 30.09.2001 (Unaudited)	Nine months ended 31.12.2001 (Unaudited)	Accounting Year ended 31.3.2002 (Audited)	Previous Accounting year ended 31.3.2001 (Audited)
Sales and Operating Income	291.42	679.48	1,066.61	1,481.32	1,502.14
Profit on sale of Investments	1.47	1.60	2.04	2.98	218.97
Other Income	2.28	18.72	23.70	31.75	13.00
Total Income	295.17	699.80	1,092.35	1,516.05	1,734.11
Total Expenditure	210.44	493.31	757.43	1,058.08	1,162.99
Gross Profit before interest and Depreciation	84.73	206.49	334.92	457.97	571.12
Less : Interest (net)	31.37	62.26	92.86	109.95	162.16
Profit after interest but before Depreciation and Extraordinary items	53.36	144.23	242.06	348.02	408.96
Less: Depreciation	32.88	65.88	98.67	133.21	132.84
Profit before Extraordinary Items	20.48	78.35	143.39	214.81	276.12
Extraordinary Items					
a) Employees' Separation Compensation	(3.58)	(7.16)	(10.75)	(14.75)	(13.03)
b) Provision for Contingencies	—	—	—	—	(77.00)
Profit before Tax	16.90	71.19	132.64	200.06	186.09
Less: Provision for Tax	3.71	14.59	29.94	73.24	21.14
Profit After Tax	13.19	56.60	102.70	126.82	164.95
Equity Capital	180.70	180.70	180.70	180.70	180.70
Reserves excluding Revaluation Reserves				1,370.66	1,764.74

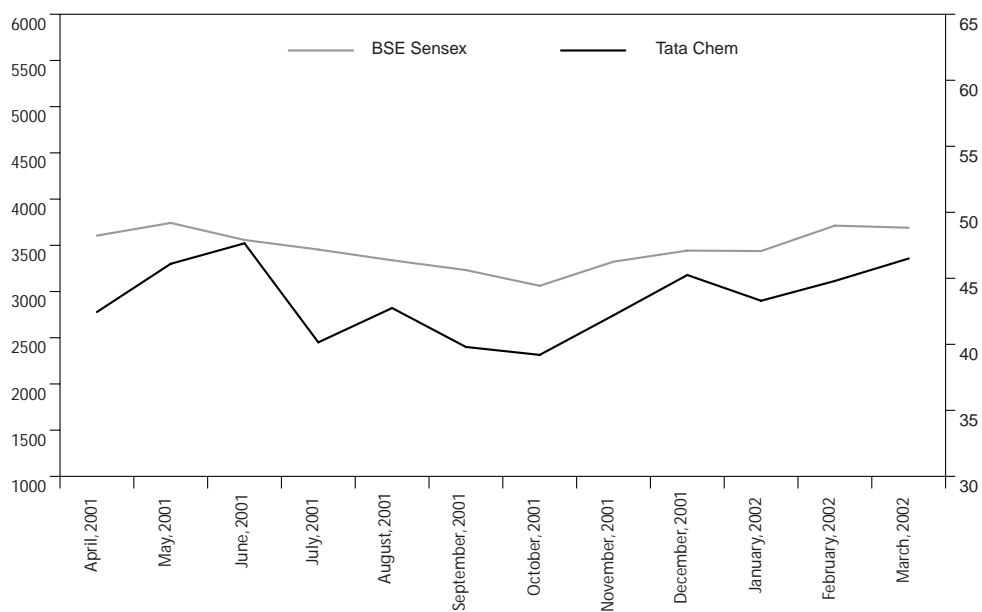
CORPORATE GOVERNANCE REPORT (Contd.)

Financial Highlights - Last Decade

Year	Turnover (Rs. Crs.)	Net Sales (Net of Excise) (Rs. Crs.)	PAT as % of Net Sales	Earnings per Share (Rs.)	Dividend per Share (Rs.)	Gross Gearing (%)	Return on Capital Employed (%)	Return on Net Worth (%)	Asset Cover (Turnover/ Gross Block) (No. of times)	Working Capital Turnover (%)	Exports — (FOB) Value (Rs. Crs.)	Market Capita- lisation As on March 31, (Rs. Crs.)
1991-92	348.42	300.86	19.86	8.10	3.00	62.60	14.03	16.06	0.92	35.70	4.08	1663.06
1992-93	414.75	360.61	20.78	8.91	3.50	65.20	11.05	14.64	1.01	24.70	9.68	1101.25
1993-94	504.38	442.29	62.53	20.21	6.00	60.30	13.54	33.53	0.89	11.50	9.20	2883.59
1994-95	770.17	677.25	42.33	25.38	6.50	59.40	14.96	27.58	0.43	59.50	3.68	2471.17
1995-96	1515.37	1402.56	27.97	21.83	6.50	54.10	22.79	29.85	0.71	41.90	14.95	3812.56
1996-97	1598.52	1477.76	16.91	13.96	6.50	53.00	17.55	17.41	0.70	53.10	23.72	2850.54
1997-98	1633.02	1515.65	19.04	15.97	6.50	48.90	17.53	18.10	0.69	52.10	19.98	2701.47
1998-99	1453.09	1347.81	13.48	10.06	5.00	48.40	12.46	10.84	0.58	65.20	2.05	1297.43
1999-00	1513.42	1417.06	8.28	6.50	5.00	44.70	10.70	6.93	0.55	51.40	5.46	948.68
2000-01	1470.00	1382.10	11.93	9.13	5.00	37.07	11.26	8.48	0.53	50.10	22.10	687.33
2001-02	1387.10	1311.06	9.67	7.02	5.00	34.05	10.10	8.17	0.50	49.00	20.75	839.97

Share Price Movements

Share Price Movement for the period April 2001 to March 2002 of
Tata Chemicals Ltd. vs. BSE Sensex



Tata Chemicals Limited

CORPORATE GOVERNANCE REPORT (Contd.)

CERTIFICATE

TO THE MEMBERS OF

TATA CHEMICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by Tata Chemicals Limited, for the year ended March 31, 2002, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that while the Shareholders/Investor Grievance Committee has not maintained records to show the investor grievances pending for a period of one month against the Company, the Registrars of the Company have certified that as at March 31, 2002, there were no investor grievances remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.B. BILLIMORIA & CO.
Chartered Accountants

For N.M. Rajji & CO.
Chartered Accountants

N. VENKATRAM
Partner

A.R. GANDHI
Partner

Mumbai: 31 May, 2002

TATA CHEMICALS

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

ATTENDANCE SLIP

Folio No.	
DP ID	
Account ID	
No. of Shares	

I hereby record my presence at the SIXTY -THIRD ANNUAL GENERAL MEETING of the Company at Birla Matushri Sabhagar, 19 Sir Vitthalidas Thackersey Marg, Mumbai 400 020, at 4.00 p.m. on Thursday, August 1, 2002.

Signature of the attending Member/Proxy	
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- Notes:**
1. A Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.
 2. A Shareholder/Proxyholder desiring to attend the meeting should bring copy of the Annual Report for reference at the meeting.



TATA CHEMICALS

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

PROXY

I/We of in the district of being a Member/Members of the abovenamed Company, hereby appoint of in the district of or falling him of in the district of as my/our Proxy to attend and vote for me/us and on my/our behalf at the SIXTY-THIRD ANNUAL GENERAL MEETING of the Company, to be held on Thursday, August 1, 2002 at 4.00 p. m. and at any adjournment thereof.

Signed this day of 2002

Signature	Affix Rs. 1.00 Revenue Stamp
-----------	---------------------------------------

Folio No.	
DP ID	
Account ID	
No. of Shares	

This form is to be used in favour of of the resolution. Unless otherwise instructed, the proxy will act as he thinks fit.
*against

*Strike out whichever is not desired.

- Note:
1. The proxy must be returned so as to reach the Registered Office of the Company, Bombay House, 24, Homi Mody Street, Fort, Mumbai-400 001, not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.
 2. A Proxy need not be a member of the Company.