TATA CHEMICALS LIMITED

TATA

Perspective of Hind Lever Chemicals - Tata Chemicals merger proposal

January 24, 2003

- **Dominant player in each operating segment**

Largest soda ash manufacturer with a highly integrated complex for related inorganic chemicals

Largest salt player with all-India reach and presence, and well-regarded brand

Chemicals

Fertilizers

Leading urea producer with world-class, highly energy efficient manufacturing plant

Cost leader with a highly competent marketing and distribution network in all businesses

Hind Lever Chemicals Limited

- **Leader in its chosen product segments**

Largest STPP player with a nation-wide customer base and significant market share

World-class integrated manufacturing facility, with high asset productivity and strong safety/environment management systems

Chemicals

Fertilizers

Well entrenched distribution network in key consumption markets

Pioneer in ‘branding’ – comprehensive range of products under ‘Paras’ brand, high customer loyalty

Overview

- Both companies possess **natural operating synergies** across their key operating activities in the chemicals and agri inputs sectors

- The transaction will result in a **considerably strengthened financial position** for the combined entity

- The merger ratio has been defined at **2.5:1** by independent financial advisors (2.5 shares of TCL for every 1 share of HLCL)

Note: Transaction subject to regulatory, statutory and shareholder approvals

Merger in line with objectives

Both TCL and HLCL have a **common objective** of continuously enhancing value for all their stakeholders including customers, employees, shareholders and business associates, by **growing their business profile and profitability**

The transaction will enable the development of a **superior operating model and business profile** by strengthening the Company's position in its defined areas

Natural synergies + complementary fit

- Tata Chemicals is the largest soda ash producer in India with a well diversified customer base and a strong marketing function. Soda ash is a key raw material or the detergent sector. Hind Lever Chemicals is India's largest manufacturer of STPP - a detergent intermediate

- TCL is a leading player in the urea business and an established presence in the northern states. HLCL is amongst the foremost manufacturers of fertilisers such as DAP, SSP and NPK, which are complementary to TCL's product range. HLCL also has a strong distribution network in the eastern states

Synergies in the bulk chemicals

Complementary products & size	TCL - Largest producer of soda ash HLCL - Largest STPP producer
Complementary clients	Soda Ash & STPP - all large detergent manufacturers Common clients - opportunity to cross-sell, expand market and provide better support services
Complementary infrastructure	Common usage of marketing network Efficient logistics and supply chain management Effective use of pooled infrastructure

Synergies in the agri-nutrients

Complementary products & size	TCL - leading urea manufacturer HLCL - leading DAP, SSP and NPK manufacturer
Complementary profile	Common markets with a complementary product range TCL - 85% sales in high consumption markets of UP, Harayana, Punjab, Uttaranchal, Bengal and Bihar HLCL - market leadership in Bihar, Jharkhand and Bengal
Complementary branding	TCL – TKK, a novel branded services infrastructure is a one stop platform for the farmer HLCL - “Paras” brand commands high consumer loyalty Opportunity to leverage combined brand and marketing strength to create a formidable market position

Strengthened financial position

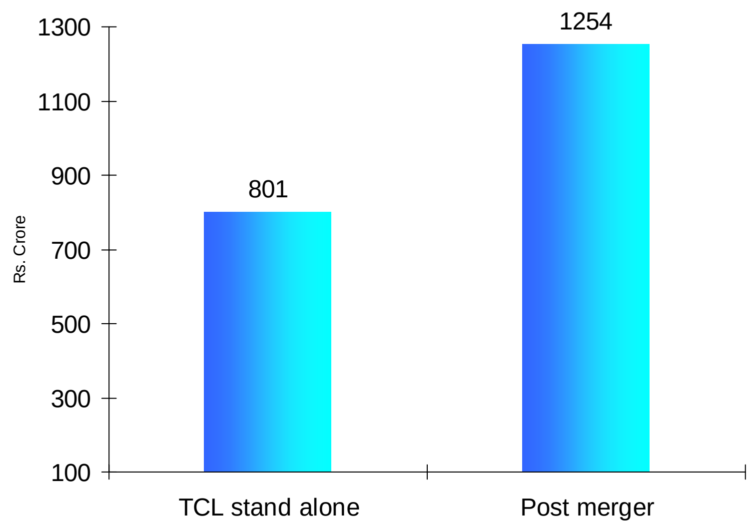
- Transaction results in an equity dilution of ~ 19% and adds significant size to revenues and earnings

- Both Tata Chemicals and Hind Lever Chemicals have continuously undertaken numerous efficiency management and cost control initiatives

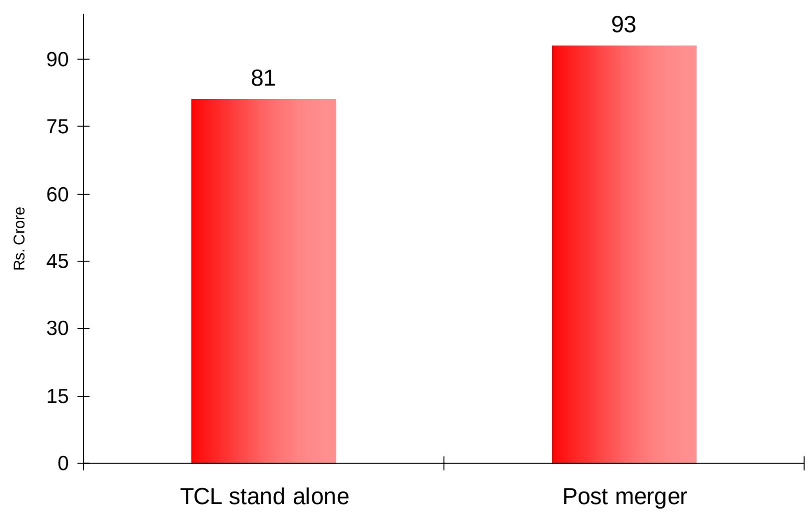
- Post merger, the company is expected to report healthy financial ratios, efficient working capital deployment, relatively lower interest costs and significantly better interest coverage ratio, an improved debt to equity ratio and higher business networth

P&L perspectives - post merger

Revenues



PAT



All figures pertain to H1 FY 2003. HLCL's second half year financial performance is normally better than the first half year keeping in view the business seasonality

Key post merger financial perspective

- Equity capital dilution of ~19% to Rs 215 crore
- Annual revenue perspective of ~Rs 2650 crore
- Annual PAT perspective of ~Rs 200 crore
- Networth enhancement by ~Rs 350 crore to ~Rs 1900 crore
- Marginal change in debt levels, at ~Rs 950 crore lowering the debt:equity ratio to 0.5
- Book value per share of ~Rs 90
- Total assets of ~Rs 3450 crore

Figures are approximate estimates based on past and current year performance, do not indicate a formal performance outlook for FY 2003

A win-win combination

Complementary product profile, a cost leader with high quality marketing network and efficient infrastructure and resources utilization

TCL

+

HLCL

Enhanced value proposition to all customers through a wider range of products and better quality support services

Common corporate culture with vast repository of expertise and knowledge that will be leveraged for rapid growth

Strong financial position, with healthy performance ratios and continued ability to pursue growth opportunities