



December 16, 2016

To
The Shareholders
Tata Chemicals Limited

Dear Member(s),

Sub: Representation of Mr. Nusli N. Wadia under Section 169(4) of the Companies Act, 2013

This has reference to the Notice dated November 22, 2016 convening the Extraordinary General Meeting ("EGM") of the Company on the requisition of Tata Sons Limited, which holds 19.35% of the paid up capital of Tata Chemicals Limited ("the Company").

The EGM is scheduled to be held on Friday, December 23, 2016 at the Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai – 400 020, amongst other things, to consider the resolution for removal of Mr. Nusli N. Wadia as Director of the Company.

Pursuant to Section 169(4) of the Companies Act, 2013, Mr. Nusli N. Wadia has sent his representation in writing to the Company requesting the Company to circulate the representation ("Representation") to the members of the Company. Accordingly, please find enclosed the Representation of Mr. Nusli N. Wadia. A copy of the Representation is also available on the website of the Company at www.tatachemicals.com.

The Company, the Board of Directors and its officers have not verified the statements made in the said Representation of Mr. Nusli N. Wadia and do not take responsibility for the same. With respect to the matters mentioned in paragraph VII(1) and (2) of the Representation, the Company has received a statement from the Managing Director which is also made available for inspection at the registered office of the Company between 10.00 a.m. to 2.00 p.m. on any working day of the Company up to the date of the EGM and will also be made available for inspection at the venue of the EGM.

Yours sincerely,
For Tata Chemicals Limited

Rajiv Chandan
General Counsel & Company Secretary

Encl.: as above

TATA CHEMICALS LIMITED

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CIN : L24239MH1939PLC002893

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Nusli N. Wadia

C-1, Wadia International Centre (Bombay Dyeing),
Pandurang Budhkar Marg,
Worli,
Mumbai 400 025.

December 14, 2016

To
M/s. Tata Chemicals Limited
Bombay House, 24 Homi Mody Street
Mumbai 400 001
India.

Kind Attention: Board of Directors and Company Secretary
Mr. Rajiv Chandan.

Subject: Representation under Section 169 of the Companies Act, 2013.

Dear Sir / Madam,

I refer to the special notice ("**Special Notice**") moved by Tata Sons Limited ("**Tata Sons**"), seeking my removal as an Independent Director levelling allegations against me, which are unsubstantiated, baseless, false, motivated, defamatory and libellous and have been made with the intention of harming my reputation.

Further to my letter dated 22nd November 2016, and my statutory rights under Section 169 (4) of the Companies Act, I am exercising my right to make a written representation to the Shareholders. The representation is attached herewith ("**Representation**").

The Company is obliged to send the representations to the Shareholders so that they are able to take an informed decision. You have reasonable time to circulate this representation to the shareholders in physical as well as electronic form.

Kindly note that documents referred to in the attached Representation letter are also available for inspection/perusal at my Office. The shareholders requiring any further information/clarification may write to me on my email address – nusliwadia@independentdirectortcl.com and the same would be provided promptly.

Kindly note that this letter is without prejudice to my rights.

Regards,

Nusli N. Wadia
Independent Director
Tata Chemicals Ltd.

Tata Chemicals Ltd.

Esteemed Shareholders,

I come before you today in the most unique of circumstances. The notice that has been sent by Tata Sons for my removal as Independent Director has been with you for some time.

I. MY ASSOCIATION WITH YOUR COMPANY

I was invited to join your Company as a Director more than three decades ago based on my association with the late JRD Tata, my mentor and godfather. Whatever little I have learnt, and the values that I have tried to imbibe, are those that he gave me. The most important value that he taught me was that when one enters a Board Room, you leave your shares at the door, irrespective of whom you represent. He encouraged the freedom of thought and expression. If any member of the Board disagreed with JRD he not only respected it but appreciated it. He never expected anyone to toe his or "the Tata line". He never admonished anyone for being independent. This is what Mr. JRD Tata practised.

It is both sad and unfortunate that Tata Sons and its interim Chairman Ratan Tata are not only not practising this great tradition but effectively destroying it.

I have always acted as an Independent Director, long before it became a requirement to do so under any law. In August 2014, I was once again appointed as an Independent Director upto 15th February, 2019. My appointment in 2014 was with an overwhelming majority of more than 86% of the votes cast (including those of Tata Sons).

I have served your Company Independently for 35 years – joined before and served longer than any other living Director including Mr. Ratan Tata and I now stand accused of having lost my independence over events that transpired in less than 17 days.

II. THE ALLEGATIONS AGAINST ME

Tata Sons in their notice dated 10th November 2016, sought my removal as Director and levelled four (4) principal allegations against me, which are unsubstantiated, baseless, false, motivated, defamatory and libellous and have been made with the intention of harming my reputation. I have also sent a notice to the requisitionist (i.e. Tata Sons) demanding the defamatory statement be withdrawn. The allegations with my responses are:



- (i) that I have been acting in concert with Mr. Cyrus Mistry;

This is totally false and baseless. My actions as an Independent Director are totally independent and not linked to any individual.

- (ii) that I have been acting against the interests of Tata Chemicals and its principal shareholder by galvanizing independent directors and mobilizing opinion, forcing disruptions, and issuing a statement which is contrary to the interests of the Company;

The allegation that I have been acting against the interests of Tata Chemicals is totally false and baseless. I have served as an Independent Director of Tata Chemicals for the past 35 years as also the Chairman of the Nomination and Remuneration Committee where at the Annual General Meeting I am answerable to the shareholders.

I do not serve the principal shareholder (Tata Sons) in any capacity and am not required to act in their interest. The statement is also baseless and unsubstantiated. I have a fiduciary responsibility to act as an Independent Director in the best interest of the companies on whose boards I serve, no more no less.

The allegations that I am galvanizing independent directors and mobilizing opinion, forcing disruptions, and issuing a statement which is contrary to the interests of the Company are totally baseless and completely unsubstantiated. I am sure that my Independent Director colleagues are independent minded enough not to be galvanised by anybody, least of all, one of their peers.

The statement issued by the independent directors affirming confidence in the Board, the Chairman and the management in the conduct of the Company's business was a unanimous statement.

- (iii) By such an act, it has put the Company in jeopardy with respect to its further expansion plans, capital raising by virtue of equity or debt, queries from rating agencies and impact on the overall morale of the workers, employees and the management who have joined Tata Chemicals, a Tata Company;

On this basis, all independent directors should be equally accountable and responsible for putting the Company in jeopardy. The charge therefore is that all independent directors are equally acting against the interests of the Company. On that basis all the directors who are signatories to the

statement should also equally be removed. It is for the shareholders to decide if this is true and correct, and to act accordingly.

The allegation that my presence has impacted the morale of the workers, employees and the management; is false, untrue and conjecture. No worker, employee, or manager, or director of Tata Chemicals has ever complained of my conduct. On the contrary it is they who have sought my advice on several occasions outside the Board Meetings on many issues.

- (iv) that the principal shareholders have lost confidence in the independence, suitability or my bonafides.

In fact, the very reason for which I am being sought to be removed by Tata Sons is my independence of mind and action, in the discharge of my fiduciary duties as an independent director of your company.

I have already sent notices for defamation to Tata Sons for carrying on a personal vendetta against me for not toeing their line. I believe that it is Tata Sons and its interim Chairman who have vindictively issued this notice with malicious intent to remove me from the Board of Tata Chemicals Ltd. I believe that it is their actions, which lack bonafides and in fact are malafide.

III. MY REPRESENTATION TO THE BOARD

As reported in the notice before you, I had requested the Board, through my letter dated 22nd November, 2016, in performance of their fiduciary duty, to forthwith investigate the serious allegations (in my opinion false) contained in the notice of Tata Sons and if found true take action against me as per law. In the event that the allegations are not proved, it is the duty of the Board to state otherwise and inform the shareholders accordingly. They have chosen not to do so. In the alternative I have suggested that the Board should forthwith appoint an independent impartial retired Judge who should expeditiously preferably within 15 days investigate all the charges and place his findings before you, the shareholders. The Board has not acted on this suggestion either. By not stating otherwise the Company continues therefore to accept me as an Independent Director, which is both a de-facto and de-jure endorsement of my position and my conduct.

IV. MY RECORD WITH THE COMPANY

1. The alleged reasons seeking my removal do not even remotely relate to my performance or my conduct as an Independent Director of Tata Chemicals for 35 years.

2. I had in my letter and at the Board Meeting requested the Board to provide you with information recorded with the Company and with the shareholders relating to my performance.
3. In the Annual Report for the years 2014-15 and 2015-16 of your Company, the evaluation process of Directors was reported to the shareholders in which they were informed that the “*performance of the Board and individual Directors was evaluated by the Board after seeking inputs from all the directors*”. Further the NRC and the Independent Directors at their meetings reviewed the performance of the Board and expressed their satisfaction to the shareholders in the performance of all Directors and the Chairman of the Board. The relevant extract from the annual report for the year 2015-16 is reproduced below.

Quote from Annual Report 2015-16 (Page – 42 of Annual Report)

“The performance of the Board and individual Directors was evaluated by the Board after seeking inputs from all the directors..... The performance of the committees was evaluated by the Board after seeking inputs from the committee members.

The Board and the NRC reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.”

V. **THE EVENTS WHICH TRIGGERED THE NOTICE SEEKING MY REMOVAL:**

1. On 10th November, at approximately 5.00 pm, the Independent Directors of your Company unanimously issued a statement affirming their confidence in the Board, its Chairman and the Management. At the commencement of the Board Meeting that followed the Independent Directors Meeting, Mr. Bhaskar Bhat, Non Independent and Non Executive Director of your Company and the MD of a Tata Company, read out a hand-written statement proposing that Mr. Cyrus Mistry should not chair the meeting. The remaining directors present did not agree to support such a proposition. On the same night of 10th November, 2016 Mr. Bhat resigned.
2. Thereafter it is understood that approximately between the hours of 11.00 pm and 1.00 am that night, the Tata Sons Board passed a circular resolution to issue notice for my removal with an explanatory statement that I have referred to earlier (as in Item 2 of the notice).

3. The notice from Tata Sons was delivered to your Company on the morning of 11th November, in less than 24 hours after the Independent Directors of your Company had issued a statement affirming their confidence in the Board, its Chairman and the Management of your Company.
4. Strangely 6 days after the resignation of Mr. Bhaskar Bhat, your Company received a notice dated 16th November, 2016 from Tata Sons stating their intention to propose the candidature of the same Mr. Bhaskar Bhat for the office of Director of the Company. Is this good and appropriate Governance or a farce that Directors are made to resign and then being proposed six days later for reappointment.
5. I am the only Independent Director of your Company whose removal is being sought despite the fact that the statement to the Stock Exchanges were approved unanimously and sent by all Independent Directors. No action against any other Independent Director has been taken in your Company. Near-identical notices to remove me as an Independent Director of Tata Steel and Tata Motors were moved by Tata Sons and delivered simultaneously with the Tata Chemicals notice.
6. The cause of the hasty and vindictive reaction of Tata Sons and its interim Chairman to move the circular resolution in the middle of the night for my removal were obviously triggered by the above events.
7. What is strange is that in Indian Hotels where I am not a director as also in Tata Motors where I am, statements were issued on behalf of the Independent Directors. Even more strange is the fact that no other Independent Director of any other Tata company has been sought to be removed other than me.
8. No event has taken place in Tata Chemicals, which results in the notice being issued for my removal.

VI. CORPORATE MATTERS

Over the years I have as an Independent Director expressed my views and differed with several proposals during the time of Mr. Ratan Tata's Chairmanship upto 2012:

1. I differed strongly in the proposal for the Merger of HLCL (Haldia Plant) with the Company, which involved an investment to the tune of Rs. 347 Crores. I had expressed my views at the Board Meeting held on 24th January, 2003 as recorded,

that the growth foreseen by the merged entity may be only at the initial stages which is likely to become stagnant thereafter. I also expressed concern that the price sensitivity analysis of STPP is likely to be negative in the long run and the company should factor in the possible future losses in such an eventuality. I also enquired about the real value addition this merger was likely to bring in and expressed my views that as HLCL is managed by HLL which is a reputed multinational, the scope of improvement will be negligible and that the profitability should be assessed properly.

2. I as well as some other Board members expressed serious apprehensions on the proposal for the acquisition of the Brunner Mond Group, having soda ash business operation in UK, Kenya (Magadi Soda) and Netherlands at a cost of around Rs. 800 Crores for sound reasons. We had expressed our concerns on the fundamental issues involved in the overall arrangement, the risk involved, and the assumptions and projections made for profitability and doubted the rate of return as envisaged in the proposal. However the decision was ultimately taken by consensus. Unfortunately shortly after the acquisition, the profitability became negative and continued to remain so.

I had also raised my serious concerns over the years for providing continuing financial resources of the Company towards the overseas businesses and assets which were continuously underperforming and incurring substantial losses.

This has now led to an impairment on this acquisition of approximately Rs.1,600 cr.

The company is currently looking to extricate itself from substantial part of its UK business including the pension fund issues which it has inherited from the acquisition.

These investments and their costs have led to the destruction of shareholder value of your company.

3. During the last 10 years mainly due to various acquisitions the consolidated debt of your Company went up from Rs. 1827 Crores to Rs. 8695 Crores an increase Rs.6800 cr. This included the funding required for other joint ventures and subsidiaries. The total impairment of all the various investments made is approximately Rs.2000 cr.
4. On the one hand Tata Chemicals is burdened with heavy debt and has a substantial funding requirement for its future strategy. On the other hand Tata Chemicals has large cross holdings in various Tata companies including non listed companies like Tata Sons, Tata Teleservices, Tata Projects, Tata Industries, Tata Services, Taj Air, Tata International and Tata Capital and listed companies like Tata Motors, Tata Steel, Tata Global Beverages, Titan Company, Tata Investment Corporation and The Indian Hotels. The approximate value of the unlisted shares is around Rs. 7200 cr. or more. The current value of the listed shares is in excess of around Rs. 1300 cr. making a total of around Rs.8500 cr. **If these holdings**

were to be disposed off, your company would be debt free. These cross holdings are being maintained in a debt ridden company only to indirectly keep the voting rights and control in Tata Sons. The figure across all the listed companies holdings in Tata Sons Ltd. is approximately 14% of its Capital amounting to approximately Rs. 70,000 Crores and is being maintained only to shore up the voting rights of the Tata Trusts.

5. **It is for you the shareholders who own around 70% of the company to decide as to whether it is in your best interest to hold the shares worth Rs.8500 cr with no return or to disinvest and pay off its debt and make it debt free, save interest of approximately Rs.850 cr per annum, thereby improving the profit of the Company by the same amount.**

VII. CORPORATE GOVERNANCE POST 24th OCTOBER, 2016

Alleged Governance lapses by Tata Sons, their directors and certain Trustees of the Tata Trusts by influencing the management of Tata Chemicals against the Board of Directors and Independent Directors.

1. It was brought to the attention of the Board of Directors of your Company at their meeting held on 10th November, 2016, that the Managing Director of your Company had conveyed that in the event the Independent Directors chose to issue any statement which made a reference to the Chairman, the Managing Director would not permit the Company Secretary to issue the proposed communication through the office of the Company Secretary.
2. Further it was also brought to the attention of the Board of Directors that the Managing Director of your Company was believed to have convened a meeting of the senior management at which they had been asked to append their signatures to a pre-drafted letter seeking to endorse the stand of Tata Sons Ltd. Those present were advised that if they did so, their interests would be protected by the Tata Sons. Upon enquiring by the Board Members, the Managing Director of your Company had accepted the same
3. These are the acts by which Tata Sons sought to coerce and influence the Directors through the management. These actions of Tata Sons of trying to involve the management in the process of coercing the directors is against the interests of the Company, its stakeholders and shareholders and is a reprehensible act which is not only inappropriate but illegal.
4. These are serious cause for concern on lack of corporate governance in the conduct of the affairs of your Company resulting from the undue interference by the dominant Promoter shareholder attempting to influence inappropriately and

illegally the Board of Directors and Independent Directors through the management and the employees/workers of the company.

5. These actions on the part of Tata Sons “by galvanizing the management and employees of your Company against the Board of Directors and Independent Directors” and “acting prejudicially against the interest of your company may put the company and its future in great jeopardy”.
6. This serious illegal and inappropriate act of corporate misgovernance is a contravention of law. It contradicts the claims preached by Tata Sons and its interim Chairman Ratan Tata on ethics, morality and governance. It flies in the face of the Tata Code of Conduct, which Tata Sons claims to be the author of.
7. It is for you the shareholders of your Company to determine as to whether they wish that their Company be governed or should I say misgoverned in such a manner? They should judge whether these actions are in conformity with elementary principles of good Corporate Governance and meet even the basic standards of ethics and morality expected of Tata Sons.

INTIMIDATION IN NOTICE OF TATA SONS:

The Notice of Tata Sons to the shareholders seems to create an atmosphere of intimidation with regard to the overstated role of Tata Sons, the promoter with regard to the brand. Your company was incorporated in 1939 as the Tata Chemicals Ltd. The company in its Certificate of Incorporation was christened with the name Tata under the Chairmanship of Mr. JRD Tata. It is he who endowed Tata Chemicals with the name ‘Tata’ and not Tata Sons. The products of the company have been sold since 1939 under the brand name Tata almost 60 years before any licence agreement with Tata Sons was entered into by the company that too without a payment of any fee. It is only from 1998 that Tata Chemicals have through this agreement the validity of which needs to be examined and suitably addressed, paid royalty.

To my knowledge no financial support has been given by Tata Sons to Tata Chemicals including in the acquisition and continuation of the investment in Tata Chemicals Europe or otherwise. No letters of comfort nor guarantees have been provided by Tata Sons to Tata Chemicals or Tata Chemicals Europe to my knowledge.

IS AN INDEPENDENT DIRECTOR TRULY INDEPENDENT WHEN THE PROMOTER IS PERMITTED TO PROPOSE AND VOTE FOR HIS REMOVAL.

The current Companies Act and SEBI listing Regulations creates a serious dichotomy if not a contradiction of the manner in which an Independent Director could and should be removed.

What needs to be considered is the following:

1. An Independent Director means a director other than a Whole Time Director, Nominee Director, and who is not either a promoter of a company and/or related to a promoter.
2. An Independent Director is appointed for a fixed term of 5 years and not liable to retire.
3. The Audit Committee of a company must comprise of the majority of Independent Directors and be chaired by an Independent Director.
4. The Nomination & Remuneration Committee of a company likewise must comprise of a majority of Independent Directors and be chaired by an Independent Director.
5. The Chairman of the Audit Committee and the Chairman of the Nomination & Remuneration Committee are required to attend the General Meeting of shareholders.
6. Independent Directors are required by law to abide by special Code of Conduct for Independent Directors alone under which they have fiduciary obligations. Such obligations are not cast on the Non-Independent Directors.
7. The second tenure of an Independent Director requires a special resolution of shareholders. Therefore it is only logical and appropriate that the removal of an Independent Director during his first 5-year term should require a special resolution on which the promoter should not be permitted to vote.
8. From the above it is evident that Independent Directors have extremely important and onerous duties, which require independence of mind and thought. The question arises as to whether therefore the removal of an Independent Director at the instance of a promoter goes against the very concept of an Independent Director. If an Independent Director can be removed at the whims and fancies of a promoter shareholder then it begets the question as to whether he is truly independent, and can function as such.
9. In the case of specific related party transactions as also mergers involving promoters the promoter shareholder is not permitted to vote at a General Meeting on such resolutions.

10. The removal of an Independent Director stands on a much higher pedestal than a mere transaction, since an Independent Director is the guardian and custodian of all stakeholders, and in particular, the non-promoter shareholders of a company. If the voting rights of promoters/interested parties are restricted in case of related party transactions or a merger of a listed company, then there is no reason why the same principle should not apply to removal of Independent Directors as well.
11. The ability of a promoter to remove an Independent Director through an ordinary resolution on which it can vote therefore represents a major dichotomy and contradiction that needs to be addressed urgently.
12. A very eminent Former Judge of the Supreme Court in a very detailed opinion has stated “.....in my opinion it would be fallacious to say that an Independent Director is not liable to retirement in normal course as prescribed under Section 152, but he would be liable to be removed at the caprice of the Promoter group by an Ordinary Resolution by simple majority”.....
He further states “.....I am therefore of the Opinion that the ability of Promoter/Promoter Group to remove an Independent Director by an Ordinary Resolution is wholly deleterious to and contradicts the very concept of Independent Director”.....
13. It is upto you collectively the non-promoter majority shareholders of the company to also seek redressal of this issue in order to protect the Institution of Independent Directors who are your custodian and fiduciary. It is for you to seek the intervention of both the central government and SEBI to address this issue by ensuring that the resolution for the removal of an Independent Director should be a special resolution and be voted on by only the non promoter shareholders.

WHAT ARE THE ISSUES AND WHAT IS AT STAKE?

1. Although, it is my removal that you are being asked to vote upon, the real ‘person’ on trial is the “*institution of the Independent Director*” itself and not me. Your vote will have implications not only on how the other Independent Directors in your Company are to be treated, but in fact, on all Independent Directors of all companies across the country.
2. The reason why I state this is quite simple. I am before you today because I chose to discharge my duty as an Independent Director honestly, faithfully to the best of my abilities as a fiduciary in the interest of all stakeholders. I did not toe the line of one particular shareholder. My independent stand has aggravated Tata Sons and my removal is being sought because I chose not to

follow their diktat. My fiduciary duty is to your company and not to an unidentified Tata Group.

3. Independent Directors act as custodians of the interests of all stakeholders. By law, they chair the Audit Committee and Nomination & Remuneration Committee (NRC) and form the majority on these committees. Chairman of the Audit Committee and NRC are mandatorily required to be present at the Annual General Meeting of the Company to directly answer your, the Shareholders', questions.
If they can be removed at the whim and fancy of a promoter, then their role is reduced to being '*yes men*'.
4. The resolution proposing my removal as an Independent Director is taking place for the first time in our country and since the institution of Independent Director was created.
5. It is the first time in the history of corporate India that a promoter is using his muscle power with false and vindictive allegations to remove an Independent Director.
6. Under such circumstances, the Independent Directors are left with two options- either to resign or face removal and be forced to defend their integrity before the shareholders at their own expense.
7. It is for you to decide if such coercive tactics must be condemned in the strongest terms as they fly in the face of the basic tenets of corporate governance.
8. Your vote will therefore be a significant signal to all other companies, promoters, public shareholders as well as Independent Directors.

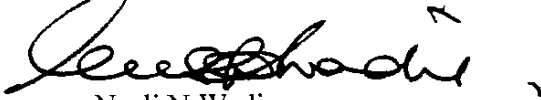
CLOSING REMARKS

It is now in your hands to decide not on my fate as an Independent Director of Tata Chemicals, but on the fate of the very institution of Independent Director requires to be protected by the shareholders in whose interest the Independent Director serves as a fiduciary to safeguard the interests of all stakeholders, most important of all, yours, dear shareholders.

Thank you for taking the time to read this. I hope that you will vote with your conscience and for what is right for your company and the institution of Independent Director.

I have penned down the above in good faith and with due care and attention. I have stated the above facts in my representation in consonance with and having the spirit of section 169 of the Companies Act in my mind only and no other intentions.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Nusli N Wadia', with a small arrow pointing to the end of the signature.

Nusli N Wadia
Independent Director
Tata Chemicals Limited

Mumbai, Dated 14th December 2016

Note:

The shareholders requiring any further information/clarification may write to me on my email address – nusliwadia@independentdirectortcl.com and the same would be provided promptly.

