TATA CHEMICALS LIMITED
“Serving Society through Science”
Business Perspectives
Low Cost Resource Base

- Potash
- Phosphate
- Nitrogen
- Soda Ash
- Salt

Products:
- Agri Markets
- Detergent, Glass (Container & Float)
- Edible / Industrial
Distribution Based Businesses in India

- Agri Inputs
- Agri Services
- Swach
- Pulses
- Edible Salt

Agri + TKS

Household
Evolving as a Low Cost Resource Play

Potash (Trading) + Potash (Trading) + EPM Potash - Mining

~0.5* mn tn (2017)

DAP in Haldia + Phos Acid in Morocco + IMACID II DAP linked to Phos Rock in Morocco

~1.0* mn tn (under evaluation)

Nitrogenous Fertiliser (Regulated) + Nitrogenous Fertiliser (Regulated) + Gabon (2 lines)

~1.3* mn tn (line 1 - 2014)
~1.3* mn tn (line 2 – under evaluation)

Soda Ash India (Synthetic) + Soda Ash Synthetic (India + UK)

Natural Ash (USA + Kenya)

~0.4 mn tn (under evaluation)

Soda Ash India (Synthetic)

Natural Ash expansion (USA)

Salt India + Edible Salt + Salt debottlenecking (India)

~0.2 mn tn (2012)

Potash (Trading)
Phosphatics (DAP in Haldia)
Nitrogenous Fertiliser (Regulated)
Soda Ash India (Synthetic)
Salt India

* Project Capacities
Evolving as a Low Cost Resource Play

Higher Volumes
- Potash
- Phosphatics
- Nitrogenous Fertilisers
- Soda Ash
- Salt

Investment in Low Cost Resources
- EPM Potash Mining
- IMACID II - Morocco
- Gabon (2 lines)
- Natural Ash – TCNA
- Salt - India

Margin Accretion

TATA CHEMICALS
The **NATURAL** Advantage

**Mithapur - Salt**

**Tata Chemicals Magadi – Natural Soda Ash**

**Tata Chemicals North America – Natural Soda Ash**
The **NATURAL** Advantage

Tata Chemicals Europe (British Salt) - Brine

IMACID, Morocco – Rock Phosphate

Gabon Fertiliser Unit – low energy cost – potential to be one of the lowest cost urea manufacturing facilities in the world
Extensive and Efficient Distribution

Rural
- Pesticides
- Fertilisers
- Specialty & Customised Fertiliser
- TKS

Urban
- Edible and Industrial Salt
- Swach & Pulses

Pan India network of 2252 distributors and 40,045 retailers

Strong reach to rural markets 150 districts across 7 states. 700+ dealers and 1.2 lakhs villages covered

700+ franchise retail outlets

Pan India reach to ~6.5 crore households through 11.3 lakh retail outlets
Customer Profile

- Consumer Product Business
  - Salt
  - Swach
  - Farm Output

- Agri Inputs
  - Fertilisers – Controlled
  - Agri Inputs – Non-Controlled

- Chemicals
  - FMCG Customers (Detergent & Container Glass)
  - Construction and Automobile (Glass)
Consumer Product Business

- Salt
- Swach
- Farm Output

Agri Inputs

- Fertilisers – Controlled
- Agri Inputs – Non-Controlled

Chemicals

- FMCG Customers (Detergent & Container Glass)
- Construction and Automobile (Glass)
Consumption Growth - India

Rising Disposable Income (Per Capita USD)

- 2010(F): 1,077
- 2014(F): 1,647

Consumption Growth (Per Capita USD)

- 2010(F): 746
- 2014(F): 1,108

Source: EIU

Opportunity for sustainable growth by meeting demand through products backed by technology and Innovation
Consumer Products Business

- Tata Chemicals is the market leader with 62% market share in the Edible salt national branded segment
- Tata Salt holds the number one position with market share of about 46.5% - reaches ~6.5 crore households every month through 11.3 lakh outlets
- I-Shakti market share at about 17% of national branded category - reaches close to 5 lakh outlets across India
- Additional 200K TPA capacity expected by March 2012 (estimated cost: ₹ 80 crore)
- Tata Swach a path breaking innovation – available at price points of ₹ 1,199 and ₹ 899 – replacement bulbs at ₹ 349
- Tata Swach sales at 414,000 units
- Available across 9 states
Consumer Products Business – i-Shakti Pulses

- India's first National brand of pulses – “i-Shakti dals” - launched 4 popular varieties of pulses (Chana, Toor, Urad & Moong)
- i-Shakti dals sales at over 1,000 tonnes for FY2011
- Currently present in 3 states - to be rolled out to over 12 states during FY2012

Tata Chemicals’ ‘Farm to Fork’ approach

- **Farm**: Strong linkages with the farmer through expansive & well entrenched networks of Tata Kisan Sansars and Rallis Kutumba (catering to 3 million farmers)
- **Fork**: Established food retail presence through Tata Salt and I Shakti covering a total of around 1.8 million outlets
- Thrust on offering quality and hygienic pulses at an affordable price
- Endeavoring to work closely with state governments across the country. Presently working on the Tamil Nadu government’s Grow More Pulses Program with Rallis
- Fertilisers – Controlled
- Agri Inputs – Non-Controlled
- Salt
- Swach
- Farm Output

- FMCG Customers (Detergent & Container Glass)
- Construction and Automobile (Glass)
Food demand to grow with rising population and increasing awareness of nutrition needs

... and given competing uses, land under cultivation cannot increase significantly

At 49%, India has the one of the largest proportion of arable land
International prices ranging between ~USD 275 to ~USD 500

Finished Goods – Urea Price Trend (USD)

Source: Industry Estimates – Prices FOB Arabian Gulf
Production & Deliveries

- Plant operating at full capacity utilization
- Urea de-bottlenecking of 50-100K tonnes under review

- Babrala II – Currently on hold, awaiting policy clarity on gas allocation and pricing

Urea Production & Sales Volumes
(‘000 MT)

Urea Realizations
(₹/MT)

STABLE & RECESSION PROOF BUSINESS
Republic of Gabon (RoG)

RoG Snapshot

- An oil rich country in Equatorial West Africa
- Spread across 267,667 kms
- Population: 1.5 million
- Economy dominated by oil & mining
- Third highest GDP in Sub-Saharan Africa: USD 14,000 (2009 est.)
- Sovereign Rating similar to Philippines: BB- (S&P)
Key Investment Highlights

- Entered into a competitive fixed price feedstock agreement with RoG to ultimately set-up 2 streams of 1.3 MTPA Urea - Execution activity at Stream 1 commenced and expected to be commissioned in 36 months
- Time schedule for stream 2 execution to be mutually decided by Olam, RoG & TCL over next 24-36 months
- Olam, RoG and TCL to setup a sales and marketing JV for selling entire output. Olam and TCL to hold equal stake. Up to 25% of the output reserved for Indian markets (subject to de-canalization in India)
- TCL to provide Project Management Consultancy and O&M services
- Due diligence on gas reserves underway
Funding

- Strategic investment of USD 290 million to acquire 25.1% stake in stream 1 to set-up Greenfield port-based ammonia-urea Fertiliser manufacturing complex in Republic of Gabon (RoG) - Balance share held by RoG (12%) & Olam (62.9%)

- Funding through:
  - USD 82 million raised by the preferential share allotment to Tata Sons
  - Sale of Investments worth USD 68 million over the next three years
  - Debt funding of USD 140 million
Project Highlights

- Strategically located near Gabon’s main sea port
- Leveraging Olam’s network for developing local Urea markets at higher realizations
- Potentially a low cost Urea manufacturing facility globally
- 10 Year Tax holiday after commencement of commercial production and 10% concessional rate thereafter
- Expected yearly EBITDA of USD 300–350 Million per stream
Technical Advisory Service Agreement with Notore Chemicals, Nigeria

- Notore is in the business of manufacturing Urea and owns a KBR ammonia plant and a Stamicarbon Urea plant.
- The Notore plant presently has a capacity of 350,000 metric tonnes (MT) of Ammonia per annum, 500,000 MT of Urea per annum and 650,000 MT of blended NPK.
- There is no investment involved at present by TCL in Notore Chemicals.
- TCL’s fees are linked to improvement in the output from the plant performance.

Testimony to TCL’s expertise and capabilities in the Urea business.
DAP & NPK

Phosphoric Acid Price Trend (USD)

- DAP prices continue to harden led by rising input and energy costs
- Higher input prices placing strain on operations

Study underway to double phos acid capacity along with ~ 1 million TPA DAP capacity

Subsidy rates for DAP and MOP have been increased to USD 612 and USD 390 respectively

 Finished Goods – DAP Price Trend (USD)

Source: Industry Estimates
Production & Deliveries

Haldia DAP Production & Sales ('000 MT)

- IMACID stake safeguards assured supply of phosphoric acid

Haldia DAP Realizations & Contribution (₹/MT)

LOW CAPITAL BUSINESS
Production & Deliveries

Haldia NPK Production & Sales
(‘000 MT)

- Low subsidies combined with higher input cost hindering volume growth

- Targeting to expand the SSP capacity by 50K TPA – expect completion by March 2012

LOW CAPITAL BUSINESS
Customized Fertilisers

Production

Production at Babrala has commenced: Capacity 130,000 MT/ year

Marketing

Target Market: - 25 districts of UP - 5 key crops

Target segments: 66 dealers, 351 star retailers, 197 TKS

Evaluating option of setting up 2 more Customized Fertiliser units
Rallis India

- Strong growth in domestic business driven by value added offering to farmers in the last four years – despite the setback due to unseasonal rains

- Revenues up by 20% at ₹ 1,047 crore and PAT up by 25% at ₹ 126 crore for the year ended March 31, 2011

- Acquisition of Metahelix Life Sciences (MHS) offers Rallis a firm footing in the seeds business

- With a strong presence in Rice, Maize, Millet, Cotton and Vegetables portfolio, the Metahelix presence provides a robust opportunity to increase presence in agri input segment

- Manufacturing presence being strengthened by capacity expansions in existing units as well as investments in a new unit at Dahej

- The Rallis Kisan Kutumb programme continues to receive focus with over 50,000 farmers coming into fold
- Consumer Product Business
  - Salt
  - Swach
  - Farm Output

- Agri Inputs
  - Fertilisers – Controlled
  - Agri Inputs – Non-Controlled

- Chemicals
  - FMCG Customers (Detergent & Container Glass)
  - Construction and Automobile (Glass)
Global Soda Ash

Global Soda Ash Demand (Million Tonne)

Capacities (Million Tonne)

Source: Industry Estimates

- Global capacity for soda ash (FY2011) is 65 million tonnes
- TCL’s soda ash capacity is 70% synthetic and 30% natural
- Natural soda ash variable cost is \( \frac{1}{3} \)rd of synthetic soda ash
Robust Glass Demand - India

Source: Glassyug 2010, Glassweb and TSMG Analysis, ACMA report

Past Indian Growth
Steady growth of 11.5% in domestic glass industry for last 10 years

Construction And Auto sectors
Real Estate & Construction, accounting for 85% of float glass. Demand to grow at 20% CAGR growth in automobile sector, contributing 15% to demand

China growth Story
China grew by 11% from 1990-2008 - India poised to mirror this performance

Indian demand estimated to grow at 11%, on a conservative basis
Global Energy Prices

Coal CFR Price Trend (USD/tonne)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Price (USD/tonne)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY10</td>
<td>67</td>
</tr>
<tr>
<td>Q2 FY10</td>
<td>71</td>
</tr>
<tr>
<td>Q3 FY10</td>
<td>83</td>
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<tr>
<td>Q4 FY10</td>
<td>95</td>
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<tr>
<td>Q1 FY11</td>
<td>100</td>
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<tr>
<td>Q2 FY11</td>
<td>94</td>
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<tr>
<td>Q3 FY11</td>
<td>104</td>
</tr>
<tr>
<td>Q4 FY11</td>
<td>95</td>
</tr>
</tbody>
</table>

Spot Price 120-140

Anthracite CFR Price Trend (USD/tonne)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Price (USD/tonne)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY10</td>
<td>146</td>
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<tr>
<td>Q2 FY10</td>
<td>153</td>
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<tr>
<td>Q3 FY10</td>
<td>169</td>
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<tr>
<td>Q4 FY10</td>
<td>200</td>
</tr>
<tr>
<td>Q1 FY11</td>
<td>204</td>
</tr>
<tr>
<td>Q2 FY11</td>
<td>195</td>
</tr>
<tr>
<td>Q3 FY11</td>
<td>219</td>
</tr>
<tr>
<td>Q4 FY11</td>
<td>254</td>
</tr>
</tbody>
</table>

Spot Price 250

Coke CFR Price Trend (USD/tonne)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Price (USD/tonne)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY10</td>
<td>293</td>
</tr>
<tr>
<td>Q2 FY10</td>
<td>287</td>
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<tr>
<td>Q3 FY10</td>
<td>333</td>
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<tr>
<td>Q4 FY10</td>
<td>415</td>
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<tr>
<td>Q1 FY11</td>
<td>537</td>
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<tr>
<td>Q2 FY11</td>
<td>471</td>
</tr>
<tr>
<td>Q3 FY11</td>
<td>467</td>
</tr>
<tr>
<td>Q4 FY11</td>
<td>435</td>
</tr>
</tbody>
</table>

Spot Price 530-550

Source: Industry Estimates
Mithapur facility operating at ~82% capacity utilization levels

~ 65% sales on spot basis

Rising input costs (limestone and coal) necessitating increased finished goods prices

Shift in India’s consumption pattern from detergent to glass – usage significantly lower than global consumption
Production & Deliveries

Mithapur Production & Sales (‘000 MT)

Mithapur Realizations & Contribution (₹/MT)

HIGH CASH GENERATING BUSINESS
Soda Ash – Tata Chemicals North America (TCNA)

- TCNA - one of the largest Soda Ash players in the US
- Currently operating at ~97% capacity utilization levels
- Study under progress for increasing capacity
- Entire production sold through long term contracts
- Complete production sold out for current calendar
- ~70% production sold domestically while balance exported; mainly to Latin America

Market Share

- Tata Chem North America, 24.9%
- FMC, 29.1%
- Solvay, 21.3%
- OCI, 17.2%
- SVM, 7.5%

Industrial Usage Spread

- Glass, 54%
- Chemicals, 24%
- Other use, 12%
- Detergent, 10%

Source: Industry Estimates
Production & Deliveries

TCNA Production & Sales
(‘000 MT)

- 100,000 MT capacity addition by FY2012

TCNA Realizations & Contribution
(₹/MT)

HIGH CASH GENERATING – LOW COST
Soda Ash – Tata Chemicals Europe (TCE)

- Entire production sold in the UK - all sales through long term contracts
  - Container Glass driving demand
- Unit operating at full capacity utilization
- Facility has strong tie-up for brine supply at reasonable cost – acquired 100% stake in British Salt

Source: Industry Estimates

**Market Share**

- Others, 6.7%
- ETI, 9.3%
- Tata Chem Europe Europe, 84.0%

**Industrial Usage Spread**

- Glass, 67%
- Detergent, 16%
- Chemical, 10%
- Other Use, 7%

37
Production & Deliveries

TCE Production & Sales
(‘000 MT)

Extreme climatic conditions impact TCE operations

TCE Realizations & Contribution (₹/MT)

FOCUS ON RETURNING TO SUSTAINABLE PROFITABILITY
Long-term customer relationships with leading food & chemicals companies

British Salt is also active in the gas storage business

Source: Industry Estimates
Soda Ash – Tata Chemicals Magadi

Market Share

- Imports, 8.0%
- Tata Chem Magadi, 92.0%

Industrial Usage Spread

- Glass, 71%
- Chemical, 10%
- Mining & Metal, 6%
- Detergent, 16%
- Other Use, 2%

Source: Industry Estimates

- Standard Ash plant operating at ~85% capacity utilization levels
- Project “Excel” contributes to enhanced production and efficiencies at Pure Ash Facility – 60% capacity utilization
- Rising oil prices however pose challenges
- ~60% sales on spot basis
Production & Deliveries
Kenya SAM UK Production & Sales
(‘000 MT)

Kenya SAM Realizations & Contribution
(₹/MT)

FOCUS ON EXPLOITING LOW COST ADVANTAGE
Financials
TCL’s Revenue Contribution

~32% - North America

~68% - India
Financial Trend (Consolidated)

Net Income from Operations (₹ crore)

CAGR Growth* – 18.3%

- FY06: 4,029
- FY07: 5,804
- FY08: 6,023
- FY09: 12,652
- FY10: 9,448
- FY11: 11,060

EBITDA (₹ crore)

CAGR Growth* – 14.3%

- FY06: 833
- FY07: 1,119
- FY08: 1,625
- FY09: 1,736
- FY10: 1,773
- FY11: 1,864

*CAGR Growth* – FY06 – FY11

Excludes extraordinary items
Financial Trend (Consolidated)

CAGR Growth*:

- **FY06**: 14.7
- **FY07**: 18.3
- **FY08**: 37.9
- **FY09**: 27.6
- **FY10**: 25.6
- **FY11**: 26.1

**CAGR Growth**: 10.0%

Diluted EPS (₹)

- **FY06**: 14.7
- **FY07**: 18.3
- **FY08**: 37.9
- **FY09**: 27.6
- **FY10**: 25.6
- **FY11**: 26.1

- **PAT (₹ crore)**
  - **FY06**: 428
  - **FY07**: 508
  - **FY08**: 964
  - **FY09**: 648
  - **FY10**: 592
  - **FY11**: 653

*CAGR Growth* – FY06 – FY11
Dividend Track Record

Dividends including Dividend Tax (₹ crore)

FY06: 172
FY07: 201
FY08: 247
FY09: 248
FY10: 255
FY11: 296

Dividend Payout Ratio*

FY06: 45%
FY07: 41%
FY08: 23%
FY09: 51%
FY10: 55%
FY11: 61%

* On a standalone basis
## FY2011 Financial Highlights

<table>
<thead>
<tr>
<th>Particulars (₹ crore)</th>
<th>FY2011</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TCL</td>
<td>TCE</td>
</tr>
<tr>
<td>Net Sales (Incl. Other Operating Income)</td>
<td>6,332</td>
<td>1,682</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>893</td>
<td>192</td>
</tr>
<tr>
<td>PBT (after exceptional items)</td>
<td>559</td>
<td>(39)</td>
</tr>
<tr>
<td>PAT (after MI &amp; Share in Associate)</td>
<td>408</td>
<td>(24)</td>
</tr>
</tbody>
</table>

- International entities register a growth of 43% in profits
FY2011 Performance

FY11 Net Income from Operations (₹ crore)

FY2010: 9,544
FY2011: 11,060

FY11 Profit from Operations (₹ crore)

FY2010: 1,840
FY2011: 1,864

- Firm markets and stable operating environment across most sites
- Improving demand environment reflected in enhanced realizations
FY2011 Performance

- Strong performance by TCNA partially mitigates impact of increasing input costs, extreme winter in TCE

- FY2011 Profit from operations includes full year performance of Rallis versus 3 months in FY2010
## Key Ratios (Consolidated)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As on March 31, 2011</th>
<th>As on March 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt/Equity</td>
<td>0.76</td>
<td>0.81</td>
</tr>
<tr>
<td>Net Debt/Total Assets</td>
<td>0.36</td>
<td>0.37</td>
</tr>
<tr>
<td>Net Debt/EBITDA</td>
<td>2.34</td>
<td>2.08</td>
</tr>
<tr>
<td>EPS (Diluted &amp; annualized)</td>
<td>26.10</td>
<td>25.91</td>
</tr>
</tbody>
</table>

Consolidated Cash and cash equivalents as on March 31, 2011: ₹ 1,345 crore
Strategy and outlook...
Financial Objectives

- Debt Equity 1:1
- ROCE 20%

Business Objectives

- Leadership
- Innovation
- Sustainability
Living Essentials

Objectives

- Leveraging technology and customer relationships to create products for the masses

Actions

- Debottlenecking of additional 200K TPA domestic salt capacity at ₹ 180 crore expected by March 2012
- Swach Water purifiers – Sales targeted to cross 1 million by FY2012
- I Shakti range of pulses – “i-Shakti dals” and 4 popular varieties of pulses (Chana, Toor, Urad & Moong including Whole Green Moong & Green Chilka)
Industry Essentials

Objectives

- Being the lowest cost Inorganic Chemicals Company in the world

Actions

- Debottlenecking of GCIP facility by 100,000 tonnes by March 2012
- Study under progress to increase GCIP capacity by 400,000 tonnes
- Magadi PAM PEP (Pure Ash, Performance Enhancement Programme)
- Initial capex of USD 15 million on engineering and infrastructure for Biofuels production at Mozambique
- Lean Six Sigma being implemented across sites
Farm Essentials

Objectives

- Strengthen position in the Integrated Agri Input space while leveraging relationships with farmers to extend across the value chain

Actions

- Evaluating option of setting up 2 more Customized Fertiliser units in Haldia
- Third DAP train of 300,000 tonnes under examination
- Urea de-bottlenecking of 50-100K tonnes under review
- Babrala II – Urea doubling project dependent upon gas allocation and price
- Study underway to double phos acid capacity along with ~ 1 million TPA DAP capacity at IMACID, Morocco
- SSP debottlenecking at Haldia by 50K TPA at a cost of ~ ₹ 11 crore – expected completion by Q4 FY2012
Innovation Focus

- **TATA Swach:**
  - Low cost water purifier available at price points of ₹ 749 and ₹ 499
  - The Tata Swach bulb, which shuts off water supply after its useful life, is priced at ₹ 299 and it can purify up to 3,000 liters of water
  - TATA Swach is available almost pan India except North Eastern states and J&K

- **Biofuels:**
  - Tata Chemicals has a research program for Jatropa in Singapore along with Toyota and Temasek
  - Tata Chemicals plans to exploit this technical knowledge and expertise in developing large-scale bio ethanol project in Mozambique
  - The consulate minister of Mozambique allocated 16,000 hectares of land for setting up Bio ethanol plant based from sugarcane