



Nusli N. Wadia

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

December 22, 2016

My Dear Shareholder,

I had sent you a few days ago, a detailed letter setting out my response to the resolution proposed by Tata Sons for my removal as a Director of your Company.

As I mentioned, I have served your Company as an 'Independent Director' for more than 35 years having been invited at a very young age by JRD Tata, my mentor and Godfather.

It is you the Shareholders of the Company who have over these years re-elected me to serve your Company and reposed your faith and confidence in me: The last occasion being in 2014 with an overwhelming majority of more than 86% of the votes cast.

In my letter I felt it my duty to point out to you, the baseless and false allegations that have been made in the explanatory statement by Tata Sons supporting the resolution to seek my removal. I addressed each of the allegations that they claimed to be their reasons for my removal none of which were linked to my performance as an Independent Director. I also referred to representations made by me to the Board on the subject seeking their action. I also recorded that the Board and the Directors had evaluated my performance at their respective meetings.

The Notice by the Company that is before you states clearly that I continue to be an Independent Director, despite the allegations made by Tata Sons. You may wish to seek guidance from the Independent Directors at the meeting as to my performance and contribution to the company and seek their views on my independence. I have also drawn your attention to the events that triggered the notice, issued at the midnight hour seeking my removal.

I have presented to you matters that related to your Company where I acted to the best of my ability as an 'Independent Director' with respect to the onerous fiduciary responsibility placed on me as in the case of all Independent Directors.

I have outlined events relating to some key decisions of the Board. Most important of all is Tata Chemicals' investment in the Brunner Mond Group, in UK, Kenya (Magadi Soda) and Netherlands at a cost of around Rs. 800 Crores. I as well as some other Board members 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.


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.

I had also 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 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 had also expressed that as HLCL was managed by HLL, a reputed multinational, the scope of improvement would be negligible and that the profitability should be assessed properly.

During the last 10 years mainly due to various acquisitions, the consolidated debt of your Company went up from Rs.1,827 Crores to Rs.8,695 Crores, an increase Rs.6,800 Crores. This included the funding required for other joint ventures and subsidiaries. The total impairment of all the various investments made is approximately Rs.2,000 Crores.

I have brought to your attention that Tata Chemicals has large cross holdings in various listed and unlisted Tata companies. The approximate value of the unlisted shares is around Rs.7,200 Crores. The current value of the listed shares is in excess of around Rs.1,300 Crores making a total of around Rs.8,500 Crores. 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 of Tata Sons and Tata Trusts. 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. It is for you the shareholders of Tata Chemicals who own 70% of the shares of your company to decide whether you want to be the holder of Tata Sons shares with minimum return, zero liquidity and no exit. This would apply to all shareholders of the relevant Tata Companies.

I have brought to your attention the issues that relate to Corporate Governance, or the lack of it.

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 the 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.


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.

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.

I have tried to allay your doubts and fears that you the Shareholders may have with regard to the notice of Tata Sons seeking to intimidate you in respect to the Tata Chemicals brand and financial support alluded to, both of which are untrue.

Most important of all I have tried to bring to your notice that the issue before you is not about the removal of Nusli Wadia, but about the very independence of an 'Independent Director' and his ability to perform his fiduciary duties and responsibilities without fear or favour.

The ability of a promoter to remove an Independent Director through the brute force of its holding in an ordinary resolution on which it can vote is a serious and major dichotomy and contradiction that needs to be and must be addressed urgently. Two respected Jurists have opined accordingly. I have provided their Opinions to the Government, Department of Company Affairs and to SEBI for their consideration.



Independent Directors are your custodians. They chair the Audit Committee and the Nominations & Remuneration Committee, which are directly accountable to you. If they can be removed at the whim and fancy of a promoter then their role will be reduced to that of 'yes men'.

It will no longer protect them from addressing issues as fiduciaries accountable to all stakeholders, most important of all, you the Shareholders. They will be left with the option either toe the line, resign or face removal as I do.

You would have read in the newspapers that two of the Independent Directors of Tata Global Beverages Ltd viz. Mr. Analjit Singh and Mr. Darius Pandola resigned as the directors of the Board on the ground of lack of transparency and governance in removing Mr. Cyrus Mistry by Tata Sons.

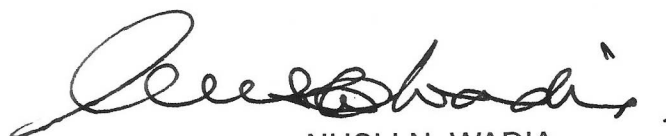
What is at stake now is not whether I am removed or not but the fate of the very institution of the Independent Director that has been created in law and by SEBI to safeguard the interests of all stakeholders.

It is in your hands to vote with your conscience for what is right for your company and more important for the institution of Independent Directors.

I have chosen not to attend the meeting as I understand that recent meetings held of other Tata Companies have been inappropriately and shamefully stage managed by the requisitionist controlling the entry into the hall as also in the selection and choice of speakers as never before seen in Indian Corporate history.

In keeping with good Governance and natural justice, I have forwarded this letter to the Company Secretary to read it out to you my Dear Shareholders. It is for him and the board to decide whether they wish to allow him to do so.

Yours sincerely,



NUSLI N. WADIA
INDEPENDENT DIRECTOR
TATA CHEMICALS LTD.