“On the growth path”

7-8th August 2006
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    - Chemicals, including overview of Brunner Mond
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India - Economic overview
India—poised for strong economic growth...

- World’s 4th largest economy (PPP), GDP FY07 : 7.6% (Est.)
- Net FII investment in FY06 crossed US$9.9 bn (14% up PY)
- Consumptions accounts for 64% of GDP
- Rapidly growing middle class of about 200mn people with significant spending power
- Infrastructure investments to grow at 15% CAGR
- Favourable demographics
The Tata group - overview
Tata Group – India’s largest and the most respected business group

Market cap¹: US$49bn

Revenues²: US$22bn

PAT²: US$2 billion

Notes
¹ Market cap (approx.) as on March 31, 2006
² F.Y. 2006 data
Tata Chemicals
Business overview
Tata Chemicals is…

- The 3rd largest soda ash manufacturer in the world
- The #1 soda ash player in India
- A market leader in edible salt market, largest STPP player in the country
- The most energy efficient urea fertiliser manufacturer in India and amongst the most efficient globally
- 1/3rd stake holder in IMACID, Morroco – assured supply of key inputs
- A true partner of the farmer with a presence in all 3 agri inputs categories as well as an expanding number of Tata Kisan Sansars
FY 2006 - Global Footprints

Manufacturing locations

Markets

UK
Netherlands
Morocco
Kenya
India
South Africa
At a glance

- **Listing:**
  - Stock Exchange, Mumbai (BSE)
  - National Stock Exchange (NSE)

- **Ticker:** TTCH IN

- **Founded:** 1939

- **Market Capitalization:** US$ 915mm

- **Revenue** (US$mm): 795

- **EBITDA** (US$mm): 131

- **EBITDA Margin:** 17%

- **Employees:** 3,500

- **Ownership:**
  - Sponsor Group 28.6%
  - Institutional Investors 42.4%
  - Indian Public 29.0%

**Note:**
1: Market data per Telerate as on July 28, 2006,
2: INR/USD Conversion rate of 46.68
3: F.Y 2006 data, INR/USD Conversion rate of 44.27

### Sales break-up – FY2006

- **Phosphatic Fertilisers**: 39%
- **Urea**: 20%
- **Soda Ash**: 20%
- **Salt**: 9%
- **Cement**: 4%
- **STPP**: 2%
- **Others**: 6%
Tata Chemicals, yesterday

- Localised operations, No 13 in Soda Ash capacity
- Asset heavy
- High exposure to single customer segment – detergents
- Integrated domestic facilities & access to raw materials
- Two main revenue streams
- Products – Commodities, useful but uninteresting
- Fertilisers – few variants
Today ...

- Significant player – Soda Ash - 3rd globally
- Turned threat to opportunity – Natural Soda Ash at Kenya – lowest cost producer
- Diversified customer base – glass, specialty chemicals
- Facilities strategically located – high growth regions
- Future business platforms – knowledge based, nucleus of scientific talent
- Branded products, international businesses
- Wider portfolio in fertilisers, agricultural / food processing sectors at inflection point
Facilities in India

- Mithapur – Soda Ash, Cement, Salt
- Babrala - Urea
- Haldia – DAP, NPK
Beyond Boundaries, Brunner Mond ...

Brunner Mond, UK – Soda Ash

Brunner Mond, Netherlands – Soda Ash, Bicarb
Beyond Boundaries, Brunner Mond

Bruner Mond, Kenya, Lake Magadi - Soda Ash

Dredge on lake Magadi, Kenya
Beyond Boundaries, IMACID, Morocco

Phosphoric acid plant

Sulphuric acid plant

Storage tanks
Geographic diversification of revenue and capacity

- Before Brunner Mond, soda ash capacity 0.87mn tons in India
- Facilities now in Asia, Europe & Africa, close to high-growth markets

BMGL: Soda Ash Capacity: 2mn tons
Eastern Europe
Middle East
Africa
India: Soda Ash Capacity: 0.87mn tons

World Market: 38 MT (+3%)
Regional Corridor: 17 MT (+7%)
## Diversified business portfolio

### Key Products

- **Chemicals & Food Additives**
  - Soda Ash – Mkt share 33%
  - Salt – Mkt share 40%
  - Sodium Bi-carbonate

- **Fertilisers**
  - Urea – Market share 4%
  - Diammonium Phosphate NPK

### End Markets

- Glass, detergents
- Agriculture

### Revenues & EBIT

<table>
<thead>
<tr>
<th></th>
<th>Revenues: US$794mm</th>
<th>EBIT: US$117mm</th>
<th>EBIT margins: 14.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chemicals &amp; Food Additives</strong></td>
<td>US$299.7mm</td>
<td>US$ 72.6mm</td>
<td>24%</td>
</tr>
<tr>
<td><strong>Fertilisers</strong></td>
<td>US$494.9mm</td>
<td>US$ 45.3mm</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

**Note**: Indicates share of revenues. All revenue and EBIT numbers for the year ended FY2006.
Strategic Direction - a balanced approach to growth.

Horizon 1
- Grow current core where raw materials / resource advantage can be strengthened

Horizon 2
- Build new business to accelerate transformation to new capabilities—Adjacent businesses in agriculture and chemistry

Horizon 3
- Seed options consistent with desired business profile, intersection of chemicals, agri and food
- “sustainability” screen
- Technology drivers

Capability platforms under construction
- Chemical engineering
- Raw material knowledge
- Plant operations
- Chemistry capabilities
- Platform that allow innovation
- Global sourcing & marketing capabilities
- Process and products innovation
Road Ahead ....

**Chemicals**
- Doubling Magadi
- Building Global Bicarb business
- Modernisation of Mithapur
  - Increase Soda ash, cement & Salt capacities

**Fertilisers**
- Debottlenecking Barbala
- Explore cheaper locations for gas
- Innovation – new crop specific higher value fertilisers

**Company Wide**
- Securitising Inputs
- Acquisition Thrust
- 2\(^{nd}\) round of cost optimisation - with Mckinsey
- Develop R&D facility (Innovation Centre)

*Turnover - USD 2 billion by FY09, 1/3\(^{rd}\) from International Businesses*
Business segments
Chemicals - soda ash

Revenue Mix

- Chemicals & Food Additives 40%
Global soda ash industry

The global demand supply situation favours producers with capacity utilisation of over 90%

- Global demand at 47 million mt, China - 21% of demand
  - To grow at 4%pa led by glass
- Synthetic production dominates – 73%
- Cost structure increasing
  - High natural gas, coal, coke prices & freight rates
- Prices increasing after seven years of weak prices

Source: British Sulphur Consultants
India - sector dynamics

Tata Chemicals is a dominant player with 32.8% market share

- Domestic demand 2.2 million mt growing at 4-5%

- Demand driven primarily by the float glass segment

- Synthetic soda ash accounts for 100% of production in the country

- Capacity utilisation at all-time high
Overview of Brunner Mond Group
Brunner Mond – a transformational acquisition

Major step towards becoming a truly globally competitive company

BMGL – 2nd largest producer in Europe ~1500 customers
Gives access to larger Asian and European markets
Total Soda Ash production capacity ~2.0 million tons with three plants
Capacity expansion to increase supply of dense ash to 1.5 million tons,
TCL combined turnover to go up ~40%

Resultant synergies will enhance Tata Chemicals’ profitability
Facilities within reach of major markets

Facilities and transportation terminal strategically located to give access to major markets in Europe, Middle East, and South East Asia.

- **Europe** – 1.3mn tons
- **Africa** – 0.685mn tons
- **Soda ash capacity** 2.0 mn tons

Locations:
- **UK**
- **Netherlands**
- **Magadi, Kenya**
- **Terminal at South Africa**
Competitive advantages of Magadi Soda Ash

- Magadi has unique competitive advantages
  - Close to key growth markets e.g. Middle East and Asia
  - Self-replenishing proven trona reserve - life of 100 years
  - Lower royalty fee
  - Duration - Lease extended for 30 years – upto 2053
  - Area – 227,000 acres

- Significant cost savings for producing natural soda ash
  - The use of trona makes Magadi Soda Ash lowest cost producer in the world

*Cost of natural soda ash ~ 50% of synthetic soda ash*
## Significant value accompanied with Magadi Soda Ash

<table>
<thead>
<tr>
<th>Before acquisition</th>
<th>After acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TCL uses Solvay process - synthetic soda ash</strong></td>
<td><strong>Access to natural soda ash &amp; synthetic</strong></td>
</tr>
<tr>
<td><strong>Sources key raw materials from nearby quarries and captive salt works</strong></td>
<td><strong>Diversification includes captive trona reserve at Magadi - assured supply until 2053</strong></td>
</tr>
<tr>
<td><strong>Production cost affected by the market price of inputs &amp; availability</strong></td>
<td><strong>Trona reserve captive, proven reserves of 184 mn tons – self replenishing</strong></td>
</tr>
<tr>
<td><strong>Limited scope of vertical integration</strong></td>
<td><strong>Vertical integration possible along value chain</strong></td>
</tr>
<tr>
<td><strong>Capex requirement USD 750 per ton</strong></td>
<td><strong>Minimal capex USD 200 -250 per ton</strong></td>
</tr>
</tbody>
</table>
The third largest global producer of soda ash

TCL moves from number 13 globally to 3rd position, maintains cost leadership, capacity from 0.87 mn tons to 3 mn tons

Better pricing power

FY2006 Soda ash production capacity (mn ton)
TCL Standalone Markets

ASIA
- India
- Bangladesh
- Sri Lanka
- Indonesia
- Thailand

EUROPE

MIDDLE EAST & AFRICA
- Oman
- UAE
TCL-BMGL Combined Markets

ASIA
- India
- Bangladesh
- Sri Lanka
- Indonesia
- Thailand
- Pakistan
- Philippines
- Vietnam
- Malaysia

EUROPE
- UK
- Netherlands
- Germany
- France
- Belgium
- Sweden
- Ireland
- Norway
- Denmark

MIDDLE EAST & AFRICA
- Oman
- UAE
- Kenya
- South Africa
- Nigeria
- Saudi Arabia
- Morocco
Working with leading brands

Gujarat Glass
Building a Global Sodium Bicarbonate Business

**TCL Business**
- *Strong domestic focus*
- *Simple grade portfolio*
- *Very low fixed costs*
- *Pricing comparable with Soda Ash*
- *Sales predominantly via distributors*
- *Sales to consumer sector*

**BM Business**
- *Global sales reach*
- *Complex & extensive grade portfolio*
- *Low variable, high fixed costs*
- *Pricing to add value to Soda Ash*
- *Sales balanced direct & via agents / distributors*

Existing businesses not competing, market and pricing approaches different
Inorganic Chemicals

Food additives

Revenue Mix

Chemicals & Food Additives 40%
Food additives

- Market leader - 40% share in India
- Increased thrust on salt exports – Middle East

Most Trusted Food brand in India, 3rd year in a row
Tata’s positioning in the domestic salt industry

Tata Salt - largest salt brand in India, 40% market share

‘Tata Salt’ - pioneer in branded salt market

- High brand equity and premium perception
- “Superbrand” ranked #1 food brand by Economic Times¹
- Nationwide distribution - over 40 million consumers
- Integrated operations at Chemical site - Embedded competitive advantage
- Business with social objective – first Iodised Salt (goitre), now Fortified (iron deficiency)

Note¹: India’s largest selling business daily

Source: Industry, ORG MARG
Fertiliser segment

Revenue Mix

Fertilisers
60%
Global Fertiliser industry

A large and mature market, growing fastest in developing countries

- 2005 sales ~ US$70 billion
- Consumption ~ 144mm tonnes (2002/2003)
- Consumption growth 3-4% pa, Expected growth 2% over next 5 years
- Leading markets - China (26%), US (15%) and India (13%),

Fertiliser Consumption Forecast

- As ia 56%
- Europe 14%
- North America 16%
- Latin America 9%
- Africa 3%
- Oceania 2%

.....Nitrogenous fertiliser dominates consumption

Source: British Sulphur Consultants
Natural gas is the major cost driver for nitrogen...

Cost structure for urea

Natural Gas (NG) - key factor determining Urea prices

Ammonia prices create a floor for Urea
The Indian Fertiliser sector

- Agriculture main driver, Installed capacity 20 million MT
- Plants use variety of feedstock, varying capacity, technology and vintage
- Consumption skewed towards nitrogenous fertiliser
- Urea constitutes 85% of nitrogenous fertiliser consumption and 58% of total consumption
- Sector emerging from highly protected to more liberalized and efficiency encouraging

Fertiliser production

- 14.2 million tonnes
- Phosphorus (P) 25%
- Nitrogen (N) 75%
## Domestic policy

### Urea policy perspective

Prices determined by Government –
- Feed stock price a pass through
- Equal playing field for efficient and non efficient manufacturers
- 50/75% distribution restricted to core command areas

**Constraints**

- Disallowed from manufacturing over installed capacity
- De-bottlenecking of Babrala pending Government approval

### Phosphatic Policy perspective

- Feedstock prices based on average international prices
- Price announcements often delayed by Government

**Constraints**

- Delays in settlement of raw material prices
- Sourcing agreement with IMACID, ensure undisturbed operations; pricing continues to pose challenges
Tata Chemicals’ Fertiliser business

Source of stable revenues in a pre-dominantly government-controlled environment

- Leading player in urea and phosphatic fertiliser segments
- Dual feedstock Babrala facility - most efficient in India
- Strategic stake in IMACID, Morocco ensures continuous availability of phosphoric acid
- Presence in high consumption north and east regions
- Expanding retail network also offer one-stop resource shop to farmers for agricultural solutions
Financial overview
Growing revenue & operating profit

Revenue Growth

Operating Profit Growth & Margin

Decline in operating margins due to increased prices of raw materials and higher trading activity

* Hind Lever Chemicals Ltd

Note 1: Decline in operating margins post FY04 due to high input costs incurred by erstwhile HLCL’s phosphate business and higher trading activity
Distribution of Earnings – FY 2006

**Rupee earned**
- Urea: 19%
- Complex Fertilizers: 39%
- Soda Ash: 19%
- STPP: 5%
- Cement: 4%
- Others: 3%
- Salt: 8%

**Rupee deployed**
- Retention: 5%
- Dividend: 4%
- Financial: 4%
- Taxes: 8%
- Overheads: 5%
- Distribution: 9%
- Employee: 3%
Debt-Equity Perspective

FY 2006 Debt Split

- FCCB: 44%
- Short Term Loans: 9%
- Term Loans: 4%
- Cash/ Packing Credit: 2%
- Total Debt: 45%

Reducing interest cost (%)

- FY 02: 11.7%
- FY 03: 9.7%
- FY 04: 7.9%
- FY 05: 4.4%
- FY 06: 4.5%

Total Debt
Shareholder's Equity

USD million

FY 2005: 760
FY 2006: 812

FY 02: 457
FY 03: 486
FY 04: 303
FY 05: 326
FY 06: 760
Financial ratios

**ROACE**

<table>
<thead>
<tr>
<th>FY03</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.8</td>
<td>12.3</td>
<td>13.8</td>
<td>13.7</td>
</tr>
</tbody>
</table>

**ROE**

<table>
<thead>
<tr>
<th>FY03</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.0</td>
<td>10.8</td>
<td>17.0</td>
<td>16.3</td>
</tr>
</tbody>
</table>
Credit Ratios

- **Interest Coverage ratio**
- **Net Debt/Equity**

FY03: Interest Coverage ratio = 3.9, Net Debt/Equity = 0.3
FY04: Interest Coverage ratio = 7.4, Net Debt/Equity = 0.2
FY05: Interest Coverage ratio = 19.4, Net Debt/Equity = (0.02)
FY06: Interest Coverage ratio = 56, Net Debt/Equity = 0.5
Financials – Revenue growth

Consolidated financials include BMGL’s Q4 results and IMACID’s performance over 11 months

*Post consolidation
Financials – EBIDTA

* Post consolidation
BMGL staff costs are net of write back of USD 7 million crore of pension liabilities in an overseas subsidiary, consequent to actuarial valuation. According to Indian GAAP this amount has to be included in the P&L. Profits are hence higher by same amount.

* Post consolidation
## FY2006 consolidated financials

<table>
<thead>
<tr>
<th>TCL consolidated income statement (USD mn)</th>
<th>TCL</th>
<th>IMACID</th>
<th>BMGL (Jan to Mar 06)</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>795</td>
<td>54</td>
<td>81</td>
<td>910</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>-663</td>
<td>-40</td>
<td>-65</td>
<td>-744</td>
</tr>
<tr>
<td>EBITDA</td>
<td>131</td>
<td>14</td>
<td>17</td>
<td>166</td>
</tr>
<tr>
<td>Depreciation &amp; amortization</td>
<td>-31</td>
<td>-6</td>
<td>-5</td>
<td>-42</td>
</tr>
<tr>
<td>EBIT</td>
<td>100</td>
<td>8</td>
<td>12</td>
<td>125</td>
</tr>
<tr>
<td>Net interest expense</td>
<td>-2</td>
<td>-1</td>
<td>-3</td>
<td>-6</td>
</tr>
<tr>
<td>Other income/expense</td>
<td>18</td>
<td>-</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>-1</td>
<td>-</td>
<td>-</td>
<td>-1</td>
</tr>
<tr>
<td>Income before inc. taxes</td>
<td>115</td>
<td>7</td>
<td>12</td>
<td>136</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-36</td>
<td>0</td>
<td>-3</td>
<td>-39</td>
</tr>
<tr>
<td>Net Income</td>
<td>80</td>
<td>7</td>
<td>9</td>
<td>97</td>
</tr>
</tbody>
</table>

### Notes:

1. After reducing provision of USD 58.7 mn for the deficit in BMG’s pension liability

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## TCL consolidated income statement (USD mn)

- **Net Worth**: 497
- **Debt**: 410
- **Cash & cash equivalent**: 149
<table>
<thead>
<tr>
<th>FY05</th>
<th>Category</th>
<th>Unit</th>
<th>FY06 *</th>
</tr>
</thead>
<tbody>
<tr>
<td>17%</td>
<td>Profitability</td>
<td>EBITDA Margin %</td>
<td>18%</td>
</tr>
<tr>
<td>11%</td>
<td></td>
<td>Net Profit Margin %</td>
<td>11%</td>
</tr>
<tr>
<td>15.8</td>
<td>Shareholder Returns</td>
<td>Earnings per share Rupees</td>
<td>19.9</td>
</tr>
<tr>
<td>93</td>
<td></td>
<td>Networth per Share Rupees</td>
<td>103</td>
</tr>
<tr>
<td>17%</td>
<td></td>
<td>Return on Equity %</td>
<td>19%</td>
</tr>
<tr>
<td>5%</td>
<td></td>
<td>Dividend Yield %</td>
<td>3%</td>
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<tr>
<td>1.5</td>
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<td>Market to Book Value Times</td>
<td>2.0</td>
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<tr>
<td>115</td>
<td>Cash Generation</td>
<td>EBITDA USD Million</td>
<td>131</td>
</tr>
<tr>
<td>0.7</td>
<td>Stability</td>
<td>Debt : Equity Times</td>
<td>0.8</td>
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<td>19.4</td>
<td></td>
<td>Interest Coverage Times</td>
<td>22.1</td>
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<tr>
<td>1.9</td>
<td>Activity</td>
<td>Fixed Asset Turnover Times</td>
<td>2.2</td>
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<tr>
<td>49</td>
<td></td>
<td>Avg Debtors Velocity No of Days</td>
<td>60</td>
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<tr>
<td>64</td>
<td></td>
<td>Avg Inventory Turnover No of Days</td>
<td>65</td>
</tr>
<tr>
<td>59</td>
<td></td>
<td>Cash cycle No of Days</td>
<td>72</td>
</tr>
</tbody>
</table>

*Post consolidation*
Shareholder Returns

*Post consolidation (Standalone EPS: Rs. 16.41)

Consistent and healthy dividend payout
Tata Chemicals’ stock has outperformed the BSE SENSEX

- Acquisition of one-third stake in IMACID
- Brunner Mond Acquisition
- Equity market fall in May-06

Share price performance
Recent Recognition & Awards
Thank you