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**Tata Chemicals Limited**

**Tata Chemicals Limited**

**Board of Directors :**

**Ratan N. Tata** (*Chairman*)  
**R. Gopalakrishnan** (*Vice-Chairman*)  
**Keshub Mahindra**  
**D. M. Ghia**  
**Nusli N. Wadia**  
**F. J. Heredia** (*upto 26th July, 2000*)  
**R. C. Khanna**  
**A. N. Lalbhai**  
**Dr. Manu Seth** (*Managing Director-upto 2nd August, 2000*)  
**Dr. D. V. Kapur**  
**N. A. Soonawala**  
**T. S. Srinivasan** (*upto 10th October, 2000*)  
(*Nominee of IDBI*)  
**G. N. Bajpai** (*upto 30th March, 2001*)  
(*Nominee of LIC*)  
**U. Mahesh Rao**  
(*Nominee of ICICI*)  
**P. R. Menon** (*Managing Director w.e.f. 4th October, 2000*)  
**S. Srinivasan** (*w.e.f. 10th October, 2000*)  
(*Nominee of IDBI*)  
**N. C. Sharma** (*w.e.f. 30th March, 2001*)  
(*Nominee of LIC*)

**Company Secretary :**

S.U.K. Menon

**Registered Office :**

Bombay House  
24, Homi Mody Street,  
Fort,  
Mumbai 400 001

**Share Registrars :**

Tata Share Registry Limited,  
Army & Navy Building,  
148, Mahatma Gandhi Road,  
Mumbai 400 001.

**Solicitors :**

Mulla & Mulla and  
Craigie Blunt & Caroe, Mumbai.

**Auditors :**

Messers S. B. Billimoria & Co.,  
Chartered Accountants  
Messers N. M. Rajji & Co.,  
Chartered Accountants

**Works :**

Chemicals Complex and Cement Plant — Mithapur, Gujarat  
Fertiliser Complex — Babrala, Dist. Badaun, U.P.  
Detergent Plant — Pithampur, Dist. Dhar, Madhya Pradesh

**Bankers:**

Bank of Baroda  
State of Bank of India  
State Bank of Bikaner & Jaipur  
Citibank N.A.  
Bank of America  
HDFC Bank Limited

## NOTICE

Notice is hereby given that the SIXTY-SECOND ANNUAL GENERAL MEETING of the Company will be held at Birla Matushri Sabhagar, 19, Vithaldas Thackersey Marg, Mumbai 400 020, on Thursday, July 26, 2001 at 4.00 p.m. to transact the following business:-

1. To receive and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2001, and the Balance Sheet as at that date.
2. To declare a dividend on Ordinary shares.
3. To appoint a Director in the place of Mr. Nusli N. Wadia, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. D. M. Ghia, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Mr. R. C. Khanna, who retires by rotation and is eligible for re-appointment.

6. **APPOINTMENT OF AUDITORS**

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions if any, of the Companies Act, 1956, Messrs S. B. Billimoria and Company and Messrs. N. M. Raiji and Company, the retiring Auditors of the Company be and are hereby re-appointed Auditors of the Company to hold the office from the conclusion of this Meeting upto the conclusion of the next Annual General Meeting of the Company for the financial year 2001-2002 on such remuneration plus reimbursement of service tax, out- of-pocket expenses, travelling and other expenses as may be mutually agreed upon between the Board of Directors and the Auditors in connection with the work of audit to be carried out by them."

7. **ADDITIONAL DIRECTOR**

To appoint a Director in the place of Mr. Prasad R. Menon who was appointed an Additional Director of the Company by the Board of Directors with effect from 4th October, 2000, and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, and Article 133 of the Articles of Association of the Company, but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a shareholder proposing his candidature for the office of Director.

8. **APPOINTMENT OF MANAGING DIRECTOR**

To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the appointment of Mr. Prasad R. Menon who was appointed by the Board of Directors the Managing Director with effect from 4<sup>th</sup> October, 2000 for a period of 5 years upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the aforesaid period) set out in the draft Agreement submitted to this meeting and initialled by a Director for the purpose of identification, to be entered into between the Company of the one part and Mr. Prasad R. Menon of the other part which Agreement is hereby specifically approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Board of Directors and Mr. Prasad R. Menon."

9. **SALE OF DETERGENT DIVISION AT PITHAMPUR**

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Section 293(1)(a) of the Companies Act, 1956, and/or subject to the approvals, if applicable or required under any statutes/rules/regulations or any other law for the time being in force, and subject to the approval of the Financial Institutions, Debenture Trustees and any other concerned authorities

**Tata Chemicals Limited**

and subject to such terms and conditions as may be approved by them, consent of the Company be and is hereby accorded to the Board of Directors to sell, transfer and dispose of the Detergent Plant and all related assets situate at Pithampur (M. P.) together with the use of all licences, permits, consents and approvals whatsoever and all the rights and benefits attached thereto, to one or more persons, companies or entities at such price and on such terms and conditions, at such time and in such manner as may be decided by the Board of Directors or a Committee of Directors and/or Officers of the Company as may be appointed by the Board for the purpose including the receipt of the consideration therefor in cash and partly by shares and /or debentures or any other Securities or in any other manner with power to the Board of Directors or to the said Committee, in its absolute discretion, to finalise the terms and conditions, the means, methods or modes in respect thereof, and to finalise and execute all required documents including schemes of arrangements, agreements, deeds and other documents and to do all such other acts, deeds, matters and things as may be deemed necessary and expedient in their discretion and in the best interests of the Company including the power to delegate to give effect to this Resolution."

**10. CREATION OF CHARGES**

To consider and if thought fit to pass the following Resolution as an Ordinary Resolution:

"RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company in such form and manner as the Board may direct on such of the assets of the Company wherever situate, both present and future, together with the power to take over the management of the Company in certain events, to or in favour of the Trustees, appointed or to be appointed by the Board for Secured Partly Convertible/Non-Convertible Debentures whether privately placed or otherwise, Lenders for loans raised or to be raised by the Company in accordance with the relevant statutory provisions and guidelines issued in that behalf, as the case may be, to secure rupee or foreign currency loans, bonds or other instruments (hereinafter referred to as "the borrowings") together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses, commitment charges and other moneys payable by the Company in respect of the said borrowings and other monies including any increase as a result of devaluation/revaluation of the aforesaid Financial Assistance under the respective documents entered into/to be entered in to by the Company in respect of the said borrowings.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise the terms and conditions of the borrowings and the documents for creating the mortgages/charges/hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this Resolution."

**Notes:**

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under items 6 to 10 set out above and the relevant details in respect of Item Nos. 3, 4, 5 and 7 set out above, pursuant to Clause 49 of the Listing Agreements are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXIES NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Members are requested to immediately notify any change in their address to the Share Transfer Agents of the Company, Messrs Tata Share Registry Limited. In all correspondence with the Company, members are requested to quote their account/folio numbers.
4. A member desirous of getting any information on the accounts or operations of the Company is required to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available at the Meeting.



5. The Register of Members and the Transfer Books of the Company will be closed from 29<sup>th</sup> June, 2001 to 26<sup>th</sup> July, 2001, both days inclusive.
6. The dividend as recommended by the Directors, if declared at the Annual General Meeting, will be paid from 27<sup>th</sup> July, 2001 onwards, to the Members whose names are on the Company's Register of Members on 28<sup>th</sup> June, 2001 and to the Beneficiary Holders as per the Beneficiary list as on 28<sup>th</sup> June, 2001, provided by the National Securities and Depository Limited and Central Depository Services (India) Limited.
7. Members/Proxies should bring attendance slips sent herewith duly filled in, for attending the Meeting.
8. As per the provisions of the Companies Act, 1956 facility for making nominations is available for shareholders and debentureholders in respect of the shares and debentures held by them. Nomination forms can be obtained from the Company's Registrars and Transfer Agents.
9. Pursuant to Section 205A of the Companies Act, 1956, ("the Act") all unclaimed/unpaid dividends upto the Final Dividend for 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not yet encashed the dividend warrants for the said period are requested to claim their amounts from Registrar of Companies, Maharashtra at their office at CGO Complex, 2<sup>nd</sup> Floor, A- Wing, Next to RBI Building, CBD Belapur – 400 614.

**Shareholders are hereby informed that after the amendment of the Act w.e.f 31.10.1998, the Company will be obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ('the Fund') to be established by the Central Government. In accordance with Section 205C of the Act, no claim shall lie against the Company or Fund in respect of Individual amounts of dividends remaining unclaimed and unpaid for a period of seven years from the dates they became first due for payment and no payment shall be made in respect of any such claims.**

10. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

By Order of the Board of Directors  
TATA CHEMICALS LIMITED

**R. N. Tata**  
*Chairman*

Mumbai. 1<sup>st</sup> June, 2001.

**Registered Office:**  
Bombay House  
24, Homi Mody Street, Fort  
Mumbai 400 001.

**Tata Chemicals Limited****EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956**

The following Explanatory Statement sets out all material facts relating to the business mentioned under Item no. 6 to Item no. 10 of the accompanying Notice dated 1st June, 2001

**ITEM NO. 6**

Section 224A of the Companies Act, 1956, provides that in case of a company of which not less than 25% of the subscribed capital is held either singly or in any combination by Public Financial Institutions, Government Companies, etc., the appointment or re-appointment of an auditor of that company has to be made by a Special Resolution.

Since the combined shareholding of LIC, UTI, GIC and its subsidiaries and nationalised banks in the Company exceeds 25% of the subscribed share capital of the Company, the re-appointment of Messrs. S. B. Billimoria & Company and Messrs. N. M. Rajji & Company as Auditors of the Company is required to be made by a Special Resolution. The Shareholders' approval is also being sought to authorise the Board of Directors to determine the remuneration to be paid to the Auditors in consultation with them.

As required under Section 224 of the Act, certificates have been obtained from them to the effect that their appointments, if made, will be in accordance with the limits specified in that Section.

**ITEM NOS. 7 & 8**

The Board of Directors of the Company appointed Mr. Prasad R. Menon, an Additional Director of the Company with effect from 4<sup>th</sup> October, 2000, in accordance with the provisions of Article 133 of the Articles of Association of the Company. Pursuant to the provisions of Section 260 of the Companies Act, 1956, ("the Act") Mr. Menon will hold office as Director upto the date of the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a notice in writing from a member proposing the candidature of Mr. Menon for the office of Director under the provisions of Section 257 of the Act.

Mr. Menon is a Chemical Engineer from the Indian Institute of Technology, Kharagpur. He worked in ICI for twenty years as a Plant Manager and as the Works Operations Manager. During this period he worked in several Product Groups such as Caustic/Chlorine, Agro-Chemicals, Paints and Chemicals. Thereafter he joined Nagarjuna Fertilisers and Chemicals Limited where as Technical Director and Agri Business Sector Chief, he constructed, commissioned and stabilised the Urea Fertiliser Project at Kakinada.

Members are aware that Mr. Menon was appointed the Managing Director of the Company for a period of five years with effect from 4<sup>th</sup> October, 2000. The said appointment was made by the Board of Directors of the Company ("the Board") subject to the approval of the Members. The remuneration payable to Mr. Menon is commensurate with his experience and ability.

The draft Agreement between the Company and Mr. Menon contains the following principal terms and conditions:

- a) Mr. Menon, the Managing Director shall, subject to the supervision and control of the Board of Directors, carry out such duties as may be entrusted to him from time to time by the Board of Directors of the Company.
- b) Period of Appointment: Five years effective 4<sup>th</sup> October, 2000.
- c) Salary: In the scale of Rs. 35,000 – Rs. 1,75,000 per month with authority to the Board of Directors to determine the amount of salary payable and the amount of increment payable every year. The annual increment will be merit based and take into account the Company's performance.
- d) Commission: Such remuneration by way of commission in addition to the salary, perquisites and allowances calculated with reference to the net profits determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Act. The specific amount payable will be decided by the Board of Directors/Remuneration Committee based on certain performance criteria and will be payable only after the Annual Accounts of the Company have been approved by the Board of Directors and adopted by the shareholders.
- e) Perquisites and allowances: In addition to the salary and commission payable, Mr. Menon shall also be entitled to

perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing repairs, servants salaries, society charges and property tax, medical reimbursement, medical/accident insurance, leave travel concession for himself and family, club fees and such other perquisites and allowances, in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Mr. Menon. Such perquisites and allowances will be subject to a maximum of 125% of his annual salary.

For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

Provision for use of the Company's car for official duties and telephone at residence shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or together are not taxable under the Income tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

- f) Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Menon, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.
- g) The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit within the maximum amounts payable to Managing Director in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.
- h) Mr. Menon will be entitled to leave according to the Company's Leave Rules.
- i) If at any time Mr. Menon ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director of the Company. If at any time Mr. Menon ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
- j) Mr. Menon is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(l) of the Act.
- k) Mr. Menon shall not be entitled to supplement his earnings under this Agreement with any buying or selling commission. He shall not also become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior approval of the Central Government.
- l) The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' remuneration in lieu of the notice.

In compliance with Sections 269 and 309 of the Act, the terms of remuneration and appointment specified above are now placed before the shareholders in general meeting for their approval.

The abstract of the appointment and remuneration of Mr. Menon, in terms of Section 302 of the Act was sent by the Company to all its shareholders and other persons entitled to receive the same on 20 October, 2000.

The draft Agreement to be entered into by the Company with the Managing Director will be made available for inspection at the Registered Office of the Company and on all working days of the Company between the hours of 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

Your Directors are of the view that the Company would continue to be immensely benefited by the varied experience, valued guidance and advice rendered by Mr. Prasad R. Menon to the Company from time to time, and therefore commend for approval, the Resolutions contained at item Nos. 7 and 8 of the accompanying Notice.

Mr. Menon, is concerned or interested in item No. 8 of the Notice.

**Tata Chemicals Limited**

**ITEM NO. 9**

The Company's Detergent Plant situated at Pithampur, M.P. does not yield a return commensurate with the time, effort and capital employed. Going by the nature of the business in a competitive environment to improve the returns would require huge expenditure on advertising and sales promotion which would not be justified on the basis of the small scale of operations. This has therefore been identified as a non-core business and it is proposed to exit from the same and to sell/transfer/dispose of the undertaking at Pithampur along with its factory located at Plot No. 201, Sector 1, Road No. 3, Pithampur – 454775, District – Dhar, M.P., subject to the approval of the Financial Institutions, Debenture Trustees as set out in this Resolution.

The Resolution has accordingly been proposed seeking your consent under Section 293(1)(a) of the Companies Act, 1956.

If Section 192A of the Act is brought into force by the date of this Annual General Meeting, this item of business will have to be conducted by a postal ballot in accordance with the Rules framed thereunder. If this is so, Resolution No. 9 will be dropped from the proceedings of the Annual General Meeting and the Resolution will instead be passed by a postal ballot.

Your Directors commend the Resolution for your approval.

**ITEM NO. 10**

In the normal course of its business, the Company from time to time is required to avail of term loans and/or issue debentures and bonds (hereinafter referred to as "the borrowings"). In terms of the Special Resolution pursuant to Section 293(1)(d) of the Companies Act, 1956 passed at the Annual General Meeting of the Company held on 25<sup>th</sup> August, 1994, the Board of Directors of the Company are authorised to borrow any sums of money together with the moneys already borrowed, exceeding the paid-up capital of the Company and its free reserves, subject to a limit of Rs. 3,000 Crores.

A charge on the assets/properties of the Company, both present and future, is normally given as security for such borrowings. As the documents to be executed for the creation of such charges/mortgages/hypothecations from time to time to secure such borrowings, may contain the power to take over the management of the Company in certain events, it is necessary for the shareholders to pass a Resolution under Section 293(1)(a) of the Act, for the creation of the mortgage/charge/hypothecation as set out in this Resolution.

Your Directors commend the Resolution for your approval.

**Details of the Directors seeking appointment/re-appointment at the  
forthcoming Annual General Meeting**  
(Pursuant of Clause 49 of the Listing Agreement)

<b>Name of Director</b>	<b>Mr. N. N. Wadia</b>	<b>Mr. D. M. Ghia</b>	<b>Mr. R. C. Khanna</b>	<b>Mr. P. R. Menon</b>
Date of Birth	15.02.1944	18.03.1923	03.05.1926	23.01.1946
Date of Appointment	26.06.1981	22.01.1975	18.03.1981	04.10.2000
Expertise in specific Functional areas	Industrialist with rich business experience in general	Industrialist with wide business experience	Leading professional with wide experience in Corporate Legal Matters	Wide experience in Chemicals, Agro-Chemicals, Paints and Fertiliser Industry
Qualifications	Educated in U.K.	Educated - Bombay Univ. Inter Sci. (Maths)	Chartered Accountant	B.E. (Chemical) IIT, Kharagpur
List of public Companies in which outside\ Directorship held as on 31 March, 2001	Bombay Dyeing and Manufacturing Co. Ltd. Gherzi Eastern Ltd. The Bombay Burmah Trading Corp. Ltd. Britannia Industries Ltd. Nowrosjee Wadia & Sons Ltd. National Peroxide Ltd. Citurgia Biochemicals Ltd. Tata Iron & Steel Co. Ltd. Anil Starch Products Ltd. Atul Limited Wadia BSN India Ltd. Tata Engg. & Locomotive Co. Ltd.	Gajra Bevel Gears Limited Garha Gears Limited Easun Engineering Company Limited Heckbridge Hewitties & Easun Limited Garha Utilbrocce Tools Limited	Ador Technopak Ltd. Excel Industries Limited Kotak Mahindra Asset Management Co. Ltd. Monsanto India Ltd. Schrader Duncan Ltd. Shriram Investments Limited	Tata Services Limited Ralchem Limited Siris India Limited Watsol Organics Limited Fertiliser Association of India
Chairman/ Member of the Board of the Public Companies on which he is a Director as on 31 Mar., 2001	Bombay Dyeing & Mfg. Co. Ltd. Remuneration Committee - Member Tata Engg. & Locomotive Co. Ltd. Remuneration Committee – Chairman Britannia Industries Ltd. Remuneration Committee – Member	Gajra Bevel Gears Limited Audit Sub-Committee - Chairman	Excel Industries Limited Audit Committee- Member Kotak Mahindra Asset Management Co. Ltd. Audit Committee - Member Monsanto India Ltd. Shareholders'/ Investors' Grievance Committee – Member	N.A.

**DIRECTORS' REPORT**

**TO THE MEMBERS**

The Directors present herewith the Sixty-second Annual Report with the Audited Statement of accounts for the year ended 31 March 2001.

	(Rs. Crores)	Previous Year (Rs. Crores)
<b>Financial Results</b>		
2. The profit before Depreciation for the Year ended 31 March 2001 was .....	408.96	390.48
Deducting therefrom Depreciation of .....	132.84	123.47
Profit before extraordinary items was .....	276.12	267.01
After deducting :		
— Compensation paid under voluntary retirement scheme .....	13.03	3.56
— Provision for contingencies .....	77.00	120.00
Profit before Tax was .....	186.09	143.45
Deducting therefrom Taxes of .....	21.14	26.16
Profit After Tax was .....	164.95	117.29
Adding thereto:		
Balance in Profit and Loss Account .....	220.11	223.08
Contingencies Reserve no longer required .....	80.00	—
The amount available for Appropriation was .....	465.06	340.37
The Appropriations are:		
(a) Interim Dividend .....	—	90.32
(b) Final Dividend .....	90.32	—
(c) Tax on Dividend .....	9.21	9.94
(d) General Reserve .....	16.50	20.00
(e) Balance Carried Forward .....	349.03	220.11
	465.06	340.37

3. Consequent upon the merger of Sabras Investment and Trading Company Limited (Sabras) with effect from 1st April 2000, the income, expenditure and net realisation from the operations of Sabras have been included in the Profit and Loss Account of the Company. The working results for the year 2000-01 are therefore not comparable with prior year's figures.

**Dividend**

4. The Directors have recommended a dividend of Rs. 5 per share, on the share capital of Rs. 180.64 crores. The quantum of dividend at Rs. 90.32 crores, inclusive of tax is Rs. 99.53 crores.

**Provision for Contingencies**

5. Pending fixation of final Retention Price by the government, the revenue for the year 1994-95 and 1995-96 for the

Fertilizer Division was recognised based on Actual Cost Data submitted to Fertilizer Industry Co-ordination Committee. The subsequent notified provisional Retention Price was less than the price computed by the Company to the extent of Rs. 197 crores. A sum of Rs. 120 crores was charged to the Profit and Loss Account by way of a Provision for Contingencies relating to Urea price in the accounts for 1999-2000. The Directors considered it appropriate to set aside a further sum of Rs. 77 crores by way of Provision for Contingencies out of the current year's profit on this account. The Contingencies Reserve of Rs. 80 crores created in the accounts for the year 1995-96 is no longer required and hence has been written back.

#### **MITHAPUR OPERATIONS**

6. Operations were affected by the January earthquake, followed by a fire in March. In this respect, the last quarter of the year was quite disruptive. The earthquake caused damage to some of the equipment and many structures and the factory had to be brought to a safe shut down. Despite attending to repair and restoration work of critical areas in the most expeditious manner, in keeping with the requirements of safety of both the employees and of the Plant and other facilities, it was almost three weeks before normal operations could be resumed.
7. As Mithapur was getting back to normalcy after the earthquake, a fire broke out in the Power Plant building on 2nd March 2001 which crippled the Steam and Power generation facility forcing Mithapur once again to take a total shut down. The fire, which was brought under control, was contained in the power plant and did not spread to other parts of the complex. There were no casualties or loss of life. Your Directors wish to place on record their appreciation of the support received by the Company from nearby industrial Units, the Naval Base at Okha and the Air Force base at Jamnagar in fighting the fire.
8. Partial operations were restored at the plant by 26th March 2001, by starting one of the High Pressure Boilers and Topper Turbine (TT9) unaffected by the fire. One of the four turbines damaged in the fire is considered a total loss and repair and restoration work to put back the other three is in full swing. The turbine which was totally damaged is being replaced. These turbines will be put back in operation in the next four to five months and complete normalcy in operations is expected to be restored by October 2001.
9. The Chemical complex at Mithapur was insured against the risk of both earthquake and fire and had also loss of profits insurance cover consequent upon both these perils. The Company has lodged its claim on the Insurance Company for repairs and reinstatement cost in respect of damage to Plant and Machinery and Buildings.
10. Pending finalisation of the survey report and assessment of the loss of profits by the official surveyors appointed by the Insurance Company, the Company has taken credit for only Rs. 16.48 crores in respect of loss in standing charges for the period upto 31st March 2001.

#### **Soda Ash**

11. The overall Soda Ash production at 6.90 lac tonnes was lower by 5.27% compared to previous year mainly on account of the interruption of production due to the earthquake and due to the fire in the Power Plant building. The demand for Soda Ash improved during the year due to an increase in offtake by the detergent and glass manufacturers and the reduction of imports into the country. In addition the international price of Soda Ash increased from around US\$ 90 per MT to US\$ 115 per MT towards the close of the year. This considerably improved the indigenous market for Soda Ash.
12. Regrettably, the Finance Act 2001 singled out Soda Ash for reduction in customs duty from 35% to 20% while leaving other raw materials of glass and detergents at a high duty level. The Company has responded by accelerating its Big Scale Cost Reduction drive aimed at becoming globally competitive in cost of production.

#### **Sodium Bicarbonate**

13. The production of Sodium Bicarbonate at 37,126 tonnes was 3.3% lower compared to 38,393 tonnes produced during the previous year. Realisations have been maintained at a reasonable level despite a decline in international price.

# TATA CHEMICALS

Sixty-second annual report 2000-2001

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## Tata Chemicals Limited

### Chlor Caustic

14. The production of Caustic Soda at 9,524 tonnes was higher by 42% compared to the preceding year. Caustic Soda market remained buoyant throughout the year and prices have reached a higher level due to anti-dumping duties on Chinese and Middle East manufacturers. However, the market for Chlorine, which is co-produced with Caustic Soda was depressed, and disposal of Chlorine posed problems.

### Vacuum Salt and Marine Chemicals

15. The production of Vacuum Salt at 3.60 lac tonnes was marginally higher by 3.8% over the production in the preceding year. The sale during the year at 3.37 lac tonnes were higher by 4.6% over the preceding year. The production and sales of other marine chemicals primarily Bromine was maintained almost at the same level as last year.

### Cement Division

16. Production of Cement at 3.40 lac tonnes was higher by 6.1% compared to 3.20 lac tonnes of the previous year. The market for cement was badly affected due to drought conditions in most parts of Gujarat. The Company has decided in principle to exit the Cement business, and various options are being explored.

### Detergent Division

17. The Detergent operations did not yield commensurate returns. The competitive environment demanded high expenditure on advertising and sales promotion which would not be justified on the basis of the small scale of operations. Your Directors, therefore, considered it prudent to exit from detergent business. Shareholders' approval is accordingly being sought at the Annual General Meeting for sale of the Detergent Plant at Pithampur.

## BABRALA OPERATIONS

### Retention Price-Fertilisers

18. The results in the current year have been cast on the basis of the Provisional Retention Price for Urea declared by the Government as was done in the four preceding years 1996-97 to 1999-2000. There was no tangible progress in the fixation of the Final Retention Price during the year. The Ministry of Chemicals & Fertilisers have in fact reassessed the installed capacity during the year and this resulted in a reduction in Provisional Retention Price effective 1st April 2000 by Rs. 463 per tonne of Urea. Claims for escalation and input cost, interest subsidy and freight amounting to Rs. 39.64 crores net of settlements have been accounted pending final issuance of Government notification in keeping with the normal industry practice.
19. Effective 1st April 2000, the Government reduced the price of Urea produced at Babrala by Rs. 463 per tonne as a consequence of an interim reassessment of capacity. Concurrent with reassessment of capacity, restrictions were also placed on production by reducing allocation under the Essential Commodities Act. Even after permitting production and movement of 8.53 lac tonnes of Urea, ECA allocation was further restricted to about 8 lac tonnes, as a result of which the Company carried additional stocks of nearly 80,000 tonnes as at 31st March 2001.
20. The Fertiliser Complex at Babrala produced 8.92 lac tonnes as compared to 9.82 lac tonnes in the previous year, and since offtake was restricted, the plant shutdown of 18 days was advanced to March 2001.

## CORPORATE AFFAIRS

### Finance

21. During the year under review, the Company repaid long term Rupee Loans from Banks and Financial Institutions aggregating Rs. 97.13 crores and met its repayment obligations on Non-Convertible Debentures (12th series, 13<sup>th</sup> Series and 16<sup>th</sup> series) aggregating Rs. 155.98 crores. In order to conserve/retain long term funds for meeting Company's on-going requirements, the Company made an issue of 11.15% NCDs aggregating Rs. 50 crores on private placement basis and availed of term loan from ICICI of Rs. 40 crores. The amount of interest free sales tax loan availed from

Pradeshya Industrial Investment Corporation of U.P. (PICUP) during the year amounted to Rs. 15.06 crores.

22. On the Rupee Term Loans availed for the Fertiliser project, the rate of interest applicable was 18.5%. In the context of considerable reduction in the interest rates and with a view to reducing the interest burden, the Company has successfully negotiated with the Financial Institutions to roll over such high interest bearing term loans amounting to Rs. 120.43 crores, at a reduced rate of interest of 13.75%. The remaining amount of Rupee Term Loan amounting to Rs. 18.26 crores availed from UTI was replaced by a fresh issue of Non-Convertible Debentures bearing interest at 13.75% per annum. Prepayment was made of the balance amount of Rupee Term Loan of Rs. 28 crores availed from IFCI. Cumulatively, therefore, there was a net reduction of Rs. 93.41 crores in long term borrowings during the year.
23. Vigorous efforts to economise on the utilisation of working capital have resulted in a reduction in debtors by Rs. 147.98 crores.
24. In a major effort to unlock value and thereby raise resources from the Company's existing investment portfolio, the Company has realised a sum of Rs. 369.27 crores through sale of shares registering a book profit of nearly Rs. 220 crores.

#### **Tata Business Excellence Model**

25. In its drive for excellence, the Company has taken various initiatives including the appointment of a 'Corporate Quality Head', evolving an action plan for TBEM implementation. The services of Tata Quality Management Services were engaged to help your Company in this endeavour, and to guide in the use of the Balanced Score Card as a tool for monitoring Organisational Performance. The company has developed a Gujarati version of the TBEM training package for the education of its employees at Mithapur.

#### **Human Resource Development**

26. Recognising that people form the backbone of the Company's growth plans, a major exercise in training and development of employees has been undertaken. A Performance Management System (PMS) has been implemented to track individual performance, and this is being linked to Performance Pay. All HR policies have been viewed and brought up-to-date.

#### **Early Separation Scheme**

27. With a view to bringing about further rationalisation in manpower, an Early Separation Scheme (ESS) was introduced at the Corporate office, Zonal offices and at Mithapur Works in February 2001. Seventy one employees availed of the offer made to them.

#### **Industrial Relations**

28. Relations with the recognised unions in general and with all employees were cordial and the employees offered whole-hearted co-operation in all proposals put up by the Management. The pending long term settlements with the unions at Mithapur were concluded harmoniously.

#### **Rural Development, Social Welfare and Earthquake Relief**

29. The year had seen two major natural disasters, viz., the earthquake on 26<sup>th</sup> January 2001, and a drought in Gujarat, leading to human suffering and loss of property. The Company has taken up various activities for providing help and relief not only to the people of Okhamandal, but also to people from far flung places like Kalyanpur, Khambhalia, Porbander, Morbi and Bhuj area. The relief for the earthquake was steered by group level "Tata Relief Committee" (TRC) for which resources and manpower support was provided from Mithapur.
30. The Company has also taken responsibility to build the schools at Arambada and Bhimrana. The Company along with the TRC assisted in building temporary shelters for the earthquake victims at Bhuj and Wavaniya. A complete village survey was also carried out in affected villages in Bhuj and Wavaniya area and work has commenced on the construction of houses and schools in the affected villages.

**Tata Chemicals Limited**

31. Under agriculture activities, hybrid Bajra seeds were made available to farmers of Okhamandal and crop demonstrations were carried out with new crop varieties for better yield in various villages.
32. Under watershed development programmes, check dams, farm ponds, farm bunds were repaired and built in 6 villages of Okhamandal.
33. Several Government sponsored programmes such as low cost housing project and rural energy programmes were carried out in various villages.

**Directors**

34. The Life Insurance Corporation of India has nominated Mr. N. C. Sharma as its Nominee Director on the Board in place of Mr. G. N. Bajpai with effect from 30th March, 2001. Industrial Development Bank of India has nominated Mr. S. Srinivasan as Nominee Director on the Board in place of Mr. T. S. Srinivasan with effect from 10th October, 2000. The Directors welcomed the appointment of Mr. N. C. Sharma and Mr. S. Srinivasan and placed on record the appreciation of the services rendered by Mr. G. N. Bajpai and Mr. T. S. Srinivasan during their tenure as Directors of the Company.
35. Dr. Manu Seth resigned as Managing Director of the Company with effect from 2nd August, 2000. The Directors place on record their appreciation of the services rendered by Dr. Manu Seth to the Company since the past many years. Mr. Prasad R. Menon was appointed as an Additional Director of the Company with effect from 4th October, 2000 and also as Managing Director with effect from the same date. Resolutions for his appointment as Director and as Managing Director of the Company as also the terms and conditions of his appointment are placed in the Notice for consideration of the shareholders. The Directors commend these Resolutions for acceptance.
36. In accordance with the requirements of the Companies Act 1956, and the Company's Articles of Association, Mr. Nusli N. Wadia, Mr. D.M. Ghia and Mr. R.C. Khanna Directors of the Company are due to retire by rotation and are eligible for re-appointment.

**Corporate Governance**

37. Pursuant to clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding Compliance of Conditions of Corporate Governance are made a part of the Annual report.

**INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956**

38. The information as required under Section 217(2A) of the Companies Act, read with Companies (particulars of employees) Rules, 1975 (as amended) forms part of this report. The matters specified in Section 217 of the Companies Act, 1956, to the extent to which they are applicable to our Company are incorporated in this Report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

39. The information required under section 217(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars) in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

**Directors' Responsibility Statement:**

40. As required under Section 217 of the Companies Act, the Directors hereby confirm that:
  - i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
  - ii) the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
  - iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in



accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability;

- iv) the Directors have prepared the annual accounts on a going concern basis.

#### **AUDITORS**

- 41. The shareholders are requested to appoint Auditors for the current year and fix their remuneration as detailed in the requisite Resolution and the relative Explanatory Statement. Messrs S.B. Billimoria & Company and Messrs N.M. Rajji & Company, the existing Auditors, have, under Section 224(1B) of the Companies Act, 1956, furnished certificates of their eligibility for the appointment. The appointment, if approved, will have to be made by a Special Resolution as required by Section 224A of the Act.

#### **ACKNOWLEDGEMENTS**

- 42. The Directors wish to place on record their appreciation of the Financial Institutions, Banks, Central and State Governments for their continued cooperation and support to the Company, and the Company's Unions for their unstinting cooperation.

On behalf of the Board of Directors

**R.N. TATA**  
*Chairman*

Mumbai, 1st June 2001

**ANNEXURE TO THE DIRECTORS' REPORT**  
(UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956)

**Disclosures**

**A. CONSERVATION OF ENERGY**

**(a) Energy Conservation Measures taken:**

- Equipment and piping for using low pressure steam at the new make up water plant.
- New Talao pump system.
- Larger SHTS at the Soda ash plant.

**(b) Additional Investments and proposals, if any, being implemented for reduction of energy consumption:**

- Double entry cooling water system at Soda ash plant.
- Automation of Kilns and Carbonating towers in the Soda ash plant.
- Ammonia still no 5 Expansion.
- Limestone screening system.
- New heater body for old MUW plant.
- Hypo addition to cooling towers.
- Second carbonator at ESF plant
- Salt recovery from SABR sludge

**(c) Impact of the measures at (a) and (b) for reduction of energy Consumption and consequent impact on the cost of Production**

- Enhanced power generation due to use of low-pressure steam at the new Make Up Water plant.
- Improved steam power balance and flexibility in operation.
- Reduction in pressure drop at the compressors.
- Enhanced cooling water availability for the plant leading to improved efficiencies.
- Improvement in steam consumption and reliability of the equipment at old MUW.
- Reduced steam consumption at Ammonia stills of the Soda ash plant due to the use of powdered lime.
- Saving in fuel at Kilns due to better control on feed size.
- Improved cooling at the carbonating towers leading to lower raw material and energy consumption and higher Soda ash production.
- Improved cooling at the ammonia recovery section leading to lower raw material and energy use.

(d) Total Energy Consumption per Unit of production as per Form A:

Form A

Our captive Steam Power Plant at Mithapur is based on "Total Energy" concept co-generating Steam and Power and therefore the cost of steam and power is shown as a composite number in the following tabulation

**POWER & FUEL CONSUMPTION**

	Current Year (2000-2001)	Previous Year (1999-2000)
<b>1. Electricity</b>		
<b>(a) Purchased</b>		
Unit (Mwh)	8,659	230
Total Amount (Rs. Crores)	7.86	0.18
Avg. Rate (Rs./Mwh)	9,073.16	7,875.90
<b>(b) Own Generation</b>		
(i) Through diesel generators (Mwh)		1.32
(ii) Through Steam Turbines/Generator		
Unit (Mwh)	359,333	355,943
Steam Produced (Tonnes)	3,783,852	3,767,591
Total Value of Electricity & Steam (Rs. Crores)	152.53	136.85
(iii) Through Gas Turbine		
Units (Mwh)	1,47,962	1,61,544
Steam Produced (Tonnes)	11,58,027	13,11,595
Total Value of Steam & Power (Rs. Crores)	104.24	91.45
<b>2. Coal (Specify quality and where used)</b>		
Mostly we receive and use "C" and "D" grade Coal and "A" grade Lignite in our Boilers		
Qty. (Tonnes)	613,184	647,355
Total Cost (Rs. Crores)	116.03	103.17
Average Rate (Rs./Tonne)	1,892.27	1,593.79
<b>3. Natural Gas</b>		
Purchased (SCM)	193,682,329	24,75,38,789
Total Cost (Rs. Crores)	80.00	99.12
Average Cost (Rs./SCM)	4.13	4.00
<b>4. Naphtha</b>		
Purchased (KL)	56,711	27,514
Total Cost (Rs. Crores)	59.38	20.74
Average Cost (Rs./KL)	10,470.85	7,537.15

**CONSUMPTION PER UNIT OF PRODUCTION**

Products	ELECTRICITY (Kwh/MT)		STEAM (MT/MT)	
	2000-2001	1999-2000	2000-2001	1999-2000
Soda Ash	145.78	135.57	3.35	3.27
Sodium Bicarbonate	110.34	86.19	1.03	1.00
Caustic Soda	2869.34	2840.57	2.03	1.90
Vacuum Evaporated Salt	71.38	66.49	2.02	1.79
Cement	144.44	130.32	-	-
Urea	71.00	70.03	1.12	1.09
Ammonia	166.00	163.62	0.32	0.43

**Tata Chemicals Limited****A. TECHNOLOGY ABSORPTION****Form B****Research and Development (R&D)**

1. Specific areas in which R&D is carried out by the Company:
  - Energy conservation
  - Improved raw material consumption
  - Waste materials utilization
  - Water conservation
2. Benefits derived as a result of above R & D
  - Improved raw material and energy consumption
  - Waste reduction
3. Future plan of action
  - Continued R & D efforts to attain objectives of cost reduction, energy conservation, waste utilization, value addition, environmental improvement and efficient management of water.
4. Expenditure on R & D

	Rs.
(a) Capital	6,33,298
(b) Recurring	2,21,45,431
(c) Total	2,27,78,729
(d) Total R & D expenditure as a percentage of total turnover	0.15%

**Technology Absorption, Adaptation & Innovation**

1. Efforts, in brief made towards Technology Absorption, Adaptation and Innovation:
  - Commissioning of large diameter glass reinforced plastic sea water line for improved availability of sea water.
2. Benefits derived as a result of the above efforts:
  - Improved cooling at the Soda ash plant resulting better operating efficiencies.
  - Better waste gas utilization at Cement kiln.

3. Imported Technology
- (a) Technology imported NIL
- (b) Year of Import N A
- (c) Has technology been fully absorbed N A
- (d) If not fully absorbed, reasons and future course of action N A

A. FOREIGN EXCHANGE EARNINGS AND OUTGO	Rs. Crores (2000-2001)	Rs. Crores (1999-2000)
1. Foreign Exchange Earned		
Export of Goods on FOB basis	22.10	5.46
2. Outgo of Foreign Exchange		
Value of imports (CIF)		
(a) Raw Materials and Fuels	81.53	28.55
(b) Stores, Components and Spare Parts	4.95	6.28
(c) Capital Goods	0.11	11.92
3. Expenditure in Foreign Currencies	1.45	3.23
4. Remittance of Dividends – Gross	0.45	0.41

## ANNEXURE TO DIRECTORS' REPORT

Statement pursuant to Section-217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2001

Name	Remuneration Received Rs.	Net Remune-Rs.	Designation & Nature of Duties	Qualification	Experience (Years)	Date of Commencement of Employment	Age	Particulars of last employment Employer, last post and period for which post held
1	2	3	4	5	6	7	8	9
Mr. Menon Prasad R.*	10,32,202	5,22,616	Managing Director	B.E. (Chem) IIT Kharagpur	31	04/10/2000	55	Nagarjuna Fertilizer and Chemicals Ltd. Technical Director and Agri Business Sector Chief — Nagarjuna Group-11 years.
Dr. Seth Manu *	38,88,846	14,68,060	Managing Director (Upto 2nd August 2000)	Ph.D. (Chem Engg.)	22	01/03/1985	49	Royal Dutch/Shell Group of Cos. Dev. Officer, Hydro Products Manufacturing Division-4 years.

\* Indicates earnings for part of the year.

- NOTE: (1) "Remuneration Received" includes salary, allowances and commission received during the year, Company's contribution to Provident Fund and taxable value of perquisites wherever applicable.
- (2) "Net remuneration" is arrived at by deduction from the gross remuneration, Income tax, Profession tax, Company's contribution to Provident Fund, Superannuation Fund and the monetary value of non-cash perquisites.
- (3) All the employees have adequate experience to discharge the responsibilities assigned to them.
- (4) Nature of Employment : Contractual.
- (5) No employee is a relative of any director of the Company.

On behalf of the Board of Directors

Mumbai, 1st June, 2001

R. N. TATA  
Chairman

**Tata Chemicals Limited****MANAGEMENT DISCUSSION AND ANALYSIS****Overview:**

Tata Chemicals Limited (TCL) is a leading manufacturer of inorganic chemicals and fertilisers in India.

The Company operates in two business areas – inorganic chemicals and urea. While the fertiliser business provides stable earnings based on a Retention Price Scheme formulated by Government of India, the Soda Ash business is subject to global market trends which determines domestic market prices. This provides the Company with growth opportunities while simultaneously insulating it from major cyclical downturns.

**Urea**

The Company has a leading presence in the urea market in the country. It is ideally positioned to maintain steady profitability in the current sector scenario and benefit from any prospective decontrol.

The Company continues to earn stable returns in the urea business as a result of its operational efficiencies. The urea business has consistently operated at high levels of efficiency.

The steady growth of the urea business can be attributed to the fact that it is retention price based and currently falls under the price control norms of the Government of India. This pricing structure provides for fixed foreseeable returns on the capital employed and therefore presents inadequate incentives for operational efficiencies. The Company is confident of achieving significant growth in a deregulated environment.

The Company has an established presence in the high urea consumption states of north India – Punjab, Haryana, U.P., Uttaranchal and Bihar – which account for 48% of total national demand for urea. These states account for 88% of the total urea sales of the Company.

The Company has a state of the art 7.42 MTPA urea manufacturing plant at Babrala in Uttar Pradesh, and is the most efficient unit in the country.

The overall growth prospects of the urea business are positive. The demand for urea will continue to grow at a steady rate – approximately 2% annually – being a core business in a predominantly agricultural economy such as India.

**Inorganic Chemical Business**

The Company's product portfolio of inorganic chemicals consists of chemicals such as SODA ASH, SALT, SODIUM BICARBONATE, CAUSTIC SODA and MARINE CHEMICALS. The main focus areas of the Company's product portfolio are Soda ash and salt. Soda ash forms the basic input for various chemicals, which are utilised for manufacturing products that touch parts of our daily lives. The Company is the largest producer of soda ash in the country, accounting for 42% of the domestic market share. The Company has sustained a leadership position in this business driven by its established customer base, marketing strength and manufacturing capacity.

**Soda Ash**

The Company has a 8.75 lakh MTPA soda ash manufacturing plant located at Mithapur and is part of one of the most integrated inorganic chemicals manufacturing complexes in Asia.

The Company has an established and diversified customer base for soda ash across different sectors for which it serves as raw material. These include:

- Glass 23%
- Detergent 42%
- Chemicals 11%
- Silicates 10%
- Other industries 14%

The Company manufactures multiple variants of soda ash including light, medium, dense, granular, etc. to cater to customised requirements.

In FY01, the Company accounted for 45% of the exports of Soda Ash from India.

Compared to the growth rate of 3% in the last decade, the demand for soda ash grew at an annual rate of 6% in FY01. The recent higher demand for soda ash is the result of the increased consumption of detergent and glass of which soda ash forms a key component.

### **Salt**

The Company is a leading producer of industrial and edible salt in the country. It is a pioneer in the branded edible salt segment in the Country with a dominant market share of 37%.

#### ● **Opportunities and Threats**

##### **Soda Ash**

There is currently an excess of capacity in the industry, which is operating at a capacity utilisation of about 80%. Imports are at acceptable levels, but the recent decision to reduce the import duty on Soda Ash from 35% to 20% could lead to an increase in imports.

However, with the steady growth in demand and several initiatives that are being taken to improve efficiency in operations, the Company is confident of increasing its capacity utilisation and market share.

##### **Urea**

The Government of India is yet to finalise the long term fertiliser policy, which will determine the future direction of the industry. The Company, therefore, continues to operate with a Provisional Retention Price. It is expected that the policy will be finalised during this financial year. The Company's factory at Babrala, U.P. continues to operate at high efficiency and is in a position to meet the challenge of eventual decontrol.

#### ● **Product-wise Performance /Segmental Review and Analysis**

##### **Review of Operations**

##### **Soda-Ash Division**

The overall Soda Ash production at 6.90 lac tonnes was marginally lower by 5.27% over the previous year. The production was affected due to downtime on account of earthquake on 26 January, 2001 and the fire on 2<sup>nd</sup> March, 2001. The total despatch of Soda Ash during the year was at 6.39 lac tonnes, marginally higher than in the previous year.

During the year under review, the production of Medium Dense Ash increased by 42.18% and Soda Ash Granular by 5.97% due to higher demand and better realisations.

##### **Sodium Bicarbonate**

The total production of Sodium Bicarbonate for the year at 37,126 tonnes was marginally lower by 3.3% over the previous year. The total despatch during the year was at 37,047 tonnes higher by 3.4% over previous year. Exports have increased by almost 4 times compared to previous year.

##### **Salt and Marine Chemicals**

#### ● **Salt**

Total production of all varieties of Vaccum evaporated salt at 3.72 lac tonnes was higher by 3.5% than the previous year. Production was restricted by the earthquake and the fire.

A record of 1650 tonnes of vaccum salt for a single day was achieved on 23<sup>rd</sup> October, 2000 and record of 39,173 tonnes for the month was achieved during August, 2000.

The total production of Solar Salt for the year at 10.98 tonnes was marginally higher than previous year.

The total despatch of Vaccum Salt and Pure Salt during the year at 3.49 lac tonnes, was higher by 4.25% over the previous year.

#### ● **Marine Chemicals**

The total production of Liquid Bromine at 511 tonnes was about the same as the previous year. The production was restricted due to frequent stoppages of Cell House and due to shortage of bitters. Productions of Bromides were lower

**Tata Chemicals Limited**

than previous year as per demand. Sodium Bromide plant was shifted to a new location within the factory.

**Chlor-Caustic Group**

The total production of Caustic Soda at 9,524 tonnes was higher by 42.1% over the previous year. The production of Liquid Chlorine at 2,898 tonnes was higher by 9% and Hydrochloric Acid production at 14,338 tonnes was higher by 32%.

Sodium Hypochlorite, a waste product, was launched as a new product in the market. The production during the year was at 1,708 tonnes.

Substantial reduction averaging around 25% in the raw material consumption was achieved during the year.

**Cement**

The total production of Clinker at 3.82 lac tonnes was higher by 18% over the previous year. The production of Cement at 3.40 lac tonnes was higher by 6% over the previous year.

Production of Clinker and Cement were severely affected due to earthquake and fire.

The total despatch of Cement during the year at 4.24 lac tonnes was higher by 19.55% over the previous year.

**Gypsum**

The total production of Gypsum for the year was 28,220, 53% lower than previous year. The production was lower due to the earthquake.

The total despatch during the year at 11,460 tonnes was lower by 31.8% over previous year.

**Fertiliser Division**

The fertiliser division sustained its performance during the year under review, by enhancing asset utilisation and improving volumes of traded fertilizer.

The Fertiliser Complex at Babrala produced 8.92 lac tonnes as compared to 9.82 lac tonnes in the previous year. Sales were restricted by the Government due to high stocks in the consuming states.

**Detergent Division**

The Detergent operation did not yield adequate returns and the competitive environment warranted huge expenditure on advertising and sales promotion, which would not be justified on the basis of small scale of operations. Your Directors, therefore, considered it prudent to exit from detergent business.

**● Outlook for Tata Chemicals**

In order to achieve its long term goals, the Company will be aggressively focusing on its core business areas- soda ash, salt and urea – and will exit “on opportunity” the non-core business areas of the Company – detergents and cement.

The Company is developing the strategic competencies and enhancing operational efficiencies required to achieve its growth targets.

The Company is confident of realising its growth objectives that will be driven by the following factors:

- A strong financial base – the Company is a consistent financial performer with a healthy balance sheet.
- A total focus on its core business areas identified as Soda Ash, Salt and Urea.
- A high level of operational efficiency both at the macro and micro level of the organisation.
- A renewed focus on marketing, driven by specific customer focus.

The Company has set itself a target of becoming the lowest cost synthetic soda ash producer in the world through the following initiatives:

- Reduction in the consumption of raw materials
- Lower transportation costs

- Astute working capital and inventory management by means of a regional inventory system.
- Better supply chain management and efficient logistics with the implementation of the SAP R/3 package
- Efficient energy consumption
- An increase in manufacturing efficiency through superior technology

The overall growth prospects of the salt business are positive. It is expected that demand growth in the iodised and branded edible salt segments, estimated at under 2% and 15% respectively, will be higher than growth in the overall growth which is estimated at 1.7%.

The demand for urea is expected to grow at a steady rate of approximately 2% annually as it is core business in a predominantly agricultural economy such as India.

The Company is restructuring the marketing team by strengthening its field force and segmenting it as per the customer base. The Company plans to target regional markets for exports. The Company will ensure the highest quality of products, customised to meet specific consumer requirements, at all times across the range of offerings.

The Company's renewed focus on its core business areas will provide the Company with the necessary impetus and resources required to achieve a respectable level of growth in the future. The Company has already established leadership position in its core businesses. The current positive initiatives being undertaken by the Company in each of these businesses will enable it to realise its stated objectives – to be one of the top three players in its core areas of operations in terms of size, market share or profitability.

- **Adequacy of Internal Controls**

The Company has a proper, strong, independent and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and that transactions are authorised, recorded and reported correctly.

The internal control systems are supplemented by an extensive programme of internal audits, reviews by management and documented policies, guidelines and procedures.

The efficiency and effectiveness of the Company's internal control system is guaranteed by the fact that the Company has in place the integrated SAP/R3 financial and business management system, which provides a high level of system based checks and controls.

The internal control systems of the Company are designed to ensure that the financial and other records are reliable, for preparing financial statements and other data, and for maintaining accountability of assets.

- **Financial Review**

The focus areas of the group – salt, fertilisers and soda ash – have been contributing a large part of the Company's revenues.

The Company's foray into fertilisers has been successful and has provided a stable earnings base that balances the cyclical nature of the soda ash business.

The Company has a well balanced debt equity ratio of 0.58:1, which places it in a comfortable position to raise additional financial resources if required.

In FY01 the Company reduced debt from Rs. 1,370 crores to Rs. 1,146 crores. A reduction in debt will result in the lowering of the Company's interest burden and this will enhance the Company's profitability in the long run.

The Company has maintained healthy cash flows even during periods of lowered performance. Post the setting up of the urea manufacturing capacity, the Company has made higher provisions for depreciation. The level of depreciation is expected to progressively reduce in the future.

Even during periods of slow growth the Company has maintained handsome dividend payouts and a healthy payout ratio.

The Company's book value has been on the increase even during the challenging times. The Company has a book value per share of Rs. 107 compared to the current market price range of Rs. 40.

**Tata Chemicals Limited****● Resources and Liquidity**

The Company continues to maintain its conservative financial profile. The ratings of the Company's long term debt were reaffirmed at AA from CRISIL which signifies high safety with regard to the timely payment of interest and principal.

The gross debt equity ratio of the Company, including long term and short term debt as on March 31, 2001 is a conservative 0.58:1.

The Company's fully diluted equity share capital now stands at Rs. 180.70 crores. There are no outstanding instruments convertible into equity.

During the year the Company demonstrated its financial flexibility by successfully negotiating with the Financial Institutions to roll over the high interest bearing (at 18.50%) Rupee Term Loans amounting to Rs. 120.43 crores at a reduced rate of 13.75%. For this reduction, the Company paid 50% of the Net Present Value of the interest differential payable to the Institutions during the balance period of the term loans. Outstanding amount of Rupee Term Loan of Rs. 28 crores availed from IFCI was fully pre-paid together with a premium calculated at 50% of the Net Value of the interest differential. Outstanding amount of Rupee Term Loan of Rs. 18.26 crores availed from UTI was replaced by a fresh issue of Non-Convertible Debentures bearing interest at 13.75% per annum.

The Company meets its working capital requirements through committed rupee credit lines, provided by a consortium of Indian and foreign banks. Tata Chemicals also issues short term debt in the form of commercial paper and accepts inter-corporate deposits. The Company's Commercial Paper programme is rated P1+ by CRISIL, the highest credit rating which may be assigned to this instrument.

**● Human Resource Development**

Human resource is drawn from diverse academic backgrounds, and the Company has placed emphasis on recruiting people with formal training that matches their job profile. The Company has over 2,935 employees –

	Mithapur	Mumbai & Marketing Offices	Babrula
Management Cadre	353	54	128
Supervisors	225	13	210
Staff	1882	30	40

Along with the restructuring and re-organisation exercise, the Company is doing a comprehensive review of its HR policies. The Company intends to adopt progressive measures in order to maintain the constant motivation of its work force, encourage the best performance at all times and ensure a long term commitment to the Company. The various measures that will contribute to the motivated workforce with progressive mindsets include:

- Efficient performance evaluation procedures
- Enhanced performance linked remuneration
- Continuous upgradation of skills through regular training
- Across the board succession planning

The Company also actively encourages and provides regular and continuous training of its workforce to ensure that skill sets are constantly updated. This allows employees to keep in tune with the changing environment as well as develop new skills.

**● Social Responsibility and Community Development**

The year had seen two major natural disasters, viz., earthquake on 26<sup>th</sup> January, 2001 and drought in Gujarat leading to human suffering and loss of property. The Company has taken up various activities for providing much needed help and relief not only to the people of Okhamandal but also to the people from far flung places like Kalyanpur, Khambhalia, Porbandar, Morbi and Bhuj area. The relief for earthquake was steered by group level "Tata Relief Committee (TRC)" for which lot of resource and manpower support was provided from Mithapur.

The Company has also taken responsibility to build the schools at Arambada and Bhimrana. The Company along with TRC assisted in building temporary shelter for earthquake victims at Bhuj and Wavaniya. Complete village survey was

also carried out in affected villages of Bhuj and Wavaniya area for reconstruction of permanent houses and schools.

Hybrid bajra seeds were made available to farmers of Okhamandal and crop demonstrations were carried out with new crop varieties for better yield in various villages.

The Company under its watershed development programme, checked dams, repaired/built farm ponds and farm bunds in 6 villages of Okhamandal.

Several government sponsored programmes such as low cost housing project, rural energy programmes were carried out in various villages.

- **Forward-Looking Statement – Cautionary Statement**

Statement in this Management's Discussion and Analysis report detailing the Company's objectives, projections about the future, estimates, expectations or predictions, including, but not limited to, statements about the Company's strategy for growth, product development, market position, and expenditures may be "forward-looking statements" within the meaning of applicable securities laws and regulations.

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include Global and Indian demand-supply conditions, fixation of Retention Price by the Government in respect of Urea, changes in the Governmental regulations, tax regimes, and such other factors.

The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis, of any subsequent developments, information or events.

**Tata Chemicals Limited**

**SUMMARISED BALANCE SHEET AS AT 31 MARCH, 2001**

	As at 31-3-2001 Rs. in Crores	As at 31-3-2000 Rs. in Crores
<b>WHAT THE COMPANY OWNED:</b>		
1. <b>Fixed Assets</b>		
Gross Block (Original cost including Capital Works-in-Progress) .....	2812.38	2844.88
Less: Depreciation .....	928.02	822.44
Net Block .....	1884.36	2022.44
2. <b>Investments</b> .....	428.22	208.44
3. <b>Net Current Assets</b> .....	737.03	778.48
4. <b>Miscellaneous Expenditure</b> .....	42.10	53.77
5. <b>Total Assets (Net)</b> .....	3091.71	3063.13
<b>WHAT THE COMPANY OWED:</b>		
1. <b>Borrowings from Institutions, Banks and others</b> .....	1146.27	1370.03
2. <b>The Company's Net Worth</b> .....	1945.44	1693.10
(Shareholders' Equity) .....		
Represented by		
i. <b>Share Capital</b> .....	Rs. 180.70 Crores (Previous Year Rs. 180.70 Crores)	
ii. <b>Reserves</b> .....	Rs. 1764.74 Crores (Previous Year Rs. 1512.40 Crores)	
3. <b>Total (Capital Employed)</b> .....	3091.71	3063.13
<b>Debt/Equity Ratio</b> .....	0.58:1	0.81:1

**SUMMARISED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2001**

1. <b>Income</b>		
Sales and Operating Income .....	1493.15	1519.54
Investment Income .....	231.97	117.36
Interest on refund of taxes .....	8.99	21.92
<b>Total</b> .....	1734.11	1658.82
2. <b>Expenditure</b>		
Raw Materials, Stores, Wages and Other Expenses .....	1162.99	1084.15
Depreciation .....	132.84	123.47
Interest .....	162.16	184.19
<b>Total</b> .....	1457.99	1391.81
3. <b>Profit before Extraordinary Items</b> .....	276.12	267.01
4. <b>Extraordinary Items</b> .....	90.03	123.56
5. <b>Profit before taxes</b> .....	186.09	143.45
6. <b>Taxes</b> .....	21.14	26.16
7. <b>Profit after taxes</b> .....	164.95	117.29
8. <b>Balance Brought Forward</b> .....	220.11	223.08
9. <b>Contingencies Reserve no longer required</b> .....	80.00	-
10. <b>Amount available for Appropriations</b> .....	465.06	340.37
11. <b>Appropriations</b>		
(a) Interim Dividend .....	-	90.32
(b) Proposed Dividend .....	90.32	-
(c) Tax on Dividend .....	9.21	9.94
(d) General Reserve .....	16.50	20.00
(e) Balance carried to Balance Sheet .....	349.03	220.11
<b>Total</b> .....	465.06	340.37
<b>Ratios:</b>		
<b>Net Profit to Total Income</b> .....	9.5%	7.1%
<b>Return on Capital Employed</b> .....	11.3%	10.7%
<b>Net Earnings Per Ordinary Share</b> .....	9.13	Rs. 6.50

## AUDITORS' REPORT

### TO THE MEMBERS OF TATA CHEMICALS LIMITED

We have audited the attached Balance Sheet of TATA CHEMICALS LIMITED as at 31st March, 2001 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that:

- 1) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) Further to our comments in the Annexure referred to in paragraph 1 above:-
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - (c) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Profit and Loss Account and the Balance Sheet dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - (e) *reference is invited to Note 9 of the Balance Sheet and Profit and Loss Account regarding the following matters:*
    - (i) *revenue from sale of Urea is recognised from 1994-95 and onwards on the basis of the provisional Retention Price notified by the Government;*
    - (ii) *claims for escalation and input costs, interest subsidy and freight amounting to Rs. 39.64 Crores, net of settlements, are accounted pending final issuance of Government notification.*

*The consequential impact of (i) and (ii) above, on the Profit for the year and on the Reserves cannot be ascertained, on account of the uncertainties associated with the fixation of the final Retention Price.*
  - (f) *Subject to the matters reported in para (e) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:*
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2001; and
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
  - (g) One of the directors, Mr. Arvind N. Lalbhai, has advised that in one of the companies in which he is a director, "the company has defaulted in redeeming its debentures issued to lenders and this default will attract the disqualification under Section 274(1)(g) of the Companies Act, 1956. However, the restructuring proposal of the company is currently under progress and once it goes through, the same would not be considered as default."

Apart from the above, according to the information and explanations given to us and on the basis of written representations received from the directors, taken on record by the Board of Directors, no director is disqualified as on 31 March, 2001 from being appointed as a director under Section 274(1)(g) of the Companies Act, 1956.

For S.B.BILLIMORIA & CO.  
Chartered Accountants

N. VENKATRAM  
Partner

MUMBAI, 1st June, 2001

For N. M. RAIJI & CO.  
Chartered Accountants

A. R. GANDHI  
Partner

**ANNEXURE TO THE AUDITORS' REPORT****Referred to in Paragraph 1 of our Report of even date.**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. According to the information and explanations given to us, the Company has formulated a regular programme of verification by which all the assets of the Company shall be verified over a period of four years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. To the best of our knowledge, no material discrepancies were noticed on verification conducted during the year as compared with the book records.
2. None of the fixed assets has been revalued during the year.
3. The Company has a perpetual inventory system in respect of stores and spare parts. Most of the items of finished goods and raw materials have been physically verified during the year by the Management. In our opinion, the frequency of verification of stocks is reasonable except for the cyclone/rain damaged stocks which have not been physically verified. In the case of stocks lying with third parties, certificates confirming stocks have been received in respect of a substantial portion of the stocks held.
4. The procedure of physical verification of stocks followed by the Management is generally reasonable and adequate in relation to the size of the Company and nature of its business but there is scope for improvement in this area in the Chemicals Division.
5. The discrepancies noticed on verification between the physical stocks and the book records (except in respect of the stocks of materials affected on account of cyclone/rain which have not been physically verified) were not significant in relation to the size of the Company and the nature of its business and the same have been properly dealt with in the books of account. The Management has represented that the provision made for the loss, on an estimated basis, on account of stock of materials affected by cyclone/rain is adequate. However, we are unable to express an opinion on the extent of discrepancy, if any, between the physical stocks and the book records in respect of cyclone/rain affected stock, which have not been verified by the Management.
6. In our opinion, the valuation of the stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the previous year.
7. In our opinion, the rates of interest and the terms and conditions of loans taken by the Company from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, are *prima facie* not prejudicial to the interests of the Company. We are informed that there are no companies under the same Management as defined under sub-section (1B) of Section 370 of the said Act.
8. In our opinion, the rates of interest and the terms and conditions of loans granted by the Company to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, are *prima facie* not prejudicial to the interests of the Company. We are informed that there are no companies under the same Management as defined under sub-section (1B) of Section 370 of the said Act.
9. In respect of loans and advances in the nature of loans given by the Company, the principal amounts have generally been repaid as stipulated and payment of the interest, where stipulated, is also regular.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of stores, raw materials, plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services, where such market prices are available

with the Company or the prices at which transactions for similar goods, materials and services have been made with other parties.

12. As explained to us, the Company has a regular procedure for determination and write off of unserviceable or damaged stores and raw materials and adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap. According to the information and explanations given to us, the Company has no significant realisable by-products.
15. In our opinion, the Internal Audit System is generally commensurate with the size of the Company and the nature of its business.
16. The Central Government has prescribed under Section 209(1)(d) of the Companies Act, 1956, the maintenance of cost records in respect of Cement, Caustic Soda, Soda Ash, Methyl Bromine, Ammonia and Urea. We have broadly reviewed the books of account maintained and in our opinion, the prescribed accounts and records have *prima facie* been maintained by the Company.
17. According to the records of the Company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities and there are no arrears of Provident Fund dues as at 31 March, 2001. The Company has obtained exemption from the provisions of the Employees' State Insurance Scheme for most of its Divisions and for others, regular payments are being made.
18. There were no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax, customs duty and excise duty for a period more than six months from the date they became payable.
19. According to the information and explanations given to us and the records examined by us, there are no personal expenses charged to revenue account other than payments made under service contract obligations with employees or in accordance with accepted business practices.
20. The Company is not a sick industrial company under the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For S.B.BILLIMORIA & CO.  
*Chartered Accountants*

N. VENKATRAM  
*Partner*

MUMBAI, 1st June, 2001

For N. M. RAIJI & CO.  
*Chartered Accountants*

A. R. GANDHI  
*Partner*

Tata Chemicals Limited

**BALANCE SHEET AS AT 31ST MARCH, 2001**

	Schedule	Page	Rupees in Crores	Rupees in Crores	As at 31-Mar-00 Rupees in Crores
<b>Sources of Funds</b>					
1. SHARE CAPITAL .....	A	36		<b>180.70</b>	180.70
2. RESERVES AND SURPLUS .....	B	36		<b>1,764.74</b>	1,512.40
3. TOTAL SHAREHOLDERS' FUNDS .....				<b>1,945.44</b>	1,693.10
4. LOANS :-					
(a) SECURED .....	C	37	<b>842.12</b>		940.87
(b) UNSECURED .....	D	38	<b>304.15</b>		429.16
				<b>1,146.27</b>	1,370.03
5. TOTAL FUNDS EMPLOYED				<b>3,091.71</b>	3,063.13
<b>Application of Funds</b>					
6. FIXED ASSETS .....	E	40			
(a) Gross Block .....			<b>2,765.99</b>		2,732.52
(b) Less : Depreciation .....			<b>928.02</b>		822.44
(c) Net Block .....			<b>1,837.97</b>		1,910.08
(d) Capital Work-in-Progress .....			<b>46.39</b>		112.36
				<b>1,884.36</b>	2,022.44
7. INVESTMENTS .....	F	41		<b>428.22</b>	208.44
8. NET CURRENT ASSETS .....	G	44			
(a) Current Assets, Loans and Advances ...			<b>1,155.82</b>		1,172.93
(b) Less : Current Liabilities and Provisions			<b>418.79</b>		394.45
				<b>737.03</b>	778.48
9. MISCELLANEOUS EXPENDITURE .....	H	45		<b>42.10</b>	53.77
10. TOTAL ASSETS (Net) .....				<b>3,091.71</b>	3,063.13
(Contingent liabilities and Notes on page 46)					

As per our Report attached

For S.B.BILLIMORIA & CO.  
Chartered Accountants

N. VENKATRAM  
Partner  
MUMBAI, 1st June, 2001

For N.M.RAIJI & CO.  
Chartered Accountants

A. R. GANDHI  
Partner

For and on behalf of the Board  
R. N. TATA

R. GOPALAKRISHNAN

P. R. MENON

S. U. K. MENON

MUMBAI, 1st June, 2001

Chairman

Vice-Chairman

Managing Director

Chief Financial Officer &  
Company Secretary

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2001

	Schedule	Page	Rupees in Crores	Rupees in Crores	Previous Year Rupees in Crores
<b>Income</b>					
1. SALES AND OPERATING INCOME .....	1	32	1,493.15		1,519.54
2. INVESTMENT INCOME (NET) .....	2	32	231.97		117.36
3. INTEREST ON REFUND OF TAXES .....			8.99		21.92
4. TOTAL INCOME				<b>1,734.11</b>	1,658.82
<b>Expenses</b>					
5. MANUFACTURING AND OTHER EXPENSES	3	33	1,164.31		1,088.49
6. INTEREST .....	4	34	162.16		184.19
7. DEPRECIATION .....			1,326.47		1,272.68
			132.84		123.47
			<b>1,459.31</b>		1,396.15
8. Less : EXPENDITURE TRANSFERRED TO CAPITAL ACCOUNT .....			1.32		4.34
9. TOTAL EXPENSES .....				<b>1,457.99</b>	1,391.81
<b>Profit before Tax and Extraordinary Items</b>					
10. EMPLOYEES' SEPARATION COMPENSATION			13.03		3.56
11. PROVISION FOR CONTINGENCIES (See note 9(a) page 49) .....			77.00		120.00
				<b>90.03</b>	123.56
<b>Profit before Tax</b>					
12. TAX				<b>186.09</b>	143.45
				21.14	26.16
<b>Profit after tax</b>					
13. BALANCE BROUGHT FORWARD .....				<b>164.95</b>	117.29
14. CONTINGENCIES RESERVE NO LONGER REQUIRED .....				<b>220.11</b>	223.08
15. AMOUNT AVAILABLE FOR APPROPRIATIONS				<b>80.00</b>	—
16. <b>APPROPRIATIONS :</b>				<b>465.06</b>	340.37
(a) Interim Dividend .....				—	90.32
(b) Proposed Final Dividend .....				90.32	—
(c) Tax on Dividends .....				9.21	9.94
(d) General Reserve .....				16.50	20.00
(e) Balance carried to Balance Sheet .....				<b>349.03</b>	220.11
(Notes on page 46)				<b>465.06</b>	340.37

As per our Report attached

For S.B.BILLIMORIA & CO.  
Chartered Accountants

N. VENKATRAM  
Partner  
MUMBAI, 1st June, 2001

For N.M.RAJI & CO.  
Chartered Accountants

A. R. GANDHI  
Partner

For and on behalf of the Board  
R. N. TATA

R. GOPALAKRISHNAN

P. R. MENON

S. U. K. MENON

MUMBAI, 1st June, 2001

Chairman

Vice-Chairman

Managing Director

Chief Financial Officer &  
Company Secretary

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

**Schedule 1 : Sales and Operating Income**

(Item No. 1 , page 31)

	Rupees in Crores	Rupees in Crores	Previous Year Rupees in Crores
1. <b>Sales</b>		1,470.00	1,513.42
2. <b>Operating Income:</b>			
(a) Town Income .....	0.89		0.62
(tax deducted at source <b>Rs. 0.01 Crores</b> ; Previous Year Rs. 0.01 Crores)			
(b) Miscellaneous Income .....	4.53		5.47
(c) Insurance Claims .....	17.73		0.03
		<u>23.15</u>	<u>6.12</u>
		<u>1,493.15</u>	<u>1,519.54</u>

**Schedule 2 : Investment Income**

(Item No. 2 , page 31 )

**(A) Income from Long Term Investments (Gross)**

	Rupees in Crores	Rupees in Crores	Previous Year Rupees in Crores
(a) On Trade Investments			
(i) Dividend Income .....	8.33		19.47
(ii) Dividend from Subsidiary Company ...	—		17.60
	<u>8.33</u>		<u>37.07</u>
(b) Profit / (Loss) on Sale of Investments .....	219.88		79.95
		<u>228.21</u>	<u>117.02</u>

**(B) Income from Current Investments (Gross)**

	Rupees in Crores	Rupees in Crores	Previous Year Rupees in Crores
(a) Dividend Income .....	6.19		0.34
Less : Diminution in Carrying amount of Investments .....	(1.52)		—
	<u>4.67</u>		<u>0.34</u>
(b) Profit / (Loss) on Sale of Investments .....	(0.91)		—
		<u>3.76</u>	<u>0.34</u>
		<u>231.97</u>	<u>117.36</u>

### SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)

**Schedule 3 : Manufacturing and Other Expenses**  
(Item No. 5, page 31)

	Rupees in Crores	Rupees in Crores	Previous Year Rupees in Crores
<b>1. Raw Materials Consumed</b>			
(a) Stock on 1 April, 2000 .....	46.29		61.82
(b) Add: Purchases and cost of materials .....	282.41		287.32
	328.70		349.14
(c) Less: Stock on 31 March, 2001 .....	43.79		46.29
		284.91	302.85
<b>2. Payments to and Provisions for Employees</b>			
(a) Wages and Salaries (including Bonus) .....	46.04		43.36
(b) Company's Contribution to Provident, Superannuation and Gratuity Funds .....	8.30		7.79
(c) Company's Contribution under Group Insurance Scheme .....	0.21		0.24
(d) Workmen and Staff Welfare Expenditure ....	7.96		8.99
		62.51	60.38
<b>3. Operation and Other Expenses</b>			
(a) Stores, Spare Parts, Loose Tools and Equipment Consumed .....	54.34		52.29
(b) Packing Material Consumed .....	74.24		70.68
(c) Power and Fuel .....	270.61		223.43
(d) Repairs to Buildings .....	3.42		4.31
(e) Repairs to Machinery .....	29.19		25.05
(f) Rent .....	3.16		2.50
(g) Royalty, Rates and Taxes .....	8.33		4.82
(h) Commission and Distributors' Service Charges / Discount .....	79.99		85.61
(i) Sales Promotion Expenses .....	48.46		17.87
(j) Insurance Charges .....	15.58		15.80
(k) Freight and Forwarding Charges .....	40.50		48.17
(l) Lease Rent .....	22.21		34.48
(m) Loss on Assets sold or discarded .....	17.51		1.14
(n) Establishment and Other Expenses .....	57.37		51.90
(o) Prior Years' Adjustments - Net .....	2.92		1.62
		727.83	639.67
<b>4. Excise Duty .....</b>		87.90	96.36
<b>5. Directors' Fees / Commission .....</b>		0.25	0.23
		1,163.40	1,099.49
<b>6. Change in inventory of Semi Finished and Finished Products</b>			
(a) Opening Stock .....	79.40		68.40
(b) Less: Closing Stock .....	78.49		79.40
		0.91	(11.00)
		1,164.31	1,088.49

**Tata Chemicals Limited**

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)**

**Schedule 4 : Interest**  
(Item No.6, Page 31)

	Rupees in Crores	Rupees in Crores	Previous Year Rupees in Crores
1 Interest on:			
(a) Debentures and Fixed Loans .....	166.24		192.99
(b) Other Loans .....	10.59		13.63
		<b>176.83</b>	206.62
Less - Interest Capitalised	1.28		15.58
Interest concession under R P S for Urea .....	—		5.38
		<b>1.28</b>	20.96
		<b>175.55</b>	185.66
2 Less - Interest received on (Tax deducted at source Rs.0.21 Crores; Previous Year Rs. 0.28 Crores)			
(i) Inter-corporate Loans / Deposits .....	12.59		0.51
(iii) Sundry Advances, etc. ....	0.80		0.81
(ii) Loan to Subsidiary Company .....	—		0.15
		<b>13.39</b>	1.47
		<b>162.16</b>	184.19

**Schedule 5 :**

Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for remuneration to Whole-time Directors.

	Rupees in Crores	Rupees in Crores	Previous Year Rupees in Crores
1 Profit as per Profit and Loss Account (before Taxes) .....		<b>186.09</b>	143.45
Add:			
2 Depreciation .....	132.84		123.47
3 Directors' Remuneration, Commission & Fees .....	0.70		0.49
4 Provision for doubtful debts and advances .....	11.34		1.83
5 Profit on sale of Investments .....	(218.97)		(79.95)
6 Compensation under Voluntary Retirement Scheme ...	13.03		3.56
7 Provision for Contingencies .....	77.00		120.00
		<b>15.94</b>	169.40
		<b>202.03</b>	312.85
Less:			
8 Depreciation under Section 350 .....		<b>132.84</b>	214.75
9 Net Profit in accordance with Section 349 of the Companies Act, 1956 .....		<b>69.19</b>	98.10
10 Maximum amount permissible for the Managing Director under Section 309 of the Companies Act, 1956 Commission to Managing Director .....		<b>3.46</b> <b>0.10</b>	4.91 0.11
11 Commission to non whole-time Directors (maximum permissible 1%) Commission to non whole-time Directors .....		<b>0.69</b> <b>0.10</b>	0.98 0.10

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)

Notes on the Profit and Loss Account	Rupees in Crores	Rupees in Crores	Previous Year Rupees in Crores
<b>1 Item 2(b) of Schedule 1</b>			
Miscellaneous Income Rs. 4.53 Crores (Previous Year Rs. 5.47 Crores) include :			
Gains on foreign exchange transactions .....		0.09	0.09
<b>2 Items 2, 3 and 5 of Schedule 3</b>			
Payments to and Provisions for Employees, Operation and Other Expenses and Directors' Fees / Commission includes remuneration to former and present Managing Director :			
(a) Remuneration .....		0.40 @	0.22
(b) Commission .....		0.10	0.11
(for computation see Schedule 5, page 34)			
(c) Estimated value of benefits in cash or in kind .....		0.05	0.04
		0.55 *	0.37
@ Excludes Rs. 0.40 Crores provided towards Non - Compete Fees payable to former Managing Director			
* Includes remuneration of Rs.0.20 crores to present Managing Director whose appointment and terms of appointment are subject to approval of shareholders			
<b>3 Item 3(n) of Schedule 3</b>			
Establishment and Other Expenses Rs. 57.37 Crores (Previous Year Rs.51.90 Crores) include:			
(a) Auditors' Remuneration			
(i) For Services as Auditors [includes Rs.1,25,500 to cost Auditors; (Previous Year Rs. 1,05,850)]	0.18		0.17
(ii) For Tax Matters .....	0.03		0.03
[includes Tax Audit fees Rs.0.02 Crores (Previous Year: Rs.0.02 Crores)]			
(iii) For Other Services .....	0.08		0.09
(iv) Reimbursement of travelling and out-of-pocket expenses .....	0.01		0.01
		0.30	0.30
(b) Research & Development Expenses		2.21	2.55
(c) Contribution to Electoral Trust. ....		—	0.25
(d) Donations .....		1.70	1.00
<b>4 Item 3(o) of Schedule 3</b>			
Prior Years' Adjustments include :			
(a) Manufacturing Expenses .....		—	0.57
(b) Operation and Other Expenses .....		3.02	(0.34)
(c) Refund of Insurance Premium .....		—	0.48
(d) Depreciation .....		(0.10)	—
(e) Other items .....		—	0.91
		2.92	1.62

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

<b>Schedule A : Share Capital</b> (Item No. 1 , page 30)		<b>Rupees in Crores</b>	As at 31-Mar-00 Rupees in Crores
1	<b>Authorised</b> 20,00,00,000 Ordinary Shares of Rs.10 each .....	<b>200.00</b>	200.00
		<b>200.00</b>	200.00
2.	<b>Issued</b> 18,07,24,971 Ordinary Shares of Rs.10 each .....	<b>180.72</b>	180.72
		<b>180.72</b>	180.72
3.	<b>Subscribed</b> 18,06,38,651 Ordinary Shares of Rs.10 each .....	<b>180.64</b>	180.64
Of the above Shares			
	(i) 37,000 Ordinary Shares of Rs.10 each were allotted as fully paid-up pursuant to a contract without payment being received in cash.		
	(ii) 10,54,02,144 Ordinary Shares of Rs.10 each were issued as fully paid-up Bonus Shares by Capitalisation of Rs.92.97 Crores from Share Premium Account and Rs. 12.43 Crores from General Reserve.		
	(iii) 42,49,864 Ordinary Shares of Rs.10 each allotted as fully paid-up to the Shareholders of erstwhile Tata Fertilisers Ltd., pursuant to the Scheme of Amalgamation		
4.	<b>Forfeited Shares</b> Amount paid-up on 86,320 shares .....	<b>0.06</b>	0.06
		<b>180.70</b>	180.70

<b>Schedule B : Reserves and Surplus</b> (Item No. 2 , page 30)		<b>Rupees in Crores</b>	<b>Rupees in Crores</b>	As at 31-Mar-00 Rupees in Crores
1.	<b>Capital Reserve</b> Balance as per last account .....		<b>0.66</b>	0.66
2.	<b>Surplus On Amalgamation</b> Balance as per last account .....		<b>20.75</b>	20.75
3.	<b>Share Premium</b> Balance as per last account Add: Credited on Amalgamation of Sabras Investment and Trading Company Limited .....	<b>156.71</b>	<b>11.60</b>	156.71
			<b>168.31</b>	156.71
	Carried forward		<b>189.72</b>	178.12

## SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

### Schedule B : Reserves and Surplus (Contd.)

	Rupees in Crores	Rupees in Crores	Rupees in Crores	As at 31-Mar-00 Rupees in Crores
Brought forward			189.72	178.12
4. <b>General Reserve</b>				
(a) Balance as per last account .....		788.71		768.71
(b) Add: Amount credited on amalgamation of Sabras Trading & Investment Company Ltd.				
Reserve Fund .....	31.89			—
General Reserve .....	140.73			—
Profit and Loss Account .....	2.70			—
		175.32		—
(c) Add : Transferred from Profit and Loss Account		16.50		20.00
			980.53	788.71
5. <b>Debenture Redemption Reserve</b>				
Balance as per last account .....			245.46	245.46
6. <b>Contingencies Reserve</b>				
Balance as per last account .....		80.00		80.00
Less : Transferred to Profit & Loss Account		80.00		—
				80.00
7. <b>Balance in Profit and Loss Account</b> .....			349.03	220.11
			<u>1,764.74</u>	<u>1512.40</u>

### Schedule C : Loans - Secured

(Item No. 4(a), page 30)  
(See page 39 for details of security)

	Rupees in Crores	Rupees in Crores	Rupees in Crores	As at 31-Mar-00 Rupees in Crores
1. <b>Debentures:</b>				
(a) 1,49,88,711 -12.5% Partly Convertible Debentures Twelfth Series (2001) (Non- Convertible portion) face value of of Rs. 50 each redeemable at par on 1 February, 2001.		—		74.94
(b) 45,82,242 -12.5% Partly Convertible Debentures Thirteenth Series (2001) (Non- Convertible portion) face value of Rs. 75 each, redeemable at par on 1 February, 2001.		—		34.37
(c) 1,40,00,000-17% Debentures Sixteenth Series (2000) face value of Rs 100 each. Debentures of face value aggregating Rs. 100 Crores and Rs. 40 Crores are redeemable at par in three equal annual instalments commencing 31 March, 2000 and 26 June, 2000 respectively.		60.00		106.67
(d) 20,000 -14% Debentures Eighteenth Series (2001) face value of Rs 1,00,000 each, redeemable at par in three equal annual instalments commencing 7 August, 2001		200.00		200.00
Carried forward		<u>260.00</u>		<u>415.98</u>

**Tata Chemicals Limited**

**SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)**

**Schedule C : Loans - Secured (Contd.)**

	Rupees in Crores	Rupees in Crores	Rupees in Crores	As at 31-Mar-00 Rupees in Crores
Brought forward		260.00		415.98
(e) 300-13.25% Debentures Nineteenth Series (2003) face value of Rs 50,00,000 each, redeemable at par in three equal half yearly instalments commencing 1 September, 2003 .....		150.00		150.00
(f) 16,86,000-13.75% Non Convertible Debentures face value of Rs. 100 each redeemable at par in twelve quarterly instalments commencing from April 01, 2001. .... (Privately placed during the year)		15.46		—
(g) 50-11.15% Secured Redeemable Non-Convertible Debentures face value Rs 1,00,00,000 each redeemable at par in the ratio of 33:33:34 at the end of 58th, 59th & 60th month respectively, from the date of allotment i.e. 15th March, 2001 .....		50.00		—
			<b>475.46</b>	<b>565.98</b>
<b>2 Loans :</b>				
(a) From Banks :				
i. Cash / Packing credits .....	<b>86.92</b>			37.62
ii. Term Loans .....	<b>53.19</b>			57.48
		<b>140.11</b>		95.10
(b) Term Loans from Financial Institutions .....		<b>226.55</b>		279.79
			<b>366.66</b>	374.89
			<b>842.12</b>	940.87

Amount repayable within one year Rs 155.44 Crores (Previous Year Rs. 222.14 crores) excluding Cash/Packing Credit

**Schedule D : Loans—Unsecured**

(Item No. 4(b), page 30)

	Rupees in Crores	Rupees in Crores	As at 31-Mar-00 Rupees in Crores
1. Fixed Deposits .....		0.15	0.16
2. Short Term Loans			
(a) From Banks .....	<b>65.00</b>		180.00
(b) From others .....	<b>39.00</b>		49.00
		<b>104.00</b>	229.00
3. Commercial Paper Issued .....		<b>200.00</b>	200.00
		<b>304.15</b>	429.16

Amount repayable within one year Rs 304.15 Crores (Previous Year Rs. 429.16 crores)

## SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

### Notes:

#### Secured Loans

- A. The Debentures under item 1(c) are secured by equitable mortgage of immovable assets of the Company and further secured by hypothecation of all movable properties of the Company subject to prior charge created in favour of Company's bankers for securing working capital borrowings.
- B. The Debentures under item 1 (d) are secured by way of :
- (a) Legal Mortgage in English form of all freehold pieces of Land hereditaments and premises, situated at Mithapur together with all buildings, structures, factory, construction and all fixed plant and machinery or any fixtures or fittings annexed to the same.
  - (b) The whole of the movable properties of the Company including movable plant and machinery, both present and future, situate at its Babrala and Mithapur Plants
  - (c) All other assets of the Company both present and future including uncalled capital, goodwill and undertaking of the Company.
- C. The Debentures under item 1 (e) are secured by way of first mortgage and charge on the Company's immovable and movable properties at Mithapur and Babrala.
- D. The Debentures under item 1 (f) are to be secured by a pari passu first charge on the assets of the Fertiliser Complex at Babrala by way of mortgage by deposit of title deeds and hypothecation of movable assets, subject to prior charge created in favour of Company's bankers for securing working capital borrowings.
- E. The Debentures under item 1 (g) are to be secured by a pari passu first charge on the fixed assets of the Company at Mithapur and Babrala by way of mortgage by deposit of title deeds and hypothecation of movable assets subject to prior charge in favour of Company's bankers for securing working capital borrowings.
- F. Loans from Banks on Cash/Packing Credit Accounts under item 2(a)(i) are secured by hypothecation of all stocks of Raw Materials, Finished Products, Stores and Stock-in-Process as well as Book Debts.
- G. The Term Loans from Banks and Financial Institutions under item 2 includes Rs. 165.21 Crores which are secured by first mortgage on all immovable properties, both present and future, pertaining to Fertiliser Complex at Babrala and the first charge by way of hypothecation of all movables at Babrala, subject to the prior charge created in favour of Banks on inventories and book debts for working capital facilities, *pari passu* with the charges created in favour of the Debenture Trustees. Item 2(b) includes Rs.67.41 Crores being interest - free loan under Sales Tax Deferment Scheme which is secured by second charge on Company's properties at Babrala.
- H. The Term Loans from Financial Institutions included under item 2(b) amounting to Rs.7.12 Crores are secured by a first mortgage of immovable assets pertaining to the Cement Division at Mithapur, both present and future, and a first charge by way of hypothecation of all movable assets, pertaining to the Cement Division, subject to the prior charge created in favour of banks on inventories and book debts for securing working capital facilities. A term loan from ICICI Limited amounting to Rs. 40 Crores is secured by a pledge of 28,52,179 equity shares of Tata Tea Limited.

**Tata Chemicals Limited**
**Schedule E : Fixed Assets**  
 (Item No.6, page 30)

Fixed Assets (At Cost)	Gross Block as on 1-Apr-00 Rs. in Crores	Additions / Adjustments Rs. in Crores	Deductions / Adjustments Rs. in Crores	Gross Block as on 31-Mar-01 Rs. in Crores	Depreciation for 2000-01 Rs. in Crores	Total Depreciation 31-Mar-01 Rs. in Crores	Net Block as on 31-Mar-01 Rs. in Crores
<b>1. Lands:</b>							
(a) Freehold .....	5.07	2.51	—	7.58	—	—	7.58
	2.90	2.17	—	5.07	—	—	5.07
(b) Leasehold .....	14.71	—	—	14.71	0.16	1.18	13.53
	14.71	—	—	14.71	0.17	1.02	13.69
<b>2. Works:</b>							
(a) Saltworks,Reservoirs and Pans .....	21.69	0.02	—	21.71	0.65	17.58	4.13
	20.53	1.16	—	21.69	0.39	16.93	4.76
(b) Plant and Machinery .....	2,320.11	56.13	36.02	2,340.22	118.42	810.31	1,529.91
	2,095.79	232.89	8.57	2,320.11	109.46	714.37	1,605.74
(c) Traction Lines and Railway Sidings .....	17.12	0.08	1.25	15.95	0.83	8.26	7.69
	15.87	1.25	—	17.12	0.83	7.44	9.68
(d) Buildings .....	138.34	7.60	1.84	144.10	4.66	28.82	115.28
	124.94	15.34	1.94	138.34	4.06	24.98	113.36
<b>3. Town .....</b>	<b>131.49</b>	<b>10.86</b>	<b>#0.63</b>	<b>141.72</b>	<b>2.21</b>	<b>16.54</b>	<b>125.18</b>
	129.04	2.45	—	131.49	2.14	14.35	117.14
<b>4. Water Works .....</b>	<b>8.74</b>	<b>—</b>	<b>0.04</b>	<b>8.70</b>	<b>0.14</b>	<b>6.64</b>	<b>2.06</b>
	8.60	0.14	—	8.74	0.27	6.53	2.21
<b>5. Furniture,Fitting and Office Equipment .....</b>	<b>37.55</b>	<b>1.08</b>	<b>0.48</b>	<b>38.15</b>	<b>2.97</b>	<b>17.55</b>	<b>20.60</b>
	35.01	2.56	0.02	37.55	2.97	14.99	22.56
<b>6. Vehicles .....</b>	<b>37.70</b>	<b>0.16</b>	<b>4.71</b>	<b>33.15</b>	<b>2.80</b>	<b>21.14</b>	<b>12.01</b>
	37.94	0.51	0.75	37.70	3.18	21.83	15.87
	<b>2,732.50</b>	<b>78.44</b>	<b>44.97</b>	<b>2,765.99</b>	<b>132.84</b>	<b>928.02</b>	<b>@ 1,837.97</b>
	2,485.33	258.47	11.28	2,732.52	123.47	822.44	1,910.08
Capital Works-in-progress (incl. advances for Capital Expenditure)				46.39	—	—	46.39
				112.36	—	—	112.36
				<b>2,812.38</b>	<b>132.84</b>	<b>928.02</b>	<b>1,884.36</b>
				2,844.88	123.47	*822.44	2,022.44
NOTES : 1. * Depreciation provided upto 31 March, 2000							822.44
Less : Adjustment in respect of Assets sold or discarded							27.16
Less : Depreciation adjustment relating to prior years							0.10
							795.18
Add : Provision for the year							132.84
							<b>928.02</b>
2.@ Excluding written down value of Rs. 14.77 Crores of assets retired from active use during the year. ( See Note 11, Page 49)							
3.# Includes Rs 0.03 Crores towards sale of the residential flat (written down value Rs 1,57,158) to a former Deputy Managing Director of the Company under and pursuant to an option to purchase the flat conferred on him by Board of Directors in 1981.							
4. Freehold land includes Rs 0.18 Crores in respect of land under mutation.							
5. The Figures in light print are for Previous Year.							

## SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Schedule F : Investments  
(Item No.7 Page 30)

	Face Value Rupees	Holdings As at 01 Apr 00	Vested on Amalga- mation	Purchase/ Dividend Reinvested	Sales/ Conversion	Holding As at 31 Mar 01	Rupees in Crores	Rupees in Crores	Holdings As at 31 Mar 00	As at 31-3-2000 Rupees in Crores
<b>A LONG TERM INVESTMENTS</b>										
<i>Trade Investments:</i>										
<b>1. In Shares &amp; Debentures of Companies :</b>										
<b>Quoted Equity Shares, Fully paid unless otherwise stated :</b>										
Associated Cement Companies Ltd.	10	5,65,288	65,65,587	—	71,30,587	288	*	5,65,288	6.88	
Forbes Gokak Ltd.	10	—	27,602	—	27,602	—	—	—	—	
Indian Hotels Ltd.	10	—	6,00,964	—	—	6,00,964	0.99	—	—	
Oriental Hotels Ltd.	10	—	4,32,328	—	—	4,32,328	4.79	—	—	
Rallis India Ltd.	10	5,60,000	5,66,518	—	—	11,26,518	19.06	5,60,000	16.88	
Tata Engineering & Locomotive Co. Ltd.	10	—	3,53,553	—	—	3,53,553	5.92	—	—	
Tata Finance Ltd.	10	—	2,38,527	—	—	2,38,527	1.69	—	—	
Tata Honeywell Ltd.	10	—	8,66,250	—	—	8,66,250	2.40	—	—	
Tata Investment Corporation Ltd. @	10	—	—	25,22,572	—	25,22,572	6.31	—	—	
The Tata Iron and Steel Company Ltd.	10	14,45,000	6,27,868	—	—	20,72,868	50.26	14,45,000	35.13	
Tata Tea Ltd (28,52,179 sh pledged with ICICI Ltd)	10	23,52,179	19,65,335	—	—	43,17,514	16.09	23,52,179	10.76	
Tata Telecom Ltd.	10	—	3,49,750	—	—	3,49,750	1.34	—	—	
Titan Industries Ltd.	10	14,30,580	—	—	—	14,30,580	19.68	14,30,580	19.68	
										128.53
<b>Unquoted Equity Shares, Fully paid unless otherwise stated :</b>										
Associated Building Co.Ltd.	900	550	—	—	—	550	0.02	550	0.02	
Megapode Airlines Ltd.	10	—	40,00,000	—	—	40,00,000	4.00	—	—	
Orchid Print India Ltd.	10	—	—	92,302	—	92,302	0.14	—	—	
Tata Cellular Ltd. @@	10	10,00,000	—	—	—	10,00,000	1.00	10,00,000	1.00	
Tata Industries Ltd.	100	20,94,172	18,03,758	—	—	38,97,930	46.81	20,94,172	20.98	
Tata International Ltd.	1,000	20,000	4,000	—	—	24,000	3.35	20,000	2.60	
Tata Projects Ltd.	100	22,500	9,750	—	—	32,250	0.38	22,500	0.26	
Tata Services Ltd.	1,000	900	—	—	—	900	0.09	900	0.09	
Tata Share Registry Ltd.	100	19,500	2,900	—	22,400	—	—	19,500	0.33	
Tata Sons Ltd.	1,000	10,237	—	—	—	10,237	56.87	10,237	56.87	
Tata Teleservices Ltd. #	10	20,00,200	—	—	—	20,00,200	2.00	20,00,200	2.00	
Varuna Investments Ltd. @	100	6,30,643	—	—	6,30,643	—	—	6,30,643	6.31	
<b>In Subsidiary Company :</b>										
Sabras Investment and Trading Co.Ltd.##	100	—	—	—	—	—	—	8,80,088	20.20	
										114.66
<b>Listed but not quoted Preference Shares, Fully paid:</b>										
Tata Finance Limited. ( 10% Cumulative Convertible Preference Shares)	100	2,38,250	—	—	—	2,38,250	2.38	2,38,250	2.38	
<b>Unquoted Preference Shares, Fully paid :</b>										
Tata Sons Limited. ( 10% Cumulative Redeemable Preference Shares)	1,000	27,200	—	—	—	27,200	2.72	27,200	2.72	
Carried Forward ...										248.29
										205.09



**Tata Chemicals Limited**

**SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)**

Schedule F : Investments  
(Item No.7 Page 30)

	Face Value Rupees	Holdings As at 01 Apr 00	Vested on Amalgamation	Purchase/Dividend Reinvested	Sales/Conversion	Holdings As at 31 Mar 01	Rupees in Crores	Rupees in Crores	Holdings As at 31 Mar 00	As at 31-3-2000 Rupees in Crores
Brought Forward ...										
<b>B. CURRENT INVESTMENTS</b>							<b>248.29</b>			<b>205.09</b>
Other Investments :										
Quoted Equity Shares, Fully paid :										
Atco Technologies Ltd.	10	—	10,000	—	10,000	—	—	—	—	—
Bombay Dyeing & Manufacturing Co. Ltd.	10	—	—	8,59,384	8,59,105	279	*	—	—	—
Compage Infocom Ltd.\$	10	—	—	9,756	—	9,756	0.17	—	—	—
Excel Industries Ltd.	10	—	42,000	—	—	42,000	0.25	—	—	—
FAL Industries Ltd.	10	—	5,55,600	—	—	5,55,600	0.87	—	—	—
Gesco Corporation Ltd.	10	—	3,450	—	3,450	—	—	—	—	—
Great Eastern Shipping Co. Ltd.	10	—	31,055	—	31,055	—	—	—	—	—
Gruh Finance Ltd.	10	—	3,75,000	—	3,75,000	—	—	—	—	—
Gujarat State Fertilisers & Chemicals Ltd.	10	—	1,05,300	—	1,05,300	—	—	—	—	—
ICI Ltd.	10	15,000	—	440	440	15,000	0.02	15,000	—	0.02
Mahindra & Mahindra Ltd.	10	—	53,843	—	—	53,843	0.27	—	—	—
Manglore Chemicals & Fertilisers Ltd.	10	—	4,80,000	—	4,80,000	—	—	—	—	—
Nirma Ltd.##	10	—	9,000	—	—	9,000	0.05	—	—	—
Nods Worldwide Ltd.	10	—	10,000	—	10,000	—	—	—	—	—
Parke—Davis (India) Ltd.	10	—	5,000	—	5,000	—	—	—	—	—
Punjab Chemicals & Pharmaceuticals Ltd.	10	—	30,965	—	30,965	—	—	—	—	—
Reliance Petroleum Ltd.	10	—	1,50,000	—	1,50,000	—	—	—	—	—
SIV Industries Ltd.	10	—	650	—	650	—	—	—	—	—
State Bank of India	10	—	2,930	—	2,930	—	—	—	—	—
								<b>1.63</b>		<b>0.02</b>
Unquoted Equity Shares, Fully paid :										
Flora Cosmetics Ltd.	100	—	9,000	—	—	9,000	0.09	—	—	—
Gateway Hotels & Getaway Resorts Ltd.	10	—	99,950	—	—	99,950	0.10	—	—	—
IFCI Venture Capital Funds Ltd.	10	—	2,50,000	—	—	2,50,000	0.25	—	—	—
Kowa Spinning Ltd.	10	—	60,000	—	—	60,000	0.11	—	—	—
Simto Investment Co. Ltd.	10	—	1,20,000	—	—	1,20,000	0.12	—	—	—
Siris India Ltd.	10	—	4,80,000	—	4,80,000	—	—	—	—	—
								<b>0.67</b>		
								<b>250.59</b>		<b>205.11</b>
Carried Forward ...										

## SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

### Schedule F : Investments (Item No.7 Page 30)

	Face Value Rupees	Holdings As at 01 Apr 00	Vested on Amalgamation	Purchase/ Dividend Reinvested	Sales/ Conversion	Holdings As at 31 Mar 01	Rupees in Crores	Rupees in Crores	Holdings As at 31 Mar 00	As at 31-3-2000 Rupees in Crores
Brought Forward ...								250.59		205.11
In Units of Unit Trust of India:										
UTI - Mastershare	10	—	96,100	—	—	96,100	0.12	—	—	—
Unit Trust of India (1964 Scheme)	10	23,92,715	8,63,940	1,22,002	9,53,594	24,25,063	3.19	23,92,715	—	3.15
Unit Trust of India (1964 Scheme) in compliance with Rule 3A of the Companies (Acceptance of Deposits) Amendment Rules, 1978.	10	1,19,000	—	—	—	1,19,000	0.18	1,19,000	—	0.18
								3.49		3.33
In Units of Mutual Funds :										
Alliance Liquid Income	10	—	—	49,21,260	—	49,21,260	5.00	—	—	—
Birla Income Plus	10	—	—	50,55,612	—	50,55,612	4.96	—	—	—
HDFC Balanced Fund	10	—	—	2,00,00,000	—	2,00,00,000	18.48	—	—	—
HDFC Income Fund	10	—	—	2,09,56,552	—	2,09,56,552	21.19	—	—	—
HDFC Liquid Fund	10	—	—	1,25,10,857	1,25,10,857	—	—	—	—	—
JM Liquid Fund - Dividend Plan	10	—	96,15,385	—	96,15,385	—	—	—	—	—
KMMF - K-Gilt Investment Plan - Dividend Option	10	—	95,25,624	—	95,25,624	—	—	—	—	—
KMMF - K-Gilt Savings Plan - Dividend Option	10	—	95,84,971	—	95,84,971	—	—	—	—	—
Kotak Mahindra Mutual Fund - K Bond	10	—	—	47,24,112	—	47,24,112	4.81	—	—	—
Kothari Pioneer Income Builder Account- (Dividend Reinvestment Option)	10	—	1,52,68,424	19,51,109	1,57,78,611	1,440,922	2.00	—	—	—
Prudential ICICI Income Fund	10	—	—	46,08,295	—	46,08,295	4.70	—	—	—
Sun F & C Money Value Bond - Liquid Option	10	—	—	1,71,98,434	1,71,98,434	—	—	—	—	—
Sun F & C Money Value Bond - Dividend Option	10	—	—	2,78,73,324	—	2,78,73,324	28.23	—	—	—
Tata Income Fund	10	—	—	1,15,77,536	—	1,15,77,536	11.96	—	—	—
Tata Liquid Fund - Appreciation	10	—	—	95,10,964	95,10,964	—	—	—	—	—
Tata Liquid Fund - Dividend Option	10	—	1,79,25,805	2,75,33,890	2,79,36,336	1,75,23,359	19.92	—	—	—
Tata Liquid Fund - Serial Plan I	10	—	—	2,19,76,183	—	2,19,76,183	21.99	—	—	—
Tata Liquid Fund - Serial Plan II	10	—	—	1,07,15,542	—	1,07,15,542	10.71	—	—	—
Templeton India Government Securities Fund	10	—	—	51,09,625	—	51,09,625	5.45	—	—	—
Templeton India Income Fund	10	—	—	1,38,18,456	—	1,38,18,456	14.74	—	—	—
								174.14		—
								428.22		208.44
							<b>Book value</b>	<b>Market/ Repurchase Price</b>	<b>Book value</b>	<b>Market Repurchase Price</b>
							307.79	374.01	92.68	136.90
							118.05	—	113.38	—
							2.38	—	2.38	—

**Notes:**

- (1) **Aggregate of Quoted Investments :**
  - (2) **Aggregate of Unquoted Investments :**
  - (3) **Aggregate of Investments listed but not quoted**
- @ Shares allotted on merger of Varuna Investment Limited with its holding company Tata Investment Corporation Limited in the ratio of 4:1.  
 @@ Shares can be transferred only with the prior approval of the Board of Directors of Tata Cellular Ltd.  
 # Shares can be transferred only with the prior approval of the Board of Directors of Tata Teleservices Ltd.  
 ## Sabras Investment & Trading Company has been merged with its holding company Tata Chemicals Limited w.e.f. April 01, 2000 vide Court Order dated 8th November 2000.  
 ### Shares allotted against exercise of rights attached to tradeable warrants vested on merger of Sabras Investment and Trading Company into Tata Chemicals Limited  
 \$ Shares allotted on merger of the Hardware Division covering Modem division of Nods World Wide Limited into Compuage Infocom Limited in the ratio 40:41.  
 \* Value below Rs.50,000



**SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)**

**Schedule G : Net Current Assets**  
(Item No.8 Page 30)

	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores	As at 31-Mar-00 Rupees in Crores
<b>1. Current Assets, Loans and Advances :</b>					
<b>(a) Inventories :</b>					
(i) Stores and Spare Parts at cost .....		147.67			142.53
(ii) Loose Tools and Equipment .....		0.09			0.15
(iii) Stock-in-Trade : (as valued and certified by the Management)					
(a) Raw Materials at Cost .....		43.79			46.29
(b) Semi-Finished Products at cost or net realisable value whichever is lower ...		0.89			1.48
(c) Finished Products at cost or net realisable value whichever is lower ...		77.60			77.92
			270.04		268.37
<b>(b) Sundry Debtors :</b> (unsecured and considered Good unless otherwise stated)					
(i) Over Six Months Old :					
Considered Doubtful .....	18.71				7.42
Others .....	198.47				240.78
		217.18			248.20
(ii) Others .....		186.78			292.45
		403.96			540.65
Less : Provision for Doubtful Debts .....		18.71			7.42
			385.25		533.23
[Including subsidy receivable of <b>Rs. 198.48 Crores</b> (Previous Year Rs 264.31 Crores) on Urea under the Retention Price Scheme)					
<b>(c) Interest Concession receivable under the Retention Pricing Scheme for Urea .....</b> (Over six months old)			11.49		24.86
<b>(d) Cash and Bank Balances :</b>					
(i) Cash on Hand .....		1.45			0.12
(ii) Balance with Scheduled Banks in Current Accounts .....		12.65			6.68
			14.10		6.80
<b>(e) Loans and Advances :</b> (Unsecured and Considered Good)					
(i) Deposits with Public Bodies .....		13.59			23.09
(ii) Advance Payment of Taxes .....		267.65			242.10
(Net of Provision)					
(iii) Other Advances * .....		193.70			74.48
			474.94		339.67
Carried forward .....				1,155.82	1,172.93

## SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

### Schedule G : Net Current Assets (Contd.) (Item No.8 Page 30)

	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores	As at 31-Mar-00 Rupees in Crores
Brought forward ....				1,155.82	1,172.93
Less :					
<b>2. Current Liabilities and Provisions :</b>					
<b>(a) Current Liabilities :</b>					
(i) Sundry Creditors .....		97.99			148.06
(ii) Dividend Warrants posted but not encashed .....		4.49			3.84
(iii) Sundry Deposits .....		1.39			1.79
(iv) Interest Accrued but not due :					
(a) On Secured Loans .....	14.19				23.47
(b) On Unsecured Loans .....	0.38				2.69
		14.57			26.16
			118.44		179.85
<b>(b) Provisions :</b>					
(i) Proposed Dividend .....		90.32			90.32
(ii) Tax on Proposed Dividend .....		9.21			—
(iii) Provision for Leave encashment .....		3.82			4.28
(iv) Provision for Contingencies .....		197.00			120.00
		300.35			214.60
			418.79		394.45
<b>3. Net Current Assets</b>				737.03	778.48

\* Other Advances include loans:  
To Officer of the Company Rs.5,14,779 (Previous year Rs.5,28,795) Maximum balance during the year Rs 5,28,795 (Previous year Rs 5,35,803)  
To Managing Director of the Company Rs.20,95,415 (Previous year Rs.Nil) Maximum balance during the year Rs 21,40,000(Previous year Rs Nil)

### Schedule H : Miscellaneous Expenditure (Item No. 9, page 30) (to the extent not written off or adjusted)

	Rupees in Crores	As at 31-Mar-00 Rupees in Crores
(a) Share Issue Expenses	0.13	0.17
(b) Preliminary Expenses	0.12	0.15
(c) Deferred Revenue Expenses	41.85	53.45
	42.10	53.77

**NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT****1. Significant Accounting Policies :****(a) General**

The accounts of the Company are prepared under the Historical Cost Convention using the accrual method of accounting.

**(b) Capital Expenditure**

Fixed Assets are carried at cost less depreciation. The cost of fixed assets includes interest on borrowings attributable to acquisition of fixed assets upto the date of commissioning of the assets and other incidental expenses incurred upto that date.

Fixed Assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in project cost.

**(c) Capital Work-in-Progress**

Projects under commissioning and other Capital Work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**(d) Foreign Currency Transactions**

(i) Purchases and sales in foreign currency are accounted at exchange rates prevailing on the date of transaction. Current assets and liabilities in foreign currency as at the Balance Sheet date are re-converted at rates prevailing at the year end and the resultant net gains or losses are adjusted in the accounts.

(ii) Term loans in foreign currency for financing capital expenditure are accounted at rupee equivalent values on the date of loan disbursement. Differences arising on conversion of year end balances and on repayment are adjusted to the cost of fixed assets and resultant cost of asset is depreciated over the remaining specified life of the relevant assets.

**(e) Investments**

Long term investments are carried at cost less provision for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value. Profit/Loss on sale of investments is computed with reference to average cost of investments.

**(f) Inventories**

Raw Materials, Stores, Spare parts, Loose tools and equipment are valued at cost. Finished products and stock-in-process are valued at lower of cost or market/net realisable value (Provisional Retention Price, less selling expenses, in case of Urea). The cost of inventories are worked out using weighted average cost formula. Provision is made in respect of non-standard and obsolete items.

**(g) Miscellaneous Expenditure**

(i) Capital Issue and Preliminary Expenses are charged to revenue on a deferred basis. Advertisement Expenses incurred for promotion of Detergent are deferred over the period of expected benefits therefrom.

(ii) Employee Separation Compensation

(a) Compensation paid to employees who have opted for retirement under voluntary retirement scheme is amortised over a period of 48 months.

(b) Compensation to employees who have opted for retirement under the " Early Separation Scheme " for employees of the Company is amortised over 36 months, on the basis of an actuarial valuation.

**(h) Sales**

Sales are recognised, net of returns, on despatch of goods to customers and are reflected in the accounts at gross realisable value i.e. inclusive of excise duty. Sales tax recovered is excluded. In respect of Urea, sales are recognised at Provisional Retention Price, escalation claims and equated freight under the Retention Pricing Scheme.

## NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)

- (i) **Other Income**  
Income from investments and interest are accounted on accrual basis.
  - (j) **Research & Development Expenses**  
Revenue expenditure pertaining to the Research and Development is charged to Profit and Loss Account; capital expenditure on Research and Development is capitalised.
  - (k) **Depreciation**
    - (a) Depreciation has been provided on the straight line method as per Section 205 (2) (b) of the Companies Act, 1956 as follows -
      - (i) in respect of assets acquired prior to 31st March, 1987, in accordance with circular no. 1/86 dated 21st May, 1986 of the Department of Company Affairs ; and
      - (ii) in respect of assets acquired after 1st April, 1987, at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956 as amended, except for catalysts and temporary structures in the Fertiliser Plant and membrane cells in the Caustic Soda Plant which have been depreciated on the basis of useful life as technically assessed.
    - (b) Leasehold land is amortised over the duration of lease.
  - (l) **Retirement Benefits**  
Retirement benefits are dealt with in the following manner:
    - (a) Contribution to Provident Fund and Superannuation Fund are accounted on accrual basis with corresponding contribution to recognised funds.
    - (b) Provision for Gratuity liability is made on the basis of actuarial valuation, with corresponding contribution to recognised fund.
    - (c) Provision for value of unutilised leave due to employees is made on the basis of actuarial valuation.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for **Rs. 6.35 Crores** (Previous Year Rs. 11.57 Crores )
3. **Claims not acknowledged by the Company :**
- (a) **By Income tax authorities ;**
    - (i) Pending before Appellate authorities in respect of which the Company is in appeal **Rs. 471.30 Crores** (Previous Year 378.12 Crores ) including Rs. 154.22 Crores i.e.Rs 251.31 Crores - 97.09 Crores referred to in Note No.7 (c) (Previous Year Rs.150.02 Crores )
    - (ii) Decided in Company's favour by Appellate authorities and Department is in further appeal **Rs. 132.54 Crores** ( Previous Year Rs. 123.83 Crores ).
  - (b) **By others -**
    - (i) On Revenue Account **Rs. 42.26 Crores** ( Previous Year Rs.30.58 Crores ) Net of Tax - **Rs. 25.55 Crores** (Previous Year Rs.18.81 Crores ).
    - (ii) On Capital Account **Rs. 4.03 Crores** (Previous Year Rs.10.44 Crores )
    - (iii) Various claims pending before Industrial Tribunals and Labour Courts of which amounts are indeterminate.
4. **Contingent Liabilities for :**
- (a) Bank Guarantees issued by Banks on behalf of the Company **Rs. 16.15 Crores** ( Previous Year Rs.17.02 Crores ).These are covered by the charge created in favour of the Company's bankers by way of hypothication of stocks and debtors.
  - (b) Others **Rs. 1.23 Crores** (Previous Year Rs. 5.10 Crores )

**NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)**

5. Future lease rent payable for Captive Power Plant at Babrala is **Rs. 1.42 Crores** (Previous year Rs. 27.39 Crores)
6. Sabras Investment and Trading Company Limited ( Sabras ) - a wholly owned subsidiary of Tata Chemicals Limited has been amalgamated with TCL with effect from 1st April, 2000 in terms of the Scheme of Amalgamation (Scheme) sanctioned by the High Court of Judicature at Mumbai vide their order dated 8th November, 2000. Accordingly, the undertaking and the entire business, all the assets, rights and powers of Sabras have been transferred to and vested in the Company and all the debts, liabilities, duties and obligations of Sabras have been transferred to the Company. The amalgamation, which is in the nature of merger has resulted in the transfer of assets, liabilities and reserves in accordance with the terms of the Scheme at the following summarised values.

	Rs. Crores	Rs. Crores
Fixed Assets ( Net )		0.14
Investments		181.34
Current Assets, loans and advances	25.73	
Less : Current liabilities and provisions	0.09	
		25.64
Total Assets acquired on amalgamation		207.12
Less: Adjustment for cancellation of Company's investment in Sabras		20.20
		186.92
Less: Transfer of Share Premium in the books of Sabras to Share Premium account	11.60	
Transfer of Reserve Fund in the books of Sabras to General Reserve account	31.89	
Transfer of Profit & Loss account in the books of Sabras to General Reserve account	2.70	
		46.19
Balance transferred to General Reserve account		140.73

7. (a) The provision for taxation for the year has been determined on the basis of reliefs, deductions, etc. available under the Income-tax Act, 1961.
- (b) Provision for Taxation includes **Rs. 0.06 Crores** for Wealth Tax (Previous Year Rs. 0.06 Crores).
- (c) The Company follows the practice of capitalising in its books of account all interest on borrowings used for capital expenditure for the period upto the date on which the asset has been put to use. However, for tax purposes, the Company treats all interest on borrowings as deductible expenditure and provision for taxation is being made on such basis.  
However, while passing the assessment order for the financial years 1991-92 to 1997-98, the Assessing Officer has taken a different view. He also did not allow depreciation on the amount of interest disallowed even though the relevant assets have been put to use. This has resulted in a demand of **Rs.251.31 Crores.**(Previous year Rs. 239.62 Crores)  
The Company has filed appeals against the said Assessment Orders. For the financial years 1991-92 and 1992-93, the Appellate Tribunal & Commissioner (Appeals) respectively have upheld Company's contention and demand is reduced by **Rs.97.09 Crores** ( Previous year Rs. 89.60 Crores ). No provision has been made in books for the amounts determined as payable as the demands now stands covered in favour of the Company by the decision of Appellate Authorities.
8. Excise duty on the goods lying in bonded warehouse aggregating **Rs. 6.66 Crores** ( Previous year Rs. 7.67 Crores) has been provided and included in valuation of inventory. However there is no effect on Profit for the year or Reserves as at 31st March 2001.
9. (a) Urea is under the Retention Pricing Scheme of the Government of India. Pending fixation of final Retention Price by the Government, the revenue for the years 1994-95 and 1995-96 was recognised based on Actual Cost

## NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)

Data submitted to FICC. The subsequent notified provisional Retention Price was less than the price estimated by the Company to the extent of Rs. 197 Crores and the following adjustment was made in the accounts.

In the Accounts for 1999-00, a sum of Rs. 120 Crores was charged to the Profit and Loss Account by way of a provision for contingencies relating to Urea price. The Directors considered it appropriate to set aside a further sum of Rs. 77 Crores by way of provision for contingency out of the current years profit on this account.

In view of the above, contingencies reserve of Rs. 80 Crores created in the accounts for the year ended 1995-96 is considered no longer required and hence has been written back.

- (b) The Accounts for the current year are prepared on the basis of provisional Retention Price notified by the Government on the same basis as adopted from the year 1996-97 onwards. However, the Government is in the process of formulating a new fertiliser pricing policy, including the reassessment of the capacity with reference to which retention price would be fixed and accordingly the impact of this on the final retention price of Urea is indeterminate. Accordingly no adjustment has been made on this account.
- (c) In addition, a sum of **Rs.39.64 Crores** (Previous Year Rs 36.62 Crores) net of settlements, including **Rs 4.81 Crores** for the current year, being claims for escalation in input costs and freight subsidy in terms of pricing policy are accounted pending final issuance of Government notifications/decision on interest subsidy.
- 10 The Company's Mithapur Works suffered damage both due to the earthquake on 26<sup>th</sup> January, 2001 and the fire that broke out on 2nd March, 2001 at the Power plant which damaged some of the fixed assets.  
The accounting treatment followed in respect of the claims lodged with the insurance company is stated below:
- (a) Assets considered to be a total loss have been removed from the block of assets and considered as insurance claim recoverable to the extent of their written down value (WDV). Expenditure incurred on repairs upto 31<sup>st</sup> March, 2001 on the remaining damaged assets is also treated as recoverable under the insurance policy.
- (b) The amount of **Rs. 16.49 Crores** recorded in the books of account as claim recoverable under the Loss of Profit Policy has been restricted to the standing charges (fixed cost) incurred upto 31<sup>st</sup> March, 2001, and is in conformity with the principles of prudent accounting of matching costs and revenues.  
The Company is of the view, based on assessment by an independent surveyor and loss assessor that the recoveries by way of insurance claims would be in excess of the amount considered in the books of accounts.
- 11 Loss on Assets sold or discarded include **Rs. 14.77 Crores**, being the net book value of items of fixed assets that have been retired from active use and the cost incurred on the projects that have been discontinued due to changes in market conditions.
- 12 The damage caused to Soda Ash and other finished goods as a result of the Cyclone and heavy rainfall that followed in June 1998 was then estimated to be **Rs.8.16 Crores**, which amount was charged to the Profit and Loss Account in the financial year ended 31<sup>st</sup> March 1999.  
The finished stocks (Soda Ash) out of such damaged stocks that have not been reprocessed as at 31<sup>st</sup> March 2001 have now been valued at the estimated net realisable value which is lower by **Rs.10.60 Crores** compared to the cost. In the case of Salt, loss arising on account of quantity lost was **Rs.1.27 Crores**.
- 13 (a) Provision for Employee Separation Compensation has been calculated on the basis of the net present value of the future monthly payments of pension.  
(b) The amount shown under Miscellaneous Expenditure on this account represents the balance amount to be amortised over the future years.  
(c) **Rs. 0.92 Crores** is payable under the scheme within one year.
- 14 **Rs.0.11 Crores** (net) (Previous year Rs. 6.22 Crores) has been capitalised consequent to the conversion of value of foreign currency loans for acquiring fixed assets, at the year end exchange rates, including on repayment of such loans and on cancellation of forward covers.
- 15 (a) Sundry Creditors include dues to Small Scale Industrial Undertakings **Rs 1.38 Crores** (previous year 3.09 Crores)  
(b) There were no dues outstanding for more than 30 days in excess of Rs. 1 lakh to small scale undertakings.

**NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)**

16 Licensed and installed capacities :

	As at 31-3-2001		As at 31-3-2000	
	Licensed Capacity Tonnes	Installed Capacity Tonnes*	Licensed Capacity Tonnes	Installed Capacity Tonnes*
Soda Ash .....	10,00,000	8,75,000	10,00,000	8,75,000
Sodium Bicarbonate .....	72,000	50,000	72,000	50,000
Sodium Bicarbonate IP/USP .....	3,600	3,600	3,600	3,600
Caustic Soda .....	36,000	36,000	36,000	36,000
Fusite .....	N. A.	1,500	N. A.	1,500
Liquid Chlorine .....	31,950	14,400	31,950	14,400
Hydrochloric Acid .....	N.A.	64,800	N.A.	64,800
Bromine .....	2,520	1,500	2,520	1,500
Inorganic Bromides .....	400	400	400	400
Ethyl Bromide .....	150	150	150	150
Hydrobromic Acid .....	50	50	50	50
Vacuum Salt .....	N.A.	5,00,000	N.A.	500,000
Pure Salt .....	N.A.	25,000	N.A.	25,000
Gypsum @ .....	60,000	60,000	60,000	60,000
Methyl Bromide .....	300	300	300	300
Detergent .....	1,50,000	75,000	1,50,000	75,000
Chemicals and other Industrial Machinery .....	5,000	5,000	5,000	5,000
Clinker .....	N.R.	561,000	N.R.	561,000
Pozzolana Portland Cement .....	4,40,000	4,40,000	4,40,000	4,40,000
Ammonia .....	N. R.	445,500	N. R.	4,45,500
Urea .....	N. R.	742,500	N. R.	7,42,500

\* As certified by the Management and accepted by the Auditors.

N.A. Not Applicable

N.R. Not Required

@ Not covered under Industrial Licence. However, the Central Government has sanctioned manufacture of Gypsum upto a capacity of 60,000 tonnes per annum.

17 Production and Sales :

	Production		Internal Use *		Sales			
	2000-2001 Tonnes	1999-2000 Tonnes	2000-2001 Tonnes	1999-2000 Tonnes	2000-2001 Tonnes	Rs.Crores	1999-2000 Tonnes	Rs.Crores
Soda Ash	689,807	728,226	71,860	89,442	639,526	506.33	644,971	506.39
Sodium Bicarbonate	37,126	38,393	641	1,411	37,047	36.85	35,817	35.09
Caustic Soda	9,524	6,704	1,922	1,426	7,433	9.17	5,278	5.40
Fusite	—	—	—	—	—	—	—	—
Liquid Chlorine	2,898	2,662	176	308	2,661	1.65	2,462	0.72
Hydrochloric Acid	14,338	10,830	7,683	9,306	6,571	0.91	1,937	0.10
Bromine	511	517	168	207	345	2.64	389	3.17
Inorganic Bromides	1,755	60	39	54	1,677	0.40	68	0.77
Ethyl Bromide	1	1	—	—	—	—	1	0.01
Hydrobromic Acid	18	28	3	1	8	0.06	24	0.16
Vacuum Salt	360,435	347,340	50,130	12,106	337,527	161.53	322,541	100.29
Pure Salt	11,046	14,493	1,092	645	11,506	4.06	12,247	4.34
Gypsum	28,220	59,546	7,243	20,449	11,460	0.55	16,812	0.79
Methyl Bromide	107	134	3	—	109	2.30	126	2.26
Detergent	2,743	7,177	148	1,282	3,135	6.75	6,032	14.66
Cement	339,746	320,203	3,156	6,412	339,727	60.14	316,105	52.52
Clinker	382,560	323,931	350,732	291,858	84,500	10.19	38,747	4.08
Ammonia	512,200	566,923	513,327	565,627	—	—	—	—
Urea	892,647	982,268	1,420	1,492	834,959	666.47	964,200	782.67
						<b>1,470.00</b>		<b>1,513.42</b>

\* includes free issues under sales promotion schemes.

## NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)

### 18 Closing Stocks of Finished Products :

	As at 31-3-2001		As at 31-3-2000		As at 31-3-1999	
	Tonnes	Rs. Crores	Tonnes	Rs. Crores	Tonnes	Rs. Crores
Soda Ash .....	54,576	20.75 @	76,155	41.31	82,342	42.42
Sodium Bicarbonate .....	6,403	4.05 @	6,965	4.34	5,800	3.28
Caustic Soda .....	169	0.01	—	—	—	—
Fusite .....	4	*	4	*	4	*
Liquid Chlorine .....	68	0.04	7	*	115	0.03
Hydrochloric Acid .....	254	0.03	170	0.01	583	0.01
Bromine .....	4	0.03	6	0.04	85	0.53
Inorganic Bromides .....	43	0.05	4	0.05	66	0.61
Ethyl Bromide .....	4	0.04	4	0.04	5	0.04
Hydrobromic Acid .....	15	0.09	8	0.05	5	0.03
Vacuum Salt .....	53,977	8.82	81,199	11.68	68,506	8.83
Pure Salt .....	425	0.08	1,977	0.42	376	0.09
Gypsum .....	33,672	0.45	24,155	0.26	1,870	0.03
Methyl Bromide .....	5	0.09	10	0.16	2	0.02
Detergent .....	-	—	540	0.99	677	0.91
Cement .....	1,516	0.14	4,653	0.44	6,967	0.60
Clinker .....	31,039	2.78	83,711	6.77	90,385	6.43
Ammonia .....	1,676	0.94	2,803	1.50	1,507	0.75
Urea .....	78,945	39.21	22,677	9.85	6,101	2.84
		<u>77.60</u>		<u>77.92</u>		<u>67.45</u>

\* Value below Rs 50,000

@ Net of values written down for reprocessing charges and other incidental charges for cyclone / rain damaged stocks.

# TATA CHEMICALS

Sixty-second annual report 2000-2001

## Tata Chemicals Limited

### 19 Raw Materials consumed :

( inclusive of Salt, Limestone, Soda Ash and Gypsum produced and captively consumed)

	2000-2001			1999-2000		
	Measure	Quantity	Rs.Crores	Measure	Quantity	Rs.Crores
(i) Limestone @	Tonnes	15,92,455	46.23	Tonnes	15,86,508	46.85
(ii) Liquid Ammonia	Tonnes	2,690	4.24	Tonnes	2,724	3.13
(iii) Salt *	Tonnes	14,65,440	23.17	Tonnes	14,42,320	28.21
(iv) Coke	Tonnes	97,275	58.65	Tonnes	98,352	52.68
(v) Natural Gas	SCM	33,10,59,055	136.71	SCM	31,54,08,301	126.29
(vi) Naptha	KL	4,400	4.29	KL	41,476	35.74
(vii) Other Raw Materials			17.18			16.76
			<u>290.47</u>			<u>309.66</u>

\* Includes **Rs. 4.62 Crores** ( Previous year Rs. 6.24 Crores ) charged to Wages, Salaries and other Revenue Accounts.

@ Includes **Rs. 0.94 Crores** ( Previous year Rs. 0.57 Crores ) charged to Wages, Salaries and other Revenue Accounts.

### 20 Value of Imports (C.I.F Value)

	2000-2001 Rs.Crores	1999-2000 Rs.Crores
(i) Raw Materials & Fuel .....	81.53	28.55
(ii) Stores, Components and Spare Parts .....	4.95	6.28
(iii) Capital Goods .....	0.11	11.92
	<u>86.59</u>	<u>46.75</u>

### 21 Expenditure in Foreign Currencies :

	2000-2001 Rs.Crores	1999-2000 Rs.Crores
(i) Interest in Rupees to Financial Institutions on foreign currency loans .....	0.17	0.67
(ii) Interest in foreign currency to Bank on foreign currency loans .....	—	0.81
(iii) For Technical Know how Fee .....	0.73	1.28
(iv) Payments on other accounts .....	0.55	0.47
	<u>1.45</u>	<u>3.23</u>

**22 Remittances in foreign currencies for Dividends :**

The Company has remitted during the year **Rs. 0.01 Crores** (previous year Rs.0.02 Crores) in foreign currencies on account of dividends and does not have information as to the extent to which other remittances, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident shareholders. The particulars of dividends paid to non-resident shareholders for the year 1999-00, for which dividend was declared during the year, are as under :

	2000-2001	1999-2000
(i) Number of Non-Resident Shareholders .....	827	768
(ii) Number of Ordinary Shares held by them .....	9,04,299	8,19,557
(iii) Gross amount of dividend (Rs. Crores) .....	<u>0.45</u>	<u>0.41</u>
<b>23 Earnings in Foreign Exchange</b>	<b>2000.-2001 Rs.Crores</b>	1999-2000 Rs.Crores
Export of goods on F.O.B. basis .....	22.10	5.46

**24 Value of imported and indigenous raw materials, stores, components and spare parts consumed :**

	2000-2001				1999-2000			
	Raw Materials		Stores Components and Spare Parts		Raw Materials		Stores Components and Spare Parts	
	Rs.Crores	%	Rs.Crores	%	Rs.Crores	%	Rs.Crores	%
(i) Imports	36.11	12.43	11.37	20.92	78.83	25.50	6.22	11.90
(ii) Indigenous	<u>254.36</u> *	<u>87.57</u>	<u>42.97</u>	<u>79.08</u>	<u>230.83</u> *	<u>74.50</u>	<u>46.07</u>	<u>88.10</u>
	<u>290.47</u>	<u>100.00</u>	<u>54.34</u>	<u>100.00</u>	<u>309.66</u>	<u>100.00</u>	<u>52.29</u>	<u>100.00</u>

\* Includes **Rs. 5.56Crores** ( Previous year Rs. 6.81 Crores ) charged to Wages, Salaries and other Revenue Accounts.

25 Figures have been presented in 'Crores' of rupees with two decimals in accordance with the approval received from the Department of Company Affairs, Government of India. Asterisks denote figures below Rs.50,000. Previous years' figures have been regrouped wherever necessary. These figures are not strictly comparable with the figures reported for the current year consequent to the amalgamation of Sabras Investment and Trading Co. Ltd. effective from 1st April, 2000.

Signatures to schedules '1' to '5', 'A' to 'H'; Notes to Accounts and Balance Sheet Abstract of the Company's General Business Profile.

For and on behalf of the Board

R. N. TATA	<i>Chairman</i>
R. GOPALAKRISHNAN	<i>Vice-Chairman</i>
P. R. MENON	<i>Managing Director</i>
S. U. K. MENON	<i>Chief Financial Officer &amp; Company Secretary</i>

MUMBAI, 1st June, 2001

**BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No. State Code   
 Balance Sheet Date     
Date Month Year

**II. Capital raised during the year (Amount in Rs. Thousands)**

Public Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Shares <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement (Debentures) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/>

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="7"/>	Total Assets <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="7"/>
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**Sources of Funds**

Paid-up Capital <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="8"/>	Reserves & Surplus <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="2"/>
Secured Loans <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/>	Unsecured Loans <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="5"/>

**Application of Funds**

Net Fixed Assets <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="4"/>	Investments <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="6"/>
Net Current Assets <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="6"/>	Misc. Expenditure <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="1"/>
Accumulated Losses <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	

**IV. Performance of Company (Amount in Rs. Thousands)**

Turnover (Gross Revenue) <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="9"/>	Total Expenditure <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="8"/>
+ - Profit / Before Tax <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="1"/>	+/- Profit/Loss After Tax <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="1"/>
Earning per Share Rs. <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="3"/>	Dividend Rate (%) <input type="text" value="5"/> <input type="text" value="0"/>

**V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)**

Item Code No. (ITC Code)	<input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>
Product Description	<input type="text" value="U"/> <input type="text" value="R"/> <input type="text" value="E"/> <input type="text" value="A"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
Item Code No. (ITC Code)	<input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="9"/>
Product Description	<input type="text" value="S"/> <input type="text" value="O"/> <input type="text" value="D"/> <input type="text" value="A"/> <input type="text" value="A"/> <input type="text" value="S"/> <input type="text" value="H"/> <input type="text" value=""/> <input type="text" value=""/>
Item Code No. (ITC Code)	<input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="1"/>
Product Description	<input type="text" value="V"/> <input type="text" value="A"/> <input type="text" value="C"/> <input type="text" value="U"/> <input type="text" value="U"/> <input type="text" value="M"/> <input type="text" value="S"/> <input type="text" value="A"/> <input type="text" value="L"/> <input type="text" value="T"/>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2001

	(Rs. Crores) 2000-2001	(Rs. Crores) 1999-2000
<b>A Cash Flow from Operating Activities</b>		
Net Profit before Tax and Extraordinary Items	276.12	267.01
Adjustments for :		
Depreciation	132.84	123.47
Profit on Sale of Investments	(218.97)	(79.95)
Dividend Income	(14.52)	(37.41)
Interest - Net	162.16	184.19
Provision for Doubtful Debts	11.29	1.83
Amortisation of Miscellaneous Expenditure	0.07	0.06
Deferred Revenue Expenses Charged	3.26	3.45
Deferred Revenue Expenses Paid	—	(4.89)
Reduction in carrying cost of Current Investments	1.52	—
Lease Rent Charged	22.21	34.48
Loss on Assets Sold or Discarded	17.51	1.14
<b>Operating Profit before Working Capital Changes</b>	<b>393.49</b>	<b>493.38</b>
Adjustments for :		
Trade & Other Receivables	65.79	50.64
Inventories	(1.67)	(12.82)
Trade Payables & Other Liabilities	21.42	147.01
<b>Cash Generated from Operations</b>	<b>479.03</b>	<b>678.21</b>
Interest - Net	(173.75)	(180.13)
Taxes Paid	(46.69)	(53.16)
<b>Cash Flow before Extraordinary Items</b>	<b>258.59</b>	<b>444.92</b>
Compensation under Voluntary Retirement	(0.13)	(53.74)
Provision for Contingencies	(77.00)	(120.00)
<b>Net Cash from Operating Activities</b>	<b>181.46</b>	<b>271.18</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(12.33)	(116.21)
Sale of Fixed Assets	0.20	3.95
Refund of Inter-Corporate Deposits Placed	—	1.38
Purchase of Investments	(210.45)	(19.89)
Sale of Investments	369.26	153.98
Dividend Received	14.52	39.17
<b>Net Cash from Investing Activities</b>	<b>161.20</b>	<b>62.38</b>

# TATA CHEMICALS

Sixty-second annual report 2000-2001

## Tata Chemicals Limited

	(Rs. Crores) 2000-2001	(Rs. Crores) 1999-2000
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Borrowings	114.76	248.52
Repayment of Borrowings	(338.52)	(448.72)
Lease Rend Paid	(21.93)	(27.09)
Dividends Paid	(89.67)	(109.75)
<b>Net Cash used in Financing Activities</b>	<b>(335.36)</b>	<b>(337.04)</b>
Net Increase/(Decrease) in Cash & Cash equivalents	7.30	(3.48)
Cash & Cash equivalents at start of the year	6.80	10.28
Cash & Cash equivalents at close of the year	14.10	6.80

### Notes:

- Sabras Investments and Trading Company Limited (Sabras), a wholly owned subsidiary of Tata Chemicals Limited has been amalgamated with Tata Chemicals Limited with effect from 1st April, 2000 in terms of Scheme of Amalgamation, which has resulted in the transfer of assets, liabilities and reserves at following summarised values against cancellation of company's investments

	Rs. Crores	Rs. Crores
Fixed Assets (Net)		0.14
Investments		181.34
Current Assets, Loans and Advances (Including Cash and Bank balances of Rs. 0.40 Crore)	25.73	
Less : Current liabilities and Provisions	0.09	25.64
		207.12
Less : Surplus on Amalgamation transferred to Reserves		186.92
Cancellation of Company's investment in Sabras		20.20

- Previous years' figures have been regrouped wherever necessary

For and on behalf of the Board,

	R. N. TATA Chairman	R. GOPALAKRISHNAN Vice-Chairman	P.R. MENON Managing Director
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### Auditors' Certificate

The Board of Directors,  
Tata Chemicals Limited,  
Bombay House, 24 Homi Mody Street,  
Fort, Mumbai 400 001.

We have examined the attached Cash Flow Statement of Tata Chemicals Limited for the year ended 31st March, 2001. The Statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 1st June, 2001 to the Members of the Company.

For S.B. BILLIMORIA & CO.  
Chartered Accountants

For N.M. RAJI & CO.  
Chartered Accountants,

N. VENKATRAM  
Partner

A.R. GANDHI  
Partner

Mumbai, 1st June, 2001