

## **FY2004 Financial Results**

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June 8, 2004

## **Segmental highlights**

## Chemicals



### Sector perspective – Soda ash

- Segment growing at 3 - 4%
- Key raw material prices touch record highs
- Ocean freight rates also spiral
- Increasing export outlook by efficient players

### Tata Chemicals

- Market leadership position sustained. Marketshare:33.3%
- Domestic sales volumes appreciate 3%
- Operating margins under pressure
- 26% enhancement in export volumes. Total FY04 exports: 128,000 MT

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## ...Chemicals



### Sector perspective – Food additives

- National brands in the edible salt category growing at around 9%
- Increasing hygiene and quality consciousness levels
- Strong opportunity across various additives in the medium to long term

### Tata Chemicals

- Continued dominant market position. 41% marketshare over last four months
- Encouraging dealer and consumer response to 'Samundar Crystal Salt' and 'Samundar' Cooking Soda
- Close to Rs 70 lakh contributed towards Desh Ko Arpan Programme

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## Fertiliser



### Sector perspective – Urea

- 'Group Pricing Policy' enters Stage 2
- Strong monsoon drives healthy demand
- Government of India announces 'Policy for debottlenecking manufacturing plants'

### Tata Chemicals

- Continues to be the most efficient player in the industry
- Fertiliser revenues healthy
- Integration of Rallis Farm Management enhances Company's association with farmer
- Application to debottleneck Babrala facility submitted

## ... Fertiliser



### Sector perspective – DAP, Complex

- Prices of key inputs including ammonia and phosphoric acid appreciate over 70%
- Pricing policy not completely reflective of higher input prices

### Tata Chemicals

- DAP margins continue to be under pressure
- Company in dialogue with Government to rectify subsidy anomaly
- Volumes of traded sales of complex fertilisers encouraging



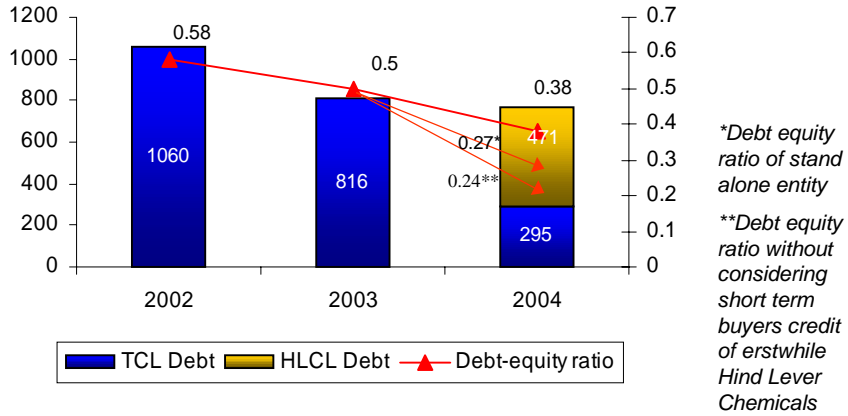
## Financials



## FY2004 Financial Results

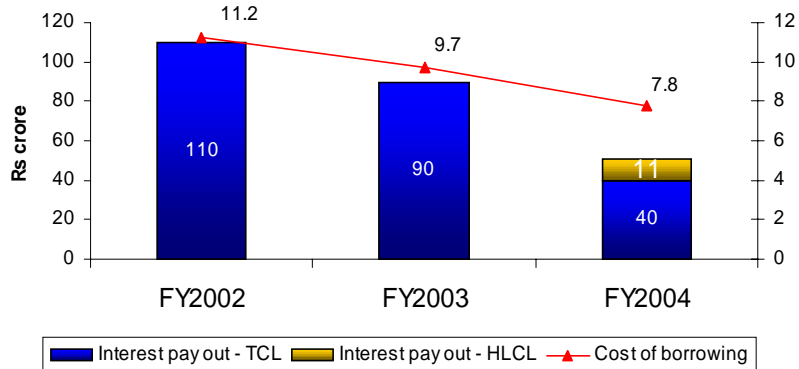
Particulars	FY2004	FY2003	Variance (%)
Net sales (Rs cr)	2,544	1,535	65.7
Profit from operations (Rs cr)	461	415	11.1
Profit before tax (Rs cr)	326	262	24.4
Profit after tax (Rs cr)	221	197	12.3
Earnings per share (Rs)	10.25	10.88	

## Financial Management



**Constant debt reduction**

## ...Financial Management



**Interest outflow post amalgamation over 50% less compared to stand alone in FY02**

## Key financial indicators



Return on Equity* (%)	10.18
Asset turnover ratio	0.85
Return on assets (%)	11.2
Debt equity ratio	0.38
Book value (Rs)	95
Dividend payout ratio (%)	60.5
Cash EPS (Rs)	15.8

\*(without deferred tax)

## Current perspective and outlook



- Post the merger of Hind Lever Chemicals, Tata Chemicals possesses an enhanced and synergistic product profile across both its business segments, an increased customer base and a more expanded and efficient distribution infrastructure
- **Chemicals** business segment
  - **Soda ash**
    - Input prices as well as ocean freight rates are expected to continue to be high. Options towards mitigating this threat are being continuously evaluated
    - Thrust on enhancing presence in the fast growing glass segment

## ...Current perspective and outlook



- **Food additives**
  - Edible salt category expected to sustain strong growth
  - Focus on adding value, introducing variants and expanding offerings
- **STPP**
  - Sales expected to continue to be healthy
- **Fertiliser business segment**
  - **Nitrogenous**
    - Strong growth expected on anticipation of healthy monsoon
    - Awaiting approval towards debottlenecking manufacturing facility

## ...Current perspective and outlook



- **Phosphatics**
  - In dialogue with Government to correct anomaly in subsidy due to input price increases
  - Identifying cheaper and alternate raw materials
  - Evaluating opportunities to expand portfolio with value added offerings in all agri nutrient categories
- **Across businesses, Tata Chemicals will continue to focus on enhancement of financial & operational efficiencies**