



TATA CHEMICALS LIMITED

Bombay House 24 Homi Mody Street Fort Mumbai 400 001

NOTICE

To
The Members,

NOTICE IS HEREBY GIVEN THAT pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, as amended from time-to-time ("**Postal Ballot Rules**"), the Draft Resolution mentioned below is proposed to be passed by way of Postal Ballot:

Raising of additional long-term funds

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

"**RESOLVED THAT** pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the rules/regulations/guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India (GOI), the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and/or prescribed by the Listing Agreements entered into by the Company with the Stock Exchanges on which the Company's shares are listed, or any other relevant authority from time-to-time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as may be necessary or required and subject to such conditions as may be imposed or prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorized to accept, the Board be and is hereby authorized to create, issue, offer and allot not exceeding 1,15,00,000 (One Crore Fifteen Lacs) Equity Shares of Rs.10/- each, for cash on preferential allotment basis to the Promoter of the Company, Tata Sons Limited, such issue and allotment to be made at such price or prices, in such manner and on such terms and conditions as prescribed under the applicable SEBI Regulations.

RESOLVED FURTHER THAT, the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted or as may be necessary in terms of the offer, all such shares ranking pari-passu inter se with the then existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to take all actions and do all such acts, matters, deeds and things as it may in its absolute discretion deem necessary, desirable or expedient to effect the offer, issue, allotment and listing of aforesaid Equity Shares and to issue any offer document(s) and sign all deeds, documents and writings and to pay any fees, remuneration, expenses relating thereto and with power to settle all questions, difficulties or doubts that may arise in regard to such issue(s), allotment(s) and listing as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company."

By Order of the Board of Directors

Rajiv Chandan
Company Secretary & Head-Legal

Mumbai, 24th May, 2010

Registered Office:
Tata Chemicals Limited
Bombay House, 24, Homi Mody Street,
Fort, Mumbai 400 001.

NOTES:

- i. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
- ii. The Board of Directors has appointed Mr. V. Sundaram, Practicing Company Secretary, as the Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner.
- iii. You are requested to carefully read the instructions printed on the attached Postal Ballot Form and return the Form duly completed and signed in the enclosed self-addressed, prepaid postage envelope, so as to reach the Scrutinizer before the close of working hours (17.00 hours) on or before 7th July, 2010. Consent or otherwise received after 30 days of issuance of this notice shall be treated as if the reply from the shareholders has not been received.
- iv. The Members are requested to exercise their voting rights by using the attached Postal Ballot Form only. No other form or photocopy of the form is permitted.
- v. The Scrutinizer will submit the report to the Chairman of the Company after completion of the scrutiny of the Postal Ballot Forms.
- vi. The results of the Postal Ballot will be announced by the Chairman or by the Managing Director or any other Director, duly authorized by the Chairman on 9th July, 2010 at the Registered Office of the Company and will also be published in the newspapers.
- vii. The above resolution, being a Special Resolution, shall be declared as passed, if the numbers of votes cast in its favour are not less than three times the number of the votes, if any, cast against the said resolution.

EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, sets out all material facts relating to the business mentioned in the accompanying Notice dated 24th May, 2010.

1. Tata Chemicals Limited (TCL) has expanded its business over the last 5-6 years through following acquisitions in India and outside India. These includes acquisition of 1/3rd stake in IMACID, Morocco in 2005, Brunner Mond Group Ltd, UK in 2005, General Chemicals Industrial Products Inc, USA in 2008, and Rallis India Ltd., in 2009. These acquisitions were largely funded through debt.
2. Presently, TCL has several growth opportunities including doubling of its urea capacity of its plant facility at Babrala. To fund these growth opportunities, the Company wishes to supplement its own internal resources by exploring ways and means of raising long-term finance both in terms of debt and equity. In this regard, it is proposed to issue Equity Shares on a preferential allotment basis to the Promoter of the Company viz. Tata Sons Limited, in accordance with the applicable SEBI Regulations.
3. The proposed preferential allotment of Equity Shares to Tata Sons Limited, would be strictly in accordance with SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") and the following parameters would be subject to such changes as may be required to conform to the SEBI Regulations. Such proposed preferential issue will comprise of Equity Shares not exceeding 1,15,00,000 Equity Shares of a face value of Rs.10/- each. Based on the current market prices of the Equity Shares of the Company, the aggregate amount that would be raised through the proposed preferential issue of Equity Shares would be Rs. 400 crores approximately.

The Company has sought indication from Tata Sons Limited whether it would be desirous to subscribe to 1,15,00,000 Equity shares of a face value of Rs.10/- each. Tata Sons Limited in turn has confirmed and conveyed its intent to subscribe to 1,15,00,000 Equity Shares of Rs.10/- each.

4. The pricing of the Equity Shares to be allotted to Tata Sons Limited, on preferential basis shall not be lower than the price determined in accordance with the SEBI ICDR Regulations. Currently, SEBI ICDR Regulations provides that the issue of shares on a preferential basis can be made at a price not less than the higher of the following:
 - a. The average of the weekly high and low of the closing prices of the related equity shares quoted on the recognized stock exchange during the six months preceding the relevant date; OR
 - b. The average of the weekly high and low of the closing prices of the related Equity Shares quoted on a recognized stock exchange during the two weeks preceding the relevant date

The Relevant Date for the purpose of pricing of the Equity Shares, shall be 8th June, 2010 the date which is 30 days prior to the date of completion of Postal Ballot i.e 7th July, 2010 which is deemed to be the date of the General Meeting passing the resolution in accordance with Section 192A of the Companies Act, 1956 read with the relevant rules thereunder.

'Stock Exchange' for this purpose shall mean any of the recognized stock exchanges and on which the highest trading volume in respect of the shares of the Company has been recorded during the preceding six months prior to the Relevant Date.

The Equity Shares to be allotted to Tata Sons Limited pursuant to the proposed special resolution shall be subject to lock-in for a period of 3 years from the date of allotment, consistent with SEBI ICDR Regulations.

5. The other information prescribed under SEBI ICDR Regulations is as follows:
 - a. **the objects of the preferential issue:** To fund the Company's various growth plans and projects.
 - b. **the proposal of the promoter, directors or key managerial personnel of the issuer to subscribe to the offer:** The promoter, Tata Sons Limited, has indicated their intention to subscribe to the offer. No shares are being offered to directors or key managerial personnel.
 - c. **the shareholding pattern before and after the preferential issue:**

| Shareholders Category | Pre-issue | | Post-issue | |
|--|-----------------------|---------------|-----------------------|---------------|
| | Number of shares held | % | Number of shares held | % |
| Promoters: | | | | |
| Indian: | | | | |
| Tata Sons Limited | 33,534,323 | 13.79 | 45,034,323 | 17.68 |
| Other Tata Companies and Trusts | 34,946,955 | 14.37 | 34,946,955 | 13.72 |
| Foreign: | - | - | - | - |
| Total Shareholding of Promoter and Promoter Group | 68,481,278 | 28.16 | 79,981,278 | 31.40 |
| Public: | | | | |
| Institutions | 107,846,501 | 44.33 | 107,846,501 | 42.33 |
| Non-Institutions | 66,928,499 | 27.51 | 66,928,499 | 26.27 |
| Total Public Shareholding | 174,775,000 | 71.84 | 174,775,000 | 68.60 |
| Total | 243,256,278 | 100.00 | 254,756,278 | 100.00 |

- d. **the time within which the preferential issue shall be completed:** The allotment, pursuant to this resolution passed by the shareholders, shall be completed within a period of fifteen days from the date of passing of this resolution provided that if the approval or permission by any regulatory authority or the Central Government for allotment is pending, the period of fifteen days shall be counted from the date of such approval or permission as the case may be.
- e. **the identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue:** Tata Sons Limited would be holding 17.68 % of the paid-up Equity Share Capital after allotment of 1,15,00,000 Equity Shares of Rs.10/- each (assuming full subscription of Equity Shares proposed to be allotted herein). The proposed preferential allotment of 1,15,00,000 Equity Shares of Rs.10/- each to Tata Sons Limited will not result in any change in control of the Company.

Since the price at which the Equity Shares would be issued to Tata Sons Limited cannot be exactly determined before the issue of this notice to the shareholders as it depends on the average of the market price prevailing in the preceding 6 months or 2 weeks as per the SEBI formula, the Auditor's certificate, as required under Clause 73(2) of SEBI ICDR Regulations will be made available for inspection at the Registered Office of the Company between 10 a.m. and 4 p.m. on any working day upto the last date for voting under postal ballot. The Auditor's Certificate will also be displayed on the website of the Company - www.tatachemicals.com

6. The Equity Shares arising out of issue of securities pursuant to the Resolution shall rank *pari passu* in all respect with the then existing Equity Shares of the Company.
7. Pursuant to the provisions of Section 81(1A) of the Companies Act, 1956, any offer or issue of shares in a Company other than on a pro-rata basis to the existing holders of the equity shares of a company requires prior approval of the shareholders in a general meeting by way of a Special Resolution. The Listing Agreement executed by the Company with the Stock Exchanges also provide that the Company shall, in the first instance, offer all Securities for subscription on a pro-rata basis to the Shareholders unless the Shareholders in a general meeting decide otherwise. However, since under Section 192A of the Companies Act, 1956, a listed company may get any resolution approved by the shareholders through Postal Ballot, this Resolution is being put up for approval of shareholders by way of Postal Ballot in accordance with the Postal Ballot Rules. Your Directors are of the view that the Postal Ballot route permits much larger participation by the shareholders than in a physically held meeting.
8. The Company undertakes that if required, the price shall be recomputed in terms of the provisions of these regulations.
9. If the amount payable on account of the re-computation of price is not paid within the stipulated time as mentioned in the Regulations, the specified securities shall continue to be locked in till such amount is paid by the allottees.
10. The Board commends the Special Resolution for approval by its shareholders.
11. Mr. Ratan N. Tata and Mr. R. Gopalakrishnan, Directors of the Company, are deemed to be interested in the passing of the Resolution as set out in the accompanying Notice pursuant to Section 192A of the Companies Act, 1956 since they are Directors and shareholders of Tata Sons Limited.

By Order of the Board of Directors

Rajiv Chandan
Company Secretary & Head-Legal

Mumbai, 24th May, 2010

Registered Office:

Tata Chemicals Limited
Bombay House, 24, Homi Mody Street,
Fort, Mumbai 400 001.