



TATA CHEMICALS LIMITED

9M & Q3 FY 2011
Press Release

MUMBAI, January 27, 2011

TATA CHEMICALS' 9 MONTHS PAT AT ₹ 508 Crore

9M FY11 Consolidated Financial Highlights

- Net Sales at ₹ 8,402 crore; up by 16%
- Profit from Operations at ₹ 1,047 crore
- PBT at ₹ 859 crore; up 12%
- PAT after Minority Interest at ₹ 508 crore; up 6%
- EPS (non-annualized) ₹ 20.4

Business Highlights

- Strong demand environment across all products
- Extreme climatic conditions in December impact European operations
- Global soda ash prices firm, GCIP and Magadi capacity utilizations improve
- Rising costs partially mitigated through price increases across decontrolled products
- Introduction of NBS a positive for fertilizer industry, reduction of benchmark prices for next fiscal a concern though
- New fertilizer policy for urea still awaited
- Insurance claim towards Babrala admitted – ₹ 39 crore accounted on a conservative basis
- Production from Customized fertilizer plant commences; product launched
- Planned shutdown at IMACID successfully completed; production impacted for ~ 35 days
- “Swachh” sales continues strong growth - 9M FY2011 sales at 3.45 lac units

Growth Initiatives

- BM acquires 100% stake in British Salt for an enterprise value of £ 93 million to secure supplies of raw material at BM UK as well as a new business of branded consumer and industrial salt in UK
- Rallis acquires a 53.5% stake in Metahelix Life Sciences, a research based seed company filling in a vital gap in our overall Agri strategy. Opportunity to leverage Metahelix' strong presence across the Seeds Value chain through our existing network
- I-Shakti brand extended to pulses – ‘i-Shakti Dals’ introduced in Maharashtra and Tamil Nadu – Thrust on offering quality and hygienic pulses at an affordable price through linkages with the farmer

Commenting on the Company's performance for Q3 and 9M FY2011, Mr. R Mukundan, Managing Director said:

"We are witnessing an encouraging demand environment for all our businesses both domestically and overseas.

We continue to see pressures of increasing input prices. The unfortunate weather events in Australia and Indonesia will put even greater pressure on energy prices. We are working towards price increases to negate this impact. The healthy improvement in production levels and demand growth enjoyed by GCIP is particularly encouraging. The operations at BM UK were impacted due to extreme weather conditions in the later part of the quarter. With the acquisition of British Salt we have secured the long term supply of brine, a key raw material for BM and also a new business – branded consumer and industrial salt in UK.

In the Fertiliser sector, while the NBS is a positive development, the lower benchmark prices set for DAP and MOP in a hardening price environment is a challenge for the next fiscal. We continue to await the new Urea Policy as well as allocation of gas for doubling our urea capacity at Babrala. Rallis continues to perform well in a challenging environment. The acquisition of Metahelix Life Sciences by Rallis fills in a vital gap in our overall Agri strategy providing us leading edge technology for developing high productivity seeds. In the immediate future Metahelix' strong presence across the Seeds Value chain enables us offer high quality trusted hybrid seeds to the farmer.

Our Consumer Products Business continues to do extremely well with Branded Salt maintaining a dominant 62% market share and the range of Tata Swach water purifiers enjoying excellent demand. We are also delighted to extend our "i-Shakti" brand to pulses as a natural evolution of our 'Farm to Fork' strategy which leverages our strong association with the farmer and our established retail presence to bring quality, hygienic and affordable pulses to the Indian consumer. The business would have to address structural challenges existing in infrastructure.

We are confident of the performance of our businesses but are cautious of the increase in costs - energy in particular."

Financial performance for 9 months ended December 31, 2010

9M FY2011 (April – December 2010) v/s 9M FY2010 (April – December 2009)

- Net Sales at ₹ 8,402 crore compared to ₹ 7,255 crore in 9M FY 2010, an increase of 16%
- Profit from operations at ₹ 1,047 crore compared to ₹ 1,101 crore in 9M FY 2010
- PBT stood at ₹ 859 crore, up 12% from ₹ 769 crore in the corresponding period last year
- PAT (after Minority Interest) increased by 6% to ₹ 508 crore from ₹ 478 crore

SEGMENTAL PERFORMANCE

Soda ash

- Domestic demand for Soda ash grew by 5%; robust sodium bicarbonate demand growth at over 9%
- However, rising input (coal, coke & limestone) costs continue to exert pressure
- Unusually extreme climatic conditions result in power and water supply failures causing BM UK plant to operate at sub optimal levels
- Acquisition of British Salt enables long term securitization of brine for BM
- Magadi operations improve on the back of stable production
- GCIP demonstrates strong production growth
- Healthy demand in USA - international market conditions favorable in terms of both, volumes and pricing

Consumer Products

- **Salt**
 - Tata Salt volumes growth strong at over 8%
 - Tata Chemicals remains the market leader with 62% market share in the National Branded segment
- **Pulses**
 - I- Shakti brand extended to other food essentials – launches range of pulses under the brand name 'i-Shakti Dals'
 - Farm to Fork strategy: Tata Chemicals will leverage its well entrenched and extensive food retail distribution presence through Salt as well as its widespread and entrenched association with the farmer through Rallis Kutumba initiatives and Tata Kisan Sansar outlets to distribute i-Shakti Dals range across the country
 - Thrust on introducing quality and hygienic pulses at an affordable price
 - Endeavouring to partner with various state governments
- **Water Purifier**
 - "Swach" contributes positively to performance – 9M FY2011 sales at 3.45 lakh units
 - New introductions "Swach" and "Swach Magic" show promise

Fertilizers

- Domestic demand for Urea, DAP and NPK increases by 4%, 6% and 29% respectively
- Marginal loss of urea production as a result of floods in October
- Unavailability of phosphoric acid results in lower production volumes at Haldia
- NBS a significant positive for the fertiliser industry. However setting of low benchmark prices for DAP and MOP pose a challenge

Rallis India

- Strong growth in domestic business driven by value added offering to farmers in the last four years
- Rallis revenues higher by 32% at ₹ 268 crore and PAT growth of 40% at ₹ 34 crore in Q3 FY2011
- Rallis has acquired 53.5% stake in Metahelix Life Sciences through an all cash deal of ₹ 99.5 crore funded largely through internal accruals
 - Acquisition in line TCL's strategy to offer the entire suite of Agri-inputs for the benefit of farm community
 - Metahelix possesses a portfolio of seeds successfully commercialized over the last 3 years
 - Transaction provides a presence across the entire Value chain comprising breeding, production and marketing of seeds
 - Pursuant to the terms of the definitive agreements signed, Rallis will enhance its shareholding to 100% in Metahelix over a period of five years

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