Tata Chemicals Limited (TCL) was established in 1939 by the Tata Group. It produces inorganic chemicals, fertilisers and phosphates at manufacturing units in Mithapur, Barbala and Haldia, respectively. It has also set up production facilities in the UK, Kenya and the Netherlands, to meet the requirements of its global customers.

As of March 31, 2006, the company employed a workforce of 3,306, to which 1,000 employees will be added subsequent to the acquisition of the Brunner Mond Group. TCL generated a total revenue of EUR 747 million for the year 2005-06. The company’s geographical distribution of revenues is provided in the following chart:

Revenue – Geographical Distribution (2005-06)

Tata Chemicals Limited in the EU

TCL focuses largely on inorganic growth in the EU, i.e., growing by means of joint ventures, mergers and acquisitions. However, it plans to grow its existing EU subsidiaries through the organic route, by reinvestment, subject to their financial capabilities. Currently, it has subsidiaries in the UK and the Netherlands.

Tata Chemicals in the UK

In 2005, Tata Chemicals acquired a 100 per cent stake in Brunner Mond Group Limited (BMGL) through Homefield Pvt UK Limited for EUR 144 million. This acquisition has made it the third-largest producer of soda ash and bicarbonate in the world, and has also provided it with a presence in the low-cost natural soda ash market in the EU. Post acquisition, TCL’s combined turnover is expected to increase by 40 per cent, and its total soda ash capacity will also grow to approximately three million tonnes globally.

Brunner Mond is the second-largest manufacturer of soda ash in the EU, and produces light and granular (dense) grades in the UK and the Netherlands to meet EP and USP requirements. The company also manufactures products for specialist applications and sells them to over 60 countries worldwide. It has manufacturing plants in Cheshire (headquarters in Delfzijl) Northwich, the Netherlands and at Lake Magadi in Kenya.

In the year 2005-06, TCL recorded total sales of EUR 157 million in the UK. Currently, the total workforce...
employed in its UK operations amounts to 457.

The following table depicts the markets where TCL will have a presence (subsequent to the acquisition of BMGL):

## Factors for Success

### Synergy with Brunner Mond

BMGL is a world leader in the manufacture of chemicals and has nearly 1500 customers. Through its acquisition of BMGL, TCL has gained access to those EU markets in which it already has strong brand recognition. This will strengthen its relations with large global customers such as Unilever, P&G, Pilkington and Asahi.

After its acquisition of BMGL, TCL owns plants in the UK, the Netherlands and Kenya. Its manufacturing plants in India make low-cost products that are exported to various locations in the EU. Therefore, the combined synergies of BMGL’s strong brand and TCL’s low manufacturing costs provide the company with an edge over its competitors.

### High-end R&D

TCL conducts R&D in nano filtration technology, utilisation of waste materials and product quality improvement, which has helped it to reduce its waste products and optimise its process parameters. In fiscal year 2005-06, the company set up an Innovation Centre to work on environment-friendly products and production techniques. Its total investment on R&D during the year amounted to EUR 0.414 million, accounting for almost 0.06 per cent of its total turnover.

## Future Plans

### Identification of Inorganic and Organic Opportunities

TCL’s strategy is to grow inorganically, and as a part of this strategy, the company is eyeing markets in the EU. It plans to make some acquisitions in the EU through its subsidiary, HIPL. This will help it to strengthen its brand in the market and also acquire expertise in the chemicals domain. Moreover, it plans to expand BMGL’s plant in Lake Magadi, Kenya, to meet the demands of the rapidly growing glass industry.

### Emphasis on R&D

TCL is backed by its high-end R&D centre, which continuously endeavours to provide advanced chemicals to customers. The company plans to increase its investment in R&D to find solutions for cost reduction, energy conservation, waste utilisation and value addition.

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Source: Company Website