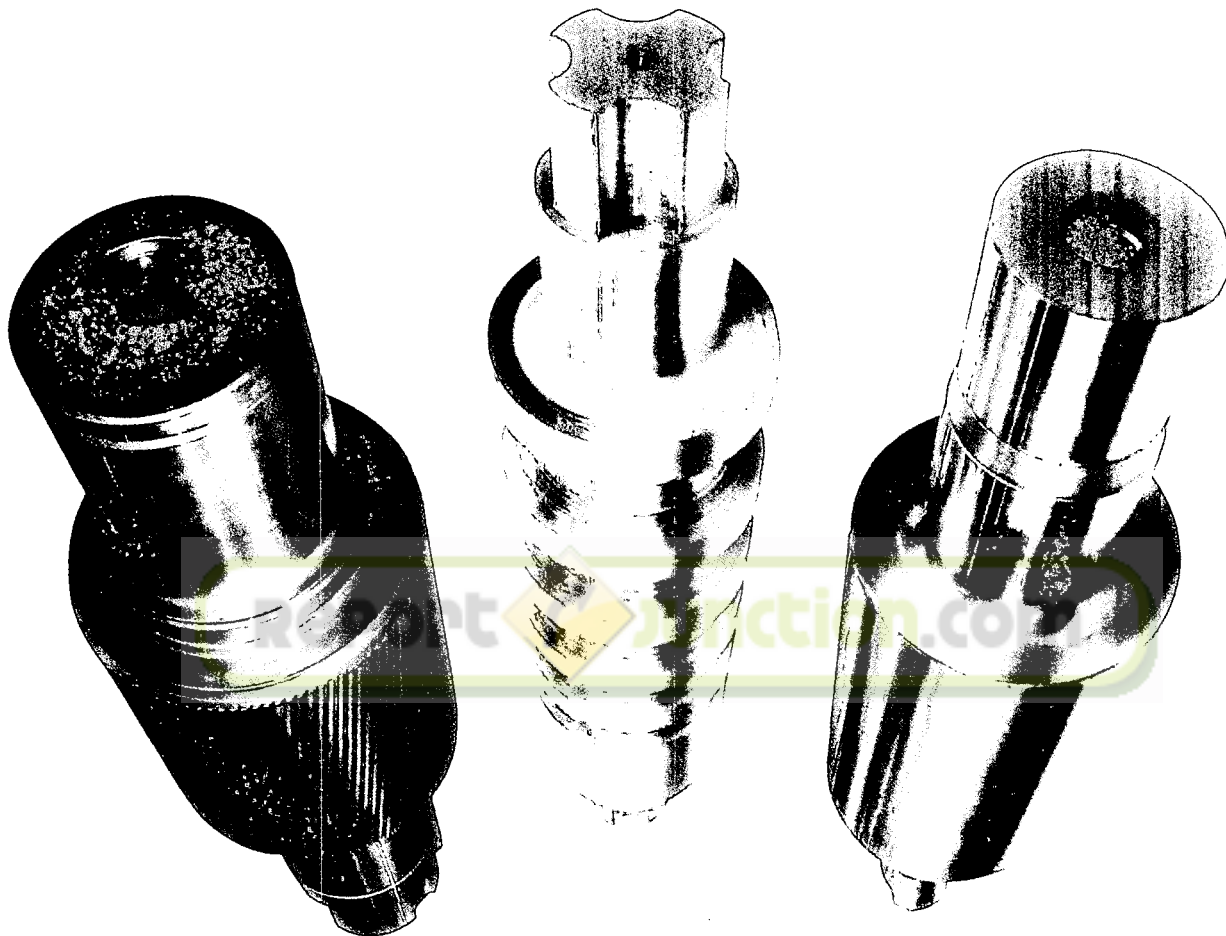


MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



ANNUAL REPORT 1997-98



TATA-YODOGAWA LIMITED



TATA-YODOGAWA LIMITED

NOTICE

THE THIRTIETH ANNUAL GENERAL MEETING of TATA-YODOGAWA LIMITED will be held at Russi Mody Centre for Excellence, Jubilee Road, Jamshedpur 831 001, on Friday, the 4th September, 1998 at 4.30 p.m. to transact the following business :

Ordinary Business

1. To receive and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 1998, and the Audited Profit and Loss Account for the year ended on that date.
2. To declare a dividend.
3. To appoint Auditors and to fix their remuneration.

Special Business

4. To appoint a Director in place of Mr. T. Asada who was appointed in the casual vacancy caused by the resignation of Mr. K. Hamamoto, and who holds office under Section 262 of the Companies Act, 1956, upto the date of the Annual General Meeting, but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing proposing him for the office of Director.
5. To appoint a Director in place of Mr. P. K. Ghose who was appointed as an Additional Director of the Company on 19th January, 1998, and who holds office under Section 260 of the Companies Act, 1956, upto the date of the Annual General Meeting, but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing proposing him for the office of Director.
6. To appoint a Director in place of Mr. Arun Narayan Singh who was appointed as an Additional Director of the Company on 25th June, 1998, and who holds office under Section 260 of the Companies Act, 1956, upto the date of the Annual General Meeting, but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing proposing him for the office of Director.
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT the vacancy caused on the Board of Directors due to the retirement of Mr. K. C. Mehra, a Director of the Company liable to retire by rotation at this Annual General Meeting, be not filled."

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

"RESOLVED THAT, in partial modification of the Resolution No.7 passed at the Annual General Meeting held on 7.9.1994, in respect of the remuneration payable to Mr. Prem Sagar, Vice Chairman & Managing Director, of the Company and in accordance with the provisions of Sections 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the change in remuneration applicable to Mr. Prem Sagar (including remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with authority to the Board of Directors/Committee of Directors to fix his salary within the salary scale, increasing thereby proportionately all benefits related to the quantum of salary with effect from 1st April, 1998, for the remainder of the tenure of his contract as set out in the draft agreement submitted to this meeting and initialled by the Chairman for the purpose of identification which Agreement is hereby specifically sanctioned."

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

"RESOLVED THAT, in partial modification of the resolution passed at the Extraordinary General Meeting held on 8.2.1994, in respect of the remuneration payable to Mr. T. K. Thakur, Executive Director, of the Company and in accordance with the provisions of Sections 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the change in remuneration applicable to Mr. T. K. Thakur (including remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with authority to the Board of Directors/ Committee of Directors to fix his salary within the salary scale, increasing thereby proportionately all benefits related to the quantum of salary with effect from 1st April, 1998, for the remainder of the tenure of his contract as set out in the draft agreement submitted to this meeting and initialled by the Chairman for the purpose of identification which Agreement is hereby specifically sanctioned."

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

"RESOLVED THAT, pursuant to the provisions of Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of the Articles of Association of the Company, the Company hereby approves of the re-appointment and terms of remuneration of Mr. Prem Sagar, Vice Chairman & Managing Director of the Company for a period of three years and six months with effect from 1st September, 1998, upon the terms and conditions set out in the Annexure to the Notice with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Directors and Mr. Prem Sagar."

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

"RESOLVED THAT, pursuant to the provisions of Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of the Articles of Association of the Company, the Company hereby approves of the re-appointment and terms of remuneration of Mr. T. K. Thakur, Executive Director of the Company for a period of three years and one month with effect from 1st December, 1998, upon the terms and conditions set out in the Annexure to the Notice with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Directors and Mr. T. K. Thakur."

NOTES :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 4th August, 1998, to 11th August, 1998, both days inclusive.
3. If Dividend on shares as recommended by the Directors is passed at the meeting, payment of such dividend will be made on and after 12th October, 1998, to those Members whose names are on the Company's Register of Members on 11th August, 1998.
4. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.

Registered Office :

XLRI New Administrative Building,
XLRI Campus, Circuit House Area (East),
Jamshedpur 831 001.
25th June, 1998

By Order of the Board

G. VAIDYANATHAN
Dy. Secretary

Annexure to Notice

Explanatory Statement

As required by Section 173(2) of the Companies Act, 1956, the Explanatory Statement set out all material facts relating to the business mentioned under Item Nos. 4 to 11 of the accompanying notice dated 25th June, 1998.

Item No. 4

Mr. T. Asada, Director of the Company, was appointed on the Board with effect from 27.11.1996 in the casual vacancy caused by the resignation of Mr. K. Hamamoto. As per the provisions of Section 262 of the Companies Act, 1956, Mr. Asada holds office upto the date of Annual General Meeting when Mr. Hamamoto will have retired by rotation in the normal course. The Company has received a notice from a Member under the provisions of Section 257 of the Companies Act, 1956, proposing the candidature of Mr. T. Asada for the office of Director.

Except Mr. T. Asada, no other Director is concerned or interested in the business under Item No.4.

Item No. 5

Mr. P. K. Ghose was appointed as an Additional Director on 19.1.1998. By virtue of Section 260 of the Companies Act, 1956, and in accordance with Article 133 of the Articles of Association of the Company, Mr. Ghose holds office as an Additional Director upto the date of the Annual General Meeting. The Company has received a notice, in writing, proposing him for the office of Director and accordingly it is proposed to appoint him as Director, whose term of office will be determined by retirement by rotation. Mr. Ghose is the Dy. General Manager (Accounts) of Tata Iron and Steel Company Limited. The Board considers it desirable that the Company should continue to avail itself of Mr. Ghose's experience and guidance, and recommend the resolution for re-appointment for approval.

Except Mr. P. K. Ghose no other Director is concerned or interested in the business under Item No. 5.

Item No. 6

Mr. Arun Narayan Singh was appointed as an Additional Director on 25.6.1998. By virtue of Section 260 of the Companies Act, 1956, and in accordance with Article 133 of the Articles of Association of the Company, Mr. Singh holds office as an Additional Director upto the date of the Annual General Meeting. The Company has received a notice, in writing, proposing him for the office of Director and accordingly it is proposed to appoint him as Director, whose term of office will be determined by retirement by rotation. Mr. Singh is the Vice President (Town, Medical & Social Services) of Tata Iron and Steel Company Limited. The Board considers it desirable that the Company should continue to avail itself of Mr. Singh's experience and guidance, and recommend the resolution for re-appointment for approval.

Except Mr. A. N. Singh no other Director is concerned or interested in the business under Item No.6.

Item No. 7

Mr. K. C. Mehra, a Director of the Company, who is liable to retire by rotation at this Annual General Meeting has informed that he does not wish to seek re-appointment. The Board of Directors is of the view that the vacancy caused on the Board of the Company due to the retirement of Mr. Mehra be not filled for the present.

Item No. 8

At the Annual General Meeting of the Company held on 7.9.1994, the members had approved the revision in terms of appointment of Mr. Prem Sagar, Vice Chairman & Managing Director of the Company and a salary of Rs. 25,000/- per month with an annual increase upto a maximum of Rs.2000/- per month together with such perquisites and commission as specified in the Explanatory Statement annexed to the Notice of the Meeting.

As the shareholders are aware, the Government had liberalised Schedule XIII of the Companies Act, in 1994, enhancing the limits of managerial remuneration, but the Company had set for itself certain limits in this regard. The present salary of the Vice Chairman & Managing Director was based on the internal limits of the Company and as approved by the shareholders. The Board of Directors of the Company at their meeting held on 25.6.1998 has revised the salary of Vice Chairman & Managing Director with effect from 1st April, 1998, as per below:

"The Salary scale for Mr. Prem Sagar, Vice Chairman & Managing Director, be fixed at Rs.25,000 — Rs.75,000 per month (with proportionate increases in the value of the benefits related to salary) for the remainder of the tenure of the contract, i.e., upto 31.8.1998 with the authority to the Board/Committee of Directors to fix his salary within the scale from time to time. The annual increment will be merit-based and take into account the Company's performance."

All other terms and conditions of the appointment of Mr. Prem Sagar, Vice Chairman & Managing Director, as approved by the shareholders, will remain unchanged. The resolution for the change in the scale of remuneration payable to the Vice Chairman & Managing Director, is commended for acceptance by the shareholders.

The draft agreement between the Company and Mr. Prem Sagar is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

Mr. Prem Sagar is concerned or interested in Item No.8 of the Notice.

This may also be treated as an abstract of the draft agreement between the Company and Mr. Prem Sagar pursuant to Section 302 of the Act.

Item No. 9

At the Extraordinary General Meeting of the Company held on 8.2.1994, the members had approved of the appointment of Mr. T. K. Thakur, Executive Director, of the Company and a salary of Rs.20,000/- per month with an annual increase upto a maximum of Rs.2000/- per month together with such perquisites and commission as specified in the Explanatory Statement annexed to the Notice of the Meeting.

As the shareholders are aware, the Government had liberalised Schedule XIII of the Companies Act, in 1994, enhancing the limits of managerial remuneration, but the Company had set for itself certain limits in this regard. The present salary of the Executive Director was based on the internal limits of the Company and as approved by the shareholders. The Board of Directors of the Company at their meeting held on 25.6.1998 has revised the salary of the Executive Director with effect from 1st April, 1998, as per below :

"The salary scale for Mr. T. K. Thakur, Executive Director, be fixed at Rs.20,000 — Rs.60,000 per month (with proportionate increases in the value of the benefits related to salary) for the remainder of the tenure of the contract, i.e., upto 30.11.1998 with the authority to the Board/Committee of Directors to fix his salary within the scale from time to time. The annual increment will be merit-based and take into account the Company's performance."

All other terms and conditions of the appointment of Mr. T. K. Thakur, Executive Director, as approved by the shareholders, will remain unchanged. The resolution for the change in the scale of remuneration payable to the Executive Director, is commended for acceptance by the shareholders.

The draft agreement between the Company and Mr. T. K. Thakur is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

Mr. T. K. Thakur is concerned or interested in Item No.9 of the Notice.

This may also be treated as an abstract of the draft agreement between the Company and Mr. T. K. Thakur pursuant to Section 302 of the Act.

Item No. 10

Mr. Prem Sagar was re-appointed as Vice Chairman & Managing Director for a period of 5 years from

1st September, 1993. Since the re-appointment of Mr. Prem Sagar as Vice Chairman & Managing Director, the modernisation-cum-expansion scheme has been successfully completed where the capacity of Roll manufacturing has increased from 7800 tonnes to 9750 tonnes. There was a remarkable increase in the turnover of the Company and an overall improvement in all the operational and functional areas during his tenure. The Company maintained its leadership in the Roll Industry and to prove its position, it obtained the ISO-9002 Certification for manufacture and supply of Cast Iron and Cast Steel Rolls and Concast Steel Billets.

With a view to meet the requirements of the modern mills, Mr. Prem Sagar planned and implemented the manufacturing of Composite Rolls and Hi-Chrome Rolls. In view of Steel production remaining unremunerative and to use the excess metal the Company forayed into the manufacture of Special Castings for Power and Cement Plants, which has been well accepted by the users.

Considering the overall efficiency and the progress made by the Company during his tenure, the Board of Directors of the Company at their meeting held on 25.6.1998 has re-appointed Mr. Prem Sagar as Vice Chairman & Managing Director for a period of 3 years and 6 months from 1st September, 1998, on the terms and conditions mentioned hereinafter.

Terms and Conditions :

1. The Vice Chairman & Managing Director shall be vested with substantial powers of Management of the Company subject to the supervision and control of the Board of Directors and he shall also perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors.
2. Period of agreement — 3 years and 6 months with effect from 1st September, 1998.
3. Remuneration :

(a) Salary :

In the scale of Rs.25,000 — Rs.75,000 per month with the authority to the Board/Committee of Directors to fix the salary within the scale from time to time.

The annual increments which will be effective 1st April each year, will be decided by the Board/Committee of Directors and will be merit-based and take into account the Company's performance.

(b) Perquisites & Allowances :

- (i) In addition to the salary and commission payable, the Vice Chairman & Managing Director shall also be entitled to perquisites 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, furnishings and repairs; medical reimbursement; leave travel concession for himself and his family; club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board or a Committee thereof and the Vice Chairman & Managing Director; such perquisites and allowances to be restricted to an overall limit of 125% of the annual salary of the Vice Chairman & Managing Director.
- (ii) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.
- (iii) Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- (iv) 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.

(c) (i) Commission :

Such remuneration by way of commission, in addition to salary and perquisites and allowances payable, calculated with reference to the net profits of the Company for each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Act and also such limit as may be decided by the Board of Directors /Committee of Directors of the Company at the end of each financial year.

OR

(ii) Performance Linked Bonus :

Performance linked bonus not exceeding twice the annual salary as may be determined by the Board/Committee of Directors.

(d) Minimum Remuneration :

Where in any financial year during the tenure of the Vice Chairman & Managing Director, the Company has not made any profit or its profits are inadequate, the remuneration payable to the Vice Chairman & Managing Director shall not exceed the limit specified in Section II of Part-II of the Schedule XIII to the Companies Act, 1956, as modified from time to time.

4. The extent and scope of the remuneration, including salary, commissison, perquisites & allowances and monetary value thereof, specified above may be enhanced, enlarged, widened, altered or varied from time to time by the Board or a Committee thereof, as the Board or the Committee may in its discretion deem fit, within the maximum amount payable to the Vice Chairman & Managing Director in accordance with Schedule XIII to the Companies Act, 1956, or any amendments made thereto.
5. The Vice Chairman & Managing Director shall be allowed leave as per rules of the Company; leave accumulated and not availed of during his tenure as Vice Chairman & Managing Director shall be allowed to be encashed at the end of his tenure as per rules of the Company.
6. So long as he acts as Vice Chairman & Managing Director, Mr. Prem Sagar shall not be entitled to sitting fees for attending meetings of the Board or any Committee thereof.
7. If at any time Mr. Prem Sagar ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Vice Chairman & Managing Director of the Company.
8. The appointment may be terminated, by either party by giving to the other party six months' notice in writing of such termination or, by the Company giving Mr. Prem Sagar six months' salary in lieu of such notice.
9. The Vice Chairman & Managing Director shall not be entitled to supplement his earnings under the 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.
10. In compliance with the provisions of Section 309 of the Act, the terms of remuneration specified above are now being placed before the Members at the General Meeting for their approval.
11. The draft agreement between the Company and Mr. Prem Sagar is available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.
12. Mr. Prem Sagar is concerned or interested in Item No.10 of the Notice.
13. This may be treated as an abstract of the draft agreement between the Company and Mr. Prem Sagar pursuant to Section 302 of the Act.

Item No. 11

Mr. T. K. Thakur was appointed as Executive Director for a period of 5 years effective from 1.12.1993. Since his appointment, Mr. T. K. Thakur has been maintaining a steady progress in the production of Rolls, particularly in the context of changing market scenario and the product-mix. The Board of Directors of the Company at their meeting held on 25. 6. 1998, re-appointed Mr. T. K. Thakur as Executive Director for a period of 3 years and 1 month with effect from 1.12.1998. The material terms of appointment and remuneration payable to Mr. T. K. Thakur, Executive Director, are as follows :

Terms and Conditions :

1. The Executive Director will be incharge of the operations of the Company which include the Works, the Material Management and the Planning functions. He shall also perform such other duties and services as shall from time to time be assigned to him by the Vice Chairman & Managing Director. He will report to the Vice Chairman & Managing Director.
2. Period of agreement — 3 years and 1 month with effect from 1st December, 1998.
3. Remuneration :

(a) Salary :

In the scale of Rs.20,000 — Rs.60,000 per month with the authority to the Board/Committee of Directors to fix the salary within the scale from time to time.

The annual increments which will be effective 1st April each year, will be decided by the Board/Committee of Directors and will be merit-based and take into account the Company's performance.

(b) Perquisites & Allowances :

- (i) In addition to the salary and commission payable, the Executive Director shall also be entitled to perquisites 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, furnishings and repairs; medical reimbursement; leave travel concession for himself and his family; club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board or a Committee thereof and the Executive Director; such perquisites and allowances to be restricted to an overall limit of 125% of the annual salary of the Executive Director.
- (ii) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.
- (iii) Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- (iv) 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 tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(c) (i) Commission :

Such remuneration by way of commission, in addition to salary and perquisites and allowances payable, calculated with reference to the net profits of the Company for each financial

year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Act and also such limit as may be decided by the Board of Directors/Committee of Directors of the Company at the end of each financial year.

OR

(ii) Performance Linked Bonus :

Performance linked bonus not exceeding twice the annual salary as may be determined by the Board/Committee of Directors.

(d) Minimum Remuneration :

Where in any financial year during the tenure of the Executive Director, the Company has not made any profit or its profits are inadequate, the remuneration payable to the Executive Director shall not exceed the limit specified in Section II of Part-II of the Schedule XIII to the Companies Act, 1956, as modified from time to time.

4. The extent and scope of the remuneration, including salary, commission, perquisites & allowances and monetary value thereof, specified above may be enhanced, enlarged, widened, altered or varied from time to time by the Board or a Committee thereof, as the Board or the Committee may in its discretion deem fit, within the maximum amount payable to the Executive Director in accordance with Schedule XIII to the Companies Act, 1956, or any amendments made thereto.
5. The Executive Director shall be allowed leave as per rules of the Company; leave accumulated and not availed of during his tenure as Executive Director shall be allowed to be encashed at the end of his tenure as per rules of the Company.
6. So long as he acts as Executive Director, Mr. T. K. Thakur shall not be entitled to sitting fees for attending meetings of the Board or any Committee thereof.
7. If at any time Mr. T. K. Thakur ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Executive Director of the Company.
8. The appointment may be terminated by either party by giving to the other party six months' notice in writing of such termination or, by the Company giving Mr. T. K. Thakur six months' salary in lieu of such notice.
9. The Executive Director shall not be entitled to supplement his earnings under the 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.
10. In compliance with the provisions of Section 309 of the Act, the terms of remuneration specified above are now being placed before the Members at the General Meeting for their approval.
11. The draft agreement between the Company and Mr. T. K. Thakur is available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.
12. Mr. T. K. Thakur is concerned or interested in Item No.11 of the Notice.
13. This may be treated as an abstract of the draft agreement between the Company and Mr. T. K. Thakur pursuant to Section 302 of the Act.