

TAYO

ANNUAL
REPORT
1998-99



TATA-YODOGAWA LIMITED

Board of Directors

(As on 27.5.1999)

Mr. A. N. SINGH	- Chairman
Mr. PREM SAGAR	- Vice Chairman and Managing Director
Mr. R. N. SHARMA	
Dr. T. MUKHERJEE	
Mr. T. K. THAKUR	- Executive Director
Mr. P. K. GHOSE	
Mr. G. M. RAMAMURTHY	
Mr. SHASHI S. PRASAD	
Mr. M. OHMORI	
Mr. T.YOKOI	
Mr. YUZO KOIKE	- (Alternate to Mr. M. Ohmori)
Mr. K. MATSUI	- (Alternate to Mr. T. Yokoi)

Management Team

Mr. PREM SAGAR	- Vice Chairman and Managing Director
Mr. T. K. THAKUR	- Executive Director
Mr. T. SUDHAKAR	- Vice President (Operations)
Mr. P. C. SRIVASTAVA	- Vice President (M & M.S.)
Mr. S. K. SINHA	- General Manager (Works)
Mr. P. HARIHARAN	- General Manager (Finance & Accounts)
Mr. N. K. TIWARI	- Principal Executive Officer
Mr. S. S. MISHRA	- Dy. General Manager (P&A)
Mr. G. VAIDYANATHAN	- Company Secretary

Registered Office

TATA-YODOGAWA LIMITED
XLRI New Administrative Building
XLRI Campus
Circuit House Area (E)
Post Box No. 103
Jamshedpur-831 001

Registrars and Transfer Agents

Tata Share Registry Limited
Army & Navy Building
148, M. G. Road
Fort, Mumbai-400 001

Auditors

S. B. Billimoria & Co.

Bankers

Bank of India
IDBI Bank Ltd.
Bank of Baroda
State Bank of India

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As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the meeting.

Notice

The THIRTY-FIRST ANNUAL GENERAL MEETING of TATA-YODOGAWA LIMITED will be held at Russi Mody Centre for Excellence, Jubilee Road, Jamshedpur 831 001, on Wednesday, the 28th July, 1999 at 3.00 p.m. to transact the following business :

1. To receive and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 1999 and the Audited Profit and Loss Account for the year ended on that date.
2. To declare dividend.
3. To appoint a Director in place of Dr. T. Mukherjee who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M. Ohmori who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

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. Proxies, in order to be effective, must reach the Registered Office of the Company at least 48 hours before the time for holding the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd June, 1999 to 30th June, 1999 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 6th September, 1999 to those Members whose names are on the Company's Register of Members on 30th June, 1999.
4. Members are requested to notify promptly their change in address, if any, to Tata Share Registry Limited, Army & Navy Building, 148, Mahatma Gandhi Road, Fort, Mumbai 400 001 specifying their new address in block letters with the correct PIN code number.
5. All unclaimed Dividends upto the financial year ended 31st March, 1995, have been transferred to the General Revenue Account of the Central Government. All members who have not encashed or not received their dividend warrants for the financial years 1995-96, 1996-97 and 1997-98 are requested to write to the Company or to the Company's Registrars at the above address with relevant folio(s) for issuance of duplicate dividend warrants.

Registered Office :

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

27th May, 1999

By Order of the Board

G. VAIDYANATHAN
Company Secretary

TATA-YODOGAWA LIMITED

			1998-99	1997-98	1996-97
OPERATIONAL					
Production	— Rolls	Tonnes	8423	9109	9059
	— Special Castings	Tonnes	158	85	53
Sales	— Rolls	Tonnes	8612	8600	8490
	— Special Castings	Tonnes	148	103	35
Capacity utilisation	— Rolls	Percent	86.39	93.43	92.91
FINANCIAL					
Turnover		Rs. lakhs	7628	7351	7332
Depreciation		Rs. lakhs	467	438	418
Profit before tax		Rs. lakhs	693	709	537
Profit after tax		Rs. lakhs	535	429	306
Net Worth per Share		Rupees	50	43	39
Transfer to General Reserve		Rs. lakhs	716	228	122
Shareholders' Funds		Rs. lakhs	2712	2375	2127
Plough back		Rs. lakhs	804	686	559
Capital Expenditure		Rs. lakhs	1793	444	267
Employees' cost		Rs. lakhs	1543	1398	1185
Dividend		Percent	32.50	30.00	27.50

Chairman's Statement



1. It is my pleasure to convey my greetings to all of you. This is my first communication to you after assuming the Chairmanship of your Company. I would like to take this opportunity to place on record my appreciation for the leadership qualities of Mr. R. N. Sharma during whose tenure your Company experienced a phenomenal growth.

2. The Budget 1999-2000, on the whole, has been a satisfactory one. The duty rationalisation is likely to benefit individual Industries/Companies differently depending on the industry status. Much impetus has been given to the housing sector which should lead to a major spurt in the construction activities and, in turn, should generate demand for industries such as Cement and Steel. There is an urgent need to address to the development of power, road and other infrastructure facilities, which only can sustain the economic development of the country.

3. The slow-down in the economy particularly in the steel sector and the general liquidity crunch had its impact on the operations of your Company. Despite these factors, your Company has performed well by despatching the 2nd highest tonnage of rolls ever on record. Your Company has also set a record in the production and despatch of spun-cast rolls and Hi-chrome rolls during the year. The despatch of special castings during the year registered an increase of 44% over the previous year.

4. The expansion initiated earlier to increase the roll manufacturing capacity has been completed during the year. With this, TAYO now has an installed capacity of 12,500 tonnes of finished rolls per annum. Due to market constraints, there are pressures on the margin on sales which your Company is trying to overcome by taking effective measures in reducing costs. Your Company has been able

to retain its pre-eminent position in the domestic market due to its customer focus.

5. Your Company has achieved a record in exports of rolls in terms of rupee value. Efforts are continuing to further increase the exports. Your Company is also taking initiatives to enter into forged roll segment.

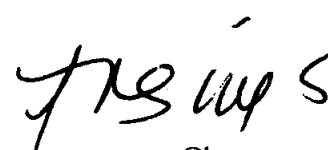
6. I would like to inform you that the technical Collaboration Agreement with ESW has been extended for a further period of five years effective 7th May, 1999. This extension would enable the Company to continue to have access to the latest developments in the roll technology worldwide.

7. The good performance during the year has been possible due to zeal and dedication

of all our employees. I wish to thank them all for their sincere efforts. I would also like to thank the Tayo Workers' Union for their continued support and co-operation. I must also thank our valued Customers, Financial Institution and Bankers for their continued support.

8. I would also like to place on record my appreciation for the leadership of Mr. Prem Sagar, Vice Chairman & Managing Director ably supported by Mr. T. K. Thakur, Executive Director and other members of the Management team.

Jamshedpur
27th May, 1999


Chairman

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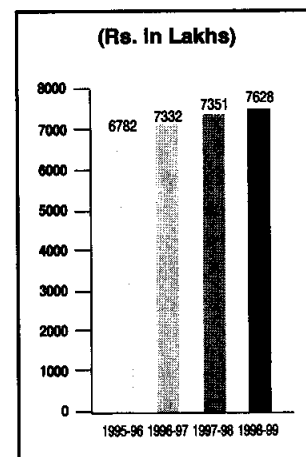
Directors' Report

The Directors have pleasure in presenting the Thirty-first Annual Report on the operations of the Company and the financial accounts for the year ended 31st March, 1999.

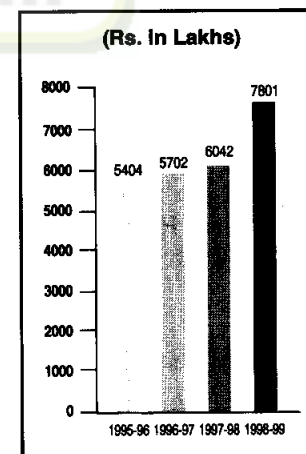
FINANCIAL RESULTS

	Rupees Lakhs	Previous year Rupees Lakhs
2. a) Profit before depreciation & tax	1159.72	1146.86
b) <i>Deduct</i> : Depreciation	466.81	438.06
c) Profit before tax	692.91	708.80
d) Tax	158.00	280.00
e) Profit after tax	534.91	428.80
f) <i>Add</i> : Balance brought forward from the previous year	220.62	200.42
g) Transfers from :		
Development Rebate Reserve	51.00	—
Investment Allowance (Utilised) Reserve	177.50	—
Debenture Redemption Reserve	150.00	—
h) Balance	1134.03	629.22
which the Directors have appropriated as under, to		
i) General Reserve	715.50	228.00
ii) Proposed Dividend	177.87	164.18
iii) Additional Income Tax on Dividend	19.56	16.42
TOTAL	912.93	408.60
Leaving a Balance of to be carried forward	221.10	220.62

TURNOVER



GROSS BLOCK



DIVIDEND

3. The Directors recommend that dividend at 32.5 per cent, for the year ended 31st March, 1999, be paid if approved at the Annual General Meeting to be held on 28th July, 1999, to the members whose names stand in the Register of Members as on 30th June, 1999.

ever turnover during the year under review at Rs. 76.28 crores compared with Rs. 73.51 crores for the previous year. The profit before tax was Rs. 6.93 crores compared to Rs. 7.09 crores of the previous year. The profit after tax at Rs. 5.35 crores is the highest ever achieved by the Company. Considering the general economic slowdown, the performance of the Company during the year under review has indeed been very satisfactory.

OPERATION AND SALES

4. The Company achieved the highest

5. Production and despatch of rolls have been 8,423 tonnes and 8,612

TATA-YODOGAWA LIMITED

tonnes respectively against production and despatch at 9,109 tonnes and 8,600 tonnes respectively during the previous year. The production was deliberately cut down in the last quarter of the year to control the inventory level of finished rolls. The production and despatch of spun-cast rolls and Hi-chrome rolls during the year under review have been the highest ever achieved.

6. On the special castings front, the Company's performance was good during the year with the despatch at 148 tonnes, compared to 103 tonnes in the previous year. Efforts are being made to develop markets for other heavy engineering castings.

7. On the export front, the Company has performed well by exporting 740 tonnes of rolls as compared to 211 tonnes only in the previous year, thus recording more than two-fold increase over the previous year. The exports during the year under review in terms of rupee value at Rs. 524 lakhs is a record.

8. Due to the depressed steel market and uneconomic operations through the Electric Arc Furnace route, the manufacture of steel billets has been discontinued.

9. The Company has again been awarded the ISO-9002 certification by the Indian Register Quality Systems (IRQS) which is valid till 30th January, 2002.

MODERNISATION & EXPANSION

10. The agreement with Eisenwerk Sulzau-Werfen (ESW), Austria, expired on 7.5.1999. The technical information and assistance of ESW had helped the Company in bringing significant improvements in the manufacturing processes, process stabilisation and product improvements with respect to conventionally cast rolls and the development, manufacture and sale of

centrifugally cast rolls. To keep pace with the ever-improving rolling practices and demand for improvements in roll quality, the agreement with ESW has been extended, subject to the approval of the Government, for a further period of 5 years effective 7.5.1999.

11. The Company is taking necessary steps to make a foray into forged roll segment, which would make the Company a single window supplier of rolls.

12. The expansion programme initiated earlier for increasing the roll making capacity from 9,750 tonnes per annum to 12,500 tonnes per annum has been successfully completed during the year. The total investment of Rs. 24 crores for this expansion has been met by term loans amounting to Rs. 14 crores from Bank of India and Bank of Baroda, and the balance from internal accruals.

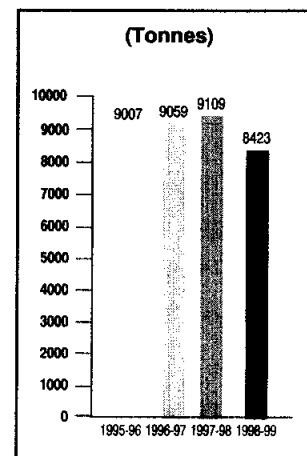
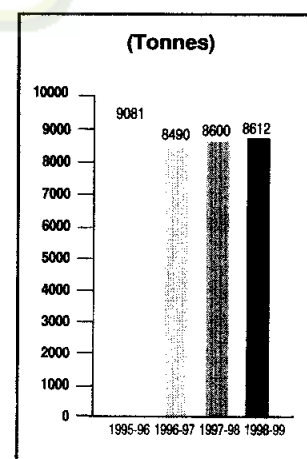
FINANCE

13. The non-convertible portion of Rs. 10/- each per debenture amounting to Rs. 297 lakhs relating to partly convertible debentures issued in the year 1991 has been redeemed at par on 1st July, 1998, as per the terms of issue.

14. The Company has repaid substantial portion of the loans availed from Industrial Development Bank of India for the earlier modernisation and expansion programme.

BIHAR STATE ELECTRICITY BOARD

15. The Writ Petitions filed by the Company before the Hon'ble Patna High Court, challenging the validity of the circulars issued by BSEB increasing the rate of fuel surcharge for the years upto 1997-98 were disposed of with a direction to BSEB to consider the report of the Committee appointed by the Court

PRODUCTION OF FINISHED ROLLS**DESPATCH OF ROLLS**

and take a final decision in consultation with the Government of Bihar. Pending final decision, fuel surcharge is being paid to BSEB as per the interim order of Hon'ble Patna High Court.

SALES TAX

16. The Commercial Tax Authorities of Orissa and Andhra Pradesh had demanded Sales Tax from MSTC on imported scrap on the ground that the sale of such scrap to the allottees was not actually on High Seas. MSTC, in turn, had given notice to the allottees that any Sales Tax levied by the Commercial Tax Authorities on such imported scrap would have to be borne by the allottees. The Orissa Sales Tax Tribunal had decided the matter against MSTC and the matter is pending before the Orissa High Court. The demands raised by the Commercial Tax Authorities of Andhra Pradesh on MSTC are pending before various appellate authorities.

COMMUNITY INITIATIVE

17. The Company continued its support to the community development programmes and has given financial assistance for social welfare activities in and around the Steel City. The Company also financially assisted the educational centres of the city. It has continued to discharge its responsibilities as a good corporate citizen. Among various activities, a vaccination programme for Hepatitis 'B' was conducted where the employees and their families were vaccinated. The Company during the year has conducted an awareness programme on 'Prevention of Aids and Drug Addiction'.

ENVIRONMENT

18. Environment protection has always been the prime concern of the Company. The Company has played a significant role in consistently adopting

several pollution control measures and taking effective steps to maintain pollution free and healthy environment in and around the plant. A drive was made in this direction during the year under review by planting 500 saplings of teak and sesame inside the works.

CORPORATE GOVERNANCE

19. The Audit Sub-Committee and Remuneration Committee consisting of non-executive Directors have met at regular intervals to consider the related matters.

20. In pursuit of good Corporate Governance and to give a customer focus, the Company is participating in the JRD Quality Values (JRD QV) Scheme which is open to Tata Companies only and is in line with Malcom Balridge Award of U. S. A.

INDUSTRIAL RELATIONS

21. Industrial relations continue to be cordial.

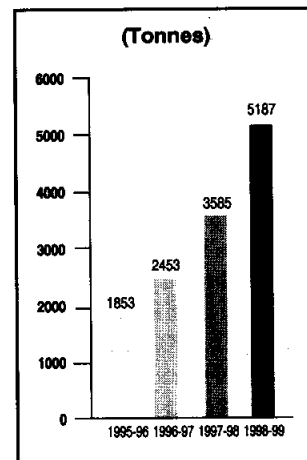
Y2K PREPAREDNESS

22. A team was formed in July, 1998, to address the Y2K problem. Steps were taken to check and address to all the Y2K related issues. The Company does not foresee any risk due to the year 2000 issues, since all the processes, operations and functions have been tested and found Y2K compliant. The cost to address the year 2000 issues is not significant. The Company is constantly reviewing the Y2K compliance by the third parties directly dealing with the Company and identifying alternate sources in case any of the third parties default in complying with Y2K issue. Further, the Company has adequate contingency plans to address to the risks associated with Y2K problems.

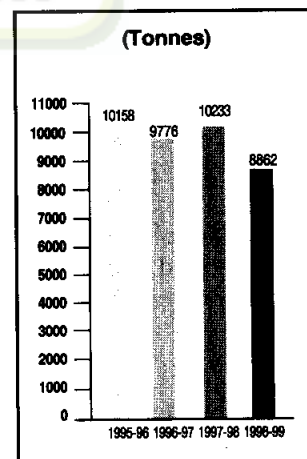
DIRECTORS

23. In accordance with the provisions of the Companies Act, 1956 and the

DESPATCH OF SPUN-CAST ROLLS



FOUNDRY PRODUCTION



TATA-YODOGAWA LIMITED

Articles of Association, Dr. T. Mukherjee and Mr. M. Ohmori retire by rotation and being eligible, offer themselves for re-appointment.

24. Mr. T. Izutsu, Alternate Director to Mr. M. Ohmori, resigned from the Board effective 19.1.1999. The Directors place on record their appreciation for the valuable contribution made by Mr. Izutsu during his tenure. Mr. Y. Koike has been appointed Alternate Director to Mr. M. Ohmori.

25. Mr. A. N. Singh took over as Chairman from Mr. R. N. Sharma effective 17.3.1999. The Directors place on record their appreciation for the leadership and the spirit of team work built up by Mr. Sharma during his tenure as Chairman. Mr. Sharma has kindly consented to continue as a Director on the Board.

26. Mr. T. Asada resigned from the Board effective 17.3.1999. Mr. T. Yokoi has been appointed as Director on the Board in the casual vacancy caused by the resignation of Mr. T. Asada. Mr. K. Matsui has been appointed as an Alternate Director to Mr. T. Yokoi.

PARTICULARS OF EMPLOYEES

27. As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees of the

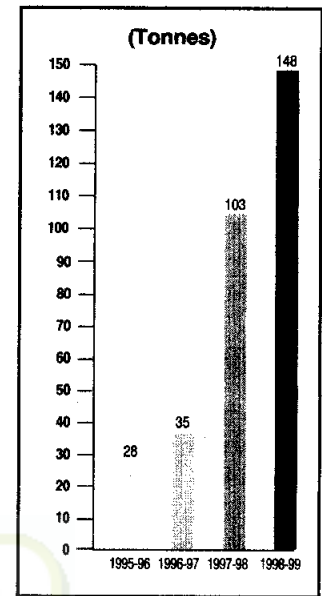
Company, who were in receipt of remuneration of not less than Rs. 6,00,000 during the financial year under review or Rs. 50,000 per month, are given in the Annexure appended hereto.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

28. In terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of (a) Conservation of Energy (b) Technology Absorption and (c) Foreign Exchange Earnings and Outgo are given in the Annexure appended hereto.

AUDITORS

29. Messrs. S. B. Billimoria & Co., Auditors, retire and, being eligible, offer themselves for re-appointment. They have furnished a certificate to the Company that their re-appointment, if made, will be in accordance with sub-section 1B of Section 224 of the Companies Act, 1956.

DESPATCH OF SPECIAL CASTINGS

On behalf of the
Board of Directors

[Signature]
Chairman

Jamshedpur,
27th May, 1999