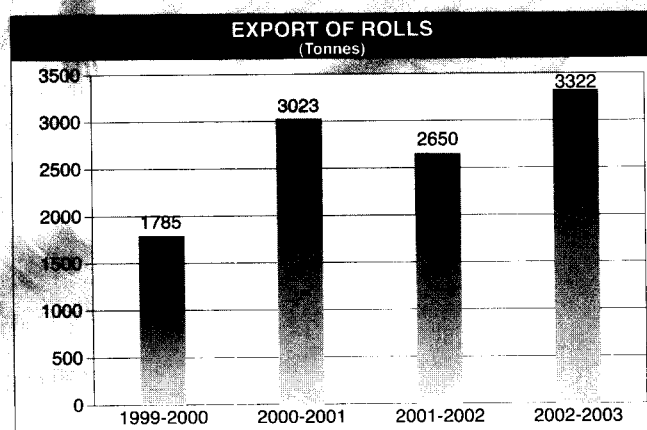
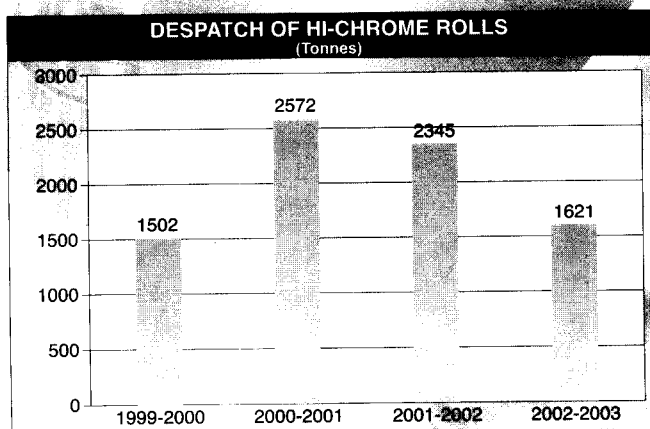
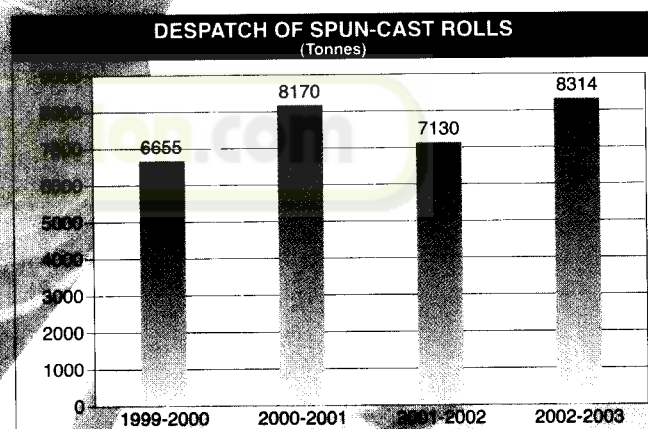
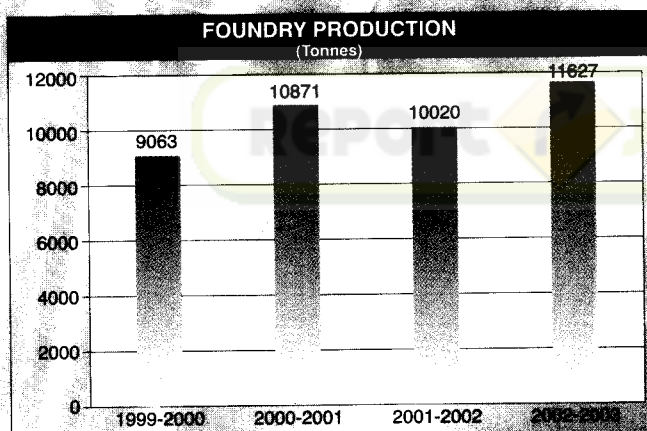
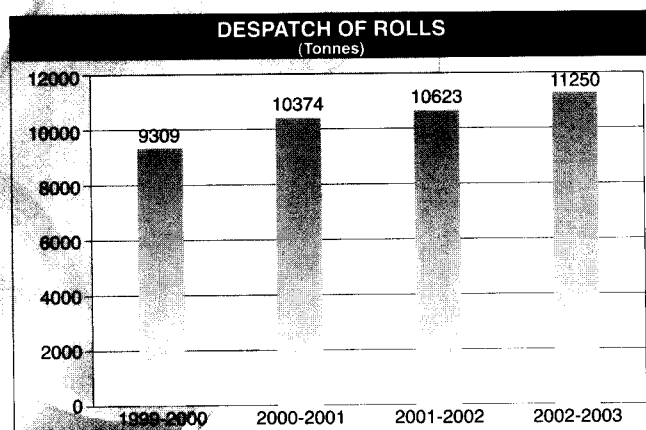
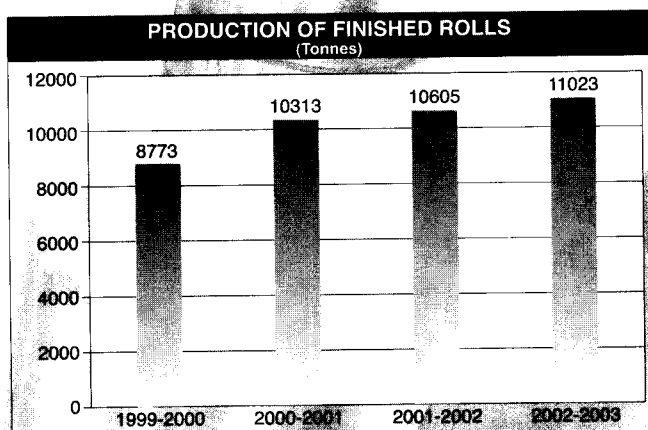
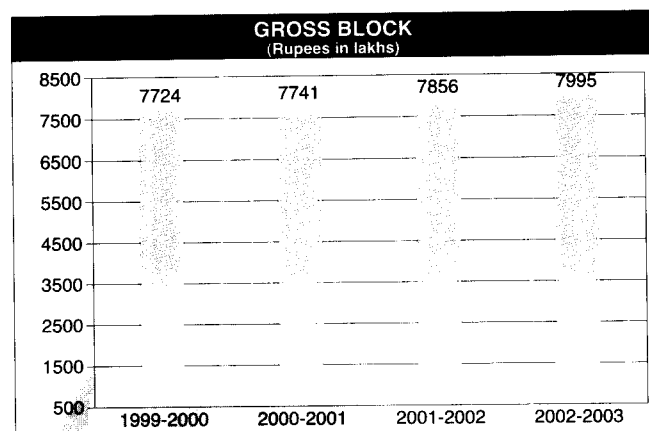
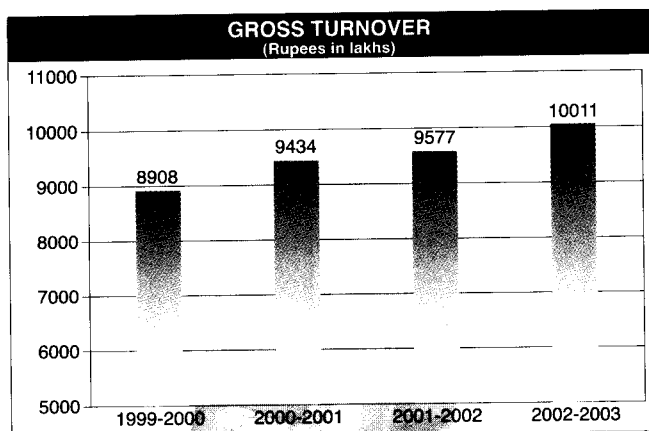


TAYO

ANNUAL REPORT 2002-2003



TATA-YODOGAWA LIMITED



Board of Directors

(As on 16.05.2003)

Mr. A. N. SINGH	- Chairman
Mr. R. P. TYAGI	- Managing Director
Dr. T. MUKHERJEE	
Mr. SHASHI S. PRASAD	
Mr. T. SUZUKI	
Dr. SUBIR CHOWDHURY	
Mr. VIJAY K. MEHTA	
Mr. N. K. MISRA	

Management Team

Mr. R. P. TYAGI	- Managing Director
Mr. T. SUDHAKAR	- Executive Vice President (Operations & Projects)
Mr. P. C. SRIVASTAVA	- Executive Vice President (Corporate Affairs & Strategy Planning)
Mr. VIJAY PAHWA	- Vice President (Marketing)
Mr. P. HARIHARAN	- General Manager (Finance & Accounts)
Mr. B. K. SINGH	- General Manager (Operations)
Lt. Col. (Retd.) B. S. BAKSHI	- Chief (Personnel & Industrial Relations)
Mr. K. P. VERMA	- Chief (Scientific Services)
Mr. G. VAIDYANATHAN	- Company Secretary

Registered Office

Tata-Yodogawa Limited
XLRI New Administrative Building
XLRI Campus, Circuit House Area (East)
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

Contents

Notice	2
Chairman's Statement	5
Highlights	6
Directors' Report	7
Management Discussion and Analysis	10
Summarised Balance Sheet and Profit & Loss Account	11
Auditors' Report	12
Annexure to Auditors' Report	12
Balance Sheet	14
Profit and Loss Account	15
Cash Flow Statement	16
Schedules forming part of the Profit and Loss Account	17
Schedules forming part of the Balance Sheet	21
Significant Accounting Policies	27
Notes on the Balance Sheet and Profit & Loss Account	28
Statement giving information pursuant to Part IV of Schedule VI to the Companies Act, 1956	31
Financial Statistics	32
Annexure to Directors' Report	33
Report of the Directors on Corporate Governance	35
Auditors' Certificate on Corporate Governance	38
Shareholders' Information	39

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.

TATA-YODOGAWA LIMITED

Notice

THE THIRTY-FIFTH ANNUAL GENERAL MEETING OF TATA-YODOGAWA LIMITED will be held at Centre for Excellence, Jubilee Road, Jamshedpur 831 001, on Wednesday, the 16th July, 2003, at 4.00 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, 2003, 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 Mr. Shashi S. Prasad who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Subir Chowdhury who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

Special Business

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
"RESOLVED that Mr. Narendra Kumar Misra be and is hereby appointed a Director of the Company, liable to retire by rotation."
7. 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 Section 21 of the Companies Act, 1956, and subject to the approval of the Central Government, the name of the Company be changed from 'Tata-Yodogawa Limited' to '**TAYO ROLLS LIMITED**'"
"RESOLVED FURTHER that the name 'Tata-Yodogawa Limited' wherever occurs in the Memorandum and Articles of Association of the Company be substituted by the new name '**TAYO ROLLS LIMITED**'."
8. 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 Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding one per cent per annum of the net profits of the Company computed in accordance with the provisions of Sections

198, 349 and 350 of the Companies Act, 1956, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and the Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of profits of the Company for each year of the period of five years commencing 1st April, 2002."

NOTES :

1. The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item nos. 6, 7 and 8 above and the relevant details in respect of item nos. 3, 4 and 6 above, pursuant to Clause 49 of the Listing Agreements are annexed hereto.
2. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 20th June, 2003 to 26th June, 2003, both days inclusive.
4. Shareholders are hereby advised that while opening a depository account, they should give their bank account details. The bank mandate for shares held in physical form will not be automatically applied for shares held in electronic form.
5. 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 the new address in block letters giving the correct PIN code number.
6. All unclaimed dividends upto the financial year ended 31st March, 1995, have been transferred to the General Revenue Account of the Central Government. Members who have not, encashed or received their dividend warrants for the financial years 1995-96 to 2001-2002 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. The unclaimed dividend for the year 1995-96 is due for transfer to Investor Education and Protection Fund in October, 2003, pursuant to the provisions of Section 205C of the Companies Act, 1956.

Registered Office :

XLRI New Administrative Building,
XLRI Campus, Circuit House Area (East),
Jamshedpur 831 001.
16th May, 2003

By Order of the Board

G. VAIDYANATHAN
Company Secretary

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956, the explanatory statement sets out all material facts relating to the business mentioned in item nos. 6, 7 & 8 of the accompanying Notice dated 16th May, 2003.

Item No. 6

Mr. Narendra Kumar Misra was appointed as Additional Director effective 1st April, 2003. Pursuant to Section 260 of the Companies Act, 1956, and in accordance with Article 133 of the Articles of Association of the Company, Mr. Misra holds office as Additional Director upto the date of the Annual General Meeting. The Company has received a notice, in writing, from a Member proposing Mr. Misra to the office of Director. Accordingly, it is proposed to appoint Mr. Misra as Director, whose term of office will be determined by retirement by rotation. Mr. Misra is a Science Graduate from Lucknow University and a Chartered Accountant having more than 20 years experience in the industry. Mr. Misra joined Tata Steel at its Collieries Division, Jamadoba, in 1981 and was later deputed to its associate Company Kumardhubi Metal Casting and Engineering Limited in 1984, where he worked as CFO for 4 years from 1989-1993. After his return to Tata Steel in 1993, he worked as Head of Finance and Accounts at Bearings Profit Centre and Tubes Profit Centre respectively and is presently holding the position of Chief Strategic Finance. Mr. Misra is also a visiting faculty at Xavier Labour Relations Institute, Jamshedpur. With his experience and expertise, the Board considers it desirable that the Company should continue to avail itself of Mr. Misra's experience and guidance, and commend the resolution for approval.

Except Mr. Narendra Kumar Misra no Director is concerned or interested in the business under Item No.6 of the Notice.

Item No. 7

The Board of Directors at their meeting held on 16th May, 2003, approved the change in the Company's name from 'Tata-Yodogawa Limited' to '**TAYO ROLLS LIMITED**'. The name 'Tata-Yodogawa Limited' was more relevant in the initial period to denote the collaboration of Tata's with Japanese enterprises. The technical collaboration agreement with Japanese expired way back in early eighties. In early nineties, the Company entered into a Technical Collaboration with M/s.Eisenwerk Sulzau-Werfen, Austria, for technology transfer of centrifugally cast rolls with latest roll technology. In the year 1999, the

Company also entered into a Technology Transfer Agreement with M/s.Union Electric Steel Corporation, USA, for finish machining of forged rough-turned and hardened steel rolls procured from their U.S. facilities.

The Company was initially commissioned with Japanese technology and subsequently adapted itself with the newer technologies from Austria for cast rolls and from USA for forged rolls. With varied product-mix it is more relevant for the Company to have a name which would identify itself as a 'one stop-shop' for all category of rolls. Evenmore, the name TAYO has become synonymous with Tata-Yodogawa since inception of the Company and its products are being marketed over the years under TAYO's brand. To cash on the brand image developed over these years it would be prudent to change the name of the Company which would reflect its brand image.

The Registrar of Companies, Jharkhand, Patna, vide letter No.9356/STAT/94/A/2003-04/37/59 dated 10th April, 2003, has intimated the Company about the availability of the new name i.e. **TAYO ROLLS LIMITED**.

The Board commends the resolution for approval of the members.

None of the Directors is concerned or interested in the business under item no.7 of the Notice.

Item No. 8

With the changing business scenario, the responsibilities and involvement of Directors are increasing. To recognise their increased responsibilities and involvement in the affairs of the Company, it is proposed that in terms of Section 309(4) of the Companies Act, 1956, the Directors (other than the Managing Director and the Whole-time Directors) be paid for each of the five financial years of the Company commencing 1st April, 2002, remuneration not exceeding one per cent per annum of the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

The Board commends the resolution for approval of the members.

All the Directors of the Company except the Managing Director are concerned or interested in the Resolution No.8 of the Notice to the extent of the remuneration that may be received by them.

TATA-YODOGAWA LIMITED**Details of the Directors seeking appointment/re-appointment in forthcoming Annual General Meeting**

(In pursuance of Clause 49 of the Listing Agreements)

Name of Director	Mr. Shashi S. Prasad	Dr. Subir Chowdhury	Mr. Narendra Kumar Misra
Date of Birth	15.1.1937	18.7.1935	12.3.1956
Date of Appointment	26.11.1996	26.5.2000	1.4.2003
Expertise in specific functional areas	Overall rich managerial experience and expertise in strategic management, business policy and H.R. systems.	Overall managerial expertise and Industrial Engineering.	Expertise in Finance and Accounts.
Qualifications	Masters in Chemical Engg.; MBA from IMI, Switzerland.	B.Tech(H) Mech. Engg.; M.Tech. Indust. Engg.; Phd. Indust. Admn.	B.Sc., Chartered Accountant (CA).
List of Companies in which outside Directorship held as on 31st March, 2003.	– Tinplate Company of India Limited, Chairman.	– Bhartiya Reserve Bank Note Mudran Ltd. – Webel Informatics Ltd.	– Kalinga Aquatics Ltd.
Chairman/Member of the Committees of the Board of Companies on which he is a Director as on 31st March, 2003.	Tinplate Company of India Limited : Remuneration Committee — Member.	—	—

Registered Office :

XLRI New Administrative Building,
XLRI Campus, Circuit House Area (East),
Jamshedpur 831 001.
16th May, 2003

By Order of the Board

G. VAIDYANATHAN
Company Secretary



Chairman's Statement

1. Last year was a year of impressive performance for your Company. With gross turnover (including excise duty) crossing the Rs.100 crore mark for the first time, your Company has reinforced its position as a market leader in the roll industry in India. All time record in exports which constitute 32% of the total cast rolls sold, has affirmed Company's increasing global presence.
2. With the global steel industry showing an upturn, the Indian steel industry has also positioned itself on the revival path. Most of the major steel plants in India have achieved higher production during the year 2002-03, which augur well for a positive industrial growth of the country's economy. The demand for rolls has correspondingly shown an increasing trend during the later half of the year. However, this has not resulted in improved price realisation owing to excess capacity with domestic roll suppliers and increasing competition from imports.
3. Conscious of the business realities, your Company developed its own strategies to cope with the changing market scenario. Technology, Quality, Innovation and Service being the hallmark of business in the global market, your Company has gone all out to excel in these areas. During the year under review, despite the pressure on realisation and input cost escalation, concerted efforts in the area of cost reduction yielded good results in terms of improved profitability. Coupled with the initiative of right-sizing the family, your Company achieved the highest ever productivity levels. The revival in the steel industry and resultant increase in capacity utilisation is likely to generate increased demand for rolls. Plans are afoot to further augment capacity by adding some state-of-the-art facilities for future growth.
4. I am happy to state that your Company during the year under review bagged few prestigious awards - A FIRST-PRIZE in the National Quality Competition 2001-2002 organised by the Indian Institute of Metals (secondary Steel Plant/Alloy Steel Plant category) and FIRST position in the Fuel Conservation Competition 2002-2003 organised by CII (Eastern Region). Your Company has up-dated its quality system by getting accreditation to the new version, ISO: 9001:2000 standards. I congratulate all the employees for these achievements.
5. I wish to thank TAYO Workers' Union and all employees for their continued support and for maintaining industrial harmony and a congenial working environment.
6. I place on record the Board's appreciation to Mr. R.P.Tyagi, Managing Director, for his able leadership and the management team for the achievements of your Company during the year.

Jamshedpur
16th May, 2003


Chairman

OPERATIONAL

OPERATIONAL

Production — Rolls

Tonnes **2002-2003** **2001-2002** **2000-2001**

Special Castings

Tonnes **2002-2003** **2001-2002** **2000-2001**

Sales — Rolls

Tonnes **2002-2003** **2001-2002** **2000-2001**

Special Castings

Tonnes **2002-2003** **2001-2002** **2000-2001**

Capacity Utilisation — Rolls

Percent **2002-2003** **2001-2002** **2000-2001**

FINANCIAL

Turnover (Gross)

Rs. lakhs **2002-2003** **2001-2002** **2000-2001**

Depreciation

Rs. lakhs **2002-2003** **2001-2002** **2000-2001**

Profit before tax

Rs. lakhs **2002-2003** **2001-2002** **2000-2001**

Profit after tax

Rs. lakhs **2002-2003** **2001-2002** **2000-2001**

Net Worth per share

Rupees **2002-2003** **2001-2002** **2000-2001**

Transfer to General Reserve

Rs. lakhs **2002-2003** **2001-2002** **2000-2001**

Shareholders' Funds

Rs. lakhs **2002-2003** **2001-2002** **2000-2001**

Plough back

Rs. lakhs **2002-2003** **2001-2002** **2000-2001**

Capital Expenditure

Rs. lakhs **2002-2003** **2001-2002** **2000-2001**

Employee's Cost

Rs. lakhs **2002-2003** **2001-2002** **2000-2001**

Dividend

Percent **2002-2003** **2001-2002** **2000-2001**

Directors' Report

The Directors have pleasure in presenting the Thirty-fifth Annual Report on the operations of the Company and the financial accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

	Rupees Lakhs	Previous year Rupees Lakhs
2. a) Profit before Depreciation, Tax and Extra-ordinary/Exceptional items	1071.55	793.35
b) <i>Deduct</i> : Depreciation	466.60	518.26
c) Profit before Tax and Extra-ordinary/Exceptional items	604.95	275.09
d) <i>Add/(Deduct)</i> : Extra-ordinary/Exceptional items (Net)	22.43	(63.70)
e) Profit before Tax	627.38	211.39
f) Tax :		
i) Current Income-Tax	215.65	106.42
ii) Deferred Tax	4.18	(28.37)
g) Profit after Tax	407.55	133.34
h) <i>Add</i> : Balance brought forward from the previous year	163.98	222.04
i) Balance	571.53	355.38
which the Directors have appropriated as under, to		
i) General Reserve	205.00	71.00
ii) Interim Dividend	—	120.40
iii) Proposed Dividend	147.77	—
iv) Additional Income Tax on Dividend	18.93	—
TOTAL	371.70	191.40
Leaving a Balance of to be carried forward	199.83	163.98

DIVIDEND

3. The Directors recommend that dividend at 27 per cent, for the year ended 31st March, 2003, be paid, if approved at the Annual General Meeting to be held on 16th July, 2003, to the members whose names stand in the Register of Members as on 26th June, 2003.

OPERATION AND SALES

4. During the year under review, the Company's gross turnover crossed the Rs.100 crores mark with Rs.100.11 crores compared to Rs. 95.77 crores in the previous year. Despite competition and lower realisation the profit before tax was Rs.6.28 crores compared to Rs.2.11 crores in the previous year. This was possible due to various initiatives taken for reducing cost in different areas during the year under review.

5. During the year under review, the Company crossed another milestone of 11,000t. with production and sales at 11,023t. and 11,250t. respectively compared to 10,605t. and 10,623t. respectively in the previous year.

6. Exports being a focus area, the Company's performance in this area also has been exceptional with exports constituting 32% of the total cast roll sales at 3,322t. compared to 2,650t. in the previous year. The export earnings in term of rupees was the highest ever at Rs.20.23 crores compared to Rs.16.17 crores in the previous year.

7. During the year, the sale of forged rolls has been highest so far at 933t. compared to 810t. in the previous year.

8. On the special casting front, the Company is consolidating its market position and exploring new markets. During the year, sale of special castings were highest at 264t. compared to 172t. in the previous year.

TATA-YODOGAWA LIMITED**FINANCIAL AND WORKING CAPITAL MANAGEMENT**

9. Working Capital Management continues to be a thrust area. Despite significant increase in the volume of operations, the level of inventory and receivables were, on an average, maintained at much lower level during the year as compared to previous year. Towards the later half of the year, steel industry showed signs of improvement in liquidity. However, as a part of marketing strategy, easier credit terms had to be extended in the export market segment.

10. Aggressive approach on receivables, effective planning and control over inventories, coupled with prudent fund management, have resulted in bringing down the interest cost from 1.90% of the gross turnover to 1.02%. The financial strategy to prepay the costly debts of earlier years, enabled the Company to bring down the interest burden. With lower debt/equity ratio, the Company is now on a financially sound track to go in for investment opportunities for growth.

11. The Company continues to maintain sound credit rating from CRISIL and Bankers. The rating given by CRISIL for Commercial Paper continues to be P1+ (the degree of safety for timely payment on the instrument is very strong) and FAA (the degree of safety for timely payment of interest and principal is strong) for Fixed Deposit Programme.

TECHNOLOGY AND GROWTH

12. The technology collaborators M/s.Eisenwerk Sulzau-Werfen (ESW), Austria, for cast rolls and M/s.Union Electric Steel Corporation (UES), USA, for forged rolls continue to render assistance in the area of product development. The collaboration agreement with ESW, Austria, extended for 5 years is due for expiry in 2004. The Company is on the look-out for newer products and technological developments in the area of roll manufacture.

13. The Company during the year under review added one more 60t. capacity Gas Fired Heat-Treatment furnace to maintain its quality edge and achieve economy in energy costs. The Company has undertaken de-bottlenecking studies of its existing facilities to facilitate optimisation of production capability.

CONTINGENT LIABILITIES AND MAJOR LITIGATIONS

14. The special leave petitions filed by the Company as well as the Bihar State Electricity Board (BSEB) before the Hon'ble Supreme Court, challenging the orders of the Hon'ble Patna High Court dated 26.6.2000 on the fuel surcharge rates for the years from 1996-97 onwards have been partly heard during the year. Pending disposal, the payments of the fuel surcharge are being made by the Company in accordance with the orders of the Hon'ble Jharkhand High Court.

15. The writ petition filed by the Company before the Hon'ble Jharkhand High Court challenging the applicability of the power tariff structure for induction furnace units of the Company with effect from 1.9.1999 is pending before the Hon'ble Jharkhand High Court.

16. The Company's writ petition before the Hon'ble Patna High Court, challenging the order of the State of Bihar, withdrawing retrospectively from 1.10.1996 the exemption granted to the Company as regards applicability of the ESI Act, 1948 has been transferred to Hon'ble Jharkhand High Court. The matter is yet to be heard on merits.

BUSINESS EXCELLENCE

17. During the year under review the Company participated in the survey on "Management of Business Ethics" initiated by Tata Quality Management System. As per the findings of the survey, the Company ranks amongst the top Companies of Tata Group in implementation of business ethics. The survey on "TBEM Assurance Process" had also ranked the Company high in implementation of TATA Business Excellence Model.

18. The ISO 9002 - 1994 certification of the Company was valid till December, 2003. The Company applied for the newer updated version of ISO 9001 : 2000 certification sufficiently in advance and has been accredited with ISO 9001:2000 certification by the Indian Register Quality Systems (IRQS) in January, 2003. The Company was among a few Companies having been certified for adopting the Quality Management System under the new standards (2000).

COMMUNITY INITIATIVES

19. The Company continued its support towards meaningful community initiatives through social organisations/institutions and other local bodies, by providing project/activity linked contributions. The Company during the year co-sponsored the "Mobile Clinic" for mother and child health care organised by Family Planning Association of India (FPAI). An awareness programme for housewives, relating to domestic budgeting, health care and educational rights and duties of housewives, was conducted during the year. During the year under review the Company with the help of Tayo Workers' Union and Gramin Vikas Trust organised a health check-up camp and free distribution of medicines for the villages under Raipur Panchayat, benefiting 189 villagers from the programme. The Company also supports sports events in the Steel City. Towards this end, the Company supported the organisers in organising some important sports events for the first time in the Steel City like 1st Jharkhand Equestrian Games and 1st Junior Asian & 25th Junior National Archery Championships.