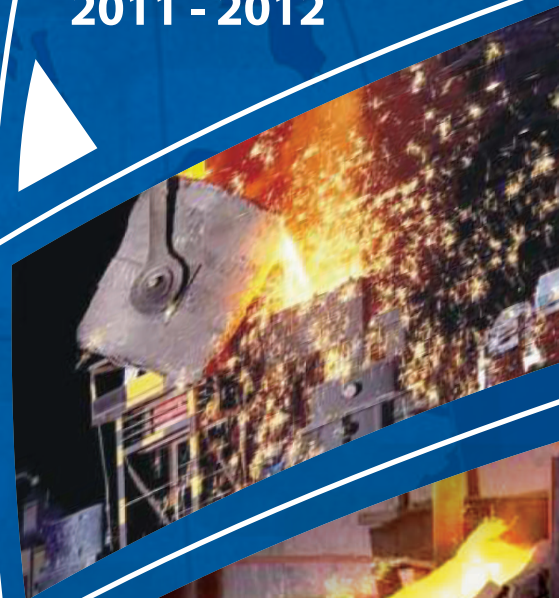


TAYO ROLLS LIMITED

A **TATA** Enterprise



**44th Annual Report
2011 - 2012**



Partnering Steel Industries



Board of Directors



Dr. S. K. Bhattacharyya



Mr. Anand Sen (Chairman)



Mr. S. N. Menon



Mr. Dipak K. Banerjee



Mr. V. S. N. Murty



Mr. Osamu Nishimura



Prof. Ranjan Das



Mr. Om Narayan
(Managing Director)

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Annual General Meeting is on Wednesday, July 18, 2012 at Tata Management Development Centre (TMDC) Auditorium, XLRI Campus, C. H. Area (East), Jamshedpur 831 001 at 4.00 p.m. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General meeting. Shareholders are requested to kindly bring their copies to the meeting.

Chairman's Statement

Dear Shareholders,

It gives me great pleasure to reach you through this Annual Report. As we get into the new fiscal, let me share with you some of the challenges faced as well as achievements of Tayo during the year gone by. I would also like to briefly outline how your company is going to implement the strategies chalked out for making it a market leader in all segments of its markets.

The biggest challenge before the company during the last financial year were reducing the debt portfolio, completion of its forge roll project with some additional facilities and planned up-gradation of the existing facilities of cast rolls. I am glad to inform you that all the above challenges are getting addressed. The funds raised through the preferential allotment of 8.50% non-cumulative Redeemable Preference Shares to the promoters of the Company during March, 2012, will significantly enable us to achieve our objectives.

One of the major achievements is the turnaround of Mini Blast Furnace. Due to timely and continuous corrective actions taken by the management, the Mini Blast Furnace is performing well with improved quality and quantity of production, contributing significantly to the bottom-line.

The company is working towards a turnaround. During FY-13, we should see an improving trend in all round performance as various projects complete one by one.

Needless to say that in these trying times, the company requires the complete support of all its stakeholders.

Members of the Board have really extended themselves to assist Tayo. I extend my gratitude to all the members of the Board for their guidance and support during the course of the year.

I would like to place on record our appreciation for the support received from our suppliers and the Tayo Workers' Union in these challenging times.

I would also wish to record the heartfelt thanks of entire 'Tayo Family' to our promoters Tata Steel Limited and Yodogawa Steel Works, Limited, Japan, for their contribution towards the growth of the company through participating in the preferential issue among other things. I am sure that their guidance and support will give us the strength to take on new challenges and scale new heights in the years to come.

With best regards,

Anand Sen
Chairman

HIGHLIGHTS

			2011-12	2010-11	2009-10
OPERATIONAL					
Production	— Rolls	Tonnes	7258	7221	6516
	— Pig Iron*	Tonnes	17248	9479	22604
	— Special Castings	Tonnes	—	—	16
	— Ingot	Tonnes	1933	2417	—
	— Engineering Forging	Tonnes	64	13	—
Sales	— Rolls	Tonnes	7202	7516	6594
	— Pig Iron*	Tonnes	14683	8087	19634
	— Special Castings	Tonnes	—	—	16
	— Ingot	Tonnes	1280	1615	—
	— Engineering Forging	Tonnes	66	—	—
Capacity Utilisation	— Rolls	Percent	54	54	48
	— Pig Iron*	Percent	43	24	57
	— Ingot	Percent	10	12	—
FINANCIAL					
Turnover (Gross)		Rs. lakhs	15233	14728	14237
Depreciation		Rs. lakhs	1811	562	396
Profit before tax		Rs. lakhs	(5312)	(3044)	(1153)
Profit after tax		Rs. lakhs	(5312)	(3044)	(1153)
Net Worth per share		Rupees	77	47	76
Transfer to General Reserve		Rs. lakhs	—	—	—
Shareholder's Funds		Rs. lakhs	7929	4788	7833
Capital Expenditure		Rs. lakhs	561	2714	5085
Employee's Cost		Rs. lakhs	2998	2999	2384
Dividend		Percent	—	—	—

* Pig Iron operation was resumed on April 15, 2011

NOTICE

THE FORTY-FOURTH ANNUAL GENERAL MEETING OF TAYO ROLLS LIMITED will be held at Tata Management Development Centre (TMDC) Auditorium, XLRI Campus, Circuit House Area (East), Jamshedpur 831 001 on Wednesday, July 18, 2012 at 4.00 p.m. to transact the following business:

ORDINARY BUSSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and the Audited Profit and Loss Account for the year ended on that date together with reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. V. S. N. Murty who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Dipak Kumar Banerjee who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Osamu Nishimura 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 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 percent 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 Director/s) in such amounts or proportions and in such manner, 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 for a period of five years commencing from April 1, 2012."

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

"RESOLVED That subject to such waiver/

approvals as may be deemed necessary, the Company doth hereby grant its approval for payment of Rs. 85,85,486/- (Rupees eighty five lakhs eighty five thousand four hundred eighty six only) as remuneration to Mr. Om Narayan, Managing Director, for the financial year 2011-12, as per the agreement entered into by the Company, notwithstanding that the same exceeds the limits specified under Schedule XIII and other applicable provisions of the Companies Act, 1956.

RESOLVED further that subject to prior approval of the Central Government, the Company also do hereby approve payment of up to Rs. 1,65,58,080/- (Rupees one crore sixty five lakh fifty eight thousand eighty only) to Mr. Om Narayan, Managing Director, as maximum remuneration for the financial year 2012-13, as per the agreement entered into by the Company, notwithstanding the same exceeds the limits specified under Schedule XIII and other applicable provisions of the Companies Act, 1956."

NOTES:

- I) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- II) The Register of Members and share transfer books of the Company will remain close from Thursday, July 12, 2012 to Wednesday, July 18, 2012 (both days inclusive).
- III) As per the provisions of the Companies Act, 1956, facility for making nomination is now available to the Shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registered Office or the Registrar & Transfer Agents of the Company.
- IV) Shareholders holding shares in the physical form are requested to notify/ send the following to TSR Darashaw Limited, the Registrar & Transfer Agents to facilitate better services:
 - (i) Any change in their address/ mandate/ bank details and;

- (ii) Particulars of the bank account in which they wish their dividend to be credited, in case they have not furnished it earlier.
- V) Members who still have their holdings in physical form are requested to convert them into dematerialized form (under ISIN No. INE895C01011).
- VI) Pursuant to Section 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid/unclaimed dividend account of the Company is required to be transferred to the Investors' Education and Protection Fund (IEPF) set up by the Government of India and no claims shall be tenable either by the Company or by the said Fund, after the transfer of the said amount. Accordingly, the Company has transferred to the IEPF all unpaid/ unclaimed dividends in respect of financial years 1995-96 to 2003-04. It may be noted that the unclaimed dividend in respect of the financial year 2004-05 is due for transfer to the IEPF on July 22, 2012.
- Members, who have not yet encashed their dividend warrants for the financial year ended March 31, 2006, and onwards, are requested to make their claims to the Company or Registrar & Transfer Agents without any delay.
- VII) All unclaimed dividends upto the financial year ended March 31, 1995, have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrant(s) for the said period are requested to forward their claims in prescribed Form No. II of The Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to -

Office of the Registrar of Companies,
Bihar & Jharkhand,
Mourya Lok, 'A' Block (4th Floor),
Dak Bungalow Road,
Patna 800 001.

- VIII) SEBI vide its circular ref no. MRD/DoP/ Cir-05/ 2009 dated 20.05.2009 has clarified that for securities market transactions and off- market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish a copy of the PAN Card to the Company/ RTA for registration of such transfer of shares irrespective of the amount of such transaction.
- All intended transferee(s) are, therefore, requested to furnish a self certified copy of their PAN Card along with the relevant transfer deed for registration of transfer of shares. Please note that the shares lodged for transfer without self certified copy of PAN Card of the transferee(s) shall be returned under objection.
- IX) The Company has reviewed the formalities/ procedure for transmission of shares of deceased Shareholders in favour of survivor(s). Survivor(s) of the deceased Shareholders are advised to forward their requests with full details and supporting documents to the Registrar & Transfer Agents of the Company, for early transmission of Shares.
- X) Members desirous of any additional information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.
- XI) Members are requested to bring the admission slips along with their copies of the Annual Report to the meeting.

By Order of the Board of Directors

Jamshedpur
April 23, 2012

Registered Office:
XLRI New Administrative Building,
XLRI Campus, Circuit House Area (East)
Jamshedpur - 831 001

Prashant Kumar
Company Secretary & Compliance Officer

ANNEXURE TO NOTICE**Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956**

As required under Section 173 of the Companies Act, 1956 (hereinafter referred to as 'the Act') the following Explanatory Statements set out all material facts relating to the special business mentioned in Item Nos. 6 & 7 of the accompanying Notice dated April 23, 2012.

ITEM NO. 6

At the thirty-ninth Annual General Meeting of the Company held on July 16, 2007, in terms of Section 309(4) of the Companies Act 1956, members had passed a special resolution for payment of commission to the Non-Executive Directors for a period of five years with effect from April 1, 2007. This special resolution has expired in the Financial Year 2011-12. Considering the increase in the Company's activities and consequent increase in the responsibilities of the Directors, it is proposed that in terms of Section 309(4) of the Companies Act, 1956, the Non-Executive Directors of the Company (other than the Managing Director and Whole - time Director/s) should continue to be paid commission for the next five financial years at the rate not exceeding one percent per annum of the net profits of the Company computed in accordance with the provisions of the Act, with authority to the Board to decide the maximum amount of commission to be paid to the Directors each year, with effect from April 1, 2012. This commission will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

All Directors of the Company, except the Managing Director, are concerned or interested in the resolution set in Item No. 6 of the Notice to the extent of the Commission that may be received by them.

ITEM NO.7

Mr. Om Narayan was appointed as the Managing Director of the Company for a period of three years with effect from April 1, 2010, by way of a special resolution pursuant to the provisions of Sections 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, which has been approved by the Shareholders at the Extraordinary General Meeting held on April 24, 2010. His appointment has subsequently been approved by the Central Government for a period of three years from April 1, 2010 to March 31, 2013, but his remuneration was approved for only one year i.e. for FY'11.

Due to adverse business conditions, the Company is continuously making loss from the past few years, thus the profit of the Company computed in accordance with

Section 309(5) of the Companies Act, 1956, were inadequate to meet the remuneration paid to Mr. Om Narayan, Managing Director for the financial year 2011-12. As a result, the provisions of Table C of Section II of Part II of Schedule XIII of the Companies Act, 1956, have become applicable.

During financial year 2011-12, total remuneration including performance bonus to Mr. Om Narayan, Managing Director, exceeds the limits specified under Schedule XIII and other applicable provisions of the Companies Act, 1956, as follows:

Particulars	Amount (Rs.)
a) Salaries	33,60,000.00
b) Allowances and Perquisites	18,65,486.00
c) Performance Bonus	33,60,000.00
Total	85,85,486.00
Maximum Remuneration that can be paid as per limits specified under Schedule XIII of the Companies Act, 1956	4,800,000.00
Remuneration paid to the Managing Director in excess of limits specified under Schedule XIII of the Companies Act, 1956	37,85,486.00

The Remuneration Committee and the Board at their meetings held on April 23, 2012 have approved the remuneration paid/ payable to Mr. Om Narayan, Managing Director for the financial year 2011-12. The Board and the Remuneration Committee also approved an amount up to Rs. 1,65,58,080/- (Rupees one crore sixty five lakh fifty eight thousand eighty only) as maximum remuneration payable to Mr. Om Narayan, Managing Director, for the financial year 2012-13.

The approval of the Shareholders is sought by way of special resolution for the remuneration paid to Mr. Om Narayan, Managing Director for the financial years 2011-12 and that payable for 2012-13 in excess of the limits specified under Schedule XIII and other applicable provisions of the Companies Act, 1956, subject to the approval of the Central Government.

All the other terms and conditions for appointment of the Managing Director Mr. Om Narayan, approved by the Shareholders at the Extraordinary General Meeting held on April 24, 2010 and thereafter by the Central Government will remain unchanged.

Additional information relevant to the payment of remuneration as per Notification dated 16th January, 2002, issued by the Department of Company Affairs and also under Clause 49 of the Listing Agreement.

I. General Information:

i) Nature of Industry:

The Company is engaged in manufacture of steel rolls, steel base rolls and cast iron rolls. The Company also operates a Mini Blast Furnace (MBF) for the manufacture of Pig Iron. The Company has set up facilities to manufacture Forging Quality Ingots, Round Ingots, Engineering Forgings and Forged Rolls.

ii) Date of commencement of commercial production:

The Company was incorporated on 2nd February, 1968, and started commercial production on 1st March, 1970, for Cast & Steel Rolls. The Commercial production of MBF commenced on 1st February, 2005. Commercial production of Forging Quality Ingots, Engineering Forgings and Forged Rolls have also started.

iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable.

iv) Financial performance based on given indicators - as per published audited financial results for the year ended March 31, 2011:

Particulars	(Rupees in Lakhs)
Turnover & Other Income	13377
Profit before tax	(3044)
Profit after tax	(3044)
Net Worth	6566

v) Export performance and foreign exchange earned for the financial year ended March 31, 2011:

The Company exported 1179 tonnes of cast rolls. The total foreign exchange earned during FY 2010-11 was Rs. 1443.30 lakhs

vi) Foreign investments or collaborators, if any:

M/s Yodogawa Steel Works Limited and Sojitz Corporation of Japan, hold 15,36,704 (14.98%) and 3,07,341 (3.00%) equity shares of Rs.10/- each, respectively.

II. Information about Mr. Om Narayan :

i) Background details :

Mr. Om Narayan was appointed as Managing Director of the Company with effect from April 1, 2010. Mr. Om Narayan, aged about 61 years, is a Mechanical Engineer, Gold Medalist from Bhagalpur University and PGDBM from XLRI, Jamshedpur. He joined TATA STEEL as a Graduate Trainee in 1972 and occupied various technical and managerial positions both in the Steel Works and in the West Bokaro Collieries. His experience ranges from maintenance of Rolling Mills, Heavy Earth Moving Machineries, Blast Furnace, LD Shops and other major Steel Plant equipment, operation and maintenance of Power Houses etc. As Vice President (Shared Services) Tata Steel, he was responsible for the overall maintenance (Electrical & Mechanical), Power Systems & Utilities (Oxygen and other Industrial Gases, Byproduct Gases, Compressed Air, Process Steam and Power), Environment and Occupational Health, and Spares manufacturing, Procurement and other Services of the Steel Works, Jamshedpur.

After joining Tayo, Mr. Om Narayan has taken various initiatives to turnaround the Company including infusion of capital by issuing Redeemable Preference Shares on Preferential basis to the Promoters of the Company during FY 2012. This led to easing out working capital availability and operational efficiency. He also implemented rigorous monitoring systems to maximize production with minimum rejection. All these