

TAYO ROLLS LIMITED

A **TATA** Enterprise



48th ANNUAL REPORT 2015 -16





Board of Directors

(As on 19.08.2016)



Anand Sen
(Chairman)



Dr. S. K. Bhattacharyya



Dipak K. Banerjee



Prof. Ranjan Das



Sudev C. Das



V. S. N. Murty



Ramya Hariharan



Yoshikazu Miyasaka



K. Shankar Marar

Management Team

(As on 19.08.2016)

Mr. K. Shankar Marar	-	Managing Director
Mr. Abhijit Mitra	-	Vice President (Corporate)
Mr. B. K. Singh	-	Vice President (Marketing)
Mr. P. D. Mundhra	-	Vice President (Operations)
Mr. N. P. Singh	-	General Manager (M & S)
Mr. Suresh Padmanabhan	-	Dy. Chief Financial Officer
Mr. Prashant Kumar	-	Company Secretary & Compliance Officer

REGISTERED OFFICE

Annex-2, General Office
Tata Steel Limited, Bistupur
Jamshedpur - 831 001,
Jharkhand, India

BANKERS

Bank of India
IDBI Bank Ltd
State Bank of India
HDFC Bank Ltd
Axis Bank Ltd

STATUTORY AUDITORS

M/s Deloitte Haskins & Sells
Chartered Accountants

COST AUDITORS

M/s Shome & Banerjee
Cost Accountants

SECRETARIAL AUDITORS

M/s P. K. Singh & Associates
Company Secretaries

REGISTRAR & TRANSFER AGENTS

TSR Darashaw Limited
6-10 Haji Moosa Patrawala Industrial Estate
20, Dr. E.Moses Road
Mahalaxmi, Mumbai-400 011

INVESTORS' DEDICATED E-MAIL

investors_helpdesk@tayo.co.in

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Annual General Meeting is on Wednesday, September 21, 2016 at the Auditorium of Centre for Excellence, Jubilee Road, Bistupur, Jamshedpur 831 001 at 11.30 a.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,

The global steel industry is going through unprecedented challenges. Though India is a bright spot, the global challenges have had its effect on the Indian steel industry as well. Low cost imports from China, Russia and Japan, has put extreme pressure on steel companies in India.

Consequent cost cutting measures adopted by the steel companies has imposed additional strain on the Roll manufacturers. While the demand for rolls was not encouraging, the prices continue to come under severe pressure. Subdued demand and delayed realizations has resulted in a fragile cash position leading to adverse performance of the roll industry as a whole.

The Indian roll industry continues to reel under severe financial strain. Tayo has been facing many challenges during recent years and has been incurring losses since 2008-09 due to multiple reasons such as subdued demand growth, declining prices, delay in the ramp up of the Forged Roll Project due to worldwide economic downturn, and consequent liquidity crunch. Since then, the Promoter(s) have been extending their financial and technical support to the Company. The Company invested these resources towards improvement of equipment reliability and infrastructure, absorption of new technology, repayment of debts, working capital requirements, and loss funding. Despite the relentless efforts by the Management, and continued support from all stakeholders, especially the Promoter(s), the changes in external environment and continued sub optimal performance has resulted in continuous losses.

Further, the subdued growth in infrastructure sector, over-capacity situation in the Roll and Forging industries, delayed technology absorption for next generation rolls, severe cash constraints among customers etc, have led towards higher working capital requirement and high fixed cost. The adverse impact of high unabsorbed depreciation, interest costs, inability to meet future financial obligations and continued cash loss compelled the Company to write down value of its assets by Rs. 77.88 crores, which has eroded its net worth as on 31.12.2015.

As a result, your Company has been referred to the Board for Industrial and Financial Reconstruction (BIFR) under First Proviso to Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985.

The Company's operating results continue to be materially affected by various factors, particularly high pricing pressures due to overcapacity in roll industry, general economic slowdown and unavailability of future financing. Considering these factors, the going concern assumption is not appropriate for preparing the financial statements. Therefore, the financial statements for FY'16 have been prepared on realizable value basis. Accordingly, the assets have been stated at the lower of their historic cost and estimated net realizable value, and the liabilities have been stated at the values at which they are expected to be discharged.

Your Company has also introduced employees Voluntary Separation Scheme and suspended operations in a phased manner. I express my deep concern.

Mr. K. Shankar Marar, subject to the approval of the shareholders, has been re-appointed as Managing Director of the Company for a further period of three years with effect from August 11, 2016.

I am grateful to our Promoter(s) for extending their unstinted financial and technical support. I also take this opportunity to express my sincere gratitude and heartfelt thanks of entire "Tayo Family" to our shareholders, customers, bankers, suppliers, employees, Tayo Wokers Union, Board Members and other stakeholders, for their continued support to the Company and the Management.

Anand Sen
Chairman
(DIN: 00237914)

HIGHLIGHTS

				2015-16	2014-15	2013-14
OPERATIONAL						
Production	-	Rolls	Tonnes	6767	7719	7750
	-	Pig Iron	Tonnes	25281	17247	20382
	-	Ingot	Tonnes	4413	3921	4608
	-	Engineering Forging	Tonnes	707	474	837
Sales	-	Rolls	Tonnes	6750	7805	7610
	-	Pig Iron	Tonnes	24474	12283	17115
	-	Ingot	Tonnes	96	1077	634
	-	Engineering Forging	Tonnes	707	472	827
Capacity Utilisation	-	Rolls	Percent	50	57	57
	-	Pig Iron	Percent	63	43	51
	-	Ingot	Percent	22	20	23
FINANCIAL						
Turnover (Gross)			Rs. lakhs	14181	15756	16755
Depreciation			Rs. lakhs	1541	1305	2256
Profit Before Tax			Rs. lakhs	(15688)	(6762)	(7504)
Profit After Tax			Rs. lakhs	(15688)	(6762)	(7504)
Net Worth Per Share			Rupees	86.68	50.62	55.55
Transfer to General Reserve			Rs. lakhs	-	-	-
Shareholder's Funds			Rs. lakhs	(8894)	5194	5700
Capital Expenditure			Rs. lakhs	269	2757	783
Employee's Cost			Rs. lakhs	3953	3865	3443
Dividend			Percent	-	-	-

NOTICE

THE FORTY- EIGHTH ANNUAL GENERAL MEETING OF TAYO ROLLS LIMITED will be held at the Auditorium of Centre for Excellence, Jubilee Road, Bistupur, Jamshedpur – 831 001 on Wednesday, September 21, 2016 at 11:30 a.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2016 and the Audited Statement of Profit and Loss 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. Anand Sen (DIN- 00237914), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. To re- appoint Mr. K. Shankar Marar (DIN-06656658) as Managing Director:

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

“RESOLVED THAT pursuant to Sections 196, 197, 202, 203 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the rules made there under, as amended from time to time, read with Schedule V to the Act, the Company hereby approves the re-appointment and terms of remuneration of Mr. K. Shankar Marar (DIN: 06656658), as Managing Director of the Company for a further period of three years with effect from August 11, 2016 to August 10, 2019 and not liable to retire by rotation, upon the terms and conditions as mentioned in the draft agreement submitted to this meeting, the details of which are set out in the explanatory statement annexed to the Notice convening this meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board to alter and vary the terms and conditions of the said appointment in such manner so as to not exceed the limits specified in Schedule V to the Act, as may be agreed to between the Board and Mr. K. Shankar Marar within the applicable provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such actions/ steps as may be necessary and expedient to give effect to this resolution.”

5. Ratification of Material Related Party Transactions for FY 2015-16:

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 Section 188 of the Companies Act, 2013 (“Act”) read with rules made there under and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange, in addition to the consent of the shareholders already given, approval be and is hereby given to ratify the contracts/ arrangements for availing Inter Corporate Deposits (ICDs) from the Related Parties (as detailed in the explanatory statement to the Notice) which were carried out in the ordinary course of business and which were also at arm’s length basis for a sum not exceeding Rs. 4363 lakhs during the financial year 2015-16.”

6. Approval of Material Related Party Transactions for FY 2016-17:

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 Section 188 of the Companies Act, 2013 read with rules made there under and provisions of SEBI (Listing Obligations and other Disclosure Requirements) Regulations, 2015 with the Stock Exchange, approval be and is hereby given to the transactions with the Related Parties (as detailed in the explanatory statement to the Notice) as per the existing contracts/ arrangements which are in the ordinary course of business and also at arm’s length basis for a sum not exceeding Rs. 18,000 lakhs for the financial year 2016-17.”

7. Ratification of Cost Auditors’ remuneration

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

“RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the rules made thereunder, as amended from time to time, the Company hereby ratifies the remuneration of Rs. 35,000/- (Rupees thirty five thousand only) plus out-of-pocket expenses payable to M/s. Dutta Ray & Co. Cost & Management Accountants (Firm Registration No: 000224), who are appointed as Cost Auditors of the Company to conduct Cost Audits relating to such business of the Company as may be ordered by the Central Government under the Act and the Rules made thereunder for the year ending March 31, 2017.”

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 closed from Thursday, September 8, 2016 till Monday, September 12, 2016 (both days inclusive)
- III) As per Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the cut off date for determining the eligibility for remote e-voting or vote at the Annual General Meeting is Thursday, September 15, 2016.
- IV) During FY'12, FY'14 and FY'15, your Company had issued Non-cumulative Redeemable Preference Shares to its promoters (Tata Steel Limited & Yodogawa Steel Works Limited). Your Company has not been able to pay dividend on these shares for the financial years FY'13, FY'14, FY'15 and FY'16. Therefore, according to the provision of Section 47 read with other relevant provisions of the Companies Act, 2013 and rules made thereunder, the preference shareholders shall have a right to vote on all the resolutions placed before the meeting, in the same proportion as the paid up capital in respect of equity shares bears to the paid up capital in respect of preference shares. Therefore, one preference share vote is equivalent to 10 equity shares vote. Accordingly, the Preference Shareholders are entitled to vote on all the resolutions as mentioned above.
- V) As per the provisions of the Companies Act, 2013, facility for making nomination is 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 by the Members holding shares in physical form. Members holding shares in electronic form may obtain Nomination forms from their respective depository participants.
- VI) 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.
- VII) Members who still have their holdings in physical form are requested to convert them into dematerialized form (under ISIN No. INE895C01011).
- VIII) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed / unpaid dividends up to the financial year ended March 31, 1996 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 to 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.
 Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investors Education and Protection Fund (IEPF) set up by the Government of India and no payments shall be made in respect of any such claims by the IEPF.
 Accordingly, the Company has transferred to the IEPF all unclaimed/unpaid dividends in respect of the financial years 1995-96 to 2007-08. Currently the Company doesn't have any outstanding amount, which warrants transfer to the IEPF account.
- IX) 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.

- X) Survivor(s) of the deceased shareholders are advised to forward their request with full details and supporting documents to the Registrar & Transfer Agents of the Company, for early transmission of Shares.
- XI) 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.
- XII) In accordance with Section 20 of the Companies Act, 2013 read with Rule 35 the Companies (Incorporation) Rules, 2014, the Annual Reports are sent by electronic mode to those members whose email-ids are registered with the Depository for communication purposes. The members holding shares in physical form and who have not registered their email –ids are requested to register the same with TSR Darashaw Limited, the Registrars and Transfer Agents of the Company.
- XIII) Members are requested to bring the admission slips along with their copies of the Annual Report to the meeting.
- XIV) Process for members opting for e-voting:
The instructions and the procedure for the e-voting are as follows:
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and read with Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM) ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
 - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their rights at the meeting through ballot paper.
 - III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM, but shall not be entitled to cast their vote again.
 - IV. The remote e-voting period commences on Sunday, September 18, 2016 (9:00 am) and ends on Tuesday, September 20, 2016 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday, September 15, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
 - V. The process and manner for remote e-voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
 - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of "Tayo Rolls Limited".
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to pratap_kr17@rediffmail.com with a copy marked to evoting@nsdl.co.in
- B.** In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
 - (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :
 EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 15, 2016.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 15, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or dtambe@tsrdarashaw.com
 However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only, shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Mr. Pratap Kumar Chakrabraty, Practicing Company Secretary, Partner, M/s P. K. Singh & Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall at the end of discussion on the resolutions on which voting is to be held at the AGM allow voting with the assistance of Scrutinizer, by use of "ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company at www.tayo.co.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

Jamshedpur
 August 19, 2016
 Registered Office:
 Annex – 2, General Office
 Tata Steel Limited, Bistupur,
 Jamshedpur- 831 001

By Order of the Board of Directors

Prashant Kumar
 Company Secretary & Compliance Officer