



Tayo Rolls Limited

**Regd. Off : 3, Circuit House Area (North-East), Road No. 11,
PO & PS - Bistupur, Jamshedpur -831001
E-mail id:investors_helpdesk@tayo.co.in; Website : www.tayo.co.in**

Notice on Postal Ballot

Dear Member,

Notice pursuant to Section 110 of the Companies Act, 2013

Notice is hereby given pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013, (the "Act"), read together with the Companies (Management and Administration) Amendment Rules, 2015, including any statutory modification or re-enactment thereof for the time being in force, that the resolutions appended are proposed to be passed by way of Postal Ballot/ remote e-voting. The explanatory statement pertaining to the resolutions setting out the material facts and the reasons thereof is annexed hereto along with a Postal Ballot form (the "Form") for your consideration. The Board of Directors of the Company (the "Board") has appointed Mr. Pramod Kumar Singh, Practicing Company Secretary, as the Scrutinizer for conducting the Postal Ballot and remote e-voting process in a fair and transparent manner.

You are requested to carefully read the instructions printed on the Form, record your assent (for) or dissent (against) therein by filling necessary details and affixing your signature at the designated place in the Form and send the same in original duly completed in the attached self-addressed, postage pre-paid envelope (if posted in India) so as to reach the Scrutinizer not later than the close of working hours i.e. 5:00 p.m. on Friday, August 17, 2018.

Members desiring to opt for remote e-voting as per facilities arranged by the Company are requested to read the notes to the notice and instructions overleaf the Form. References to Postal Ballot(s) in this notice include votes received electronically.

Upon completion of the scrutiny of the Forms, the Scrutinizer will submit his report to the Chairman/ Director of the Company. The result of the Postal Ballot would be announced by the Director or the Compliance Officer of the Company on or before Monday, August 20, 2018 at the registered office of the Company. The aforesaid result along with the Scrutinizers report would be displayed at the website of the Company, NSDL and also intimated to the Stock Exchange where the shares of the Company are listed.

RESOLUTION:

1.Filing of application for Corporate Insolvency Resolution Process U/s 10 of the Insolvency and Bankruptcy Code 2016 as amended:

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 amendment under Section 10 of Insolvency and Bankruptcy Code, 2016 approval is hereby granted for filing application before the Adjudicatory Authority appointed under the Insolvency and Bankruptcy Code, 2016 ("Code") for initiating the Corporate Insolvency Resolution Process in respect of Tayo Rolls Limited

RESOLVED further that Mr. K. Shankar Marar, Director, and Mr. Suresh Padmanabhan, Deputy Chief Financial Officer of the Company, be and are hereby jointly and severally authorised to make an application before the Adjudicatory Authority appointed under the Insolvency and Bankruptcy Code, 2016 ("Code") for initiating the Corporate Insolvency Resolution Process in respect of Tayo Rolls Limited, in terms of Section 10 of the Code as amended, by making the application under Insolvency and Bankruptcy

(Application to Adjudicating Authority) Rules, 2016, accompanied with documents and records required therein and as specified in the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, and by paying the relevant application fees.

RESOLVED further that Mr. K. Shankar Marar, Director, and Mr. Suresh Padmanabhan, Deputy Chief Financial Officer of the Company, be and are hereby jointly and severally authorised to accept the service of process on behalf of the Company.

RESOLVED further that Mr. K. Shankar Marar, Director, and Mr. Suresh Padmanabhan, Deputy Chief Financial Officer of the Company, be and are hereby jointly and severally authorised to file affidavit in support of the application.

RESOLVED further that Mr. K. Shankar Marar, Managing Director and Mr. Suresh Padmanabhan, Deputy Chief Financial Officer of the Company be and are hereby jointly and severally authorized to give instructions or directions and to settle all questions, difficulties or doubts that may arise in regard to the resolutions being contemplated herein above and to do everything that is necessary and required in connection with such application, including acceptance of notice and do all such acts, deeds, matters, as may be necessary”.

Jamshedpur
July 9, 2018

By the order of the Board of Directors

K. Shankar Marar
Director

NOTES:

1. Explanatory statements pursuant to Section 102 of the Act, setting out the material facts and reasons for the proposed resolutions at Item No. 1 above, are appended herein below along with the Postal Ballot Form for your consideration.
2. The Notice is being sent to all the members whose names appear in the Register of Members/List of Beneficial Owners as received from National Securities Depository Limited (“NSDL”)/ Central Depository Services (India) Limited (“CDSL”) as on Friday, July 6, 2018.
3. In compliance with the provisions of Sections 108, 110 and other applicable provisions of the Act, read with the Companies (Management and Administration) Amendment Rules, 2015 and the SEBI (LODR) Regulations, 2015, the Company is also offering remote e-voting facility as an option to all the members of the Company. The Company has entered into an agreement with NSDL for facilitating remote e-voting to enable the members to cast their votes electronically instead of dispatching Form. Remote e-voting is optional.
4. As per Section 110, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, Notice of Postal Ballot may be served on the members through electronic means. Members who have registered their e-mail IDs with depositories or with the Company are being sent this Notice of Postal Ballot by e-mail and the members who have not registered their e-mail IDs will receive Notice of Postal Ballot along with Form through physical post/ courier. Members who have received Postal Ballot Notice by e-mail and who wish to vote through physical Form may indicate their option to receive the physical Form from the Company. By clicking on the box provided in the e-mail or alternatively download the Form from the link www.evoting.nsdl.com
5. 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.

Explanatory Statements for Resolutions mentioned under Item No 1 pursuant to Section 102 of the Companies Act, 2013 (hereinafter referred as the “Act”)

Item No. 1

Tayo Rolls Limited (hereinafter referred as “Tayo”), a subsidiary of Tata Steel Limited (hereinafter referred as “Tata Steel”) was promoted in 1968 by Tata Steel Limited and Yodogawa Steel Works Limited, Japan (hereinafter referred as “Yodogawa”), and Nissho Iwai Corporation (now Sojitz Corporation), Japan and commenced its commercial production in 1970. Tayo was a leading Roll manufacturer in India with Japanese and European Technology. Apart from the Steel, Steel Base and Cast Iron Rolls, Tayo was also manufacturing Steel Ingot, Billets (including Wire rods & Wires Rolled under Conversion agreement), and Special Castings etc. Tayo operates a Mini Blast Furnace for manufacture of Pig Iron under Conversion Agreement with Tata Steel.

A. Background

The Company has been making moderate profits since inception. To meet the changing customers’ requirements in Cast Rolls, and diversify into Forged Roll manufacture for Cold Roll Mills, the Company decided to set up facilities for manufacture of Forged products, as well as to upgrade its Cast Roll business. Due to the unprecedented downturn during the Global Economic Crisis in 2008, the Forged Roll Project faced time and cost overruns.

Since 2008-09, the Company has been making losses due to multiple reasons, including delay in the setting of Forged Roll Project, and delayed technology absorption for next generation Rolls. The challenges faced by the Company include failure of key assets, poor infrastructure facilities, and poor quality performance. The impact of low capacity utilization and interrupted production was significant, as it has lowered the operating efficiency. Moreover, there was an adverse impact of high unabsorbed depreciation and interest costs on the financials of the Company.

In such an adverse situation, apart from the technical and managerial support, the Promoter(s) have also extended substantial financial support. The Company invested these resources to improve asset reliability and infrastructure, reduce cost, improve quality, strengthen human resources, repay debts, and improve working capital.

Despite the relentless efforts, with continued support from all stakeholders, especially the Promoter(s), the Company could not perform and achieve its planned production and turnover, due to changes in external and internal environment, and continued sub optimal performance. The Company has had to take impairment during the previous years.

In Q3 FY16, the net worth of the Company had eroded. The financial statements of the Company were not prepared on a going concern basis. The assets have been stated at the lower of their historic cost and estimated net realizable values, and the liabilities have been stated at the values at which they are expected to be discharged.

Considering the negative net worth, continued cash losses, inability to meet future financial obligations, and other related factors, the Board of Directors at their meeting held on 12.02.2016, had decided to refer the Company to the BIFR under First Proviso to Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985. Accordingly, the reference was made by the Company on 29.02.2016, which was registered on 23.03.2016 as case number (48/2016). The first hearing was held on 24.11.2016.

The Roll industry, which caters mainly to the steel industry, is also reeling under stress. Roll making units, globally, are under financial stress. As a result, the Roll business as a whole, has been performing sub-optimally and incurring cash losses.

Under the aforesaid circumstances, on 26.05.2016, the Board of Directors decided to suspend the Company's Operations in a phased wise manner, and introduced Voluntary Separation Scheme (VSS) for the employees.

Considering the facts as explained above, the Board of Directors had decided to file application for Closure of operations under Section 25-O of the Industrial Disputes Act, 1947, seeking approval for the Closure of operations. However, the application was rejected by the Jharkhand Government on 27.10.2016. The Company has filed a Writ petition in the Jharkhand High Court against the rejection order, which is still pending at the High Court.

The performance trend of the Company based on audited financial statements is as follows:

	(Rs. Crore)									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Turnover (Net)	170.44	132.56	133.85	139.79	179.37	152.82	143.01	127.88	52.66	0.93
EBITDA	-9.93	-3.10	-15.20	-16.23	0.45	-14.51	-30.91	-38.89	-33.96	-17.76
PBT	-18.39	-11.53	-30.44	-53.12	-33.74	-75.04	-67.63	-156.88	-82.95	-25.66

As on 31.03.2018, the accumulated losses of the Company is approximately Rs 514 crore (Rs five hundred fourteen crore).

B. Current Status

SICA has been repealed with effect from 1.12.2016, vide Ministry of Finance Notifications S.O. 3568 (E) & S.O. 3569 (E) dated November 25, 2016 and all the references or inquiry pending before the BIFR and/ or AAIFR have stood abated. TAYO had therefore applied for initiation of Corporate Insolvency Resolution Process (CIRP) u/s 10 of IBC 2016 on 13th Jul, 2017 before NCLT, Kolkata. The NCLT has however rejected the application filed u/s 10 on technical grounds. The Company has filed appeals before the National Company Law Appellate Tribunal (NCLAT). The matter is sub judice.

Recently IBC' 2016 has been amended by way of The Insolvency and Bankruptcy Code (Amendment) Ordinance 2018 on 6th June 2018. One of the major changes brought about is the amendment to Section 10 of the IBC 2016 which provides that for a corporate applicant to initiate CIRP, they shall along with the application, furnish the special resolution passed by the shareholders, in addition to other documents as required.

Employees:

The Company has offered Voluntary Separation Scheme (VSS) to its employees with effect from June 01, 2016 at regular intervals. The separation scheme also includes compensation in lieu of medical facilities and housing, besides regular retiral benefits. The Company has not been able to pay wages to employees on rolls since October 2016.

Financial Creditors:

Banks:

There are no dues to bankers except the outstanding bank guarantees of Rs 5.87 Crs which is secured by way of term deposits placed with bankers.

Tata Steel Limited:

Tata Steel has also funded the Company placing unsecured inter-corporate deposits (ICD) to the extent of Rs. 67.00 Crore (Rupees sixty seven crores only) besides infusion of funds through non-cumulative redeemable preference shares. The Company also has not been able to repay the ICD amount as well as interest thereon.

Operational Creditors:

The Company has endeavored for one-time settlement with the trade creditors on negotiated basis with the funds from the Promoter, to the extent possible. However, as on 30.06.2018, the Company is in default towards payment of its outstanding dues to various creditors, which includes trade creditors, customers, state electricity board etc amounting to Rs 296 crores.

In view of the above, it is hereby proposed to seek your approval for initiation of the Corporate Insolvency Resolution Process under section 10 of Insolvency & Bankruptcy Code, 2016 (IBC) as amended.

According to the provisions of Section 188 of the Companies Act, 2013 read with Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all entities falling under the definition of "Related Party" under Section 2(76) of the Companies Act, 2013, irrespective of the fact whether the entity is a related party to the transaction or not, shall abstain from voting on the above mentioned resolutions.

The proposed resolutions are in the interest of the Company, and your Directors commend resolutions at Item No. 1 for your approval. None of the Directors and the Key Managerial Personnel of the Company including their relatives are concerned or interested in aforesaid resolutions.

Jamshedpur
July 9, 2018

By the order of the Board of Directors
K. Shankar Marar
Director