

Deloitte Haskins & Sells

Chartered Accountants
Bengal Intelligent Park
Building Alpha, 1st Floor
Block - EP & GP, Sector - V
Salt Lake Electronics Complex
Kolkata - 700 091
India

Tel. : +91 (33) 6612 1000
Fax : +91 (33) 6612 1001

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TAYO ROLLS LIMITED

1. We have audited the accompanying Statement of Financial Results of **TAYO ROLLS LIMITED** ("the Company") for the year ended 31 March, 2016 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared on the basis of the related financial statements which is in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement.
2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to determine whether the amounts and the disclosures in the Statement are in accordance with the accounting standards. The audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**Deloitte
Haskins & Sells**

3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
- (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - (ii) gives a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India, of the loss and other financial information of the Company for the year ended 31 March, 2016.
4. The Statement includes the results for the Quarter ended 31 March, 2016 being the balancing figure between audited figures in respect of the full financial year and the audited year to date figures up to the third quarter of the current financial year.
5. We draw attention to Note 'c' of the Statement wherein it is indicated that, the Company has accumulated losses and its net worth has been fully eroded. The Company has incurred a net loss during the current and previous years and the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 'c', indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Accordingly, the financial statements of the Company have not been prepared on a going concern basis for the reasons stated in the said Note. The assets have been stated at the lower of their historic cost and estimated net realisable values and the liabilities have been stated at the values at which they are expected to be discharged.
- Our report is not modified in respect of this matter.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)



Alka Chadha

Partner

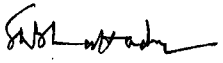
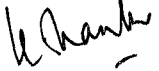
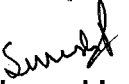

(Membership No. 93474)

FORM A

(for audit report with un-modified opinion)

[Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements] Regulations, 2015

1.	Name of the Company	TAYO ROLLS LIMITED
2.	Annual Financial Statements for the year ended	31 March, 2016
3.	Type of Audit Observation	<p>Emphasis of Matter - Paragraph inserted in Auditor's report of financial results</p> <p>We draw attention to Note 'c' of the Statement wherein it is indicated that, the Company has accumulated losses and its net worth has been fully eroded. The Company has incurred a net loss during the current and previous years and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 'c', indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Accordingly, the financial statements of the Company have not been prepared on a going concern basis for the reasons stated in the said Note. The assets have been stated at the lower of their historic cost and estimated net realisable values and the liabilities have been stated at the values at which they are expected to be discharged.</p> <p>Our report is not modified in respect of this matter.</p> <p>Note (c) of the financial results referred to in the Emphasis of matter paragraph</p> <p>The Company has incurred a loss of Rs. 15,688 lakhs during the year ended 31 March, 2016 (incurred a loss of Rs. 6,762 lakhs during the year ended 31 March, 2015), and the accumulated losses as on date amounting to Rs. 40,462 lakhs has eroded the net worth of the Company. The Company's current liabilities exceeds its current assets by Rs. 14,877 Lakhs.</p> <p>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 and these financial statements have been prepared on a realisable value basis. Accordingly, the assets have been stated at the lower of their historic cost and estimated net realisable value and the liabilities have been stated at the values at which they are expected to be discharged. A loss of Rs. 8,914 lakhs, classified as exceptional item, has been recognised as the difference between the realisable values and the historical carrying amounts of these assets and liabilities. The Board of Directors had referred the Company to the Board for Industrial and Financial Reconstruction (BIFR) as required under the First proviso of</p>

		section 15 (1) of The Sick Industrial Companies (Special Provisions) Act, 1985 and the Company was registered with BIFR on 23 March, 2016. Further, the Board of Directors of the Company in its meeting held on 26 May, 2016 has approved a Voluntary Separation Scheme for employees and a phase wise suspension of operations.
4.	Frequency of Observation	The said matter has been reported by the Auditors for the first time during the year ended 31 March, 2016.
5.	Signed by -	
	Audit Committee Chairman	 Dr. S. K. Bhattacharyya (DIN - 00026534) Chairman - Audit Committee Place : Kolkata Date : 26 May, 2016.
	Managing Director	 K. Shankar Marar (DIN - 06656658) Managing Director Place : Kolkata Date : 26 May, 2016.
	Chief Financial Officer	 Suresh Padmanabhan Dy. Chief Financial Officer Place : Kolkata Date : 26 May, 2016.
	Auditor of the Company	Refer our Audit Report dated 26 May, 2016 on the financial statements of the Company <p style="text-align: right;">For Deloitte Haskins & Sells Chartered Accountants (Firm's Registration No. 302009E)</p>  Alka Chadha Partner (Membership No. 93474) Place : GURGAON Date : 26 May, 2016

TAYO ROLLS LIMITED
Registered Office : Annex - 2, General Office, Tata Steel Limited, Jamshedpur- 831 001, INDIA
Corporate Identity Number : L27105JH1968PLC000818
Web site: www.tayo.co.in E-mail Id: tayoregd@tayo.co.in

STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH, 2016

PART I		<i>Rupees in Lakhs</i>				
	Particulars	3 months ended 31.03.2016	Preceding 3 months ended 31.12.2015	Corresponding 3 months ended in the previous year 31.03.2015	Year ended 31.03.2016	Previous year ended 31.03.2015
		(See note 'f' below)	(See note 'f' below)	(See note 'f' below)	(Audited)	(Audited)
1	Income from operations					
	a) Net sales/income from operations (net of excise duty)	2,378	3,110	3,893	12,203	13,463
	b) Other operating income	94	98	(14)	407	707
	Total income from operations (net)	2,472	3,208	3,879	12,610	14,170
2	Expenses					
	a) Cost of materials consumed	572	889	984	4,593	5,034
	b) Purchases of stock-in-trade	-	-	9	-	43
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,211	355	630	629	(65)
	d) Employee benefits expense	1,081	860	1,114	3,953	3,865
	e) Depreciation and amortisation expense	381	390	320	1,541	1,305
	f) Consumption of stores	261	588	415	1,964	2,108
	g) Power and fuel	421	452	606	2,221	3,026
	h) Other expenses	653	1,006	1,210	3,317	3,380
	Total expenses	4,580	4,540	5,288	18,218	18,696
3	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	(2,108)	(1,332)	(1,409)	(5,608)	(4,526)
4	Other income	20	9	60	178	131
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	(2,088)	(1,323)	(1,349)	(5,430)	(4,395)
6	Finance costs	395	360	356	1,344	1,573
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(2,483)	(1,683)	(1,705)	(6,774)	(5,968)
8	Exceptional items	1,126	7,788	794	8,914	794
9	Profit / (Loss) from ordinary activities before tax (7 - 8)	(3,609)	(9,471)	(2,499)	(15,688)	(6,762)
10	Tax expenses	-	-	-	-	-
11	Net Profit / (Loss) from ordinary activities after tax (9 + 10)	(3,609)	(9,471)	(2,499)	(15,688)	(6,762)
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	Net Profit / (Loss) for the period (11+12)	(3,609)	(9,471)	(2,499)	(15,688)	(6,762)
14	Paid-up equity share capital (Face value of Rs. 10.00 each)	1,026	1,026	1,026	1,026	1,026
15	Reserves excluding revaluation reserves as per balance sheet of previous accounting year				(35,020)	(19,332)
16	Earnings Per Share (EPS)					
	i) Basic and diluted EPS before extraordinary items (not annualised)	(35.17)	(92.30)	(24.36)	(152.89)	(65.90)
	ii) Basic and diluted EPS after extraordinary items (not annualised)	(35.17)	(92.30)	(24.36)	(152.89)	(65.90)

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SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE QUARTER AND YEAR ENDED 31 MARCH, 2016

Rupees in Lakhs

Particulars	3 months ended 31.03.2016	Preceding 3 months ended 31.12.2015	Corresponding 3 months ended in the previous year 31.03.2015	Year ended 31.03.2016	Previous year ended 31.03.2015
	(See note 'f' below)	(See note 'f' below)	(See note 'f' below)	(Audited)	(Audited)
1. Segment Revenue					
(a) Roll	1,432	2,594	3,132	9,222	11,656
(b) Pig iron	648	383	389	2,342	1,562
(c) Ingot	328	448	360	2,142	1,978
(d) Engg forgings	392	139	249	1,060	746
(e) Unallocable	20	144	62	178	125
Total	2,820	3,708	4,192	14,944	16,067
Less: Inter segment revenue	328	491	253	2,156	1,766
Net sales / income from operations	2,492	3,217	3,939	12,788	14,301
2. Segment results Profit/(Loss) before tax and interest from each segment					
(a) Roll	(1,686)	(1,242)	(989)	(4,767)	(3,632)
(b) Pig iron	(191)	113	96	139	175
(c) Ingot	(78)	(110)	(112)	(282)	(294)
(d) Engg forgings	(148)	(210)	(254)	(644)	(600)
Total	(2,103)	(1,449)	(1,259)	(5,554)	(4,351)
(i) Finance costs	395	360	356	1,344	1,573
(ii) Exceptional items (Net)	1,126	7,788	794	8,914	794
(iii) Unallocable expenses (net off unallocable income)	(15)	(126)	90	(124)	44
Total Profit / (Loss) before tax	(3,609)	(9,471)	(2,499)	(15,688)	(6,762)
3 Capital employed (Segment assets - Segment liabilities)					
(a) Roll	225	4,548	12,051	225	12,051
(b) Pig iron	987	680	871	987	871
(c) Ingot	687	904	3,219	687	3,219
(d) Engg forgings	282	604	2,659	282	2,659
(e) Unallocable assets (net)	(11,075)	(12,022)	(13,606)	(11,075)	(13,606)
Total	(8,894)	(5,286)	5,194	(8,894)	5,194

Notes:

(a) In accordance with the approval of shareholders at the extra-ordinary general meeting held on 12 May, 2014, the Company has allotted 1,600,000, 8.50% Non- cumulative Redeemable Preference Shares of Rs. 100 each on preferential basis to Tata Steel Limited, the promoters of the Company.

(b) Consequent to the judgment dated 2 May, 2013 of Honourable Jharkhand High Court with regard to the applicability of power tariff structure on the Company's Induction Furnace Unit from January 2000, the Jharkhand State Electricity Board (JSEB) had raised rectified energy bill dated 10 June, 2013 for Rs. 27,203 lakhs (later claim revised to Rs. 26,361 lakhs). The rectified energy bill was challenged separately before the Honourable Jharkhand High Court. The Company has also contested the judgment dated 2 May, 2013 on the applicability of power tariff structure by way of filing an appeal (Letters Patent Appeal) before the Honourable Jharkhand High Court which has been admitted on merit on 3 July, 2013. The demand raised by JSEB has been considered as contingent liability in the financial statements.

JSEB had also initiated certificate proceedings for recovery of Rs. 26,361 lakhs against the Company and Board of Directors, which was challenged before the Certificate Officer. The Certificate Officer in his Order dated 12 December, 2015 has absolved the directors from any liability to the extent the Certificate amount is considered. He also directed JSEB to raise revised bills and the Company to pay the same within 15 days of the Order. JSEB has raised the revised bill dated 24 December, 2015 for Rs. 21,804 lakhs. The Company has also challenged the Order dated 12 December, 2015 of the Certificate officer before the Division Bench of the Jharkhand High Court.

On December 18, 2015, the Division Bench of Jharkhand High Court has passed its Order that "No Coercive Action" shall be initiated against the Company during pendency and final hearing of these Appeals.

(c) The Company has incurred a loss of Rs. 15,688 lakhs during the year ended 31 March, 2016 (incurred a loss of Rs. 6,762 lakhs during the year ended 31 March, 2015), and the accumulated losses as on date amounting to Rs. 40,462 lakhs has eroded the net worth of the Company. The Company's current liabilities exceeds its current assets by Rs. 14,877 lakhs.

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 and these financial statements have been prepared on a realisable value basis. Accordingly, the assets have been stated at the lower of their historic cost and estimated net realisable value and the liabilities have been stated at the values at which they are expected to be discharged. A loss of Rs. 8,914 lakhs, classified as exceptional item, has been recognised as the difference between the realisable values and the historical carrying amounts of these assets and liabilities. The Board of Directors had referred the Company to the Board for Industrial and Financial Reconstruction (BIFR) as required under the First proviso of section 15 (1) of The Sick Industrial Companies (Special Provisions) Act, 1985 and the Company was registered with BIFR on 23 March, 2016. Further, the Board of Directors of the Company in its meeting held on 26 May, 2016 has approved a Voluntary Separation Scheme for employees and a phase wise suspension of operations.

(d) The auditors in their auditor's report for the quarter and nine months ended 31 December, 2015 had given a qualification stating that in the absence of any external valuation of realisable values and sufficient evidence to support that all adjustments to liabilities and recorded assets had been identified and made, there may be other adjustments required to adjust realisable values of reported assets and liabilities or record additional liabilities.

During the current quarter the Company has completed the assessment to identify the necessary adjustments to the assets and liabilities and has recorded the necessary adjustments during the quarter ended 31 March, 2016.

(e) The above financial results were reviewed by the Audit Committee at their meeting held on 25 May, 2016 and approved and taken on record by the Board of Directors of the Company at their meeting held on 26 May, 2016.

(f) The figures for '3 months ended 31.03.2016' are the balancing figures between audited figures in respect of the full financial year ended 31 March, 2016 and audited year to date figures up to 31 December, 2015. Figures for the '3 months ended 31.12.2015' are the balancing figure between the audited figures in respect of audited figures for nine months ended 31 December, 2015 and the unaudited figures up to 30 September, 2015. Figures for the '3 months ended 31.03.2015' are the balancing figures between audited figures in respect of the full financial year and unaudited year to date figures up to 31 December, 2014.

(g) Figures for corresponding period/previous year have been reclassified, wherever necessary.

For TAYO ROLLS LIMITED


(K. Shankar Marar)

TAYO ROLLS LIMITED

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THE STATEMENT OF ASSETS AND LIABILITIES IS AS FOLLOWS:

Rupees in Lakhs

Particulars		As at 31 March, 2016	As at 31 March, 2015
		Audited	Audited
A	EQUITY AND LIABILITIES		
	Shareholders' funds		
	(a) Share Capital	26,126	24,526
	(b) Reserves and surplus	(35,020)	(19,332)
	Sub-total - Shareholders' funds	(8,894)	5,194
	Non-current liabilities		
	(a) Long-term borrowings	398	1,990
	(b) Long-term provisions	751	1,649
	Sub-total - Non-current liabilities	1,149	3,639
	Current liabilities		
(a) Short-term borrowings	10,646	7,907	
(b) Trade payables	4,185	4,306	
(c) Other current liabilities	5,959	5,767	
(d) Short-term provisions	1,763	960	
Sub-total - Current liabilities	22,553	18,940	
	TOTAL - EQUITY AND LIABILITIES	14,808	27,773
B	ASSETS		
	Non-current assets		
	(a) Fixed assets	6,302	15,327
	(b) Non-current investments *	-	-
	(c) Long-term loans and advances	830	1,209
	Sub-total - Non-current assets	7,132	16,536
	Current assets		
	(a) Inventories	3,752	5,720
	(b) Trade receivables	2,956	4,232
	(c) Cash and cash equivalents	509	587
(d) Short-term loans and advances	393	642	
(e) Other current assets	66	56	
Sub-total - Current assets	7,676	11,237	
	TOTAL - ASSETS	14,808	27,773

* Non current investments

Rs. 0.14 Lakhs

Rs. 0.14 Lakhs

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