
TATA bail out Tayo Rolls rights issue

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ET reported that after Indian Hotels, TATA Motors and TATA Investment Corporation, the TATA Group, has bailed out the rights issue of yet another group company.

Tayo Rolls, the group's steel rolls manufacturing company had received subscription for only about 50% of its INR 60 crore rights issue, prompting the promoters including TATA Steel, TATA Industries and Japanese partner Yodogawa Steel Works to pick up the unsubscribed portion.

As per report, this has resulted in TATA Steel hiking its stake significantly from 36.5% to 54.5% and the Japanese company from a little over 10% to 15%. Other promoters hold 3% stake. With this, Tayo Rolls has become a subsidiary of TATA Steel.

According to information available with Delhi based primary market research firm Prime Database, Tayo Rolls' rights issue received subscription of only 48.9% of the size while the remaining portion has been picked up by the promoters.

Tayo Rolls had allotted a total of 47.9 million shares at a price of INR 126 per share in the ratio of 7 shares for every eight shares held by the existing shareholders. Post rights, the combined promoter holding has jumped to 73% from 50%.

Mr G Vaidyanathan secretary of Tayo Rolls company said that "Very few public shareholders subscribed to the offer."

A senior executive with TATA Steel said that the move is strategic. He said that "Rolls are very integral to a steel company's operations. In the long term, this move to hike our stake will keep costs down and also boost availability." Just 6 months ago, the local steel industry was facing a shortage of forged rolls and had to import most of its requirements.

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