

**ANNUAL REPORT
1999 - 2000**

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STI PRODUCTS INDIA LIMITED

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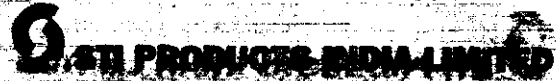
DIRECTORS : Dr. R.B. Baheti-Executive Chairman
Mr. K.N. Garg
Mr. P.N. Mehra

AUDITORS : M/s. Brahmayya & Co.
Chartered Accountants
Khivraj Mansion
10/2, Kasturba Road
BANGALORE - 560001.

BANKERS : Canara Bank,
Industrial Finance Branch,
83, Richmond Road,
BANGALORE - 560025.

REGISTERED OFFICE : II Floor, Vinayaka Complex,
44/45, Residency Road Cross,
BANGALORE - 560025.

FACTORY : Whitefield Road,
Mahadevapura Post,
BANGALORE - 560048.



NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Members of STI Products India Limited will be held on 29th September, 2000 at 4.30 p.m. at Hotel Ajantha, M.G. Road, Bangalore - 560 001 to transact the following business ;

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2000 and the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. P.N. Mehra who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration.

By order of the Board of Directors
for STI PRODUCTS INDIA LIMITED

(Dr. R.B. BAHETI)
Executive Chairman

Bangalore
28th June, 2000

NOTES:

1. A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member. The Proxy Form, in order to be effective, must be duly signed and should reach the Company at the Registered Office atleast 48 hours before the time fixed for the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 16.09.2000 to 29.09.2000 (both days inclusive).
3. Any change of address of the Members may please be notified to the Company quoting their Registered Folio.
4. Members are requested to send their queries, if any, relating to the Annual Accounts and Reports atleast one week prior to the date of meeting.



DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the Twenty Sixth Annual Report of the Company with the Audited Statement of accounts for the year ended 31st March, 2000.

1. FINANCIAL RESULTS

The Financial Results of the Company for the year are as under :

	Year ended 31.03.2000 (Rs. in lakhs)	Year ended 31.03.1999 (Rs. in lakhs)
Sales and other Income	1098.21	3052.30
Gross Operating Profit	145.45	224.31
Less : Interest & Finance charges	71.32	158.38
Profit before Depreciation & Taxation	74.13	65.93
Less : Depreciation	37.15	38.40
Profit before Taxation	36.98	27.53
Less : Provision for Income Tax (including prior years)	21.89	9.50
Profit after Taxation	15.09	18.03
Deferred payment expenditure	11.74	11.74
Balance of current year's Profit	3.35	6.29
Balance of Profit of earlier years	133.64	127.35
Amount available for appropriation	136.99	133.64
Transferred to General Reserve	—	—
Balance carried to Balance Sheet	136.99	133.64

2. OPERATIONS :

The sales and Other Income for the financial year under review is Rs.1,117 lacs as against Rs.3,052 lacs for the previous year. The drop in sales is mainly on account of the strategic alliance with M/s. Tube Investments of India Limited (TIIL). As you are aware, the Company has entered into processing arrangements with M/s. Tube Investments of India Limited (TIIL) and the arrangements has been working satisfactorily. The profitability for the year has been Rs.15.09 lacs (as compared to Rs.18.03 lacs of the previous year) mainly on account of Profit on sale of assets. The operations of the Company suffered during the year on account of industrial unrest at the plant whereby the operations were not there from 13.10.1999 to 15.12.1999.

3. DIVIDENDS :

Your Directors do not recommend any dividend on Equity Shares on account of reduced profitability for the year.



4. Y2K COMPLIANCE :

The Company has become Y2K Compliant.

5. PROSPECTS FOR THE CURRENT YEAR :

With the processing arrangement with Tube Investments of India Limited, your company's operations are at full levels and resultantly the performance of the Company in the current year, barring unforeseen circumstances is expected to be satisfactory.

6. DIRECTORS :

Mr. P.N. Mehra, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

7. AUDITORS:

You are requested to appoint Auditors for the current year and authorise the Board to fix their remuneration.

M/s. Brahmayya & Co., Auditors of your Company will retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. As required under Section 224 of the Companies Act, 1956, the present Auditors have furnished the necessary certificate.

8. DEPOSIT :

Your Company has not accepted any Deposits from the Public within the meaning of Section 58A of the Companies Act, 1956 and Rules made thereunder.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosures of particulars in report of the Board of Directors) Rules 1988, is given in Annexure - 1, forming part of this report.

10. PARTICULARS OF EMPLOYEES :

Information as per Section 217(2A) of the Companies Act, 1956, read with (Particulars of Employees) Rules 1975 as amended, is Nil as no employee received remuneration in excess of the limits laid down.

11. ACKNOWLEDGEMENT :

The Directors have pleasure in recording their appreciation of the continued assistance and co-operation extended to the Company by the State/Central Government, Financial Institutions and Banks as also the customers, suppliers and others.

The Directors also wish to record their appreciation of sincere and dedicated services rendered by the employees of the Company at all levels.

By order of the Board of Directors
for STI PRODUCTS INDIA LIMITED

(Dr. R.B. BAHETI)
Executive Chairman

Bangalore
28th June, 2000



ANNEXURE - I

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

In accordance with the Companies (Disclosures of particulars in report of the Board of Directors) Rules 1988.

A. CONSERVATION OF ENERGY :

The Company has taken measures for conservation of energy as a matter of policy continually.

Form for disclosure of particulars with respect to conservation of energy.

Power and Fuel Consumption :	1999-2000	1998-1999
1. Electricity		
a. Purchases		
i) Unit (KWH)	622,080	751,056
ii) Total amount (Rs.)	2,844,223	3,464,805
iii) Rate per Unit (Rs.)	4.57	4.61
b. Own Generation through Diesel Generator		
i) Unit (KWH)	138,156	313,740
ii) Total amount (Rs.)	466,420	1,005,742
iii) Cost/Unit of Diesel Oil (Rs.)	3.38	3.20
2. Consumption per unit of Production		
Electricity / DG		
Tube (KWH/M.T.)	105.67	102.98
Tensioners (KWH/Pcs)	—	—

B. TECHNOLOGY ABSORPTION :

1. The Company uses indigenous technology and this is being improved upon on a day to day basis using practical experience.
2. The Company does not spend large amounts on Research and Development, yet as a part of quality control and assurance measures, basic thrust on Research and Development continues to be maintained.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

The Foreign Exchange earnings and outgo during the year under review are as under :

	1999-2000	1998-1999
a. Earnings		
FOB Value of Exports	—	8.74
b. Outgo :		
CIF Value of Imports of Raw Materials and Consumable Stores	—	77.49
Foreign Travel	—	—
Commission on Sales	—	0.73