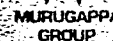


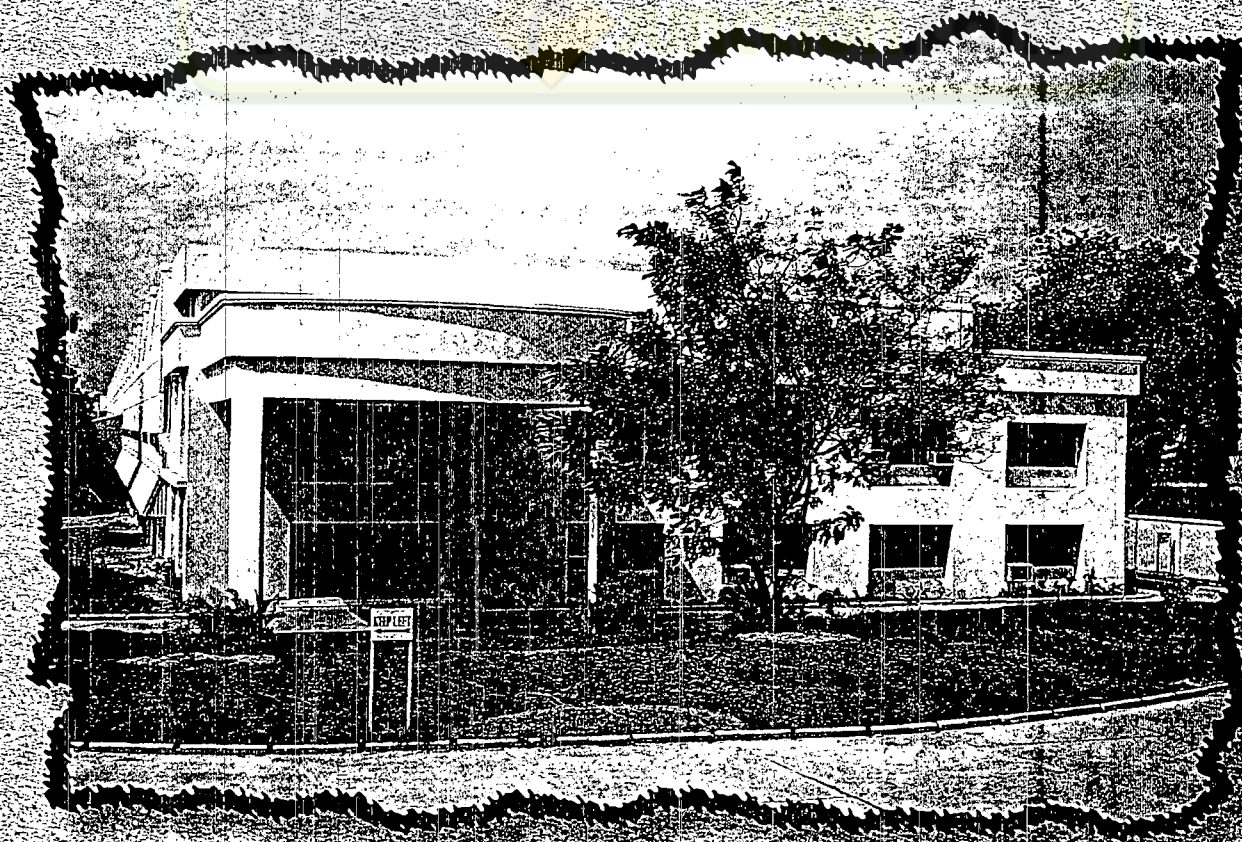
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CS	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RC	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	DIR	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHV	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

Tube Investments of India Limited





Wide Width Cold Rolling Mill



TPI (EOU) - Exterior view



M V ARUNACHALAM

July 19, 1929 - September 4, 1996

MVA or Mr. MV, as M V Arunachalam was fondly known, was that rare breed of individuals who have the desire, the ability and the commitment to build and sustain institutions. Their lives extend beyond their own self and encompass the entire community. One such institution that he built was the Tube Investments of India Ltd.

MVA gained his business experience by moving through the corporate ladder of TII. In 1969 he took over as the Managing Director of your Company and remained in this position till 1991. In this year he became the Vice Chairman and Managing Director of TII. In 1995, when Mr. AMM Arunachalam decided to withdraw from active corporate life, MVA took over as the Chairman and Managing Director of TII. MVA was also the Chairman of EID Parry since 1981 and was instrumental in effecting the impressive turnaround of this Company.

While TII remained a commitment, MVA's boundless energy made him pursue varied activities. He was a passionate seeker of knowledge. This trait of his made him a sought after speaker at various forums where he regaled the audience with wit and wisdom. His skilful handling of various associations viz. FICCI, Indo American Business,

Indo Japanese Council, etc., was widely acclaimed. Recognising his contribution, MVA was conferred with the Order of the Sacred Treasure, Gold and Silver Star by the Japanese Government. As Director of the Central Board of RBI and ICICI, MVA played a critical role in directing policies that are now recognised as foundations of the liberalised framework. He was also Chairman of several public sector undertakings including Neyveli Lignite Corporation, Madras Fertilisers Ltd. and Tamil Nadu Industrial Investment Corporation.

Apart from the many achievements in the corporate life, MVA remained a gentle, quiet, unassuming and large hearted man. He treated everybody with a natural courtesy that not only put them at ease but reflected his genuine respect for fellow human beings. His strong sense of ethics and values and his commitment towards society as a whole made him active in many social causes. MVA was a good man - a man who lived his life in a manner that does mankind proud.

It is with deep reverence and inspiration that we, the TII family, rededicate ourselves to our task with the belief that MVA's example would always inspire us to improve.

TUBE INVESTMENTS OF INDIA LIMITED

CONTENTS

	Page
Board of Directors	3
Notice to Shareholders	4
Financial Highlights	6
Directors' Report	7
Auditors' Report	14
Balance Sheet	16
Profit and Loss Account	17
Schedules to Accounts	18
Balance Sheet Abstract and Company's General Business Profile	31
Cash Flow Statement	32
Statement pursuant to Section 212	34
Subsidiary Companies	
Teeaye Investments Ltd	35
Parry Overseas Ltd	40
Empeno B.V.	42
Chandni Pensioenmaatschappij N.V.	42



TUBE INVESTMENTS OF INDIA LIMITED

ANNUAL REPORT 1996 - 97

CHAIRMAN EMERITUS

A.M.M. ARUNACHALAM

BOARD OF DIRECTORS

M.V. SUBBIAH
Chairman

R.J.M. FISHER
(Alternate AMAL GANGULI)

K. GANESAN
Nominee of UTI

A.R. JAGANNATHAN

D. JAYAVARTHANAVELU

M. NARASIMHAM

RAM V. TYAGARAJAN

A. VELLAYAN
Managing Director

PRESIDENT

A. HYDARI

COMPANY SECRETARY

V. MADAN

REGISTERED OFFICE

"TIAM HOUSE", 28 Rajaji Salai, Chennai 600 001

FACTORIES

Cycles Division:

TI Cycles of India, Plant I

Bicycle Components Group, Ambattur, Chennai

TI Cycles of India, Plant II, Paruthipet, Chennai

Engineering Division:

Tube Products of India, Avadi, Chennai

Tube Products of India, Shirwal, Satara District

Roll Form Division:

TI Metal Sections, Nemilicherry, Chennai

TI Press Metal, Tarapore

AUDITORS

FRASER & ROSS

Chartered Accountants

BANKERS

American Express Bank Ltd

ANZ Grindlays Bank Ltd

Bank of America, N.T & SA

Bank of Baroda

Standard Chartered Bank

State Bank of India

The Hongkong & Shanghai Banking Corporation Ltd

TUBE INVESTMENTS OF INDIA LIMITED

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Forty-eighth Annual General Meeting of the shareholders of Tube Investments of India Limited will be held on Friday, the 29th August, 1997 at Rani Seethai Hall, 603 Anna Salai, Chennai-600 006 at 4.30 p.m. to transact the following business:

1. To receive, consider and adopt the Directors' Report, the Audited Profit and Loss Account for the financial year ended 31st March 1997 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare a final dividend.
3. To appoint a director in the place of Mr. A.R. Jagannathan who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and fix their remuneration. Messrs Fraser & Ross, the retiring Auditors are eligible for reappointment.

SPECIAL BUSINESS

5. To consider and if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution.

RESOLVED that Dr. Jayavarthanelu be and is hereby appointed as Director liable to retirement by rotation.

6. To consider and if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution.

RESOLVED that Mr. Ram V Tyagarajan be and is hereby appointed as Director liable to retirement by rotation.

7. To consider and if deemed fit to pass with or without modification the following resolution as an Ordinary Resolution:

RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956

(A) to the Board of Directors of the Company for mortgaging and/or charging all the immovable and moveable properties of the Company wheresoever situate, present and future and whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of all or any of the following viz.,

- (a) State Bank of India (SBI),
- (b) American Express Bank Ltd (AMEX)

to secure :

- (1) Term loan not exceeding Rs. 2200 lakhs (Rupees two thousand two hundred lakhs) lent and advanced by SBI to the Company

- (2) Term loan not exceeding Rs. 500 lakhs (Rupees five hundred lakhs) lent and advanced by AMEX to the Company

together with interest at the respective agreed rates, additional interest, liquidated damages, commitment charge, premium on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to SBI and AMEX in terms of their respective Loan Agreement / Heads of Agreement / Hypothecation Agreement / Letters of Sanction / Memorandum of Terms and Conditions, entered into / to be entered into by the Company in respect of the said Term Loans; and

(B) to the Board of Directors of the Company agreeing with all or any of the said SBI / AMEX in terms of their respective Loan Agreement / Heads of Agreement / Hypothecation Agreement / Letters of Sanction / Memorandum of Terms and Conditions, to reserve a right to take over the management of the business and concern of the Company in certain events.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with SBI / AMEX the documents for creating aforesaid mortgage and / or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolution.

By Order of the Board

CHENNAI
16th July, 1997

V. MADAN
Company Secretary

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. (Proxy form is annexed herewith). The proxy form duly completed must be sent so as to reach the company, not less than 48 hours before the commencement of the meeting.

2. The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of item Nos. 5 to 7 is annexed.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 19th August, 1997 to Friday the 29th August, 1997 (both days inclusive).

4. Members are requested to notify immediately any change in their address to the Company and details about their Bank Account No., Name of Bank, Bank's Branch name and address to enable the Company to draw dividend warrants payable accordingly.



5. Members are requested to quote Ledger Folio No. in all their correspondence.

6. Members having shares of the Company under more than one Ledger Folio are requested to send to the Company or to Transfer Agents the details of all such folios together with share certificates for consolidating the folios into one. The share certificates will be returned to the members after making requisite endorsement thereon.

7. The unclaimed dividend for final 1992-93 and Interim 1993-94 have been transferred to the General Revenue Account of

the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those shareholders who have not claimed the dividend so far for the abovesaid period may claim the same by preferring an application in Form No. II, prescribed under the Companies unpaid dividend transferred to General Revenue Account of the Central Government Rules, 1978 to the Registrar of Companies, Tamil Nadu, 'Shastri Bhavan', No. 26 Haddows Road, Chennai - 600 006. Shareholders needing further details in this regard may write to the Company's Registrars and the Share Transfer Agent viz., M.N. Dastur & Company Ltd., "Engineering Centre", 480, Anna Salai, Chennai 600 035.

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Items 5 & 6

Messrs. Jayavarthanavelu and Ram V Tyagarajan were co-opted as Additional Directors at the meeting of the Board of Directors held on 16th July 1997. In terms of Section 260 of the Companies Act, 1956 read with Article 99 they hold office upto the date of this Annual General Meeting.

Notice in writing as required under Section 257 of the Companies Act, 1956 together with requisite deposit has been received from member(s) proposing the candidature of Messrs. Jayavarthanavelu and Ram V Tyagarajan as Directors of the Company.

Dr. Jayavarthanavelu, Industrialist is Chairman and Managing Director of Lakshmi Machine Works Ltd. Mr. Ram V Tyagarajan, Industrialist is Chairman and Managing Director of Thiru Arooran Sugars Limited. Both Dr. Jayavarthanavelu and Mr. Ram V Tyagarajan are on the Board of several other companies and your company will greatly benefit by their rich and varied experience. The approval of the Shareholders is sought for their appointment as Directors of the Company.

Interest of Directors

Messrs. Jayavarthanavelu and Ram V Tyagarajan are deemed to be concerned or interested in the respective resolutions relating to their appointments. None of the other Directors is concerned or interested in the resolution.

Item 7

The Company has availed from State Bank of India and American Express Bank Ltd financial assistance in the form of following

term loan in connection with the wide width Cold Rolled Strip Project:

a) Rs. 22 Crores from State Bank of India; and

b) Rs. 5 Crores from American Express Bank Ltd

The above term loans need to be secured by creating a pari passu mortgage/charge on the assets of the Company as set out in the resolution under Item No.7.

Section 293 (1)(a) of the Companies Act, 1956 provides inter alia, that the Board of Directors of a Public Company shall not except with the consent of the Company in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking the whole or substantially the whole of any such undertakings. Since the mortgaging and / or charging by the Company of its immovable and movable properties in favour of Banks may be regarded as disposal of the Company's properties / undertakings, the approval of the members under Section 293 (1) (a) is required and accordingly the resolution has been set forth under item 7.

Interest of Directors

None of the Directors is concerned or interested in the said resolution.

By Order of the Board

CHENNAI
16th July, 1997

V. MADAN
Company Secretary

TUBE INVESTMENTS OF INDIA LIMITED

FINANCIAL HIGHLIGHTS

Rupees in Lakhs

	1987	1988	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
	(15 months)									
FINANCIAL POSITION AS AT YEAR END										
Fixed Assets	3206	3143	4614	5302	6485	7621	7984	12168	18617	23358
Investments	134	152	177	182	315	991	2617	8385	12306	9111
Net Current Assets	4469	4695	6247	8125	8623	11034	8391	17283	12381	15945
Total Assets	7809	7990	11038	13609	15423	19646	18992	37836	43304	48414
Share Capital	573	573	685	685	710	1077	1077	1667	2462	2462
Reserves	2842	3230	3754	4160	4635	6533	7083	24216	29392	30854
Net Worth	3415	3803	4439	4845	5345	7610	8160	25883	31854	33316
Loan Funds	4394	4187	6599	8764	10078	12036	10832	11953	11450	15098
Total Funds	7809	7990	11038	13609	15423	19646	18992	37836	43304	48414

OPERATING RESULTS FOR THE YEAR

Revenue	14117	16635	23776	24319	29956	35809	42208	50905	61186	61127
Profit before Finance Charges	1259	1524	1611	1692	2165	2534	2700	2973	3566	3869
Profit before tax	584	786	551	620	656	666	1122	3102	3226	2411
Profit after tax	404	536	551	620	656	631	882	2732	2796	2145
Dividend	115	138	190	169	171	194	323	503	631	616
	(20%)	(24%)	(30%)*	(25%)	(25%)*	(25%)*	(30%)	(32%)*	(32%)*	(25%)

* Prorata



DIRECTORS' REPORT

Your Directors have pleasure in presenting their Fortyeighth Annual Report together with Audited Accounts for the year ended 31st March 1997.

FINANCIAL RESULTS

	Rs. in lakhs	
	1996-97	1995-96
Sales	60005	60167
Operating profit	5592	4892
Less : Interest	1459	340
Depreciation	1616	1326
Extraordinary item -		
Voluntary retirement payment	106	—
Profit before tax	2411	3226
Less : Provision for tax	266	430
Profit for the year	2145	2796
Add : Surplus brought forward	1131	899
Profit available for appropriation	3276	3695
Less :		
Transfer to debenture redemption reserve	92	232
Transfer to general reserve	1500	1700
Interim dividend - 10% (last year 15%)	246	296
Final dividend - proposed 15% (last year 17%)	369	335
Tax on dividend distribution	62	—
Balance carried to balance sheet	1007	1132

Sales was marginally lower than 1995-96 due to slow down in the economy in the second half of 1996-97. However, operating profits have shown an improvement over the previous year as a result of various cost control measures, focus on higher value added products and ability to pass on price increases to customers in the cycles division. Profits have

shown a decline over the previous year mainly because of higher depreciation and interest on account of the investments in the Pune and EOU Plants, the benefits of which will accrue only in the coming years.

DIVIDEND

Your Board has already paid an interim dividend of Re. 1(10%) per equity share of Rs. 10 each. The Directors now recommend the payment of a final dividend of Rs.1.50 (15%) per equity share of Rs. 10 each, making a total dividend of Rs.2.50 per share (25%) on the enhanced capital for the full year.

OPERATIONS

Cycles Division

The Cycles division achieved sales volume of 19.2 lakhs bicycles during the year against 21.0 lakhs bicycles in 1995-96. Exports for 1996-97 was 300,050 bicycles against 359,000 in 1995-96. The lower volumes was due to demand recession both in the domestic and in the European market where strict tariff and non-tariff barriers were imposed particularly in France. This was offset by making inroads in new markets viz., Russia and the United States. Efforts are on to diversify the customer base in the existing markets and continue emphasis on new markets created viz., Russia and the United States.

The company continues to be a market leader in specials in the home market through product innovations and introduction of new models.

The division has embarked on a plan to reduce its costs by strategic sourcing, reduction in process costs and contain fixed overheads.

The manufacturing system redesign project commissioned recently will result in improved productivity.

Engineering Division

The Engineering Division achieved sales volume of 43274 metric tonnes of ERW/CDW tubes and 30233 metric tonnes of cold rolled strips during 1996-97 against 40093 and 29057 metric tonnes respectively during 1995-96. The profitability of the tubes division was affected as the Company could not pass on the input cost increases to customers. Steps are being taken to obtain price increase from the customers in the

TUBE INVESTMENTS OF INDIA LIMITED

current financial year. The division's investments in the EOU and Pune facilities enabled creating additional capacities and the current installed capacity is 82750 metric tonnes of ERW/CDW tubes. The benefits of these investments will accrue from the current financial year. Emphasis was on to increase the sales of value added CDW tubes over the previous years levels.

In the recent Finance Act the import duty reduction from 30% to 25% on import of CR coil would have an impact on the domestic producers of this product.

During 1996-97 exports recorded Rs. 12 crores against Rs. 10.5 crores during 1995-96.

The operations at Pune Plant which was commissioned in March 1996 and EOU plant commissioned in August 1996, have now stabilised.

The division is also implementing the project for manufacture of wide width cold rolled strips with a capacity of 55000 metric tonnes p.a. The first phase was commissioned in April 1997 and will become operational in August 1997.

With the commissioning of the EOU, exports is expected to rise from the current year onwards. In addition to the Asian Clearing Union countries, the division will be focussing on new markets in Europe, Australia and USA.

Roll Form Division

The Division achieved sales volumes of 22632 metric tonnes including 520 metric tonnes of exports as against 23445 metric tonnes (1278 metric tonnes of exports) during 1995-96. The drop in sales volume in 1996-97 was due to lower offtake by Pollution Control equipment manufacturers and building products manufacturers. This is as a result of the postponement of capital expenditure by customer industries. Conscious efforts are being made to increase the volume of value added products. Export maximisation efforts are also on by identifying new markets in the SAARC countries.

The division is implementing a project for manufacture of door frames for Maruti cars in Technical Collaboration with Edward Rose Ltd., UK. This is expected to be commissioned at a cost of Rs. 16.39 crores by January 1998.

MERGER OF ROLMOR CHAINS DIVISION WITH TIDC

The shareholders may recall that at the meeting convened by the High Court of Madras on 26th March 1997 they had approved the merger of Rolmor Chains Division of the Company with TI Diamond Chain Limited (TIDC) with effect from 30th September 1996 for a consideration of Rs.11 crores. The High Court of Madras by an Order dated 27th June 1997 has sanctioned the Scheme of Arrangement and accordingly all assets and liabilities of Rolmor Chains Division stand vested with TIDC with effect from 30th September 1996. The accounts of the Company under review therefore reflects the operations of Rolmor Chains Division only upto 29th September 1996.

DIRECTORS

Your Directors, with a sense of deep grief and loss, mourn the passing away of Mr. M.V. Arunachalam, Chairman and Managing Director of your Company on 4th September, 1996. The Board expresses its deepest condolences at the sad and untimely demise of Mr. M.V. Arunachalam and places on record its gratitude and appreciation of the invaluable services rendered by him during his association of over three decades.

Mr. M.V. Subbiah was elected Chairman of the Board of Directors at their meeting held on 21st November 1996.

During the year Mr. Kishore A Chaukar ceased to be a Director on ICICI withdrawing their nomination. Mr. Deepak S Parekh resigned from the Board on 30th May, 1997. The Board wish to place on record their grateful appreciation of the services rendered by Messrs. Kishore A Chaukar and Deepak S Parekh to the Company during their tenure of office.

Dr. Jayavarthanavelu and Mr. Ram V Tyagarajan were co-opted as Directors of your Company at the meeting of the Board of Directors on 16th July 1997. They hold office upto the ensuing Annual General Meeting. The Company has received notices under Section 257 of the Companies Act, 1956 from members proposing the candidatures of Dr. Jayavarthanavelu and Mr. Ram V Tyagarajan to the office of Director(s).

Mr. A. R. Jagannathan retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.