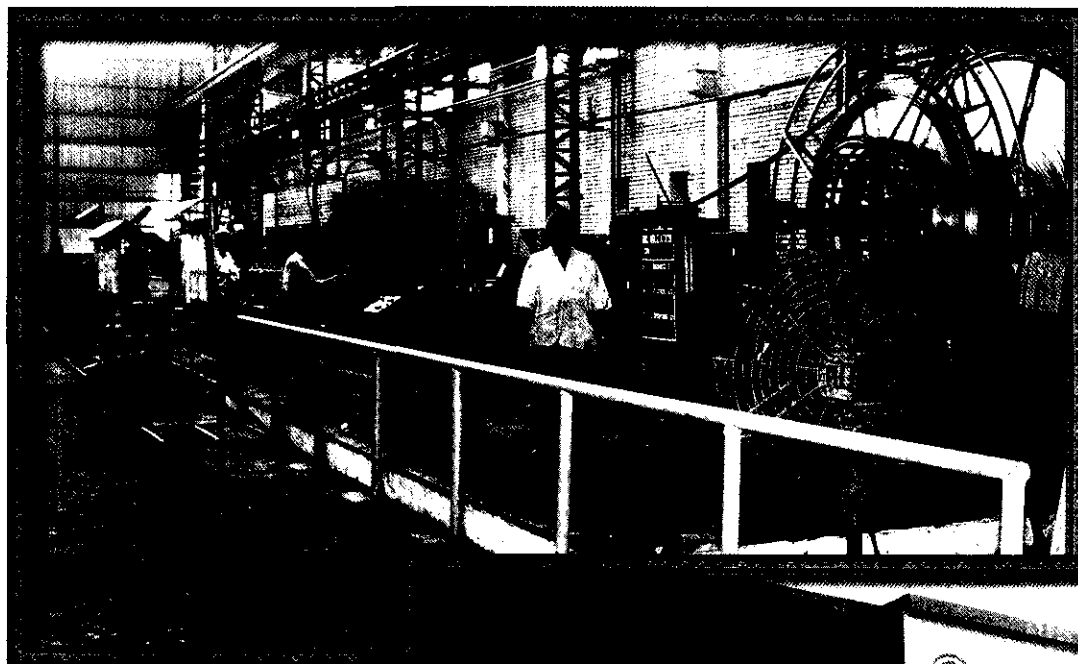




TUBE INVESTMENTS OF INDIA LIMITED

ANNUAL REPORT 1999-2000

Report  junction.com



Tube Products of India - Mohali
(Interior and exterior views)

ISO 9002 certification
awarded to TICI, Ambattur



Certificate of Approval

Awarded to

TI CYCLES OF INDIA,
A UNIT OF TUBE INVESTMENTS OF INDIA,
AMBATTUR, CHENNAI - 600 053, INDIA.

Bureau Veritas Quality International certify that the
Quality Management System of the above supplier
has been assessed and found to be in accordance
with the requirements of the quality
standards detailed below

QUALITY STANDARDS

ISO 9002:1994

SCOPE OF SUPPLY

MANUFACTURE AND SUPPLY OF, BICYCLES IN CKD & SKD KITS, SPARES,
ASSOCIATED COMPONENTS, SUB-ASSEMBLIES AND ACCESSORIES.

Original approval date: 8TH MARCH 2000

Subject to the continued satisfactory operation of the supplier's
Quality Management System, this Certificate is valid for a period of three years from:

8TH MARCH 2000

Date: 16TH MARCH 2000



For Bureau Veritas Quality International

Certificate No: 65969

SP06/B

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TUBE INVESTMENTS OF INDIA LIMITED

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BOARD OF DIRECTORS

M.V. SUBBIAH
Chairman
M.A. ALAGAPPAN
Vice Chairman
R.J.M. FISHER
(Alternate AMAL GANGULI)
K. GANESAN
Nominee of UTI
A.R. JAGANNATHAN
D. JAYAVARTHANAVELU
M. NARASIMHAM
RAM V TYAGARAJAN
D.M. SATWALEKAR
V.A. RAGHU
Managing Director

COMPANY SECRETARY

V. MADAN

REGISTERED OFFICE

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

FACTORIES

Cycles Division :
TI Cycles of India, Ambattur, Chennai
Bicycle Components Group, Ambattur, Chennai
Engineering Division:
Tube Products of India, Avadi, Chennai
Tube Products of India, Shirwal, Satara District
Tube Products of India, Mohali
Roll Form Division :
TI Metal Sections, Nemilicherry, Chennai
TI Metal Sections, Bawal

AUDITORS

FRASER & ROSS
Chartered Accountants

BANKERS

American Express Bank Ltd
ANZ Grindlays Bank
Bank of America, N.T & SA
Bank of Baroda
Standard Chartered Bank
State Bank of India
The Hongkong & Shanghai Banking Corporation Ltd



FINANCIAL HIGHLIGHTS

Five years financial highlights at a glance

Rupees in Lakhs

	95-96	96-97	97-98	98-99	99-00
OPERATING RESULTS					
Sales	60167	60005	60793	67735	97993
Profit before depreciation, interest and tax	4892	5486	5625	6475	9281
Profit before interest and tax	3565	3870	3655	4251	6322
Profit before tax (PBT)	3226	2411	1744	2150	4134
Profit after tax (PAT)	2796	2145	1601	2108	3284
Dividends	631	616	492	616	985
Dividend tax	-	62	49	65	108
Retained profits	2165	1467	1060	1427	2191
SOURCES AND APPLICATION OF FUNDS					
SOURCES OF FUNDS					
Share Capital	2462	2462	2462	2462	2462
Reserves and Surplus	29406	30854	31897	31859	34034
Net Worth	31868	33316	34359	34321	36496
Debt	11449	15098	14508	13623	18073
Funds Employed	43317	48414	48867	47944	54569
APPLICATION OF FUNDS					
Gross Fixed Assets	20935	25912	31055	36767	39168
Depreciation	7546	8588	10264	12356	13902
Net Fixed Assets	13389	17324	20791	24411	25266
Capital Work-in-progress	5227	6034	3538	501	667
Investments	12306	9111	8316	5268	6621
Gross Current Assets	26312	27738	28383	28830	39700
Current Liabilities and Provisions	13931	11793	12297	11969	18270
Net Current Assets	12381	15945	16086	16861	21430
Deferred Revenue Expenditure	14	-	136	903	585
Net Assets Employed	43317	48414	48867	47944	54569
RATIOS					
ROCE(%)#	8.23	7.99	7.48	8.87	11.59
PBIT to Sales(%)	5.93	6.45	6.01	6.28	6.45
PAT on Shareholders Funds(%)*	8.94	6.55	4.75	6.41	9.27
Earnings Per Equity Share(Rs.)	14.18	8.71	6.50	8.56	13.34
Dividend Per Equity Share(Rs.)	3.20	2.50	2.00	2.50	4.00
Book Value Per Equity Share(Rs.)*	127.04	133.05	136.81	133.64	143.84
Debt Equity Ratio(%)@*	36.60	46.08	43.07	41.40	51.03
Fixed Assets Turnover (TIMES)	4.49	3.46	2.92	2.77	3.88

Return on Capital Employed (ROCE) is profit before interest and tax divided by Capital Employed as at the end of the year.

@ Debt Equity Ratio is Total Debt as a percentage of Shareholders Funds.

* Ratios have been computed after adjusting the Revaluation Reserve and Deferred Revenue Expenditure.



Tube Investments of India Limited



NOTICE TO SHAREHOLDERS

Notice is hereby given that the Fifty First Annual General Meeting of the shareholders of Tube Investments of India Limited will be held on **Friday, the 15th September, 2000** at The Music Academy, 306 TTK Road, Chennai-600 014 at **4.00 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, 2000 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Mr. A.R. Jagannathan who retires by rotation and is eligible for reappointment. Mr. A. R. Jagannathan has expressed his desire not to seek re-election.
3. To appoint a Director in the place of Dr. D. Jayavarthnavelu who retires by rotation and is eligible for reappointment.
4. To consider and if deemed fit to pass, with or without modification, the following resolution as a Special Resolution.

RESOLVED that Messrs. Fraser & Ross, Chartered Accountants, Chennai be and is hereby re-appointed as Auditors of the company to hold office from the conclusion of the 51st Annual General Meeting till the conclusion of the 52nd Annual General Meeting on a remuneration of Rs. 5,00,000 (Rupees five lakhs only) in addition to reimbursement of actual travelling and out-of pocket expenses incurred by them in connection with the audit.

Special Business

5. To consider and if deemed fit to pass with or without modification the following resolution as an Ordinary Resolution.
RESOLVED that Mr. M. A. Alagappan be and is hereby appointed as a Director of the company 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. V. A . Raghu be and is hereby appointed as a Director of the company.

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

RESOLVED that subject to the provisions of Section 269, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 consent of the company be and is hereby accorded to the reappointment of Mr. A. Vellayan as Managing Director of the company (for which he did not draw any remuneration) for the period from 19th August, 1999 to 31st January 2000.

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

RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force) consent of the company be and is hereby accorded for the appointment of Mr. V. A . Raghu as Managing Director of the company for the period from 1st February, 2000 to 30th June, 2002.

RESOLVED FURTHER that subject to the provisions of Sections 198, 269, 309, 310 Schedule XIII and all other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force) Mr V. A. Raghu, be paid remuneration by way of salary, commission, allowances and perquisites as specified below subject to an overall limit of 5% of the net profits of the company for each financial year computed in the manner prescribed in Sections 349 and 350 of the Companies Act, 1956 for the period from 1st February 2000 to 30th June, 2002.





1. Salary: Rs.1,10,000 per month in the range of Rs.60,000 – Rs.1,80,000. The increments will be decided by the Board/"The Compensation Committee" constituted for this purpose.
2. Personal Allowance : 15% of salary per month.
3. Commission: Such amount as may be determined by the Board/ Compensation Committee constituted for this purpose, which shall however not exceed the annual salary payable to him for the respective financial year. In case of a part of the year the same shall be prorated for the applicable period.
4. Perquisites: In addition to salary, allowances and commission perquisites are as follows.
 - i) Housing
Provision of furnished/unfurnished accommodation either owned or rented by the company as per Company's rules or House Rent Allowance of 30% of the salary per month in lieu thereof.
 - ii) Medical Reimbursement
Actual expenses incurred for self and family towards domiciliary and hospitalisation as per Company's medical scheme.
 - iii) Leave Travel Assistance
Leave Travel Assistance of 15% of annual salary per annum as per Company's rules.
 - iv) Club Fees
Entrance fee to any one club and annual or monthly subscription to any two clubs.
 - v) Housing Loan Scheme
Will be entitled to a Housing Loan as per Company's Housing Loan Scheme.
 - vi) Leave Encashment
Encashment of leave not availed of will be as per Company's Rules.
 - vii) Personal Accident Insurance

Premium shall not exceed Rs.10,000 per annum.

- viii) Company's contribution towards Provident fund and Superannuation fund.

Contribution to Provident fund and Superannuation fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

- ix) Gratuity

Gratuity payable as per the applicable Rules in accordance with the Rules of the Gratuity Fund/ Gratuity Act as the case may be and as may be in force from time to time.

- x) Other perquisites

Such other perquisites, benefits, amenities as applicable to senior management staff of the company, from time to time, (including furniture and air conditioners as per the company scheme) the annual value of which shall not exceed one months salary.

Provision of car for use of company's business and telephone at residence will not be considered as perquisites.

For the purposes of the foregoing, perquisites shall be valued as per Income Tax Rules, 1962. In the absence of any such rule, perquisites shall be evaluated at actual cost.

The Managing Director will not be entitled to any sitting fee for attending meetings of the Board or any Committee thereof.

Minimum Remuneration

RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, allowances, commission, perquisites, benefits, amenities and facilities to Mr. V. A. Raghu shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and rules made thereunder or any statutory modification or re-enactment thereof.



RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors or any Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the company.

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

RESOLVED that 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 (including any statutory modification or reenactment thereof for the time being in force) to the Board of Directors of the company for creating a mortgage and / or charge on all or any of the immovable and movable properties of the company wheresoever situate, both present and future and the whole or part of the undertaking together with powers to take over the management of the business and concern of the company in certain events, to and in favour of State Bank of India (hereinafter called the "the trustees") for the holders of:

- a) 25,00,000 – 12.15% Secured Redeemable non-convertible debentures of Rs. 100 each aggregating to Rs. 25 Crores and
- b) 20 – 11.90% Secured Redeemable non-convertible debentures of Rs. 1 Crore each aggregating to Rs. 20 Crores.

for securing the repayment of the aforesaid debentures, together with interest thereon, further interest, liquidated damages, remuneration of the Trustees, costs, charges and expenses and other moneys in terms of the agreements entered into / to be entered into between the company and the Trustees, with such ranking and asset coverage as may be decided in consultation with the Trustees.

RESOLVED FURTHER that the Board of Directors of

the company be and is hereby authorised to finalise with the Debenture holders and or/ the Trustees the documents for creating the aforesaid mortgage and / or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.

10. To consider and if deemed fit to pass with or without modification the following resolution as Special Resolution:

RESOLVED that the existing second paragraph of Article 96 of the Articles of Association of the company be deleted and the following be substituted therefor: "The Board of Directors may revise the sitting fees payable to the Directors from time to time, not exceeding such sum as may be prescribed under the Companies Act, 1956 or any statutory modification or reenactment thereof or by the Central Government."

By order of the Board

CHENNAI
28th July, 2000

V. MADAN
Company Secretary

NOTE

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. 4 to 10 is annexed.
3. The Register of Members and the Share Transfer Books of the company will remain closed from Tuesday the 5th September, 2000 to Friday, the 15th September, 2000 (both days inclusive).





4. Trading in the shares of the company has been made compulsory in dematerialised form for all investors with effect from June 26, 2000.
5. 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.
6. Members are requested to quote Ledger Folio Number in all their correspondence.
7. 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.
8. Pursuant to Section 205-A of the Companies Act, 1956,

all unclaimed/unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Those members who have so far not claimed their dividends for the said periods may claim the same by submitting an application in prescribed Form No.II 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 Share Transfer Agent viz., M.N. Dastur & Company Ltd., "Engineering Centre," 480, Anna Salai, Chennai – 600 035.

Consequent upon amendment in Section 205A of the Companies Act, 1956, and introduction of Section 205C, by The Companies (Amendment) Act, 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

ANNEXURE TO THE NOTICE

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

Item No 4

Section 224A of the Companies Act, 1956 provides that in the case of companies in which not less than twenty-five per cent of the subscribed capital is held, whether singly or in any combination, by public financial institutions, nationalised banks, insurance companies etc., the appointment or re-appointment of an Auditor of the company shall be made by a Special Resolution. The shareholding of public financial institutions and insurance Companies exceeds twenty five per cent of the subscribed and paid-up capital of the company and hence, a Special Resolution is proposed for the appointment of Messrs. Fraser & Ross, Chartered Accountants, Chennai, as the Auditors of the company.

As required, the Auditors have forwarded a certificate to the company stating that their appointment, if made, will be within the limit specified in sub-section (1-B) of Section 224 of the Companies Act, 1956. The Directors recommend the appointment of Messrs. Fraser & Ross, Chartered Accountants as Auditors of the company. Accordingly, the Special Resolution set out under Item No. 4 of the Notice is submitted for the approval of the members.

Interest of Directors

None of the Directors are concerned or interested in the resolution.

Item Nos 5 & 6

Mr M. A. Alagappan and Mr V. A. Raghu were co-opted as Additional Directors at the meeting of the Board of





Directors held on 29th October, 1999 and 25th January, 2000 respectively. 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 have been received from member(s) proposing the candidature of Messrs M. A. Alagappan and V. A. Raghu as Directors of the company.

Mr. M. A. Alagappan, Industrialist is the Vice Chairman and Wholtime Director of TI Diamond Chain Limited. He is also the Vice Chairman of Cholamandalam Investment & Finance Co Ltd. He has several years of industrial experience and was the Past President of United Planters' Association of Southern India and AIEO. He is on the Board of many companies.

Mr V. A. Raghu holds a degree in BE (Mechanical) and Masters in Business Administration. He also holds Master's degree in Management Science from Stevens Institute of Technology, New Jersey USA.. He has over 37 years of experience in diverse functions and has held very senior positions during his professional career. He was the President of the company and has made significant contribution to the growth of the company.

Both Mr. Alagappan and Mr. Raghu have rich and varied experience and their appointment will greatly benefit the company. The approval of the shareholders is sought for their appointment as Directors of the company.

Interest of Directors

Messrs. M. A. Alagappan and V. A. Raghu are deemed to be concerned or interested in the respective resolutions relating to their appointments.

Mr. M. V. Subbiah is deemed to be interested in the resolution relating to the appointment of Mr M. A. Alagappan by reason of his being a partner along with Mr. M. A. Alagappan in Messrs. Murugappa & Sons and Kadamane Estates company.

No other Director is concerned or interested in the resolutions.

Item No. 7

Mr. A Vellayan was appointed as Managing Director of the company for a period of five years with effect from 19th August, 1994 to 18th August, 1999. As provided under Section 309 and Paragraph 1 of Schedule XIII, of the Companies Act, 1956 the Board of Directors at their meeting held on 16th August 1999 reappointed Mr. Vellayan as Managing Director for a further period of 5 years from 19th August, 1999, subject to the approval by a resolution of shareholders in a general meeting.

However pursuant to the changes in the group management structure and consequent to change in responsibilities, Mr. A. Vellayan, had stepped down as Director and as Managing Director effective 31st January, 2000.

The tenure of Mr. A Vellayan as Managing Director for the period from 19th August, 1999 to 31st January, 2000 requires the approval and ratification of the shareholders. Accordingly, the resolution under Item No.7 of the Notice is submitted to the meeting for approval of the shareholders.

Interest of Directors

Messrs M. V. Subbiah and M. A. Alagappan being partners of Messrs. Murugappa & Sons and Kadamane Estates Company along with Mr. A. Vellayan are deemed to be interested in the reappointment of Mr. A. Vellayan as Managing Director of the company for the period from August 19, 1999 to 31st January 2000.

Item No.8

Mr V. A. Raghu took over as President and Business Group Head of the company in the year 1998 and is one of the key persons responsible for the commendable performance of the company in the year under review.

In order to stay focused in our business in the new millennium and to bring in professionals in the decision making process, the Directors at their meeting held on 25th January, 2000 appointed Mr. Raghu as Director of the company and as Managing Director from February 1, 2000.





Mr Raghu as mentioned in the explanatory statement under Item No 5 and 6 has over 37 years of industrial experience in diverse functions and your Board believes that his rich experience would be very valuable to the company.

The company had sent a Memorandum of Information giving details of the appointment and remuneration of Mr V. A. Raghu to all the members vide letter dated 10th February 2000 as required under Section 302 of the Companies Act 1956.

Section 269 read with Schedule XIII of the Companies Act, 1956 requires the sanction of the company in a General Meeting for the Managing Director's appointment and remuneration. The terms of appointment and remuneration of Mr. Raghu as Managing Director are as stated in the resolution.

Mr. Raghu's appointment as Managing Director is in the interest of the company and the Directors recommend the same for approval of the members. Accordingly, the resolution under Item No.8 of the Notice is submitted for approval of the shareholders.

Interest of Directors

Mr. Raghu is interested in his appointment and in the terms of his remuneration. No other Director is concerned or interested in the resolution.

Item No.9

In order to meet its capital expenditure requirement the company had issued Secured Redeemable Non-convertible Debentures on private placement basis for Rs.25 crores and Rs.20 crores at 12.15% and 11.90% respectively. These debentures are secured by a mortgage/charge on the properties of the company as specified in the resolution under Item No.9 of the Notice. Creation of mortgage and charge as stated above may be deemed to be a disposal of the undertaking of the company within the meaning of Section 293 (1) (a) of the Companies Act, 1956. Accordingly, the Ordinary Resolution set out under Item No.9 of the Notice is submitted to the meeting.

Interest of Directors

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

Item No.10

The existing Article 96 of the Articles of Association of the company provides, inter alia, that each Director of the company shall be entitled to receive sitting fees, which shall not exceed such sum as may be prescribed under the Act or by the Central Government from time to time for each meeting of the Board or a Committee thereof attended by them and authorises the General Meeting to decide on the sitting fees to be paid to each Director.

It is proposed to amend Article 96 of the Articles of Association of the company to authorise the Board of Directors to determine the sitting fees to be paid to the eligible directors within the applicable limits.

The amendment to the Articles requires the approval of the shareholders by a Special Resolution. Accordingly, a Special Resolution under Item No.10 is submitted to the shareholders for their approval.

Inspection of Documents

A copy of the Memorandum and Articles of Association of the company together with the proposed alteration will be open for inspection by the members at the Registered Office of the company between 10.00 a.m and 1.00 p.m on any working day except Saturday.

Interest of Directors

Other than Mr V. A. Raghu who as the Managing Director does not receive any sitting fees all the other Directors may be deemed to be concerned or interested in the resolution.

By Order of the Board

Chennai
28th July, 2000

V.MADAN
Company Secretary

Tube Investments of India Limited

