

**CUBEX TUBINGS LIMITED**

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**24<sup>th</sup> Annual Report  
2002 - 2003**

**CUBEX TUBINGS LIMITED**

**BOARD OF DIRECTORS**

|                        |                    |
|------------------------|--------------------|
| Mr. P.R.Bhandari       | Managing Director  |
| Mr. U.M.Bhandari       | Executive Director |
| Mrs. Veena Bhandari    | Director           |
| Mrs. Suman Bothra      | Director           |
| Mr. Mukun Chand Devada | Director           |

**BANKERS/INSTITUTIONS**

State Bank of Hyderabad  
Union Bank of India  
Industrial Financial Corporation of India Ltd  
Industrial Investment Bank of India

**AUDITORS**

M/s. Mogili Sridhar & Co.,  
Chartered Accountants  
6-3-655/2/3, Bommaliguda,  
Hyderabad - 500 082.

**REGISTERED OFFICE**

1-7-27 to 34, 1st Floor, Shyam Towers,  
United Building Complex, S.D.Road,  
Secunderabad - 500 003.

**WORKS**

C-4, I.D.A.,  
Patancheru,  
Medak District, A.P.

Near 5th Phase, S.No.464,462  
IDA,Patancheru  
Medak District, A.P.

A-12-A, Industrial Estate,  
Mattupalayam,  
Pondicherry - 605 009.

**SHARE TRANSFER AGENTS**

Aarthi Consultants Pvt. Ltd.,  
1-2-285, Domalguda,  
Hyderabad - 500 029.

**CUBEXTUBINGS LIMITED****NOTICE**

NOTICE is hereby given that the 24th Annual General Meeting of the Members of the Company will be held on Tuesday, the 30<sup>th</sup> day of December, 2003, at 11.30 A.M. at SBI COLONY COMMUNITY HALL, 12-2-417/B/42, Gudimalkapur, Mehdiapatnam, Hyderabad – 500 028 to consider the following Business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2003, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mrs. Suman Bothra who retires by rotation and being eligible offers herself for reappointment.
3. To appoint Auditor and fix their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS  
for **CUBEXTUBINGS LIMITED**

(P.R.BHANDARI)  
MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 31.10.2003

**NOTES**

- a) 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.
- b) PROXIES TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
- c) THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED 27<sup>th</sup> December, 2003 TO 30<sup>th</sup> December, 2003 ( BOTH DAYS INCLUSIVE )

**ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:**

As required under the Listing Agreement, the particulars of Director who is proposed to be appointed/re-appointed are given below:

- |                     |   |                        |
|---------------------|---|------------------------|
| 1. Name             | : | Mrs. Suman Bothra      |
| Age                 | : | 31 Years               |
| Qualifications      | : | B.Com.,                |
| Expertise           | : | Experience in Trading. |
| Other Directorships | : | NIL                    |

**CUBEX TUBINGS LIMITED****DIRECTORS' REPORT**

To  
The Members of  
**M/s.CUBEX TUBINGS LIMITED**

The Directors have pleasure in presenting the 24th Annual Report of the company together with the Audited Accounts for the year ended 30th June, 2003.

**FINANCIAL RESULTS**

|                                       | Year Ended<br>30.06.2003<br>(Rs.in Lakhs) | Year Ended<br>30.06.2002<br>(Rs.in Lakhs) |
|---------------------------------------|---|---|
| Total Income                          | 2449.80                                   | 2059.31                                   |
| Profit / (Loss) before appropriations | (377.34)                                  | (1316.02)                                 |
| Balance Brought Forward               | (4104.01)                                 | (2787.99)                                 |
| Balance Carried Forward               | (4481.35)                                 | (4104.01)                                 |

**OPERATIONS**

The Turnover of the Company increased to Rs.2449.80 Lakhs compared to the last year Turnover of Rs.2059.31 Lakhs. The Company has become Sick Industrial Company as per Clause (O) of Section 3 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985, and declared as a sick company by BIFR in terms of above section of the Act.

**MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT:**

Pursuant to Clause 49 of the Listing Agreement, a Management Analysis Report is given below:

**A. INDUSTRY BACKGROUND**

The Copper and Copper Alloy products have shown impressive growth in the last decade. Copper because of its high electrical conductivity and heat transfer characteristics finds wide application in the form of Rods, Tubes, Strips, Flats and Wires. The user industries are generally Switchgear, Motors, Refrigeration, Heat Exchanger, Automobile and Electrical Equipment industries.

**B. INDUSTRY OUTLOOK**

1. The International prices of Copper reasonable which would ensure greater adoptability of Copper in comparison to Aluminium in Electrical applications.
2. Since there is lot of emphasis of power generation the consumption of Copper Alloy tubes, Rods and Semis would increase.

**C. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Internal control systems are aimed at promoting operational efficiencies while stressing adherences to policies. The systems are designed with adequate internal controls commensurate

**CUBEX TUBINGS LIMITED**

size and nature of operations. Transactions are executed in accordance with the company's policies. Assets are safeguarded and deployed in accordance with the Company's Policies.

During the year under review, an Audit Committee consisting of Three Independent and Non-Executive Directors was constituted. The committee is empowered by the Board with the authority to investigate any matter relating to the internal control system. The committee also reviews the quarterly, half yearly and annual financial statements before they are submitted to the Board and ensure compliance of internal control systems.

**D. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS:**

The Company is able to retain the experienced staff, in spite of the Copper consuming Industries are under recession, the Company feels confident of keeping its manpower costs to below industry norms. The atmosphere that is created in the organization is conducive for self development and career growth, this is the success in retaining our manpower.

**ADDITIONAL INFORMATION AS REQUIRED U/S 217(1)(e) OF THE COMPANIES ACT, 1956**

- |  |   |
|--|---|
| (a) Conservation of Energy                               | : The company is monitoring the consumption of energy and is identifying measures for conservation of energy. |
| (b) (i) Technology Absorption, adaptation and innovation | : No technology either indigenous or Foreign is involved.   |
| (ii) Research and Development (R & D)                    | : No research and Development has been carried out.   |
| (c) Foreign exchange earnings                            | : NIL   |
| Foreign exchange out go                                  | : NIL   |

**PARTICULARS OF EMPLOYEES**

In pursuance of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, the Directors are to report that no employee was in receipt of remuneration of Rs.24,00,000/- or more per annum or Rs.2,00,000/- or more per month where employed for a part of the year.

**DIRECTORS**

Mrs. Suman Bothra retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

**DIRECTORS RESPONSIBILITY STATEMENT**

- i) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and/ of the Profit or Loss of the company for that period;

**CUBEX TUBINGS LIMITED**

- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors had prepared the annual accounts on a going concern basis.

**STATEMENT PURSUANT TO LISTING AGREEMENT**

Presently the company's Equity shares are listed at The Hyderabad Stock Exchange (HSE), The Mumbai Stock Exchange (BSE) & The National Stock Exchange (NSE) and the company could not pay the Annual Listing Fee from year 2001-2002 for Hyderabad Stock Exchange, for Mumbai Stock Exchange from the year 1999-1999. And the listing fees for the National Stock Exchange paid upto the year 2003-2004.

**CORPORATE GOVERNANCE**

In order to bring more transparency in the conduct of business, the Stock Exchanges have amended the listing agreement incorporating the code of corporate governance to listed companies. Your Company has always been committed to the best practices in the governance of its affairs. Your company had taken steps and complied with most of the recommendations during the year. For the year under review, the Compliance Report is provided in the Corporate Governance section in this Report. The Auditors' Certificate on compliance with the mandatory requirements of Corporate Governance is given in "Annexure 'A' to this Report."

**AUDITORS**

M/s. MOGILI SRIDHAR & CO., Chartered Accountants, the present Auditors of the Company held office until the conclusion of this Annual General Meeting of the Company. They have indicated their availability for re-appointment pursuant to Section 224 (1B) of the Companies Act, 1956.

**PERSONNEL**

The relations between the management and the staff were very cordial throughout this year. Your Directors take this opportunity to record their appreciation for the Co-Operation and loyal services rendered by the employees.

**DEPOSITS**

The company has not accepted any deposits during the year.

**ACKNOWLEDGEMENTS**

Your Directors gratefully acknowledge with thanks the constructive guidance and support extended by Banks and Government Agencies.

for and on behalf of the Board  
for CUBEX TUBINGS LIMITED

P.R. BHANDARI  
MANAGING DIRECTOR

U.R. BHANDARI  
EXECUTIVE DIRECTOR

PLACE : HYDERABAD.  
DATE : 31.10.2003

**CUBEXTUBINGS LIMITED**

## ANNEXURE – “A” TO DIRECTORS REPORT- CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Basic philosophy of corporate governance of the company is to achieve business excellence and enhance shareholder value keeping in view the interests of all Share holders. The company stands by transparency in all its dealings and strict regulatory compliance. The company believes that strong corporate governance is indispensable for healthy business growth and to be resilient in a vibrant capital market and is an important instrument of investor protection.

### 2. BOARD OF DIRECTORS :

#### a) Composition

The composition of Board of Directors of the company meets the stipulated requirements. The Board of Directors comprises of One Managing Director, One Executive Director and 3 Independent Non Executive Directors. To be in line with the company's philosophy on Corporate Governance, all statutory subjects are placed before the Board to discharge its responsibilities as trustees of the Share Holders.

#### b) Attendance of each Director at the Board Meetings and the last AGM

5 Board Meetings were held during the year from July 01,2002 to June 30th,2003. The dates on which the meetings were held i.e. 30.07.2002, 23.09.2002, 28.10.2002, 31.01.2003 and 29.4.2003. The Last Annual General Meeting was held on 26<sup>th</sup> October, 2002. The attendance of each Director is under:

| Name of the Director    | Category                  | No.of<br>Other<br>Director<br>ships | No.of<br>Committees<br>In which<br>member | No.of<br>Board<br>Meetings<br>attended | Whether<br>attended<br>last AGM |
|-------------------------|---------------------------|-------------------------------------|---|--|---------------------------------|
| Sri. P.R. Bhandari      | Managing Director         | Nil                                 | Nil                                       | 5                                      | Yes                             |
| Sri.U.M.Bhandari        | Executive Director        | One                                 | Nil                                       | 5                                      | Yes                             |
| Mrs.Veera Bhandari      | Independent Non-Executive | Nil                                 | 2   | 4                                      | No                              |
| Mrs.Suman Bothra        | Independent Non-Executive | Nil                                 | 2   | 4                                      | No                              |
| Sri. Mukun Chand Devada | Independent Non-Executive | Nil                                 | 2   | 4                                      | Yes                             |

### 3. AUDIT COMMITTEE:

Four (4) meetings were held for approval of Un-audited Financial Results for the quarter ended, June, 2002, September, 2002, December, 2002 and March, 2003.

**CUBEXTUBINGS LIMITED**

The constitution of the Committee and the attendance of each member of the Committee is given below:

| Name of the Director   | Designation | Whole time/<br>Independent | Profession | Committee<br>meetings attended |
|------------------------|-------------|----------------------------|------------|--------------------------------|
| Mrs. Veena Bhandari    | Member      | Independent                | Business   | 4                              |
| Mrs. Suman Bothra      | Member      | Independent                | Business   | 4                              |
| Mr. Mukun Chand Devada | Chairman    | Independent                | Business   | 4                              |

Terms and reference of the Audit Committee include a review of;

- ◆ Financial reporting process
- ◆ Draft financial statements and auditor's report (before submission to the Board)
- ◆ Accounting policies and practices
- ◆ Internal controls and internal audit systems
- ◆ Risk management policies and practices
- ◆ Related party transactions
- ◆ Internal audit reports and adequacy of internal audit function

The role of the audit committee includes recommending the appointment and removal of the external auditor, discussion of the audit, plan, fixation of audit fee and also approval of payment of fees for any other services.

#### 4. REMUNERATION COMMITTEE :

The Company does not have a "Remuneration Committee". Your Directors recommended that all such items that may be required to be discussed at a Meeting of the "Remuneration Committee" could be considered at a Meeting of the Board of Directors.

#### 5. REMUNERATION OF DIRECTORS :

Details of remuneration paid to Directors are given below:

| Name of the Director    | Relationship<br>with other<br>Directors                 | Business<br>relationship<br>with Company<br>if any | Loans<br>& advances<br>from<br>Company | Remun-<br>eration | Paid during the Year 2003 |        |                |
|-------------------------|---|--|--|-------------------|---------------------------|--------|----------------|
|                         |   |  |  |                   | Sitting<br>fees           | Salary | Commi-<br>sion |
|                         |   |  |  |                   |                           | Rs.    | Total<br>Rs.   |
| Sri P.R. Bhandari       | Related to Sri<br>U.M.Bhandari<br>Executive<br>Director | Promoter<br>Director                               | Nil                                    | —                 | —                         | 180000 | 180000         |
| Sri.U.M.Bhandari        | Related to<br>Sri P.R.Bhandari,<br>Managing Director    | Promoter<br>Director                               | Nil                                    | —                 | —                         | 180000 | 180000         |
| Mrs. Vena Bhandari      | None  | Nil  | Nil                                    | —                 | —                         | —      | —              |
| Mrs. Suman Bothra       | None  | Nil  | Nil                                    | —                 | —                         | —      | —              |
| Sri. Mukun Chand Devada | None  | Nil  | Nil                                    | —                 | —                         | —      | —              |