

27 th
Annual Report
2005 - 2006



CUBEX TUBINGS LIMITED



BOARD OF DIRECTORS

| | |
|-----------------------------|--------------------|
| Mr. P.R.Bhandari | Managing Director |
| Mr. U.M.Bhandari | Executive Director |
| Mr. Mukun Chand Devada | Director |
| Mr. Balakrishna Karande | Director |
| Mr. Vinod Chand Bothra | Director |
| Mr. Mohammed Rajab Syed Ali | Director |
| Dr. K Venkat Ramani | 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. P.Murali & Associates
Chartered Accountants
6-3-655/2/3, Somajiguda,
Hyderabad - 500 082.

COMPANY SECRETARY

Mr. P. Subramanyam

REGISTERED OFFICE

1-7-27 to 34, Shyam Towers,
S.D.Road,
Secunderabad - 500 003.

WORKS

Near 5th Phase, S.No.464, 482
IDA, Patancherru
Medak District, A.P.

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

SHARE TRANSFER AGENTS

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

**NOTICE**

NOTICE is hereby given that the 27th Annual General Meeting of the Members of the Company will be held on Friday the 29th September 2006 at 4.00 p.m. at J.S. Krishna Murthy Hall at the Federation of Andhra Pradesh Chamber of Commerce and Industry (FAPCCI), Federation House, 11-6-841, Red Hills, Hyderabad-500 004 to consider the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2006 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 Mr. Mukun Chand Devada who retires by rotation and being eligible offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution.

"WHEREAS a Special Notice has been received pursuant to Section 225(1) of the Companies Act, 1956 from shareholder for the appointment of M/s. P. Murali & Co., Chartered Accountants, in place of the retiring Auditors, namely M/s. P. Murali & Associates, Chartered Accountants.

NOW THEREFORE IT IS RESOLVED that M/s P.Murali & Co., Chartered Accountants, Hyderabad be and are hereby appointed as the Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at remuneration as may be decided by the Board of Directors of the Company."

SPECIAL BUSINESS:

4. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Balakrishna Karande, who was appointed as an Additional Director of the Company by the Board of Directors, who holds office under section 260 of the Companies Act, 1956, up to the date of ensuing Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
5. To consider, and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Vinod Chand Bothra, who was appointed as an Additional Director of the Company by the Board of Directors, who holds office under section 260 of the Companies Act, 1956, up to the date of ensuing Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Mohammed Rajab Syed Ali, who was appointed as an Additional Director of the Company by the Board of Directors, who holds office under section 260 of the Companies Act, 1956, up to the date of ensuing Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".
7. To consider, and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Dr. K. Venkat Ramani, who was appointed as an Additional Director of the Company by the Board of Directors, who holds office under section 260 of the Companies Act, 1956, up to the date of ensuing Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
8. To consider, and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:
"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, Listing Agreement, SEBI (Delisting of Securities) Guidelines, 2003, and such other applicable laws, rules, regulations and guidelines and subject to such approvals, permission and sanctions, as may be necessary, the Board of

Directors of the Company be and is hereby authorised to seek voluntarily delisting of its securities from the National Stock Exchange of India Limited.

"RESOLVED FURTHER that the securities of the Company shall continue to be listed on the Stock Exchange having nation wide trading terminals vis Bombay Stock Exchange Limited, Mumbai and therefore as per the said guidelines issued by the Securities and Exchange Board of India, no exit opportunity need to be given to the shareholders of the Company

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to execute all such deeds and documents as may be considered necessary and expedient to give effect to the above said resolution.

9. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution :

" RESOLVED THAT pursuant to the provisions of Section 198,269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, as amended from time to time consent of the members of the Company be and is hereby accorded for the re-appointment of Sri. P.R. Bhandari as Managing Director for a further period of 5(Five Years) w.e.f. 1.04.2006 on the remuneration as detailed below:

- (a) Salary : Salary of Rs. 24,000/- (Twenty Four Thousand only) per month.This includes dearness allowance and all other allowances not otherwise specified herein.
- (b) Commission : Commission shall be allowed upto one(1) percent on the net profits of the Company calculated as per the provisions of Sections 349 & 350 of the Companies Act,1956.
- (c) Perquisites : In addition, the Managing Director will be entitled to the following Perquisites as under :
 1. Housing :Rent-free accomodation will be provided tot he appointee. In addition the appointee shall be allowed free use of the Company owned furniture and other consumable durables if required.
 2. The expenditure incurred by the Appointee on gas, electricity, water and furnishing shall be reimbursed by the Company.
 3. All medical expenses incurred by the appointee for self and family shall be reimbursed.
 4. Leave travel concession for the appointee for self and family will be allowed once in a year as may be decided by the Board.
 5. Fees of clubs subject to a maximum of two clubs, this will not include the admission and life membership fees.
 6. Personal Accident insurance, the premium of which shall not exceed Rs. 10,000/- per annum.
 7. Contribution to the Provident fund, Superannuation fund, Annuity fund to the extent the same are not taxable under the Income Tax Act.
 8. Provision of Car with driver for use of the Company's Business and telephone at the residence.

RESOLVED FURTHER that the remuneration as set out in this resolution including benefits amenties and perquisites, shall be allowed and paid to Sri P.R. Bhandari, Managing Director as minimum remuneration during the currency of his tenure, not withstanding the absence or inadequacy of profits for any financial year, but shall not, in any financial year, exceed the ceiling laid down in this behalf in schedule XIII to the Act, including amendments made thereto from time to time."

10. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution :

" RESOLVED THAT pursuant to the provisions of Section 198,269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, as amended from time to time consent of the members of the Company be and is hereby accorded for the re-appointment of Sri. U.M. Bhandari as Executive Director for a further period of 5(Five Years) w.e.f. 1.04.2006 on the remuneration as detailed below:

- (a) Salary : Salary of Rs. 24,000/- (Twenty Four Thousand only) per month.This includes dearness allowance and all other allowances not otherwise specified herein.



- (b) Commission : Commission shall be allowed upto one(1) percent on the net profits of the Company calculated as per the provisions of Sections 349 & 350 of the Companies Act, 1956.
- (c) Perquisites : In addition, the Executive Director will be entitled to the following Perquisites as under :
1. Housing : Rent-free accommodation will be provided to the appointee. In addition the appointee shall be allowed free use of the Company owned furniture and other consumable durables if required.
 2. The expenditure incurred by the Appointee on gas, electricity, water and furnishing shall be reimbursed by the Company.
 3. All medical expenses incurred by the appointee for self and family shall be reimbursed.
 4. Leave travel concession for the appointee for self and family will be allowed once in a year as may be decided by the Board.
 5. Fees of clubs subject to a maximum of two clubs, this will not include the admission and life membership fees.
 6. Personal Accident insurance, the premium of which shall not exceed Rs. 10,000/- per annum.
 7. Contribution to the Provident fund, Superannuation fund, Annuity fund to the extent the same are not taxable under the Income Tax Act.
 8. Provision of Car with driver for use of the Company's Business and telephone at the residence.

RESOLVED FURTHER that the remuneration as set out in this resolution including benefits amenities and perquisites, shall be allowed and paid to Sri U.M. Bhandari, Executive Director as minimum remuneration during the currency of his tenure, not withstanding the absence or inadequacy of profits for any financial year, but shall not, in any financial year, exceed the ceiling laid down in this behalf in schedule XIII to the Act, including amendments made thereto from time to time."

BY ORDER OF THE BOARD OF DIRECTORS
For **CUBEX TUBINGS LIMITED**

PLACE: HYDERABAD
DATE: 02.09.2006

P.R.BHANDARI
MANAGING DIRECTOR

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THEREAT INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. An instrument appointing proxy to be effective must be lodged at the Registered Office of the Company at least 48 hours before the meeting.
3. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is herewith annexed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday 27th September 2006 to Friday, 29th September 2006 (both days inclusive).
5. Members holding shares in physical form are requested to notify/send any change in their address to the Company's Share Transfer Agents or to the Company at its registered office.
6. Shareholders / proxies should bring duly filled attendance slips sent herewith for attending the meeting along with the copies of Annual Reports to the Annual General Meeting.
7. At the ensuing Annual General Meeting, Mr. Mukun Chand Devada, retire by rotation and being eligible offer himself for reappointment. Pursuant to Clause 49 of the Listing Agreement, brief profile the director is given below:
 - A. Mr. Mukun Chand Devada, aged 43 years, is a graduate in Commerce he has proven his abilities in various capacities and he has in-depth knowledge and experience in trading and Manufacturing industries. His knowledge, experience and relations help our company manifold. He does not hold directorships in any other companies.

EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

Item No. 3

The retiring auditors, namely, M/s P.Murali & Associates have given notice in writing of their unwillingness to be re-appointed and that a Special Notice in terms of Section 190 of the Companies Act, 1956 read with Section 225 of the Act has also been received from shareholders of the Company for the appointment of new Auditors in place of the retiring auditors M/s P. Murali & Associates, Chartered Accountants. The Company has forthwith communicated to the retiring auditors of the Special Notice and that the retiring auditors have made no representation against the special notice. A written certificate has been obtained from M/s P.Murali & Co., Chartered Accountants to the effect that in case of their appointment as Auditors of the Company, the appointment will be in accordance with the limits prescribed under Section 224 (1B) of the Act.

Your Directors recommended the Resolution for your approval

None of the Directors is concerned or interested in this resolution

Item No. 4

Mr. Balakrishna Karande was appointed by the Board of Directors as an additional Director with effect from 30.12.2005. Under section 260 of the Companies Act, 1956, Mr. Balakrishna Karande holds office only up to the date of this Annual General Meeting. The company has received a notice in writing under section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- from a member signifying his intention to propose the name of Mr. Balakrishna Karande as a candidature for the office of Director.

Mr. Balakrishna Karande, aged 61 years, is a Post Graduate in Engineering, He has worked for over a decade in various managerial positions with GEI Godawari Engineering Limited. His technical and managerial skills will be of immense need to the company and as such the Board is of the opinion that his appointment as director will be in the best interests of the company.

He is also having a directorship in M/s. GEI Godawari Engineering Limited.

The above information is given as per the Clause 49 of the listing agreement.

The Board recommends the Resolution for the members' approval in the Annual General Meeting.

None of the Directors of the Company except Mr. Balakrishna Karande to the extent of his appointment as director is concerned or interested in this resolution.

Item No. 5

Mr. Vinod Chand Bothra, aged 59 years was appointed by the Board of Directors as an additional Director with effect from 30-12-2005 Under section 260 of the Companies Act, 1956, Mr. Vinod Chand Bothra holds office only up to the date of this Annual General Meeting. The company has received a notice in writing under section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- from a member signifying his intention to propose the name of Mr. Vinod Chand Bothra as a candidature for the office of Director.

Mr Vinod Chand Bothra, is a Chartered Accountant. Having experience of above 35 years in business. Other than general business having good experience in securities. Trading in NSE, BSE and CSE.

He is also having a directorship in M/s Samrat Plastic (P) Ltd, M/s Keynote Securities (P) Ltd and M/s Prasanchand Bothra & Sons (P) Ltd.

The above information is given as per the Clause 49 of the listing agreement.

The Board recommends the Resolution for the members' approval in the Annual General Meeting.

None of the Directors of the Company except Mr. Vinod Chand Bothra, to the extent of his appointment as director is concerned or interested in this resolution.

Item No.6

Mr. Mohammed Rajab Syed Ali, aged 61 years was appointed by the Board of Directors as an additional Director with effect from 30-12-2005 Under section 260 of the Companies Act, 1956, Mr. Mohammed Rajab Syed Ali holds office only up to the date of this Annual General Meeting. The company has received a notice in writing under section 257 of the Companies Act, 1956, along with

a deposit of Rs. 500/- from a member signifying his intention to propose the name of Mr. Mohammed Rajab Syed Ali as a candidature for the office of Director.

Mr. Mohammed Rajab Syed Ali, is a Graduate in Science and Joined Government Services in Police Department after completion of education and retired as Additional S.P. Having good experience of administration. Rewarded in Police Service by Government of A.P. on various achievements.

He is not having any other directorships.

The above information is given as per the Clause 49 of the listing agreement.

The Board recommends the Resolution for the members' approval in the Annual General Meeting.

None of the Directors of the Company except Mr. Mohammed Rajab Syed Ali, to the extent of his appointment as director is concerned or interested in this resolution.

Item No.7

Dr. K. Venkat Ramani, aged 64 years was appointed by the Board of Directors as an additional Director with effect from 30-12-2005. Under section 260 of the Companies Act, 1956, Dr. K. Venkat Ramani holds office only up to the date of this Annual General Meeting. The company has received a notice in writing under section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- from a member signifying his intention to propose the name of Dr. K. Venkat Ramani as a candidature for the office of Director.

Dr. K. Venkat Ramani, is a Post Graduate in Science and completed Phd. After completion of education worked in various Chemical Industries, Metal Powder, Manufacturing Units etc., He is presently Consultant of Industries Manufacturing Metal Powders, Chemicals etc.,

He is also having a directorship in M/s Acme Metal Power (P) Ltd.

The above information is given as per the Clause 49 of the listing agreement.

The Board recommends the Resolution for the members' approval in the Annual General Meeting.

None of the Directors of the Company except Dr. K. Venkat Ramani, to the extent of his appointment as director is concerned or interested in this resolution.

Item No. 8

The Equity shares are listed on National Stock Exchange of India Limited in the year 1996. The Trading of shares are under suspension since the Company has made all possible efforts to get the revocation of suspension. Even after regular followups, visits and completing all pending documentation works there is no response from The National Stock Exchange of India Ltd. for revocation of suspension. The Company is regularly paying the listing fee also.

The Company had gone for issue of preferential shares and warrants during the year. For listing those shares with either of exchanges Bombay Stock Exchange Ltd. or The National Stock Exchange of India Ltd. revocation of suspension is necessary. In order to get the preferential shares listing on Bombay Stock Exchange Ltd., the Company has no other option than to get the shares delisted on The National Stock Exchange of India Ltd. In view of the above and if necessary it is proposed to voluntarily opt for delisting of equity shares from The National Stock Exchange of India Ltd. as proposed in the special resolution.

The Securities and Exchange Board of India (SEBI) notified guidelines for voluntary delisting of securities from the stock exchanges. As per clause 5.2 of SEBI (Delisting of Securities) Guidelines, 2003 an exit opportunity to the shareholders need not be given where securities of the Company remain listed on the stock exchange having nationwide terminal, i.e., Bombay Stock Exchange Limited, Mumbai, and /or the National Stock Exchange of India Limited and any other stock exchange that may be specified by SEBI in this regard.

At present the equity shares of the Company are listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited, which have nationwide terminals.

It is considering that the shares are listed on BSE, which has nationwide trading terminal it is proposed to voluntarily opt for delisting of Equity shares from National Stock Exchange of India Limited, the consent of the members is sought for getting its securities delisted from the National Stock Exchange of India Limited, as proposed in the special resolution. The Securities of the Company shall continue to be listed on the Bombay Stock Exchange Limited, Mumbai.



The Board recommends the resolution for approval of members.

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

Item No. 9

The present term of appointment of Sri. P.R. Bhandari as Managing Director was valid upto 31.03.2006. The Board of Directors feel that for the continuity of the present Management and for efficient running of the Company, the services of Sri P.R. Bhandari should be available to the Company for a further period of 5 (Five Years) with effect from 01.04.2006. The Board has reappointed Sri. P.R. Bhandari as Managing Director in its Board Meeting held on 23.03.2006 for a further period of 5 (Five Years) with effect from 01.04.2006 as per the terms and conditions as set out in the resolution.

The Board recommends the resolution to share holders for approval.

The Explanatory Statement together with the accompanying notice may be treated as an abstract of the terms of remuneration payable to Sri P.R. Bhandari pursuant to section 302 of the Companies Act 1956.

Sri P.R. Bhandari and Sri U.M. Bhandari his relative are interested in the resolution. No other Director is directly or indirectly concerned or interested in the resolution.

Item No. 10

The present term of appointment of Sri. U.M. Bhandari as Executive Director was valid up 31.03.2006. The Board of Directors feel that for the continuity of the present Management and for efficient running of the Company, the services of Sri U.M. Bhandari should be available to the Company for a further period of 5 (Five Years) with effect from 01.04.2006. The Board has reappointed Sri. U.M. Bhandari as Executive Director in its Board Meeting held on 23.03.2006 for a further period of 5 (Five Years) with effect from 01.04.2006 as per the terms and conditions as set out in the resolution.

The Board recommends the resolution to share holders for approval.

The Explanatory Statement together with the accompanying notice may be treated as an abstract of the terms of remuneration payable to Sri U.M. Bhandari pursuant to section 302 of the Companies Act 1956.

Sri U.M. Bhandari and Sri P.R. Bhandari and his relative are interested in the resolution. No other Director is directly or indirectly concerned or interested in the resolution.

BY ORDER OF THE BOARD OF DIRECTORS
For **CUBEX TUBINGS LIMITED**

PLACE: HYDERABAD
DATE: 02.09.2006

P.R.BHANDARI
MANAGING DIRECTOR

**DIRECTORS' REPORT**

To
The member of
M/s. CUBEX TUBINGS LIMITED

The directors have pleasure in presenting the 27th Annual Report of the Company together with the audited accounts for the year ended 31st March 2006.

FINANCIAL RESULTS

| | Year ended 31.03.2006 (9 MONTHS) (Rs.in lakhs) | year ended 30.06.2005 (12 MONTHS) (Rs.in lakhs) |
|---|---|--|
| Income from Operations | 4737.45 | 4283.66 |
| Other Income | 35.92 | 96.17 |
| Gross Profit (Before Interest, Depreciation & Tax) | 466.20 | 504.14 |
| Less: Interest | 3.54 | 6.28 |
| Depreciation | 60.76 | 79.67 |
| Provision for Tax | 18.77 | — |
| Deferred Income Tax Asset | 36.65 | 8.26 |
| Net Profit | 419.79 | 426.45 |

CHANGE OF FINANCIAL YEAR

Your Company has been following the financial year from 1st July of the year to 30th June of the following year (consisting of 12 months). However to facilitate the uniformity in finalization of accounts and other financial matters and in the best interests of the Company, the financial year of the company has been changed to 1st April to 31st March of the following year (consisting of 12 months). Therefore, the present accounts given in this Annual Report is for the period of nine months only i.e 01.07.2005 to 31.03.2006.

OPERATIONS

The company has maintained an impressive growth during the year. The turnover of the company has increased to Rs. 4773.38 lakhs (9 Months) compared to the last year turnover of Rs. 4379.84 lakhs(12 Months)

Issue of shares and warrants on Preferential basis :

During the year the Company has issued 15,75,000 warrants @ Rs.48/- each(including a premium of Rs.38/- each) to promoters and otherthan promoters which shall be converted into equity shares within a period of 18 months from the date of allotment and 8,25,000 equity shares @ Rs. 48/- per share (including a premium of Rs. 38/- per share) issued on preferential basis to otherthan promoters vide EGM held on 20th February 2006.

DEVELOPMENTS DURING THE YEAR**DIRECTORS.**

Mr. Mukun Chand Devada retire by rotation at the ensuing annual general meeting and being eligible offer himself for re-appointment. And Mrs. Suman Bothra and Mrs. Veena Bhandari, Directors of the Company had resigned from the Board during the year. The Board has accepted the resignation letters received from the Mrs.Veena Bhandari and Mrs. Suman Bothra and appreciated for the valuable service rendered during the tenure of service on the Board.

Mr. Balakrishna Karande, Mr. Vinod Chand Bothra, Mr. Mohammed Rajab Syed Ali and Dr. K. Venkat Ramani, were appointed as Additional Directors in the Board Meeting held on 30.12.2005 as per the provisions of Section260 of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT

- That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the Directors had selected such accounting policies and applied them consistently and made judgments 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;
- 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
- The directors had prepared the annual accounts on a going concern basis

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 Company's major supplies of Copper and CopperAlloy Seam less Tubes Heat Exchangers