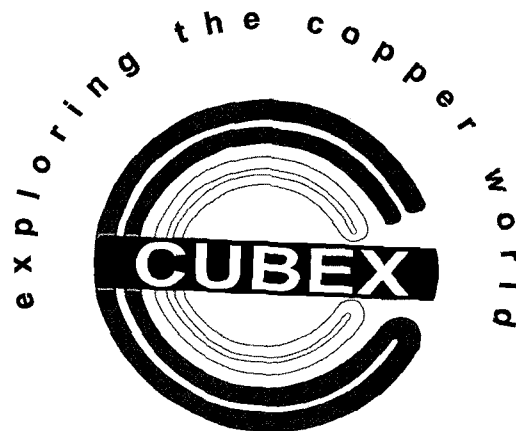


CUBEX TUBINGS LIMITED

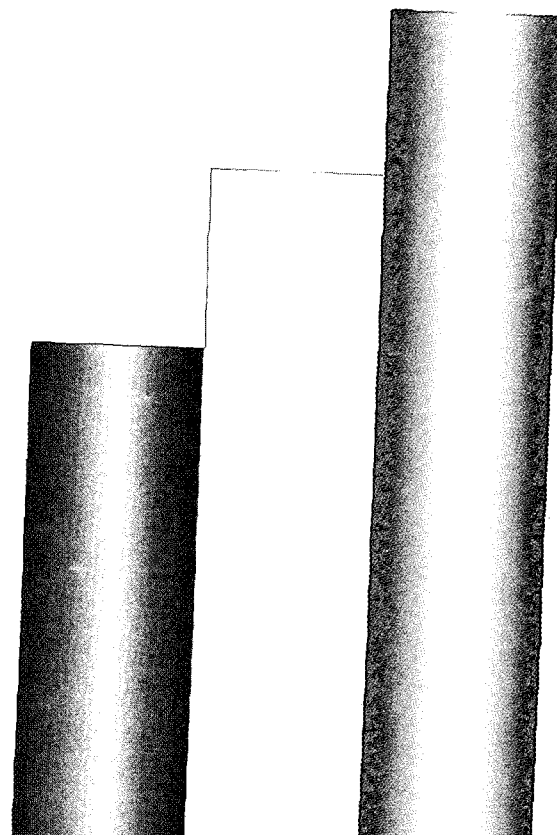
Growing Power for Power Generation

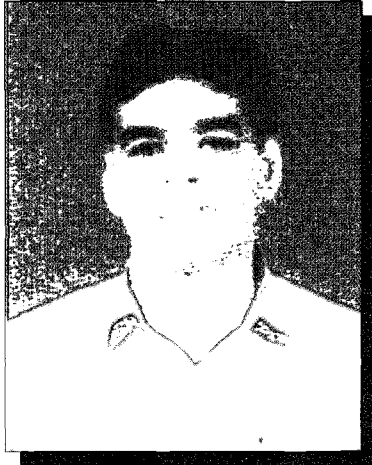


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28th

ANNUAL REPORT
2006-2007





Message from The Managing Director

The India growth story continues empowered by the manufacturing and service sectors. However, inflation and increasing raw material cost have been a cause for concern.

In spite of the severe competition, the Company has performed well, with increased sales and cost control measures. Could able to achieve 227 % increase in net profit.

The Company places high emphasis on Environment, Health and Safety (EHS), to benchmark global best practices. Continuous improvement programmes and Responsible Care initiatives have ensured safe operations at our sites.

I take this opportunity to reiterate that our Professional, Passionate and Pioneering employees will continue to contribute to the success and growth to the satisfaction of our customers and stakeholders.

Best Wishes,

Pushpraj Bhandari



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

Indusind Bank Limited

Citi Bank N.A

AUDITORS

P. Murali & Co.,
Chartered Accountants
6-3-655/2/3, Somajiguda,
Hyderabad - 500 082.
Andhra Pradesh, INDIA

COMPANY SECRETARY

Ms. K. Shravanti

SOLICITORS

Mr. M.V.S. Prasad

**REGISTERED OFFICE**

1-7-27 to 34, Shyam Towers,
S.D.Road,
Secunderabad - 500 003.
Andhra Pradesh
INDIA
Tel. No.0091-40-27817440,27817436
Fax No.0091-40-27812569
E Mail: cubex@rediffmail.com
www.cubextubings.com

WORKS

Near 5th Phase, S.No.464, 482
IDA,Patancheru
Medak District, A.P.
Tel. No. 0091-8455-241675

A-12-A, Industrial Estate,
Mettupalayam,
Pondicherry - 605 009.
Tel No. 0091-413-2271598

REGISTRAR AND SHARE TRANSFER AGENTS

Aarathi Consultants Pvt. Ltd.,
1-2-285, Domalguda,
Hyderabad - 500 029
Tel. No.:0091-40-2763 8111,2763 4445
Fax: 0091-40-2763 2184
Website: www.aathiconsultants.com
Email: info@aathiconsultants.com



NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the Members of the Company will be held on Friday the 28th September, 2007 at 11.30 A.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 2007 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. Balakrishna Karande who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Mohammed Rajab Syed Ali who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditor and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT the Company hereby grants its approval and consent under Section 314(1)(b) of the Companies Act, 1956 to the appointment of Mr. Virendra Bhandari, a relative of Mr. P.R.Bhandari who is a Managing Director of the Company as an employee in the managerial cadre of the Company on a basic salary of Rs. 15,000/- per Month together with the usual allowances and benefits applicable to employees occupying similar posts in the said management cadre including bonus, retiring gratuity and provident fund benefits, and that the Directors be and they are hereby authorized to grant from time to time to Mr. Virendra Bhandari such increment or increments as the Directors may, in their discretion think fit but, so that his basic salary shall not exceed Rs. 20,000/- per Month."

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

"RESOLVED THAT the Company hereby grants its approval and consent under Section 314(1)(b) of the

Companies Act, 1956 to the appointment of Mr. Surendra Prakash Bhandari, a relative of Mr. U.M. Bhandari, who is a Executive Director of the Company as an employee in the managerial cadre of the Company on a basic salary of Rs. 15,000/- per Month together with the usual allowances and benefits applicable to employees occupying similar posts in the said management cadre including bonus, retiring gratuity and provident fund benefits, and that the Directors be and they are hereby authorized to grant from time to time to Mr. Surendra Prakash Bhandari such increment or increments as the Directors may, in their discretion think fit but, so that his basic salary shall not exceed Rs. 20,000/- per Month."

7. 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.

BY ORDER OF THE BOARD OF DIRECTORS
For CUBEX TUBINGS LIMITED

PLACE : HYDERABAD
DATE : 28.08.2007

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 26th September 2007 to Friday, 28th September 2007 (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. Balakrishna Karande and Mr. Mohammed Rajab Syed Ali, retire by rotation and being eligible offer themselves for reappointment. Pursuant to Clause 49 of the Listing Agreement, brief profile of the director is given below:

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

1. Name : Mr. Balakrishna Karande
 Age : 62 years
 Qualifications : Post Graduate in Engineering
 Expertise : Having over a decade experience in various Managerial positions
 Other Directorships : 1
2. Name : Mr. Mohammed Rajab Syed Ali
 Age : 62 years
 Qualifications : Graduate
 Expertise : Administrative Services
 Other Directorships : NIL



EXPLANATORY STATEMENT

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

ITEM 5: APPOINTMENT OF MR. VIRENDRA BHANDARI, AS AN EMPLOYEE UNDER SECTION 314

Consent of the members is sought pursuant to the provisions of Section 314 and other applicable provisions, if any of the Companies Act, 1956 read with Director's relatives (office or place of profit) Rules, 2003 for approving the appointment of Mr. Virendra Bhandari, a relative of Mr. P.R.Bhandari who is a Managing Director of the Company as an employee in the managerial cadre of the Company on a basic salary of Rs.15,000/- per Month.

The consent of the members in General meeting is required to be obtained by passing Special Resolution for the appointment of Mr. Virendra Bhandari, a relative of Mr. P.R.Bhandari who is a Managing Director of the Company as an employee in the managerial cadre of the Company on a basic salary of Rs. 15,000/- per Month.

The Board of Directors recommend passing of the special resolution as proposed in the Notice.

Except Mr. P.R.Bhandari, no other Directors of the Company is in any way concerned or interested in the proposed resolution.

ITEM 6: APPOINTMENT OF MR. SURENDRA PRAKASH BHANDARI, AS AN EMPLOYEE UNDER SECTION 314

Consent of the members is sought pursuant to the provisions of Section 314 and other applicable provisions, if any of the Companies Act, 1956 read with Director's relatives (office or place of profit) Rules, 2003 for approving the appointment of Mr. Surendra prakash Bhandari, a relative of Mr. U.M.Bhandari who is a Managing Director of the Company as an employee in the managerial cadre of the Company on a basic salary of Rs. 15,000/- per Month.

The consent of the members in General meeting is required to be obtained by passing Special Resolution

for the appointment of Mr. Surendra prakash Bhandari, a relative of Mr. U.M. Bhandari who is a Managing Director of the Company as an employee in the managerial cadre of the Company on a basic salary of Rs. 15,000/- per Month.

The Board of Directors recommend passing of the special resolution as proposed in the Notice.

Except Mr. U.M.Bhandari, no other Directors of the Company is in any way concerned or interested in the proposed resolution.

ITEM 7: DELISTING OF SECURITIES WITH NATIONAL STOCK EXCHANGE OF INDIA LIMITED

The Equity shares are listed on National Stock Exchange of India Limited in the year 1996. The Trading of shares are under suspension. 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 last 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 nation wide 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 nation wide terminals.

It is considering that the shares are listed on BSE, which has nationwide trading terminal it is proposed to voluntary opt for delisting of Equity shares form 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.

BY ORDER OF THE BOARD OF DIRECTORS
For CUBEX TUBINGS LIMITED

PLACE : HYDERABAD

DATE : 28.08.2007

P.R. BHANDARI
MANAGING DIRECTOR

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DIRECTORS' REPORT

To
The Members of
M/s. CUBEX TUBINGS LIMITED

Your Directors have pleasure in presenting the 28th Annual Report of the Company together with the audited accounts for the year ended 31st March 2007.

FINANCIAL RESULTS

(Rs in lakhs)

	Year Ended 31.03.2007	Year Ended 31.03.2006
Income from Operations	9229.34	4737.45
Other Income	68.41	35.92
Gross Profit	1064.38	466.21
Interest	41.15	3.54
Depreciation	84.20	60.76
Provision for Tax	1.28	18.77
Deferred Income Tax Assets provision	15.20	36.65
Net Profit	952.95	419.79

ACTIVITIES

The company has maintained an impressive growth during the year. During the year under review, your company has achieved a turnover of Rs. 9297.75 lakhs and net profit of Rs.952.95 lakhs compared to the last year turnover of Rs. 4773.37 lakhs (Nine Months) and net profit at Rs.419.79 lakhs, represents an increase of 195% in turnover and 227 % in net profit. This increase was mainly on account of higher capacity utilization and change in product mix with increase in production of Condenser Tubes. The company has also come out of BIFR preview and Settled with all the financial Institutions and Banks with IFCI Limited, IIBI Limited, Union Bank of India and others. After providing for the necessary outstanding the company has made a write back of Rs.2366.08 lakhs.

FINANCE & ACCOUNTS

With the focus on cash flows and working capital management, your Company continued to reduce its total borrowings. This coupled with access to low cost funds, resulted in overall reduction in interest costs for the year under report.

CAPITAL EXPENDITURE

Capital expenditure incurred during the year aggregated to Rs.105.37 lakhs.

REDUCTION IN BORROWINGS

Strong cash accruals and control over working capital enabled the company to reduce the borrowing levels.

FIXED DEPOSITS

Your company did not accept any Fixed Deposits during the year under report.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

In terms of clause 49 of the listing agreement with the stock exchanges the Management discussions and analysis report is appended to the report.

CORPORATE GOVERNANCE

Your company always strived to incorporate appropriate standards for good corporate governance. Your company has complied with the Corporate Governance requirements as per Clause 49 of Listing Agreement with the Stock Exchanges.

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;



- ii) 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;
- 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.

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 : The company has not adopted/innovated any new Technology during the year.
- (ii) Research and Development (R & D) : The company has in-house Research and Development wing and the company has successfully developed Larger Cross Section, Bus Bars and Tubes.
- c) Foreign exchange earnings : NIL
- d) Foreign exchange out go : Rs. 2031 Lakhs

DIRECTORS.

Mr. Balakrishna Karande, and Mr. Vinod Chand Bothra retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges , the details of Directors seeking re-appointment at the ensuing Annual General Meeting is provided in the Corporate Governance Report, forming part of this Annual Report.

STATUTORY AUDITORS

M/s. P. Murali & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

M/s. P. Murali & Co., Chartered Accountants have furnished a certificate of their eligibility u/s 224(1B) of the Companies Act, 1956. The Board recommended to the members to reappoint the auditors and authorize the Board of Directors of the Company to fix their remuneration.

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 were employed during the year.

During the financial year the company has appointed Ms. K. Shravanthi as Company Secretary of the company, who has requisite qualification for the purpose of Compliance with the listing agreement and other provisions of the companies Act, 1956.

PERSONNEL AND WELFARE

Industrial relations in the Patancheru and Pondichery plants remained cordial during the year.

Your Directors express their sincere appreciation for the dedicated efforts put in by all the employees and for their continued contribution for ensuring higher performance of the Company during the year.