



CUBEX TUBINGS LIMITED



**31<sup>st</sup> Annual Report**  
**2009-2010**



**CUBEXTUBINGS 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. MOHAMMED RAJAB SYED ALI	:	DIRECTOR
DR. K VENKAT RAMANI	:	DIRECTOR

**BANKERS / INSTITUTIONS**

INDUSIND BANK LIMITED  
CITI BANK N.A.  
AXIS BANK LIMITED

**AUDITORS**

M/S. P.MURALI & CO.,  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082.

**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  
Email:[cubex@rediffmail.com](mailto:cubex@rediffmail.com) & [cubex4u@yahoo.com](mailto:cubex4u@yahoo.com)  
**[www.cubextubings.com](http://www.cubextubings.com)**

**WORKS**

- |  |   |
|--|---|
| I) NEAR 5TH PHASE, S.NO.464, 482<br>IDA,PATANCHERU<br>MEDAK DISTRICT, A.P. | II) A-12-A, INDUSTRIAL ESTATE,<br>METTUPALAYAM,<br>PONDICHERRY - 605 009. |
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**SHARE TRANSFER AGENTS**

M/S. AARTHI 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.aarthiconsultants.com](http://www.aarthiconsultants.com)  
Email: [info@arthiconsultants.com](mailto:info@arthiconsultants.com)

**LISTING AT**

BOMBAY STOCK EXCHANGE LIMITED, MUMBAI  
THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED, MUMBAI

## NOTICE

NOTICE is hereby given that the 31<sup>st</sup> Annual General Meeting of the Members of the Company will be held on Monday, the 13<sup>th</sup> December, 2010 at 10.00 A.M at Hotel Raj Comfort Inn, Near Praradise, Opposite HDFC Bank, Secunderabad-500 003 to consider the following Business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2010 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 Dr. K Venkat Ramani who retires by rotation and being eligible offers himself for reappointment.
4. To reappoint the Statutory Auditors of the Company and fix their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS

For **CUBEX TUBINGS LIMITED**

PLACE: HYDERABAD

DATE: 10.11.2010

SD/-

**P.R.BHANDARI**

MANAGING DIRECTOR

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### 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 / Register of Beneficiaries and Share Transfer Books of the Company will remain closed from **10<sup>th</sup> December, 2010 to 13<sup>th</sup> December, 2010** (both days inclusive).
5. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
6. 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.
7. Members holding shares in dematerialization form are requested to notify/send any change in their address to the concerned depository participant (s).
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.



9. Section 109A of the Companies Act, 1956 extends the nomination facility to individual shareholders of the company. Therefore, the shareholders willing to avail this facility may make nomination in form 2B.
10. 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.
11. A certificate from the Statutory Auditors of the Company, certifying that the pricing and issue of the above mentioned warrants to promoters/promoters group is in accordance with the prescribed guidelines on preferential issues, is also made available for inspection at the Registered Office of the Company during business hours on all working days during two weeks before the date of and during this Annual General Meeting.

**Brief Details of Directors seeking reappointment at this Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)**

<b>Name of the Director</b>	Mr. Balakrishna Karande
<b>Date of Appointment</b>	01.12.2000
<b>Date of Birth/Age</b>	64 years
<b>Expertise in Specific functional areas</b>	Having over a decade experience in Managerial Positions.
<b>List of Companies in which Directorships held as on 31.03.2010</b>	1
<b>Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2010</b>	NIL
<b>Name of the Director</b>	Dr. K Venkat Ramani
<b>Date of Appointment</b>	30-12-2005
<b>Date of Birth /Age</b>	26-10-1942
<b>Expertise in Specific functional areas</b>	Vast experience in concerned business
<b>List of Companies in which Directorships held as on 31.03.2010</b>	1
<b>Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2010</b>	Nil

## DIRECTORS' REPORT

To

The members of

**M/s. CUBEXTUBINGS LIMITED**

The directors have pleasure in presenting the 31<sup>st</sup> Annual Report of the Company together with the audited accounts for the year ended 31<sup>st</sup> March 2010.

### FINANCIAL RESULTS

(Rs. in lakhs)

	Year ended 31.03.2010	Year ended 31.03.2009
<b>Income from operations</b>	<b>6440.65</b>	4924.91
<b>Other Income</b>	<b>120.38</b>	176.09
<b>Total Expenditure</b>	<b>6016.23</b>	5111.19
<b>Interest &amp; Finance Charges</b>	<b>8.34</b>	8.01
<b>Depreciation</b>	<b>121.23</b>	102.96
<b>Provision for Tax</b>	<b>33.62</b>	1.07
<b>Net Profit</b>	<b>182.43</b>	(122.24)

### THE COMPANY'S PRODUCTS / SERVICES

CUBEX is manufacturer of seamless solid drawn Tubes, Rods, Bus bars and Wires of copper and copper based alloys such as Cupronickel, admiralty Brass, Aluminum Brass etc. 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 Tubes, Rods, Strips and Wires. The user industries are Power plants, Power plants manufacturers, Switchgears, Refineries, Furnace manufacturers, Sugar plants, Automobile and Electrical Equipment industries.

### OPERATIONS

During the financial year under review, the Company has increased its sales turnover and registered reasonable profit as compared to the last financial year.

### DIVIDEND

Your Directors are unable to recommend any dividend due to paucity of cash flow although turnover and profit increased to 6440.65 lakhs and 182.43 lakhs respectively.

### PUBLIC DEPOSITS

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under, during the financial year under review.

### PREFERENTIAL ALLOTMENT

The Company has accorded the approval from shareholders in the 30<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September 2009, for issue of 7,00,000 Convertible Warrants to promoters / Promoter Group, convertible into equal number of equity shares of Rs. 10/- each, at the option of the Warrant holders within an aggregate time period of 18 months from the date of allotment of the Warrants, and the same were allotted in the Board meeting held on 8<sup>th</sup> January 2010.

## **CORPORATE GOVERNANCE**

Your Directors are happy to report that your Company is compliant with the Corporate Governance requirements as per Clause 49 of the Listing Agreement with the Stock Exchanges. A separate section on Corporate Governance together with a certificate from the Statutory Auditor's confirming compliance is set out in the Annexure forming part of this report.

## **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 Power Generation, Switchgear, Motors, Refrigeration, Heat Exchanger, Automobile and Electrical equipment industries.**

### **B. INDUSTRY OUTLOOK**

- 1. Since there is lot of emphasis of power generation the consumption of Copper Alloy Tubes, Rods and Semis would increase.**
- 2. The manufacturing capacity of condenser/refrigeration tubes are in short supply compare to its requirements in India.**
- 3. There is huge export potential for copper alloy extrusions.**

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

The Company has adequate internal control systems and procedures in all operational areas and at all levels – equipments procurement, finance, and administration, marketing and personnel departments. The Company also has internal Audit system commensurate with its size and nature of business. The internal audit function will be done by a firm of Chartered Accountants. The Audit Committee reviews the internal audit reports and the adequacy of internal controls from time to time.

### **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: 65.10 lakhs**
- (d) Foreign exchange out go: Rs. 1348 lakhs**

**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 RESPONSIBILITY STATEMENT**

In terms of Section 217 (2AA) of the Companies Act, 1956, your Directors hereby confirm that -

- i) That in the preparation of the Annual Accounts, for the year ended 31st March, 2010, the applicable accounting standards have been followed and there are no material departures;
- ii) We have selected appropriate 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 as on 31st March, 2010 and of the profit/loss of the company for the financial year ended 31st March, 2010;
- iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) We have prepared the annual accounts for the financial year ended 31st March, 2010 on a going concern basis.

**DIRECTORS**

Mr. Balakrishna Karande and Dr. K Venkat Ramani retire by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

**COMPOSITION OF AUDIT COMMITTEE**

The Audit Committee constituted by the Company is in compliance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Other details regarding scope and meetings etc, are provided in the report on Corporate Governance attached to and forming part of this 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.

**PERSONNEL**

The relationship between the management and the staff was very cordial throughout the year under review. Your Directors take this opportunity to record their appreciation for the cooperation and loyal services rendered by the employees.

**ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation of the continuous assistance and co-operation extended to your Company by the valued customers, bankers, Reserve Bank India, SEBI, Bombay Stock Exchange Limited & National Stock Exchange of India Limited and all other regulatory Authorities. The Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

For and on behalf of the board  
For **CUBEX TUBINGS LIMITED**

PLACE: Hyderabad.  
DATE: 10.11.2010

SD/-  
**P.R.BHANDARI**  
Managing director

SD/-  
**U.M.BHANDARI**  
Executive director

**REPORT ON CORPORATE GOVERNANCE****(Pursuant to Clause 49 of the Listing Agreement)****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

Your Company has been committed to the highest standard of Corporate Governance practices in the entire gamut of its business philosophy. The guiding forces of Corporate Governance at Cubex are its core values – Quality operations, Customer satisfaction, Shareholders' value, Belief in people. The Company believes that a strong Corporate Governance policy is indispensable to healthy growth of business and resilient and vibrant capital markets, besides being an important instrument of investor protection. In this direction, Cubex endeavors in true spirit, to adopt the best global practices in Corporate Governance.

**2. BOARD OF DIRECTORS**

- a) The Board of Directors of the Company comprises of 6 (six) Directors – 2 (two) Executive Directors including Managing Director, and 4 (four) are Non-Executive & Independent Directors.
- b) The composition of the Board is in conformity with clause 49 of the Listing Agreements entered into with the Stock Exchanges and meets the stipulated requirements.
- c) None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he is a Director. The Directors have made necessary disclosures regarding Committee positions in other public companies as on March 31, 2010.
- d) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, section 25 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Name of the Director	Category (Promoter/ Executive/ Non- Executive)	Designation	Relationship with other Directors	Number of memberships in Board of other Public Limited Company	+ Associated with other committees of Public Limited Company	
					Member	Chairman
Sri P.R. Bhandari	Promoter & Managing Director	Managing Director	Brother of U.M Bhandari	Nil	Nil	Nil
Sri.U.M.Bhandari	Promoter & Executive Director	Executive Director	Brother of P.R. Bhandari	Nil	Nil	Nil
Sri. Mukun Chand Devada	Independent Non-Executive	Director	Nil	Nil	Nil	Nil
Sri Balakrishna Karande	Independent Non-Executive	Director	Nil	1	Nil	Nil
Sri Mohammed Rajab Syed Ali	Independent Non-Executive	Director	Nil	Nil	Nil	Nil
Dr. KVenkat Ramani	Independent Non-Executive	Director	Nil	1	Nil	Nil



During 2009-10, the Board met 5 (five) times on 30<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 31<sup>st</sup> October 2009, 8<sup>th</sup> January 2010 and on 30<sup>th</sup> January 2010. The Last Annual General Meeting was held on 29th September 2009. The attendance of each Director is as under:

a)

Name of the Director	No. of Meetings held	No. meetings attended	Presence at AGM
Sri P.R. Bhandari	5	5	Yes
Sri.U.M.Bhandari	5	5	Yes
Sri. Mukun Chand Devada	5	3	Yes
Sri Balakrishna Karande	5	1	No
Sri Mohammed Rajab Syed Ali	5	1	Yes
Dr. K Venkat Ramani	5	1	No

- b) None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company
- c) During the year, information as mentioned in **Annexure** to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

### 3. AUDIT COMMITTEE:

- I) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- II) The terms of reference of the Audit Committee include a review of;
- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
  - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
  - Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
  - Reviewing with management the annual financial statements before submission to the Board, focusing on:
    - Any changes in accounting policies and practices;
    - Qualification in draft audit report;
    - Significant adjustments arising out of audit;
    - The going concern concept;
    - Compliance with accounting standards;
    - Compliance with stock exchange and legal requirements concerning financial statements;
    - Any related party transactions
  - Reviewing the company's financial and risk management's policies.
  - Disclosure of contingent liabilities.
  - Reviewing with management, external and internal auditors, the adequacy of internal control systems.



- i. Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
  - j. Discussion with internal auditors of any significant findings and follow-up thereon.
  - k. Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - l. Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  - m. Reviewing compliances as regards the Company's Whistle Blower Policy.
- III) The previous Annual General Meeting of the Company was held on 29th September 2009 and Mr. Mukun Chand Devada, Chairman of the Audit Committee, attended previous AGM.
- IV) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

Name of the Director	No. of Meetings held	No. meetings attended
Mr. U. M. Bhandari	4	4
Mr. Mohammed Rajab Syed Ali	4	4
Mr. Mukun Chand Devada	4	4

- V) During the financial year four Audit Committee meetings were held on 30th June 2009, 31st July 2009, 31st October 2009 and on 30th January 2010.

The necessary quorum was present at all the meetings.

#### 4. REMUNERATION COMMITTEE

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

Name of the Director	Chairman/Member
Mr. Mukun Chand Devada	Chairman
Mr. Mohammed Rajab Syed Ali	Member
Mr. Balakrishna Karande	Member

#### 5. REMUNERATION OF DIRECTORS:

Details of remuneration paid to Directors are given below:

Name of the Director	Relationship with other Directors	Business relationship with Company if any	Loans and advances from Company	Remuneration  Sitting fees	Paid during the Year 2006-2007		
					Salary	Commission	Total
Sri P.R. Bhandari	Related to Sri U.M.Bhandari Executive Director	Promoter Director	NIL	—	360000	—	360000
Sri.U.M.Bhandari	Related to Sri.P.R.Bhandari, Managing Director	Promoter Director	NIL	—	360000	—	360000

\* No setting fee' was paid to any director