



CUBEX TUBINGS LIMITED



**32ND Annual Report
2010-2011**



BOARD OF DIRECTORS

MR. P.R.BHANDARI	:	MANAGING DIRECTOR
MR. U.M.BHANDAR	:	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

www.cubextubings.com

WORKS

I) NEAR 5TH PHASE, S.NO.464, 482
IDA,PATANCHERU
MEDAK DISTRICT, A.P.

II) A-12-A, INDUSTRIAL ESTATE,
METTUPALAYAM
PONDICHERRY - 605 009.

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

Email: 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 32nd Annual General Meeting of the Members of the Company will be held on Friday, the 30th September, 2011 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 31st March 2011 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 appoint a Director in place of Mohammed Rajab Syed Ali who retires by rotation and being eligible offers himself for reappointment.
4. To appoint the Statutory Auditors of the Company and fix their remuneration.

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

SD/-

P.R.BHANDARI

MANAGING DIRECTOR

PLACE: HYDERABAD

DATE: 30.08.2011

SPECIAL BUSINESS:

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

Re-appointment of Sri. P R Bhandari, as Managing Director of the Company

"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, approval of the members be and is hereby accorded to re-appoint Sri. P R Bhandari as Managing Director of the Company for a further period of 5 years w.e.f. 1st April 2011 with the existing terms and conditions.

RESOLVED FURTHER THAT all other benefits, amenities and perquisites shall be allowed and paid to him as minimum remuneration during the tenure of his office, notwithstanding 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 of the Companies Act, 1956 including amendments made thereto from time to time.

RESOLVED FURTHER THAT the Remuneration committee be and is hereby authorized to review and also to determine performance linked incentives including commission, either on quarterly, half yearly basis, considering the maximum remuneration payable under provision of section 198 and schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT any one of the Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution".

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

Re-appointment of Sri. U M Bhandari, as Executive Director of the Company

"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, approval of the members be and is hereby accorded to re-appoint Sri. U M Bhandari as Executive Director of the Company for a further period of 1 year w.e.f. 1st April 2011 with the existing terms and conditions.

RESOLVED FURTHER THAT all other benefits, amenities and perquisites shall be allowed and paid to him as minimum remuneration during the tenure of his office, notwithstanding 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 of the Companies Act, 1956 including amendments made thereto from time to time.

RESOLVED FURTHER THAT the Remuneration committee be and is hereby authorized to review and also to determine performance linked incentives including commission, either on quarterly, half yearly basis, considering the maximum remuneration payable under provision of section 198 and schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT any one of the Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution”.

7. To consider and, if thought fit, to pass with or without modifications the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 94 (1) (a) of the Companies Act, 1956, and other applicable provisions, if any, the Authorized Share Capital of the Company be and is hereby increased from Rs. 10,00,00,000/- (Rupees Ten Crores) divided into 1,00,00,000 (One Crore) Equity Shares of Rs.10/- each, to Rs 25,00,00,000/- (Rupees Twenty Five Crores) divided into 2,50,00,000 (Two Crore Fifty Lakh) Equity Shares of Rs.10/- each, by creation of additional 1,50,00,000 (One Crore Fifty Lakh) Equity shares of Rs.10/- each, ranking pari passu with the existing Equity Shares.

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company as to the share capital be and is hereby substituted with the following Clause V”.

- i. ‘The Authorised Share Capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,50,00,000 (Two Crore Fifty lakh) Equity Shares of Rs.10/- (Rupees Ten) each’.
- ii. ‘The Share capital of the Company with such rights, privileges and conditions for the time being, with power to increase, modify, reduce or repay the capital or any portion thereof at any time and from time to time in accordance with the regulations of the Company and the legislative provisions for the time being in that behalf. The shares in the company for the time being whether original or increased may be divided, consolidated and sub-divided into several classes by the issue of any class or new issue of any value with such preferential, qualified or special rights, privileges or conditions as may determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may from time to time provided by the Articles of Association of the Company’.

8. To consider and if thought fit with or without modification, the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, and other applicable provisions, if any, the existing Article 3 (a) of the Articles of Association of the Company as to the share capital be and is hereby substituted with the following Article 3 (a)”.

3(a) ‘The Authorised Share Capital of the Company is as mentioned in Clause V of the Memorandum of Association’.

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

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act 1956 (including statutory modification(s), amendments or re-enactments thereof for the

time being in force) and in accordance with the enabling provisions in the Memorandum and Articles of Association of the company and the Listing Agreement entered into between the Company with the Stock Exchanges, the sublisting guidelines and clarifications issued by the Government of India / Reserve Bank of India (RBI)/ Securities and Exchange Board of India (SEBI) or any other relevant authority and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of directors of the company, consent of the members be and is hereby accorded to the Board of Directors of the company and / or a duly authorized committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as "the Board") in its absolute discretion, to offer / issue, allot and deliver in one or more tranches, on private placement and / or preferential basis not exceeding 1,25,91,600 (One Crore Twenty Five Lakh Ninety one Thousand and Six Hundred only) warrants, convertible, within an aggregate time period of 18 months from date of allotment of the warrants, at the option of the warrant holders, into not more than 1,25,91,600 (One Crore Twenty Five Lakh Ninety one Thousand and Six Hundred only) Equity Shares of Rs.10/- each, fully paid-up for cash, which shall rank pari-passu with the existing equity shares of the Company, in such form and in such manner and upon such terms and conditions as the Board may in its absolute discretion deem fit, at price of Rs. 15/- (Rupees Fifteen) per warrant, to the persons mentioned in the Explanatory Statement attached to the notice convening this meeting.

RESOLVED FURTHER THAT the relevant date for calculating the price for issue and allotment of the above warrants is 31st August, 2011.

RESOLVED FURTHER THAT the issue of warrants mentioned above shall be subject to the following conditions:

- a. The warrants and the equity shares to be offered and allotted upon conversion shall be subject to the provisions of the Memorandum and Articles of Association of the company.
- b. Each warrant is convertible into one equity share of Rs. 10/- each fully paid-up. At any time, on full payment of the price fixed for warrants, within 18 months from the date of allotment of such warrant, on conversion or exchange of the warrant subject to SEBI (ICDR) Regulations.
- c. An amount equal to 25% or more of the price fixed in relation to each of the warrant shall be paid upfront by the person to whom the allotment is being made, at the time of allotment of the warrant and the same shall be adjusted against the price payable for the subsequent allotment of equity shares against the warrants. Further, in the event the option of conversion of warrant into equity share is not exercised by the warrant holder, in terms of this resolution the upfront payment shall stand forfeited.
- d. Equity shares issued and allotted by the Company on conversion or exchange of warrants shall rank pari-passu in all respects with the existing fully paid-up Equity Shares of the Company.
- e. Allotment of warrants shall be completed within 15 days from the date of passing this resolution by the members of the Company, except where allotment is held up due to pendency of any approval/consent/permission/sanction of any authority. Allotment shall be completed within 15 days from the date of such approval/consent/permission/sanction.

RESOLVED FURTHER THAT the Board be and is hereby authorised to decide and approve the other terms and conditions of the issue and also to vary, modify or alter any of the terms and conditions, as it may deem expedient, subject however to the compliance with applicable guidelines, notifications, rules and regulations, to the extent applicable as SEBI/ RBI/GOI or such other appropriate authorities, within or outside India, may prescribe from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of the

aforesaid Securities and listing thereof with the Stock Exchanges and application to the Depositories for admission of the new equity shares as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise and that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT Board be and is hereby authorized at its discretion, to further delegate by way of authorization in favour of any of the members of the Board or a committee thereof, to do all necessary acts and take necessary steps that may be deemed expedient to give effect to this resolution."

"**FURTHER RESOLVED THAT** for the purpose of giving effect to this resolution, then Board / committee be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilization of the proceeds.

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

PLACE: HYDERABAD
DATE: 30.08.2011

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 / Register of Beneficiaries and Share Transfer Books of the Company will remain closed from **28th September 2011 to 30th September 2011** (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)

Name of the Director	Mr. Mohammed Rajab Syed Ali
Date of Appointment	30.12.2005
Date of Birth/Age	66 years
Expertise in Specific functional areas	Administrative services
List of Companies in which Directorships held as on 31.03.2011	NIL
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2011	NIL
Name of the Director	Mr. Mukun Chand Devada
Date of Appointment	01-12-2000
Date of Birth /Age	54 years
Expertise in Specific functional areas	Vast experience in concerned business
List of Companies in which Directorships held as on 31.03.2011	NIL
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2011	Nil

Explanatory Statement

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

Item No. 5:

Re-appointment of Sri. P R Bhandari, as Managing Director of the Company

The term of appointment of Sri. P R Bhandari as Managing Director of the Company expired on 1st April 2011 and therefore, the Board of Directors in its meeting held on 25th March 2011, reappointed Sri P R Bhandari as Managing Director for a period of five years with effect from 01-04-2011 as per the terms and conditions and remuneration mentioned in the notice at resolution no.5

As per the provisions of Schedule XIII of the Companies Act, 1956, re appointment of Sri. P R Bhandari as Managing Director, requires the approval of the members in the General meeting. Hence, the above resolution at item no.5 is submitted to the meeting for ratification by the members of the Company.

The Board of Directors re-commends the above resolution at item no.5 for the members' approval in the Annual General Meeting

None of the Directors of the Company except Sri. P R Bhandari and Sri. U M Bhandari (being the relative of proposed appointee) to the extent of the appointment as Managing Director is concerned or interested in this resolution.

Item No. 6:

Re-appointment of Sri. U M Bhandari, as Executive Director of the Company

The term of appointment of Sri. U M Bhandari as Executive Director of the Company expired on 1st April 2011 and therefore, the Board of Directors in its meeting held on 25th March 2011, reappointed Sri U M Bhandari as Executive Director for a period of one year with effect from 01-04-2011 as per the terms and conditions and remuneration mentioned in the notice at resolution no.6

As per the provisions of Schedule XIII of the Companies Act, 1956, re appointment of Sri. U M Bhandari as Executive Director, requires the approval of the members in the General meeting. Hence, the above resolution at item no.6 is submitted to the meeting for ratification by the members of the Company.

The Board of Directors re-commends the above resolution at item no.6 for the members' approval in the Annual General Meeting

None of the Directors of the Company except Sri. U M Bhandari and Sri. P R Bhandari (being the relative of proposed appointee) to the extent of the appointment as Managing Director is concerned or interested in this resolution.

Item No. 7 & 8:

The present Authorised Share Capital of the Company is Rs.10.00 Crores (Rupees Ten Crores) comprising of 1,00,00,000 Equity shares of Rs.10/- each. It is proposed to increase the Authorised Capital to Rs.25.00 Crores (Rupees Twenty Five Crores) comprising of 2,50,00,000 Equity Shares of Rs.10/- each by creation of additional 1,50,00,000 Equity Shares of Rs.10/- each by amending Clause V of the Memorandum of Association

The increase in the Authorised Share Capital will enable the Company to issue further shares in terms of the recommendations of the Board placed at Item no. 9 before this meeting. Existing Article 3(a) is proposed to be amended by way of substitution of existing Article 3(a) with new Article 3(a) in its place as given in the resolution at Item No. 8. This amendment in Article 3(a) is required to give effect to the increase in the Authorised Share Capital of the Company due to the amendment of Clause V of the Memorandum of Association.

None of the Directors is interested or concerned in these resolutions.

Item No. 9:

Board of Directors of the Company at its Meeting held on 30th August 2011 resolved to offer, issue, allot and deliver not more than 1,25,91,600 (One Crore Twenty Five Lakh Ninety one Thousand and Six Hundred only) Convertible Warrants on preferential basis in one or more tranches, convertible into not more than 1,25,91,600 (One Crore Twenty Five Lakh Ninety one Thousand and Six Hundred only) Equity Shares (one equity share for one warrant) of the Company of face value of Rs. 10/- each, fully paid up, for cash, ("the warrants") to the persons listed below. The warrant will carry an option to the holder of each warrant to apply for and be allotted one equity share of face value Rs.10/- each in the capital of the Company at an aggregate price being not less than the price with respect to the Relevant Date that is 31st August 2011 as prescribed under SEBI (ICDR) Regulations.

Since the Warrants are proposed to be issued on private placement basis and not on rights basis to all the existing shareholders of the Company, consent of the shareholders by a special resolution is necessary in terms of Section 81(1A) of the Companies Act, 1956. Moreover the Company's shares are listed on the Stock Exchanges, the provision of the SEBI ICDR Regulations in so far as they relate to Preferential Issues are also applicable to this issue.

Disclosure in terms of Regulation 73 of SEBI (ICDR) Regulations on preferential issues is as under:

1. Object of the issue through Preferential allotment :

The purpose of the issue of the convertible warrants is to support the company to raise the funds to meet ever increasing working capital requirements of the company as part of scaling up operations and other general corporate purposes.

2. Pricing of the issue of Warrants and Relevant date:

Each equity share of the face value of Rs.10/- including the equity shares arising out of the exercise of option attached with warrants shall be issued at a price of 15/- per equity share (including a premium of Rs.5/- per equity share). Such price is not less than the price computed with reference to the relevant date that is 31st August 2011 as prescribed under SEBI ICDR Regulations.

The 'relevant date' mentioned in the Resolution is the date which is 30 days prior to the date of this General Meeting. In terms of the said Regulations the price at which the warrants being issued on preferential basis can be converted shall be not less than the higher of the following:

- (i) The average of weekly high and low of the closing prices of the related shares quoted on the Stock Exchange during the six months preceding the relevant date; or
- (ii) The average of weekly high and low of the closing prices of the related shares on the Stock Exchange during the two weeks preceding the relevant date.

'Stock Exchange' for the purpose of this clause means the 'National Stock Exchange' i.e. the recognized stock exchange in which the shares are listed and in which highest trading volume in respect of the shares of the Company has been recorded during the six months preceding the relevant date.

A Certificate has been obtained from the Auditors of the Company confirming the minimum price for the preferential issue as per SEBI (ICDR) Regulations and showing the calculation thereof and the same is also available for inspection at the registered office of the company apart from placing before the AGM.

3. The proposal of the promoters or their associates and relatives, directors/key managerial persons to subscribe to the offer.

The proposed allottees for preferential issue of 1,25,91,600 convertible share warrants includes the person(s) belongs to the promoters group.

4. The terms of Convertible Warrants :

The Board may allot warrants at a price not being less than Rs. 15/- per warrant which will entitle the holder to subscribe to one equity share of the face value of Rs.10/- against each warrant. An amount, as may be decided by the Board of Directors, not being less than 25% of the issue price shall be payable on the date of allotment of the warrants. The warrants would be allotted on the following terms:

- a) The allotment of warrants will be completed within 15 days from the date of this General Meeting or within 15 days of the receipt of the last of the applicable regulatory approval, if any, whichever is later.
- b) The holder of warrants will have an option to apply for and be allotted 1 (one) equity share of the Company per warrant, any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches. In this connection, either the Company or the warrant holder will give an advance notice of at least ten days, calling upon the other party to exercise/avail the aforesaid option specifying the number of warrants. The warrant holder will be liable to make the payment of balance sum per warrant for such number of warrants with 10 days of the service of the notice.
- c) Upon receipt of the payment as above, the Board shall allot one equity share per warrant by appropriating Rs.10/- towards equity share capital and the balance amount paid against each warrant, towards the securities premium.
- d) The equity shares and warrants allotted to the proposed allottees shall be subject to 'lock-in' requirements as per the provisions of SEBI (ICDR) Regulations.
- e) If the entitlement against the warrants to apply for the equity share is not exercised within the period specified in the notice referred hereinabove, the entitlement of the warrant holder to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.
- f) The Equity shares issued on conversion of warrants shall rank pari-passu with the existing equity shares of the company in all respects and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for which the book closure or the record date falls subsequent to the allotment of equity shares.
- g) The warrant by itself does not give to the holder thereof any rights of the shareholders of the Company.
- h) In the event, the equity share of the company are either sub-divided or consolidated before the conversion of the warrants into equity shares of the company, then the face value, the number of equity shares to be acquired on conversion of the warrants and the warrant issue price shall automatically stand adjusted in the same proportion, as the present value of the equity shares of the company bears, to the newly sub-divided/consolidated equity shares without affecting any right or obligation of the said warrant holders.
- i) In the event the company's equity capital is affected or changed due to any other corporate actions such as merger, demerger, consolidation of business, or other reorganization of the company, tender offer for equity shares or sale of undertaking, necessary adjustments with respect to the terms of the aforesaid warrants shall be made by the company and such other action as may be deemed necessary or appropriate by the Board shall be taken to reflect such corporate actions, including but without limitation, suitable adjustments of the warrant issue price, subject to necessary approvals.

5. Identity of proposed allottees, percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue:

The proposed allottees have expressed their intention to subscribe to the warrants and has agreed to comply with the relevant provisions of the SEBI ICDR Regulations and, if required to do so, the provision of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 ('Takeover Code'). There will