



CUBEX TUBINGS LIMITED



34th Annual Report
2012-2013





CUBEX TUBINGS LIMITED

BOARD OF DIRECTORS

Mr. P.R.BHANDARI	:	MANAGING DIRECTOR
Mr. VIRENDRA BHANDARI	:	EXECUTIVE DIRECTOR
Dr. TRILOK SINGH	:	ADDITIONAL DIRECTOR
Mr. MAHENDRA KUMAR RANKA	:	DIRECTOR
Mr. Y. NARASIMHA MURTHY	:	DIRECTOR
Mr. SANDEEP KUMAR	:	DIRECTOR

BANKERS-

INDUSIND BANK LIMITED
STATE BANK OF HYDERABAD
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

PLANT

- | | |
|---|---------------------------------------|
| 1. NEAR 5 TH PHASE, S.NO.464, 482
PATHANCHERU, A.P. | 2. C-4, IDA, PHASE -1,
PATHANCHERU |
|---|---------------------------------------|

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 34th Annual General Meeting of the Members of the Company will be held on Saturday, the 28th September, 2013 at 10.45 A.M at Hotel Raj Comfort Inn, Near Paradise, 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 2013 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. Mahendra Kumar Ranka who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Sandeep Kumar who retires by rotation and being eligible offers himself for reappointment.
4. To re-appoint M/s. P. Murali & Co., Chartered Accountants, Hyderabad as Statutory Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

Appointment of Dr. Trilok Singh as Director of the Company

“RESOLVED THAT Dr. Trilok Singh, who was appointed by the Board of Directors as an Additional Director with effect from 17th December 2012 and who holds the office of Director up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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”.

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

PLACE: HYDERABAD

DATE: 30.08.2013

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 **26th September 2013 to 28th September 2013** (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. **Brief Details of Directors seeking reappointment at this Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)**

Name of the Director	Sri. Mahendra Kumar Ranka
Date of Appointment	12 th January 2012
Date of Birth/Age	50 Years
Expertise in Specific functional areas	Business Activities
List of Companies in which Directorships held as on 31.03.2013.	1
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2013.	Nil
Name of the Director	Sri. Sandeep Kumar
Date of Appointment	25 th August 2012
Date of Birth/Age	27 Years
Education Qualification	He holds Bachelor's Degree in Commerce.
List of Companies in which Directorships held as on 31.03.2013.	Nil
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2013.	Nil



CUBEX TUBINGS LIMITED

Name of the Director	Dr. Trilok Singh
Date of Appointment	17 th December 2012
Date of Birth/Age	70 Years
Education Qualification	He holds Bachelor's Degree in Engineering (Metallurgy) & awarded Ph.D. from Benaras Hindu University.
Expertise in Specific functional areas He has vast experience in the process of OFE process of high temperature corrosion resistance	He is retired as scientist "G" from DMRL, Hyderabad. copper & Copper based alloys and expertise in the materials for marine applications.
List of Companies in which Directorships held as on 31.03.2013.	Nil
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2013.	Nil

Explanatory Statement

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

Item No. 5:

Appointment of Sri. Trilok Singh as Director of the Company

Sri. Trilok Singh was appointed as Additional Director in the Board Meeting held on 17th December 2012. As per the provisions of Section 260 of the Companies Act, 1956, he holds the office only up to the date of ensuing Annual General Meeting of the Company and is eligible for appointment as Director. The Company has received notice under Section 257 of the Companies Act, 1956, proposing his candidature to the office of Director of the Company, along with the requisite deposit of Rs. 500/-. The approval of members is required for his appointment as Director.

Brief Profile: Details regarding the person proposed to be appointed as Director has been mentioned above.

None of the Directors of the Company is concerned or interested in this resolution.

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

PLACE: HYDERABAD
DATE: 30.08.2013

P.R.BHANDARI
MANAGING DIRECTOR



CUBEX TUBINGS LIMITED

DIRECTORS' REPORT

To
The members of

M/s. CUBEX TUBINGS LIMITED

The directors have pleasure in presenting the 34th Annual Report of the Company together with the audited accounts for the year ended 31st March 2013.

FINANCIAL RESULTS

(in Lakhs)

	Year ended 31.03.2013	Year ended 31.03.2012
Income from operations	3824.98	5542.35
Other Income	137.72	44.30
Total Expenditure	3752.24	5359.66
Interest	4.65	13.77
Depreciation & Amortization of Exp.	174.39	147.64
Provision for Tax	28.96	31.34
Net Profit	2.46	34.26

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. 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

Your company has registered a total income of Rs. 3962.70 lakhs for 2012-13 as compared to Rs. 5586.66 for 2011-12 and the company posted a net profit of Rs. 2.46 lakhs for 2012-13 as compared to Rs. 34.26 lakhs for 2011-12. The fall in profitability is due to:

- increase in the cost of raw materials, overheads viz., power charges, wages and salaries, maintenance of plant and mainly due to recession in the copper market.
- Continues power holidays during week days declared by the state Government of Andhra Pradesh, and due to frequent Bandhs called by the political parties, the Company could not utilize the full capacity of the plant.

DIVIDEND

The Directors regret their inability to recommend dividend for the year under review due to insufficient profit.

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.

SHARE CAPITAL

Out of 1,25,91,600 share warrants allotted on 10th November 2011 to the persons belonging to promoter group & other than promoter group, 45,00,000 Equity shares were allotted on 31st March 2012 and 24,10,575 Equity shares were allotted on 6th May 2013 by conversion of equal number of warrants. Accordingly promoter holding has increased from 39.22% to 44.14% and balance 56,81,025 warrants were lapsed.

DEMAT SUSPENSE ACCOUNT UNCLAIMED SHARES

As on 31st March 2013, there were no Equity Shares of Shareholders were lying in the Escrow Account due to non-availability of the correct particulars.

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

A Management Discussion and Analysis Report, has been attached and forms part of the Annual Report.



CUBEX TUBINGS LIMITED

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:- Indigenous Technology is involved for the manufacturing the products of the Company.
- (ii) Research and Development (R & D): No research and Development has been carried out.
- (c) Foreign exchange earnings: Rs. 55.02 Lakhs
- (d) Foreign exchange out go: Rs. 182.64 Lakhs

PARTICULARS OF EMPLOYEES

The Directors are to report that none of the employee was in receipt of remuneration exceeding the limit prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 2011.

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, 2013, 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, 2013 and of the profit/loss of the company for the financial year ended 31st March, 2013;
- 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, 2013 on a going concern basis.

DIRECTORS

In the 33rd Annual General Meeting held on 28th September 2012 Mr. Mahendra Kumar Ranka, Mr. Sandeep Kumar and Mr. Narasimha Murthy were re-appointed as the Directors of the Company and, Mr. Virendra Bhandari, was appointed as Executive Director w.e.f. 12th January 2012.

During the period under review, Mr. Trilok Singh was appointed as Additional Directors in the Board Meeting held on 17th December 2012. As per the provisions of Section 260 of the Companies Act, 1956, he holds the office only up to the date of this Annual General Meeting of the Company and is eligible for re-appointment as Director. The Company has received notice under Section 257 of the Companies Act, 1956, proposing his candidature to the office of Director of the Company, along with the requisite deposit of Rs. 500/- each.

RECONSTITUTION OF THE COMMITTEES OF THE BOARD

Due to re-constitution of the Board and induction of new Directors on the Board, the committees of the Board of the Company were re-constituted. A detailed section on the re-constitution has been mentioned in the Corporate Governance Report 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 and 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: 30.08.2013

P.R.BHANDARI
Managing Director

VIRENDRABHANDARI
Executive Director

**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. OPPORTUNITIES AND THREATS

The fundamental growth drivers of the country's economy as well as Copper industry continue to remain strong despite the pressures of slowdown and inflationary conditions prevalent till recently in the nation and also globally. The Copper Industry in the country is continuously attracting investments from domestic and foreign investors.

The threats to the segments in which the company operates are volatility in Exchange rate & Metal Prices.

D. STRENGTH AND RISKS & CONCERNS

The existing management has a strong technical knowledge and experience in the metal industry. Sri. P R Bhandari, Managing Director, and Sri. Virendra Bhandari, Executive Director are having vast technical knowledge and expertise in handling the business of the Company. Sri. Trilok Singh has vast experience in the process of OFE copper & Copper based alloys and expertise in the process of high temperature corrosion resistance materials for marine applications and Sri. Mahendra Kumar Ranka, Sri. Sandeep Kumar and Sri. Y. Narasimha Murthy, are independent and non-executive directors, are having vast experience and expertise in Business.

Your company is concerned about the wide Fluctuations in Copper prices globally and locally and increase in foreign exchange value.

Your company has registered a total income of Rs. 3962.70 lakhs for 2012-13 as compared to Rs. 5586.66 for 2011-12 and the company posted a net profit of Rs. 2.46 lakhs for 2012-13 as compared to Rs. 34.26 lakhs for 2011-12. The fall in profitability is due to:

- i increase in the cost of raw materials, overheads viz., power charges, wages and salaries, maintenance of plant and mainly due to recession in the copper market.
- ii frequent power holidays declared by the state Government of Andhra Pradesh, the Company could not utilize the full capacity of the plant.

FUTURE PROSPECTS

Until 2010 Cubex was concentrating to manufacture mostly general copper and copper alloy products to standard specifications. We have added the following products in our portfolio.

- Manufacture of Copper Nickel tubes up to 250 mm diameter which presently no one is manufacturing in India.
- Manufacture of Oxygen Free Copper in the shape of Rods and Tubes. It is currently used in Atomic Energy and Heavy Electrical Plants.

FUTURE PLANS

Manufacture of Nickel base products – Cubex has developed and started manufacturing Nickel base alloy products from 2012 – 2013 onwards and the same was very much impressive.

Also, intends to manufacture special copper alloys in vacuume annealing furnace

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Internal control systems are aimed at promoting operational efficiencies while stressing adherences to policies. The systems are designed with adequate internal controls commensurate size and nature of operations. Transactions are executed in accordance with the company policies. Assets are safeguarded and deployed in accordance with the Company's Policies.

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

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.



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

- As on the date of this report, 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.
- 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.
- 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, 2013.
- 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	Father of Virendra Bhandari	Nil	Nil	Nil
Sri. Virendra Bhandari	Promoter & Executive Director	Executive Director	Son of Sri P.R.Bhandari	1	Nil	Nil
Sri Mahendra Kumar Ranka	Independent Non-Executive	Director	Nil	1	Nil	Nil
Sri. Y. Narasimha Murthy	Independent Independent	Director	Nil	Nil	Nil	Nil
Sri. Sandeep Kumar	Independent Non-Executive	Director	Nil	Nil	Nil	Nil
Dr. Trilok Singh	Independent Non-Executive	Additional Director	Nil	Nil	Nil	Nil

During 2012-13, the Board met 7 (Seven) times on 14th May 2012, 13th August 2012, 25th August 2012, 30th August 2012, 14th November 2012, 17th December 2012 and 11th February 2013 The Last Annual General Meeting was held on 28th September 2012.



CUBEX TUBINGS LIMITED

The attendance of each Director during the financial year is as under:

Name of the Director	No.of Meetings held	No. meetings attended	Presence at AGM
Sri P.R. Bhandari	7	7	Yes
Sri. Virendra Bhandari	7	7	Yes
Sri. Mahendra Kumar Ranka	7	7	Yes
*Sri. Y Narasimha Murthy	5	5	Yes
*Sri. Sandeep Kumar	5	5	Yes
#Dr. Trilok Singh	2	1	N.A

* Appointed as Additional Directors w.e.f 25th August 2012.

#Appointed as Additional Director w.e.f 17th December 2012.

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company 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;
 - a. 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.
 - b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
 - c. 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.
 - d. Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
 - e. Reviewing with management the annual financial statements before submission to the Board, focusing on:
 - i. Any changes in accounting policies and practices;
 - ii. Qualification in draft audit report;
 - iii. Significant adjustments arising out of audit;
 - iv. The going concern concept;
 - v. Compliance with accounting standards;
 - vi. Compliance with stock exchange and legal requirements concerning financial statements;
 - vii. Any related party transactions
 - f. Reviewing the company's financial and risk management's policies.
 - g. Disclosure of contingent liabilities.
 - h. 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.