

25 ANNUAL REPORT

2009 – 2010

UBE INDUSTRIES LIMITED

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Board of Directors

Managing Director

Vijaya Bhaskar S

Director (Corporate Affairs)

Rahamatullah S

Directors

Rajaneesh Chandra S

M.Chandra Mouli

Nayak H

Jagdish Chandra M

Asst.Company Secretary

Ms.N Swarupa Rani

Company Secretary

S. Rahamatullah

Compliance Officer

M Chandramouli

SHARE HOLDERS / INVESTORS GRIEVANCE COMMITTEE

Mr. M Chandra Mouli (Chair Person)

Mr. S Rahmatullah

Mr.S Rajaneesh Chandra

Ms.N Swarupa Rani

AUDIT COMMITTEE

Mr. S Rahmatullah (Chair Person)

Mr. M Chandra Mouli

Mr. M Jagadish Chandra(Special Invitee)

Mr .S Rajaneesh Chandra

REMUNERATION COMMITTEE

Mr S Vijaya Bhaskar (Chair Person)

Mr. S.Rahmatullah

Mr. Chandra Mouli

CORPORATE MANAGEMENT COMMITTEE

Mr. S Vijaya Bhaskar (Chair Person)

Mr S Rajaneesh Chandra

Mr. M Jagadish Chandra

Mr. H B Nayak

AUDITORS

C V S Balachandra Rao & Co.,

Chartered Accountants

D. No.4-4-214 Inderbagh

Sultan Bazar, Hyderabad – 500095

Regd Office & Share Transfer Department

T-2,Venkatadri Enclave,Street No 6,

Habsiguda Hyderabad, 500007

Bankers

Axis Bank Limited

Secunderabad Branch

R P Road, Secunderabad 500003

UBE INDUSTRIES LIMITED

T-2,Venkatadri Enclave,Street No 6,
Habsiguda Hyderabad, 500007

NOTICE OF THE 25th ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the members of UBE Industries Limited will be held on Thursday, 30 September 2010 at 9.00 a.m. at the Registered Office of the Company at T 2,Venkatadri Enclave Enclave (Terrace) , Street No 6 Street No 6, Habsiguda, Hyderabad 500007 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited balance sheet as at 31 March 2010, Profit and Loss account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon
2. To appoint the Directors in the place Mr. **S Rajaneesh Chandra** who retires by rotation as a Director at this Meeting and being eligible to offer him self for reappointment.
3. To appoint the Directors in the place Mr. **M Chandra Mouli** who retires by rotation as a Director at this Meeting and being eligible to offer him self for reappointment.
4. To appoint the Directors in the place Mr. **H B Nayak** who retires by rotation as a Director at this Meeting and being eligible to offer him self for reappointment.
5. To appoint M/s. **C.V.S Balachandra Rao & Co**, Charter Accountants, the statutory auditors of the company, retiring auditors of the company who shall hold office from the conclusion of this Annual General Meeting and until the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS:

- 6 To consider and if thought fit to pass with or without modification this following as an ordinary resolution.**

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, and 309 read with schedule XIII and all other provisions of the companies Ac, 1956 (including any statutory modifications(s) or re-enactment there of, for the time being in force) the consent of the company be and here by accorded to the re-appointment of Mr. **S. Vijaya Bhaskar**, as Managing Director of the company for a period of **5** (five) years with effect from **4-5-2010** , on the terms and conditions including remuneration as are set out in the agreement to be entered in to between the company and Mr. **S .Vijaya Bhaskar**. A draft where of is placed before this meeting which agreement is here by specifically sanctioned with liberty to the board of directors (here in referred as to as "the Board" which term shall deemed to include the remuneration committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement ,subject to the same not exceeding the limits specified in schedule XIII of companies Act.1956 including any statutory modifications or re-enactment thereof for the time being in force or as may here after be made by the central government in that behalf from time to time , or any amendments thereto as may be agreed to between the Board and Mr. **S. Vijaya Bhaskar**

RESOLVED FURTHER THAT the Board be and here by authorized to take all such steps as may be necessary, proper, or expedient to give effect to this resolution.

FURTHER RESOLVED that a minimum of Rs 10,000/- (Rupees Ten Thousands Only) per month till the improving the funds position of the company is be and hereby paid and the balance will be paid on improving the financial position of the company.

RESOLVED FURTHER THAT the Draft Agreement incorporating the terms of appointment and remuneration placed at this meeting be and is hereby approved and **Mr. S Rahmatullah**, the Director of the company, be and is hereby authorized to sign this agreement on behalf of the company.

RESOLVED FURTHER THAT pursuant to Section 269 (2) read with Part III of Schedule XIII, a return be filed with the Registrar of Companies, Andhra Pradesh and the said return be certified by M/s. **C V S Balachandra Rao & Co.**, the Chartered Accountants, Hyderabad.

7 Consider and if thought to pass with or without modifications the following resolution as a special resolution

RESOLVED that pursuant to the provisions of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company and subject to such other permissions as may be necessary from the concerned authorities, consent be and is hereby accorded by the Board of Directors of the Company to transfer / sell / lease or otherwise dispose off the whole or substantially the whole of the Consultancy Division and other Operations on such terms and conditions including the consideration for such transfer / sell / lease / disposal as the Board of Directors may deem fit and proper.

RESOLVED further that the Board of Directors be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary including applying for and obtaining necessary approvals, permissions, sanctions and to execute al such documents and writings as the Board may consider necessary, fit or proper for the purpose of giving effect to this resolution.

8. To consider and if thought to pass with or without modifications the following resolution as a special resolution

RESOLVED THAT pursuant to section 21 of Companies Act, 1956 and all other enabling provisions in Memorandum of association and Articles of Association the consent of members of the company is and hereby accorded to change the name of the company from UBE Industries Limited to UBE Industries India Limited or UBE India Limited or such name as may be approved by central government.

FURTHER RESOLVED THAT Board of Directors are and hereby authorized to do and take all necessary steps required in this resolution.

Place: Hyderabad
Date: 31 August 2010

S Vijaya Bhaskar
Managing Director

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

1. Proxy Form is enclosed which should be deposited at the Registered Office of the Company duly completed and signed not later than 48 hours before the commencement of the meeting.

2. The Register of Members and Share Transfer books of the Company will remain closed from Wednesday, the Monday, **27 September 2010** to Saturday, **2 October 2010** (both days inclusive).
3. The members are requested to notify the change in their address to the Company's Share Department quoting their registered folio nos.
4. Members are advised to consolidate their Ledger folios where they are holding shares in different folios in the same order of name(s).
5. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least seven days before the date of the meeting, so that the information required by the members may be made available at the meeting.
6. Members attending the meeting are requested to bring with them the Attendance Slip and hand over the same at the entrance of the hall, duly signed.
7. The company does not distribute copies of the Annual Report at the meeting. Members may, therefore, bring their copy along with them.

EXPLANATORY STATEMENT UNDER SECTION 173 (2)

ITEM NO. 6

The present term of office of Mr. **S Vijaya Bhaskar** as Managing Director will be expiring on **5 -4 -2010**, subject to shareholders approval, the Board of Directors, at their meeting held on 19-03 -2010 have re-appointed Mr. **S Vijaya Bhaskar** as Managing Director for a further period of 5 years from the expiry date of their respective term on the remuneration determined by the Remuneration Committee of the Board of Directors.

The Remuneration Committee of the Board of Directors has recommended the remuneration payable to the terms of the appointment of Mr. S Vijaya Bhaskar during the tenure of his re appointments are as Rs. 44,000-00 (Rupees Forty Four Thousands Only) Salary per month and Rs. 35,000-00 (Rupees Thirty Five Thousands Only) perquisites and allowances per month.

The perquisites and allowances payable to the aforesaid **Managing Director** shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilization of gas, electricity, water, furnishing and repairs, medical reimbursement; leave travel concession for self and family including dependents; club fees, medical insurance and such other perquisites and / or allowances up to the amounts specified above, subject to an overall ceiling of remuneration stipulated in Section 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules there under (including any statutory modification(s) or re-enactment thereof, for the time being in force). However, the Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration which includes salary, perquisites and commission.

In addition to the salary, perquisites and allowances as above, Mr. **S Vijaya Bhaskar**, **Managing Director** of the company, shall also be entitled to receive commission. Commission shall be payable to the **Managing Director** in proportion to his salary (excluding perquisites and allowances) subject to the condition that at any time the overall

yearly remuneration payable collectively to the said two Managing Director shall not exceed 1.00 % of the net profits of the Company as computed under section 394 of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) or amendment made thereto.

The terms and conditions set out for re-appointment and payment of the remuneration herein and / or in the respective agreements may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit. The Board is also entitled to revise the salary, perquisites and allowances and commission payable to the said Managing Director of the Company at any time, such that the overall yearly remuneration payable to the said **Managing Director** shall not exceed 1.00 % of the net profits of the company as computed under Section 349 of the Companies Act 1956 (including the statutory modification(s) or re-enactment thereof for the time being in force) or any amendment made thereto.

The respective agreements may be terminated by either party (the company or the concerned **Managing Director** or whole time Director) by giving three months prior notice in writing.

The draft agreements to be entered into between the company and Mr. **S Vijaya Bhaskar** incorporating the above particulars of remuneration, are available for inspection at the registered Office of the Company on all working days excluding Saturdays, up to the date of the ensuing Annual General Meeting between 11.00 a.m. to 1.00 p.m.

The above may also be treated as an abstract of the terms of the contract / agreement between the Company and Mr. S Vijaya Bhaskar pursuant to Section 302 of the Companies Act, 1956.

Mr. S Vijaya Bhaskar is interested in the resolution which pertains to his re-appointment and / or remuneration payable to him. Save and except the above none of the other Directors of the company is in any way, concerned or interested in the resolutions.

Your Directors recommend the resolution set out at item No. 6 of the notice for your approval

ITEM NO 7

As you are aware that the company has initiated some activities such as Consultancy, Marketing & Trading and Infrastructure Development to sustain the company during the stalling of the main activities of the company, and proposing to de-merge the company under section 391/394 of Companies Act of 1956, and all formalities were completed and valuations have been made as on 30 September 2009.

Your board of Directors have approved the scheme of arrangement with the cut off date as at 1 October 2009, the same were to be approved by Bombay Stock Exchange Limited and then to be filed with Honorable High Court of Andhra Pradesh. Therefore, to have a better edge on the activities, your directors were also approved the existing operations will be disposed to **Rishab Alchem India Limited**, and executed the agreement with a company.

The agreement entered into between the company and **Rishab Alchem India Limited** incorporating the terms and conditions are available for inspection at the registered Office of the Company on all working days excluding Saturdays, up to the date of the ensuing Annual General Meeting between 11.00 a.m. to 1.00 p.m.

Your Directors recommend the resolution set out at item No. 7 of the notice for your approval

None of the other Directors of the company is in any way, concerned or interested in the resolutions.

ITEM No 8

Your company is proposing to establish a branch or Subsidiary or associate company at USA, Canada and in Europe therefore to give the location as an identity it is proposed to change the name by giving the location as Indian company in India. Further, it is given to understand that there is an existing company in the name of UBE Industries Inc in USA and also UBE Industries Limited in Europe so to differentiate instead of UBE Industries it is proposed as only UBE India Limited,

Your Directors recommend the resolution set out at item No. 8 of the notice for your approval

None of the Directors are interested in the resolution

Place: Hyderabad
Date: **31 August 2010**

S. Vijaya Bhaskar
Managing Director

DIRECTORS REPORT

To Members

Your Directors have pleasure in presenting their Annual Report together with the **Audited Accounts** of your company for the year ended **31 March 2010**.

During the financial year, your company has shown excellent results as a result of the reviving of the operations of the company after stalling of the manufacturing operations.

As you are all aware that the reasons for stalling of the manufacturing operations, however, for ready reference, **note on the reasons for stalling of the manufacturing operations** of the company is herewith annexed as **Annexure A**

As you are aware that, to overcome the problems of to stalling of the manufacturing operations of the company to **optimum utilization** of the **assets** of the company and to continue the manufacturing operations of the company, the company has planned for the **de-merger** of the company, however, for a ready reference a **note on background for de-merger proposal** of the company is herewith annexed as **Annexure B**.

FINANCIAL RESULTS:

	For the year ended 31 March 2010	for the year ended 31 March 2009
Income	14,533,345	25,065,891
Expenditure	14,348,073	24,896,039
Net Profit	185,272	169,852
Provision for Tax	-	70,023
Profit after tax	185,272	99,830
Reserves & Surplus	100,216,954	100,031,682

FUTURE OUTLOOK.

As you are fully aware that the operations of the divisions of the company after de-merger of its four divisions will be functioning as independent companies, however, a note on **operations of the divisions after the de-merger** of the company is herewith enclosed as **Annexure C** to this report.

As your company, for the sustainability during the stalling of the operations have undertaken consultancy operations, as part of clients request to study of up-gradation of production capacity, this has given the conceptual approach to the company to take up the consultancy operations as one of the thrust areas, therefore, your company is proposing to take up the same activity on the regular basis, hence, your company will emerge as one of the important consultancy organizations in years to come.

During the stalling of the operations, your company was taking up certain operations to cater to the needs of the clients in terms of their requirements of spare parts, which were to be supplied by the company, on request of the clients, your company supported the clients in supply of other industrial consumables and goods, therefore, the company initiated as the suppliers terms of industrial goods, industrial consumables, therefore, keeping in view after de-merger of the company activities, of marketing and trading of industrial goods, industrial consumables and industrial capital goods.

During the stalling of the operations of the company, your company has participated in few of the tenders for the infrastructure development under Public Private participation with various government and private agencies. As the result of this, your company were awarded, some projects and some projects are still under process to be awarded. The

awarded projects were under progress therefore, your company will retain its operations as infrastructure development and continued to be the same activity even after demerger.

Therefore, your company is hoping to continue with Infrastructure Development activities after the de-merger of the company operations.

NOTES ON SUBSIDIARY COMPANIES

Your company has no subsidiary companies of now; however, your company is proposing to acquire the controlling equity in **UBE Automotive Limited, UBE Projects Limited, UBE Tools Limited** and **UBE weldproducts Limited**, on approval of de-merger scheme, by Honorable High Court of Andhra Pradesh. Once the acquisition is complete, these companies will become as the subsidiary companies to your company.

DIVIDEND

Considering the long term interest of the Members and as a matter of prudence it is proposed to plough back profits to build up own resources, your Directors, therefore, have not recommended payment of cash dividend for the period ended **31 March 2010**.

However, your company is making all the efforts to get approval on the Multiple Option Security Premium from SEBI and Income Tax Department to distribute/Dispatch the same as approved by you earlier.

SOCIAL DEVELOPMENT

Your company continues to record high priority in its contribution to socio economic development particularly in the areas of Rural Health, education etc., among the villages in the vicinity of the plant.

ENERGY TECHNOLOGY AND FOREIGN EXCHANGE

Information on conservation of energy, technology absorption and foreign exchange earning/out go, as required to be disclosed in terms of Section 217(1) (e) of the companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988, is annexed hereto and forms part of this report.

RESEARCH AND DEVELOPMENT

Your company is proposing to establish a Central Research Center in the areas of Material Sciences and Engineering.

AUDITORS

M/s. **C V S Balachandra Rao & Co**, auditors of your Company, who are retiring at the **Twenty Fifth Annual General Meeting** and being eligible to offer themselves for reappointment. Your Directors recommend that the appointment of M/s. C V S Balachandra Rao & Co, Chartered Accountants as Auditors of the company and recommend that authority be given to the Board of Directors to fix up the remuneration.

AUDIT COMMITTEE

Your company has constituted an Audit Committee to meet the requirements under the provisions of Sections 292A of the Companies Act, 1956 and the listing agreement with the stock exchanges. The committee is chaired by Mr S Rahmatullah has taken over as the Chairman of the committee, who has 47 years of wide experience in the field of Secretarial Services, Teaching and Fiscal.