

27 ANNUAL REPORT
2011 – 2012
UBE INDUSTRIES LIMITED

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COMPANY INFORMATION

Board of Directors

Managing Director

Vijaya Bhaskar S

Director (Corporate Affairs)

Rahamatullah S

Asst. Company Secretary

Ms.N Swarupa Rani

Compliance Officer

M Chandramouli

CORPORATE MANAGEMENT COMMITTEE

Ch.Koteswara Rao (Chair Person)

Mr S Rajaneesh Chandra

Mr. M Jagadish Chandra

Mr. H B Nayak

Mr. S Vijaya Bhaskar

REMUNERATION COMMITTEE

Mr. H B Nayak (Chair Person)

Mr. S.Rahmatullah

Mr. Chandra Mouli

Registered Office

Ananda Nilayam,IIIRD Floor, 8-3-214/40/H

Srinivasa Nagar Colony (west), Ameerpet, Hyderabad 500038

Share Transfer Agents

Bigshare Services Pvt.Ltd

G-10, Left Wing, Amrutha Ville, Opp Yashoda Hospital

Somajiguda, Rajbhavan Road

Hyderabad 500 082

BANKERS

Axis Bank Limited, Secunderabad Branch

R P Road, Secunderabad 500 003

Company Secretary

P G Issac Raj & Associates

8-4-544/74/105 B, Sanjay Nagar

Erragadda, Hyderabad 500 038

Directors

Rajaneesh Chandra S

M Chandra Mouli

Nayak H B

Jagdish Chandra M

Ch.Koteswara Rao

Investors Redressal Grievances Officer

(Compliance officer)

Ms.N Swarupa Rani

Swarupa.ubeindia@gmail.com

investors.ubeindia@gmail.com

Share Holders/Investors Grievances Committee

Mr. M Chandra Mouli (Chair Person)

Mr. S Rahmatullah

Mr. M Jagadish Chandra

Mr. M Jagadish Chandra

Mrs. Swarupa Rani

AUDIT COMMITTEE

Mr. S Rahmatullah (Chair Person)

Mr. M Jagadish Chandra (Special Invitee)

Mr .S Rajaneesh Chandra

Mr. M Chandramouli

Share Transfer Department

Ananda Nilayam,IIIRD Floor, 8-3-214/40/H

Srinivasa Nagar Colony (west), Ameerpet, Hyderabad 500038

AUDITORS

C V S Balachandra Rao & Co.,

Chartered Accountants

D. No.4-4-214 Inderbagh

Sultan Bazar, Hyderabad – 500 095

Factory

UBE Estates, Nemarigomla Village

Bibi Nagar Mandal, Nalgonda District, A P

Mumbai Office

B 11, Jayant Apartment

Appasaheb Marathe Marg, Prabhacevi

Mumbai 400025

UBE INDUSTRIES LIMITED

Ananda Nilayam, IIIrd Floor, 8-3-214/40/H, Srinivasa Nagar Colony
Ameerpet, Hyderabad 500038 A P

NOTICE OF THE 27th ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the members of UBE Industries Limited will be held on Saturday, **29 September 2011** at **9.00 A.M.** at the **Registered Office** of the Company at Ananda Nilayam, IIIrd Floor, 8-3-214/40/H, Srinivasa Nagar Colony (west), Ameerpet, Hyderabad 500038 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited balance sheet as at **31 March 2012**, 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. **M Chandramouli** who retires by rotation as a Director at this Meeting and being eligible to offer himself for reappointment.
3. 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 himself for reappointment.
4. 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.

Place: Hyderabad
Date: **31 August 2012**

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, **26 September 2012** to Wednesday, **3 October 2012** (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, either by the e-mail to investors.ubeindia@gmail.com or by a letter, 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.
8. Ministry of Corporate Affairs (MCA), Government of India, has initiated a Green Initiative in Corporate Governance allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices/documents to its share holders through electronic mode to the registered e-mail addresses of share holders. The move by the ministry is welcome, since, it will benefit the society at a large through reduction in paper consumption and contribution towards a Greener Environment, apart from prompt receipt of communication and avoid loss in postal transit. Keeping in view the underlying theme and the circular issued by MCA, we propose to send all documents to be sent to the Shareholders like General Meeting Notices (including AGM), Audited Financial Statements, Directors Report, Auditors Reports etc, henceforth to the shareholders in electronic form, to the e-mail address provided by them and to be made available to us by the from the Depositories, once the demat in force. Therefore, we also request the Shareholders to provide their e-mail address. Please note that the documents will also be available on the company's web site www.ubeindia.com for down load by the Shareholders. The physical copies of the Annual Report will also be available at our Registered Office in Hyderabad for inspection during office hours .In case you desire to receive the above mentioned documents in physical form, you are requested to send an e mail to investors.ubeindia@gmail.com Please note that you will be entitled to be furnished free of cost, with a copy of the Balance Sheet of the company and all other documents required by law to be attached thereto including the Profit & Loss Account and Auditors' Report, upon receipt of a requisition from you, any time ,as a member of the company.
9. Members who have not registered their e-mail address so far requested to register their e-mail addresses, with the company or in respect of electronic holdings with the Depository through their concerned Depository Participants once the demat services are operated. Members are also requested to register their e-mail addresses with Bigshare Services Pvt Ltd, G-10, Left Wing, Amrutha Ville, Opp.Yashoda Hospital, Somajiguda, Raj Bhawan Road, Hyderabad 500 062, Registrars and Transfer Agents of the company.
10. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the company on all working days, except Saturdays after 1-00 P M, up to date of Annual General Meeting.
11. **Investors Grieviences Redressal**
The company has designated an exclusive e-mail id viz., investors.ubeindia@gmail.com to enable investors to register their complaints if any.

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 2012**.

During the financial year, your company has resumed operations in its Projects Construction and Contracts Divisions and Engineering Division apart from existing operations of infrastructure contracts and capital EPC, ENGG & consultancy contracts.

FINANCIAL RESULTS

	For the year ended 31 March 2012	for the year ended 31 March 2011
Income	22002114-00\$	1,81,68,550-00
Expenditure	12809983-00**	1,81,62,860-00*
Gross Profit	(-9192131-00)	5690-00
Depreciation	9210298-00	9210298-00
Provision for Tax	0	0
PATD	-18167-00	(-9204598-00)
Net Profit	-18167-00	(-9204598-00)
Reserves & Surplus	90994189-00	9,10,12,356-00

*Inclusive of the expenditure pertaining to the cleaning and over oiling of the plant and machinery of the company to revive the operations of the company.

** Inclusive of the expenditure pertaining to the cleaning and over oiling of the plant and machinery pertaining to the welding division to revive the operations of the company.

\$ The progress and income generated in the operations of the infrastructure development division and Projects division was not accounted as the result of the non approval as on **31 March 2012** by the respective clients according to the contract between the clients and the company.

FUTURE OUTLOOK

Your company has revived its operations which were stalled due to a problem caused by the Department of Industries, Government of Andhra Pradesh.

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, the proposed planning has been shown below.

Projects Division: This Division will be functioned as **UBE Projects Limited**. The company was incorporated on 4th September 2006 vide incorporation/corporate identity no U 45101 AP 2007 PLC 051055 2006-2007 with the Registrar of Companies, Hyderabad, with main activities as EPC and Turnkey Projects including fabrication. The existing land and buildings of your company will be transferred to the division as per the scheme of de-mergerger d

Engineering Division: This Division will be functioned as **UBE Tools Limited**. The company was incorporated on 8th September 2006 vide incorporation/corporate identity no U 74999 AP 2006 PLC 051086 2006-2007 with the Registrar of Companies, Hyderabad, with main activities as manufacturing the Special Purpose Machines, Tooling Systems and other light Engineering activities. This division is proposing to acquire the land and construct the buildings; however, soon after the approval of de-merger scheme, till the construction of buildings for operations, the division will be functioned in rented premises.

Welding Division: This Division will be functioned as **UBE Weldproducts Limited**. The company was incorporated on 28th August 2006 vide incorporation/corporate identity no U 31909 AP PLC 050993 2006-2007 with the Registrar of Companies, Hyderabad, with main activities as Manufacture of Welding Consumables and Equipment. This division is proposing to acquire the land and construct the buildings; however, soon after the approval of de-merger scheme, till the construction of buildings for operations, the division will be functioned in rented premises.

Automotive Division: This Division will be functioned as **UBE Automotive Limited**. The company was incorporated on 4th September 2006 vide incorporation/corporate identity no U 63011 AP 2006 PLC 051054 2006-2007 with the Registrar of Companies, Hyderabad, with main activities as assembly of Low Cost People Car.

Your company is in the process of initiating the operations of the division, has been negotiating for the Technical Cooperation for long term association with M/s. **Zastava Automobili** of Belgrade for the manufacturing of their model **Koral**. Memorandum of Understanding is being executed with them during the next financial year.

Your company is also exploring the Technical Cooperation for long term association with few other reputed companies from Europe, USA and Australia, for Automotive Division.

On completion of the de-merger Scheme, your company will become as a **Holding Company** for the four companies and continue to be **Engineering Company** (without manufacturing activities in the field of Turn Key Projects and **Integrated Consultancy Company**, and **Infrastructure Development Company** including **Marketing and Trading Company**.

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.

Your company has initiated certain infrastructure projects with the Governments and Private corporate, one such project has been executed the Memorandum of Understanding with the **Government of Gujarat** and others are in pipeline, the same will be initiated as an SPV, which 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 2012**.

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 Seventh 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.

CORPORATE GOVERNANCE REPORT

A report on Corporate Governance Report and Management Discussions & Analysis Report is annexed separately as part of the report.

CASH FLOW STATEMENT

A cash flow statement for the year's operation is appended.

FIXED DEPOSITS

Your company has not accepted any fixed deposits under the provisions of Section 58(a) of the Companies Act, 1956 hence not applicable to the company.

INSURANCE

All properties are insurable in the interest of the company including buildings, plant and machinery and stocks have been adequately insured. As required under Public Liability Insurance Act, 1991, your company has taken necessary insurance coverage.

DIRECTORS

Mr. **M Chandramouli** and Mr. **M S Rajaneesh Chandra** retire by rotation and being eligible to offer themselves for reappointment.

ANCILLARY DEVELOPMENT

Your company has planned to develop ancillary companies wherein the products of ancillary Companies will be used in the products of your company.

HUMAN RESOURCES

Employee relations remained cordial at your company. Your Directors take this opportunity to record their appreciation for the out standing contribution of all employees of your company. Particulars of employees is required to be furnished in terms of the rules framed under Section

217 (2A) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988. During the period, there were no employees drawing remuneration of more than Rs. **12,00,000/-** or more per annum or Rs **1,00,000/-** per month, therefore, no particulars of employees. Towards the foreign travel by the executives if any during the year are reimbursed in INR as equivalent to the exchange rate prevailing the time of travel.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION ETC.

In accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, the required information relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo is annexed.

DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Responsibilities in relation to financial statements:

The financial statements have been prepared in conformity, in all material respects, with the generally accepted accounting principles in India and the accounting standards prescribed by ICAI in a consistent manner and supported by reasonable and prudent judgments and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as on **31.03.2012**.

The financial statements have been audited by M/s. **C V S Balchandra Rao & Co**, Chartered Accountants in accordance with generally accepted auditing standards which include an assessment of the systems of internal controls and tests of transactions to the extent considered necessary by them to support their opinion.

GOING CONCERN

In the opinion of the Directors, the Company has started the operation in the main business activities, Manufacturing of Welding Consumable and Equipment, Design, Fabrication, Erection and Commissioning of Process Plants (EPC and Heavy Fabrication), Design, Manufacture, Erection and Commissioning of Special Purpose Machine Tools and Tooling Systems, and Infrastructure Development and accordingly it is considered appropriate to prepare the financial statements on the basis of going concern. Maintenance of accounting records and internal controls

The company has taken proper and sufficient care for the maintenance of adequate accounting records as required by the Statute.

Directors have overall responsibility for the Company's internal control system which is designed to provide a reasonable assurance for safeguarding of assets, reliability of financial records and for preventing and detecting fraud and other irregularities.

The system of internal control is monitored by internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness of the system of internal control and quality of performance in carrying out assigned responsibilities. Internal Audit Department interacts with all levels of management and the Statutory Auditors, and reports significant issued to the Audit Committee of the Board.

Audit Committee supervises financial reporting process through review of accounting and reporting practices, financial and accounting controls and financial statements. Audit Committee also periodically interacts with internal and statutory auditors to ensure quality and veracity of company's accounts.

Internal Auditors and Statutory Auditors have full and free access to all the information and records as considered necessary to carry out their responsibilities. All the issues raised by them have been suitably acted upon and followed up.

ACKNOWLEDGEMENTS

Your Directors wish to thank the Central Government, Government of Andhra Pradesh, Financial Institutions and the Company's Bankers for a variety of help and regular encouragement to the company. Your Directors gratefully acknowledge the trust and confidence you as esteemed shareholders have placed in the company at all times. Your Directors also wish to place on record their appreciation of the dedicated services rendered by all the officers, staff and workers of the company at all levels and for their unfailing loyalty and sense of belonging which constituted the hall mark of your company.

For and on behalf of the Board

Place: Hyderabad
Date: **31 August 2012**

S. Vijaya Bhaskar
Managing Director

ANNEXURE

INFORMATION AS PER SECTION 217 (1) (E) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2011

CONSERVATION OF ENERGY

Energy Consumption & Cost Reduction Steps taken to reduce the energy consumption & reduce the cost of production Energy audits are been performed and all the relevant steps are adopted.

TECHNOLOGY ABSORBTION

Technology imported during the last Five years

Technology Imported	Year of Import	Status
None	--	--

FOREIGN EXCHANGE EARNINGS/OUTGO

1. Exports & Foreign Exchange earnings - Nil
2. Imports/expenditure in foreign currency - Nil