

**UB ENGINEERING LIMITED**

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** of the Thirty Fifth Annual General Meeting of the Members of **UB ENGINEERING LIMITED** to be held at Pingale's Sanai Garden, Anu Sakha Estate, 31/2, Koregaon Park, Pune – 411 001, on Friday, September 29, 2006 at 2.30 p.m. for the following purposes:

1. To receive, consider and adopt the Accounts for the year ended March 31, 2006 and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in the place of Mr. S D Lalla, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Naval Choudhary, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors for the current year and fix their remuneration. The retiring auditors are eligible for re-appointment.

**SPECIAL BUSINESS**

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:

**RESOLVED THAT** Mr. K P Venugopalan, who was appointed an Additional Director of the Company with effect from March 29, 2006 and who, in terms of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received Notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Venugopalan as a candidate for the office of Director, be and is hereby appointed a Director of the Company.

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:

**RESOLVED THAT** Mr. L Ranganathan, who was appointed an Additional Director of the Company with effect from April 1, 2006, and who, in terms of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received Notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Ranganathan as a candidate for the office of Director, be and is hereby appointed a Director of the Company.

7. To consider and if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:

**RESOLVED THAT** subject to the provisions of Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to relevant Article of Articles of Association of the Company, Mr. L. Ranganathan be and is hereby appointed as “Executive Director” of the Company for a period of 2 [two] years with effect from April 1, 2006.

**FURTHER RESOLVED THAT** subject to the superintendence, control and directions of the Board of Directors and / or any committee thereof and also subject to such orders and directions as may be given to him and subject also to such restrictions as the Board may in its sole and uncontrolled discretion, from time to time impose upon him, Mr. Ranganathan, shall have the management of the whole of the affairs of the Company with powers to perform all acts and things which in the ordinary course of business he may consider necessary or proper or in the interest of the Company so however that Mr. Ranganathan shall not be entitled to exercise the powers which under the Companies Act, 1956 or under any other statute or under the Articles of Association of the Company are required to be exercised at the meeting of the Shareholders of the Company or at the meetings of the Board of Directors of the Company.

**FURTHER RESOLVED THAT** Mr. L. Ranganathan, as Executive Director, shall not draw any remuneration and shall not be liable to retirement by rotation.

**By Order of the Board  
For UB ENGINEERING LIMITED**

**V M PENDSE  
Company Secretary**

**30<sup>th</sup> August, 2006  
Mumbai**

## NOTES:

1. **A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and such proxy need not be a Member of the Company. The proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting.**
2. The relative explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 5 to 7 are annexed to and forms part of this Notice.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 27<sup>th</sup> day of September, 2006 to 29<sup>th</sup> day of September, 2006, (both days inclusive).
4. Shareholders are requested to notify change in their address, quoting Folio number to the Company's Registered office or Registrar and Transfer Agents.
5. **Shareholders holding shares in dematerialised form should address all their correspondence (including) change of address, nominations, ECS mandates, bank details to be incorporated on dividend warrants, powers of attorney, etc. to their Depository Participant.**
- 6.(a) The amount of the Unclaimed or unpaid Dividends up to the financial year ended March 31, 1994 has been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956 in force at that time. Shareholders who have not encashed their Dividend Warrants up to the said period are requested to claim the same from the Registrar of Companies, Maharashtra, 3<sup>rd</sup> Floor, P.M.T.Building, Pune – 411 004. .
- (b) Pursuant to Section 205A and 205C of the Companies Act, 1956, subsequent unclaimed dividends up to the year ended March 31, 1998 have been transferred to the Investor Education and Protection fund.
- (c) In terms of Section 205A and 205C any dividend remaining unclaimed for a period of seven years from the due date of payment is required to be transferred to the Investor Education and protection fund. **Once unclaimed dividends are so transferred, shareholders will not be entitled to claim these dividends.**
7. Shareholders / Proxies are requested to bring their copy of the **Annual Report and Attendance / Proxy Slip** sent herewith duly filled in for attending the meeting to avoid inconvenience and delay at the time of registration, **and avoid being accompanied by non-shareholders and children.** Copies of Annual Report and Attendance slip will **NOT** be available for distribution at the venue of the meeting.

8. The trading in the Company's Shares has been made compulsory in dematerialized form for all class of investors. In view of the numerous advantages offered by the Depository System, shareholders are requested to avail of the facility of dematerialisation of the Company's Shares.
9. Section 109A has been inserted by the Companies (Amendment) Act, 1999 enabling the shareholder(s) to nominate, a person to whom his / her share(s) in the Company shall vest in the event of his / her death. Where the shares are held in joint names, such nomination has to be made jointly. The nominee shall, on the death of the shareholder or all joint holders, as the case may be, become entitled to all rights in the shares to the exclusion of all other persons unless the nomination is varied or cancelled by the shareholder(s) in the prescribed manner.

Shareholder(s) desirous of nominating a person as a nominee may write to the Registered Office of the Company for obtaining the prescribed Nomination Form.

**EXPLANATORY STATEMENT as required under Section 173 of the Companies Act, 1956.**

**Item No.5**

By a Resolution passed by the Board of Directors at its Meeting held on March 29, 2006, Mr. .K P Venugopalan was appointed an Additional Director of the Company with effect from March 29, 2006 pursuant to the provisions of Article 116 of the Articles of Association of the Company. Under Section 260 of the Companies Act, 1956, Mr. K P Venugopalan holds office upto the date of this Annual General Meeting. The Company has received Notice from a Member under Section 257 of the said Act signifying his intention to propose Mr. Venugopalan as a candidate for the office of Director.

Particulars of Mr. K P Venugopalan are furnished in the Corporate Governance Report included in the Annual Report of the Company for the year ended March 31, 2006.

None of the Directors, except Mr K P Venugopalan, is interested or concerned in the Resolution.

**Item No.6:**

By a Resolution passed by the Board of Directors at its Meeting held on April 28, 2006, Mr. .L Ranganathan was appointed an Additional Director of the Company with effect from April 1, 2006 pursuant to the provisions of Article 116 of the Articles of Association of the Company. Under Section 260 of the Companies Act, 1956, Mr. L Ranganathan holds office upto the date of this Annual General Meeting. The Company has received Notice from a Member under Section 257 of the said Act signifying his intention to propose Mr. Ranganathan as a candidate for the office of Director.

Particulars of Mr. L Ranganathan are furnished in the Corporate Governance Report included in the Annual Report of the Company for the year ended March 31, 2006.

None of the Directors, except Mr L Ranganathan, is interested or concerned in the Resolution.

**Item No.7**

Mr L Ranganathan was appointed as “Executive Director” of the Company for a period of 2 [two] years with effect from April 1, 2006 at the meeting of the Board of Directors held on April 28, 2006. His term of appointment would not entitle him to any remuneration from the Company. His appointment as “Executive Director’ under the Companies Act, 1956 is recommended by the Board of Directors.

None of the Directors, except Mr. L. Ranganathan, is interested or concerned in this Resolution.

The relevant resolution concerning appointment of Mr. L .Ranganathan, as Executive Director in the accompanying notice may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

**By Order of the Board**

**V M PENDSE**  
**Company Secretary**

**30<sup>th</sup> August, 2006**  
**Mumbai**

## DIRECTORS' REPORT

To  
The Members

| <b>Financial Results</b>                                     | <b>(Rs. in millions)</b> |                |
|--|--------------------------|----------------|
|  | <b>2005-06</b>           | <b>2004-05</b> |
|  | Rs.                      | Rs.            |
| Profit/Loss before Tax and<br>Interest on overdue balances   | (68.59)                  | 14.87          |
| Interest on overdue balances                                 | 156.99                   | 142.47         |
| Profit/ (Loss) Before Tax                                    | (225.58)                 | (127.60)       |
| Provision for Deferred Tax/Wealth Tax/<br>Fringe Benefit Tax | 30.24                    | 40.43          |
| (Loss) After Tax   | (195.34)                 | (87.17)        |
| Prior Period Expenses  | 3.26                     | 7.63           |
| (Loss) after Tax   | (198.60)                 | (94.80)        |
| <b>Reserves No Longer Required Written Back</b>              |                          |                |
| Foreign Project Reserve                                      | -                        | 25.50          |
| <b>Carried to Balance Sheet</b>                              | <b>(198.60)</b>          | <b>(69.30)</b> |

The company has approached the consortium of Banks for one time settlement of the dues and negotiations are in progress. Accumulated loss at the year end stood at Rs.619.73 Million.

### MANAGEMENT DISCUSSION & ANALYSIS:

#### A. BUSINESS :

The Company undertakes Electro Mechanical Erection and Installation related to Construction of Industrial projects in two primary sectors Viz. Domestic and Overseas markets. Company's operations encompass EPC projects, On-site fabrication of structures, Installation, Cabling, Testing & commissioning of Equipments are large industrial projects such as power, Refineries and Piping steel, Cement, Fertilizer, Petrochemical and Desalination project. The Company enjoys pre-qualification credentials in Electrical Sub-station projects up to 400 KV in India. The company also undertakes Overhauling & Maintenance of Operating Plants in varied industries, both in India and Abroad.

#### B. REVIEW OF OPERATIONS & FUTURE PROSPECTS:

During the year under review turnover increased from Rs. 1491.72 Million to Rs.2291.29 Million but profitability declined significantly due to cost escalations, delays in projects execution and accruing of interest burden on Loan Funds cumulating on Company's Balance Sheet for several years.

Operations suffered due to non-availability of credit limits from banks pending recovery proceedings filed by the lenders, Lack of Working Capital-Funded as well as Non-funded facilities- forced the Company into low margin arrangements for ensuring survival and continuing business turnover.

The Execution of Significant order on hand would largely depend upon the availability of working capital finance from lenders.

During the first quarter ended 30<sup>th</sup> June, 2006, the turnover of the company stood at Rs.409 million with loss after tax for the Quarter of Rs.70.60 million.

### **C. THREATS & RISKS :**

As indicated in the review hereinbefore, unsustainable interest burden and lack of funds for modernization and upgrading Hi-Tech skills pose a major threat. Delays in recovery from certain debtors due to arbitration proceedings, competitive pressures on skilled manpower availability and fixed overheads of certain sites which are stalled will squeeze margins.

### **D. INTERNAL CONTROL SYSTEM :**

The Company has Management Information System, (MIS), and Internal Control Procedures commensurate with the operations. Measured internal audit efforts are applied to the Company operations at selected locations and internal audit reports are provided to Management. The Audit Committee periodically reviews the significant Audit observations and management response thereto.

### **E. HUMAN RELATIONS:**

During the year under review relations with the Unions & employees continued to be harmonious.

### **SUBSIDIARY COMPANY :**

The audited Balance Sheet and Profit & Loss Account together with the Directors' Report & Auditors' Report for the year ended 31<sup>st</sup> March 2006 in respect of WIE Estate Development Limited (WIEED), a wholly owned subsidiary company, are attached together with a Statement pursuant to section 212 of the Companies Act, 1956.

### **CORPORATE GOVERNANCE :**

Corporate Governance Report and Auditors' Certificate as to Compliance thereof forms part of this Annual Report.

### **DIRECTORS:**

Mr. S. D. Lalla and Mr. Naval Choudhary, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Mr. K P Venugopalan was appointed as additional director w.e.f. 29<sup>th</sup> March, 2006. He holds office till the ensuing AGM and being eligible offers himself for appointment as director.

The tenure of Mr. R K Dighe as Whole-time Director & CEO expired on 31.3.2006. He will, however, continue as Non Executive Director.

Mr. L Ranganathan, B.Tech, MBA was co opted as additional director w.e.f. 1<sup>st</sup> April, 2006, and appointed as Executive Director for a period of 2 (two) years w.e.f. 1<sup>st</sup> April, 2006, subject to approval of the members at the ensuing Annual General Meeting.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors state that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any ;
- (ii) Accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) Proper and sufficient care has been taken 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 ;
- (iv) The annual accounts have been prepared on a going concern basis ;

#### **AUDITORS:**

The Auditors M/s Narkar & Associates, Chartered Accountants, Mumbai, will retire at the conclusion of the forthcoming Annual General Meeting. They have expressed their willingness to continue in office during the current year. The Company has also received a certificate pursuant to the provisions of section 224 of the Companies Act, 1956, regarding the eligibility for re-appointment from M/s Narkar & Associates. Shareholders are requested to appoint them and fix their remuneration.

#### **AUDITORS' REPORT:**

With regard to the observations of the Auditors in the Audit Report under item 6(a) & (b) refer relevant Notes to Accounts in Schedule 'L' item no. 6(a), (b), (f) to (i). Management is of the view that the outstanding debtors are recoverable. As to other observation(s) the relevant notes on accounts are self-explanatory.

#### **PARTICULARS OF EMPLOYEES:**

Since no employee of the Company is drawing remuneration in excess of the ceilings prescribed under the Companies (particulars of employees) Rules, 1975, as

amended, read with Section 217 (2-A) of the Companies Act, 1956, information for the same is not furnished.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EARNINGS & OUTGO:**

The particulars regarding foreign exchange earnings and expenditure appear as item no.16 & 15 in the Notes to Accounts. Since the Company does not carry out any manufacturing activity, the particulars relating to conservation of energy and technology absorption stipulated in The Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 are not applicable.

**ACKNOWLEDGEMENT :**

Your Directors also take this opportunity to express their sincere gratitude to Shareholders, Customers, Suppliers and Sub-Contractors and Banks for their support and assistance throughout the year.

*For and on behalf of the Board of Directors*

**D R DESAI  
(DIRECTOR)**

**L. RANGANATHAN  
(EXECUTIVE DIRECTOR)**

30<sup>th</sup> August, 2006  
Mumbai

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To The Members of UB ENGINEERING LIMITED,

We have examined the compliance of the conditions of Corporate Governance by UB ENGINEERING LIMITED for the year ended 31<sup>st</sup> March, 2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' / Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For NARKAR & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**V D NARKAR  
PROPRIETOR**

Mumbai  
30<sup>th</sup> August, 2006

**REPORT ON CORPORATE GOVERNANCE**  
**(Pursuant to Clause 49 of the Listing Agreement)**

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**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company firmly believes in Good Corporate Governance for effective management and control of business over a sustained period of time.

The Company has always laid emphasis on cardinal principle of fairness, transparency and accountability for performance at all levels, thereby enhancing the shareholders value and protecting their interest. The Company considers itself as Trustee of its shareholders and also be socially responsible for creating and safeguarding shareholders wealth. The Company adopts long term planning and wherever necessary restructuring, amalgamation, creating subsidiaries for diversification etc. Strict compliance with the Securities and Exchange Board of India [SEBI] requirements and the Listing Agreements is ensured.

The above philosophy along with UB Code of Conduct and UB Code of Conduct for Prevention of Insider Trading ensures the sustenance of high ethical and moral standards which govern the conduct of the Company and its employees.

**2. CREATION OF SHAREHOLDER VALUE**

The Policies and procedures that are designed to secure shareholder value are rigorously implemented. Your Company believes in attainment of highest level of accountability and enhancement of shareholder value with fair, efficient and transparent administration.

**3. BOARD OF DIRECTORS**  
**(As on April 28, 2006)**

**Composition of the Board**

The Board of Directors comprises an Executive Director and five Non Executive Directors of whom three are independent as defined by Clause 49 of the Listing Agreement. This ensures a good blend of executive and independent Directors and achieves the desired level of independence of the Board. All Non Executive Directors are persons of eminence and bring in a wide range of expertise and experience to the Board.

**Board Procedure**

The meetings are governed by a detailed agenda. All major issues included in the agenda are backed by comprehensive background information to enable the Board to take informed decisions. The agenda papers, containing detailed notes on various agenda items and other information, which would enable the Board to discharge its responsibility effectively, are circulated to the Directors. It is the general policy of the Company that all major decisions be considered by the Board as a whole. As a consequence, the

committee structure of the Board is limited to those committees considered to be basic to, or required for, the operation of a public company. However, the important matters discussed at the meetings of the Audit Committee and the Shareholders' / Investors' Grievances Committee are also highlighted.

### **Code of Conduct**

As per the revised Clause 49 of the Listing Agreement with Stock Exchanges, the Company has adopted a Code of Conduct for the Board and the senior management. It can be viewed on the Company's website [www.ubengineering.com](http://www.ubengineering.com) affirmations regarding compliance with the Code of Conduct had been obtained from all Board members and senior management personnel of the Company. As required, a declaration duly signed by the Executive Director to that effect is attached as Annexure.

### **Attendance record of Directors**

During the year under review, Ten Board Meetings were held on April 29, 2005, May 30, 2005, July 29, 2005, August 25, 2005, October 26, 2005, December 14, 2005, January 10, 2006, January 31, 2006, February 24, 2006 and March 29, 2006.

The details of attendance of Directors at the Board meetings during the financial year 2005-06 and at the last Annual General Meeting (AGM) held on December 14, 2005 are given below:

| <b>Name</b>         | <b>Position</b> | <b>Category</b>             | <b>Meetings held during the tenure of Directors</b> | <b>Meetings attended</b> | <b>Attendance at the last AGM held on Dec. 14, 2005</b> |
|---------------------|-----------------|-----------------------------|---|--------------------------|---|
| Mr. S D Lalla       | Director        | Non-Executive               | 10  | 10                       | Present   |
| Mr. D R Desai       | Director        | Non-Executive (Independent) | 10  | 9                        | Present   |
| Mr. Naval Choudhary | Director        | Non-Executive (Independent) | 10  | 6                        | Present   |
| Mr. K P Venugopalan | Director        | Non-Executive (Independent) | -   | -                        | -   |
| Mr. R K Dighe       | Director        | Non-Executive               | 10  | 8                        | Present   |
| Mr L. Ranganathan   | Director        | Executive                   | -   | -                        | -   |

### **Notes:**

1. Mr. K P Venugopalan and Mr. L. Ranganathan were appointed as Additional Directors with effect from March 29, 2006 and April 1, 2006 respectively
2. None of the Directors is inter-related.
3. None of the Directors has any business relationships with the Company.

## Other Directorships and membership of Board Committees

The details of number of Directorships held in other public limited companies and the committee positions held by Directors of the Company is summarized below:

| Directors          | Public Limited Companies | Private Limited Companies | Committees  |              |
|--------------------|--------------------------|---------------------------|-------------|--------------|
|                    |                          |                           | Memberships | Chairmanship |
| Mr S D Lalla       | 7                        | 9                         | 3           | 1            |
| Mr D R Desai       | -                        | 3                         | -           | -            |
| Mr Naval Choudhary | 1                        | 2                         | -           | -            |
| Mr K P Venugopalan | -                        | -                         | -           | -            |
| Mr R K Dighe       | 1                        | -                         | -           | -            |
| Mr. L Ranganathan  | -                        | -                         | -           | -            |

The information provided above pertains to the following committees in accordance with the provisions of Clause 49 of the Listing Agreement:

1. Audit Committee
2. Remuneration / Compensation Committee
3. Investors' / Shareholders' Grievances Committee

## DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

Mr. S D Lalla and Mr. Naval Choudhary, retire by rotation and being eligible, have offered themselves for re-appointment. Mr. K.P. Venugopalan and Mr. L. Ranganathan were appointed as an Additional Directors on March 29, 2006 and April 1, 2006, respectively and *ipso facto* vacates office at the ensuing Annual General Meeting. Two members have proposed their names under Section 257 of the Companies Act, 1956, to be appointed as Directors liable to retire by rotation.

The brief particulars of the Directors of the Company, retiring by rotation and proposed to be re-appointed at the ensuing Annual General Meeting are as under:

| Name and brief Resume and Functional Expertise of the Director  | Appointment / Re-appointment             | Directorships held in other Companies   | Committee positions held in other Companies                        |
|---|--|---|--|
| <b>Mr. S D LALLA</b><br><br><b>Resume:</b><br><br>Qualification: L.C.& S.E. & A.M.I.E. (Civil)<br>Expertise: He has varied & rich experience in senior positions on the UB Group and RPG Group. He is | Re-appointment on retirement by rotation | Associated Breweries & Distilleries Ltd.<br><br>Herbertsons Ltd.<br><br>Baramati Grape Industries Ltd.<br><br>Face One Models | Herbertsons Ltd.<br><br>Shaw Wallace Distilleries Ltd.<br><br>Shaw |

|   |   |   |                               |
|---|---|---|-------------------------------|
| <p>the Managing Director of Herbertsons Limited since March 1994 and also of Shaw Wallace &amp; Company since June 2005.</p> <p>Director of the Company since 29.11.1988</p>  |   | <p>Pvt. Ltd.</p> <p>Rossi &amp; Associates Pvt. Ltd.</p> <p>Triumph Distilleries &amp; Vintners Pvt. Ltd.</p> <p>Mallya Pvt. Ltd.</p> <p>Pharma Trading Co. Pvt. Ltd.</p> <p>The Gem Investment &amp; Trading Co. Pvt. Ltd.</p> <p>Kamsco Industries Pvt. Ltd.</p> <p>Cineblitz Productions Pvt. Ltd</p> <p>VJM Media Pvt. Ltd.</p> <p>Shaw Wallace &amp; Co. Ltd.</p> <p>Shaw Wallace Breweries Ltd.</p> <p>Shaw Wallace Distilleries Ltd.</p> <p>Shaw Wallace Executives' Welfare &amp; Benefit Company</p> | <p>Wallace Breweries Ltd.</p> |
| <p><b>Mr. NAVAL CHOUDHARY</b></p> <p><b>Resume:</b></p> <p>Qualification: B.E. (Mech) &amp; M.B.A., IIMA</p> <p>Expertise: He has rich experience of 34 years including overseas in various management disciplines such as Strategic Planning, Marketing, Production, Cost Control, Finance, Material Management, Personnel, Administration etc. He was earlier</p> | <p>Re-appointment on retirement by rotation</p> | <p>Albright and Wilson Chemicals India Ltd.</p> <p>Rhodia Chemicals India Pvt. Ltd.</p> <p>Indo Swiss Fabric Pvt. Ltd.</p>  | <p>NIL</p>                    |

|  |  |            |            |
|--|--|------------|------------|
| <p>associated with Kalpataru Group of Companies, Carprihans India Ltd, Mangalam Cement Ltd, Jaipur Udog Ltd, Asian Paints Limited and now Managing Director of Albright and Wilson Chemicals India Ltd.</p> <p>Director of the Company since 30.7.2004</p>   |  |            |            |
| <p><b>Mr. K.P. VENUGOPALAN</b></p> <p><b>Resume:</b></p> <p>Qualification: B.Com, A.C.S.</p> <p>Expertise: He has over 30 years work experience in various disciplines like Secretarial, Legal and Central Excise. He was earlier associated with Hindustan Organic Chemicals Ltd. and now Company Secretary of Albright &amp; Wilson Chemicals India Ltd.</p> <p>Director of the Company since March 29, 2006.</p>  | <p>Co-opted on the Board as Additional Director and holds office up to the date of the ensuing Annual General Meeting.</p> <p>Proposed by a shareholder for appointment as a Director of the Company liable to retire by rotation.</p>     | <p>NIL</p> |            |
| <p><b>Mr. L. RANGANATHAN</b></p> <p><b>Resume:</b></p> <p>Qualification: B.Tech, M.B.A.</p> <p>Expertise: He has rich and diverse experience over 25 years in industries such as petrochemicals, engineering, electric, automobiles, spirits. He has worked with T.I. Group, Industrial Oxygen and with the UB Group for 23 years. His expertise includes corporate planning, restructuring and turnaround of ailing Business.</p> <p>Director of the Company since April 1, 2006.</p> | <p>Co-opted on the Board as Additional Director and holds office up to the date of the ensuing Annual General Meeting.</p> <p>Proposed by a shareholder for appointment as a Director of the Company not liable to retire by rotation.</p> | <p>NIL</p> | <p>NIL</p> |

#### 4. **COMMITTEES OF THE BOARD**

The Board of Directors has three Committees: an Audit Committee, Remuneration / Compensation Committee and Investors' / Shareholders' Grievances Committee of Directors. The functions of these committees are summarized below.

##### [a] **AUDIT COMMITTEE**

###### **Terms of Reference and Composition, Names of Members and Chairman.**

The powers of the Audit Committee are as mentioned in Clause 49(II) [c] and [d] of the Listing Agreement and Section 292A of the Companies Act, 1956. The terms of reference of this Committee are wide enough covering the matters specified for Audit Committees under the Listing Agreement. The Committee acts as a link between the management, the Statutory and the Internal Auditors on one side and the Board of Directors of the Company on the other side and oversees the financial reporting process.

The Company continued to derive immense benefit from the deliberation of the Audit Committee comprising three Independent Directors and one Non-Executive Director, who are eminent professionals knowledgeable in finance, accounts and company law. Minutes of each audit committee meeting are placed before and discussed in the meeting of the Board.

The Chief Financial Officer, UB Group, and the Internal Auditors are permanent invitees. The Statutory Auditors are also invited to attend the meetings. The Company Secretary acts as the Secretary to the Committee.

Four meetings were held during the year ended March 31, 2006. The Composition and Attendance of Members at the Meetings of the Audit Committee held during 2005-06 are as follows:

| <b>Directors</b>   | <b>Category</b>                    | <b>Meetings held during the tenure of Directors</b> | <b>Meetings attended</b> |
|--------------------|------------------------------------|---|--------------------------|
| Mr D R Desai       | Non Executive Independent Director | 4   | 3                        |
| Mr S D Lalla       | Non Executive                      | 4   | 1                        |
| Mr Naval Choudhary | Non Executive Independent          | 4   | 4                        |

##### [b] **REMUNERATION / COMPENSATION COMMITTEE** **(a non-mandatory requirement)**

The Remuneration / Compensation Committee of the Board was constituted in March 2006 to formulate and recommend to the Board, from time to time, a compensation structure for Wholtime Members of the Board.

## Remuneration Policy

The Company's remuneration policy is reviewed and revised by the Compensation Committee. Its key objective is to attract and retain the best talent in the organization and to motivate employees towards excellence in performance. In addition to monetary remuneration, the policy also considers granting of stock options to instill a sense of ownership and foster commitment.

None of the Non-Executive Independent Directors of the Company have any pecuniary relationships or transactions with the Company except for any professional services, if any, rendered by them.

### Composition of Remuneration Committee

| Name                | Designation | Category                    |
|---------------------|-------------|-----------------------------|
| Mr. D R Desai       | Chairman    | Non-Executive (Independent) |
| Mr. Naval Choudhary | Member      | Non-Executive (Independent) |
| Mr. L Ranganathan   | Member      | Executive Director          |

There was no occasion to meet during the year 2005-06.

## Remuneration to Directors

### Remuneration paid to Wholtime / Managing / Executive Directors

Mr L Ranganathan, who has been appointed as an Executive Director, for a period of two years with effect from April 1, 2006, does not draw any remuneration from the Company. Except Mr L Ranganathan, the Company does not have Service Contract with any of the other directors.

### Remuneration to Non-Executive Directors

Non-Executive Directors are not entitled for any remuneration other than sitting fees. During the year under review, Directors have waived the sitting fees payable for attending the meetings of the Board / Committees.

The details of remuneration paid to the Directors of the Company are given below:

### Remuneration of Directors during the financial year 2005-06

The details of remuneration of Mr. R. K. Dighe, Whole Time Director and Chief Financial Officer, for the financial year 2005-06 are as under.

|                               |                 |
|-------------------------------|-----------------|
| Salary and Allowances         | Rs.10,46,600.00 |
| Perquisites                   | Rs.5,36,825.00  |
| Provident Fund and Other Fund | Rs.2,99,880.00  |
| TOTAL                         | Rs,18,83,305.00 |

- Notes:** 1. The Company did not advance any loans to any of the Executive Directors and/or Non-Executive Directors during the period under review.
2. The Company has so far not issued any Stock Options to Executive Directors or employees.

The particulars of Equity Shares of the Company currently held by the Directors are furnished below:

| Directors          | No. of Shares held   |                      |
|--------------------|----------------------|----------------------|
|                    | As on March 31, 2006 | As on March 31, 2005 |
| Mr S D Lalla       | -                    | -                    |
| Mr D R Desai       | -                    | -                    |
| Mr Naval Choudhary | -                    | -                    |
| Mr K P Venugopalan | -                    | -                    |
| Mr R K Dighe       | 2050                 | 2050                 |
| Mr L Ranganathan   | -                    | -                    |

**[c] INVESTORS' / SHAREHOLDERS' GRIEVANCES COMMITTEE**

The Members of the Committee are Mr. Naval Choudhary, Mr. D R Desai and Mr. R. K Dighe.

Four Meetings of the Committee were held during the year ended March 31, 2006.

The Committee oversees the transfer of shares lodged for transfer, transmission, dematerialization / rematerialization, split and stock option allotments. In compliance with the Listing Agreement, every quarter, the system is audited by a Practising Company Secretary and Compliance Certificate to that effect is issued and filed with the Stock Exchanges where the Company's shares are listed.

The Company also submits on a quarterly basis in accordance with SEBI requirements to the Stock Exchanges within the stipulated period, the Secretarial Audit report issued by a Practising Company Secretary *inter alia* confirming that the equity shares of the Company held in dematerialized form and in physical form tally with the issued and paid-up equity share capital of the Company.

The Board has delegated the powers for approval of share transfer, issue of duplicate share certificates, etc. to Mr V M Pendse, Company Secretary and Mrs S V Pitkar, Senior Manager [Secretarial], acting as Compliance Officers, who ensure the compliance as are required under Listing Agreement.

The particulars of the meetings of the Investors' / Shareholders' Grievances Committee held during the year is furnished below:

| Directors           | Category               | Meetings held during the tenure of Directors | Meetings attended |
|---------------------|------------------------|--|-------------------|
| Mr. Naval Choudhary | Chairman / Independent | 4  | 4                 |

|               |               |   |   |
|---------------|---------------|---|---|
| Mr. D R Desai | Independent   | 4 | 4 |
| Mr. R K Dighe | Non-Executive | - | - |

## 5. COMPLIANCE OFFICER:

The Company's Secretarial Department is responsible for ensuring compliance with applicable compliance requirements. The Secretarial Department is headed by Mr V M Pendse, Company Secretary, who is responsible for ensuring compliance of the Companies Act and allied laws.

Mrs. S V Pitkar, Senior Manager [Secretarial] has been functioning as Compliance Officer for the purpose of complying with various provisions of Securities and Exchange Board of India Regulations, Listing Agreements with Stock Exchanges, Registrar of Companies and for monitoring the share transfer process etc.

|                           |  |
|---------------------------|--|
| <b>COMPLIANCE OFFICER</b> | Mrs. S V Pitkar  |
| <b>email address</b>      | <a href="mailto:ubengg.ho@vsnl.com">ubengg.ho@vsnl.com</a> |

### Nature and Number of Complaints received, resolved and pending:

Most of the Complaints from shareholders are received directly by the Company:

1. The nature of complaints received from investors includes non-receipt of dividend warrants, change of address, revalidation of dividend warrants, nomination, powers of attorney and exchange of share certificates relating to amalgamation / demerger.
2. Investors' queries / grievances are normally attended to within a period of 3 days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned.

The details of requests / complaints received and resolved during 2005-06 and pending as on March 31, 2006 are as follows:

| <b>Pending as on March 31, 2005</b> | <b>Received</b> | <b>Redressed</b> | <b>Pending as on March 31, 2006</b> |
|-------------------------------------|-----------------|------------------|-------------------------------------|
| NIL                                 | 6               | 6                | NIL                                 |

None of the above complaints were kept pending for more than one month. As on March 31, 2006, no share transfer requests were pending at our end.

## 6. GENERAL BODY MEETINGS

The last three Annual General Meetings (AGMs) of the Company were held on the following dates, time and venue:

| <b>Financial Year</b>           | <b>Date</b> | <b>Time</b> | <b>Venue</b>           |
|---------------------------------|-------------|-------------|------------------------|
| 32 <sup>nd</sup> Annual General | September   | 2.00        | Pingale" Sanai Garden, |

|                                      |                    |            |  |
|--------------------------------------|--------------------|------------|--|
| Meeting -2002-03                     | 30, 2003           | p.m.       | Anu Sakha Estate Opp.<br>Canara Bank, B 1/2,<br>Koregaon Park, Pune 411<br>001                         |
| 33rd Annual General Meeting -2003-04 | September 30, 2004 | 2.00 p.m.  | Pingale” Sanai Garden,<br>Anu Sakha Estate Opp. Canara Bank,<br>B 1/2 , Koregaon Park,<br>Pune 411 001 |
| 34th Annual General Meeting -2004-05 | December, 14, 2005 | 11.30 a.m. | Pingale” Sanai Garden,<br>Anu Sakha Estate Opp. Canara Bank,<br>B 1/2 , Koregaon Park,<br>Pune 411 001 |

## 7. MATERIAL DISCLOSURES AND COMPLIANCE

### Related Party disclosures

The Company has not entered into any transactions of a material nature with the promoters, directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company.

Transactions with related parties as per the requirements of Accounting Standards 18 issued by The Institute of Chartered Accountants of India are disclosed in the relevant Schedule of Notes to Accounts.

### Details of non-compliance

Neither has the Company failed to comply with the provisions of Law nor has any penalty or stricture been imposed by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to the Capital Markets during the last three years.

The Company has laid down the procedure for risk assessment and minimization, which will be periodically reviewed to ensure management control.

All mandatory requirements of clause 49 of the Listing Agreement have been complied with.

Though Whistle Blower Policy is not established employees are provided free access to Senior Management to interact directly with Chairman of Audit Committee on any issues relating to the Company.

## 8. MEANS OF COMMUNICATION

### Website

The Company has its own web-site and all vital information relating to the Company and its performance, including quarterly results, official press releases and presentation to analysts are posted on the web-site. The Company’s web-site address is [www.ubengineering.com](http://www.ubengineering.com)

### Other means of communication

|   |   |
|---|---|
| Half yearly report sent to each household of shareholders:  | The Company's half yearly Results are published in English and Marathi newspapers.<br><br>Press Releases are also issued which are carried by other newspapers. Hence, same are not sent to the Shareholders to their houses. |
| Quarterly Results:  | - do -  |
| Any Web site where displayed:   | <a href="http://www.ubengineering.com">www.ubengineering.com</a>  |
| Whether it also displays official news releases and the presentations made to Institutional Investors or to the analysts: | Yes   |
| Newspapers in which Results are normally published in   | Economic Times  |
| Whether Management Discussion and Analysis is a part of the Annual Report   | Yes   |

### 9. MANAGEMENT DISCUSSION AND ANALYSIS

As required by Clause 49 of the Listing Agreement with the Stock Exchange, Management Discussion and Analysis Report is appended and forms an integral part of the Report of Directors.

### 10. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a "Code of Conduct for Dealing in Securities." The Company has updated the Code as per the requirements of SEBI and is applicable to all Directors and designated employees. The Code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

|   |                |
|---|----------------|
| <b>DESIGNATED OFFICER</b><br>-To oversee the Corporate Disclosures Practices.                   | Mr. D.R. Desai |
| <b>COMPLIANCE OFFICER</b><br>-To carry out the responsibilities as set out in SEBI Regulations. | Mr. V M Pendse |

### 11. GENERAL SHAREHOLDER INFORMATION

The Company's financial year begins on April 1 and ends on March 31 of the following year.

| Division of Financial Calendar |                          | Declaration of Unaudited Results |
|--------------------------------|--------------------------|----------------------------------|
| 1 <sup>st</sup> Quarter        | April 1 to June 30       | By July 30 <sup>th</sup>         |
| 2 <sup>nd</sup> Quarter        | July 1 to September 30   | By October 30 <sup>th</sup>      |
| 3 <sup>rd</sup> Quarter        | October 1 to December 31 | By January 30 <sup>th</sup>      |
| 4 <sup>th</sup> Quarter        | January 1 to March 31    | By April 30 <sup>th</sup>        |

The particulars of the Annual General Meeting for the year ended March 31, 2006 is as under:

| Date of 35 <sup>th</sup> Annual General Meeting | Venue  | Time             |
|---|--|------------------|
| September 29, 2006                              | Pingale'' Sanai Garden<br>Anu Sakha Estate Opp. Canara Bank,<br>B 1/ 2 , Koregaon Park, Pune 411 001 | <b>2.30 p.m.</b> |

|                     |      |                           |    |  |
|---------------------|------|---------------------------|----|--|
| <b>BOOK CLOSURE</b> | FROM | <b>September 27, 2006</b> | TO | <b>September 29, 2006 both days inclusive,</b> |
|---------------------|------|---------------------------|----|--|

#### **Listing on Stock Exchanges and Stock Codes:**

The Company's Shares are currently listed and traded on Bombay Stock Exchange Limited:

| Sl. No | Name of the Stock Exchange                | Address   | Stock Code |
|--------|---|---|------------|
| 1      | The Bombay Stock Exchange Limited, Mumbai | Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 | 509992     |

The Listing Fee for the year 2006-2007 has been paid to Bombay Stock Exchange Limited.

#### **Share Transfer System and Dematerialisation of Shares:**

##### **Registrars & Share Transfer Agents**

The Company has appointed Computech Sharecap Limited as Registrars & Share Transfer Agents for physical and electronic share registry.

##### **Share Transfer System**

During the year all matters pertaining to Share Transfers / Transmissions were handled in-house by the Company. Share Transfer requests were processed and a Memorandum of Transfer along with relevant documents were placed before the Share Transfer Committee for approval. The average time taken for processing Share Transfer requests including dispatch of Share Certificates was 21 days, while 10-12 days were required for

processing dematerialisation requests. The Compliance Officer monitored, supervised and ensured that there were no delays or lapses in the system.

For any assistance regarding share transfers, transmission, and change of address to shareholders may write to Registrars and Transfer Agents / Company.

### De-materialization of Shares and liquidity

The Shares of the Company are compulsorily traded in dematerialized form. The code Number allotted by National Securities Depository Limited and Central Depository Services (India) Limited is as follows:

|  |                     |
|--|---------------------|
| <b>ISIN Number of Company's Shares<br/>for NSDL &amp; CDSL</b> | <b>INE328C01013</b> |
|--|---------------------|

### Percentage of Shares held in Physical & Electronic form as on March 31, 2006

| Sl. No. | Particulars       | Count        | Shares          | %             |
|---------|-------------------|--------------|-----------------|---------------|
| 1       | Physical Shares   | 41405        | 2989428         | 24.25         |
| 2       | Electronic Shares | 9517         | 9336702         | 75.75         |
|         | <b>TOTAL</b>      | <b>50922</b> | <b>12326130</b> | <b>100.00</b> |

### Market Price Data:

The details of market price of the shares of the Company at the Stock Exchange, Mumbai during the last corporate financial year are provided in the Table hereunder.

|                  |                     | BSE- SENSEX    |                    | BSE            |       |
|------------------|---------------------|----------------|--------------------|----------------|-------|
|                  |                     | High           | Low                | High           | Low   |
| MONTHS           |                     |                |                    | Rs.            | Rs.   |
| April            | 2005                | 6649.42        | 6118.42            | 23.85          | 11.35 |
| May              | 2005                | 6772.74        | 6140.97            | 38.90          | 19.05 |
| June             | 2005                | 7228.21        | 6647.36            | 39.65          | 31.80 |
| July             | 2005                | 7708.59        | 7123.11            | 39.40          | 31.25 |
| August           | 2005                | 7921.39        | 7537.50            | 50.10          | 32.05 |
| September        | 2005                | 8722.17        | 7818.90            | 48.00          | 34.00 |
| October          | 2005                | 8821.84        | 7656.15            | 37.95          | 21.90 |
| November         | 2005                | 9033.99        | 7891.23            | 35.40          | 21.05 |
| December         | 2005                | 9442.98        | 8769.56            | 44.50          | 35.25 |
| January          | 2006                | 9945.19        | 9158.44            | 42.60          | 33.40 |
| February         | 2006                | 10422.65       | 9713.51            | 40.05          | 30.25 |
| March            | 2006                | 11356.95       | 10344.26           | 38.45          | 31.50 |
| <b>CATEGORY</b>  |                     |                |                    |                |       |
|                  | No. of shareholders | % (Percentage) | No. of Shares Held | % (Percentage) |       |
| Up to 500 shares | 49087               | 96.40          | 3593867            | 29.16          |       |

|                 |              |               |                 |               |
|-----------------|--------------|---------------|-----------------|---------------|
| 501-1000        | 1090         | 2.14          | 890174          | 7.23          |
| 1001 – 2000     | 417          | 0.82          | 645235          | 5.24          |
| 2001 – 3000     | 126          | 0.25          | 318844          | 2.53          |
| 3001 – 4000     | 51           | 0.10          | 188964          | 1.51          |
| 4001 – 5000     | 35           | 0.07          | 165781          | 1.34          |
| 5001 – 10000    | 66           | 0.13          | 486776          | 3.95          |
| 10001 and Above | 50           | 0.09          | 6038489         | 49.04         |
| <b>Total</b>    | <b>50922</b> | <b>100.00</b> | <b>12326130</b> | <b>100.00</b> |

**Shareholding Pattern as on March 31, 2006 as per Clause 35 of the Listing Agreement:**

|    | <b>CATEGORIES OF SHAREHOLDERS</b>  | <b>No. of Shares held</b> | <b>% of Shareholding to the paid up Capital</b> |
|----|--|---------------------------|---|
| 1  | Promoter's Holding   | 42,81,839                 | 34.74   |
| 2. | Mutual Funds and UTI   | 250                       | 0.002   |
| 3  | Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions, Non-Government Institutions) | 4,14,983                  | 3.37  |
| 4  | FII's  | -                         | -   |
| 5  | Private Corporate Bodies   | 10,49,108                 | 8.51  |
| 6  | Indian Public  | 63,02,313                 | 51.13   |
| 7  | NRIs /NROs /OCBs   | 2,77,637                  | 2.25  |
| 8  | Trusts   | -                         | -   |
|    | <b>TOTAL</b>   | <b>1,23,26,130</b>        | <b>100.00</b>                                   |

|  |
|--|
| <p><b>Outstanding Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) / Warrants or Convertible Bonds</b><br/>- Not Applicable</p> |
|--|

**Nomination**

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares become transferable in the case of death of the registered shareholder/s. The prescribed form for such nomination can be obtained from the Registrars & Share Transfer Agents or from the Company. Nomination facility in respect of shares held in electronic form is also available with the depository participant (DP) as per the bye-laws and business rules applicable to NSDL and CDSL.

**Unclaimed Dividend**

Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividends up to and including for the financial year 1993-94 were transferred to the General Revenue Account of the Central Government. The Shareholders who have not encashed their dividend warrants relating to financial year(s) up to 1993-94 are requested to claim the amounts from the Registrar of Companies, Maharashtra, Pune 411 004.

Subsequent unclaimed dividend up to the year ended 31<sup>st</sup> March, 1998, have been transferred to Investor Education & Protection Fund.

During the year under review, the unclaimed dividend for the financial year 1997-98 was transferred to the Investor Education & Protection Fund.

For any assistance regarding Share Transfers, Transmissions, Change of address, non-receipt of dividends, duplicate / missing Share Certificates and other relevant matters, shareholders may write to :

|   |   |
|---|---|
| <p><b>ADDRESS FOR CORRESPONDENCE WITH REGISTRARS &amp; TRANSFER AGENTS</b></p>                  | <p><b>COMPUTECH SHARECAP LIMITED</b><br/>         'COMPUTECH' 3<sup>rd</sup> Floor<br/>         147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort Mumbai – 400 001<br/>         Maharashtra, India<br/>         TEL.NO: 022 2267 1824 / 25 / 26<br/>         FAX NO: 91 022 2267 0380<br/>         Email : <a href="mailto:helpdesk@computechsharecap.in">helpdesk@computechsharecap.in</a></p> |
| <p><b>ADDRESS FOR CORRESPONDENCE WITH THE COMPANY</b></p>                                       | <p><b>UB ENGINEERING LIMITED SECRETARIAL DEPARTMENT</b><br/>         Sahyadri Sadan, Tilak Road, Pune – 411 030<br/>         Maharashtra, India<br/>         TEL.NO: 020 – 2433 3722<br/>         FAX NO: 020 – 2433 8887</p>   |
| <p><b>ADDRESS FOR CORRESPONDENCE FOR SHAREHOLDERS HOLDING SHARES IN DEMATERIALIZED FORM</b></p> | <p>Shareholders holding shares in dematerialized form should address all their correspondence (including change of address, nominations, ECS mandates, bank details to be incorporated on dividend warrants, powers of attorney, etc.) to their <b>Depository Participant.</b></p>  |

**Declaration under Clause 49 (D) II by Executive Director**

The Shareholders,  
 I, Mr. L. Ranganathan, Executive Director, do hereby declare that all Board Members & Senior Management Personnel have affirmed the compliance with the Code of Conduct as adopted by the Board.

L. Ranganathan  
 Executive Director