

**ANNUAL REPORT  
2011-2012**



**UB ENGINEERING LIMITED**



Dr. Vijay Mallya  
UB GROUP-CHAIRMAN

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DIRECTORS

S.D.Lalla  
CHAIRMAN

J.K.Sardana  
MANAGING DIRECTOR

A.Harish Bhat

N. Srinivasan

K. K.Rai

B.Viswanath

B.K. Agarwal

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PRESIDENT & CFO- THE UB GROUP

Ravi Nedungadi

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COMPANY SECRETARY

V.M.Pendse

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AUDITORS

M/s. V.P.Mehta & Co., Mumbai

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Registered and Corporate Office

Sahyadri Sadan, Tilak Road,

Pune-411030

## Notice

**NOTICE IS HEREBY GIVEN** of the Forty-First Annual General Meeting of the Members of **UB ENGINEERING LIMITED** to be held at Pingale's Garden Restaurant, Anu Sakha Estate, 31/2, Koregaon Park, Pune-411001 on **Friday, September 28, 2012 at 12.00 noon**, to transact the following business:

1. To receive and consider the Audited Accounts for the year ended March 31, 2012 and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in the place of Mr. K.K.Rai, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr.N.Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.
5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** Mr. A.Harish Bhat, who was appointed as an Additional Director and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable for retirement by rotation”.

**By Order of the Board**

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

Mumbai  
August 24, 2012

**UB**  
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## 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 No. 5 is annexed hereto and forms part of this Notice.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, September 24, 2012 to Friday, September 28, 2012 (both days inclusive).
4. Shareholders are requested to notify any change in their registered address alongwith PIN Code Number by quoting Folio number and also address all their documents / correspondence relating to the equity shares of the Company directly to the Company's Registrar & Transfer Agents, Computech Sharecap Limited, 3rd Floor, 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort, Mumbai - 400 001.
5. **Shareholders holding shares in dematerialised form should address all their correspondence (including) change of address / e-mail address, nominations, ECS mandates, bank details to be incorporated on dividend warrants, power of attorney, etc. to their Depository Participant.**
6. (a) All unclaimed / unpaid dividends upto financial year ended March 31, 1994 have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Those who have not encashed the Dividend Warrants for the said period may claim their dividends from the Registrar of Companies, Maharashtra, 3rd Floor, P.M.T.Building, Pune 411 004.  
(b) All unclaimed / unpaid dividends for the financial years 1994-95 to 1997-98, required to be transferred to the Investor Education and Protection Fund (Fund) in terms of section 205C of the Companies Act, 1956 have been transferred to the Fund. Hence, no claims shall lie against the Fund or the Company in respect of such dividends so transferred. After March, 1998 no dividend was declared.
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. **Please 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. Nomination facility for shares is available for members. The prescribed format in this regard can be obtained from the Company's Registrar and Transfer Agents.

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

**Item No. 5**

Mr.A.Harish Bhat was appointed as an Additional Director of the Company with effect from September 16, 2011 pursuant to the provisions of Section 260 of the Companies Act, 1956, and holds office as Director upto the date of this Annual General Meeting.

Notice under Section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose the said appointment.

Mr.A.Harish Bhat holds 2000 equity shares of the company.

Brief particulars of Mr.A.Harish Bhat are given in the Annexure.

The Board recommends this resolution for approval of the members.

None of the Directors of the Company except Mr.A.Harish Bhat is concerned or interested in this resolution.

**By Order of the Board**

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

Mumbai  
August 24, 2012



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## Annexure to Notice

Brief Particulars of Directors seeking appointment / reappointment:

Name of the Director	Appointment / Re-appointment	Directorships held in other Companies	Committee positions held in other Companies
<p>Mr.K.K.Rai</p> <p>Qualification : B.A., C.A.I.I.B</p> <p>Expertise – Banking, Administration and operations.</p> <p>Mr. K.K.Rai has experience over 4 decades. He held important position in Vijaya Bank and was Executive Director of Allahabad Bank.</p> <p>Shareholding in the Company :- NIL</p> <p>Committee Positions in the Company:-</p> <p>Audit Committee Member</p> <p>Committee of Directors Member</p> <p>Shareholders &amp; Investors Grievance Committee Member</p> <p>Relationship with other Directors if any:- NO</p>	<p>Re-appointment on retirement by rotation</p>	<p>Techno Electric &amp; Engineering Company Ltd.</p> <p>V S T Tillers Tractors Ltd.</p> <p>ISMT Ltd.</p>	<p>Techno Electric &amp; Engineering Company Ltd.- Audit Committee Member and Remuneration Committee Member</p> <p>V S T Tillers Tractors Ltd. - Audit Committee Member</p> <p>ISMT Ltd.- Audit Committee Member and Remuneration Committee Chairman</p>
<p>Mr.N.Srinivasan</p> <p>Qualification: B.Com, C.A.</p> <p>Expertise – Corporate Finance, Accounts and Audit.</p> <p>Mr.N.Srinivasan has experience over 5 decades in the field of finance, accounts and audit and was senior partner in Fraser &amp; Ross and Deloitte Haskins &amp; Sells, Chennai.</p> <p>Shareholding in the Company :- NIL</p> <p>Committee Positions in the Company:-</p> <p>Audit Committee Chairman</p> <p>Remuneration / Compensation Committee Chairman</p>	<p>Re-appointment on retirement by rotation</p>	<p>United Breweries (Holdings) Ltd.</p> <p>The India Cements Ltd.</p> <p>India Cements Capital Ltd.</p> <p>GATI Ltd.</p> <p>Ador Fontech Ltd.</p> <p>Essar Shipping Ltd.</p> <p>McDowell Holdings Ltd.</p> <p>Tractors &amp; Farm Equipment Ltd.</p> <p>The United Nilgiri Tea Estates Company Ltd.</p> <p>TAFE Motors &amp; Tractors Ltd.</p>	<p>United Breweries (Holdings) Ltd.- Audit Committee Chairman</p> <p>The India Cements Ltd.-Audit Committee Member</p> <p>GATI Ltd.-Audit Committee Chairman</p> <p>Essar Shipping Ltd.- Audit Committee Member</p> <p>McDowell Holdings Ltd. –Audit Committee Member</p>



## Annexure to Notice (Contd.)

<p>Committee of Directors Member</p> <p>Relationship with other Directors if any:- NO</p>		<p>Redington (India) Ltd.</p> <p>Redington (India) Investments Ltd.</p> <p>Kartiken Logistics Ltd.</p> <p>Best and Crompton Engineering Ltd.</p> <p>Indair Carriers Private Ltd.</p> <p>SCM Microsystems (India) Private Ltd.</p> <p>UT Worldwide (India) Private Ltd.</p>	<p>Tractors &amp; Farm Equipment Ltd. –Audit Committee Chairman</p> <p>The United Nilgiri Tea Estates Company Ltd.-Audit Committee Member</p> <p>TAFE Motors &amp; Tractors Ltd- Audit Committee Member</p> <p>Redington (India) Ltd.- Audit Committee Chairman</p>
<p>Mr. A.Harish Bhat</p> <p>Qualification: B.Com, A.C.A.</p> <p>Expertise – Finance &amp; Banking</p> <p>Mr. A.Harish Bhat has over 3 decades of experience in finance, accounts, banking &amp; taxation and has held various important positions in Listed Companies, MNC and in the UB Group.</p> <p>Shareholding in the Company :- 2000 Equity shares</p> <p>Committee Positions in the Company:- Audit Committee Member</p> <p>Shareholders &amp; Investors Grievance Committee Chairman</p> <p>Committee of Directors Member</p> <p>Relationship with other Directors if any:- NO</p>	<p>Appointment as a Director of the Company liable for retirement by rotation</p>	<p>City Property Maintenance Company (Bangalore) Ltd.</p> <p>Kingfisher Finvest India Ltd.</p> <p>Kingfisher Aviation Training Ltd.</p> <p>McDowell Holdings Ltd.</p> <p>Ramanreti Investments &amp; Trading Company Ltd.</p> <p>United AlcobeV Ltd.</p> <p>UB Infrastructure Projects Ltd.</p> <p>UB Infrastructure Ltd.</p> <p>United Breweries (Holdings) Ltd.</p> <p>Shaw Wallace Breweries Ltd.</p> <p>Yenkay Associates Private Ltd.</p> <p>UB Ostan (India) Private Ltd.</p>	<p>Shaw Wallace Breweries Ltd.- Audit Committee Member</p> <p>McDowell Holdings Ltd.-Committee of Directors Member</p> <p>United Breweries (Holdings) Ltd.- Shareholders &amp; Investors Grievance Committee Member</p> <p>SWEW Benefit Company-Managing Committee Member</p>



## Report of Directors

To  
The Members,

Your Directors have pleasure in presenting the Annual Report of your company, together with the Audited Accounts for the year ended March 31, 2012.

(Rupees in Millions)

Financial Results	2011-12	2010-11
Turnover	5318.43	6108.05
Earnings before Interest, Depreciation & Amortisation and Tax	419.75	581.97
Less: Finance Cost	204.00	143.43
Less: Depreciation and Amortisation	90.92	61.90
Less: Provision for Taxation	91.50	112.11
Profit after taxation for the year	33.33	264.53
Profit Brought forward from the previous year	420.14	155.61
Balance carried to Balance Sheet	453.47	420.14

### DIVIDEND

With a view to conserve resources for working capital, your Directors do not recommend any dividend for the year ended March 31, 2012.

### PERFORMANCE OF THE COMPANY

During the year under review, the company recorded a turnover of ₹ 5318 Million as compared to ₹ 6108 Million of the previous year. The profitability was lower due to adverse economic condition faced by infrastructure sector, competitive pressures, higher operating and finance cost. The funds requirements of the company have increased mainly due to the longer working capital cycle caused by delay in realizing the receivables with consequent delay in honoring the commitments to lenders.

The company has successfully completed installation of Fabrication shop at Chhattisgarh and trial production has commenced in July, 2012. We are awaiting the last statutory permission which we are hopeful of receiving shortly.

### SUBSIDIARY COMPANIES

In accordance with the General Circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies viz. UB Infrastructure Limited, Bhopal-Berasia-Sironj Highway Private Limited and Sendhwa Khetia Road Development Company Private Limited are not being attached with the Balance Sheet of the Company.

However, Annual Accounts of the Subsidiary Companies and the related information will be made available to the Members of the Company upon request. The Annual Accounts of the Subsidiary Companies will also be kept open for inspection by any Member at the Registered Office of the Company during business hours on any working day.

The consolidated Financial Statements prepared in terms of Accounting Standards and Listing Agreements include financial information of the Subsidiaries. Further, financial details of the

Subsidiaries have been furnished separately forming part of the Annual Report.

### **DIRECTORS**

Mr.A.Harish Bhat was appointed as an Additional Director on September 16, 2011 pursuant to the provisions of Section 260 of the Companies Act, 1956 and will hold office up to the date of this Annual General Meeting. A notice in writing has been received from a member signifying his intention to propose the appointment of Mr.A.Harish Bhat as a Director at the ensuing Annual General Meeting.

Ms.Nandini Verma resigned as a director with effect from August 21, 2012. The Board wishes to place on record its appreciation for the contribution made during her tenure as a Director of your Company.

Mr.K.K.Rai and Mr.N.Srinivasan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### **LISTING OF SHARES OF THE COMPANY**

The Equity shares of your Company are presently listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), Mumbai. The Listing fees for the year 2012-13 have been paid to both these stock exchanges.

### **DEPOSITORY SYSTEM**

The trading in the equity shares of your Company is under compulsory dematerialisation mode. As on August 17, 2012 equity shares representing 88.35% of the equity share capital are in dematerialised form. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail of the facility of dematerialisation of your Company's shares.

### **AUDITORS**

M/s. V. P. Mehta & Company, your Company's Statutory Auditors, are eligible for re-appointment at the ensuing Annual General Meeting and it is necessary to fix their remuneration.

### **AUDITORS' REPORT**

With regard to the observations of the Auditors in their Audit Report, the relevant notes in "Notes to Accounts" are self explanatory and need no further explanation / comments.

### **INDUSTRIAL RELATIONS**

During the year under review, relations with the Unions / employees remained cordial at all locations of the Company.

### **PARTICULARS OF EMPLOYEES**

The information as required to be provided in terms of Section 217 (2-A) of the Companies Act, 1956, read with the Companies (particulars of employees) Rules, 1975, is enclosed.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.**

The provisions of Section 217(1) (e) of the Companies act, 1956 relating to conservation of energy and technology absorption do not apply to this Company, as no manufacturing activity was carried out during the financial year. The particulars regarding foreign exchange earnings and expenditure are annexed as item. No. 35 and 34 in the Notes to Accounts. During the year under review, the Company did not incur any expenditure on Research and Development.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

Pursuant to Clause 49 of the listing agreement with the stock exchanges, Management Discussion and Analysis Report is annexed and forms an integral part of the Annual Report.



## Report of Directors (Contd.)

### CORPORATE GOVERNANCE

A report on Corporate Governance is annexed separately as part of this Annual Report along with a certificate of compliance from the Statutory Auditors of the Company. Necessary requirements of obtaining certifications / declarations in terms of Clause 49 have been complied with.

### FIXED DEPOSITS

The Company has not accepted any deposits from the public during the year under review.

### 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 judgments & estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of

the financial year and of the profit for the year;

- (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.

### ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for the continued support from shareholders, customers, suppliers, banks and financial institutions, the group companies, business associates and employees.

*For and on behalf of the Board of Directors*

**S.D.LALLA  
CHAIRMAN**

Mumbai  
August 24, 2012

UB  
GROUP

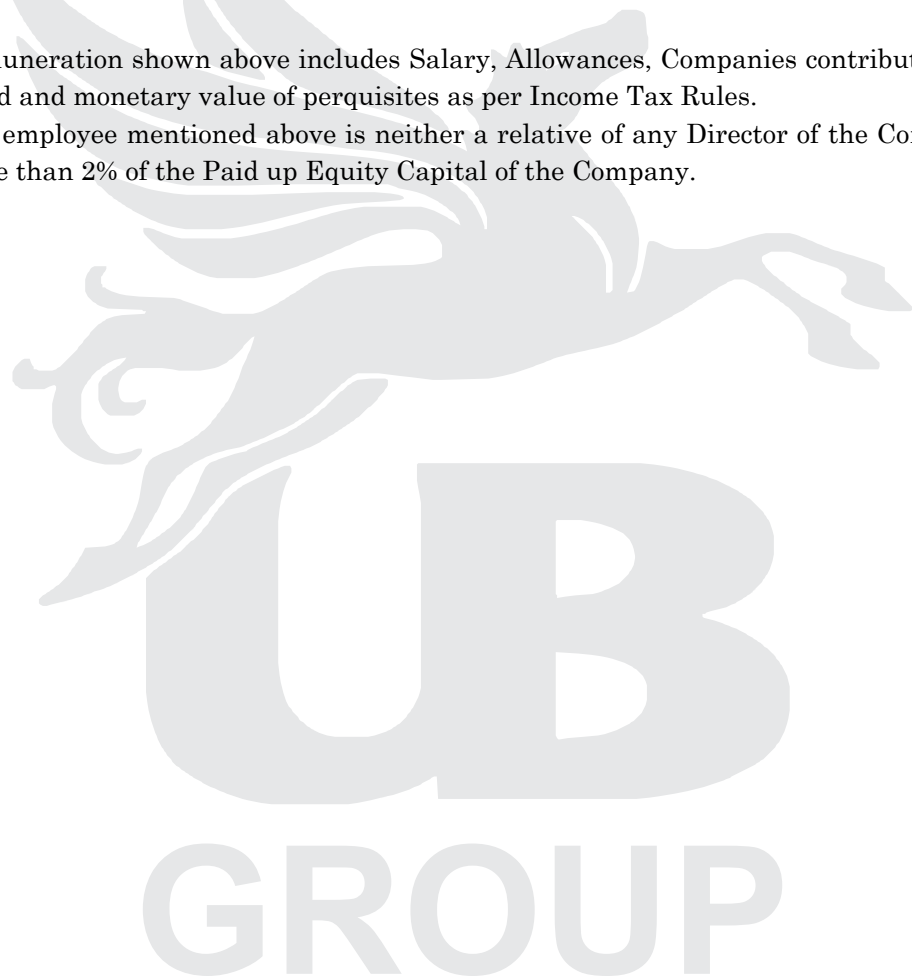
## Annexure to Directors' Report

Statement of Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956, and Companies (Particulars of Employees) Rules, 1975 for the year ended March 31, 2012

Sr. No.	Name	Age	Remuneration (₹ Million)	Designation	Qualification	Experience (years)	Previous Employment
1	Mr.J.K.Sardana	56	6.55	Managing Director	B.Tech (Mechanical)	35	United Breweries (Holdings) Limited

**Notes:-**

1. Remuneration shown above includes Salary, Allowances, Companies contribution to Provident Fund and monetary value of perquisites as per Income Tax Rules.
2. The employee mentioned above is neither a relative of any Director of the Company nor holds more than 2% of the Paid up Equity Capital of the Company.



# Corporate Governance Report

## 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

The above philosophy along with Code of Conduct, adoption of high ethical standards, govern the Company and its employees in all corporate activities.

## 2. BOARD OF DIRECTORS

### a) **Composition of the Board**

The Board of Directors comprises Non-Executive Chairman, Managing Director and five Non-Executive Directors of whom four are independent as defined by Clause 49 of the Listing Agreement. This ensures a good blend of Executive, Non – Executive and Independent Directors and achieves the desired level of independence of the Board. All Non-Executive Directors bring in a wide range of expertise and experience to the Board.

### **Attendance record of Directors**

During the year under review, Seven Board Meetings were held on April 20, 2011, May 26, 2011, July 06, 2011, August 01, 2011, September 16, 2011, November 04, 2011 and February 13, 2012.

The details of attendance of Directors at the Board meetings during the financial year 2011-2012 and at the last Annual General Meeting (AGM) held on September 16, 2011 are given below:

Name	Position	Category	Meetings held during the tenure of Directors	Meetings attended	Attendance at the last AGM held on September 16, 2011
Mr. S.D. Lalla	Chairman	Non Executive	7	7	YES
Mr. A. Harish Bhat	Director	Non- Executive	7	7	YES
Mr. N. Srinivasan	Director	Non-Executive – Independent	7	6	YES
Mr. K.K. Rai	Director	Non-Executive – Independent	7	7	YES
Mr. B. Viswanath	Director	Non-Executive – Independent	7	5	NO
Ms. Nandini Verma	Director	Non-Executive	7	2	NO
Mr.B.N.Rath	Director	Non-Executive – Independent	2	-	NO
Mr. Balkumar Agarwal	Director	Non-Executive – Independent	7	5	YES
Mr. J.K. Sardana	Director	Managing Director	7	5	YES

- Notes:-**
- 1) Mr.B.N.Rath resigned with effect from July 06, 2011.
  - 2) Ms.Nandini Verma resigned with effect from August 21, 2012.
  - 3) None of the Directors are inter-related.
  - 4) 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 as on date are given below:

Directors	Public Limited Companies	Private Limited Companies	Committees	
			Memberships	Chairmanship
Mr. S. D. Lalla	4	10	1	-
Mr. A. Harish Bhat	10	2	2	-
Mr. N. Srinivasan	14	3	9	4
Mr. K. K. Rai	3	-	5	1
Mr. B Viswanath	-	-	-	-
Ms. Nandini Verma	-	-	-	-
Mr. B.N.Rath	-	-	-	-
Mr. Balkumar Agarwal	4	-	4	-
Mr. J. K. Sardana	1	3	-	-

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. Shareholders'/ Investors' Grievances Committee
3. Remuneration / Compensation Committee (Non mandatory)

#### **b) Particulars of Directors Seeking Appointment / Re-Appointment**

The brief particulars of the Directors of the Company, retiring by rotation and proposed to be appointed at the ensuing Annual General Meeting are annexed to the Notice.

### **3. AUDIT COMMITTEE**

The Audit Committee comprises of four Non Executive Directors of whom three are Independent. The present members of the Committee are Mr. N. Srinivasan (Chairman), Mr. A. Harish Bhat, Mr. K. K. Rai and Mr. B.Viswanath.

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 to cover the matters specified for Audit Committee under the Listing Agreement and Companies Act, 1956. 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.

## Corporate Governance Report (Contd.)

The Chief Financial Officer, Managing Director of the company, Chief Financial Officer of UB Group and the Group Internal Auditors are permanent invitees. The Statutory Auditors, other directors / Chairman are also invited to attend the meetings. The Company Secretary acts as the Secretary of the Committee.

During the financial year, six meetings of the Audit Committee were held on May 16, 2011, May 26, 2011, July 06, 2011, August 01, 2011, November 03, 2011 and February 13, 2012.

The Audit Committee, inter alia, has reviewed the financial statements including Auditors' Report for the year ended March 31, 2012 and has recommended its adoption. In addition, the Committee has also reviewed quarterly results for June 30, 2011, quarterly and half yearly results for September 30, 2011, quarterly results for December 31, 2011 and quarterly results for March 31, 2012 which were subjected to a Limited Review by the Statutory Auditors of the Company.

The Composition and Attendance of Members at the Meetings of the Audit Committee held during 2011-2012 are as follows

Directors	Category	Meetings held during 2011-2012	Meetings attended
Mr. N. Srinivasan, Chairman	Non Executive Independent	6	6
Mr. A. Harish Bhat	Non Executive	6	6
Mr. K. K. Rai	Non Executive Independent	6	6
Mr. B.Viswanath	Non Executive Independent	6	5

#### 4. REMUNERATION / COMPENSATION COMMITTEE (Non mandatory)

The Remuneration / Compensation Committee of the Board formulates and recommends to the Board, from time to time, the compensation structure for Wholetime Members of the Board and to set guidelines for salary, performance pay and perquisites to other senior employees from the level of Vice President and above.

Composition of Remuneration Committee

Name	Designation	Category
Mr. N. Srinivasan	Chairman	Non-Executive – Independent
Mr.B.Viswanath	Member	Non-Executive – Independent
Mr.S.D.Lalla	Member	Non-Executive

\* The Committee was reconstituted on September 16, 2011 by co-opting Mr.S.D.Lalla as additional member of the Committee.

During the financial year, one meeting was held on September 16, 2011 which was attended by the members of the committee.

### a) Remuneration to Directors

The details of Remuneration paid to Directors / Executive Directors / Managing Directors during the financial year 2011-2012 are given below:

(₹ Million)

Name of the Director	Salary and allowances	Contribution to Provident Fund and other funds	Perquisites
Mr.J.K.Sardana, Managing Director	6.00	0.51	0.04

### b) Non-Executive Directors

Sitting fees are paid to Non-Executive Directors for attending Board / Committee meetings. They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses incurred for attending such meetings. The Non-Executive Directors are not entitled to any other remuneration except Sitting Fees. The details of Sitting Fees paid during the year are as under:

Name of the Director	Sitting Fees (₹ )
Mr. S. D. Lalla	1,40,000
Mr. A. Harish Bhat	3,70,000
Mr. N. Srinivasan	3,10,000
Mr. K. K. Rai	3,20,000
Mr. B. Viswanath	2,30,000
Ms. Nandini Verma	40,000
Mr. Balkumar Agarwal	1,30,000
<b>Total</b>	<b>15,40,000</b>

### c) Particulars of equity shares of the Company held by the Directors as on March 31, 2012 are as under:

Name of the Director	No. of shares held
Mr. S. D. Lalla	-
Mr. A. Harish Bhat	2,000
Mr. N. Srinivasan	-
Mr. K. K. Rai	-
Mr. B. Viswanath	-
Ms. Nandini Verma	-
Mr. Balkumar Agarwal	-
Mr. J.K. Sardana	200



## Corporate Governance Report (Contd.)

### 5. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

A Shareholders' / Investors' Grievances Committee was constituted on June 24, 2010 to operate in terms of the provisions related thereto in the Listing Agreements with the Stock Exchanges and / or the provisions as prescribed or as may be prescribed in this regard by the Companies Act, 1956.

Present members of the Committee are Mr.A.Harish Bhat (Chairman), Mr.B.Viswanath, Mr.B.K.Agarwal and Mr.K.K.Rai.

During the year under review, four meetings were held on May 26, 2011, September 16, 2011, November 04, 2011 and February 09, 2012.

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

Directors	Category	Meetings held during 2011-2012	Meetings attended
Mr. A. Harish Bhat	Non Executive	4	4
Mr. B. Viswanath	Non Executive Independent	4	3
Mr.B.N.Rath	Non Executive Independent	4	-
Mr.B.K.Agarwal	Non Executive Independent	4	3
Mr.K.K.Rai	Non Executive Independent	4	-

\*The Committee was reconstituted on September 16, 2011 with the appointment of Mr.B.K.Agarwal in place of Mr.B.N.Rath and on August 10, 2012 with the appointment of Mr. K. K. Rai.

There are no complaints as on March 31, 2012. At the close of the financial year, twenty four transfer proposals for 2248 shares were pending, which were subsequently registered.

The Company also has Committee of Directors with authority delegated by the Board inter-alia to approve share transfer, transmission, transposition, consolidation, sub-division, issue of duplicate shares and routine bank account operations etc.

### COMPLIANCE OFFICER

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

<b>COMPLIANCE OFFICER</b>	Mr. V. M. Pendse
<b>email address</b>	secl@ubengg.in

### 6. GENERAL BODY MEETINGS

The details of last three Annual General Meetings (AGMs) held are furnished as under:

Financial Year	Date	Time	Venue
38 <sup>th</sup> Annual General Meeting- 2008-09	August 10, 2009	12.00 noon	Pingale's Garden Restaurant, Anu Sakha Estate, 31/2, Koregaon Park, Pune 411001
39 <sup>TH</sup> Annual general Meeting-2009-2010	August 12, 2010	12.00 noon	Pingale's Garden Restaurant, Anu Sakha Estate, 31/2, Koregaon Park, Pune 411001
40 <sup>th</sup> Annual General Meeting-2010-2011	September 16, 2011	12.00 noon	Pingale's Garden Restaurant, Anu Sakha Estate, 31/2, Koregaon Park, Pune 411001

All the resolutions set out in the Notices were passed by the shareholders.

**Postal Ballot:** - No resolution was passed through postal ballot during the financial year 2011-2012.

### 7. DISCLOSURES

#### **Related Party Transactions**

During the financial year ended March 31, 2012, there were no materially significant related party transactions with its promoters, the Directors or the management. Their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

Transactions with related parties as per the requirements of Accounting Standard 18 (AS18) issued by The Institute of Chartered Accountants of India are disclosed in the relevant Schedule of Notes to Accounts.

#### **Internal Control & Risk Assessment**

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

#### **Details of Non Compliance**

The Company has complied with all the statutory requirements comprised in the Listing Agreements / Regulations / Guidelines / Rules of the Stock Exchanges / SEBI / Other statutory authorities.

There were no instances of non compliance by the Company nor have any penalties, strictures been imposed on the Company by Stock Exchange/s or SEBI or any Statutory Authority, on any matter related to capital market during last 3 years.

## Corporate Governance Report (Contd.)

### Code of Conduct

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company has adopted a Code of Business Conduct and Ethics for its Board members and Senior Management personnel, a copy of which is available at 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 Managing Director to that effect is forming part of this report.

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a "Code of Conduct for Prevention of Insider Trading". 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.

## 8. MEANS OF COMMUNICATION

### Website

The Company has its own website and all vital information relating to the Company e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the company who are responsible for assisting and handling investor grievances, etc. and other official press releases are posted on the web-site.

The Company's website address - [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. 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	i] Economic Times ii] Maharashtra Times
Whether Management Discussion and Analysis is a part of the Annual Report	Yes

## 9. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report is appended and forms an integral part of this Annual Report.

### 10. GENERAL SHAREHOLDER INFORMATION

The particulars of the 41st Annual General Meeting for the year ended March 31, 2012 are as under:

Date	Venue	Time
September 28, 2012	Pingale's Garden Restaurant, Anu Sakha Estate, 31/2, Koregaon Park, Pune-411 001	12.00 noon

	From	To
<b>BOOK CLOSURE</b>	September 24, 2012	September 28, 2012 (both days inclusive)

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

Financial Calendar		Declaration of Quarterly Results
1 <sup>st</sup> Quarter	April 1 to June 30	By August 15 <sup>th</sup>
2 <sup>nd</sup> Quarter	July 1 to September 30	By November 15 <sup>th</sup>
3 <sup>rd</sup> Quarter	October 1 to December 31	By February 15 <sup>th</sup>
4 <sup>th</sup> Quarter	January 1 to March 31	By May 15 <sup>th</sup>

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

The Company's Shares are currently listed and traded on the following Stock Exchanges:

Sr. No.	Name of the Stock Exchanges	Address	Scrip Name, Scrip Code & Scrip ID
1	BSE Limited, Mumbai	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	U B ENGINEER 509992 / UBENG
2	National Stock Exchange of India Limited, Mumbai	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 001	UBENGG

The Listing fees for the years 2011-2012 and 2012-2013 have been paid to both the stock exchanges.

#### Market Price Data:

The details of market price of the shares of your Company at BSE Limited and National Stock Exchange of India Limited during the year under review are as under:

## Corporate Governance Report (Contd.)

MONTHS	SENSEX	BSE		NSE	
		HIGH	LOW	HIGH	LOW
		₹	₹	₹	₹
April, 2011	19,135.96	111.75	90.65	111.70	90.30
May, 2011	18,503.28	101.40	77.00	104.00	76.95
June, 2011	18,845.87	85.70	70.00	86.00	71.10
July, 2011	18,197.20	86.95	73.00	87.00	73.00
August, 2011	16,676.75	77.85	44.50	78.90	49.40
September, 2011	16,453.76	58.00	49.20	57.70	48.55
October, 2011	17,705.01	57.20	46.35	54.80	46.10
November, 2011	16,123.46	51.80	33.10	51.60	30.30
December, 2011	15,454.92	42.80	29.00	42.65	29.45
January, 2012	17,193.55	54.70	31.25	53.60	30.80
February, 2012	17,752.68	55.40	39.15	55.50	39.00
March, 2012	17,404.20	52.90	38.90	52.90	38.10

### Registrars & Transfer Agents:-

Computech Sharecap Limited  
3<sup>rd</sup> Floor, 147, Mahatma Gandhi Road,  
Opp. Jehangir Art Gallery, Fort,  
Mumbai 400 001, Maharashtra, India  
Tel No: 91 022 – 2263 5000  
Fax No: 91 022 – 2263 5005  
Email: helpdesk@computechsharecap.com

### Share Transfer System

All matters pertaining to Share Transfers / Transmissions are handled by the Registrar. Share Transfer requests / Memorandum of Transfer along with relevant documents are placed before the Committee for approval. The average time taken for processing Share Transfer requests including despatch of Share Certificates is 15 days, while 10-12 days are required for processing de-materialisation requests. The Compliance Officer monitors, supervises and ensures that, there are no delays or lapses in the system.

The power to consider and approve share transfers / transmission / transposition / consolidation / sub-division, issue of duplicate shares etc. has been delegated to a Committee of Directors as indicated under the heading Shareholders/ Investors Grievance Committee. The Committee meets generally once in a fortnight. The requirements under the Listing Agreement / Statutory regulations in this regard are being followed.

### Distribution of Shareholding as on March 31, 2012

CATEGORY	No. of Shareholders	%	No. of Shares Held	%
Up to 500 Shares	50,114	95.71	35,74,550	20.94
501 – 1000	1,180	2.26	9,30,805	5.45
1001 – 2000	576	1.10	8,68,904	5.09
2001 – 3000	175	0.33	4,52,015	2.65
3001 – 4000	70	0.13	2,49,598	1.46
4001 – 5000	67	0.13	3,10,721	1.82
5001 – 10000	106	0.20	7,69,428	4.51
10001 and Above	74	0.14	99,10,928	58.08
<b>Total</b>	<b>52,362</b>	<b>100.00</b>	<b>1,70,66,949</b>	<b>100.00</b>

Shareholding Pattern as on March 31, 2012 as per Clause 35 of the Listing Agreement:

	CATEGORIES OF SHAREHOLDERS	No. of Shares held	% of Shareholding to the paid up capital
1	Promoter's Holding	69,53,547	40.74
2	Mutual Funds and UTI	2,925	0.02
3	Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions, Non-Government Institutions)	3,36,981	1.97
4	FII's	7,433	0.04
5	Private Corporate Bodies	12,83,838	7.53
6	Indian Public	82,80,353	48.52
7	NRI's /NRO's /OCB's	2,01,872	1.18
8	Trusts	-	-
	<b>TOTAL</b>	<b>1,70,66,949</b>	<b>100.00</b>

### De-materialisation of Shares and liquidity

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

ISIN Number of Company's Shares for NSDL & CDSL	INE328C01013
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## Percentage of Shares held in Physical & Electronic form as on March 31, 2012

Sr. No.	Particulars	No. of Shareholders	No. of Shares	%
1	Physical Shares	17,584	20,04,750	11.75
2	Electronic Shares	34,778	1,50,62,199	88.25
	<b>TOTAL</b>	52,362	1,70,66,949	100.00

### Outstanding Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) / Warrants or Convertible Bonds

- Not Applicable -

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 :

<b>Address for Correspondence with Registrars and Transfer Agents</b>	<b>COMPUTECH SHARECAP LIMITED</b> 3 <sup>rd</sup> Floor, 147, Mahatma Gandhi Road, Opp.Jehangir Art Gallery, Fort, Mumbai 400 001 Maharashtra, India Tel.no:+ 91-022-22635000 Fax. no: +91-022-22635005 Email : <a href="mailto:helpdesk@compuotechsharecap.com">helpdesk@compuotechsharecap.com</a>
<b>Address for Correspondence with the Company</b>	<b>SECRETARIAL DEPARTMENT UB ENGINEERING LIMITED</b> Sahyadri Sadan, Tilak Road, Pune - 411030, Maharashtra, India Tel no:020-40161746/ 24333722 Fax no: 020-40161711/ 24338887 <a href="mailto:secl@ubengg.in">Email- secl@ubengg.in</a>
<b>Address for Correspondence for Shareholders Holding shares in Dematerialised Form</b>	<b>Shareholders holding shares in dematerialised form</b> should address all their correspondence (including change of address, nominations, ECS mandates, bank details to be incorporated on dividend warrants, power of attorney, etc.) to their <b>Depository Participant.</b>

## 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 March 31, 2012 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 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 M/s. V.P.MEHTA & CO.**  
**CHARTERED ACCOUNTANTS**  
(Firm Reg. No. 106326 W)

Mumbai  
August 24, 2012

**VIPUL P.MEHTA**  
**(PROPRIETOR)**  
(Mem. No. 35722)

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### CEO / CFO CERTIFICATE

In terms of the requirement of the amended Clause 49 of the Listing Agreement with the Stock Exchanges, the certificate from CEO / CFO have been obtained.

Mumbai  
August 24, 2012

**J.K. SARDANA**  
**MANAGING DIRECTOR**

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### Declaration regarding affirmation of Code of Conduct

In terms of the requirement of the amended Clause 49 of the Listing Agreement, Code of Conduct as approved by the Board of Directors of the Company on December 31, 2005 had been displayed at the Company's website [www.ubengineering.com](http://www.ubengineering.com). All the members of the Board and Senior management personnel had affirmed compliance with the Code for the year ended March 31, 2012.

Mumbai  
August 24, 2012

**J.K. SARDANA**  
**MANAGING DIRECTOR**



# Management Discussion & Analysis Report

## **INDUSTRY OVERVIEW:**

The sphere of operations of your Company comprising infrastructure and industrial projects are directly related to sectors like power generation and distribution, oil and gas, petroleum, steel, cement, fertilizers etc.

On the backdrop of global uncertainties the Indian Economy slowed down during the year under review witnessing impact in all major sectors.

During Current fiscal 2012-13, inflationary conditions, competition, high interest rates and tight liquidity will continue to prevail putting pressure on margins.

Government of India's initiatives for infrastructure during 12th Five Yearly Plan will offer growth opportunities in the long run with sustained operations.

## **REGULATORY ENVIRONMENT:**

Your company being engaged in the business of providing integrated design engineering, procurement, construction and project management services for infrastructure and energy sector in terms of construction contract, no specific regulations govern the business of the Company. However, for execution of work your Company is required to obtain licenses and required approvals.

## **BUSINESS ANALYSIS:**

Your Company operates in two primary Business Segments viz. Mechanical Erection / Engineering Procurement and Construction (EPC) and EPC Electrical.

Implementation of sustained efficiency programme across the enterprise, strong recruitment, training and appraisal policies will improve and strengthen the operational efficiencies further.

### **Erection Division-**

Erection Division of the Company had been the main stay of the operations since inception. With the extensive and vast experience in Electro-Mechanical Installation work, the Company has been successful in bagging prestigious contracts as well as Repeat Orders from reputed clients. In the past, Erection Division has been operating not only in India but also in Middle East and African Countries for past four decades.

### **EPC Mechanical Division-**

Company's concern for on time project completion and better control on timely material supplies prompted establishment of Engineering, Procurement and Construction Division (EPC Mechanical). The Division is focused strongly on execution of projects in Steel, Cement, Power, Refineries Fertilizers, Oil & Gas, Water, Effluent Treatment and other sectors.

### **EPC Electrical Division-**

Company's EPC Electrical Division undertakes business for HV & EHV Sub-Station upto 500 KV Class in India and associated transmission lines right from the conceptual stage to commissioning. The Division also undertakes Rural Electrification projects on turnkey basis.

### Overhauling & Maintenance Services (O &M)-

Allied to man field of operations, Company also offers Overhauling & Maintenance services for Power Plants, since 1980. Company has provided O & M services for more than 30,000 MW generating capacity and has reflected consistent workmanship, quality and widespread industrial acceptance.

### Fabrication Unit-

The proposed Fabrication Unit at Chattisgarh is in synergy with our present power plant construction business and represents upward move in value chain.

### **RISK & CONCERNS, OPPORTUNITIES & THREATS:**

With increased government initiatives for infrastructure and power sector, strong order book position, further opportunities are forthcoming. The projects in hand and under negotiation are subject to availability of working capital, manpower, increased competition and regulatory policies.

### **INTERNAL CONTROL SYSTEM:**

The Company has Management Information Systems (MIS) and Internal Control Procedures commensurate with it's operations. The operational review is undertaken by the Management Team, UB Group's Internal Auditor and Audit Committee.

### **INDUSTRIAL RELATIONS:**

Your Company provides lot of thrust to human resource development and training. The relations with union, employees at all levels and locations remained cordial.

### **FORWARD LOOKING STATEMENT:**

This Report contains forward-looking statements that involve risks and uncertainties. Actual Results, performances or achievements could differ materially from these expressed or implied. Readers are cautioned not to place undue reliance on these forward-looking statements and this Report should be read in conjunction with the financial statements included herein with the notes thereto.

*For and on behalf of the Board of Directors*

Mumbai  
August 24, 2012

**S. D. LALLA**  
**CHAIRMAN**

## Auditors' Report to the Members of UB Engineering Limited

1. We have audited the attached Balance Sheet of **UB Engineering Limited**, as at March 31, 2012, the related Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. We have to state that these financial statements are the responsibility of the Company's Management and our responsibility is to express our opinion on these financial statements is complied with by this report based on our audit.

We have been informed that Sudan branch has since been closed due to completion of project and balance entries regarding billing, collection, payments etc. has been suitably incorporated in the books. In view of this, no separate audit of Sudan operations was conducted during the year.

2. As for the scope and basis for our opinion, we state that we have conducted the audit in accordance with the Auditing Standards generally accepted in India and obtained reasonable assurance about the financial statements being free of material misstatement. Our audit includes, wherever necessary, examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements and also includes assessing adherence to the accounting principles and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records that were considered appropriate and the information and explanations given to us during the course of the audit, we annex hereto a statement on matters specified in paragraphs 4 and 5 of the said Order:

Further to our comments referred to above, we report that:

- (1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit ;
- (2) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
- (3) The Balance Sheet, the Statement of Profit and Loss and the Cash flow Statement dealt with by this report are in agreement with the books of account.
- (4) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (5) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on March 31, 2012 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

## Auditors' Report to the Members of UB Engineering Limited (Contd.)

- (6) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement read together with the Accounting Policies and Notes forming part of accounts the notes give the information required by the Companies Act, 1956, in the manner so required **subject to Note No. 29 in regarding disclosure of expenditure on contracts.**

We draw attention without qualifying the accounts to the following matters

- (a) Trade Receivables exceed 50 % of the turnover for the year, recovery of which has been slow.
- (b) During the year, two Bank Guarantees given by the Company on behalf of Company's Subsidiaries were invoked / paid, involving the outflow of ₹ 138.60 Million. Recoverability of 80 % of the said invoked / paid guarantees, is contested through Writ Petitions which are pending before Madhya Pradesh High Court. (Note No. 20)
- (c) (i) Bank Guarantees invoked by Customers ₹ 208.27 Million (including ₹ 191.65 Million invoked in August 2012, which is being contested before Chandigarh High Court) (Note No. 19)
- (ii) Devolvement of Letter of Credit of ₹ 256.58 Million pertaining July / August 2012. (Note No. 19)

In our opinion the accounts read with the observations in the paragraph above, give a true and fair view.

- (7) As per our opinion, the accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For M/s. V. P. MEHTA & CO.**  
CHARTERED ACCOUNTANTS  
(Firm Reg. No. 106326 W)

**VIPUL P. MEHTA**  
**(PROPRIETOR)**  
(Mem. No. 35722)

Mumbai  
August 24, 2012

## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details of fixed assets. As regards the fixed assets at sites, the locational details are in the process of updation.
- (b) Physical verification of certain assets has been carried out in a phased manner by the Management, which in our opinion is reasonable taking into account the nature of the assets and the size of the business. We are informed that discrepancies noticed on such verification between the physical assets and the book records, are not material and have been properly dealt with in the books of account.
- (c) As per the information and explanations given to us, the disposals of assets during the year were not substantial so as to have an impact on the operations of the Company or affect its going concern status.
- (ii) (a) The inventory of consumables, stores and spare parts held at sites has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and as explained to us, the discrepancies noticed on verification between physical stock and the book records were not material and those have been properly dealt with in the books of account.
- (iii) (a) As per the information and explanation given to us and the records produced to us for our verification, the Company has not granted any secured or unsecured loans to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and that the reporting requirements of sub-clauses (b),(c) and (d) are, therefore, not applicable.
- (e) As per the information and explanation given to us and the records produced to us for our verification, the Company has not taken any secured or unsecured loans from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and that the reporting requirements of sub-clauses (f) and (g) are, therefore, not applicable.
- (iv) In our opinion and according to information and explanations given to us, the internal control procedures are generally adequate with regard to purchases of inventory and fixed assets and for sale of goods and services.
- (v) (a) According to the information and explanations given to us, no transactions of purchase of goods and materials and sale of goods, materials and services were made in pursuance of contracts or arrangements required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) In view of the remarks under sub-clause (a) above, the reporting requirement under this sub-clause is not applicable.

## Annexure to the Auditors' Report (Contd.)

- (vi) According to the information and explanations given to us and as shown by the books of accounts, the Company has no Public Deposits and hence the provisions of Section 58A of the Companies Act, 1956 are not applicable.
- (vii) Internal Audit is being carried out by the UB Group Internal Audit Department, the scope and coverage of which, in our opinion, is commensurate with the size and nature of its business.
- (viii) Maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 is not applicable to the Company.
- (ix) (a) (1) As part of the Company's work is carried out at various sites and collection of data regarding Provident Fund dues takes time, it is the practice of the Company to deposit a lump sum amounts against these dues and adjust the excess or deficit payments periodically after ascertaining details. The Company has generally been regular in depositing Provident Fund dues with the appropriate authorities.
- (2) As informed to us, the provisions of Employees' State Insurance (E.S.I.) Scheme are not applicable to the Company except in respect of nine sites where the Company has generally been regular in depositing E.S.I. dues with the appropriate authorities.
- (3) The Company has generally been regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service Tax, Central Sales Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts of statutory dues, which have remained outstanding as at March 31, 2012 for a period exceeding six months from the date those became payable with the exception of Employee's Deposit Linked Insurance ₹ 5.69 Million relating to earlier years. However, Service tax remaining unpaid as of date for the period up to March 2012 amounting ₹ 72.81 Million including Interest.
- (b) According to the information and explanations given to us, details of the amounts due on account of dispute in respect of Sales Tax and Income Tax dues as of March 31, 2012, have not been deposited with the authorities and the forum where the disputes are pending as given below :

Sr. No.	Particulars	Nature of the Dues	Financial Year to which the Amounts Relate	Amount Outstanding (₹ Million)	Forum where dispute is pending
1	Sales Tax	Sales Tax	1987 – 2007	102.88	Sales Tax Appellate Authorities in Various States
2	Sales Tax Deferral Scheme	Sales Tax	1987 – 1994	53.86	High Court, Mumbai
3	Income Tax	Income Tax	2008-09 2007-08	4.98 0.44	Commissioner of Income Tax, Pune

## Annexure to the Auditors' Report (Contd.)

- (x) For current financial year ended March 31, 2012 the Company has not incurred cash losses. There was no cash loss in the immediately preceding financial year.
- (xi) According to information and explanations given to us, there are no defaults on payments to banks / financial institutions as on March 31, 2012 except Bank Term Loan Installments and Interest outstanding as on 31.03.2012 of ₹ 46.54 Million and Letter of Credits due but not paid of ₹ 60.29 Million, which have been paid subsequently.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company's Guarantee limits have been used for giving guarantees for its wholly owned subsidiary and step-down subsidiaries, to the tune of ₹ 138.60 Million.
- (xvi) According to the information and explanations given to us, fresh term loans have been obtained by the Company during the year from banks and in terms of sanction by the respective banks. Term loans are being utilised for purpose for which they were sanctioned.
- (xvii) On the basis of our examination of the cash flow statement and the information and the explanation given to us, the funds raised on short term basis have not been used for long term investments and vice versa.
- (xviii) The Company has not made any preferential allotments of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the Auditing Standards generally accepted in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the Management.

**For M/s. V.P.MEHTA & CO.**  
**CHARTERED ACCOUNTANTS**  
(Firm Reg. No. 106326 W)

Mumbai  
August 24, 2012

**VIPUL P. MEHTA**  
(PROPRIETOR)  
(Mem. No. 35722)



## Balance Sheet as at March 31, 2012

(₹ Million)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
<b>I) EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
a) Share capital	1	170.67	170.67
b) Reserves and surplus	2	1,143.60	1,110.26
		<u>1,314.27</u>	<u>1,280.93</u>
<b>(2) Non-current liabilities</b>			
Long term borrowings	3	562.74	242.68
<b>(3) Current liabilities</b>			
a) Short term borrowings	4	631.46	431.93
b) Trade payables	5	1,796.63	1,787.90
c) Other current liabilities	6	1,208.48	1,462.92
d) Short term provisions	7	233.72	141.70
		<u>3,870.29</u>	<u>3,824.45</u>
<b>Total</b>		<u>5,747.30</u>	<u>5,348.06</u>
<b>II) ASSETS</b>			
<b>(1) Non-current assets</b>			
a) Fixed Assets			
i) Tangible assets	8	808.50	720.94
ii) Intangible assets	8	11.51	10.25
iii) Capital work-in-progress	8	423.04	63.97
b) Non-current investments	9	16.60	1.30
c) Deferred tax assets (net)	39	18.75	18.75
		<u>1,278.40</u>	<u>815.21</u>
<b>(2) Current assets</b>			
a) Current Investments		-	-
b) Inventories	10	557.67	361.47
c) Trade receivables	11	2,880.56	3,232.31
d) Cash & cash equivalents	12	295.48	393.16
e) Short term loans and advances	13	697.76	517.52
f) Other current assets	14	37.43	28.39
		<u>4,468.90</u>	<u>4,532.85</u>
<b>Significant Accounting Policies</b>			
<b>Notes on Financial Statements Note 1 to 41</b>			
<b>Total</b>		<u>5,747.30</u>	<u>5,348.06</u>

Per our report of date attached

For M/s. V. P. MEHTA & CO.  
CHARTERED ACCOUNTANTS  
(Firm Reg. No. 106326W)

For and on behalf of the Board

VIPUL P. MEHTA  
PROPRIETOR  
(Mem No. 35722)

S. D. LALLA  
CHAIRMAN

A. HARISH BHAT  
DIRECTOR

J. K. SARDANA  
MANAGING DIRECTOR

Mumbai  
August 24, 2012

V.M. PENDSE  
COMPANY SECRETARY





## Statement of Profit and Loss for the year ended March 31, 2012

(₹ Million)

Particulars	Note No.	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>I) REVENUE</b>			
Revenue from Operations		5,318.43	6,108.05
Other Income	15	24.51	17.59
<b>Total Revenue</b>		<b>5,342.94</b>	<b>6,125.64</b>
<b>II) EXPENSES</b>			
Contract Costs	16	4,714.23	5,332.17
Changes in inventories of Work In Progress	16	(183.83)	(98.18)
Employee benefits expense	16	197.31	154.08
Finance Cost	17	204.00	143.43
Depreciation and Amortisation		90.92	61.90
Other expenses	16	195.48	155.60
<b>Total Expenses</b>		<b>5,218.11</b>	<b>5,749.00</b>
<b>III) Profit before Tax</b>		<b>124.83</b>	<b>376.64</b>
<b>IV) Tax expense</b>			
(1) Current Tax		40.52	136.25
(2) Kuwait Tax		50.98	-
(3) Deferred Tax		-	(24.14)
		<b>91.50</b>	<b>112.11</b>
<b>V) Profit for the year</b>		<b>33.33</b>	<b>264.53</b>
<b>VI) Earning Per Equity Share (Basic and Diluted)</b>		<b>1.95</b>	<b>15.50</b>
(Face Value ₹ 10 each)			
<b>Significant Accounting Policies</b>			
<b>Notes on Financial Statements</b>	Note 1 to 41		

Per our report of date attached

For M/s. V. P. MEHTA & CO.  
CHARTERED ACCOUNTANTS  
(Firm Reg. No. 106326W)

For and on behalf of the Board

VIPUL P. MEHTA  
PROPRIETOR  
(Mem No. 35722)

S. D. LALLA  
CHAIRMAN

A. HARISH BHAT  
DIRECTOR

J. K. SARDANA  
MANAGING DIRECTOR

Mumbai  
August 24, 2012

V.M. PENDSE  
COMPANY SECRETARY

## Cash Flow Statement for the year ended March 31, 2012

(₹ Million)

	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit as per Statement of Profit and Loss before Taxation	124.83	376.64
Adjustments for :		
Depreciation and Amortisation	90.92	61.90
Finance Cost	204.00	143.43
Loss / (Gain) on Sale / Disposal of Assets (net)	(0.40)	4.85
Exchange Loss / (Gain)	0.33	(1.14)
Interest Income	(18.28)	(14.72)
Dividend Income	(0.03)	(0.01)
Adjustments for :	276.54	194.31
Operating Profit before Working Capital Changes	401.37	570.95
<b>WORKING CAPITAL CHANGES</b>		
(Increase) / Decrease in Trade and Other Receivables	208.17	(1,275.92)
(Increase) / Decrease in Inventories	(196.20)	(180.54)
Increase / (Decrease) in Trade Payables	(211.31)	988.65
Direct Taxes Paid	(0.11)	(0.01)
<b>Cash generated from Operations</b>	<b>201.92</b>	<b>103.12</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	(543.51)	(344.87)
Sale of Fixed Assets	5.11	(3.59)
Purchases of Investments	(15.30)	(1.10)
Interest Received	20.76	31.83
Dividend Received	0.03	0.01
<b>Net cash used in Investing activities</b>	<b>(532.91)</b>	<b>(317.72)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings / (Repayment) of Secured Loans	426.75	247.00
Finance Cost Paid	(193.44)	(143.43)
<b>Net Cash Used in Financing activities</b>	<b>233.31</b>	<b>103.57</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(97.68)</b>	<b>(111.03)</b>
Cash and Cash Equivalents as at (Opening) April 1, 2011	393.16	504.19
Cash and Cash Equivalents as at (Closing) March 31, 2012	295.48	393.16

**Note:** Previous year's figures have been reclassified / regrouped / restated, wherever necessary.

Per our report of date attached

For and on behalf of the Board

For M/s. V.P.MEHTA & CO.  
CHARTERED ACCOUNTANTS  
(Firm Reg. No. 106326 W)

VIPUL P. MEHTA  
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MANAGING DIRECTOR

Mumbai  
August 24, 2012

V. M. PENDSE  
COMPANY SECRETARY

# Accounting Policies & Notes Forming Part of Accounts

Accounting Policies and Notes forming part of accounts for the year ended March 31, 2012

## D) Significant Accounting Policies

A) The Accounts are prepared on the basis of Going Concern and under the historical cost convention, except revaluation of certain Fixed Assets, as stated in D (ii) below and that those comply with the Companies Act, 1956 and with the Applicable Accounting Standards (AS) and statements issued by the Institute of Chartered Accountants of India.

## B) Use of Estimates

The presentation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual result and estimates are recognised in the period in which the results are known/ materialised.

## C) Revenue Recognition

Revenue from construction and project related activities is recognised by applying percentage of completion to the contract value. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated cost. No profit is recognised until a contract has progressed to the point where ultimate realisable profit can be reasonably determined. Full provision is made for any loss in the year in which, it is foreseen.

Additional Claims (including for escalation), which in the opinion of the Management are recoverable on the contract, are recognised as and when claims are lodged and accepted by client. Extra work is accounted for, after Clients acceptance or realisation.

Income from technical services is accrued as per terms of relevant agreement. Similarly, revenue from services rendered is recognised based on services rendered.

## D) Fixed Assets and Depreciation

- i) Fixed Assets are generally stated at cost inclusive of all expenses directly attributable in bringing the Assets to their working condition.
- ii) Based on independent valuation reports by approved valuers, the Company had revalued its Land and Buildings as on March 31, 1989 and certain Assets such as Building, Plant & Machinery and Cranes as on March 31, 1994. The surplus arising on such revaluation was credited to 'Revaluation Reserve' and the incremental annual differential depreciation on account of the revaluation is being charged against such Reserve.

## Accounting Policies & Notes Forming Part of Accounts (Contd.)

Based on independent valuation reports by approved valuers the Company had revalued its Land, Building, Plant and Machinery (including Cranes) as on March 31, 2005, and the excess of revalued amount, over the then carrying value of the said assets has been credited to 'Revaluation Reserve.'

In pursuance to the Scheme of Arrangement sanctioned by the Bombay High Court, Land, Building and Plant & Machinery of the Company post merger were revalued as on 1<sup>st</sup> January 2009 by independent valuers and were taken at fair values. The excess of revalued amount, over the then carrying value of the said assets has been credited to 'General Reserve.

Depreciation on Fixed Assets is provided on straight line method, including revalued amount, at the rates prescribed under Schedule XIV to the Companies Act, 1956.

Impairment of Assets, Fixed Assets were reviewed for impairment with reference to their carrying cost compared to the recoverable value and the effect of impairment, if any, is considered in the Statement of Profit and Loss in the accordance with AS 28.

### **E) Investments**

Investments (Long term) are stated at cost, less provision for permanent diminution in the value, if any. Current Investments are stated at the lower of cost and market value.

### **F) Inventories**

- i) Inventory of Consumables, Stores and Spares at Project Sites, is valued at cost on Weighted Average Price or net realizable value, whichever is less.
- ii) Work in Progress on construction contracts is valued at cost - comprising Materials, Labor and Site Overheads or proportionate contract value or net realizable value, whichever is less.
- iii) Loose Tools stock and Tools & Tackles for Domestic operations, purchased during the year, are amortised over a period of three years and those used for Overseas operations are expensed to Site cost in the year of Purchase.

### **G) Contract Costs**

All the expenditure incurred at / for contract sites is shown under Contract Costs. Taxes payable on Foreign contracts are recognised when determined and paid / withheld.

### **H) Employee Benefit Expenses**

- i) Company provides liability towards Contribution to Provident Fund including Employee's Deposit Linked Insurance Scheme and it is charged to the Profit and Loss account on accrual basis, accordingly.

## Accounting Policies & Notes Forming Part of Accounts (Contd.)

- ii) Company provides liability for Gratuity as per the actuarial valuation and the same is accrued and provided.
- iii) Company provides for liability for Superannuation on accrual basis and incremental liability for the period is provided.
- iv) Liability on account of encashment of Leave entitlement of employees in accordance with the Rules of the Company is provided for the Current year on the basis of actuarial valuation.

### **I) Foreign Currency Transactions**

- i) All other Foreign Currency transactions are accounted for at the rates prevailing on the date of the transaction. Exchange rate Differences are accounted for under appropriate head in the Profit and Loss Account.
- ii) Translation of the financial statements of foreign site offices other than fixed assets, have been made in accordance with the AS 11 dealing with Accounting for the Effect of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India.

### **J) Taxes on income**

Provision for Income Tax is made on the basis of taxable income for the current accounting period in accordance with the Income Tax Act, 1961.

Deferred tax asset / liability is calculated at the current income tax rate and is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets subject to the consideration of prudence, are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Tax has been provided in accordance with provisions of Income Tax Act.

Tax has been provided during current year for current tax liability and foreign taxes.

### **K) Contingent Liabilities**

All known Liabilities, wherever material, are provided for and Liabilities, which are disputed, are referred to by way of Notes on Accounts.

### **L) Sundry Debtors, Loans & Advances**

Specific debts and advances identified as irrecoverable or doubtful, if any, are written off or provided for, respectively. Trade Receivables / Trade payables pertaining to back to back contracts are shown at net values.

### II) Notes on Accounts

#### 1 SHARE CAPITAL

(₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Authorised</b>		
50,550,000 Equity Shares of ₹ 10/- each (Previous year - 50,550,000 Shares of ₹ 10/- each)	<b>505.50</b>	505.50
Total	<b>505.50</b>	505.50
<b>Issued, Subscribed and Paid-up</b>		
17,066,949 Equity Shares - Fully Paid-up of ₹ 10/- each (Previous year - 17,066,949 Shares of ₹ 10/- each)	<b>170.67</b>	170.67
Of the above issued share capital, 912,476 Shares were allotted as fully Paid - up, by way of Bonus Shares by capitalisation of General Reserve.		
Total	<b>170.67</b>	170.67

1.1. The reconciliation of number of shares outstanding is set out below :

Particulars	As at March 31, 2012	As at March 31, 2011
Equity shares at the beginning of the year	<b>17,066,949</b>	17,066,949
Equity shares at the end of the year	<b>17,066,949</b>	17,066,949

1.2 Holding of number of shares more than 5 % outstanding is set out below :

Particulars	As at March 31, 2012	As at March 31, 2011
United Breweries (H) Limited.	(37.18 %) <b>6,345,554</b>	(37.18 %) 6,345,554

1.3 Rights of Shareholder :

Every Shareholder is entitled to Dividend when declared. The other rights are governed by the Articles of Association of the Company and the Companies Act, 1956.

#### 2 RESERVES & SURPLUS

(₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Capital Redemption Reserve	<b>0.69</b>	0.69
Securities Premium Account	<b>590.27</b>	590.27
General Reserve	<b>99.16</b>	99.16
Surplus in Statement of Profit and Loss		
Opening Balance	420.14	155.61
Add : Profit for the year	33.33	264.53
<b>Total</b>	<b>1,143.60</b>	1,110.26

## Accounting Policies & Notes Forming Part of Accounts (Contd.)

### 3 LONG TERM BORROWINGS (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Secured</b>		
Term Loans from banks - Repayable after one year	558.98	237.88
Loans from others - Repayable after one year	3.76	4.80
<b>Total</b>	<b>562.74</b>	<b>242.68</b>

Term Loan from Bank of ₹ 26.25 Crores is secured by exclusive charge on Fixed Assets. Further, Term Loan from Bank of ₹ 38.50 Crores is secured by exclusive charge on Current and Fixed Assets of Fabrication Unit at Chattisgarh.

Other Term loans from Consortium Banks are secured by (i) Pari pasu charge, on all the Fixed and Current Assets of the Company. (ii) Corporate Guarantees / Comfort Letter from United Breweries (Holdings) Limited

Loans from Others, is Secured by hypothecation of specific asset.

### 4 SHORT TERM BORROWINGS (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Secured</b>		
Cash Credits from Banks	541.46	341.93
<b>Unsecured</b>		
Loans from Promoter Group Company	90.00	90.00
<b>Total</b>	<b>631.46</b>	<b>431.93</b>

Cash Credits from Consortium Banks are secured by (i) Pari pasu charge, on all the Fixed and Current Assets of the Company. (ii) Corporate Guarantees / Comfort Letter from United Breweries (Holdings) Limited

### 5 TRADE PAYABLES (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Others	1,796.63	1,787.90
<b>Total</b>	<b>1,796.63</b>	<b>1,787.90</b>

## Accounting Policies & Notes Forming Part of Accounts (Contd.)

### 6 OTHER CURRENT LIABILITIES (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Term Loans from banks - Repayable within one year	145.95	228.36
Loans from others - Repayable within one year	1.04	0.91
Other Payables *	936.74	1,142.76
Provisions - Gratuity / Leave Encashment / Superannuation - Repayable after one year	99.75	90.89
Other loans and advances (Security from Supplier)	25.00	-
<b>Total</b>	<b>1,208.48</b>	<b>1,462.92</b>

\* Includes statutory dues, employee dues, advance from customers etc.

Term Loan from Corporation Bank of ₹ 26.25 Crores is secured by exclusive charge on Fixed Assets.

Term Loan from Corporation Bank of ₹ 38.50 Crores is secured by exclusive charge on Current and Fixed Assets of Fabrication Unit at Chattisgarh.

Other Term loans from Consortium Banks are secured by

(i) Pari pasu charge, on all the Fixed and Current Assets of the Company.

(ii) Corporate Guarantees / Comfort Letter from United Breweries (Holdings) Limited

### 7 SHORT TERM PROVISIONS (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Provisions - Gratuity / Leave Encashment - Payable within one year	5.94	5.34
Provisions - Wealth Tax	0.03	0.11
Provisions - Tax	227.75	136.25
<b>Total</b>	<b>233.72</b>	<b>141.70</b>

UB  
GROUP



# Accounting Policies & Notes Forming Part of Accounts (Contd.)

(₹ Million)

## 8 FIXED ASSETS

Particulars	Gross Block Cost / Valuation			Depreciation			Net Block		
	Cost / Valuation as at 01.04.2011	Additions during the Year	Deductions / Impairment during the Year	Cost / Valuation as at 31.03.2012	Upto 01.04.2011	Deductions / Impairment during the Year	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Tangible Assets</b>									
<b>Owned Assets</b>									
Land - Freehold	68.83	-	-	68.83	-	-	-	68.83	68.83
- Leasehold	13.73	-	-	13.73	-	-	-	13.73	13.73
Buildings	107.18	-	-	107.18	14.72	1.67	16.39	90.79	92.46
Plant & Machinery	959.13	171.04	20.19	1,109.98	469.42	16.75	529.92	580.06	489.71
Furniture & Elec. Installation	49.95	7.26	0.06	57.15	18.34	0.02	23.92	33.23	31.61
Vehicles	30.05	1.17	1.28	29.94	5.45	0.05	8.08	21.86	24.60
<b>Total</b>	<b>1,228.87</b>	<b>179.47</b>	<b>21.53</b>	<b>1,386.81</b>	<b>507.93</b>	<b>16.82</b>	<b>578.31</b>	<b>808.50</b>	<b>720.94</b>
Previous year Tangible Assets	931.68	298.89	1.70	1,228.87	449.89	0.45	507.93	720.94	
<b>Intangible Assets</b>									
- Computer Software	13.66	4.99	-	18.65	3.42	-	7.14	11.51	10.25
<b>Capital Work in Progress</b>									
- Fabrication Shop	63.97	359.07	-	423.04	-	-	-	423.04	63.97

### Notes :-

- Added on revaluation, post merger, as on 1st January, 2009 as under :
 

Land	₹ 66.55	Million
Building	₹ 74.39	Million
Plant & Machinery (Including Cranes)	₹ 103.39	Million
- The difference between present value and original cost is transferred to General Reserve pursuant to Scheme of Arrangement sanctioned by the Bombay Court in F.Y. 2008 - 09.
- Capital Work In Progress including Interest on borrowings and Processing Fee ₹ 24.85 Million (Previous Year Nil)

## Accounting Policies & Notes Forming Part of Accounts (Contd.)

### 9 NON-CURRENT INVESTMENTS - AT COST (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>OTHERS (UNQUOTED)</b>		
1) <b>NKGSB Co-operative Bank Limited.</b>	<b>0.20</b>	0.20
20,000 Equity Shares of ₹ 10/- each Fully Paid-up		
2) <b>SUBSIDIARY COMPANY</b>		
UB INFRASTRUCTURE LIMITED		
100,000 Equity Shares of ₹ 10/- each Fully Paid-up	<b>1.00</b>	1.00
3) <b>ASSOCIATE COMPANY</b>		
UB OSTAN (INDIA) PRIVATE LIMITED	<b>15.40</b>	0.10
10,500 Equity Shares of ₹ 10/- each Fully Paid-up		
7,648 Equity Shares of ₹ 10/- each Fully Paid-up, with a Premium of ₹ 1,990 Per share.		
<b>Total</b>	<b>16.60</b>	1.30

### 10 INVENTORIES (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Loose Tools	<b>82.75</b>	97.27
Consumable Stock	<b>63.10</b>	36.21
Contract Work in Progress	<b>411.82</b>	227.99
<b>Total</b>	<b>557.67</b>	361.47

### 11 TRADE RECEIVABLES (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured and considered good		
i) Outstanding for a period exceeding six months from due date	<b>280.10</b>	181.45
ii) Other Debts	<b>1,051.99</b>	1,852.92
iii) Retention	<b>1,548.47</b>	1,197.94
<b>Total</b>	<b>2,880.56</b>	3,232.31



## Accounting Policies & Notes Forming Part of Accounts (Contd.)

### 12 CASH AND CASH EQUIVALENTS (₹ Million)

Particulars	As at March 31, 2012		As at March 31, 2011	
Cash in Hand		1.52		1.08
Bank balances with Scheduled Banks				
a) Current Accounts	144.68		91.09	
b) Foreign Banks	0.20		0.14	
c) Fixed Deposit Accounts (including Margin Money for B.G.)*	142.42	287.30	290.45	381.68
Remittances in transit		6.66		10.40
<b>Total</b>		<b>295.48</b>		<b>393.16</b>

\* Fixed Deposits with Bank include deposits of ₹ 5.76 Million (Previous year ₹ 11.99 Million) with Maturity of more than 12 months.

### 13 SHORT TERM LOANS AND ADVANCES (₹ Million)

Particulars	As at March 31, 2012		As at March 31, 2011	
Deposits with Related Parties (Refer Note No. 33)		250.00		250.00
Loans and Advances to Related Parties (Refer Note No. 33)		80.59		9.19
Advance Income Tax		233.90		127.04
Other Loans and Advances**		133.27		131.29
<b>Total</b>		<b>697.76</b>		<b>517.52</b>

\*\* Includes Staff Advances, Prepaid Expenses etc.

### 14 OTHER CURRENT ASSETS (₹ Million)

Particulars	As at March 31, 2012		As at March 31, 2011	
Income Accrued, but not due on Bank Fixed Deposits		3.60		6.07
Other Deposits		33.83		28.39
<b>Total</b>		<b>37.43</b>		<b>28.39</b>

### 15 OTHER INCOME (₹ Million)

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
1) Dividend on Investment		0.03		0.01
2) Miscellaneous Receipts		3.49		0.37
3) Profit on Sale of Assets		1.75		0.03
4) Interest on Fixed Deposits including Margin Money		18.28		14.72
5) Rent		0.96		0.96
6) Exchange gain		-		1.50
<b>Total</b>		<b>24.51</b>		<b>17.59</b>

## Accounting Policies & Notes Forming Part of Accounts (Contd.)

### 16 CONTRACT COST AND OTHER EXPENSES

(₹ Million)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011	
<b>1) Contract Costs</b>	<b>4,714.23</b>		5,332.17
<b>2) Movements in Stocks - Work in Progress</b>			
Stock at Commencement-Contract Work in Progress	<b>227.99</b>	129.81	
Stock at Close - Contract Work in Progress	<b>(411.82)</b>	<b>(227.99)</b>	
(Increase) / Decrease in Stocks	<b>(183.83)</b>		(98.17)
<b>3) Employees Benefit Expenses</b>			
a) Salaries, Wages and Bonus	<b>168.69</b>	124.91	
b) Contribution to Provident Fund and Other Funds	<b>15.23</b>	10.56	
c) Staff Welfare and Amenities	<b>13.39</b>	18.61	154.09
<b>4) Other Expenses</b>			
a) Repairs to			
i) Buildings	-	-	
ii) Others	<b>1.55</b>	<b>1.55</b>	2.64
b) Rent	<b>11.79</b>		8.06
c) Insurance	<b>11.32</b>		9.00
d) Travelling and Conveyance	<b>34.17</b>		33.99
e) Auditor's Remuneration	<b>1.13</b>		0.99
f) Directors Sitting Fees	<b>1.54</b>		1.13
g) Legal and Consultation Fees	<b>33.55</b>		26.04
h) Trade Mark License Fees	<b>25.80</b>		27.77
i) Other Expenses			
Liquidated damages	<b>42.82</b>	-	
Postage, Telephone Expenses	<b>5.46</b>	5.28	
Electricity Charges	<b>3.82</b>	3.52	
Printing and Stationery	<b>3.77</b>	3.60	
System Maintenance	<b>5.47</b>	4.93	
Taxes and Fees	<b>2.89</b>	6.72	
Administration & General Expenses	<b>7.36</b>	14.57	
Vehicle Fuel Charges	<b>1.00</b>	0.95	
Advertisement	<b>0.36</b>	1.54	
Loss on Exchange Fluctuation	<b>0.33</b>	-	41.11
j) Loss on Sale / Discarding of Assets	<b>1.35</b>		4.88
<b>Total Other Expenses</b>	<b>195.47</b>		155.59

## Accounting Policies & Notes Forming Part of Accounts (Contd.)

### 17 FINANCE COST

(₹ Million)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
1) Interest		
Fixed Loans	56.52	51.29
Others	83.53	42.35
	140.05	93.64
2) Finance Charges	63.95	49.79
<b>Total</b>	<b>204.00</b>	<b>143.43</b>

Finance cost are netted of Capitalisation of ₹ 24.85 Million carried under Capital Work in Progress (Previous Year ₹ Nil)

18) In terms of "Accounting Treatment" referred to in the Scheme of Arrangement sanctioned by the Bombay High Court in its Order dated 6<sup>th</sup> March, 2009, the following accounting entries were made in the accounts.

- (a) Land, Building and Plant & Machinery, other Assets & Liabilities were revalued / reviewed as on 1<sup>st</sup> January, 2009 at their fair market values in respect of the Company and the erstwhile subsidiary and the notional appreciation representing the difference between the revalued values and their original cost amounting to ₹ 222.47 Million (net) was credited to General Reserve which otherwise would have been taken to Fixed Asset Revaluation Reserve during F.Y. 2008-09.
- (b) Arrears of Deferred Tax Asset of ₹ 121.15 Million relating to pre-merger period has been deducted from the above General Reserve instead of recognizing in the Profit and Loss Account during F.Y. 2009 - 10.

The above treatment is however at variance with the Accounting Standard Nos. 10 and 22 and the Generally Accepted Accounting principles, and the General Reserve is not an appropriation out of profits, available for dividend.

- 19) Events subsequent to Balance Sheet date : (i) Bank Guarantees invoked by Customers ₹ 208.27 Million (including ₹ 191.65 Million invoked in August 2012, which is being contested before Chandigarh High Court) (ii) Devolvement of Letter of Credit of ₹ 256.58 Million pertaining July/August 2012.
- 20) During the year, two bank guarantees given by the Company on behalf of Company's Subsidiaries were invoked / paid, involving the outflow of ₹ 138.60 Million. Recoverability of 80 % of the said invoked / paid guarantees, is matter of Writ Petitions pending before Madhya Pradesh High Court and hence the same has not been absorbed in the accounts.
- 21) Kuwait Tax Authorities had raised demands aggregating to ₹ 50.98 Million relating to years 1996 to 1999 which were contested on Appeals. The Court of Cessation finally decided the appeals against the Company during the year and hence the provision has been made in the accounts for the demands.

## Accounting Policies & Notes Forming Part of Accounts (Contd.)

- 22) During the year, UB Ostan (India) Private Limited ceased to be wholly owned Subsidiary of the Company and has been converted to Joint Venture Company, with Company's Interest therein to the extent of 35 %. The Joint Venture Company has not commenced operation, and hence No Impact on the current year profitability.
- 23) (a) During the year, following, completion of project, Sudan branch was closed (b) Considering prospects of future operations a branch has been opened in Nepal.
- 24) The overseas operations are not exposed to material loss on exchange in view of natural hedging, accordingly the Company has not hedged Overseas Financial Exposures against Currency Fluctuation. The amount outstanding as on March 31, 2012 ₹ 34.02 Million (Previous year ₹ 61.44 Million).

The Company has not entered into speculative derivative transactions.

### 25) Contingent Liabilities :

#### (a) Guarantees and Statutory Dues:

(₹ Million)

Sr. No.	Particulars	Current year	Previous year
I	Bank Guarantees / Counter Guarantees issued and Letters of Credit outstanding (Bank Guarantees are secured by Charge on Fixed Assets and Current Assets of the Company.)	4,376.06	3,825.31
II	Bills discounted	25.22	122.46
III	Corporate Guarantees / Counter Guarantees --- Group Company --- Government of India(Customs) --- Others	650.00 54.31 54.80	1,060.00 54.31 50.25
IV	Sales tax demands of various years in different states, under appeal against which ₹ 0.70 Million (Previous year - ₹ 0.70 Million) has been paid and included under Other Deposits. Company's Sales Tax assessments are pending in various states. The additional liability, if any, on completion of assessments, if accepted, will be considered in accounts.	156.74	165.71
V	Claims against the Company not acknowledged as debts.	88.13	85.00
VI	Disputed Income Tax Demand under appeal	5.42	5.42
VII	Estimated amount of Capital Commitments to be executed on Capital account and not provided for	52.02	137.79

With regard to disputed Sales Tax / Income Tax demands pending in various states, as the Management is of the view that demands are not sustainable and hence no provision is presently considered necessary.

## Accounting Policies & Notes Forming Part of Accounts (Contd.)

- b) The re-opening of the assessment for the assessment year 1995-96 has been questioned on appeal at various stages. The Company approached for a settlement under KVSS and deposited ₹ 11.00 Million (Previous year - ₹ 11.00 Million), which is included under loans and advances. As per directives of the Appellate Authority, the matter has been remitted to the Assessing Officer for re-doing the assessment.
- c) The Company had filed arbitration proceedings against Bharat Heavy Electricals Limited (BHEL) in the year 2003 to recover ₹ 366.35 Million (Previous year - ₹ 366.35 Million) with interest, against which BHEL had filed counter-claims of ₹ 607.47 Million (Previous year - ₹ 607.47 Million). The arbitration award is awaited.

### 26) Employee Benefits :

The Company has made provision in the accounts for liability for Gratuity and Leave encashment based on Actuarial Valuation, but has not funded the amounts. The particulars under the AS 15 (revised) furnished below are those which are relevant and available to the Company for this year.

	Leave Encashment	
	31.03.2012	31.03.2011
<b>I Assumptions as at</b>		
Mortality rate	LIC(1994-96)	LIC(1994-96)
Discount rate	8.00%	8.00%
Salary escalation rate	7.00%	7.00%
Rate of return (expected) on plan assets	0.00%	0.00%
Withdrawal rate	1% throughout	1% throughout
Retirement age (Cat. 11 - 17 / Others)	58 and 60	58 and 60
Expected average remaining service	21 and 23	21 and 23
<b>Period of accounting</b>	1.04.2011 to 31.03.2012	1.04.2010 to 31.03.2011
<b>I. Data information</b>	On 31.03.2012	On 31.03.2011
Number of members	924	836
Total monthly salaries (₹ Million)	10.31	8.74
Average age	37.0	37.0
Average leave balance	47.0	48.0
<b>II Changes in present value of obligations (₹ In Million)</b>		
PVO at beginning of year	16.98	9.97
Interest cost	1.38	0.83
Current service cost	1.85	1.75
Benefits paid	(1.21)	(0.87)
Actual (gain)/loss on obligation	1.26	5.30
PVO at end of year	20.26	16.98

	<b>Gratuity</b>	
<b>I Assumptions as at</b>	31.03.2012	31.03.2011
Mortality rate	LIC(1994-96)	LIC(1994-96)
Discount rate	8.00%	8.00%
Salary escalation rate	7.00%	7.00%
Rate of return (expected) on plan assets	8%	8%
Withdrawal rate	1 % through out	1 % through out
Retirement age (Cat. 11 – 17 / Others)	58 and 60	58 and 60
Expected average remaining service	21	21
<b>Period of accounting</b>	1.04.2011 to 31.03.2012	1.04.2010 to 31.03.2011
<b>I. Data information</b>	On 31.03.2012	On 31.03.2011
Number of members	924	836
Total monthly salaries (₹ Million)	10.31	8.74
Average age	37.0	37.0
Average service (years)	5	5.4
<b>II Changes in present value of obligations (₹ Million)</b>		
PVO at beginning of year	31.75	27.72
Interest cost	2.31	2.14
Current service cost	1.42	1.32
Benefits paid	(5.75)	(2.07)
Actual (gain)/loss on obligation	4.74	2.64
PVO at end of year	34.47	31.75

- 27) Liability towards Gratuity, Superannuation and Employee's Deposit Linked Insurance has been fully provided in the accounts. Unfunded liabilities as at March 31, 2012 are Gratuity ₹ 36.47 Million (Previous year- ₹ 32.75 Million), Superannuation ₹ 43.18 Million (Previous year - ₹ 40.79 Million), Employee's Deposit Linked Insurance ₹ 5.78 Million (Previous year ₹ 5.69 Million). The payment of Gratuity is made by the Company to the employees directly, when it is due for payment.
- 28) Balances under the head Loans and Advances, Other Current Assets (Other Deposits), Trade Receivables and Trade Payables are taken as per books and are subject to confirmation. In the opinion of the Management, these are realisable in the ordinary course of business at the values stated.
- 29) As per consistent practice followed by the Company, the entire expenditure incurred at or for contract sites are shown under "Contract Costs" without classifying the same under nominal heads of expenditure as referred to under Para 3 (x) of Part II of Schedule VI to the Companies Act, 1956.



## Accounting Policies & Notes Forming Part of Accounts (Contd.)

- 30) On the basis of responses received to circulars sent and information received, there are no amount due to, Micro, Small and Medium enterprises.

As regards Small Scale Industries, there is a disputed claim made by Small Scale Industrial Undertaking M/s. Vindhyachal Air Products Limited of ₹ 5.37 Million and the matter is pending in the High Court. However, in the considered view of the management and as relied by the Auditors, impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.

### 31) Bank balances include:

- Certain accounts aggregating ₹ Nil (Previous year - ₹ 0.004 Million) for which neither statement of account nor confirmations of balances have been received.
- Fixed Deposits with Banks include ₹ 141.92 Million (Previous year - ₹ 215.00 Million) lodged as margin money deposits.
- Balances with Indian Scheduled Banks in foreign currency account ₹ 0.14 Million (Previous year - ₹ 4.80 Million) which are incorporated in the accounts as appearing in the books.

### 32) Segment Reporting :

The Company has classified Operations into two Primary Business Segments i.e. Mechanical Erection and EPC Electrical, and two Secondary Segments i.e. Domestic and Overseas, in accordance with the requirement of AS 17 – Segment Reporting issued by the Institute of Chartered Accountants of India.

The required disclosures are as follows:

#### Primary Segment Reporting :

(₹ Million)

Particulars	2011-12			2010-11		
	Mechanical Erection	EPC Electrical	Total	Mechanical Erection	EPC Electrical	Total
Revenue External Revenue	4,388.66	954.28	5,342.94	2863.07	3,262.57	6,125.64
Inter segment Revenue	-	-	-	-	-	-
Total Revenue	4,388.66	954.28	5,342.94	2,863.07	3,262.57	6,125.64
Segment Results / Operating Profit / (Loss)	340.24	(11.41)	328.83	351.38	168.69	520.07
Finance Cost	157.08	46.92	204.00	81.76	61.67	143.43
Profit/ (Loss) after Interest before Taxation	183.16	(58.33)	124.83	269.62	107.02	376.64
Segment Assets	3,828.91	1,918.39	5,747.30	3,188.17	2,159.89	5,348.06
Segment Liabilities	4,543.83	1,203.47	5,747.30	3,937.22	1,410.84	5,348.06

## Accounting Policies & Notes Forming Part of Accounts (Contd.)

### Other Information :

(₹ Million)

Particulars	2011-12			2010-11		
	Mechanical Erection	EPC Electrical	Total	Mechanical Erection	EPC Electrical	Total
Capital Expenditure	175.88	3.59	179.47	293.69	5.20	298.89
Depreciation	87.29	3.63	90.92	58.00	3.90	61.90

### Secondary Segment Reporting :

(₹ Million)

Particulars	2011-12			2010-11		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Revenue External Revenue	5,323.94	19.00	5,342.94	6,108.33	17.31	6,125.64
Inter segment Revenue	-	-	-	-	-	-
Total Revenue	5,323.94	19.00	5,342.94	6,108.33	17.31	6,125.64
Segment Results / Operating Profit / (Loss)	311.72	17.11	328.83	510.32	9.75	520.07
Finance Cost	204.00	-	204.00	143.43	-	143.43
Profit / (Loss) after Interest before Taxation	107.72	17.11	124.83	366.89	9.75	376.64
Segment Assets	5,696.95	50.35	5,747.30	5,283.80	64.26	5,348.06
Segment Liabilities	5,711.57	35.73	5,747.30	5,305.63	42.43	5,348.06

### Other Information :

(₹ Million)

Particulars	2011-12			2010-11		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Capital Expenditure	179.47	-	179.47	298.89	-	298.89
Depreciation	90.92	-	90.92	61.90	-	61.90

### 33) Related Party Disclosures :

#### a) Names of related parties and description of relationship

##### i) Associate Companies:

United Breweries (Holdings) Limited, Bangalore  
 UB Infrastructure Projects Limited, Bangalore  
 Kingfisher Finvest India Limited, Bangalore  
 UB Ostan (India) Private Limited, Mumbai

## Accounting Policies & Notes Forming Part of Accounts (Contd.)

### ii) Subsidiary Companies:

UB Infrastructure Limited, Pune

Bhopal-Berasia-Sironj Highway Private Limited, New Delhi (Step down subsidiary)

Sendhwa-Khetia Road Development Company Private Limited, Pune  
(Step down subsidiary)

### iii) Directors / Key Management Personnel :

Mr. J.K.Sardana – Managing Director

### b) Transactions with related parties

(₹ Million)

Sr.No.	Nature of Transaction	2011 - 12	2010 - 11
1	<b>Associate Companies</b> <b>Purchase of Services</b> <b>United Breweries</b> <b>(Holdings) Ltd., Bangalore</b> - Trade Mark License Fees - Manpower - Guarantee Commission - Interest - Security Commission	<b>25.80</b> <b>1.36</b> <b>8.37</b> <b>12.60</b> <b>6.50</b>	27.77 0.83 14.03 12.60 3.63
	Total	<b>54.63</b>	58.86
2	<b>Balance Receivable / (Payable)</b> United Breweries (Holdings) Ltd., Bangalore <b>(Net of Deposits and balances)</b> UB Infrastructure Projects Ltd., Bangalore Kingfisher Finvest India Ltd., Bangalore UB Ostan (India) Private Limited, Mumbai	<b>128.63</b> <b>(0.25)</b> <b>(10.38)</b> <b>0.32</b>	106.33 (0.25) (15.38) 8.07
	Total	<b>118.32</b>	98.77
3	<b>Subsidiary Companies</b> UB Infrastructure Limited, Pune Bhopal Berasia Sironj Highway Private Limited, New Delhi Sendhwa Khetia Road Development Company Private Limited, Pune	<b>76.59</b> <b>3.62</b> <b>0.06</b>	(2.40) 3.51 -
4	<b>Directors / Key Management Personnel</b> Remuneration to Mr. J.K.Sardana	<b>6.55</b>	3.91

**34) Expenditure in foreign currency :** (₹ Million)

Sr. No.	Particulars	Current year	Previous year
1	On Works Contracts	8.21	10.04
2	For Traveling	3.79	2.85
3	For Material	8.56	34.17
4	Capex	70.54	103.45

**35) Earnings in foreign currency :** (₹ Million)

Sr. No.	Particulars	Current year	Previous year
1	Overseas Contracts	19.00	17.31

**36)** Additional information pursuant to the provisions of Para 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956 is not given as construction being service activity is not covered under Para 3(ii) (C) of Schedule VI to the Companies Act, 1956.

**37) Auditors' Remuneration:** (₹ Million)

Sr. No.	Particulars	Current year	Previous year
1	Statutory Audit Fees	0.75	0.65
2	Sudan Branch Audit Fees	-	0.03
3	For Other Services	0.38	0.31
	Total	1.13	0.99

**38) Managerial Remuneration:** (₹ Million)

Sr. No.	Particulars	Current year	Previous year
1	Salary and Allowances	6.00	3.67
2	Contribution to Provident Fund and Other Funds	0.51	0.20
3	Perquisites	0.04	0.04
	Total	6.55	3.91

**39) Deferred Taxation :**

Deferred Tax Liability and Asset amounting to ₹ 5.39 Million and ₹ 24.14 Million respectively, represents timing difference on account of Depreciation and deferment of deductions / allowances under Income Tax Act. As a matter of prudence, additional Deferred Tax asset during the year is not considered.

## Accounting Policies & Notes Forming Part of Accounts (Contd.)

### 40) Earning Per Share (EPS)

Sr. No.	Particulars	Current year	Previous year
(i)	Profit after Taxation (For Basic and Diluted EPS) (₹ Million)	33.33	264.53
(ii)	Weighted average no. of Equity Shares (For Basic and Diluted EPS)	17,066,949	17,066,949
(iii)	Nominal Value of Ordinary Shares	₹ 10	₹ 10
(iv)	Basic and Diluted Earning per Equity Share	1.95	15.50

41) Previous year figures have been reclassified / regrouped / restated wherever necessary to conform to Schedule VI (as amended) of the Companies Act, 1956.

Per our report of  
Even date attached

For and on behalf of the Board

For M/s. V.P.MEHTA & CO.  
Chartered Accountants  
(Firm Reg. No. 106326 W)

VIPUL P. MEHTA  
Proprietor  
(Mem. No. 35722)

S.D.LALLA  
Chairman

A.HARISH BHAT  
Director

J.K.SARDANA  
Managing Director

V.M.PENDSE  
Company Secretary

Mumbai  
August 24, 2012

UB  
GROUP



## Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

(₹ Million)

Relating to Subsidiary Companies	UB Infrastructure Limited  Incorporated on 05.05.2010	Bhopal-Berasia-Sironj Highway Private Limited*  Incorporated on 25.02.2011	Sendhwa-Khetia Road Development Company Private Limited*  Incorporated on 12.04.2011
1. Financial year of the Subsidiary Company ended on :	31.03.2012	31.03.2012	31.03.2012
2. Holding Company's interest			
a) Equity Shares of Rs. 10/- Each Fully paid-up:	100,000	10,000	10,000
b) Extent of holding :	100 %	74 %	74 %
3. Net Aggregate amount of Profit / (Loss) of the subsidiary so far as it concerns members of holding Company			
i) For the said financial year of the subsidiary			
a) dealt with in the accounts of Holding Company	—	—	—
b) not dealt with in the accounts of Holding Company	(0.59)	(1.30)	(1.41)
ii) For the previous financial years of the subsidiary since it became the Holding Company's subsidiary			
a) dealt with in the accounts of Holding Company	—	—	—
b) not dealt with in the accounts of Holding Company	(0.34)	(3.49)	—

\* Subsidiary Company of UB Infrastructure Limited, having Capital Contribution 74 %.

**S. D. LALLA**  
CHAIRMAN

**A. HARISH BHAT**  
DIRECTOR

**J. K. SARDANA**  
MANAGING DIRECTOR

**V.M. PENDSE**  
COMPANY SECRETARY

Mumbai  
August 24, 2012

# GROUP



## Summarised Financials of Subsidiary Companies 2011 - 2012

(₹ Million)

		UB Infrastructure Limited Incorporated on 05.05.2010	Bhopal-Berasia-Sironj Highway Private Limited * Incorporated on 25.02.2011	Sendhwa-Khetia Road Development Company Private Limited * Incorporated on 12.04.2011
1	Capital	1.00	0.10	0.10
2	Reserves	(0.93)	(4.79)	(1.41)
3	Total Assets	116.84	0.70	0.07
4	Total Liabilities & Provisions	116.92	5.39	1.38
5	Investments	0.15	-	-
6	Total Revenue	17.04	-	-
7	Profit / (Loss) before Taxation	(0.59)	(1.30)	(1.41)
8	Provision for Taxation	-	-	-
9	Profit / (Loss) after Taxation	(0.59)	(1.30)	(1.41)

\* Subsidiary Company of UB Infrastructure Limited, having Capital Contribution 74 %.

**UB**  
**GROUP**



**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF UB ENGINEERING LIMITED  
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF UB ENGINEERING LIMITED  
AND ITS SUBSIDIARIES.**

1. We have examined the attached consolidated Balance Sheet of UB Engineering Limited and its subsidiaries, hereinafter collectively referred as 'Group' as at March 31, 2012, the related Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto, which we have signed under reference to this report. These Consolidated financial statements are the responsibility of Management of UB Engineering Limited and our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirement of AS 21 - Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
4. Based on our audit and on consideration of other reports and on the other financial information of the Companies of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view subject to Note No. 23 in regarding disclosure of expenditure on contracts and in conformity with the accounting principles generally accepted in India :

We draw attention without qualifying the accounts to the following matters

- (a) Trade Receivables exceed 50% of the turnover for the year, recovery of which has been slow.
- (b) During the year, two bank guarantees given by the Company on behalf of Company's Subsidiaries were invoked / paid , involving the outflow of ₹ 138.60 Million. Recoverability of 80 % of the said invoked / paid guarantees, is contested through Writ Petitions which are pending before Madhya Pradesh High Court. (Note No. 20)
- (c) (i) Bank Guarantees invoked by Customers ₹ 208.27 Million ( including ₹ . 191.65 Million invoked in August 2012, which is being contested before Chandigarh High Court) (Note No. 19)



- (ii) Devolvement of Letter of Credit of ₹ 256.58 Million pertaining July / August 2012. ( Note No. 19 )

In our opinion the accounts read with the observations in the paragraph above, give a true and fair view.

5. As per our opinion, the accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
  - in the case of the Consolidated Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
  - in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For M/s. V. P. MEHTA & CO.**  
**CHARTERED ACCOUNTANTS**  
(Firm Reg. No. 106326 W)

**VIPUL P. MEHTA**  
**(PROPRIETOR)**  
(Mem. No. 35722)

Mumbai  
August 24, 2012



UB  
GROUP



## Consolidated Balance Sheet as at March 31, 2012

(₹ Million)

Particulars	Note No.	As at March 31, 2012		As at March 31, 2011	
<b>I EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' funds</b>					
a) Share capital	1	170.67		170.67	
b) Reserves and surplus	2	1,136.48		1,106.44	
			1,307.15		1,277.11
<b>(2) Non-current liabilities</b>					
Long term borrowings	3	562.74		242.68	
<b>(3) Current liabilities</b>					
a) Short term borrowings	4	663.62		431.93	
b) Trade payables	5	1,804.26		1,790.40	
c) Other current liabilities	6	1,210.25		1,463.57	
d) Short term provisions	7	233.72	3,911.85	141.70	3,827.60
<b>(4) Minority Interest</b>					
			0.05		0.02
<b>Total</b>			<b>5,781.79</b>		<b>5,347.41</b>
<b>II ASSETS</b>					
<b>(1) Non-current assets</b>					
a) Fixed Assets					
i) Tangible assets	8	808.53		720.98	
ii) Intangible assets	8	11.51		10.25	
iii) Capital work-in-progress	8	423.04		63.97	
b) Non-current investments	9	15.60		0.30	
c) Deferred tax assets ( net )	27	18.75	1,277.43	18.75	814.25
<b>(2) Current assets</b>					
a) Current Investments		-		-	
b) Inventories	10	557.67		361.47	
c) Trade receivables	11	2,880.56		3,232.31	
d) Cash & cash equivalents	12	296.15		394.11	
e) Short term loans and advances	13	732.47		516.86	
f) Other current assets	14	37.51	4,504.36	28.41	4,533.16
<b>Significant Accounting Policies</b>					
<b>Notes on Financial Statements Note 1 to 30</b>					
<b>Total</b>			<b>5,781.79</b>		<b>5,347.41</b>

Per our report of date attached

For M/s. V. P. MEHTA & CO.  
CHARTERED ACCOUNTANTS  
(Firm Reg. No. 106326W)

For and on behalf of the Board

VIPUL P. MEHTA  
PROPRIETOR  
(Mem No. 35722)

S. D. LALLA  
CHAIRMAN

A. HARISH BHAT  
DIRECTOR

J. K. SARDANA  
MANAGING DIRECTOR

Mumbai  
August 24, 2012

V.M. PENDSE  
COMPANY SECRETARY



# Consolidated Statement of Profit and Loss for the year ended March 31, 2012

(₹ Million)

Particulars	Note No.	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>I) REVENUE</b>			
Revenue from Operations		5,335.47	6,108.05
Other Income	15	24.51	17.59
<b>Total Revenue</b>		<b>5,359.98</b>	<b>6,125.64</b>
<b>II) EXPENSES</b>			
Contract Costs	16	4,725.12	5,335.64
Changes in inventories of Work In Progress	16	(183.83)	(98.18)
Employee benefits expense	16	197.31	154.08
Finance Cost	17	208.28	143.43
Depreciation and Amortisation		90.92	61.90
Other expenses	16	200.64	155.95
<b>Total Expenses</b>		<b>5,238.44</b>	<b>5,752.82</b>
<b>III) Profit before Tax</b>		<b>121.54</b>	<b>372.82</b>
<b>IV) Tax expense</b>			
(1) Current Tax		40.52	136.25
(2) Kuwait Tax		50.98	-
(3) Deferred Tax		-	(24.14)
		<b>91.50</b>	<b>112.11</b>
<b>V) Profit for the year</b>		<b>30.04</b>	<b>260.71</b>
<b>VI) Earning Per Equity Share (Basic and Diluted)</b>		<b>1.76</b>	<b>15.28</b>
(Face Value ₹ 10 each)			
<b>Significant Accounting Policies Notes on Financial Statements</b>	<b>Note 1 to 30</b>		

Per our report of date attached

For M/s. V. P. MEHTA & CO.  
CHARTERED ACCOUNTANTS  
(Firm Reg. No. 106326W)

For and on behalf of the Board

VIPUL P. MEHTA  
PROPRIETOR  
(Mem No. 35722)S. D. LALLA  
CHAIRMANA. HARISH BHAT  
DIRECTORJ. K. SARDANA  
MANAGING DIRECTORMumbai  
August 24, 2012V.M. PENDSE  
COMPANY SECRETARY



## Consolidated Cash Flow Statement for the year ended March 31, 2012

(₹ Million)

	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit as per Statement of Profit and Loss before Taxation	121.54	372.82
Adjustments for :		
Depreciation & Amortisation	90.92	61.90
Interest and Finance charges	208.28	143.43
Loss / (Gain) on Sale / Disposal of Assets (net)	(0.40)	4.85
Exchange Loss / (Gain)	0.33	(1.14)
Interest Income	(18.28)	(14.72)
Dividend Income	(0.03)	(0.01)
Adjustments for :	280.82	194.31
<b>Operating Profit before Working Capital Changes</b>	<b>402.36</b>	<b>567.13</b>
<b>WORKING CAPITAL CHANGES</b>		
(Increase) / Decrease in Trade and Other Receivables	172.76	(1,274.85)
(Increase) / Decrease in Inventories	(196.20)	(180.54)
Increase / (Decrease) in Trade Payables	(205.08)	991.36
Direct Taxes Paid	(0.11)	(0.01)
<b>Cash generated from Operations</b>	<b>173.73</b>	<b>103.09</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	(543.51)	(344.92)
Sale of Fixed Assets	5.11	(3.59)
Purchases of Investments	(15.30)	(0.10)
Interest Received	20.76	31.83
Dividend Received	0.03	0.03
<b>Net cash used in Investing activities</b>	<b>(532.91)</b>	<b>(316.77)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	0.03	0.03
Borrowings of Secured Forced Loan	32.16	-
Borrowings / ( Repayment ) of Secured Loans	426.75	247.00
Interest / Finance Charges Paid	(197.72)	(143.43)
<b>Net Cash Used in Financing activities</b>	<b>261.22</b>	<b>103.60</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(97.96)</b>	<b>(110.08)</b>
Cash and Cash Equivalents as at (Opening) April 1, 2011	394.11	504.19
Cash and Cash Equivalents as at (Closing) March 31, 2012	296.15	394.11

**Note:** Previous year's figures have been reclassified / regrouped / restated , wherever necessary.

Per our report of date attached

For and on behalf of the Board

For M/s. V.P.MEHTA & CO.  
CHARTERED ACCOUNTANTS  
(Firm Reg. No. 106326 W)

VIPUL P. MEHTA  
PROPRIETOR  
(Mem. No. 35722)

S.D.LALLA  
CHAIRMAN

A. HARISH BHAT  
DIRECTOR

J. K. SARDANA  
MANAGING DIRECTOR

Mumbai  
August 24, 2012

V. M. PENDSE  
COMPANY SECRETARY

## Accounting Policies & Notes forming part of Consolidated Financial Statements

### Accounting Policies and Notes forming part of Consolidated Financial Statements for the year ended March 31, 2012.

#### 1) Significant Accounting Policies

##### i) Basis of Accounting

These Accounts are prepared on the basis of Going Concern and under the Historical cost convention, except revaluation of certain Fixed Assets, as stated in D (ii) in Balance Sheet of the Company and that those comply with the Companies Act, 1956 and with the Applicable Accounting Standards (AS) and statements issued by the Institute of Chartered Accountants of India.

##### ii) Principles of Consolidation

The consolidated financial statements relate to UB Engineering Limited and its wholly owned subsidiaries. The consolidated financial statements are prepared on the following basis :

- The financial statements of the Company and its wholly owned subsidiary Companies including Step down Subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the parent company i.e March 31, 2012.

#### 2) Subsidiary Company

The Company has 100% Equity interest in UB Infrastructure Limited, Pune (incorporated on May 5, 2010) and UB Infrastructure Limited, Pune has 74 % Equity interest in Bhopal-Berasia-Sironj Highway Private Limited, New Delhi ( incorporated on February 25, 2011) & in Sendhawa-Khetia Road Development Company Private Limited ( incorporated on 12<sup>th</sup> April 2011). Accounts of which are included in Consolidated Financial Statements.

During the year, UB Ostan (India) Private Limited ceased to be wholly owned Subsidiary of the Company and has been converted to Joint Venture Company, with Company's Interest therein to the extent of 35 %. Accounts of Previous year are re-grouped accordingly

- #### 3) Notes to these Consolidated Financial Statements are intended to serve as means of informative disclosure and guide to better understanding of the Consolidated position of the companies. Recognising this purpose, the Company has disclosed only such Notes from the individual financial statements which fairly present the needed disclosures. Practical considerations made it desirable to exclude Notes to accounts, which in the opinion of the management, could be better viewed when referred to the respective individual financial statements.
- #### 4) Significant Accounting Policies followed by each of the Consolidated Companies are as annexed to the respective accounts.

## Accounting Policies & Notes forming part of Consolidated Financial Statements (Contd.)

### II) Notes on Accounts

#### 1 SHARE CAPITAL (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Authorised</b>		
50,550,000 Equity Shares of ₹ 10/- each (Previous year - 50,550,000 Shares of ₹ 10/- each)	<b>505.50</b>	505.50
<b>Total</b>	<b>505.50</b>	505.50
<b>Issued, Subscribed and Paid-up</b>		
17,066,949 Equity Shares - Fully Paid-up of ₹ 10/- each (Previous year - 17,066,949 Shares of ₹ 10/- each)	<b>170.67</b>	170.67
Of the above issued share capital, 912,476 Shares were allotted as fully Paid - up, by way of Bonus Shares by capitalisation of General Reserve.		
<b>Total</b>	<b>170.67</b>	170.67

1.1. The reconciliation of number of shares outstanding is set out below :

Particulars	As at March 31, 2012	As at March 31, 2011
Equity shares at the beginning of the year	<b>170,669,490</b>	170,669,490
Equity shares at the end of the year	<b>170,669,490</b>	170,669,490

1.2 Holding of number of shares more than 5 % outstanding is set out below :

Particulars	As at March 31, 2012	As at March 31, 2011
United Breweries (H) Limited.	(37.18 %) <b>6,345,554</b>	(37.18 %) 6,345,554

1.3 Rights of Shareholder :

Every Shareholder is entitled to Dividend when declared. The other rights are governed by the Articles of Association of the Company and the Companies Act, 1956.

#### 2 RESERVES & SURPLUS (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Capital Redemption Reserve	<b>0.69</b>	0.69
Securities Premium Account	<b>590.27</b>	590.27
General Reserve	<b>99.16</b>	99.16
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	416.32	155.61
Add : Profit for the year	30.04 <b>446.36</b>	260.71 <b>416.32</b>
<b>Total</b>	<b>1,136.48</b>	1,106.44

## Accounting Policies & Notes forming part of Consolidated Financial Statements (Contd.)

### 3 LONG TERM BORROWINGS (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Secured</b>		
Term Loans from banks - Repayable after one year	558.98	237.88
Loans from others - Repayable after one year	3.76	4.80
<b>Total</b>	<b>562.74</b>	<b>242.68</b>

Term Loan from Bank of ₹ 26.25 Crores is secured by exclusive charge on Fixed Assets. Further, Term Loan from Bank of ₹ 38.50 Crores is secured by exclusive charge on Current and Fixed Assets of Fabrication Unit at Chattisgarh.

Other Term loans from Consortium Banks are secured by (i) Pari pasu charge, on all the Fixed and Current Assets of the Company. (ii) Corporate Guarantees / Comfort Letter from United Breweries (Holdings) Limited

Loans from Others, is Secured by hypothecation of specific asset.

### 4 SHORT TERM BORROWINGS (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Secured</b>		
Cash Credits from Banks	541.46	341.93
Forced Loan from Bank	32.16	-
<b>Unsecured</b>		
Loans from Promoter Group Company	90.00	90.00
<b>Total</b>	<b>663.62</b>	<b>431.93</b>

Cash Credits from Consortium Banks are secured by (i) Pari pasu charge, on all the Fixed and Current Assets of the Company. (ii) Corporate Guarantees / Comfort Letter from United Breweries (Holdings) Limited.

### 5 TRADE PAYABLES (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Others	1,804.26	1,790.40
<b>Total</b>	<b>1,804.26</b>	<b>1,790.40</b>

## Accounting Policies & Notes forming part of Consolidated Financial Statements (Contd.)

### 6 OTHER CURRENT LIABILITIES

(₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Term Loans from banks - Repayable within one year	145.95	228.36
Loans from others - Repayable within one year	1.04	0.91
Other Payables *	938.51	1,143.41
Provisions - Gratuity / Leave Encashment / Superannuation - Repayable after one year	99.75	90.89
Other loans and advances (Security from Supplier)	25.00	-
<b>Total</b>	<b>1,210.25</b>	<b>1,463.57</b>

\* Includes statutory dues, employee dues, advance from customers etc.

Term Loan from Corporation Bank of ₹ 26.25 Crores is secured by exclusive charge on Fixed Assets. Term Loan from Corporation Bank of ₹ 38.50 Crores is secured by exclusive charge on Current and Fixed Assets of Fabrication Unit at Chattisgarh.

Other Term loans from Consortium Banks are secured by (i) Pari pasu charge, on all the Fixed and Current Assets of the Company. (ii) Corporate Guarantees / Comfort Letter from United Breweries (Holdings) Limited

### 7 SHORT TERM PROVISIONS

(₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Provisions - Gratuity / Leave Encashment - Payable within one year	5.94	5.34
Provisions - Wealth Tax	0.03	0.11
Provisions - Tax	227.75	136.25
<b>Total</b>	<b>233.72</b>	<b>141.70</b>

# UB GROUP



# Accounting Policies & Notes forming part of Consolidated Financial Statements (Contd.)

Particulars	Gross Block Cost / Valuation			Depreciation			Net Block		
	Cost / Valuation as at 01.04.2011	Additions during the Year	Deductions/ Impairment during the Year	Cost / Valuation as at 31.03.2012	Upto 01.04.2011	For the year	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Tangible Assets Owned Assets</b>									
Land - Freehold	68.83	-	-	68.83	-	-	-	68.83	68.83
- Leasehold	13.73	-	-	13.73	-	-	-	13.73	13.73
Buildings	107.18	-	-	107.18	14.72	1.67	16.39	90.79	92.46
Plant & Machinery	959.13	171.04	20.19	1,109.98	469.42	77.25	529.92	580.06	489.71
Furniture & Elec. Installation	49.98	7.26	0.06	57.18	18.34	0.02	23.92	33.26	31.65
Vehicles	30.05	1.17	1.28	29.94	5.46	0.05	8.09	21.85	24.60
<b>Total</b>	<b>1,228.90</b>	<b>179.47</b>	<b>21.53</b>	<b>1,386.84</b>	<b>507.93</b>	<b>16.82</b>	<b>578.31</b>	<b>808.53</b>	<b>720.98</b>
Previous year	931.68	298.93	1.70	1,228.91	449.89	0.45	507.93	720.98	
<b>Intangible Assets</b>									
- Computer Software	13.66	4.99	-	18.65	3.42	-	7.14	11.51	10.25
<b>Capital Work in Progress</b>									
- Fabrication Shop	63.97	359.07	-	423.04	-	-	-	423.04	63.97

**Notes :-**

- Added on revaluation, post merger, as on 1st January, 2009 as under :
 

Land	--	₹ 66.55	Million
Building	--	₹ 74.39	Million
Plant & Machinery (Including Cranes)	--	₹ 103.39	Million
- The difference between present value and original cost is transferred to General Reserve pursuant to Scheme of Arrangement sanctioned by the Bombay Court in F.Y. 2008-09.
- Capital Work In Progress including Interest on borrowings and Processing Fee ₹ 24.85 Million (Previous Year Nil)

## Accounting Policies & Notes forming part of Consolidated Financial Statements (Contd.)

### 9 NON-CURRENT INVESTMENTS - AT COST (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>OTHERS (UNQUOTED)</b>		
1) <b>NKGSB Co-operative Bank Limited.</b>	<b>0.20</b>	0.20
20,000 Equity Shares of ₹ 10/- each Fully Paid-up		
2) <b>ASSOCIATE COMPANY</b>		
UB OSTAN (INDIA) PRIVATE LIMITED	<b>15.40</b>	0.10
10,500 Equity Shares of ₹ 10/- each Fully Paid-up		
7,648 Equity Shares of ₹ 10/- each Fully Paid-up, with a Premium of ₹ 1,990 Per share.		
<b>Total</b>	<b>15.60</b>	0.30

### 10 INVENTORIES (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Loose Tools	<b>82.75</b>	97.27
Consumable Stock	<b>63.10</b>	36.21
Contract Work in Progress	<b>411.82</b>	227.99
<b>Total</b>	<b>557.67</b>	361.47

### 11 TRADE RECEIVABLES (₹ Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured and considered good		
i) Outstanding for a period exceeding six months from due date	<b>280.10</b>	181.45
ii) Other Debts	<b>1,051.99</b>	1,852.92
iii) Retention	<b>1,548.47</b>	1,197.94
<b>Total</b>	<b>2,880.56</b>	3,232.31

## Accounting Policies & Notes forming part of Consolidated Financial Statements (Contd.)

### 12 CASH AND CASH EQUIVALENTS (₹ Million)

Particulars	As at March 31, 2012		As at March 31, 2011	
Cash in Hand		1.52		1.08
Bank balances with Scheduled Banks				
a) Current Accounts	145.35		92.04	
b) Foreign Banks	0.20		0.14	
c) Fixed Deposit Accounts (including Margin Money for B.G.)*	142.42	287.97	290.45	382.63
Remittances in transit		6.66		10.40
<b>Total</b>		<b>296.15</b>		<b>394.11</b>

\* Fixed Deposits with Bank include deposits of ₹ 5.76 Million (Previous year ₹ 11.99 Million) with Maturity of more than 12 months.

### 13 SHORT TERM LOANS AND ADVANCES (₹ Million)

Particulars	As at March 31, 2012		As at March 31, 2011	
Deposits with Related Parties (Refer Note No. 25)	250.00		250.00	
Loans and Advances to Related Parties (Refer Note No. 25)	0.32		8.07	
Advance Income Tax	233.90		127.05	
Other Loans and Advances **	133.27		131.28	
Advances Recoverable in Cash or Kind or for value to be received	114.98		0.46	
<b>Total</b>		<b>732.47</b>		<b>516.86</b>

\*\* Includes Staff Advances, Prepaid Expenses etc.

### 14 OTHER CURRENT ASSETS (₹ Million)

Particulars	As at March 31, 2012		As at March 31, 2011	
Income Accrued, but not due on Bank Fixed Deposits	3.60		6.07	
Other Deposits	33.91	37.51	22.34	28.41
<b>Total</b>		<b>37.51</b>		<b>28.41</b>

### 15 OTHER INCOME (₹ Million)

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
1) Dividend on Investment	0.03		0.01	
2) Miscellaneous Receipts	3.49		0.37	
3) Profit on Sale of Assets	1.75		0.03	
4) Interest on Fixed Deposits including Margin Money	18.28		14.72	
5) Rent	0.96		0.96	
6) Exchange gain	-		1.50	
<b>Total</b>		<b>24.51</b>		<b>17.59</b>

## Accounting Policies & Notes forming part of Consolidated Financial Statements (Contd.)

### 16 CONTRACT COST AND OTHER EXPENSES

(₹ Million)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011	
<b>1) Contract Costs</b>	<b>4,725.12</b>		<b>5,335.64</b>
<b>2) Movements in Stocks - Work in Progress</b>			
Stock at Commencement-Contract Work in Progress	227.99	129.81	
Stock at Close - Contract Work in Progress	(411.82)	(227.99)	
(Increase) / Decrease in Stocks	(183.83)		(98.17)
<b>3) Employees Benefit Expenses</b>			
a) Salaries, Wages and Bonus	168.69	124.91	
b) Contribution to Provident Fund and Other Funds	15.23	10.56	
c) Staff Welfare and Amenities	13.39	18.61	154.09
<b>4) Other Expenses</b>			
a) Repairs to			
i) Buildings	-	-	
ii) Others	1.55	2.64	2.64
b) Rent	11.79		8.06
c) Insurance	11.32		9.00
d) Travelling and Conveyance	34.17		33.99
e) Auditor's Remuneration	1.28		1.06
f) Directors Sitting Fees	1.54		1.13
g) Legal and Consultation Fees	38.17		26.05
h) Trade Mark License Fees	25.80		27.77
i) Other Expenses			
Liquidated damages	42.82	-	
Postage, Telephone Expenses	5.46	5.28	
Electricity Charges	3.82	3.52	
Printing and Stationery	3.79	3.62	
System Maintenance	5.47	4.93	
Taxes and Fees	3.27	6.97	
Administration & General Expenses	7.35	14.57	
Vehicle Fuel Charges	1.00	0.95	
Advertisement	0.36	1.54	
Loss on Exchange Fluctuation	0.33	-	41.38
j) Loss on Sale / Discarding of Assets	1.35		4.88
<b>Total Other Expenses</b>	<b>200.64</b>		<b>155.94</b>

## Accounting Policies & Notes forming part of Consolidated Financial Statements (Contd.)

### 17 FINANCE COST

(₹ Million)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
1) Interest		
Fixed Loans	56.52	51.29
Others	85.17	42.35
	141.69	93.64
2) Finance Charges	66.59	49.79
<b>Total</b>	<b>208.28</b>	<b>143.43</b>

Finance cost are netted of Capitalisation of ₹ 24.85 Million carried under Capital Work in Progress (Previous Year ₹ Nil)

- 18) During the year, UB Ostan (India) Private Limited ceased to be wholly owned Subsidiary of the Company and has been converted to Joint Venture Company, with Company's Interest therein to the extent of 35 %. The Joint Venture Company has not commenced operation, and hence No Impact on the current year profitability.
- 19) Events subsequent to Balance Sheet date : (i) Bank Guarantees invoked by Customers ₹ 208.27 Million ( including ₹ 191.65 Million invoked in August 2012, which is being contested before Chandigarh High Court) (ii) Devolvement of Letter of Credit of ₹ 256.58 Million pertaining July/August 2012.
- 20) During the year, two bank guarantees given by the Company on behalf of Company's Subsidiaries were invoked / paid , involving the outflow of ₹ 138.60 Million. Recoverability of 80 % of the said invoked / paid guarantees, is matter of Writ Petitions pending before Madhya Pradesh High Court and hence the same has not been absorbed in the accounts.
- 21) Kuwait Tax Authorities had raised demands aggregating to ₹ 50.98 Million relating to years 1996 to 1999 which were contested on Appeals. The Court of Cessation finally decided the appeals against the Company during the year and hence the provision has been made in the accounts for the demands.
- 22) Balances under the head Loans and Advances, Other Current Assets (Other Deposits), Trade Receivables and Trade Payables are taken as per books and are subject to confirmation. In the opinion of the Management, these are realisable in the ordinary course of business at the values stated.
- 23) As per consistent practice followed by the Company, the entire expenditure incurred at or for contract sites are shown under "CONTRACT COSTS" without classifying those under various heads of expenditure as referred to under Para 3 (x) of Part II of Schedule VI to the Companies Act, 1956.
- 24) Additional information pursuant to the provisions of Para 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956 is not given as construction, being service activity, is not covered under Para 3(ii) (C) of Schedule VI to the Companies Act, 1956.

25) Related Party Disclosures :

a) Names of related parties and description of relationship

i) Associate Companies:

United Breweries (Holdings) Limited, Bangalore

UB Infrastructure Projects Limited, Bangalore

Kingfisher Finvest India Limited, Bangalore

UB Ostan ( India ) Private Limited, Mumbai.

ii) Directors / Key Management Personnel :

Mr. J.K.Sardana – Managing Director

b) Transactions with related parties

(₹ Million)

Sr.No.	Nature of Transaction	2011 – 12	2010 – 11
1.	<b>Associate Companies</b> <b>Purchase of Services</b> <b>United Breweries</b> <b>(Holdings) Ltd., Bangalore</b>		
	- Trade Mark License Fees	25.80	27.77
	- Manpower	1.36	0.83
	- Guarantee Commission	8.37	14.03
	- Interest	12.60	12.60
	- Security Commission	6.50	3.63
	Total	54.63	58.86
2.	<b>Balance Receivable / (Payable)</b> United Breweries (Holdings) Ltd., Bangalore		
	<b>(Net of Deposits and balances)</b>	128.63	106.33
	UB Infrastructure Projects Ltd., Bangalore	(0.25)	(0.25)
	Kingfisher Finvest India Ltd., Bangalore	(10.38)	(15.38)
	UB Ostan (India) Private Limited, Mumbai	0.32	8.07
	Total	118.32	98.77
3.	<b>Directors / Key Management Personnel</b> Remuneration to Mr. J.K.Sardana		
		6.55	3.91

## Accounting Policies & Notes forming part of Consolidated Financial Statements (Contd.)

### 26) Managerial Remuneration:

(₹ Million)

Sr. No.	Particulars	Current year	Previous year
1	Salary and Allowances	6.00	3.67
2	Contribution to Provident Fund and Other Funds	0.51	0.20
3	Perquisites	0.04	0.04
	Total	6.55	3.91

### 27) Deferred Taxation :

Deferred Tax Liability and Asset amounting to ₹ 5.39 Million and ₹ 24.14 Million respectively, represents timing difference on account of Depreciation and deferment of deductions / allowances under Income Tax Act. As a matter of prudence, additional Deferred Tax asset during the year is not considered.

### 28) Earning per share (EPS)

Sr. No.	Particulars	Current year	Previous year
(i)	Profit after Taxation (For Basic and Diluted EPS) (₹ Million)	30.04	260.71
(ii)	Weighted average no. of Equity Shares (For Basic and Diluted EPS)	17,066,949	17,066,949
(iii)	Nominal Value of Ordinary Shares	₹ 10	₹ 10
(iv)	Basic and Diluted Earning per Equity Share	1.76	15.28

29) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring those in line with the parent Company's financial statements.

30) Previous year figures have been reclassified / regrouped / restated wherever necessary to conform to Schedule VI ( as amended) of the Companies Act, 1956.

Per our report of  
Even date attached

For and on behalf of the Board

For M/s. V.P.MEHTA & CO.  
Chartered Accountants  
(Firm Reg. No. 106326 W)

VIPUL P. MEHTA  
Proprietor  
(Mem. No. 35722)

S.D.LALLA  
Chairman

A.HARISH BHAT  
Director

J.K.SARDANA  
Managing Director

V.M.PENDSE  
Company Secretary

Mumbai  
August 24, 2012





## UB ENGINEERING LIMITED

(Registered Office: Sahyadri Sadan, Tilak Road, Pune-411 030)

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

(Joint Shareholder may obtain additional Attendance Slips on request)

I hereby record my presence at the 41<sup>st</sup> Annual General Meeting of the Company to be held on Friday, September 28, 2012, at 12.00 noon.

NAME OF THE SHAREHOLDER (IN BLOCK LETTERS)	No. of Share held
SIGNATURE OF THE SHAREHOLDER/PROXY	Client/Folio No.

Strike out whichever is not applicable

PROXY

## UB ENGINEERING LIMITED

(Registered Office: Sahyadri Sadan, Tilak Road, Pune-411 030)

Client ID/Folio No. \_\_\_\_\_

I / We \_\_\_\_\_  
of \_\_\_\_\_ being a member/members of UB ENGINEERING LIMITED  
hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him \_\_\_\_\_  
of \_\_\_\_\_ as my/our proxy to attend an vote for me/us and on my / our behalf at the 41<sup>st</sup> Annual  
General Meeting of the Company to be held on Friday, September 28, 2012 and at adjournment there  
of.

As witness my/our hand (s) this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Signed by the said \_\_\_\_\_  \_\_\_\_\_

NOTE: The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.





## UB ENGINEERING LIMITED

Registered Office: Sahyadri Sadan, Tilak Road, Pune – 411 030

Dear Shareholder,

The Ministry of Corporate Affairs (“MCA”) has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by companies and had issued circulars stating that, the service of document by a company can be made through electronic mode.

Keeping in view the underlying theme and circular issued by MCA, we propose to send financial statements, notice(s) of Annual General Meeting, Directors Report, Audited Report etc. in electric form to the email address provided by you / made available to us by your depositories.

Accordingly, we request you to send following details to our Registrar and Share Transfer Agents M/s. Computech Sharecap Limited, 147, Mahatma Gandhi Road, Fort, Mumbai. If you hold the shares in dematerialised mode, please send your email address through your Depository Participants (DPs).

We request your active participation for the above.

Thanking you,  
Yours faithfully

**For UB Engineering Limited**

**V M Pendse**  
**Company Secretary**

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Folio no./DP.ID & CLIENT ID \_\_\_\_\_

Name of the 1<sup>st</sup> Registered Holder \_\_\_\_\_

Name of the Joint Holder(s) \_\_\_\_\_

E-mail address (to be registered) \_\_\_\_\_

Date : \_\_\_\_\_

Signature(s) : \_\_\_\_\_

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