

UNIPLY INDUSTRIES LIMITED

(Originally Incorporated on September 4, 1996 as Uniply Industries Private Limited under the Companies Act, 1956. The name was subsequently changed to Uniply Industries Limited. on February 4, 1997)

Registered Office: 52, (Old No: 18), Harleys Road, Kilpauk, Chennai 600010, Tamilnadu
Tel: 91-44-2660 5995; Fax: 91-44-2660 2273, 2660-2297; Email: uniply@md3.vsnl.net.in
Factory: #69, Nelveli Village, Uthiramerur Taluk, Kancheepuram – 603107, Tamilnadu

PUBLIC ISSUE OF 50,00,000 EQUITY SHARES OF RS.10 EACH ISSUED FOR CASH AT A PREMIUM OF RS 14 PER EQUITY SHARE AGGREGATING RS.1,200 LACS.

FACE VALUE PER SHARE IS RS.10 AND THE ISSUE PRICE IS 2.4 TIMES THE FACE VALUE

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Uniply Industries Limited, there has been no formal market for the shares of the Company. The issue price (as has been determined and justified by the Lead Manager and Uniply Industries Limited as stated herein under the paragraph on Justification of Premium) should not be taken to be indicative of the market price of the equity shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the Company nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK


Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The Equity Shares offered in this Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Document. Specific attention of the investors is invited to the statements in Risk Factors beginning on page no. [·].

ISSUER'S ABSOLUTE RESPONSIBILITY

The issuer company Uniply Industries Limited having made all reasonable inquiries, accepts responsibility for and confirms that this offer document contains all information with regard to Uniply Industries Limited and the Issue, which is material in the context of the Issue, that the information contained in this offer document is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The equity shares offer as per this document is proposed to be listed on the Stock exchange, Mumbai and the Company has received in-principle approval from the Stock Exchange, Mumbai vide their letter no. _____ dated _____ for listing of the equity shares being issued in terms of this prospectus.

	Lead Manager to the Issue	Registrar to the Issue
	BOB Capital Markets Limited (Wholly owned Subsidiary of Bank of Baroda) (SEBI Regd. No.: INR 000009926) Gr. floor, Noble Chamber (Vasta House) 20-C/D, S.A.Brelvi Road, Fort, Mumbai -400001 Tel. :91-22-22844892/93 Fax : 91-22-22845208 Email: bobcaps@vsnl.com Website: www.bobcapitalmarkets.com	Cameo Corporate Services Limited (SEBI Regd. No.: INR 000003753) Subramaniam Building, No.1, Club House Road, Chennai – 600002. Tel: + 91 44-2846 0390-5 Fax: + 91 44 2846 0129; E-mail: cameo@cameoindia.com Website: www.cameoindia.com

Public Issue Opens on	
Public Issue Closes on	

TABLE OF CONTENTS

SECTION	CONTENTS	Page Nos
	ABBREVIATIONS	i
	MATERIAL DEVELOPMENTS & RISK FACTORS	ii
	PART 1	
I.	GENERAL INFORMATION ➤ The Issue ➤ Eligibility to Issue ➤ Issue management Team	1
II.	CAPITAL STRUCTURE	13
III.	TERMS OF THE PRESENT ISSUE ➤ Principal Terms & Conditions of the Issue ➤ Who can Apply ➤ Terms of Payment ➤ General Information ➤ Basis of Allotment ➤ Dematerialisation ➤ Allotment & Refund ➤ Tax Benefit	21
IV.	PARTICULARS OF ISSUES	35
V.	COMPANY AND MANAGEMENT ➤ History Of Company ➤ Main Object of the Company ➤ Prpmoter ➤ Key managerial Person ➤ Board of director ➤ Whole time director ➤ Promoters	44
VI.	PRODUCTION Production process Raw Material Product	52
VII.	DESCRIPTION OF INDUSTRY Marketing Approach	60
VIII.	MANAGEMENT DISCUSSION Group company	65
IX.	BASIS OF ISSUE PRICE	72
X.	LEGAL & REGUALTORY INFRASTRUCTURE ➤ Outstanding Litigation ➤ Risk Factors	74

	PART II	
A	GENERAL INFORMATION	85
B	FINANCIAL INFORMATION <ul style="list-style-type: none">➤ Auditors Report➤ Notes to Accounts➤ Accounting Ratios➤ Capitalisation Statement	90
C	STATUTORY & OTHER INFORMATION <ul style="list-style-type: none">➤ Consents➤ Change in Directors/Auditors➤ Stock Market Data➤ Main Provisions of Articles & Association➤ Material Contracts & Documents➤ Declaration	98
	PART-III	
	DECLARATION	131

DEFINITIONS/ ABBREVIATIONS

Act	:	The Companies Act, 1956 & subsequent amendments thereto.
Articles	:	Articles of Association of Uniply Industries Limited
Board	:	Board of Directors of Uniply Industries Limited
BSE/Designated Stock Exchange	:	The Stock Exchange, Mumbai.
Capexil	:	Chemical and Allied Products Export Promotion Council
CBM	:	Cubic Meter
CDSL	:	Central Depository (India) Services Ltd.
Company / Uniply/UIL	:	Uniply Industries Limited
CIF		Cost insurance & Freight
DIP		Disclosure and Investors Protection and its amendments thereof
EGM	:	Extra Ordinary General Meeting
EPS	:	Earning Per Share
FEMA	:	The Foreign Exchange Management Act, 1999
FERA	:	Foreign Exchange Regulation Act, 1973
FII	:	Foreign Institutional Investor
FOB		Free on Boat
MOA/ Memorandum	:	Memorandum of Association of Uniply Industries Limited
NA	:	Notional Area
NRI	:	Non-Resident Indian.
NSDL	:	National Securities Depository Ltd.
OCB	:	Overseas Corporate Bodies
Offer/Issue	:	Public Issue of 50,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs.14/- per share aggregating to Rs. 1200 lacs.
PAN	:	Permanent Account Number
Prospectus	:	This Prospectus dated _____
PSU	:	Public Sector Undertaking
RBI	:	Reserve Bank of India
ROC	:	Registrar of Companies, Chennai, Tamilnadu
RONW	:	Return on Net worth
RTA	:	Registrar & Transfer Agent
SEBI	:	Securities and Exchange Board of India.

Currency of Presentation

In this Offer Document, all references to “Rs.” are to Indian Rupee. All financial data contained in this Offer Document has been rounded off to the nearest lacs, except stated otherwise. In this Offer Document, any discrepancy in any table between the total and sums of the amount listed are due to rounding off.

MATERIAL DEVELOPMENTS

In accordance with SEBI requirements, the Company will ensure that investors are informed of material developments that may have a bearing on the performance of the company until such time as the grant of listing and trading permission by the Stock Exchanges. The information contained in this Prospectus has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, the Company believes that the market data used in this Prospectus is reliable, it has not been independently verified.

RISK FACTORS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial and or other implications of any of the risks described in this section.

INTERNAL RISK FACTORS

A) RISK SPECIFIC TO THE PROJECT

i) The Issuer Company is yet to place any orders for the proposed expansion project

We have already taken necessary quotations and the suppliers have indicated that once the orders are placed, supply can be affected without delay. We do not foresee any problems in obtaining all the necessary equipment and implementing the project as per our schedule.

ii) The deployment of funds in the proposed expansion project is entirely at the discretion of the Company and is not subject to monitoring by any independent agency.

The company will ensure judicious deployment of the collected funds depending upon requirements at predetermined intervals

iii) The Company has not taken any steps for recruiting the required manpower for the proposed expansion project.

The company has requisite manpower for running its existing operations. However for the proposed expansion project the necessary recruitment will be done in due course of time

iv) There is cost overrun in windmill project

As per the appraisal report of the BOB Capital Markets Ltd the wind mill project cost is 360 Lacs with a contingency of 5% i.e. Rs. 18 lacs. But as per the latest quotation of NEPC dated December 30.9.04 the total cost is now Rs.408 lacs. Therefore there is cost overrun of Rs.30 lacs. The company will meet the cost overrun of the project through internal accruals

v) The whole project is being financed by the proceeds of IPO.

Since the company debt to equity ration is already about 2:1 and is expected and is expected to go up for the exiting operation. Therefore increasing debt liabilities is not considered prudent for the finalizing the proposed expansion .therefore the Board of Director have decided to go for raising equity through public issue .

B)Risk specific to the company:

i) Company promoted by first generation entrepreneurs:

The main Promoter Mr. B.L. Bengani has over 2 decades of experience in sales and marketing of plywood and has in depth knowledge of about the manufacturing process of plywood and allied products. Over the years, he has also brought in professionals to address key areas of operations.

ii) The Company's future success depends to a significant extent on key technical and Managerial personnel.

The manufacturing of plywood involves knowledge and experience in the areas mainly identification and selection of suitable logs and its peeling process. The technology requirement of industry is very low. But at the same time the future success will depend to a large degree upon the existing top management. The loss of one or more members of the Company's present senior management team could affect the business temporarily and thereby the financial condition and results of operations. We are also confident that the company will be able to retain the existing personnel as also attract additional number of personnel as and when required.

iii) The Company sources bulk of its raw material (timber) requirements from overseas suppliers. Failure of external suppliers to adhere to delivery schedules or specified quality standards or technical specifications can hamper the production schedule, demand for its products and thereby the overall business of the company.

Over the past few years the company has been able to locate, inspect and source the required quantity of timber according to the quality standards set by the company through our own personnel as well as through agents. We do not anticipate any problems in adhering to delivery schedules or qualitative requirements except in extraordinary circumstances such as war, natural calamities or such other event beyond our control.

iv) Timber not being a renewable commodity the overseas suppliers could increase the price of the material unilaterally. In such a case the Company may not be able to pass on increase in the cost of raw materials to its customers. An increase in input costs could adversely affect the company's Profit margins.

The increase in prices of major raw materials is likely to impact all the manufacturers in the plywood industry. While the Company attempts to monitor the market to cover its purchases in case of an anticipated price increase, the company remains susceptible to the above risk.

v) Risk relating to under utilization of existing capacity- the issuer company is presently operating at 80% of its installed capacity and as such expansion of capacity may not at all be necessary.

Capacity utilization of UIL upto 80% of installed capacity is one of the best in the industry. There is an estimated down time of about 20% for the machinery for maintenance purposes and as such increase in the utilization of existing capacity is not feasible for increasing production.

vi). Risks relating to substantial part of net assets of the company is represented by financial assets including sundry debtors and cash. High sundry debtors indicate inefficiency in the management of receivables and high cash balances indicate inefficient deployment of the surplus funds.

Plywood business is predominantly a credit business where the dealers are supplied material on credit. The trade debtors increase in proportion to the increase in the turnover. However the recovery process is quite efficient as the longest overdue amount is Rs.86 lakhs (8% of the total sundry debtors) outstanding for more than six months. The ageing analysis of sundry debtors is given below:

S.No	Period for which outstanding	Amount (Rs.)	Percentage
1.	Sundry debtors Less than 3 Months	80,574,906.64	76.16
2.	Sundry debtors 3-6 months	16,641,965.74	15.73
3.	Sundry debtors more than 6 Months	8,577,962.01	8.10
	Total	105,794,834.39	100

The company imports material for which company opens LC against which company has to deposit 25% as margin money with banks. this margin amount is main reason for high sundry debtors. However the company shall make arrangements to deploy the surplus cash funds immediately.

vii). Risk Related to Trade Marks: None of the brand names such as UNIPLY, UNIBOARD, UNIDOOR, UNIDECOR, UNIWUD, UNIPLY GOLDCLUB etc. being used by the company are registered trade marks.

The company is using the brand UNIPLY since its inception. The company has applied for registration of Trademark “UNIPLY” in the year 1996. The brand name “Uniply” was used by other two companies. One of them have assigned their rights to the company since 1994 where as the another user have assigned the trade mark in the favour of the company since 1988. The company is awaiting the registration certificates for its brands from Registrar of Trade Mark.

viii). Risks related to alleged evasion of excise duty and surprise verification of records by Directorate General of Central Excise Intelligence, Ministry of Finance & Company Affairs (Department of Revenue) Chennai. The liability on account of duty and penalty if any payable cannot be ascertained.

The Directorate General of Central Excise Intelligence, Ministry of Finance & Company Affairs (Department of Revenue) Chennai conducted a surprise verification of the records of

the company at its Registered Office and Factory premises as also the premises of few dealers on 14th September 2004.

So far no notice or intimation regarding excise duty or penalty payable by the company has been received from the Directorate General of Central Excise Intelligence. However the company has paid an adhoc amount of Rs. 15 lakhs during the course of the searches. The amount paid by the company can be transferred and adjusted against the regular excise duty liabilities in case the investigation which is still in progress reveals no discrepancies.

ix). Risks related to transactions with Scorpio Laminates Pvt. Ltd a company promoted by the promoters of the issuer company Uniply Industries Ltd in violation of provisions of Section 297 of the Companies Act 1956.

The company has been carrying on trading transactions continuously with Scorpio Laminates Pvt Ltd (earlier Uniply Laminates Pvt Ltd.). These were transactions to which *proviso* to Section 297 (1) was applicable as the paid up capital of the company exceeded Rs. One crore and therefore prior approval from Central Government (Department of Company Affairs) was required to be obtained. However except for a period of one year i.e. from 13th May 2003 to 12th May 2004 the company had not obtained any approval for these transactions. The value of transactions between Uniply Industries Ltd and Scorpio Laminates Pvt. Ltd. during 01st April 2004 to 30th September 2004 was as follows:

Plywood purchases from Scorpio Laminates Pvt. Ltd.	Rs. 6,00,992.00
Plywood sales to Scorpio Laminates Pvt. Ltd	Rs. 14,99,734.00

The transaction with M/s Scorpio Laminates forms part of trading activity of company. The price and sales consideration are as prevailing in the market at of transaction. However the company has taken necessary approvals from department of company affairs upto 12th may 2004. Further the company has been disassociated w.e.f. 28th September 2004 subsequent to which approval is not required.

x). Risk related to providing guarantee to Uniply Veneers Pvt. Ltd. a company under the same management

The company has provided a corporate guarantee of Rs. 200 lakhs to Indian Overseas Bank on behalf of Uniply Veneers Pvt. Ltd. a company under the same management on the date of passing the resolution

xi). Risks relating to promotion of other ventures to carry on the same kind of business as that of UIL (issuer company) and conflict of interest.

The Promoters Mr.B.L.Bengani and Mrs. Suman Bengani had promoted Uniply Laminates Private Ltd. on 19th June 1995 (name changed to Scorpio Laminates Pvt. Ltd. on December 01, 2003). The shareholding of the promoters in Scorpio Laminates [P] Ltd has since been sold on 28th September 2004. Similarly the promoters have also promoted Uniply Veneers Pvt. Ltd. Uniply Veneers Pvt. Ltd on 17th December 1997. The shareholding of the promoters

in Uniply Veneers Pvt. Ltd has since been sold on 15th November 2004. And as such both the companies are no more the company under the same management within the meaning of Section 370 of the Companies Act 1956.

C) Risk relating to the pending litigation:

The following litigations initiated against and by the company are pending in different courts

S.No.	Location	Case No.	Pending Before	Complaint	Counsel	Fact in issue	Present status
1	Chennai	MCOP 4895& 4896/01	Motor accident Claims Court	Satish Kumar Vijaylakshmi Vs. UIL	Babu Associate	Accident case Claim Ompensati on on insurance	Claim for Compensation of 1 lac is ordered
2	Poonamalle	MCOP 1/03& 464/02	Motor accident Claims Court Sub Judge Poona mallee	Panneerselva & Sumathy Vs. UIL	Babu Associate & Umavathi	Accident case Claim Ompensati on on insurance	Decreed in favour of the company .Appeal Pending before the High court.
3	Chennai	IP 108/04	Madras High Court	UIL Vs. Aadilakshmi Glass works	Babu Associate	To declare insolvency Money recovery Rs. 189572	Case posted for recording evidence of Uniply
4	Chennai	WP 29485/03	Madras High Court	UIL Vs Corporation of Chennai	Babu Associate	For quashing enhanced timber tax	Matter tagged along with a batch of petitions.

The results of these cases could affect the company.

D) Risk relating to contingent liability:

There is contingent liability of Rs. 1,63,508/- being Disallowance of credit notes and Non submission of C form. The case is pending before the appellate Assistant commissioner of commercial taxes.

EXTERNAL RISK FACTORS

i). The Company operates in a scenario where a large number of competitors are from the unorganized sector.

The company always believed that any quality product which gives value for money for the consumers will always have an edge over cheaper substitutes in the long run. Plywood is a product which the majority of Indian consumers consider as something which should last for a long period of time and the company's philosophy is to always strive to meet this as a challenge. We also aim to keep abreast with the changing business scenario and broad based its product mix to be competitive in the market. The company has also set up R&D facilities aimed at cost reduction and ensures strict quality standards.

ii). The performance of the Company may be affected by a number of factors beyond its control including political and economic developments both in India and Worldwide. In addition, these conditions may have an adverse impact on the financial markets in India and may cause the market price of company's equity shares on stock exchange to decline.

Although the above risk factor is generic in nature, we are aware and would address the same through appropriate risk management strategies as and when such eventuality should arise.

iii). Timber being a non-renewable commodity and tree-felling is a sensitive environmental issue, policy changes in the exporting countries regarding felling of trees could thwart the entire business of the company.

The company is sourcing its timber requirements from Malaysia and Myanmar, the company has also identified suppliers of suitable logs from the countries like Papua New Guiana, Brazil, George Town Guiana and many other western African countries. Further the export of timber and wood products are main source of income for those countries and the system of replantion and development of forests are maintained, due to locational, geographical and climatic condition of these countries We do not foresee any problems in sourcing the required quantity of timber from these countries.

iv). Change in policies of Government of India relating to Import-Export/Customs duty and change in relevant taxes, legal and administrative regime, accounting practices etc could adversely affect Company's financial performance.

Such changes could affect the industry in general. With timber logging not permitted in the country plywood is an important alternative to wood for the construction industry. In a country like India a burgeoning number of people need to find shelter and therefore housing will continue to be an important focus area in Government policies. As such we do not foresee any major policy shift which could adversely affect the growth and profitability of the industry in general.

v). *Volatility in the foreign exchange rate could adversely affect the cost of the company's imports (on account of rupee depreciation) and competitiveness of exports (on account of rupee appreciation). Hence, the company carries a potential foreign exchange risk.*

Depending on its perception and expectation of the movements in the foreign exchange market, the company may enter into forward contracts or swaps to reduce the exchange risks. However, the company's operating and financial earnings continue to carry risk due to currency fluctuations.

vi). *Risks relating to wide fluctuations in the demand for its products as pattern of consumer demand could fluctuate.*

The company is into plywood and veneer business since last seven years and has an established client base. We have not seen any wide fluctuations in the demand for our products so far and the sales have been constantly rising. The promoters of the company are experienced enough to visualize and adapt to the changing consumer tastes and demands.

vii) Related Party Transactions

The Company has entered into the following related party transactions. Such parties and transactions have been identified as per Accounting Standard 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

List of related parties and relationships, where control exists:

Related Party and relation

Year.	Relationship		
	2003-04	2002 – 2003	2001 – 2002
Associate	1.Scorpio Laminates (P) Ltd. 2.Uniply Veneers (P) Ltd 3. Jain Associates	1.Scorpio Laminates (P) Ltd. 2.Uniply Veneers (P) Ltd 3. Jain Associates	1.Scorpio Laminates (P) Ltd. 2.Uniply Veneers (P) Ltd 3. Jain Associates
Relatives	a) Mr. B.L. Bengani b) Suman Bengani (Wife) c) K.C. Bengani(Father)	a) Mr. B.L. Bengani b) Suman Bengani(Wife) c) K.C.Bengani(Father)	a) Mr. B.L. Bengani b) Suman Bengani(Wife) c) K.C.Bengani(Father)
Key Management Personnel	a) Mr. B.V. Rao b) Mr. Sunil Kumar Bothra c) Mr. M.L. Pramod Kumar	a) Mr. B.V. Rao b) Mr. Sunil Kumar Bothra c) Mr. M.L.Pramod Kumar	a) Mr. B.V. Rao b) Mr. Sunil Kumar Bothra c) Mr. M. L. Pramod Kumar

B) Transactions with related parties

(Rs. in lacs)

Party	Relationship	Nature of payment Made	31.03.02	31.03.03	31.03.04	30.09.04
B.L.Bengani	CMD	Remuneration	8.62	12.00	24.00	12.00
B.V.Rao	WTD	Remuneration	1.00	1.00	1.00	0.75
M.L.Parmod Kumar	WTD	Remuneration	1.92	1.92	1.92	0.96
Sunil Kumar Bothra	WTD	Remuneration			2.40	1.20
B.L.Bengani	CMD	Rent	2.10	1.40		
K.C.Bengani	Relative	Salary			1.68	
Jain associate	Associate company	Rent	1.14	1.14	1.14	0.57
Scorpio laminate	Associate company	Purchase of good	179.57	29.18	109.48	6.01
		Sale of goods	123.80	3.09	91.72	14.99
Outstanding as on year			Nil	Nil	Nil	
Amount written back			Nil	Nil	Nil	
Amount written off			Nil	Nil	Nil	
Uniply veeners	Associate company	Guarantee				200 lacs

NOTES TO RISK FACTORS:

- The Net worth of the Company before the issue is Rs. 9.54 Cr as at 30th September 2004 and the size of the issue is Rs. 12.00 Cr.
- The Cost per share to the Promoters (*excluding bonus shares issued on 29.09.2004 in the ratio of 9 shares for every 20 shares held*) is Rs. 10/- per share and the Book value per share is Rs. 15.73
- The Promoters/Directors/Key Managerial personnel of the Company are interested in the company to the extent of reimbursement of expenses incurred, normal remuneration or benefits, sitting fees and their respective shareholding in the company.(Please refer interest of Promoters / Directors discussed elsewhere in the Prospectus)
- The investors are advised to refer to the para on “Basis of Issue Price” before making any investment in the issue.
- Please read this offer document and the instructions contained herein before taking any decision on investing in the shares.
- Investors may note that in case of over-subscription in the Public Issue, allotment shall be on a proportionate basis (refer to “Basis of Allotment”) in consultation with the Designated Stock Exchange (BSE)

- The investors may contact the Lead Manager or the Compliance Officer for any complaint / clarification / information pertaining to the Issue, who will be obliged to attend to the same.
- The investors may contact the Lead Manager or the Compliance Officer for any complaint / clarification / information pertaining to the Issue, who will be obliged to attend to the same
- In addition to the Lead Manager, the Issuer Company is obliged to update the offer document and keep the public informed of any material changes till listing and trading commences in respect of the shares issued through this Issue.

HIGHLIGHTS

- ❖ Uniply Industries Limited is a profit making and dividend paying **ISO-9001:2000** Company
- ❖ Company's main Promoter and whole-time Directors are experienced professionals in the Plywood Industry.
- ❖ Uniply has an integrated manufacturing plant which ensures quality products. One of the plywood brands of the company viz "**UNIPLY GOLDCULB**" comes with a life-time guarantee (Subject to Condition).
- ❖ Listing proposed on the Stock Exchange, Mumbai [BSE].

PART –I

I. General Information

UNIPLY INDUSTRIES LIMITED

(Originally Incorporated on September 4, 1996 as Uniply Industries Private Limited under the Companies Act, 1956. The name was subsequently changed to Uniply Industries Limited. on February 4, 1997)

Registered Office: 52, (Old No: 18), Harleys Road, Kilpauk, Chennai 600010, Tamilnadu
Tel: 91-44-2660 5995; Fax: 91-44-2660 2273, 2660-2297; Email: uniply@md3.vsnl.net.in

Factory: #69, Nelveli Village, Uthiramerur Taluk, Kancheepuram – 603107, Tamilnadu

THE ISSUE

The company is offering 50,00,000 Equity shares of Rs.10 each at a Premium of Rs.14 per share i.e. at a price of Rs.24 per share aggregating Rs.1200 lakhs.

FACE VALUE PER SHARE IS RS.10 AND THE ISSUE PRICE IS 2.4 TIMES THE FACE VALUE

Authority for the Present Issue

Pursuant to Section 81(1A) of the Companies Act 1956, the present issue has been authorised by a Special Resolution passed at the Extra ordinary General Meeting of the shareholders of the company held on 30.9.04 and Resolution passed by the Board of Directors of the Company at their Meeting held on 15.10.2004

Government approvals

The company can undertake all the present and proposed activities on the basis of the approvals already available with the company and no further approvals from any government authorities are required to be taken for undertaking the present and proposed activities except those approvals that may be required to be taken in the normal course of business from time to time.

Statutory Approvals

The Company has received all the necessary permissions and approvals from the Government and various Government Agencies. No further approvals from any Government Authority are required by the Company to undertake the activities save and except those approvals, which may be required to be taken in the normal course of business from time to time.

It must be understood that in granting the said approvals, the Government of India, Reserve Bank of India or other statutory authorities do not undertake any responsibility for the financial soundness of the undertaking or for the correctness of any of the statements made or opinions expressed in this regard. No approval is required from any Government authority for this Issue.

Prohibition by SEBI

The Company, its Directors, its Promoter, other Companies promoted by the Promoter of the Company, and Companies with which the Company's Directors are associated as Directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI. None of the Company's Directors or the persons in control of the Company has been prohibited from accessing the capital markets under any order or direction passed by SEBI.

ELIGIBILITY FOR THE ISSUE

The Company is eligible to access the capital market through public issue of equity shares as per Clause 2.2.1 of SEBI (Disclosure & Investor Protection) Guidelines, as it fulfills the net worth, distributable profits and net tangible assets criteria in the following manner:

1. The Company has a net worth of more than Rs. 1 Crore in each of the preceding 3 full years as given below:

Particulars	Rs in Lakhs			
	31/3/2002	31/3/2003	31/3/2004	30/9/2004
Net worth	633	720	772	954

2. The Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956 for immediately preceding 3 years. The Company has declared and paid dividend for the last 3 years as detailed

Particulars	Rs. In Lakhs			
	31/3/2002	31/3/2003	31/3/2004	30/9/2004
Profit after tax	77	62	111	77
Dividend (%)	1%	1%	10%	NIL
Dividend paid (including tax)	3	4	53	NIL

3. The Company's Net tangible assets during the last 3 years ended 31st March 2002, 31st March 2003, 31st March 2004 and 30.09.2004 are given below.

Particulars	Rs. In Lakhs			
	31/3/2002	31/3/2003	31/3/2004	30/9/2004
Net Tangible Assets	2057	2295	2868	3332
Monetary assets	857	979	1302	1583
% of monetary assets to net tangible assets	41.66	42.65	45.39	47.50

The monetary assets shown above include Sundry Trade Debtors of the company and total of the monetary assets in each of these years are not more than 50% of Net Tangible assets.

Note: Please refer to the auditors report under financial information for details.

4. The company has not changed its name within the last one year; and
5. The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through Offer document + firm allotment + promoters' contribution through the Draft Prospectus), does not exceed five (5) times its pre-issue Networth as per the audited balance sheet of the last financial year.)

Based on the above data, the Company is fulfilling all the criteria of eligibility norms for Public Issue by unlisted company as specified in the Guideline 2.2.1 of SEBI (DIP) Guidelines, 2000 and amendments thereof. Therefore, the Board of Directors of the Company has resolved to go for the proposed Public Issue pursuant to the above-mentioned guidelines.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT PROSPECTUS. THE LEAD MANAGER, BOB CAPITAL MARKETS LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, BOB CAPITAL MARKETS LIMITED HAS FURNISHED TO THE SEBI, A DUE DILIGENCE CERTIFICATE DATED 2nd FEBRUARY 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

a. THE PROSPECTUS FORWARDED TO THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

c. THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE.

d. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.

The filing of Offer document does not, however, absolve the company from any liabilities under Section 63 of the Companies act, 1956 or from the requirement of obtaining such Statutory or other clearances as may be required for the purpose of the Proposed Issue.

SEBI further reserves the Right to take up, at any point of time, with the Lead Manager (s) (Merchant Bankers) any irregularities or lapses in the Draft Prospectus.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE, MUMBAI

As required, a copy of this prospectus has been submitted to the BSE. The Stock Exchange, Mumbai (“the Exchange”) has given vide its letter dated, 2005, permission to the issuer company to use the Exchange’s name in this Offer document as one of the Stock Exchange on which the Company’s securities are proposed to be listed. The Exchange has scrutinised this Offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the issuer Company. The Exchange does not in any

manner a) Warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; or b) Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or c) Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that this Offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of the issuer company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER STATEMENT FROM THE ISSUER

The company accepts no responsibility for statements made otherwise than in the Prospectus or in the advertisement or any other material issued by or at the instance of the issuer company and that anyone placing reliance on any other source of information would be doing so at his own risk.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu undivided families, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts (registered under the Societies Registration Act, 1860, or any other Trust law and who are authorised under their constitution to hold and invest in shares). This Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Chennai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the SEBI for its observations and SEBI has given its observations and that the Prospectus has been submitted to ROC. Accordingly, the Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of UNIPLY INDUSTRIES LIMITED since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF BOB CAPITAL MARKETS LIMITED (APPRAISER):

- It is to be distinctly understood that BOB Capital Markets Ltd. is not responsible for the Company achieving their projected level of production/sales, which have a bearing on the financial viability of the Project.
- The Appraisal report prepared by BOB Capital Markets Ltd. is based upon information provided by the company that is considered reliable.
- Neither BOB Capital Markets Ltd nor any person connected accepts any liability arising from the use of the appraisal report.
- Opinions expressed in the report are as of the date of the appraisal report. Actual results may differ materially from those set forth in the projections.
- The report includes historical and current information that are believed to be reliable although their accuracy and completeness cannot be guaranteed.
- BOB Capital Markets Ltd has relied on the records, available with the Issuer Company.

FILING

A copy of this Offer document along with the documents required to be filed under Section 60 of the Companies Act, 1956 has been delivered for registration to the Registrar of Companies, Tamil Nadu, at Chennai.

A copy of the Prospectus have also been filed with SEBI at its Southern Regional Office at D.Monte Building, 3rd floor, 32, D.Monte Colony, TTK Road, Alwarpet, Chennai - 600 018.

LISTING

Initial listing applications have been made by the Company to The Stock Exchange, Mumbai (Designated Stock Exchange) for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company.

In case the permission for listing of the Equity Shares is not granted by the above mentioned Stock Exchange, the company shall forthwith repay, without interest, all monies received from applicants in pursuance of this Prospectus shall be refunded forthwith to the applicants and if such money is not repaid within eight days from which the Company is liable to pay it, the Company and every Director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under section 73 of the Companies Act, 1956.

The company with the assistance of the Lead Manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within seven working days of finalization of the basis of allotment for the Issue.

UNDERTAKING FROM PROMOTERS AND DIRECTORS

The Issuer accepts full responsibility for the accuracy for the information given in the prospectus and confirms that to the best of their knowledge and belief, there are no other facts, omission of which makes any statement in the prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The issuer further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this offer or for the price at which the equity shares are offered or for the correctness of the statement made or opinions expressed in this Prospectus. The promoters / directors declare and confirm that no information / material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this prospectus has been suppressed, withheld and / or incorporated in a manner that would amount to mis-statement, misrepresentation and in the event of its transpiring at any point of time till allotment / refund, as the case may be, that any information / material has been suppressed / withheld and / or amounts to a misstatement / misrepresentation, the promoters / directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

CORPORATE GOVERNANCE

The SEBI Guidelines in respect of Corporate Governance shall be applicable to the Company immediately upon listing of its shares on the Stock Exchange. The company complies with the norms for composition of the Board of Directors and has already set up an audit committee. The company undertakes that it shall take necessary steps to comply with all the requirements of the guidelines on Corporate Governance.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:

“Any person who:

a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

b) Otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having been returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 (eight) days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act 1956.

ISSUE OF ALLOTMENT LETTERS / REFUND ORDERS

Refund orders of value of over Rs. 1,500/- will be dispatched by registered post and refunds of value Rs. 1,500/- and less will be dispatched Under Certificate of Posting at the applicant's sole risk within 10 weeks from the date of closure of the subscription list and if there is a delay the company shall pay interest as per section 73 of the companies act 1956.

Adequate funds for the above purpose will be made available to the Registrars to the Issue to ensure dispatch of refund orders, allotment letters and share certificates by Registered Post/Certificate of Posting.

The Company agrees that:

a. As far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the public issue.

b. It shall pay interest @ 15% per annum if the allotment has not been made and the refund orders are not dispatched to the investors within 30 days from the date of closure of the issue.

Dispatch of refund orders and demat credit would be completed and listing documents shall be submitted to the Stock Exchange(s) within 2 working days of the finalization of the basis of allotment. Formalities pertaining to the listing and trading of securities offered through this prospectus shall be completed at the Stock Exchange(s) where they are proposed to be listed, within 7 working days from the date of finalization of the basis of allotment.

The Company shall ensure that “at par” arrangement is provided for the encashment facility on all refund orders.

ISSUE SCHEDULE

The subscription list will open at the commencement of banking hours and will close at the close of banking hours on the dates as mentioned below:

Issue Opens on: 2005

Issue Closes on: 2005

ISSUE MANAGEMENT TEAM

LEAD MANAGERS TO THE ISSUE

BOB Capital Markets Limited

Ground Floor, Noble Chamber (Vasta House)

20-C/D, S.A.Brelvi Road, Fort,

Mumbai -400001

Tel.:91-22-22844892/93

Fax: 91-22-22845208

Email: bobcaps@vsnl.com

www.bobcapitalmarkets.com

CO-LEAD MANAGERS TO THE ISSUE

Keynote Corporate Services Limited

#307, Regent Chambers,

Nariman Point,

Mumbai – 400-021

Tel.:91-22-22025230

Fax: 91-22-22835467

Email: mbd@keynoteindia.net

www.keynoteindia.net

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES BETWEEN LEAD MANAGERS TO THE ISSUE:

Sl. No.	Activities	Responsibility	Coordinator
A.i)	Capital Structure with relative components and formalities, such as, composition of debt and equity, type of instrument, etc.	BOB, Keynote	BOB
ii)	Structuring of the issue instrument		
B.i)	Offer Document - Draft and Design of Offer Document, Due Diligence and completion of formalities with Stock exchange, SEBI and Registrar of Companies.	BOB	BOB
ii)	Selection of Ad Agencies, Design of Statutory advertisement and press releases		
C.i)	Marketing of the Issue which will cover interalia formulating of marketing strategies, preparation of publicity budget, arrangement for ad-media Centers for holding conferences of broker, investors etc. and brokers to Issue.	Keynote	Keynote
ii)	Running the Issue, coordinating the pricing strategy and deciding the allocation, tying up underwriting arrangement, distribution of publicity and Issue material including application form, prospectus and brochure, and deciding on the quantum of Issue material	Not Applicable	Not Applicable
D.	Selection of various agencies connected with the issue such as, Registrars to the Issue, Printers, brokers	Keynote & BOB	Keynote
E.	Selection of bankers to the issue, collection centers	Keynote & BOB	Keynote

F.	Follow up with bankers to the issue on collections and advising the issuer about closure of the issue based on correct figures	Keynote	Keynote
G.	Post-issue activities will involve submission of statutory reports, essential follow up steps including finalisation of basis of allotment, listing of instrument and dispatch of certificates and refunds, coordination with various agencies connected with the work such as, registrars to the issue, bankers to the issue and the bank handling the refund business. Even though many of these activities will be handled by other intermediaries, the designated Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable to discharge this responsibility through suitable agreement with the issue company.	Keynote	Keynote

The selection of various agencies like the Bankers to the Issue, Brokers, Advertising agencies, Public Relations agencies etc. will be finalized by the Company. Even if many of these activities will be handled by other intermediaries, the Lead Managers to the issue and Co- Lead Managers to the issue shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.

REGISTRARS TO THE ISSUE

Cameo Corporate Services Limited

(SEBI Regd. No.: INR 000003753)

Subramaniam Building, No.1,

Club House Road, Chennai – 600002.

Tel: + 91 44-2846 0390-5

Fax: + 91 44 2846 0129;

E-mail: cameo@cameoindia.com

Website: www.cameoindia.com

LEGAL ADVISOR TO THE COMPANY

Delta Legal Service

Old #6, New #15, 7th West Cross Street,

Shenoy Nagar,

Chennai-600030

Ph. No: 91- 44 - 26212287

Fax No: 91 -44 - 52183313

E mail – info@deltalegalservice.com

www.deltalegalservice.com

AUDITORS**C.RAMASAMY & B.SRINIVASAN**

Chartered Accountants

No: 37, Alagiri Nagar,

II Street, Vadapalani,

Chennai -600026.

Ph.No.044-24831056

Fax No:044-24819845

E-mail:crbsca@eth.net

BANKERS TO THE COMPANY**Indian Overseas Bank**

Dr. Radhakrishnan Salai Branch

No:32, Dr. Radhakrishnan Salai

Chennai – 600004

State Bank of India

Overseas Branch

Rajajee Salai

Chennai

Oriental Bank of Commerce

Kilpauk Branch

824, Poonamallee High Road,

Opp. KMC Kalpauk

Chennai

UTI Bank Limited

Purasawalkam Branch

Purasawalkam High Road,

Chennai -600007

Destchue Bank

Nungambakkam Branch

Nungambakkam

Chennai - 600034

BANKERS TO THE ISSUE

{To be appointed}

TRUSTEES

This being an issue of Equity Shares, appointment of Trustees is not required.

CREDIT RATING

This being an equity issue, no appointment of credit rating agency or debenture trustee is required

UNDERWRITING OF THE ISSUE

The underwriting of the issue being optional, the issue is not underwritten.

COMPANY SECRETARY

Shri Pratap Kumar Chakravarty, B.com, AICWA, ACS

No: 52, (Old No: 18),

Harleys Road, Kilpauk,

Chennai 600010, Tamilnadu

Tel: 91-44-2660 5995;

Fax: 91-44-2660 2273, 2660-2297;

Email: uniply@md3.vsnl.net.in

COMPLIANCE OFFICER

Shri. Raghuram Nath -ACS

Uniply Industries Limited

No: 52, (Old No: 18),

Harleys Road, Kilpauk,

Chennai 600010, Tamilnadu

Tel: 91-44-2660 5995;

Fax: 91-44-2660 2273, 2660-2297;

Email: uniply@md3.vsnl.net.in

The Investors are requested to contact the above-mentioned Compliance Officer in case of any Pre-issue / Post-issue problems such as non-receipt of letters of allotment / share certificates/ refund orders, etc.

II. CAPITAL STRUCTURE OF THE COMPANY

(Amount in Rs)

Particulars	Nominal value	Value including premium
A. Authorized capital		
1,50,00,000 Equity shares of Rs.10 each	15,00,00,000	15,00,00,000
B. Issued Capital, Subscribed and Paid up capital		
74,64,745 Equity shares of Rs.10 each	7,46,47,450	7,46,47,450
C. Present Issue through this Prospectus 50,00,000 equity share of Rs. 10 each at a premium of Rs. 14 each	5,00,00,000	12,00,00,000
D. Net offer to Indian Public 50,00,000 equity share of Rs. 10 each at a premium of Rs. 14 each	5,00,00,000	12,00,00,000
E. Paid –up Capital after present issue	12,46,47,450	19,46,47,450
F. Share premium account		
Before The Issue		NIL
After the Issue		7,00,00,000

The shares of the face value of Rs.10 each were sub divided into shares of the face value of Rs. 5/- each as per general body meeting resolution dated 15.12.2003 and later on consolidated to shares of face value of Rs.10/- each vide the Resolution dated 30.09.2004.

Note to Capital Structure

1. Details of Increase in Authorized Capital

Sr. No.	Date of meeting	EGM/AGM	Particulars of Increase (Rs Lacs)	Face Value	Cumulative (Rs Lacs)
1.	Incorporation	Incorporation	50	Rs. 10/	50
2.	10 th July 1998	AGM	50 to 100	Rs. 10/	100
3.	12 th Oct 1998	EGM	100 to 200	Rs. 10/	200
4.	4 th Oct 1999	EGM	200 to 300	Rs. 10/	300
5.	26 th Mar 2002	EGM	300 to 600	Rs. 10/	600
6.	15 th Dec 2003	EGM	600 to 1500	Rs. 10/	1500

2. Capital Build up: The existing share capital of the Company has been subscribed and allotted as under: -

Date of Allotment / Fully Paid-up	No. of equity shares	Face Value (Rs.)	Issue Price (Rs.)	Value (Rs.)	Consideration
20.09.96	200	10	10	2,000	Cash
26.12.96	37400	10	10	3,74,000	Cash
14.06.97	293600	10	10	2936000	Cash

31.03.98	28800	10	10	288000	Cash
10.06.98	140000	10	10	1400000	Cash
31.03.99	381500	10	10	3815000	Cash
31.07.99	800000	10	10	8000000	Cash
27.10.99	687500	10	10	6875000	Cash
31.03.00	195000	10	10	1950000	Cash
27.11.00	426000	10	10	4260000	Cash
31.03.01	500	10	10	5000	Cash
15.06.02	1627600	10	10	16276000	Cash
13.03.03	105000	10	10	1050000	Cash
Sub-Total-1	4723100	10	10	47231000	
15.12.2003	9446200	5	5	47231000	Split of shares
15.09.04	850000	5	12	4250000	Cash
29.09.04	4633290	5	Bonus	23166450	Bonus
Sub-Total-2	5483290				
Sub-Total [1+2]	14929490	5		74647450	Consolidated on 30.09.04
30.09.04	7464745	10	Consolidation	74647450	

Note:-All the above shares were of face value of Rs. 10 each but vide extra ordinary general meeting dated December 15, 2003, the shares were subdivided into shares of the face value Rs. 5.00 each. Hence total allotted equity share is 9446200 and again these shares were consolidated into shares of the face value of Rs.10 each on 30.9.2004 vide extra ordinary general meeting resolution dated 30.09.04. The total allotted shares are 7464745 of the face value of Rs. 10/- each.

3. Shares Issued for consideration other than cash:

All the shares have been allotted for cash except the bonus shares issued by capitalization of free reserves and share premium.

4. Promoters' Contribution and lock-in Period:

The following shares will be locked in for a period of 3 years as part of the promoter's contribution

Name	Date of Allotment / Transfer	Date when made fully paid up	Nature of allotment	No. of Shares	Face Value	Issue Price	% of post-issue capital	Lock-in period
1. B.L. Bengani	20.09.96	20.09.96	Cash	100	10	10	1.80	3 years
	26.12.96	26.12.96	Cash	15000	10	10		
	14.06.97	14.06.97	Cash	42500	10	10		
	10.06.98	10.06.98	Cash	4900	10	10		
	02.09.03			2500*	10			
	02.09.03			50000*	10			

	02.09.03 02.09.03 29.09.04	29.09.04	Bonus Share	25000* 14500* 139050	10 10 5	by capitaliz ation		
2.Suman Bengani	20.9.96 26.12.96 14.6.97 10.6.98 30.4.01 29.9.04	20.9.96 26.12.96 14.6.97 10.6.98 29.9.04	Cash Do Do Do Bonus	100 6000 30000 3900 20000* 54000	10 10 10 10 10 5	10 10 10 10 by capitalis ation	0.70	3 years
3.Kanhaiya lal Bengani	26.12.96 29.9.04	26.12.96 29.9.04	Cash Bonus	10000 9000	10 5	10 By capitalis ation	0.11	3 years
4.Rahul Bengani	14.6.97 14.3.00 18.4.03 29.9.04	14.6.97 29.9.04	Cash Bonus	5000 49000* 2500* 32850	10 10 10 5	10 by capitalis ation	0.42	3 years
5.Varun Bengani	14.6.97 14.3.00 29.9.04	14.6.97 29.9.04	Cash Bonus	5000 82500* 78750	10 10 5	10 by capitalis ation	1.01	3 years
6.Priyanka Bengani	14.6.97 29.9.04	14.6.97 29.9.04	Cash Bonus	5000 4500	10 5	10 by capitalis ation	0.058	3 years
7.B.L.Beng ani (HUF)	10.6.98 15.06.03 03.07.03 29.9.04	10.6.98 29.9.04	Cash Bonus	2200 374300* 705000* 973350	10 10 10 5	10 by capitaliz ation	12.58	3 years
8. K.C.Benga ni	10.6.98 29.9.04	10.6.98 29.9.04	Cash Bonus	1500 1350	10 5	10 by capitalis ation	4.58	3 years
9. M/s.Dugar Merchandis e Pvt. Ltd.	27.11.00 18.12.00 15.6.02 29.9.04	27.11.00 15.06.02 29.9.04	Cash Cash Bonus	426000 447500* 144000 915750	10 10 10 5	10 10 by	11.83	1 years

						capitalis ation		
10.M/s Raimcom Sales Ltd	10.7.00 15.6.02 15.9.04 29.9.04	15.6.02 15.9.04 29.9.04	Cash Cash bonus	940000* 60000 850000 1282500	10 10 5 5	10 12 by capitalis ation	16.57	1 years

* Transfer of shares

Note-1:-All the above shares were of face value of Rs. 10 each but vide extra ordinary general meeting dated December 15, 2003, the shares were subdivided into shares of the face value Rs. 5.00 each. Hence total allotted equity share is 9446200 and again these shares were consolidated into shares of the face value of Rs.10 each on 30.9.2004 vide extra ordinary general meeting resolution dated 30.09.04. The total allotted shares are 7464745 of the face value of Rs. 10/- each.

Note-2: The lock in period shall commence from the date of allotment of shares in the public issue as per this offer document since the company has already commenced commercial operations.

5.Promoters Contribution Whose names figure in Prospectus as promoters in paragraph on promoters and their back ground:

Name	Date of Allotment / Transfer	Date when made fully paid up	Consideration (Cash, bonus, kind Etc)	No. of Shares	Face Value	Issue Price	% of post-issue capital	Lock-in period
1. B.L.Bengani	20.09.96	20.09.96	Cash	100	10	10	1.80	3 years
	26.12.96	26.12.96	Cash	15000	10	10		
	14.06.97	14.06.97	Cash	42500	10	10		
	10.06.98	10.06.98	Cash	4900	10	10		
	02.09.03			2500	10			
	02.09.03			50000	10			
	02.09.03			25000	10			
	02.09.03			14500	10			
	29.09.04	29.09.04	Bonus Share	139050	5*	by capitalization		
2.Suman Bengani	20.9.96	20.9.96	Cash	100	10	10	0.70	3 years
	26.12.96	26.12.96	Do	6000	10	10		
	14.6.97	14.6.97	Do	30000	10	10		
	10.6.98	10.6.98	Do	3900	10	10		
	30.4.01			20000	10			
	29.9.04	29.9.04	Bonus	54000	5	by capitalisation		

6. Existing shareholding pattern of the Promoter group

Particulars	No. of Equity Shares	% to Present equity
a). Promoter	2,24,025	3.00
b). Immediate relative of promoter (Spouse, parent, child, brother, sister)	2,90,725	3.89
c) Companies in which 10% or more of the share capital is held by the promoter his immediate relative firm or HUF in which the promoter or his immediate relative is a member	35,41,625	47.44
d) Company in which the Company mentioned in (c) above holds 10% or more of the share capital	Nil	Nil
e) HUF in which aggregate share of the promoter and his immediate relatives is equal or more than 10% of the total	15,68,175	21.00
Total	56,24,550	75.33

7. Pre-offer and Post-offer Shareholding of the Company

Particulars	Pre-offer capital		Post –offer capital	
	No. of Equity Shares	% to the present share capital	No. of Equity Shares	% to the post share capital
Promoter, friends, relatives & associates and other group companies	56,24,550	75.33	56,24,550	45.12
Financial institutions & Mutual Funds	Nil	Nil	Nil	Nil
Nationalised Banks	Nil	Nil	Nil	Nil
Corporate Bodies	16,21,970	21.73	16,21,970	13.01
NRIs / OCB's	Nil	Nil	Nil	Nil
Public	2,18,225	2.94	52,18,225	41.86
Total	74,64,745	100.00	1,24,64,745	100.00

8. The details of Sale/ Purchase/ Financing of shares by Promoters/Directors

The promoters Group/Directors have not purchased and /or sold/financed any shares of the company during the past 6 months.

9. There is no “buy back” or “stand by” arrangement for purchase of equity shares by the Promoters, Directors, Company or Lead Managers for the equity shares offered through this Prospectus.

10. An oversubscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding-off to the nearer multiple of 50 while finalizing the allotment.

11. The equity shares offered through this public issue shall be made fully paid up or may be forfeited within 12 months from the date of allotment of shares.

12. Unsubscribed portion of any reserved category out of the net offer to public may be added to any other reserved category.

13. In case of under-subscription in the net offer to the public portion the excess subscription if any in any of the reserved category would be permitted to spill over to the net offer to public offer portion to the extent of such under-subscription.

14. Top ten shareholders as on the date two years prior to the date of filing of the Prospectus with the RoC.

Sr. No.	Name of the Shareholder	No. of equity shares	% of Issue Capital
1	M/S. Dugar Merchandise Pvt. Ltd.	10,17,500	22.03
2	M/S. Raimcom Sales Ltd	10,00,000	21.65
3	M/S. Betala Global Securities Ltd	6,00,000	12.99
4	M/S. Uniply Laminates Pvt. Ltd	3,74,300	8.1
5	M/S. Ramex Investments Pvt. Ltd.	2,09,600	4.54
6	M/S. Kirti Dealers Pvt. Ltd.	1,48,000	3.20
7	M/S. S.M. Mercantile Pvt. Ltd.	1,04,800	2.27
8	M/S. K.N.S. Export Pvt. Ltd	1,04,800	2.27
9	M/S. Holy field Holding Pvt. Ltd.	1,04,700	2.27
10	M/S. Puma Investments Pvt. Ltd.	1,00,000	2.16

15. Top ten shareholders 10 days prior to the date of filing of the Prospectus with the RoC.

Sr. No.	Name of the Shareholder	No. of equity shares	% of Issue Capital
1	M/S. Raimcom Sales Ltd	20,66,250	27.68
2	Mr. B.L.Bengani (HUF)	15,68,175	21.00
3	M/S. Dugar Merchandise Pvt. Ltd.	14,75,375	19.76
4	M/S. Ramex Investments Pvt. Ltd.	3,03,920	4.07
5	Mr.B.L.Begani	2,24,025	3.00
6	M/S. Kirti Dealers Pvt. Ltd.	2,14,600	2.87
7	M/S. S.M.Merchantiles Pvt. Ltd.	1,51,960	2.03
8	M/S. K.N.S. Export Pvt. Ltd	1,51,960	2.03
9	M/S. Holy field Holdings Pvt. Ltd.	1,51,815	2.03
10	M/S. J.P. Management System Pvt. Ltd.	1,45,000	1.94

16. Top ten shareholders on the date of filing of the Prospectus with the RoC.

Sr. No.	Name of the Shareholder	No. of equity shares	% of Issue Capital
1	M/S. Raimcom Sales Ltd	20,66,250	27.68
2	Mr. B.L.Bengani (HUF)	15,68,175	21.00
3	M/S. Dugar Merchandise Pvt. Ltd.	14,75,375	19.76
4	M/S. Ramex Investments Pvt. Ltd.	3,03,920	4.07
5	Mr.B.L.Begani	2,24,025	3.00
6	M/S. Kirti Dealers Pvt. Ltd.	2,14,600	2.87
7	M/S. S.M.Merchantiles Pvt. Ltd.	1,51,960	2.03
8	M/S. K.N.S. Export Pvt. Ltd	1,51,960	2.03
9	M/S. Holy field Holdings Pvt. Ltd.	1,51,815	2.03
10	M/S. J.P. Management System Pvt. Ltd.	1,45,000	1.94

17. Aggregate shareholding of the promoters group and Directors of the promoter where the promoter is a company:

Particulars	No. of Equity Shares	% to present equity
a). Promoter	2,24,025	3.00
b). Relatives of promoter (Spouse, parent, child, brother, sister)	2,90,725	3.89
c) Companies in the promoter group	35,41,625	47.44
d) Directors of the promoter group companies	Nil	Nil
e) HUF in which the promoter is Karta	15,68,175	21.00
Total	56,24,550	75.33

Aggregate no. of shares purchased during last 6 months -NIL

18. The Company has not raised any bridge loan against the proceeds of the present issue

19. The Company shall not make any further issue of capital in any manner whether by way of issue of bonus shares, preferential allotment, rights issue, public issue or otherwise during the period commencing from submission of the Prospectus with SEBI till the securities offered through this Prospectus have been listed or the application monies refunded on account of non-listing or under-subscription, etc.

20. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except that the Company may issue options to its employees pursuant to any employee Stock Option plan, or if the company goes for acquisitions and joint ventures they might consider raising additional capital to fund such activity or use shares as currency for acquisition and / or participation in such joint venture.

21. The Company has not issued any equity shares out of revaluation reserves. However it has issued 46,33,290 Bonus shares of Rs.5/- each on 29.09.04 by capitalization of reserves and share premium account.

22. At any given point of time, there shall be only one denomination for the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

23. The company has 29 shareholders as on the date of filing of the prospectus with SEBI.

24. The Promoters Group/Directors have not purchased and/or sold/financed any shares of the company during the past six months.

25. The shareholders of the Company do not hold any warrant, options and right to convert a debenture, loan or other instrument, which would entitle them to acquire further shares of the Company.

26. A minimum of 50% of the net offer of securities to the public shall initially be made available for allotment to retail individual investors who applies for securities for a value of not more than Rs. 50,000/-(2000 equity shares). The remaining 50% of the offer to the public is reserved for individuals applying for more than Rs. 50,000/-(2000 equity shares) and corporate bodies/institutions etc. Un-subscribed portion in either of these categories shall be added to the other category interchangeably.

III. TERMS OF THE PRESENT ISSUE

The company is offering for public subscription through this Prospectus 50,00,000 equity shares of face value of Rs. 10 each for cash at a Premium of Rs.14 each aggregating Rs.1200 Lacs.

<p>FACE VALUE PER SHARE IS RS.10 AND THE ISSUE PRICE IS 2.4 TIMES THE FACE VALUE</p>

PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The equity shares being issued are subject to the terms of this prospectus, the terms and conditions contained in the Application Form, the Memorandum and Articles of Association of the Company, provisions of the Act, other applicable Acts and the Letters of Allotment / Equity Share Certificates or other documents and the Guidelines issued from time to time by the Government of India, SEBI and the concerned Stock Exchanges.

TERMS OF PAYMENT

Applications should be for minimum of 250 equity shares and in multiples of 250 equity shares thereafter. The offer price of the equity shares is Rs.24 and the entire amount is payable on application.

Where an applicant is allotted lesser number of equity shares than the number applied for, the balance, if any, shall be refunded to the applicant. No interest shall be payable on application money pending allotment up-to 30 days from the date of closure of the issue.

INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS / REFUND ORDERS

The Issuer company agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of public issue. The company further agrees that it shall pay interest @ 15% per annum if the allotment letters / refund orders are not dispatched to the applicants within 30 days from the date of the closure of the issue.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company's shares will be traded in dematerialized form only and therefore the marketable lot shall be 1 share.

RANKING OF EQUITY SHARES

The Equity Shares to be issued shall, subject to the Memorandum and Articles of Association of the Company, rank *pari- passu* in all respects to the existing Equity Shares of the Company.

RIGHTS OF THE EQUITY SHAREHOLDERS

- i. Right to receive dividend, if declared.
- ii. Right to attend general meetings personally or by proxy and exercise voting rights, unless prohibited by law.
- iii. Right to receive offer of rights shares and be allotted bonus shares.
- v. Right to receive surplus if any on liquidation.
- vi. Such other rights, as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956.

MARKETABLE LOT

The trading in the Equity Shares of the Company shall only be in dematerialized form for all investors, where the marketable lot shall be one (1) equity share.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act 1956, the sole or first applicant, along with other joint applicants, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicants, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act 1956 be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of the Company or to the registrar and transfer agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the equity shares; or
- b. to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the equity shares, until the requirements of the notice have been complied with.

PROCEDURE FOR APPLICATION AND MODE OF PAYMENT

Availability of Prospectus and Application Forms

The Memorandum Form 2A containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, Lead Managers and Co-Lead Managers to the Issue named herein.

Application may be made by

- (a) Indian Nationals resident of India who are Adult Individuals in single name or joint names (not more than three)
- (b) Hindu Undivided Families through the Karta of the Hindu Undivided Family
- (c) Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Shares
- (d) Indian Mutual Funds registered with SEBI
- (e) Indian Financial Institutions & Banks
- (f) Trusts registered under the Societies Registration Act, 1860 or any other trust law and are authorized under its constitution to hold and invest in shares
- (h) Employees of the Company

Applications not to be made by

- Minors
- Foreign Nationals and Overseas Corporate Bodies (OCBs)
- Partnership firms or their nominees
- Trust or Society (except as stated above)
- HUFs (except as stated above)
- Proprietorship Concerns

A. GENERAL INSTRUCTIONS

1. Applications must be made in the prescribed application form and completed in Full in BLOCK LETTERS in English as per the instructions contained herein and in the application form and are liable to be rejected if not so made.
2. The application should be for a minimum of 250 equity shares and in multiples of 250 shares thereafter. An applicant can make an application only for a maximum of equity of shares that are offered to the public.
3. Thumb impressions and signatures other than in English/ Hindi/Tamil or any other Indian language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.

4. **Bank Account Details of Applicant:**

The name of the applicant's Bank, type of account and account number must be filled in the Application Form. This is required for the applicants' own safety. Such may also be printed on the refund orders, if any.

Applications without these details would be treated as incomplete and are liable to be rejected.

5. **Applications under Power of Attorney:**

In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds and Gratuity Funds, a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrars to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.

The Company in its absolute discretion reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the application form subject to such terms and conditions as it may deem fit.

6. **PAN/ GIR Number**

Where an application is for a total value of Rs. 50,000 or more, the applicant or in case of applications in joint names, each of the applicants should mention his/ her/ their Permanent Account number (PAN) allotted under Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle/ Ward/ District should be mentioned. In case where neither the PAN nor the GIR Number has been allotted, or the applicant is not assessed to Income Tax, the appropriate box provided for the purpose in the application form must be ticked.

Applications without this will be considered incomplete and are liable to be rejected.

7. **Joint Applications in the case of individuals**

Applications can be in single or joint names (not more than three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application form at the address mentioned therein.

8. Applications may be made by Hindu Undivided Families (HUF) only through the Karta of the (HUF) and will be treated at par with individual applications.

9. **Multiple Applications**

An applicant should submit only one application form (and not more than one) for the total number of equity shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and / or first applicant is one and the same and are liable to be rejected.

10. **Application by Mutual fund**

In case of application by Mutual Funds, a separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided that the application made by the Asset Management Company / Trustees / Custodian clearly indicate their intention as to the scheme for which the application has been made.

Separate applications for electronic and physical equity shares by the same applicant shall be considered as multiple applications. The Company reserves the right to reject, in its absolute discretion, all multiple applications.

11. **Applications by NRIs/FIIs:**

There is no reservation and separate application form for NRIs/FIIs. NRIs/FIIs willing to invest in this issue should follow the relevant RBI Guidelines in this regard. Applications by NRIs on non-repatriation basis can be made using the Form meant for public out of the funds held in Non Resident (Ordinary) Account (NRO). The relevant Bank certificate must accompany such Forms. Such applications will be treated on par with the applications made by the Public.

A separate single cheque / draft must accompany each application form.

Note:

- Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for equity shares.
- For instructions on filling up the application form, please read the Application Form carefully.

B. PAYMENT INSTRUCTIONS (FOR RESIDENT INVESTORS)

1. Payment may be made by way of cash or cheque / demand draft (money/ postal orders will not be accepted) drawn on any Bank, including a co-operative Bank which is situated at and is a member or sub-member of the Banker's clearing-house located at the place where the application form is submitted, i.e. at designated collection centers.
2. Outstation cheques / demand drafts drawn on Banks not participating in the clearing house will not be accepted.

3. All cheques / demand drafts accompanying the Application Form should be marked as follows: Cheque / bank draft must be made payable to the bankers to the issue and marked “A/c Uniply– Public Issue” and crossed “A/C payee only”. For e.g. “HDFC Bank – A/c Uniply – Public Issue”
4. The applications shall be made only by way of cash/ cheque/ demand draft. However, if the amount payable on application is Rs. 20,000 or more, such payment must be effected only by way of an account payee cheque or Bank draft in terms of section 269SS of the Income-Tax Act, 1961. Otherwise the applications may be rejected and application money refunded without any interest.
5. Investors will not have facility of applying through Stockinvest instrument in the issue as RBI has withdrawn the Stockinvest scheme vide notification no. DBOD.NO. FSC.BC. 42/24.47.001/2033-04 dated 5.11.2003.

FOR FURTHER INSTRUCTIONS REGARDING APPLICATIONS FOR THE EQUITY SHARES, INVESTORS ARE REQUESTED TO READ THE APPLICATION FORM CAREFULLY.

SUBMISSION OF COMPLETED APPLICATION FORMS:

All applications duly completed and accompanied by cash/ cheques / demand drafts shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Applications should not be sent to the Office of the Company, the Lead Managers to the Issue.

Application Forms along with Bank Drafts payable at Chennai can also be sent by registered post with acknowledgement due to the Registrars to the Issue, Cameo Corporate Services Limited so that the same can be received before the closure of the subscription list.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form.

Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrars as detailed above and not otherwise.

ACCEPTANCE OF APPLICATIONS

The Company reserves the right to accept or reject, any application, in whole or in part, without assigning any reason thereof. If the application is rejected in full, the whole of the application money received will be refunded by Registered Post to the applicant. If the application is accepted in part, the excess application money will be refunded to the applicant. Such refund, if any, will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

BASIS OF ALLOTMENT

In the event of public issue of equity shares being over-subscribed, the allotment will be on a proportionate basis and the basis of allotment will be finalized in consultation with the Stock Exchange, Mumbai subject to the following:

1. A minimum 50% of the net Issue to the Indian public will be made available for allotment in favour of those individual investors who will apply for equity shares of or for a value not more than Rs. 50,000/-. This percentage may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines. The Executive Director / Managing Director of the Designated Stock Exchange along with the post issue Lead Manager and the Registrars to the issue shall be responsible to ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the guidelines.
2. The balance of the Net Issue to Indian Public shall be made available to investors including corporate bodies / institutions and individual applicants who have applied for allotment of equity shares of a value of more than Rs. 50,000/-.
3. The Unsubscribed portion of the net issue to any of the categories specified in (1) or (2) shall be made available for allotment to applicants in the other category, if so required.
4. Applicants will be categorized according to the number of equity shares applied for.
5. The total number of shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of shares applied for in that category (number of applicants in the category multiplied by the number of shares applied for) multiplied by the inverse of the over subscription ratio.
6. Number of the shares to be allotted to the successful allottees shall be arrived at on a proportionate basis i.e. total number of shares applied for by each applicant in that category multiplied by the inverse of the over-subscription ratio.
7. All the applications where the proportionate allotment works out to less than 250 shares per applicant, the allotment shall be made as follows:
 - i. Each successful applicant shall be allotted a minimum of 250 securities; and
 - ii. The successful applicants out of the total applicants for that category shall be determined by drawal of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (2) above.

8. If the proportionate allotment to an applicant works out to a number that is more than 250 but is not a multiple of 50, the number in excess of the multiple of 50 shall be rounded off to the higher multiple of 50 if that number is 25 or higher.
9. If that number is lower than 25, it shall be rounded off to the lower multiple of 50.
10. All applicants in such categories shall be allotted shares arrived at after such rounding off.
11. If the shares allocated on a proportionate basis to any category is more than the shares allotted to the applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful applicants in that category.
12. The balance shares if any, remaining after such adjustment shall be added to the category comprising applicants applying for minimum number of shares.
13. As the process of rounding off to the nearer multiple of 50 may result in the actual allocation being higher than the shares offered, it may be necessary to allow a 10% margin i.e. the final allotment may be higher by 10 % of the net offer to public.

DESPATCH OF REFUND ORDERS

The company shall ensure dispatch of Refund Orders of value up to Rs.1500/- Under Certificate of Posting and refund order over the value of Rs.1500/- and Share Certificates (in cases where the first / sole applicant has failed to give a demat account number) by Registered Post only. UIL would also make available adequate funds to the Registrars to the Issue for this purpose.

Equity Share in Dematerialised Form with NSDL or CDSL

All investors shall have an option to receive the allotment in the form of physical certificate or in the dematerialised (demat) mode.

Successful allottees who had opted for allotment in demat form in this issue will be issued Equity Shares in demat form. For this purpose, two tripartite agreements have been signed between the company, the Registrar and the Depositories as follows:

1. An agreement dated, 2005 between the Company, NSDL and Cameo Corporate Services Limited and
2. An agreement dated, 2005 between the Company, CDSL and Cameo Corporate Services Limited.

An applicant seeking allotment in demat form should indicate, in the space provided for the same in the application form, relevant details of his or her depository account. Applicants seeking allotment in demat mode shall further ensure that:

- a) the applicant has at least one beneficiary account, with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
- b) the details of the demat account are invariably and compulsorily filled (including the beneficiary account no. and Depository Participant's ID No.) in the application form.
- c) Names in the share application form are identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.
 - 1) Equity Shares allotted to an applicant in the electronic form will be credited directly to the respective beneficiary accounts (with the DP).
 - 2) Non-transferable allotment letters/ refund orders will be directly sent to the applicant by the Registrar to this Issue.
 - 3) Application forms with incomplete / incorrect details under the heading "Request for shares in electronic form" are liable to be rejected.
 - 4) The applicant is responsible for the correctness of the applicant's demographic details given in the application form vis-à-vis those with his/ her Depository Participant.
 - 5) It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange Mumbai where the Equity Shares of the Company are proposed to be listed is connected to NSDL and CDSL.
 - 6) Trading in the Equity shares of the Company would be in de-materialised form only for all investors.

UNDERTAKING BY THE COMPANY:

- a. the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- b. all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the equity shares are to be listed shall be taken within 7 working days of finalization of the basis of allotment;
- c. the funds required for dispatch of refund orders / allotment letters / certificates by registered post shall be made available to the Registrar to the Issue by the Company;
- d. the promoters' contribution wherever required shall be brought in advance before the issue opens for public subscription.
- e. that no further issue of equity shares shall be made till the equity shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under-subscription, etc.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

- a. all monies received out of this issue of shares to public shall be transferred to a separate bank account in a schedule bank as referred to in sub-section (3) of section 73;
- b. details of all monies utilized out of the issue referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the purpose for which such monies had been utilized; and
- c. details of all unutilized monies out of the issue of shares, if any, referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the form in which such unutilized monies have been invested.

TAX BENEFITS

The company has been advised by M/s. C.Ramasamy & B.Srinivasan Auditors of the Company vide their certificate dated January 10, 2005, that under the Income Tax Act, 1961 and other laws, the following tax benefits inter-alia will be available to the company and shareholders of the Company. The following benefits are available under the income tax act and other laws to the company and its shareholders, (Indian Residents, NRIS, FIIS, etc.)

Under the Income tax Act, 1961

I. TO THE COMPANY:

1. As per provisions of Section 10(34), dividend income referred to in Section 115-O of the IT Act, is exempt from tax in the hands of the Company. However, as per Section 14A of the IT Act, the Company will not be eligible to claim a deduction for any amount expended in connection with earning such exempt income.
2. In accordance with and subject to the provisions of Section 32 of the IT Act, the company will be entitled to claim depreciation on tangible and specified intangible assets.
3. In accordance with and subject to the provisions of Section 35D of the IT Act, the Company will be entitled to a deduction of one-fifth of the preliminary expenses incurred for the issue of shares over a period of five successive years beginning with the previous year in which the company expands its current industrial undertaking.

II. TO THE MEMBERS OF THE COMPANY

a) To the Residents:

The following tax benefits are available to the existing/ prospective shareholders of the company under the IT Act.

1. As per the provisions of Section 10(34) of the Income Tax Act the dividend income declared by the company referred to in Section 115-O of the IT Act, will be exempt from tax.
2. In accordance with Section 48 of the IT Act, Long Term Capital gains arising out of sale of shares of the company will be computed after indexing the cost of acquisition. Under Section 112 of the IT Act, such gains will be taxable at a concessional rate of 20% (subject to surcharge and additional surcharge as applicable). Where the tax so payable exceeds 10% (subject to surcharge and additional surcharge as applicable) of the capital gains computed before indexing the cost of acquisition, then such excess tax will be ignored. This benefit is available since the company's shares are listed.
3. In case of sale of listed securities in a recognised stock exchange long term capital gains will be exempt u/s.10(38) and short term capital gains will be taxed at 10% (subject to surcharge and additional surcharge as applicable)
4. The long Term capital gains arising from the sale of the company's shares shall be exempted u/s.54EC if the capital gains are invested in eligible long term specified assets within six months from the date of transfer of shares.
5. The long Term capital gains arising from the sale of the company's shares shall be exempted u/s.54ED if the capital gains are invested in acquiring equity shares forming part of an eligible issue of capital within six months from the date of transfer of shares.
6. The long term capital gains arising from the sale of shares of the company shall be exempted u/s.54F of the IT Act, if the net sale consideration is utilized within a period of one year before or two years after the date of transfer, in the purchase of new residential house or for construction of residential house within three years.

b) To Non-Residents:

1. As per the provisions of Section 10(34) of the Income Tax Act the dividend income declared by the company referred to in Section 115-O of the IT Act, will be exempt from tax.
2. In accordance with and subject to the provisions of Section 48 of the IT Act, capital gains arising out of transfer of capital assets being shares in the company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer of the capital assets into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency and taxed at 10% (plus applicable surcharge and additional surcharge)

3. In case of sale of listed securities in a recognised stock exchange long term capital gains will be exempt u/s.10(38) and short term capital gains will be taxed at 10% (subject to surcharge and additional surcharge as applicable)
4. Under Section 115E a Non-Resident can opt to be taxed on the dividend income and his other income earned from investments acquired out of convertible foreign exchange at the flat rate of 20% on the said income plus surcharge and additional surcharge at the applicable rate.
5. Under Section 115F of the IT Act, subject to the conditions and to the extent specified therein, long term capital gains arising to a Non-Resident Indian from transfer of shares of the company acquired out of convertible foreign exchange shall be exempt from capital gains tax if the net consideration is invested within six months of the date of transfer of the asset in any specified foreign exchange asset.
6. Under Section 115G of the Act, a non-resident Indian would not be required to file a return of income under section 139 (1) of the Act, where his total income consists only of investment income and/or Long Term Capital Gains arising from investments made in convertible foreign exchange, and tax deductible at source has been deducted there from under the provisions of Chapter XVII-B of the IT Act.
7. The long Term capital gains arising from the sale of the company's shares shall be exempted u/s.54EC if the capital gains are invested in eligible long term specified assets within six months from the date of transfer of shares.
8. The long Term capital gains arising from the sale of the company's shares shall be exempted u/s.54ED if the capital gains are invested in acquiring equity shares forming part of an eligible issue of capital within six months from the date of transfer of shares.
9. The long term capital gains arising from the sale of shares of the company shall be exempted u/s.54F of the IT Act, if the net sale consideration is utilized within a period of one year before or two years after the date of transfer, in the purchase of new residential house or for construction of residential house within three years.
10. A Non-Resident has the option to be governed by the above special provisions of Chapter XII-A of the IT Act or the normal provisions of the IT Act.

III. Foreign Institutional Investors (FIIs)

1. The income by way of short term capital gains or long term capital gains realized by FIIs on sale of shares in the Company would be taxed at the following rates as per section 115AD of the Income Tax Act, 1961.

Short term capital gains – 30% (Plus applicable surcharge and additional surcharge)

- Long term capital gains – 10% (without cost indexation Plus applicable surcharge and additional surcharge)
2. In case of sale of listed securities in a recognised stock exchange long term capital gains will be exempt u/s.10(38) and short term capital gains will be taxed at 10% (subject to surcharge and additional surcharge as applicable)
 3. Exemption of capital gains from income tax

As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, an assessee is eligible to claim exemption (full or proportionate) from tax arising on long-term capital gains on investment of capital gains in certain specified bonds within six months from the date of transfer. However, if the assessee sells or transfers the notified bonds within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable as capital gains in the year in which the bond is transferred or sold.

As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long-term assets being listed securities, shall be exempt from capital gains tax if the said capital gains are invested within six months from the date of transfer in equity shares forming part of an ‘eligible issue of share capital’. Eligible issue of share capital has been defined as an Issue of equity shares which satisfies the following conditions –

- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public.

IV. Venture Capital Companies/ Funds

In terms of section 10(23FB) of the Income Tax Act, 1961 all Venture capital companies/ funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from sale of shares of the Company.

V. Under the Wealth Tax Act.

“Asset” as defined under Section 2(ea) of the Wealth Tax Act, 1957 does not include shares in companies and hence these are not liable to wealth tax.

VI. Under the Gift Tax Act.

Gift tax is not leviable in respect of any gifts made on or after 1st October 1998. Therefore any gift of shares of the company will not attract gift tax.

Under the Income Tax Act, 1961 in respect of Windmill Project

- the company is entitled to claim depreciation at the rate of 80% on the cost of windmill under section 32 of the income tax Act, 1961.
- The profit derived by the company from the windmill is fully deductible from income tax under section 80-1A of the income tax Act, 1961 for a period of the first 10 consecutive assessment years

NOTES: In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

IV PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

- To fund the expansion project and other expenses as follows:
 1. To increase the production of Veneers & Plywood from present 21,600 cubic meter per annum to 50,000 cubic meters per annum. And for the purpose:
 2. Construction of RCC LOG ponds .
 3. Installation of 4x225 KW wind electricity generators
 4. Construction of an administrative block in the factory premises .
 5. To meet Public Issue expenses.

The main objects clause of the Memorandum of Association of the Company enables the company to undertake the existing activities and the activities for which the funds are being raised through the present issue.

COST OF PROJECT AND MEANS OF FINANCE

The Cost of the Project and Means of finance as per the Appraisal report of BOB Capital Markets Limited, a Category I Merchant Banker is as under:

Particulars	Amount (Rs lacs)	Particulars	Amount (Rs lacs)
Log Pond	40.00	Equity Capital	500.00
Building	220.00	Share Premium	700.00
Plant & Machinery including transport and erection	303.00		
Electrical	40.00		
Miscellaneous Fixed Assets	47.00		
Wind Electricity Generators	360.00		
Contingencies	80.00		
Public issue expenses	110.00		
Total Cost of project	1200.00	Means of Finance	1200.00

APPRAISAL

The Project appraisal has been carried out by BOB Capital Markets Limited (Category I Merchant Banker) vide their Appraisal Report dated 20th October 2004, for the purpose of the IPO of Uniply Industries Limited. The scope & purpose of the appraisal is as follow.

The purpose of the appraisal was to study the financial viability of the expansion of the production capacity of the Veneers & Plywood from 21600 CBM to 50000 CBM and included installation of wind electricity generators of 900 KWA, construction of log pond, as well as admin block within the factory premises.

The study objective is to assess the viability of the proposed expansion to the plant capacity for manufacturing of Veneer plywood and Block board and setting up of a 900 Kw wind mill plant.

The weakness and threats as given in the appraisal report are as follows:

Weakness...

- ❑ In view of the environmental issues and restriction on felling of trees; Uniply is totally dependent on imports for its requirement of round timber logs.
- ❑ Uniply's products have been trading at a very thin profit margin. Hence any shortfall in the projected turnover would severely impact the bottom line of the Company.
- ❑ There being no entry barrier for this industry, competition from the unorganised sector is severe.

Threats...

- ❑ Any delay in implementation of the proposed expansion project may cause cost overrun which may adversely affect financial performance of the company.
- ❑ Major policy changes relating to Import-Export/Customs duty and change in relevant taxes, legal and administrative regime, accounting practices & government policies may have an impact on Company's financial performance.
- ❑ Sale of duplicate plywood by unorganized sector at cheaper rates is a major threat for the branded plywood manufacturers.

Expansion of production unit

Uniply Industries Ltd plans to expand its manufacturing capacity for veneers and plywood from 21,600 cubic meters to 50,000 cubic meters. For the purpose, additional plant and machinery, log pond for curing timber, factory shed etc are to be provided.

Plant & Machinery

The proposed plant and machinery for the expansion of the plant capacity will be supplied by various manufacturers of plant & machineries. The estimated cost of the plant and machinery inclusive transport and erection is around Rs303 lacs. The various machineries that are proposed to be purchased are enumerated.

Sr. No.	Particulars of Machineries	Supplier name	Date of	Number of	Unit	Amount
			quotation	Units	Cost	Rs lacs
1	Peeling Machine	Guru Amar Industries	29.12.04	1	42.80	42.80
2	Knife Grinder	L.M. Engineering	14.10.04	1	3.60	3.60
3	Clipper & Reeling Machine	L.M engineering	14.10.04	2	2.45	4.90
4	Pnematic Veener cliper	L.M. Engineering	14.10.04	1	4.78	4.78
5	Boiler	Thermax Ltd	5.10.04	1	11.80	11.80
6	Steam Pipe Line (lump sum).Set.	Mera engineers	30.10.04	1	12.20	12.20
7	Chimney	Mera engineers	9.01.04	1	8.00	8.00
8	Roller Dryer	L.M.Engg.Co.	14.10.04	2	23.82	47.64
9	Jointer	L.M. Engg. Co.	14.10.04	1	6.24	6.24
10	Resin Plant	V.R. associate	15.11.04	1	6.24	6.24
11	Laboratory	Lump sum				5.00
12	Glue Mixture	L.M.Engg	14.10.04	1	1.28	1.28
13	Glue Spreader	Ferro Foundries	14.10.04	2	2.62	5.24
14	Hot Press	Srichakra equipments	15.10.04	1	50.40	50.40
15	Aluminum Caul Plate	Balco/Nandadevi	10.1.04	120	0.04	4.20
16	DD Saw	L.M.engg.Co	14.10.04	2	5.88	11.76
17	Belt Sander	L.M.engg.Co	9.1.04	3	1.08	3.24
18	Dust Collection System	Lump sum				10.00

19	Electrical Hoist	I.S.S. hardwares		1	4.00	4.00
20	Trolley Saw	whitestar engg co.	9.1.04	1	1.25	1.25
21	Band Saw	woodtech Machine Pvt Ltd	21.8.04	1	0.29	0.29
22	Chain Saw	Shapex eng works	6.10.04	1	0.30	0.30
23	Multiple Ripsaw	woodtech Machine Pvt Ltd	21.08.04	1	0.78	0.78
24	Planner	woodtech Machine Pvt Ltd	21.08.04	1	0.57	0.57
25	Seasoning Klin	L.M.engg.Co	9.1.04	4	3.63	14.52
26	Scissor Lift	Ferro foundries	10.1.04	1	1.63	1.63
27	Monorail(Set).	Lumpsum		1	4.00	4.00
28	Scrubber (Wet).Set.	L.M.engg.Co	14.10.04			0.60
29	Side Sanding Machine	Viridi eng co	13.10.04	1	0.60	0.60
30	Formalin Storage tank,	Virgo Industries (Eng) Pvt Ltd	13.10.04	1	2.25	2.25
31	Vacuum Pressure Impregnator	Lumpsum				3.00
32	Mechanical Choppers	L.M.engg.Co	14.10.04	4	0.75	3.00
33	Generator Set.	genlite Eng	5.10.04	1	8.72	8.72
34	Paper Cutting Machine	L.M.engg.Co	14.10.01	1	1.00	1.00
35	Erection & Installation	Lump sum				17.05
Total						302.88

Electrical

The cost of electrical for the proposed expansion is estimated to around Rs40 lacs as per quotation Jay Em Engineers on 11th April,2004. This expense includes sub station charges, connection charges, switch boards, panel boards, wiring, lighting and other electrification in the area of expansion. The detailed cost of electrical fittings is listed.

Description	Amount Rs lacs
Sub Station and deposits	10.50
Wiring, Under ground cabling works and other electrical work in the factory premises	29.50
Total	40.00

Miscellaneous Equipments

The miscellaneous fixed assets for the present expansion includes the cranes, handling equipments, carpentry tools for the block board division, furniture & fittings, computers and other office equipments for the factory and for the administrative blocks. The total cost for these miscellaneous assets is estimated around Rs. 47 lacs as per quotation by Godrej & Boyce Mfg. Co. Ltd. and others. The detail of these assets is enumerated.

Particulars	Amount Rs lacs
Forklift (Two)	17.00
Furniture & Fixture	15.00
Office equipment	7.00
Cutting Blade for Block Board Division	5.00
Miscellaneous carpentry tools for Block Board Division	3.00
Total	47.00

Log Pond

The basic requirement of log ponds is to accommodate the imported logs that are brought from the port. The logs are dry and hence are not perfectly suitable for peeling. In order to soak these logs they are kept in log ponds that are enriched with required chemicals in order to keep these logs free from termites. To achieve higher level of production and accommodate the additional quantity of round timbers Uniply proposes to dig/construct one more Log pond (RCC structure) of about 10,000 Cubic Meter Capacity. The ponds are being constructed to hold the water level in such a way that the logs are not exposed to the sun light and supported with inlet, outlet, canal and drainage. The cost of the additional pond is estimated at Rs 40 lacs as per the quotation from K2 Engineers dated 15th October 2004.

Building

The present built up area of the manufacturing plant is 70,000 square feet inclusive service area. For the proposed expansion Uniply proposes construction of further 41,000 square feet. This would include administrative block as well as ancillary buildings. The proposed factory sheds and building is to be constructed by K2 Engineers, Chennai. Since K2 engineers under

name and style of Prokans construction have constructed the first phase of factory construction, it has been proposed to appoint them for the expansion plan also. The estimated cost of construction is expected to be around Rs220 lacs for which the details of construction and estimates are enumerated. The K2 engineers have given following quotation on 15th October, 2004 and expected to complete the work with in three month date of placing order.

Particulars	Areas	Rate per	Amount
	in Sq ft.	Sq ft.(Approx)	Rs lacs
Main Factory Shed (ACC)	32000	378	120.96
Boil Room (ACC)			4.65
Gen. Set Room (ACC)	500	350	1.75
Administrative & Office Block (RCC)	5,000	590	29.46
Seasoning Chamber (RCC)	3,000	400	8.30
Septic Tank			6.00
Road development			20.00
Staff toilet block			4.00
Water supply drainage system			4.00
Bore well & Overhead tanks, etc			9.50
Other			11.38
Total	40500		220.00

Wind Mill...

Government of Tamil Nadu has been encouraging High Tension Electricity Consumers to generate electricity by installation of wind electricity generators (WEGs). The company generating the electricity irrespective of the location of the WEGs can consume upto 95% of the power generated at any place within the state of Tamil Nadu, 5% being adjusted towards wheeling and banking charges of power. The power generated through the WEGs is fed onto the TNEB grid and can be banked with TNEB to be consumed within a period of one year from the last date of the financial year in which the power is generated

Uniply plans to install 4 Wind Electricity Generators (WEGs) of 225 KW each to meet the entire power needs of the factory and save substantial cost on power and improve the profitability. The wind mill will produce the required quantity of cheap power for the factory. NEPC India Limited claims to be the pioneer in the field of Wind Energy Generation in India having installed more than 1700 wind mills in various states and are operating smoothly for the last one decade. For NEPC's 96% indigenized WEGs, spares are easily available locally.

NEPC would undertake the following for the successful installation of the wind mill.

- Land acquisition, Micro-siting
- Co-ordination and follow-up with Government and related agencies

- Foundation and Civil Works
- HT Electrical installation
- Supply of Equipment and Assembly at site
- Erection and Commissioning
- Operation and Maintenance

The WEGs are proposed to be installed through NEPC which is one of the leading names among wind electricity generator suppliers in India. Depending on the location, NEPC's 225 Kw Wind Electric Generator has potential to generate more than 5.50 lacs units per annum. The suitable locations for windmills are at Nagarkoil, Tirunelveli District or at Palladam area in Coimbatore District.

The major advantages of wind mill purchased from NEPC are enumerated below

1. The power generated by the wind farm will be adjusted upto 95% against Uniply's power consumption and the balance if any consumed over and above 95% of the power generated by wind farm would only be billed by Tamil Nadu Electricity Board.
2. Depreciation upto 80% is allowed in the first year of installation of the Wind farm. This will aid in savings of Income Tax to the tune of 37.485% of the investment in Wind Farm.
3. The income i.e. saving in the energy cost from the Wind Farm is exempted from Income Tax for a period of 10 years.
4. Capital Cost per KWh is estimated at a low i.e. Rs16.36
5. The Project IRR is 25.32% with I.T Benefit as calculated by NEPC.

NEPC has offered to install four Wind Electric Generators (WEGs) of 225 Kw each with 45 Meter Hub Height in Metrathy Village, Coimbatore District Tamil Nadu. The proposed WEGs in Tamil Nadu will be on a total turnkey cost of Rs360 lacs (Rs90 lacs per WEG) as per their quotation dt.23rd June, 2004. The cost will cover the entire scope of work on turnkey basis including infrastructure charges payable to TNEB and the details are tabulated below:

Description	Qty	Unit Rate	Amount (Rs lacs)
Wind Electric Generator of 225 Kw capacity including Tower, Nacelle, Rotor, Panels & Cables (45 M Hub Height)	4	73.00	292.00
Foundation Cost	4	4.00	16.00
Transformer of 315 KVA (22KV)	4	1.50	6.00
Electrical works	4	3.50	14.00
TNEB - ISDC	4	3.55	14.20
TNEB - Application Fee	4	0.08	0.32
Over Head Lines(150 Mtrs only)	4	0.77	3.08

Land	4	3.00	12.00
Erection & Commissioning	4	0.60	2.40
TOTAL		90.00	360.00

This cost has now increased to 408 lacs as per new quotation of NEPC dated 30.12.04. there is cost overrun of Rs.30lac even after accounting for the contingency. The company will make use of internal accrual to meet this short fall.

Land

The site is located at 69, Nelveli Village, Uttaramerur Taluka, Kanchipuram District, Tamil Nadu, about 60 km from the Chennai Port. The site is also well connected by road and train routes. The area of the land is 10.20 acres. Uniply already has its current unit at this location and has sufficient land to undertake its expansion project. The soil condition of the land is clay with layers of sand suitable for putting plant.

Contingencies

The provision for contingencies in order to meet the escalation in the cost of building, installation of plant & machinery and electrical for the proposed expansion has been estimated at Rs80.00 lacs. This cost been arrived after considering various contingency rates to various assets proposed to be purchased. The detailed contingency cost has been listed.

Particulars	Project cost Rs lacs	Contingent cost Rs lacs
Log Pond @7.5%	40.00	3.00
Buildings @10%	220.00	22.00
Plant & Machinery (including erection and installations) and Miscellaneous Fixed Assets @ 10%	350.00	35.00
Electrical @5%	40.00	2.00
Windmill @5%	360.00	18.00
Total	1010.00	80.00

Public Issue expenses

Uniply has proposed for the Public issue of Rs.1200 lacs in order to meet its expansion project and other purposes as detailed above. The estimated cost for the proposed public issue is Rs110 lacs as detailed below:

Particulars	% to total issue	Amount Rs
-------------	------------------	-----------

	size	lacs
Fees to the Merchant Bankers	2%	24.00
Fees to the Brokers	1%	12.00
Stationery & other administrative expenses		40.00
Registrars & Transfer agents' fees		10.00
Advertisement in newspapers		5.00
Processing & legal fees	1%	12.00
Other expenses		7.00
Total		110.00

DEPLOYMENT OF FUNDS IN THE PROJECTS AS ON 31ST DECEMBER 2004

The Issuer Company has not made any expenditure on the expansion project except a sum of Rs.10,51,464/- towards Public issue expenses.

SCHEDULE OF IMPLEMENTATION

An implementation program has been developed to implement the project. From the date of realization of fund, Total time for completion of the project is estimated to be 7 months. The detailed schedule for major activities is given hereunder through Activity Chart.

Activity	Commencement	Completion
Civil Construction	April 2005	June 2005
Order of Plant	April 2005	April 2005
Supply of plant	May 2005	June 2005
Installation	July 2005	September 2005
Trial Run	September 2005	September 2005
Commercial Production	October 2005	October 2005

Pending utilization the proceeds of the issue will be invested in Bank Deposits and / or Gilt Edged Government Securities, either directly or through Government Security based funds. The shortfall in funds, if any, will be met through internal accruals or by rising short term Unsecured Loans.

V COMPANY AND MANAGEMENT

History and Main Object and present business of the company

Uniply Industries Limited (UIL) was promoted by Mr.B.L.Bengani and Mrs. Suman Bengani. UIL was incorporated on 4th September 1996 as a private limited company with an authorized capital of Rs.50 lakhs and was later converted into a public limited company in 4th February 1997.

After incorporation the company took up agency of Greenply Industries Ltd for the states of Tamil Nadu, Kerala, Karnataka and Goa. The company commenced the business of trading in plywood in December 1996 from Chennai and Bangalore.

Mr. B.L. Bengani started his career in the year 1977 with a small entrepreneur. Subsequently he joined Kitply Industry Ltd In year 1987 as Branch Manager and Greenply Industries Ltd. Vice President Marketing for entire South India. On June 19, 1995 Mr. B.L.Bengani along with his wife Mrs. Suman Bengani had promoted a company i.e. Uniply Laminates Pvt. Ltd. (name subsequently changed to Scorpio Laminates Pvt. Ltd on 01st December 2003) with the main objects of carrying on business as producers, manufacturers, processors, stockiest, importers, exporters, buyers and sellers of Plywood. In the year 1996, Mr. B.L.Bengani and Mrs. Suman Bengani promoted Uniply Industries Private Ltd to carry on more or less the same business as that of Uniply Laminates Pvt. Ltd.

In the year 1997, the company started importing plywood and selling the same under brand name “UNIPLY”. This brand name was already being used by Unicorn Plywood’s Private Limited, Chanthanathope P.O., Quilon, Kerala and Century Ply boards India Ltd. As per a Deed of Assignment executed on 09th January 2001 between Century Ply boards India Ltd No.6, Lyons Range, Calcutta and Uniply Industries Limited (the Issuer company) the brand name “UNIPLY” has been unconditionally and exclusively assigned by Century Ply boards India Ltd in favour of Uniply Industries Limited since 1988.

The consideration amounts paid for the assignment of these brands have been capitalized in the books of the company and are appearing as Goodwill.

In 1999 UIL planned for setting up a manufacturing unit for producing veneers and plywood and acquired land at Nelvelli village, Kanchipuram district, Tamil Nadu. Since logs for manufacturing plywood are to be imported from other countries, Uniply selected its plant site close to the Chennai port i.e. Nelvelli village, Kanchipuram district, Tamil Nadu in order to avail of the locational advantage. The project for setting up the manufacturing unit by Uniply Industries Ltd was appraised by SBI Capital Market Limited, Chennai in the year 1999.

The company has an integrated manufacturing facility. UIL has also secured ISO 9001:2000 certifications from DET Norske Veritas under UKAS accreditation scheme. UIL’s emphasis in providing quality products to its customers has enabled the company to clock a turnover of Rs5198.30 lacs in the year ended on 31.03.2004, an increase of 15% as compared to FY2003. This has been made possible with its sustained efforts to improve the quality of its products

and developing a marketing/dealer network for the entire range of products in India and abroad. The various products manufactured by UIL are Uniply Gold Club, Uniply BWP, Uniwud, Univeneer and others. The company has also been able to avail the benefit of IFST loan from the Sales Tax department.

The Issuer company has changed its registered office from 168, Sydenhams Road, Chennai-600003 to 52, Harleys Road, Kilpauk, Chennai -600010 with effect from 1st September 2003. This place is taken on lease and a copy of lease and rental agreement is available for inspection.

At present UIL enjoys good demand for its products both in the domestic and international markets. Further, due to softening interest rate on housing loans, thrust in the construction & infrastructure activity and increasing demand for sophisticated offices, the demand for the Plywood and veneers has swelled many folds in the past few years. UIL has been operating at around 80% of its installed capacity as of March 31, 2004. In order, to meet this burgeoning demand Uniply has proposed for increase in its plant capacity as well as purchase of a wind mill for reducing the power cost with an estimated project cost of Rs1200 lacs (including Public issue expenses). This project cost is proposed to be funded by the present public issue.

Registered Office

The Registered office of the company is located at No: 52, (Old No: 18), Harleys Road, Kilpauk, Chennai 600010, Tamilnadu. The office has been taken on lease from Mr. M Abdhulla & Others on a monthly rental of Rs. 28,500/- for a period of 11 months. A security deposit of Rs. 5,00,000 (refundable) was paid to the lessor. The lease period can be extended for another 11 months on mutually agreeable terms and conditions. Mr. M Abdhulla & Others is not related to the promoter of the company.

Main objects of the company to be pursued on its incorporation are:

- To carry on the business of timber merchants, saw mill owners and timber growers and to buy, sell, grow, prepare, manipulate, import, export and deal in timber and wood of all kinds and to manufacture of which timber or wood is used and to carry on business as general merchants and to buy, clear, plant, and work on timber estates establish factories and workshop.
- To own and run saw mills and factories in all its forms for conversion of raw timber in the shape of planks, scantlings, sleepers veneers, patents for tea chests plywood, hardboards, blackboards, clipboards, commercial and teak plywood, packing cases, windows, panel doors, flush doors, laminated sheets, doors, windows, sleepers, beams, planks batten or other requisites of construction works and other forms of sawn timber allied commodities and to install such machineries as may be required for the manufacture of Ammonium Boxes, Cable drums, shoe heels, bobbing, shuttles, picking bands and such other parts and implements as may be required for textile, silk, woolen and jute industry and the tea gardens.

- To import, export, deal, purchase, sell and manufacture tea chests and its other components in all forms and fitting, therefore e.g. plywood, panels, Battens, Tin plate fitting, aluminum lining, and stripes, tissue papers, Hessian cloth box strapings and nails etc.
- To carry on manufacture and deal in wooden furniture, steel and cane furniture, decorators and builders and to manufacture and deal in House furniture and fittings, interior decorators, motor body builders, commercial and industrial furniture and fittings and implements and tools of all description.
- To manufacture and / or deal in paper boards hardboards, insulation boards, plywood, teakwood, C.P. Teak, firewood, plastic, laminated sheets, linilium waxed paper and board, waterproofing material tarpaulins, glass sheeting and fittings, resin, chemicals, plastic, bakelite, nylon rubber and alkathene sheeting and tube and pipes etc. bamboo, firewood, rosewood, mango- wood, sandal wood, pinewood and grasses, sabai, biri leaves and leaves of all products of forests, jungles.
- To carry on the business of buying, selling importing, exporting or otherwise dealing in hides, and skins, finished leather and all types of leather goods and other similar products or substances and articles made of leather and rubber.
- To carry on the business of buying, selling, importing, exporting or otherwise dealing in all kinds of Agro Products and other similar products or substances and articles made of agro products

SUBSIDIARIES:-

The company has no Subsidiaries. But the Promoter B.L.Bengani has promoted following company.

1. Scorpio Laminates (P) Ltd (Dis-associated w.e.f. 28th September 2004)
2. Uniply veneers (P) Ltd (Dis-associated w.e.f. 15th November 2004)
3. Uniply International Ltd

Promoters and their Back ground

Mr. B L Bengani

Mr. Bajrang Lal Bengani is the founder promoter of Uniply Industries Ltd, Uniply Laminates Pvt.Ltd (name subsequently changed to Scorpio Laminates Pvt. Ltd.), Uniply Veneers Pvt.Ltd, Uniply International Ltd and Jain Associates – a partnership firm. After completing his B.Com from Calcutta University in the year 1982 he started his career in the plywood industry. Mr. Bengani worked for Kitply and later on joined Greenply as Vice President Marketing . After promoting Uniply Industries Ltd Mr. Bengani successfully marketed Greenply products as well as imported plywood branded UNIPLY. According to Mr.Bengani, all his years in selling plywood taught him the preferences of Indian consumers

and the finer nuances of the Indian psyche vis-à-vis plywood. He carefully planned a manufacturing facility emphasizing on the durability and finish of the products among other things. UIL's focus on providing value for money to the consumers has earned it a brand loyalty among the consumers in South India.

The Issuer company confirmed that the Permanent Account Number, Bank Account Number and Passport Number of Shri. B.L.Bengani has been intimated to the Stock Exchange, Mumbai. The details are as under: -

Age	44
Qualification	B. Com
Permanent Account Number [PAN]	AADPB8123G
Passport Number	Z085953S
Voter ID No.	
Driving License Number	R/TN/01/006139/2000
Bank Account Number	IOB- 17386 Indian Overseas Bank, Radhakrishnan salai Branch, Chennai -600004
Photo	

Mrs. Suman Bengani

Age	41
Qualification	HSC
Permanent Account Number [PAN]	AMFPS5285C
Passport Number	NA
Voter Id no.	
Driving License Number	NA
Bank Account Number	IOB-17392 Indian Overseas Bank, Radhakrishnan Salai Branch, Chennai -600004
Photo	

KEY MANAGERIAL PERSONNEL

Sr. no.	Name & Address	Designation	Qualification	Date of joining	Previous Employment	Experience	Functional Responsibility
1.	Sri.B.L.Bengani 251, Devdarshan Apartment, No. 1 Barnby Road, Kilpauk, Chennai – 600 010	Chairman Cum Managing Director	B.Com	4 th September 1996	Greenply Industries Ltd	21	Over all operation of the company, Dealing with overseas Client
2.	M.L. Promod Kumar No.97, Murari Kuteer 1 Main Bank Avenue, Babusapalya H.B Ring Road, Bangalore	Director Marketing	B.com, PGDBM	4 th September 1996	Greenply Industries Ltd.	15	Marketing
3.	Sri B.V.Rao 303, Rajendra Apartment,	Director Technical	B.Tech	1 st April 1998	J.K. Industries Ltd	15	Operation
4	Sri. Sunil kumar Bothra 501, Prince Towers, Block –A , 113 Puruswalkam High Road Chennai -	Director Procurement	B.Com	1 st April 2003	Sheron Plywood	16	Raw material procurement
5	Sri Ramesh Rajaria	Factory Manager	B.Sc (Hons.)	9.01.2004	Vidish Plywood Industries	40	Production
6	Shri Pratap Kumar Chakravarty	Company Secretary	B.Com, AICWA, ACS	9 TH April 2004	SBI Home Finance Ltd	21	Secretarial, Legal

Changes in Key Managerial Person in last three year

S.No	Name	Date of Appointment	Date of Cessation
1.	Mr. Sunil Kumar Bothra	01.07.2003	
2.	Pratap Kumar Chakravarty	09.03.2004	
3.	Mr. Navin Maheshwari		07.04.2004
4.	Mr. Rajesh Agrawal		29.01.2004

BOARD OF DIRECTORS

Name and Father's Name	Designation	Address	Occupation	Experi ence	Directorship in other company
B.L. Bengani S/o Shri K.C.Bengani	Chairman Cum Managing Director	No. 251, Devdarshan Appt., No. 1, Bernaby Road, Kilpauk, Chennai – 600010.	Service	22 yrs	Uniply International Limited
Sunil Kumar Bothra S/O Sri K.C.Bothra	Whole time Director	501, Prince Towers, Block – A, 113, Puruswalkam High Road, Chennai – 600 003.	Service	25 yrs	Uniply International Ltd.
B. V. Rao S/O Sri B.Subha Rao	Whole time Director	No. 303, Rajendra Apartments, Baraka Road, Kilpauk, Chennai – 600 010.	Service	40 yrs	Nil
N.Balanarayanan S/O Late Shri K.N.Nambiar	Non Executive Director	Mil Deep 19/483, Chalapuram, Calicut – 673 002.	Business	35 yrs	Nil
S. K. Jena S/O Shri Dinamani Jena	Non Executive Director	8A, Park View Street, R.A. Puram, Chennai – 600 028.	Chartered Accountant	15 yrs	Himalaya Granites Ltd
P.K. Sethia S/O Shri Joharimal Sethia	Non Executive Director	No. 33, B R B Basu Road, Kolkata – 700 001.	Chartered Accountant	15 yrs	Puspanjali Credit Resources Ltd. Hindusthan equity Fund Ltd. Sheelamata Commercials Ltd. PCRL Commercial Ltd. PCRL Agencies Pvt. Ltd. Everest Commercial Pvt. Ltd.

M.L. Pramod Kumar S/O Late Murarilal Gangal	Whole time Director	No. 97, “Murari Kuteer”, 1 Main Bank Avenue, Bubusapalaya, H.B. Ring Road, Bangalore – 560033.	Service	25 yrs	Nil
P.K.Bhatera S/O Shri B.C.Bhatera	Non executive Director	S-47, 20 th St. Annanagar West Chennai- 600 040	Business	30yrs	Paro Leasing & Finance Ltd. Bhatera Steels Pvt. Ltd.
Dinesh S Patel S/O Shri Shivgan K Patel	Non executive Director	329, Courtallam Road, Piranoor Border, Sehencottah	Business	10yrs	Patodar Wood Pvt. Ltd Shinago Exim Pvt. ltd

The above said persons have not entered into any service agreement with the company except Mr. B.L.Bengani, Mr. B.V.Rao, Mr. S.K.Bothra, Mr. M.L.Pramod Kumar who are Directors in the whole-time employment of the company. Neither the Company nor its Directors have been prohibited from accessing the capital markets under any order or directions passed by SEBI.

WHOLE TIME DIRECTORS

Mr. B.V.Rao

Mr. B.V.Rao aged 64 years, is an Electrical and Mechanical Engineer having experience of over four decades. Before joining the board of UIL, Mr. Rao was associated with the J K Group of companies responsible for handling expansion and diversification projects in India and overseas.

Mr. B.V. Rao was instrumental in establishing UIL’s state of the art manufacturing facilities. His personalized efforts in selection of site, identification of machineries, plant design, installation and erection has helped Uniply in increasing productivity and efficiency of its manufacturing unit. Currently, he is involved in the upgrading the manufacturing facilities in order to provide plywood and panel products of international standards.

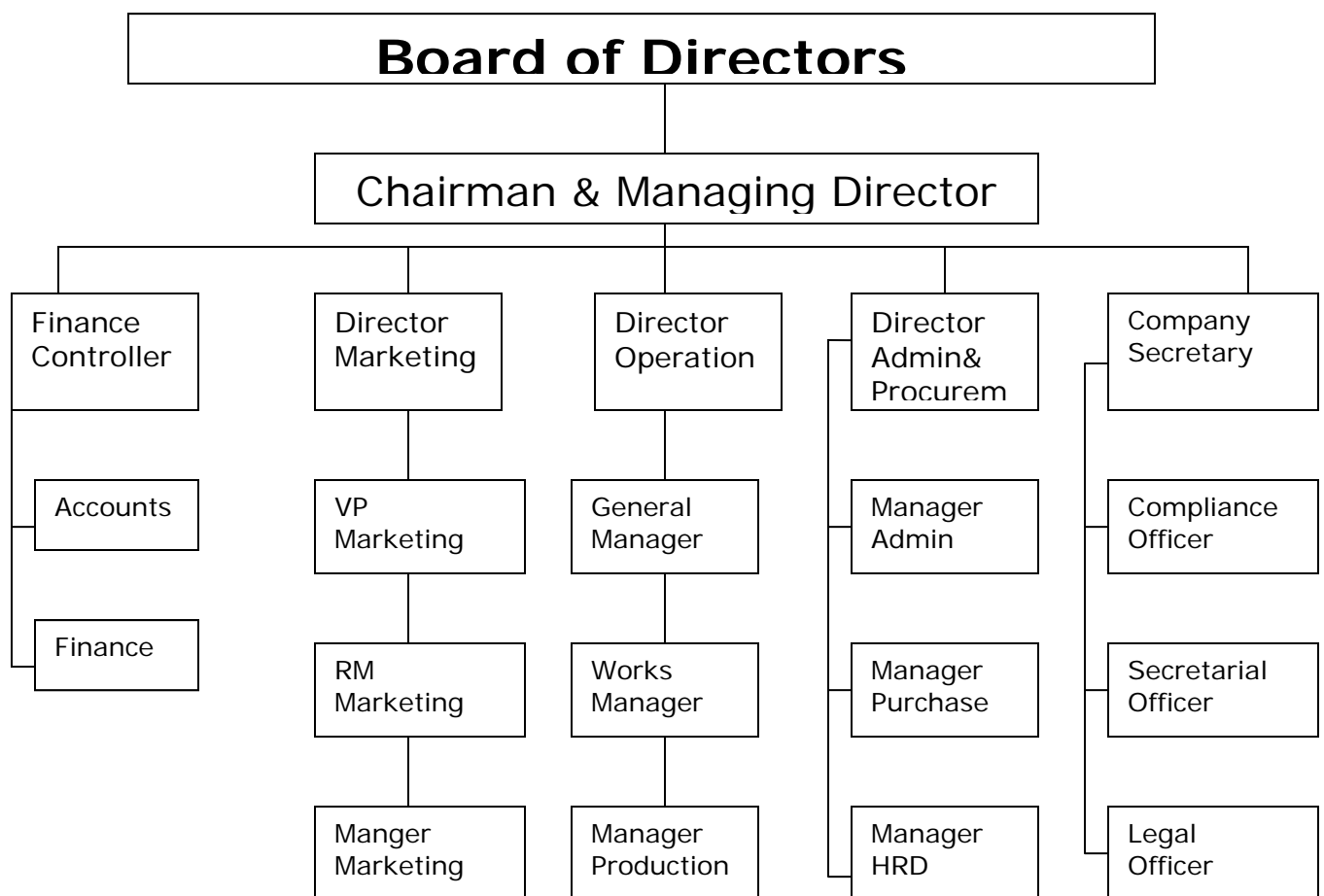
Mr. S.K Bothra

Mr. Sunil Kumar Bothra aged 47 years is a graduate in commerce with Honors from the University of Calcutta. In his 25 years of service, he gained wide knowledge in the various areas of plywood industry such as production, marketing and other activities. UIL has gained from his rich knowledge and experience. Currently he is responsible for procurement of basic raw materials, consumables and export marketing. Apart from this, he is also responsible for the day-to-day activities of the company.

Mr. M.L. Promod Kumar

Mr. M.L.Pramod Kumar aged 47 years, is a PGDBM graduate. He has experience of more than two decades in the Plywood Industry. He has played a vital role in increasing the market share of UIL’s products in the states of Karnataka, Kerala, Andhra Pradesh, Goa, and Maharashtra. His efforts have not only achieved high sales turnover for UIL but has also established the brand loyalty for the company’s products in these states. He mainly looks after sales.

Organization Structure



- Admin- Administration
- VP – Vice President
- RM- Regional Manager

VI-PRODUCTION

Once the round timber logs reach the factory from the ports they are dumped in the log ponds at room temperature. These log ponds contain water mixed with chemicals in order to safeguard the logs from termites. Depending on the product these logs are sending to the peeling machine or sent to the boiling pits to be boiled at 65 to 80 degrees centigrade in order to destroy the micro biological living organism. Once this process is done, these logs are sent for peeling to form a thin sheet which is known as veneer. This veneer or thin sheets of wood are assembled together across and along each other in layers with the help of adhesives, pressed under high temperature in a machine is called 'Plywood'. There are three types of veneers – viz. face veneers, core veneers and panel veneers. The face veneers form the top of the plywood on both sides that are parallel to each other. The core veneers are sandwiched between two face veneers. Normally core veneers are called cross core or glue core, where as the veneers parallel to the face veneer is called panel core or long core. The overall manufacturing activity is carried out in two broad divisions known as plywood division and block board division.

Process involved in making plywood

The plywood manufacturing process involves ten stages. They are

1. Peeling
2. Drying
3. Resin Preparation
4. Glue spreading
5. Assembling
6. Pre press or cold press
7. Hot press
8. Edge cutting
9. Sanding
10. Finishing

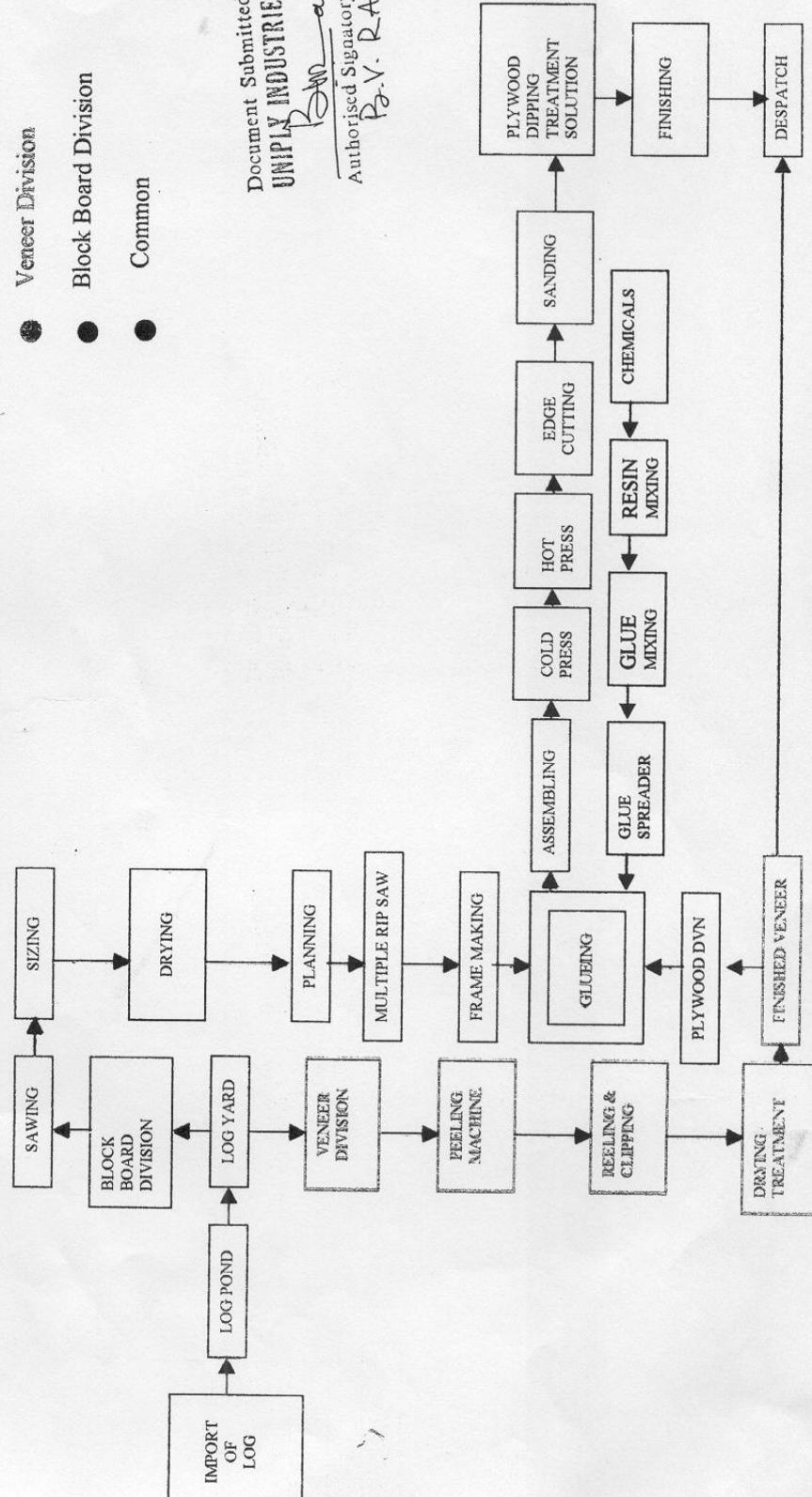
Flow Chart of the process

UNIPLY INDUSTRIES LIMITED PRODUCTION FLOW CHART

Date: 28.11.2001

ANNEXURE 3

- Resin & Glue Process
- Plywood Division
- Veneer Division
- Block Board Division
- Common



Document Submitted by:
UNIPLY INDUSTRIES LIMITED
P.V. Rao
 Authorised Signatory
P.V. Rao

Peeling

Once the round timber logs are ready for peeling they are cut into sizes and girth of the log in order to load them into the peeling machine. The cutting of logs as per the requisite size is decided considering the nature of log and type of veneer required from it. The veneers generated from this process whether face or core are taken in rolls and cut into sizes as per the requirement and stacked.

■ Drying

The stacked veneers from the peeling machine are passed through dryers. Temperature of the drier is maintained at a level such that the moisture content in these veneers is reduced to the required level. These veneers are stacked as finished veneers and are either ready for sale as such to other plywood manufacturers or are sent to the next stage for production of plywood.

■ Preparation of Resin

This is one of the important processes in the plywood industry. This is because the glue required for bonding the plywood or block board is to be prepared and tested in order to provide the required strength to the plywood. The glue of requisite quality is also very important in-order to avoid scope of delimitation or gaps within the finished plywood.

■ Glue Spreading

The glue prepared in the resin plant is passed through the spreader in order to glue the core veneer. This process needs due care since the excess consumption of glue would add to the cost and less consumption of glue may result in delimitation of veneers resulting in product of sub-standard quality.

■ Assembling

This process involves systematic assembling of face, core and panel veneers in order to produce the plywood of the required size and thickness. Similarly for the block boards this assembling process is done with the block board frames as the panel.

■ Pre-press/Cold press

The assembled veneers is then sent for the pre press or cold press. This process is necessary to identify the core gaps, thickness, uniformity in bondage and the like. This process helps in identifying defects in the plywood that may otherwise lead to production of below standard plywood.

■ Hot Press

The pre-pressed or cold-pressed material is subjected to inspection and once found fit in all respects it is sent for hot press. The unfinished plywood is pressed under temperature of around 100 to 200 degrees centigrade depending on the thickness and nature of the plywood. The hot-pressed semi-finished plywood is kept for 24 hours at room temperature for cooling off.

✦ **Edge Cutting**

After cooling the semi-finished plywood is sent for DD saw, where the plywood is cut and trimmed to dimensional accuracy.

✦ **Sanding**

The plywood from DD saw is polished either by belt sander or by wide belt sander to remove dirt, dust and roughness to give the product a smooth look.

✦ **Finishing**

The plywood so produced is checked and are graded as per the quality. Any defect identified is rectified. Requisite labeling as per the various laws is done and the plywood is then ready for dispatch.

Production process of Block board

Uniply has proposed to set up a plant for manufacture of block board as part of the expansion plan. The various stages required for the manufacture of block board are listed.

1. Seasoning
2. Planning
3. Multiple Ripsawing
4. Frame making

✦ **Seasoning**

Timber planks that are purchased from the market are loaded in the seasoning chamber. It is kept in the seasoning chamber for nearly 72 to 96 hours to make the planks free from moisture and to produce of better quality boards free from all defects. The seasoning time depends on the thickness and the moisture content in the planks.

✦ **Planning**

The seasoned planks are planed to the required thickness of the frame.

✦ **Multiple Ripsaw**

The planed planks are cut into battens as per the size required for the frame making.

✦ **Frame Making**

Here the block board frames are made out of the planks that have been cut into battens. The size and the thickness of the frame are based on the requirement of the consumer. These frames are then sent for assembling, cold pressed as well as hot pressed for production of block boards.

Raw materials and other Utilities

✦ **Raw materials and Chemicals**

The basic raw material for the production of plywood is Timber logs. In India, cutting of trees for the purpose of making plywood is banned. Hence the timber logs are imported from Malaysia, Myanmar, Burma and some African countries. These countries have abundant sources of timber logs for the purpose of exporting and hence the raw material for the plywood is easily available. In importing timber logs from other countries, UIL has been benefited from lower transportation cost since the company manufacturing unit is in close proximity to the Chennai port.

The second important raw material for manufacturing plywood and other allied products is glue that acts as bonding agent for the plywood and boards. This glue is prepared in-house by mixing Phenol, Formaldehyde and Urea. All these raw material are easily available in India and are procured from Hindustan Organic Chemicals, Cochin, Kerala.

■ Power

The company's manufacturing unit has been sanctioned the necessary power by Tamil Nadu Electricity Board. However the company proposes to generate the required power by installing four wind electricity generators of 225 Kw each aggregating to 900 Kw. The power generated would not only be sufficient to meet the power requirement of the company but this will also reduce the power cost substantially.

■ Water

Water is required in abundance in the process of manufacturing timber products. To meet this water requirement for the proposed expanded capacity UIL has proposed to dig three bore wells. The water level and soil at the site being favourable the company does not anticipate any problems in sourcing sufficient water through this process.

■ Labour

Since the process for manufacturing plywood is not very complicated the labour for the proposed increase in capacity would be easily available. These labourers are available from the nearby villages. Alternatively they are also available from the other parts of India. Few processes require semi skilled labour which is also available. Major part of the process in the manufacturing of plywood is done by unskilled labour. For the purpose of making glue, few skilled staff is required which is also easily available.

■ Pollution Control

Uniply has already obtained the requisite approval from the Pollution Control Board for existing plant. Uniply has already complied with all the norms set by Pollution

control board. No fresh approval is required for the proposed expansion in the capacity

Product profile of the Company:

Uniply Gold Club

Uniply Gold Club was launched in 2002-03. The special feature of this product is that it ensures lifetime strength. This would mean that this product is termite proof as well as Water proof and can sustain for a lifetime. This product can withstand any climatic condition.

Uni Marine Plywood

Uniply Marine is boiling water proof plywood which can withstand various climatic conditions. These materials are used for body building of ships and steamers. It is resistant to all wood destroying organisms. Conforms to IS: 303/1989.

Standard thicknesses available: 3 mm, 4 mm, 6 mm, 9 mm, 12 mm, 16 mm, 19mm and 25 mm.

Standard sizes available: 2.44 x 1.22m, 2.44 x 0.92m, 2.14 x 1.22m, 2.14 x 0.92m, 1.84 x 1.22m and 1.84 x 0.92m .

Uniply Boiling Water Proof (BWP) Plywood

Uniply BWP plywood is very durable plywood manufactured from veneers produced from hardwood logs and bonded with high quality phenol formaldehyde synthetic resin. Preservatives are added in the process in order to give this product a termite resistant as well as borer free quality. Its high density and compact construction make this product dimensionally stable and free from warping. Its surface texture makes it ideal for any surface finish with paint, polish and laminate. This plywood is used in partition & paneling, false ceiling, cavity flooring, kitchen cabinet, bus body building, railway coaches and such other uses.

Standard thicknesses: 3 mm, 4 mm, 6 mm, 9 mm, 12 mm, 16 mm, 19mm and 25 mm.

Standard sizes: 2.44x1.22, 2.44x0.92, 2.14x1.22, 2.14x0.92, 1.84x1.22 and 1.84x0.92

Uniwud Plywood

This product is manufactured and processed in Malaysia as per the specifications of UIL. This product though imported is sold in India as a Uniply's product with brand name UNIWUD. This product gives excellent finish due to its smooth and flat

surface. It can be used with confidence in doors, window frames, roof interiors, handrails, built-in ward robes, cupboards and for all interior and furniture works.

Uniply Decorative MR

Uniply Decorative MR is decorative plywood with one or both sides having decorative face veneers. This plywood is made with good quality aesthetically pleasing decorative face veneers on durable plywood base bonded with Melamine urea synthetic resin to give a moisture resistant bond.

Uniply Shuttering Plywood

Uniply shuttering is specialised plywood manufactured with 1.2 mm thick Keruing face veneers and tropical hardwood core veneers produced from imported logs bonded under heat pressure with un-extended phenol formaldehyde synthetic resin to give a boiling waterproof bond and further specialised permanent preservative treatment.

Uniply MR

Uniply MR Grade plywood is superior commercial plywood. This plywood is made from hardwood veneers bonded with Melamine urea formaldehyde synthetic resin unlike other UF bonded commercial plywood generally available. It thus has a much superior moisture resistance quality. Preservatives are added in the process in order to give this product termite resistance as well as borer free quality. Its high density and compact construction make this product dimensionally stable and free from warping. Uniply moisture resistant is suitable for interior wood and joinery applications.

This plywood is suitable for office interiors, hotel interiors, residential interiors, shops and commercial establishments and others.

Uni Veneer

Uni Veneer is manufactured by imported round timber logs. These are semi finished products being used by other plywood manufacturers having their plants in North India. Uniply being a port based unit have the advantage to import the timber at better prices to produce veneer and sell this to other plywood manufacturing unit. This product has great demand from small plywood manufacturers who are not able to import timber logs from other countries.

Capacity Utilization

Product	Installed capacity	Production		
		2004	2003	2002
Veneers	21600 CBM	1942247 NA	2632747 NA	2861430 NA
Plywood		2441972 NA	2235674 NA	1519055 NA
Capacity utilization		81%	90%	82%

Product	Present Capacity	Proposed capacity
Veneers & Plywood	21600 CBM	50000 CBM

VII DESCRIPTION OF THE INDUSTRY AND BUSINESS

Plywood Industry in India

Plywood industry over the years has developed a number of specialised products to replace wood for the construction industry, structural applications, interior decoration and furniture. In recent times, plywood has come to occupy an important place in interior decoration. It is used to make all kinds of fancy furniture as well as sleek partitions. When it comes to paneling works, there is hardly any material to replace the plywood. What's more, of late even doors are being made of plywood.

Alongside, the popularity of decorative laminates, popularly known as 'sun-mica' appears to be on the rise. These are pasted on top of materials like plywood, block board or medium density fiber board. They come in different eye-catching designs and add gloss to table-tops.

There are also decorative ply woods available in the market. These ply woods are generally wax-polished. Commercial plywood is either printed or laminated. The general category plywood is made using inferior grade urea formaldehyde synthetic resin. On the other hand, hardwood veneers and phenol formaldehyde go into the making of boiling water-proof (BWP) quality plywood. The BWP-type is useful in applications and places where extreme weather conditions prevail.

Plywood Industry is one of the oldest in the country. Its genesis dates back to the time the British introduced tea cultivation in the North-East and started manufacturing tea-chest plywood for use as packing cases. Plywood industry would never come in the reckoning of a high-tech industry, although it does require investment in heavy machinery and raw material. Its simple technology is one of the reasons for the entry of a large number of players and the growth of the so-called un-organized sector.

Over the years, the industry has developed a number of specialised products for the construction industry, structural applications, interior decoration and furniture. By its effective utilization of timber logs and resin and chemical technology, the industry could give large plywood panels to replace conventional timber without further processing and avoid wastage of timber.

The Indian tropical climatic conditions causing heat and humidity and also proliferation of termites and wood-borers, require a range of products that would withstand these conditions and also stay durable. The products should also last for indefinitely long periods to satisfy the Indian psyche which puts a premium on products which can last at-least a life time. This is in sharp contrast to the thinking in the developed world where people like to periodically change their furniture, interiors etc.

The range of products that plywood industry has made available would make an impressive list. The concrete shuttering plywood, marine plywood for boat/ship building, marine plywood to meet naval specifications, aircraft plywood, fire-retardant plywood, scarf-jointed plywood for pontoons, chequered plywood for flooring, boiling water-proof preservative

treated plywood, marine grade block-boards, flush doors all of which require use of boiling water proof grade resin like Phenol Formaldehyde (PF) and appropriate preservative treatment. In addition, the industry also offer ordinary Urea Formaldehyde (UF) bonded inferior grade commercial plywood and a range of decorative plywood.

Medium Density Fiberboard, (MDF) an improvement on particle boards with added physical properties and machine-ability could find more replacement areas in applications compared to particle board. However neither particle board nor MDF could provide a real answer to applications like concrete shuttering, ship building, glider construction, railway/bus body coaches etc.

Even in the comparatively simpler interior decoration jobs, only those few who were conversant / exposed to working with proper tools and hardware kit could adopt particle boards or MDF, while for majority of interior decoration work depended on general carpenters. The Indian psyche on durability also proved to be a blockade. Cosmetic changes in the technology like pre-finishing, pre-lamination, use of polyurethane films, surface coating technologies etc. improved the acceptability of particle boards and MDF.

Global Plywood Scenario

Timber is the most versatile construction material that offers supreme combination of aesthetic, structural and environmental qualities. The demand for timber and timber products across the world is tremendous. India’s share in the exports of the timber and timber products is negligible. As far as export is concerned India has a big way to go. As per the data released in the Capexil Trade News total world production of furniture is around USD 65 billion. For the long term viability of the modern business organisations marketing of goods beyond the domestic areas has become an important factor.

Overview of Global Furniture Trade

Present world production	Around USD 65 billion
Leading Producers	Italy and Germany closely followed by the USA, Japan, UK, France, Sweden, Canada and other Asian countries ear the Pacific. It is expected that China would become the second producer of furniture in the world.
Leading Importers	USA, Germany, Japan, UK, France, Canada, Mexico, Belgium, Netherlands, Austria, Honk Kong, Spain, Italy, Sweden, Norway, Denmark, Australia, Poland and Singapore.
Leading Exporters	Italy, Germany, China, Canada, USA, Mexico, Poland, France, Denmark, Belgium, Spain, Indonesia, UK, Malaysia, Austria, Sweden, Czech Republic, Thailand, Netherlands and Slovenia.

Source: Capexil Trade News 2002

Overview of Global Plywood Trade

Main Specifications	Grading MR: Moisture resistant plywood for interior use only WBP: Water boil proof plywood for exterior and specialised uses only																
Major Applications	Roof elements, Furniture, Coach Bodies, Prefab Construction, Flooring, Wall Paneling, Shuttering, Exterior Wall Cladding, Packing, Boat Building and others																
World Production	55.2 million cubic meter in 2002																
Major Producers	<table border="1"> <thead> <tr> <th>Countries</th> <th>% to World Production</th> </tr> </thead> <tbody> <tr> <td>USA</td> <td>28.00%</td> </tr> <tr> <td>Indonesia</td> <td>13.22%</td> </tr> <tr> <td>Malaysia</td> <td>7.82%</td> </tr> <tr> <td>China</td> <td>17.86%</td> </tr> <tr> <td>Japan</td> <td>5.00%</td> </tr> <tr> <td>Brazil</td> <td>4.50%</td> </tr> <tr> <td>Canada</td> <td>4.48%</td> </tr> </tbody> </table>	Countries	% to World Production	USA	28.00%	Indonesia	13.22%	Malaysia	7.82%	China	17.86%	Japan	5.00%	Brazil	4.50%	Canada	4.48%
Countries	% to World Production																
USA	28.00%																
Indonesia	13.22%																
Malaysia	7.82%																
China	17.86%																
Japan	5.00%																
Brazil	4.50%																
Canada	4.48%																
Major Consumers	Japan, China, USA, Germany, UK, France Italy, Korea and Taiwan																
World Import	Around 3.3 million cubic meter for a value of around USD 7.25 billion in 2002																
Major Importers	Japan, USA, Korea, China, Taiwan, Germany and UK																
World Export	Around 19.9 million cubic meter for a value of around USD 6.6 billion in 2002																
Major exporters	Indonesia, Malaysia, Finland, Russia Federation, Canada, Brazil, China and USA																
India's Export	Around USD 3.4 million. This accounts to just 0.5% of the world exports and 0.04% of the world imports in 2002 in terms of value																

Source: Capexil Trade News 2002

Overview of Global Veneers Trade

Applications	Sliced Veneer: It is used for beautifying a surface Peeled Veneer: It is mostly destined to manufacture panels for a wide range of applications.
Present World production	7.5 million cubic meter in 2002
India's Production	23000 cubic meter in 2002
Major Producers	Malaysia, Brazil, Italy, South Korea, Mexico, New Zealand, Germany, Coted, Ivoire, Ghana, Philippines, Canada, China, etc
Major Consumers	China, Philippines, Brazil, Korea, Taiwan, etc
World Import	In 2002 world import was to the extent of 23.3 million cubic meter for a value of around USD 2.63 billion
Major Importers	USA, Canada, China, Germany, Italy, France, Spain, South Korea, Austria, Malaysia, Belgium, UK, etc.
World Export	In 2002 world export was to the extent of 3.4 million cubic meter for a value of around USD 2.72 billion

Major Exporters	Malaysia, USA, Canada, China, Germany, France, Italy, etc
India's Export	In 2002 India exported to the extent of 1000 cubic meter for a value of around USD 2.2 million. This is about 0.08% of the world's exports and about 0.08% of world's imports in value terms.

Source: Capexil Trade News 2002

Marketing approach

Performance of Uniply

Uniply have marketing networks across the country. The dedicated marketing team in association with stockists, dealers and distributors continue to promote Uniply's products at Chennai, Bangalore, Hyderabad, Calicut, New Delhi, Mumbai and Kolkata. The company has successfully established its presence in almost all the parts of the country through its dealers and distributors.

The Veneer manufactured by Uniply with the brand name "UNIVENEER" is regularly consumed by other plywood manufacturers located in the states of Punjab, Haryana, Delhi, Chandigarh, Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Chattisgarh, Andhra Pradesh, Karnataka, Kerala and Goa. Uniply's product quality, specifications and prompt delivery schedule backed by a dedicated team of highly experienced executives, technicians and marketing force has assisted in commanding great reputation and confidence in the market.

At present Uniply possesses sufficient infrastructure with regards to branch networks. The branch networks are spread all over south India covering the states like Tamil Nadu, Karnataka, Kerala and Andhra Pradesh. These branch networks are supported by the local dealers and distributors of Uniply. The operation of each state is monitored by state heads. Uniply commands significant market share in the south India. Uniply now intends to spread its brand across the country. Uniply is confident of achieving its objective with the assistance of its well experienced marketing professionals.

Uniply's export performance...

In FY2002-03, Uniply had executed export orders worth Rs1344 lacs. In FY2003-04, Uniply has executed export orders worth Rs.1596 lacs. Uniply among a few Plywood and Panel manufacturing Company in India to get export order for Marine Plywood and WBP Plywood as per British Standard BS1088 and 6566 from U.K. After the proposed expansion Uniply has plans of increasing its exports base.

PRESENT INFRASTRUCTURE AND MARKETING NETWORK

The following are the details of offices, plants and other locations from which the company operates:

Registered office	#52, Harleys Road, Kilpauk, Chennai – 10
Manufacturing unit	69, Nelveli Village, Uthiramerur Taluka, Kanchipuram District. T.N.
Sales Network	
Maharashtra	17-22, Atlanta Manor, W.E. Highway, W.E. Highway, Malad (East), Mumbai – 400 097
Karnataka	21, Shanthi Nivas, Appajappa Agrahara, Chamrajpet, Bangalore – 18
West Bengal	133, B R B Basu Road, Kolkata
Kerala	9/484,Chalapuram, Calicut
Andhra Pradesh	207, Renuka Shakthi Apartments, Block A, King Kotti, Hyderabad
Delhi	a)KD 125 Vishaka, Enclave, Pitampura, New Delhi –110 034 B)No.4A, DCM Building16 Barakhamba Road Connaught Place New Delhi

STOCK MARKET DATA

Since this is the first Public Offering of the Company, the data relating to the Stock Markets is NIL.

VIII MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS:

Comparison of significant items of income and expenditure of Uniply for the past five years is as follows: (Rs. in lacs)

Year ended March 31	2000	2001	2002	2003	2004	30.09.04 6 Months
Income						
Sales & Service Income	2506.17	2780.25	3448.07	4538.30	5198.30	3252.35
Other Income	9.62	6.20	36.98	94.40	35.40	8.06
Increase (Decrease) in Inventories		147.58	15.94	154.37	28.78	110.64
Total	2515.79	2934.03	3500.99	4787.07	5262.48	3371.05
Expenditure						
Raw materials consumed	2277.97	2626.06	2662.81	4183.59	4544.04	2898.06
Staff Costs	20.78	24.52	29.77	34.26	61.34	34.53
Other Manufacturing expenses		23.93	308.93	162.64	142.18	89.56
Administrative & Selling Expenses	97.42	112.83	234.36	136.84	171.50	142.70
Interest	48.99	65.01	139.34	122.02	119.27	56.94
Non Cash Expenses	7.54	2.47	41.65	45.31	51.76	27.80
Total	2452.7	2854.82	3416.86	4684.66	5090.09	3249.59
Net Profit before tax & Extra ordinary item	63.09	79.21	84.13	102.41	172.39	121.46
Taxation including deferred tax	24.50	6.85	6.50	39.86	60.50	44.50
Net Profit before Extra Ordinary item	38.59	72.36	77.63	62.55	111.89	76.96
Extra Ordinary item	NIL	NIL	NIL	NIL	NIL	NIL
Net Profit/(Loss)	38.59	72.36	77.63	62.55	111.89	76.96

Note: The Figures given above has been reclassified, rearranged and recasted wherever considered necessary to reflect the operation of the company on the basis of a uniform practice.

◆ Unusual or infrequent events or transactions

There have been no unusual or infrequent events or transactions.

◆ Significant economic changes

The plywood Industry in India has been witnessing rapid growth emerging as a substitute for expensive Steel, Timber, Sawn Wood and other expensive material for the construction industry. Plywoods, Block Boards , flush doors etc are products now being

used extensively in all kinds of construction activities including housing and commercial buildings, ship-building, railways and transportation sector in general. Due to improved growth in economy, construction activities have been increasing in general and creation various infrastructure and increasing demand for commercial space modern offices, hotel and hospitality sector information and technology sector etc, have been on the rise the requirement of timber based and allied products has been increasing continuously.

◆ **Known trends or uncertainties**

There have not been any discernible known negative trends or uncertainties which could adversely impact the income or revenue from continuing operations. Uncertainties would be relating to exchange rate fluctuations, policy issues such as environmental issues, felling of trees, logging etc. Environmental concerns have been increasing of late and any change in policies regarding tree felling or export of timber by the timber exporting countries such as Malaysia, Myanmar, African and South American countries could totally upset the plywood industry in India which depends on imported timber for all its requirements.

◆ **Future relationship between costs and revenues**

The Company is an existing company and its costs and revenues are linked to the quality of its products. There are no major changes expected in costs and revenues in near future.

◆ **New Products**

The company has not introduced any new product during the past one year and has no plans to introduce any new product during the coming 12 months.

◆ **Seasonality of business**

The business in which company is engaged is not seasonal.

◆ **Dependence on single or few suppliers/customers**

The company uses timber logs, phenol, formaldehyde, urea as raw material for producing plywood. Timber logs are imported from different sources abroad and the company is not dependent on one supplier. Phenol, formaldehyde, urea etc are easily available materials and there is no dependence on a single supplier. The company has a good network of dealers all over India and the products are sold to a large number of customers throughout the country. As such the company is not dependent on a few customers for selling its products.

◆ **Competitive Conditions**

Continuous thrust by the Government for the housing sector, increasing demand for commercial space and growth in construction activity will lead to demand led growth for the Plywood Industry. Phenol and Formaldehyde are the major raw materials for Plywood and are available in the domestic market at prices comparative lower than the overseas market. Prices of these products in overseas markets are higher because of environmental factors. The branded plywood manufacturers in India face fierce competition from the unorganized sector.

◆ **Material developments after the date of the last balance sheet**

There are no material developments after the date of last audited balance sheet which will have any adverse impact on the company.

◆ **Adverse events**

There are no adverse events affecting the operations of the Company occurring within one year prior to the date of filing of the Prospectus with the Regional Stock Exchange.

Total turnover of the industry

The total production of plywood industry amounts to approx Rs.4000 crores. There is no authenticated source as bulk of the Industry is in the unorganized sector.

Significant developments after 30th September 2004 that may affect our future results of operations

Except as specifically stated elsewhere in this prospectus, to our knowledge, no circumstances have arisen or developments have taken place since the date of the last audited financial statement disclosed in this prospectus which materially and adversely affect or are likely to affect the trading or profitability of our company or the value of our assets or our ability to pay material liabilities within the next twelve months.

Quantitative and qualitative Disclosures about market risk

Our exposure to market risk is a function of our production and selling activities. We are exposed to market risk from both changes in foreign exchange rates and interest rates.

Exchange Rate Risk:

Appreciation or depreciation of the Indian rupee relative to the currency of our payables and receivables can increase or decrease. All our revenues are denominated in local currency and we do not have any exchange rate risk on the same. Bulk of the round timber logs consumed is imported and a part of our products are exported. There are also travel expenses in foreign currencies. The break up of foreign exchange receipts and payments as at 31 March 2004 is given below:

(Rupees in lakhs)

Receipts:

Export of Goods (FOB Value): Rs. 1596.76

Other Nil

Total Receipts **Rs. 1596.76**

Payments:

Raw material & Trading Goods purchases
(CIF Value) Rs. 2879.64

Travel Expenses Rs. 2.00

Interest on import purchases Rs. 11.00

Total Payments **Rs. 2892.64**

Interest Rate Risk

Our interest rate risk could result from changes in interest rates, which would impact financial expenses and thereby profitability. We bear interest rate risk on the secured and unsecured loans which amounted to Rs. 1047.89 lakhs as on 31 March 2004. Of this secured loan amounting to Rs.263.81 lakhs is interest free. Though all other loans are fixed interest rate bearing, the same is subject to review by us and the lenders. Any general rise in interest rates would prompt our lenders to increase the rates of interest on the loans.

Effect of inflation

We set the prices of our products taking into account various factors including cost of inputs which in turn are influenced by inflation. With inflation rate in India under control and not subject to wide fluctuations, inflation has not had any significant impact on the results of operation of our company.

FINANCIAL INFORMATION OF GROUP COMPANIES

The information for the last 3 years based on the audited statements in respect of all the companies, firms, ventures, etc. promoted by the promoters irrespective of whether these are covered under section 370 (1)(B) of the Companies Act, 1956 or are given in the Offer document under the head “Other Group Companies/Ventures of Promoters”.

Scorpio Laminates Private Ltd

Date of Incorporation - 19th June 1995

Registration No. 18-31899

Nature of Activities: Plywood Trading

Particulars	2003-04	2002-03	2001-02
Equity Capital	1.59	1.59	1.59
Reserves	20.50	18.03	17.72
Sales	242.83	104.75	283.94
PBDIT	4.27	13.40	9.07
Depreciation	0.93	2.40	-
Interest	0.10	10.12	5.59
PBT	3.24	0.88	3.48
Provision for taxation	0.85	0.42	0.90
Deferred taxation	(0.10)	(0.09)	-
Profit After Tax	2.49	0.55	2.58
Earnings per share	20.38	3.46	16.23
Net Asset Value	138.93	123.4	121.45

Uniply Veneers Pvt.Ltd.

Date of Incorporation: 17th December, 1997

Particulars	2003-04	2002-03	2001-02
Equity Capital	1.00	1.00	0.02
Reserves	-	-	-
Sales	-	-	-
PBDIT	(0.12)	(0.18)	(0.02)
Depreciation	-	-	-
PBIT	(0.12)	(0.18)	(0.12)
Provision for Tax	-	-	-
Deferred taxation	-	-	-
Profit After Tax	(0.12)	(0.18)	(0.12)
Earnings per share	Nil	Nil	nil
Net Asset Value	6.12	7.3	Nil

Uniply International Ltd

Date of Incorporation 16th June, 2003

Nature of Activities: Plywood trading

Particulars	2003-04
Equity Capital	5.1 Lacs
Reserves	
Sales	
Profit After Tax	(1.2)
Earnings per share	-
Net Asset Value (Rs)	

Jain Associate (A Partnership Firm)

Date of Incorporation: 2nd July, 1997

Nature of Activities: Plywood trading & Rental Business

Particulars	2003-04	2002-03	2001-02
Partner Capital	8.16	8.16	8.55
Rent income	1.14	1.14	1.14
Expenses	1.28	1.39	1.52
Loss	0.14	0.25	0.28

14. PARTICULARS REGARDING COMPANIES UNDER THE SAME MANAGEMENT AND PREVIOUS PUBLIC ISSUES

PARTICULARS IN REGARD TO THE COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1) (B) OF THE COMPANIES ACT, 1956, WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

There are no listed companies under the same management within the meaning of section 370 (1) (B) of the Companies Act, 1956, which made any capital issue during the last three years.

PROMISE VIS-À-VIS PERFORMANCE

Uniply has not made any public issue of shares since its incorporation. There is no group company, which has made any public issues.

LISTED VENTURES OF PROMOTERS – PROMISE VIS-À-VIS PERFORMANCE

There are no listed ventures of Promoters.

List of company from which the promoter has disassociated in last three and reason there

S.No.	Name of company	Date of Incorruption	Date of dissociation	Reason of Disassociation
1	Scorpio Laminates Private Limited	19th June 1995	28 th September 2004	Mr. Bengani wants to concentrate on Uniply Industries Ltd only. So he has disassociated for the same.
2	Uniply Veneers Private Limited	17 th December 1997	15 th November 2004	Mr. Bengani wants to concentrate on Uniply Industries Ltd only. So he has disassociated for the same.

DETAILS OF GUARANTEES

The issuer company has given a guarantee to Indian Overseas Bank, Dr.Radahkrishnan Salai Branch, Rs. 2,00,00,000/- vide its resolution dated. 24.09.04 for availing the credit limit by Uniply Venees Pvt. Ltd. Apart from that the company has given counter guarantees to Indian Overseas Bank, Dr.Radahkrishnan Salai Branch for issuing / availing following guarantees.

INTEREST OF DIRECTORS AND PROMOTERS

Directors may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Directors may also be deemed to be interested to the extent of –

- A. The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/Member respectively.
- B. The shares, if any, out of the present Offer that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors/Members of to firms in which they are partners.
- C. The salary incase of Sri.B.L.Bengani, Mr. B.V.Rao, Mr. S.K.Bothra, Mr. M.L.Pramod Kumar

IX BASIS FOR ISSUE PRICE

Qualitative Factors:

1. Uniply Industries Limited is a profit making Company since inception.
2. Company's Promoter and Directors are professionals from the Plywood Industry
3. The company has a committed professional management team.
4. The company is ISO:9000-2000 certified company by D.N.V
5. The company is having ISI certification for its product.

Quantitative Factors:

1. Adjusted Earnings Per Share

Particulars	EPS (Rs)	Weight
a) 2001-02	2.60	1
b) 2002-03	1.32	2
c) 2003-04*	2.37	3
d)2004-05**	2.06	4
Weighted Average EPS	2.06	10

*EPS on equity shares of face value of Rs.5/- and converted to equity shares of Rs.10

** annualized

EPS is calculated on weighted equity capital

2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs.24 per share

a) Based on 2004-2005 EPS	11.65
b) Based on weighted average EPS	11.66
c) Plywood (wood based decorative) Industry P/E *	
i) Highest	20.71
ii) Lowest	3.8
iii) Average	13.31

*Source: Capitaline 2000 plus

3. Return on Net Worth

Particulars	RONW (Rs)	Weight
a) 2001-02	11.49	1
b) 2002-03	15.48	2
c) 2003-04	15.18	3
d)2004-05	13.27	4
Weighted Average	14.11	10

4. Minimum Return on Total Net Worth needed after the Issue to maintain 2004-05 EPS is 11.44% and to maintain weighted average EPS is 11.43

5. Net Asset Value

(Amount in Rs.)

Particulars	NAV	Weight
a) 2001-02	21.17	1
b) 2002-03	16.73	2
c) 2003-04*	18.15	3
d)2004-05	12.85	4
Average	16.05	10

The issue price to book value 1.86 on the basis of NAV of 2004-05.

Comparison of the accounting ratios of the Issuer Company as mentioned above with the Industry Average and with the Accounting Ratio of the Peer Group (i.e. company of the comparable size in the same industry for the period ending 31.03.2004 as follows:

Particulars	Issuer Company	Peer Group*				Industry
		CPL	GIL	KIL	IGL	
	Uniply Industries Limited**					
Face Value per share	Rs. 10/-	10/-	10/-	10/-	10/-	Wood based Decorative
E P S	Rs. 2.06***	6.8	5.5	0	5.7	
P E Ratio	11.44	11.5	7.9	0	20.42	
Return on Net worth (%)	13.27	26.1	14.07	31.75	0	
Book Value	12.85	37.20	41.90	14.17	20.78	
Price to book value	1.86	0.88	0.34	0.27	3.66	
Equity subscribed		10.38	8.21	34.86	15.00	
Market capitalization		81.89	35.42	28.06	174.45	

* Source: Capital line

** as on September 2004

*** annualized

- CPL=Century Ply boards (I) Ltd.
- GIL=Greenply Industries Ltd.
- KIL=Kitply Industries Ltd.
- IGL=India Gypsum Ltd.

Based on above quantitative and qualitative factors, the lead manager believes that the issue price of Rs.24 is justifiable. The investor may also persue the risk factors and the financial of the company including important profitability and return ration as set out in auditor report in the prospectus to have informed view about investment proposition.

X OUTSTANDING LITIGATIONS OR DEFAULTS

There are no pending litigations in which the Promoters are involved. There are no pending litigations in which the Company is involved except following

S.No.	Location	Case No.	Pending Before	Complaint	Counsel	Fact in issue	Present status
1	Chennai	MCOP 4895& 4896/01	Motor accident Claims Court	Satish Kumar Vijaylakshmi Vs. UIL	Babu Associate	Accident case Claim Ompensati on on insurance	Claim for Compensation of 1 lac is ordered
2	Poonamalle	MCOP 1/03& 464/02	Motor accident Claims Court Sub Judge Poona mallee	Panneerselva & Sumathy Vs. UIL	Babu Associate & Umavathi	Accident case Claim Ompensati on on insurance	Decreed in favour of the company .Appeal Pending before the High court.
3	Chennai	IP 108/04	Madras High Court	UIL Vs. Aadilakshmi Glass works	Babu Associate	To declare insolvency Money recovery Rs. 189572	Case posted for recording evidence of Uniply
4	Chennai	WP 29485/03	Madras High Court	UIL Vs Corporation of Chennai	Babu Associate	For quashing enhanced timber tax	Matter tagged along with a batch of petitions.

- There are no overdue, defaults to the Financial Institutions/Banks, Re-schedulement of Loans to Banks / FIs by the Company except those mentioned elsewhere in this Draft Prospectus. There are no pending offences of non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposit holders and arrears of cumulative preference shares by the promoters of the Company and by the Companies /firms promoted by the promoters.
- There are no cases of litigations pending against the Company except mentioned above or against any other company whose outcome could have a materially adverse effect on the position of the Company.
- There are no pending litigations against the Promoters / Directors in their personal capacities and also involving violation of statutory regulations or criminal offences.
- There are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and Firms promoted by the promoters.

- There are no outstanding litigations, disputes pertaining to the matters likely to affect the operations and Financials of the Company including disputed tax liability, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.
- There are no litigations outstanding against the Promoters/Directors in their personal capacity. The Company, its promoters and other Companies with which promoters are associated have neither been suspended by SEBI nor has any disciplinary action been taken by SEBI. There are no prosecution launched by Income Tax Authorities and no liability compounded by the Promoters/Company/Companies/Ventures with which the Promoters are associated is subsisting.
- There are no cases of pending litigation/defaults in respect of the firms/Companies with which the Promoters are associated in the past but are no longer associated.

RISK FACTORS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial and or other implications of any of the risks described in this section.

INTERNAL RISK FACTORS

A) RISK SPECIFIC TO THE PROJECT

i) The Issuer Company is yet to place any orders for the proposed expansion project

We have already taken necessary quotations and the suppliers have indicated that once the orders are placed, supply can be affected without delay. We do not foresee any problems in obtaining all the necessary equipment and implementing the project as per our schedule.

ii) The deployment of funds in the proposed expansion project is entirely at the discretion of the Company and is not subject to monitoring by any independent agency.

The company will ensure judicious deployment of the collected funds depending upon requirements at predetermined intervals

iii) The Company has not taken any steps for recruiting the required manpower for the proposed expansion project.

The company has requisite manpower for running its existing operations. However for the proposed expansion project the necessary recruitment will be done in due course of time

iv) There is cost overrun in windmill project

As per the appraisal report of the BOB Capital Markets Ltd the wind mill project cost is 360 Lacs with a contingency of 5% i.e. Rs. 18 lacs. But as per the latest quotation of NEPC dated December 30.9.04 the total cost is now Rs.408 lacs. Therefore there is cost overrun of Rs.30 lacs. The company will meet the cost overrun of the project through internal accruals

v) The whole project is being financed by the proceeds of IPO.

Since the company debt to equity ration is already about 2:1 and is expected and is expected to go up for the exiting operation. Therefore increasing debt liabilities is not considered prudent for the finalizing the proposed expansion .therefore the Board of Director have decided to go for raising equity through public issue .

B)Risk specific to the company:

i) Company promoted by first generation entrepreneurs:

The main Promoter Mr. B.L. Bengani has over 2 decades of experience in sales and marketing of plywood and has in depth knowledge of about the manufacturing process of plywood and allied products. Over the years, he has also brought in professionals to address key areas of operations.

ii) The Company's future success depends to a significant extent on key technical and Managerial personnel.

The manufacturing of plywood involves knowledge and experience in the areas mainly identification and selection of suitable logs and its peeling process. The technology requirement of industry is very low. But at the same time the future success will depend to a large degree upon the existing top management. The loss of one or more members of the Company's present senior management team could affect the business temporarily and thereby the financial condition and results of operations. We are also confident that the company will be able to retain the existing personnel as also attract additional number of personnel as and when required.

iii) The Company sources bulk of its raw material (timber) requirements from overseas suppliers. Failure of external suppliers to adhere to delivery schedules or specified quality standards or technical specifications can hamper the production schedule, demand for its products and thereby the overall business of the company.

Over the past few years the company has been able to locate, inspect and source the required quantity of timber according to the quality standards set by the company through our own personnel as well as through agents. We do not anticipate any problems in adhering to

delivery schedules or qualitative requirements except in extraordinary circumstances such as war, natural calamities or such other event beyond our control.

iv) Timber not being a renewable commodity the overseas suppliers could increase the price of the material unilaterally. In such a case the Company may not be able to pass on increase in the cost of raw materials to its customers. An increase in input costs could adversely affect the company's Profit margins.

The increase in prices of major raw materials is likely to impact all the manufacturers in the plywood industry. While the Company attempts to monitor the market to cover its purchases in case of an anticipated price increase, the company remains susceptible to the above risk.

v) Risk relating to under utilization of existing capacity- the issuer company is presently operating at 80% of its installed capacity and as such expansion of capacity may not at all be necessary.

Capacity utilization of UIL upto 80% of installed capacity is one of the best in the industry. There is an estimated down time of about 20% for the machinery for maintenance purposes and as such increase in the utilization of existing capacity is not feasible for increasing production.

vi). Risks relating to substantial part of net assets of the company is represented by financial assets including sundry debtors and cash. High sundry debtors indicate inefficiency in the management of receivables and high cash balances indicate inefficient deployment of the surplus funds.

Plywood business is predominantly a credit business where the dealers are supplied material on credit. The trade debtors increase in proportion to the increase in the turnover. However the recovery process is quite efficient as the longest overdue amount is Rs.86 lakhs (8% of the total sundry debtors) outstanding for more than six months. The ageing analysis of sundry debtors is given below:

S.No	Period for which outstanding	Amount (Rs.)	Percentage
1.	Sundry debtors Less than 3 Months	80,574,906.64	76.16
2.	Sundry debtors 3-6 months	16,641,965.74	15.73
3.	Sundry debtors more than 6 Months	8,577,962.01	8.10
	Total	105,794,834.39	100

The company imports material for which company opens LC against which company has to deposit 25% as margin money with banks. this margin amount is main reason for high sundry debtors. However the company shall make arrangements to deploy the surplus cash funds immediately.

vii). Risk Related to Trade Marks: None of the brand names such as UNIPLY, UNIBOARD, UNIDOOR, UNIDECOR, UNIWUD, UNIPLY GOLDCLUB etc. being used by the company are registered trade marks.

The company is using the brand UNIPLY since its inception. The company has applied for registration of Trademark “UNIPLY” in the year 1996. The brand name “Uniply” was used by other two companies. One of them have assigned their rights to the company since 1994 where as the another user have assigned the trade mark in the favour of the company since 1988. The company is awaiting the registration certificates for its brands from Registrar of Trade Mark.

viii). Risks related to alleged evasion of excise duty and surprise verification of records by Directorate General of Central Excise Intelligence, Ministry of Finance & Company Affairs (Department of Revenue) Chennai. The liability on account of duty and penalty if any payable cannot be ascertained.

The Directorate General of Central Excise Intelligence, Ministry of Finance & Company Affairs (Department of Revenue) Chennai conducted a surprise verification of the records of the company at its Registered Office and Factory premises as also the premises of few dealers on 14th September 2004.

So far no notice or intimation regarding excise duty or penalty payable by the company has been received from the Directorate General of Central Excise Intelligence. However the company has paid an adhoc amount of Rs. 15 lakhs during the course of the searches. The amount paid by the company can be transferred and adjusted against the regular excise duty liabilities in case the investigation which is still in progress reveals no discrepancies.

ix). Risks related to transactions with Scorpio Laminates Pvt Ltd a company promoted by the promoters of the issuer company Uniply Industries Ltd in violation of provisions of Section 297 of the Companies Act 1956.

The company has been carrying on trading transactions continuously with Scorpio Laminates Pvt Ltd (earlier Uniply Laminates Pvt Ltd.). These were transactions to which *proviso* to Section 297 (1) was applicable as the paid up capital of the company exceeded Rs. One crore and therefore prior approval from Central Government (Department of Company Affairs) was required to be obtained. However except for a period of one year i.e. from 13th May 2003 to 12th May 2004 the company had not obtained any approval for these transactions. The value of transactions between Uniply Industries Ltd and Scorpio Laminates Pvt. Ltd. during 01st April 2004 to 30th September 2004 was as follows:

Plywood purchases from Scorpio Laminates Pvt. Ltd.	Rs. 6,00,992.00
Plywood sales to Scorpio Laminates Pvt. Ltd	Rs. 14,99,734.00

The transaction with M/s Scorpio Laminates forms part of trading activity of company. The price and sales consideration are as prevailing in the market at of transaction. However the company has taken necessary approvals from department of company affairs upto 12th may 2004. Further the company has been disassociated w.e.f. 28th September 2004 subsequent to which approval is not required.

x). Risk related to providing guarantee to Uniply Veneers Pvt. Ltd. a company under the same management

The company has provided a corporate guarantee of Rs. 200 lakhs to Indian Overseas Bank on behalf of Uniply Veneers Pvt. Ltd. a company under the same management on the date of passing the resolution

xi). Risks relating to promotion of other ventures to carry on the same kind of business as that of UIL (issuer company) and conflict of interest.

The Promoters Mr.B.L.Bengani and Mrs. Suman Bengani had promoted Uniply Laminates Private Ltd. on 19th June 1995 (name changed to Scorpio Laminates Pvt. Ltd. on December 01, 2003). The shareholding of the promoters in Scorpio Laminates [P] Ltd has since been sold on 28th September 2004. Similarly the promoters have also promoted Uniply Veneers Pvt. Ltd. Uniply Veneers Pvt. Ltd on 17th December 1997. The shareholding of the promoters in Uniply Veneers Pvt. Ltd has since been sold on 15th November 2004. And as such both the companies are no more the company under the same management within the meaning of Section 370 of the Companies Act 1956.

C) Risk relating to the pending litigation:

The following litigations initiated against and by the company are pending in different courts

S.No.	Location	Case No.	Pending Before	Complaint	Counsel	Fact in issue	Present status
1	Chennai	MCOP 4895& 4896/01	Motor accident Claims Court	Satish Kumar Vijaylakshmi Vs. UIL	Babu Associate	Accident case Claim Ompensation on insurance	Claim for Compensation of 1 lac is ordered
2	Poonamalle	MCOP 1/03& 464/02	Motor accident Claims Court Sub Judge Poona mallee	Panneerselva & Sumathy Vs. UIL	Babu Associate & Umavathi	Accident case Claim Ompensation on insurance	Decreed in favour of the company .Appeal Pending before the High court.
3	Chennai	IP 108/04	Madras High Court	UIL Vs. Aadilakshmi Glass works	Babu Associate	To declare insolvency Money recovery Rs. 189572	Case posted for recording evidence of Uniply

4	Chennai	WP 29485/0 3	Madras High Court	UIL Corporation of Chennai	Vs	Babu Associate	For quashing enhanced timber tax	Matter tagged along with a batch of petitions.
---	---------	--------------------	-------------------	----------------------------	----	----------------	----------------------------------	--

The results of these cases could affect the company.

D) Risk relating to contingent liability:

There is contingent liability of Rs. 1,63,508/- being Disallowance of credit notes and Non submission of C form. The case is pending before the appellate Assistant commissioner of commercial taxes.

EXTERNAL RISK FACTORS

i). The Company operates in a scenario where a large number of competitors are from the unorganized sector.

The company always believed that any quality product which gives value for money for the consumers will always have an edge over cheaper substitutes in the long run. Plywood is a product which the majority of Indian consumers consider as something which should last for a long period of time and the company’s philosophy is to always strive to meet this as a challenge. We also aim to keep abreast with the changing business scenario and broad based its product mix to be competitive in the market. The company has also set up R&D facilities aimed at cost reduction and ensures strict quality standards.

ii). The performance of the Company may be affected by a number of factors beyond its control including political and economic developments both in India and Worldwide. In addition, these conditions may have an adverse impact on the financial markets in India and may cause the market price of company’s equity shares on stock exchange to decline.

Although the above risk factor is generic in nature, we are aware and would address the same through appropriate risk management strategies as and when such eventuality should arise.

iii). Timber being a non-renewable commodity and tree-felling is a sensitive environmental issue, policy changes in the exporting countries regarding felling of trees could thwart the entire business of the company.

The company is sourcing its timber requirements from Malaysia and Myanmar, the company has also identified suppliers of suitable logs from the countries like Papua New Guiana, Brazil, George Town Guiana and many other western African countries. Further the export of timber and wood products are main source of income for those countries and the system of replant ion and development of forests are maintained, due to locational, geographical and climatic condition of these countries We do not foresee any problems in sourcing the required quantity of timber from these countries.

iv). Change in policies of Government of India relating to Import-Export/Customs duty and change in relevant taxes, legal and administrative regime, accounting practices etc could adversely affect Company's financial performance.

Such changes could affect the industry in general. With timber logging not permitted in the country plywood is an important alternative to wood for the construction industry. In a country like India a burgeoning number of people need to find shelter and therefore housing will continue to be an important focus area in Government policies. As such we do not foresee any major policy shift which could adversely affect the growth and profitability of the industry in general.

v). Volatility in the foreign exchange rate could adversely affect the cost of the company's imports (on account of rupee depreciation) and competitiveness of exports (on account of rupee appreciation). Hence, the company carries a potential foreign exchange risk.

Depending on its perception and expectation of the movements in the foreign exchange market, the company may enter into forward contracts or swaps to reduce the exchange risks. However, the company's operating and financial earnings continue to carry risk due to currency fluctuations.

vi). Risks relating to wide fluctuations in the demand for its products as pattern of consumer demand could fluctuate.

The company is into plywood and veneer business since last seven years and has an established client base. We have not seen any wide fluctuations in the demand for our products so far and the sales have been constantly rising. The promoters of the company are experienced enough to visualize and adapt to the changing consumer tastes and demands.

vii) Related Party Transactions

The Company has entered into the following related party transactions. Such parties and transactions have been identified as per Accounting Standard 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

List of related parties and relationships, where control exists:

Related Party and relation

Year.	Relationship		
	2003-04	2002 – 2003	2001 – 2002
Associate	1.Scorpio Laminates (P) Ltd. 2.Uniply Veneers (P) Ltd 3. Jain Associates	1.Scorpio Laminates (P) Ltd. 2.Uniply Veneers (P) Ltd 3. Jain Associates	1.Scorpio Laminates (P) Ltd. 2.Uniply Veneers (P) Ltd 3. Jain Associates
Relatives	c) Mr. B.L. Bengani d) Suman Bengani (Wife) c) K.C. Bengani(Father)	d) Mr. B.L. Bengani e) Suman Bengani(Wife)	d) Mr. B.L. Bengani e) Suman Bengani(Wife)

		f) K.C.Bengani(Father)	f) K.C.Bengani(Father)
Key Management Personnel	d) Mr. B.V. Rao e) Mr. Sunil Kumar Bothra f) Mr. M.L. Pramod Kumar	d) Mr. B.V. Rao e) Mr. Sunil Kumar Bothra f) Mr. M.L.Pramod Kumar	d) Mr. B.V. Rao e) Mr. Sunil Kumar Bothra f) Mr. M. L. Pramod Kumar

B) Transactions with related parties

(Rs. in lacs)

Party	Relationship	Nature of payment Made	31.03.02	31.03.03	31.03.04	30.09.04
B.L.Bengani	CMD	Remuneration	8.62	12.00	24.00	12.00
B.V.Rao	WTD	Remuneration	1.00	1.00	1.00	0.75
M.L.Parmod Kumar	WTD	Remuneration	1.92	1.92	1.92	0.96
Sunil Kumar Bothra	WTD	Remuneration			2.40	1.20
B.L.Bengani	CMD	Rent	2.10	1.40		
K.C.Bengani	Relative	Salary			1.68	
Jain associate	Associate company	Rent	1.14	1.14	1.14	0.57
Scorpio laminate	Associate company	Purchase of good	179.57	29.18	109.48	6.01
		Sale of goods	123.80	3.09	91.72	14.99
Outstanding as on year			Nil	Nil	Nil	
Amount written back			Nil	Nil	Nil	
Amount written off			Nil	Nil	Nil	
Uniply veeners	Associate company	Guarantee				200 lacs

NOTES TO RISK FACTORS:

- The Net worth of the Company before the issue is Rs. 9.54 Cr as at 30th September 2004 and the size of the issue is Rs. 12.00 Cr.
- The Cost per share to the Promoters (*excluding bonus shares issued on 29.09.2004 in the ratio of 9 shares for every 20 shares held*) is Rs. 10/- per share and the Book value per share is Rs. 15.73
- The Promoters/Directors/Key Managerial personnel of the Company are interested in the company to the extent of reimbursement of expenses incurred, normal remuneration or benefits, sitting fees and their respective shareholding in the company.(Please refer interest of Promoters / Directors discussed elsewhere in the Prospectus)

- The investors are advised to refer to the para on “Basis of Issue Price” before making any investment in the issue.
- Please read this offer document and the instructions contained herein before taking any decision on investing in the shares.
- Investors may note that in case of over-subscription in the Public Issue, allotment shall be on a proportionate basis (refer to “Basis of Allotment”) in consultation with the Designated Stock Exchange (BSE)
- The investors may contact the Lead Manager or the Compliance Officer for any complaint / clarification / information pertaining to the Issue, who will be obliged to attend to the same.
- The investors may contact the Lead Manager or the Compliance Officer for any complaint / clarification / information pertaining to the Issue, who will be obliged to attend to the same
- In addition to the Lead Manager, the Issuer Company is obliged to update the offer document and keep the public informed of any material changes till listing and trading commences in respect of the shares issued through this Issue.

HIGHLIGHTS

- Uniply Industries Limited is a profit making and dividend paying **ISO-9001:2000** Company
- Company’s main Promoter and whole-time Directors are experienced professionals in the Plywood Industry.
- Uniply has an integrated manufacturing plant which ensures quality products. One of the plywood brands of the company viz “**UNIPLY GOLDCULB**” comes with a life-time guarantee (subject to Condition).
- Listing proposed on the Stock Exchange, Mumbai [BSE].

In addition to the Lead Manager, the Issuer Company is obliged to update the offer document and keep the public informed of any material changes till listing and trading commences in respect of the shares issued through this Issue

17. DISCLOSURE ON INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The Company will settle investor grievances expeditiously and satisfactorily. The agreement between the Company and the Registrar will provide for retention of records with the Registrar for a period of one year from the last date of dispatch of Letters of Allotment / Share Certificates / Refund Orders to enable the investors to approach the Registrar for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, M/s. Cameo Corporate Services Limited giving full details such as name, address of the applicant, number of Shares applied for, amount paid on application and the bank branch / collection center where the application was submitted.

Disposal of Investor Grievances

The average time required by the Company/Registrar for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the Company/Registrar would strive to redress these complaints as expeditiously as possible.

There are no listed Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.

PART II

A. GENERAL INFORMATION:

CONSENTS

The written consents of Directors, Company Secretary, Auditors, Legal Advisors, Lead Manager to the Issue, Registrars to the Issue, Bankers to the Company and Bankers to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Tamilnadu, at Chennai, as required under Section 60 of the Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

EXPERT OPINION

No opinion of any expert has been obtained by the Company, except Auditor's Certificate regarding the Tax Benefits available to the Company and Members of the Company as stated elsewhere in this Prospectus.

AUTHORITY TO PRESENT ISSUE

Pursuant to Section 81(1A) of the Companies Act 1956, the present issue has been authorised by a Special Resolution passed at the Annual General Meeting of the shareholders of the company held on 30.9.04 and Resolution passed by the Board of Directors of the Company at their Meeting held on 15.9.04.

CHANGES IN THE BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Name	Date of Appointment	Date of cessation	Reason
D.K. Jain	16 - 12- 1996	03 - 06 - 2003	Due to his personal problem and pre occupation
S.K. Bothra	01 - 04 - 2003	N. A.	
N. Balanarayanan	09 - 03 - 2004	N. A.	
S. K. Jena	09 - 03 - 2004	N. A.	
Suman Bengani	04 - 09 - 1996	01 - 12 - 2004	Due to ill health
P.K. Bhatara	01 - 12 - 2004	N. A.	
Dinesh S Patel	01 - 12 - 2004	N. A.	

CHANGES IN AUDITORS DURING THE LAST THREE YEARS AND REASONS THEREOF

There is no change in the Statutory Auditor of the Company during the last three years.

INTEREST ON EXCESS APPLICATION MONEY

Payment of interest at rate of 15% per annum on the excess application money, after adjusting the amount due on allotment and unpaid calls will be made to the applicants, if the refund orders are not despatched within 30 days from the date of closure of the subscription list as per the Guidelines issued by the Government of India, Ministry of Finance vide their letter No.F-8/6/SE/79 dated July 21, 1983 and as amended vide their letter No. F/14/SE/85 dated September 27, 1985 addressed to the Stock Exchanges and as further modified by SEBI's circular SMD/RCG/33/1819/96 dated May 15, 1996.

ISSUE OF SHARE CERTIFICATES

In case the Company issues letters of allotment, the related equity share certificates will be dispatched through registered post within two (2) months from the date of allotment in exchange for the letters of allotment

APPLICATION OF SECTION 269SS OF THE INCOME TAX ACT, 1961.

In respect of the provisions of Section 269SS of the Income Tax Act, 1961, the subscription against the equity shares should be effected only by an account payee cheque or an account payee draft, if the amount payable is Rs.20,000/- or more. In case the payment is made in contravention of this provision, the application money will be refunded and no interest will be paid.

DENOMINATION OF SHARE CERTIFICATES

As the trading of the Company's shares will be undertaken in dematerialized form only, the Company shall issue the shares to all applicants who provide their demat account details in dematerialized form only. In case the details of the demat account are not mentioned, the Registrar to the Issue will issue to the said allottee a single certificate for all the shares allotted to the said applicant. This will save dematerialization costs for the applicant.

DISCLOSURE ON INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The Company will settle investor grievances expeditiously and satisfactorily.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, Cameo Corporate Services Limited, giving full details such as name, address of the applicant, number of Shares applied for, amount paid on application and the bank branch / collection center where the application was submitted.

Disposal of Investor Grievances

The average time required by the Company/Registrar for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the Company / Registrar would strive to redress these complaints as expeditiously as possible.

There are no listed Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.

ISSUE MANAGEMENT TEAM

LEAD MANAGERS TO THE ISSUE

BOB Capital Markets Limited

Ground Floor, Noble Chamber (Vasta House)
20-C/D, S.A.Brelvi Road, Fort,
Mumbai -400001

Tel.:91-22-22844892/93

Fax: 91-22-22845208

Email: bobcaps@vsnl.com

www.bobcapitalmarkets.com

CO-LEAD MANAGERS TO THE ISSUE

Keynote Corporate Services Limited

#307, Regent Chambers,

Nariman Point,

Mumbai – 400-021

Tel.:91-22-22025230

Fax: 91-22-22835467

Email: mbd@keynoteindia.net

www.keynoteindia.net

REGISTRARS TO THE ISSUE

Cameo Corporate Services Limited

(SEBI Regd. No.: INR 000003753)

Subramaniam Building, No.1,

Club House Road, Chennai – 600002.

Tel: + 91 44-2846 0390-5

Fax: + 91 44 2846 0129;

E-mail: cameo@cameoindia.com

Website: www.cameoindia.com

LEGAL ADVISOR TO THE COMPANY

Delta Legal Service

Old #6, New #15, 7th West Cross Street,

Shenoy Nagar,

Chennai-600030

Ph. No: 91- 44 - 26212287

Fax No: 91 -44 - 52183313

E mail – info@deltalegalservice.com

www.deltalegalservice.com

AUDITORS**C.RAMASAMY & B.SRINIVASAN**

Chartered Accountants

No: 37, Alagiri Nagar,

II Street, Vadapalani,

Chennai -600026.

Ph.No.044-24831056

Fax No:044-24819845

E-mail:crbsca@eth.net

BANKERS TO THE COMPANY**Indian Overseas Bank**

Dr. Radhakrishnan Salai Branch

No:32, Dr. Radhakrishnan Salai

Chennai – 600004

State Bank of India

Overseas Branch

Rajajee Salai

Chennai

Oriental Bank of Commerce

Kilpauk Branch

824, Poonamallee High Road,

Opp. KMC Kalpauk

Chennai

UTI Bank Limited

Purasawalkam Branch

Purasawalkam High Road,

Chennai -600007

Destchue Bank

Nungambakkam Branch

Nungambakkam

Chennai - 600034

BANKERS TO THE ISSUE

{To be appointed}

TRUSTEES

This being an issue of Equity Shares, appointment of Trustees is not required.

CREDIT RATING

This being an equity issue, no appointment of credit rating agency or debenture trustee is required

UNDERWRITING OF THE ISSUE

The underwriting of the issue being optional, the issue is not underwritten.

COMPANY SECRETARY

Shri Pratap Kumar Chakravarty, B.com, AICWA, ACS

No: 52, (Old No: 18),

Harleys Road, Kilpauk,

Chennai 600010, Tamilnadu

Tel: 91-44-2660 5995;

Fax: 91-44-2660 2273, 2660-2297;

Email: uniply@md3.vsnl.net.in

COMPLIANCE OFFICER

Shri. Raghuram Nath -ACS

Uniply Industries Limited

No: 52, (Old No: 18),

Harleys Road, Kilpauk,

Chennai 600010, Tamilnadu

Tel: 91-44-2660 5995;

Fax: 91-44-2660 2273, 2660-2297;

Email: uniply@md3.vsnl.net.in

The Investors are requested to contact the above-mentioned Compliance Officer in case of any pre-issue / post-issue problems such as non-receipt of letters of allotment / share certificates/ refund orders, etc.

B- FINANCIAL INFORMATION

Auditors Report

The Board of Directors
M/s. UNIPLY INDUSTRIES LIMITED
52, Harleys Road
Chennai– 600 010
Tel / Fax No.: (044) 26605995
Email: uniply@md3.vsnl.in

Dear Sirs,

We have examined the audited accounts of Uniply Industries Limited for the last five financial year ended 31.03.2000, 31.03.2001, 31.03.2002, 31.03.2003, 31.03.2004 being the last day up to which accounts of the Company have been made up and audited by us for the presentation to members and half year ended 30.09.2004. Based on the requirements of paragraph 1 of Part II B of Schedule II to the Companies Act, 1956, we report that:

A. Profits of the Company:

The profits of the company for the year ended 31.03.2000, 31.03.2001, 31.03.2002, 31.03.2003, 31.03.2004 and period ended 30.09.2004 are given below after making such adjustments and are in our opinion, appropriate and subject to the notes. (Vide Annexure I)

B. Assets and Liabilities:

The Assets and Liabilities of the Company for the year ended 31.03.2000, 31.03.2001, 31.03.2002, 31.03.2003, 31.03.2004 and period ended 30.09.2004 are set out below after making such adjustments as are in our opinion appropriate and subject to the notes. (Vide Annexure I)

ANNEXURE I

The Financial highlights of Uniply Industries Limited for last five financial years and the period ended 30.9.04:

Brief Financial Performance of the Company is as follows:

	(Rs. In Lakhs)					
Year Ended 31 st March	2000	2001	2002	2003	2004	30.09.04
Income from operations						
Sales						
A.Of product manufactured	Nil	99.58	1116.41	1574.19	1814.07	1695.48
B.of product traded by the company	2506.17	2680.67	2331.66	2964.11	3384.23	1556.87
Total Sales	2506.17	2780.25	3448.07	4538.30	5198.30	3252.35

Other Income	9.63	6.20	36.98	94.40	35.40	8.06
Increase/(Decrease) in Inventories	-	147.58	15.94	154.37	28.78	110.64
TOTAL	2515.80	2934.03	3500.99	4787.07	5262.48	3371.05
Expenditure						
Raw Materials Consumed	-	211.59	923.94	1574.29	1475.69	1362.44
Other Manufacturing Expenses	-	23.93	308.94	162.64	142.18	89.56
Cost of Goods Sold	2277.97	2414.48	1738.86	2609.30	3068.35	1535.62
Staff Cost	20.78	24.52	29.77	34.26	61.34	34.53
Administrative & Selling Expenses	97.42	112.83	234.36	136.84	171.50	142.70
Interest	48.99	65.01	139.34	122.02	119.27	56.94
Non Cash Expenses	7.54	2.47	41.65	45.31	51.76	27.80
TOTAL	2452.70	2854.83	3416.86	4684.66	5090.09	3249.59
Net Profit Before Tax & Extra Ordinary Item	63.10	79.20	84.13	102.41	172.39	121.46
Taxation including Differed Tax	24.50	6.85	6.50	39.86	60.50	44.50
Net Profit before Extraordinary items	38.60	72.35	77.63	62.55	111.89	76.96
Balance brought forward	27.14	34.32	72.71	122.35	130.06	138.67
Provision for Dividend and Tax	11.42	8.96	2.99	4.84	53.28	
Amount utilized for issue of bonus shares	-	-	-	-	-	19.74
Transfer to Reserves	20.00	25.00	25.00	50.00	50.00	-
Balance carried to Balance Sheet	34.32	72.71	122.35	130.06	138.67	195.89

STATEMENT OF ASSETS AND LIABILITIES

(Amount in Lakhs)

	As at March 31 st	2000	2001	2002	2003	2004	30.09.04
A.	Fixed Asset : Gross Block	57.22	665.77	711.56	814.93	885.53	895.07
	Less Depreciation	15.09	16.36	57.98	102.68	152.10	179.90
	Net Block	42.13	649.41	653.58	712.25	733.43	715.17
B.	Goodwill	-	-	-	-	-	-
C.	Investments	6.99	6.99	7.95	8.15	4.82	4.82
D.	Capital Work in progress	23.05	-	-	-	-	-
E.	Current Assets, Loans and Advances:						
	Inventories	288.07	452.54	547.04	604.74	832.80	1034.16
	Sundry Debtors	380.25	334.44	666.27	563.04	803.41	1057.95
	Loans and Advance	110.94	85.52	79.24	182.70	107.95	195.19
	Cash & Bank Balances	99.30	100.02	103.52	225.10	386.28	325.19
F.	Liabilities and Provisions:						
	Secured Loans	200.23	504.57	684.58	710.58	908.89	684.83
	Unsecured Loans	55.40	165.30	186.41	139.36	139.00	35.00
	Current Liabilities and	354.56	512.44	553.59	655.66	964.07	1567.31

	Provisions						
G.	Represented by						
	1. Share Capital	256.40	299.05	299.05	472.31	472.31	746.47
	2. Share Application Money	-	-	96.76	-	-	-
	3. Reserves	84.32	147.71	237.35	247.48	306.09	213.04
	4. Differed Tax Liability	-	-	-	70.69	84.19	91.69
	Less: Revaluation Reserve	-	-	-	-	-	-
	Reserves (Net of Revaluation Reserves)	-	-	-	-	-	-
	Misc. Expenditure	.18	.15	.14	.10	5.86	5.86
H.	Net worth	340.54	446.61	633.02	790.38	856.73	1045.34

AGEWISE ANALYSIS OF SUNDRY DEBTORS AS ON 30.09.2004

Particulars	More than Six Months	Less than six Months
	Amount (Rs.)	Amount (Rs.)
Sundry Debtors	85,77,952	9,72,16,872

UNSECURED LOANS

Unsecured Loan amounting to Rs.35 Lacs as on 30th September 2004 is obtained from the following parties

Particulars	Amount in lacs	Rate of Interest
Pushanjali Credit Resources Ltd	25	12.00%
Paragon Finance Ltd	10	16.50%

The above loan has been subsequently repaid on 07.10.2004.

LOANS & ADVANCES

Loans & Advances includes Rs.1.35 Lacs paid to Jain Associates as rental advance in which Mr.B.L.Bengani is a Partner. None of the Parties in Sundry Debtors are related to the Promoters/Directors of the Company.

ANNEXURE II

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF BALANCE SHEET AS AT 30th SEPTEMBER 2004 AND PROFITAND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE.

A. ACCOUNTING POLICIES:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accounts have been prepared by using historical cost convention and on the basis of going concern, with revenues recognised and expenses accounted on accrual basis except those with significant uncertainties.

2. FIXED ASSETS

Fixed Assets are stated at cost of construction or acquisition less accumulated depreciation. All other expenses including taxes, duties, freight incurred to bring the fixed assets to a working condition is also treated as the cost of the fixed assets. However Cenvat availed in respect of the fixed assets is deducted from the cost of the fixed asset.

3. INVESTMENTS

Investments are made in long term basis and valued at cost of acquisition to the company. Provision, if any, is made to recognise a decline other than a temporary decline, in the value of investments.

4. INVENTORIES

Inventories are valued at cost or net realisable value, whichever is lower. Cost for the purpose of valuation of stocks purchased is determined by using the FIFO Method, Net of Cenvat credit (if any)

a) Raw Materials

Raw materials are valued at cost or net realisable value, whichever is lower.

b) Work-in-progress

Stock in progress is valued at cost of raw materials and overheads upto the stage of the completion.

c) Finished Goods

Finished goods are valued at the lower of the cost or net realisable value.

5. RETIREMENT BENEFITS TO EMPLOYEES

Retirement benefits to employees have been provided for in the accounts on accrual basis

6. DEPRECIATION

Depreciation on Fixed assets is provided on straight line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.

7. FOREIGN CURRENCY TRANSACTIONS

- a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transactions and in case of purchases of materials and sale of goods, the exchange gains/losses on settlement during the year, are adjusted to respective accounts.
- b) Foreign Current Assets and Current Liabilities (if any) are recorded at the actual transaction rate. The gain or loss arising out of settlement/transaction of the assets and liabilities at the closing rates at the year end are recognised as income/expenditure in the profit and loss account except in case of liabilities in respect of acquisition of fixed assets where the exchange gains/losses are adjusted to the cost of such fixed assets.

8. SALES

Sales are stated net of returns and discounts.

9. PRIOR PERIOD ITEMS

Significant items of income and expenditure which relate to prior accounting periods (if any) are shown as appropriation of the Profit under the head “Prior Period Items”, other than those occasioned by events occurring during or after the close of the year and which are treated as relating to the current year.

10. TAXES ON INCOME

Current tax is determined on the amount of tax payable in respect of taxable income for the year.

The deferred tax charge or credit is recognised using current tax rate.

A. NOTES ON ACCOUNTS:

- 1) Good will of Rs.2 Lacs shown as fixed assets was acquired by the Company. same is depreciated at the rate specified under the Companies Act 1956 for Plant & machinery (General)
- 2) In view of insufficient information from suppliers regarding their status as SSI Units amount due and overdue to such undertaking could not be ascertained.

- 3) Secured loan from Indian Overseas Bank is primarily secured by first charge on entire block of assets of the company along with personal guarantee of Mr.B.L.Bengani, Mrs. Suman Bengani and Mr.M.L.Pramod Kumar, Directors of the Company and a third party guarantee of Mr.S.Krithivasan, Mrs.Vijayalakshmi Krithivasan and Mrs Urmila Promod Kumar to the extent of value of their property.

Hire Purchase loans are secured against the hypothecation of respective assets.

ANNEXURE III Accounting Ratios

Year ended 31 st March	2000	2001	2002	2003	2004	30.9.04
Earning per Share (EPS) (Rs.)	1.50	2.41	2.60	1.32	1.18	1.03
Net Asset Value (NAV) (Rs. per share)	13.28	14.93	21.17	16.73	9.07*	14.00
Return on Net Worth (RONW) (%)	7.97	7.68	11.49	15.48	15.18	13.27
Return on Capital Employed (ROCE) (%)	9.55	6.07	14.17	14.91	12.27	9.80

* Computed on Face Value of Rs.5/-

ANNEXURE IV Capitalisation Statement

	(Rs. in Lacs)	
	Pre-issue (as on 30.09.2004)	As adjusted for the Issue
Debts		
Short Term Debts	83.44	83.44
Long Term Debts	636.39	636.39
Total Debts	719.83	719.83
Shareholders Funds		
Share Capital	746.47	1246.47
Reserves & Surplus and Profit & Loss Account & Share Premium	213.04	913.04
Total Shareholders Fund	959.51	2159.51
Long-term Debt to Equity Ratio	85.25%	51.06%
Total debt to Total shareholders fund	75.02%	33.33%

ANNEXURE V

TAX SHELTER STATEMENT Year Ended March 31st

Particulars	2000	2001	2002	2003	2004
	(Rupees. In Lacs)				
Tax at Notional Rate	24.29	28.12	31.50	37.63	61.82
Adjustments : Export Profits	-	-	-	-	-
Difference between Tax Depreciation and Book Depreciation	(0.02)	54.85	76.50	61.09	52.93
Other Adjustments	0.47	(1.06)	(2.75)	(3.23)	(4.82)
Net Adjustments	0.45	53.79	73.75	57.86	48.11
Tax Saving thereon :	0.17	21.26	26.33	21.26	17.25
Total Taxation	24.12	6.86	5.17	16.36	44.57
Taxation on extraordinary items	-	-	-	-	-
Tax on profits before extraordinary items	24.12	6.86	5.17	16.36	44.57

ANNEXURE VI Contingent Liabilities

1. Sales Tax

Name of the Statute:	The Central Sales tax Act
Nature of dues:	Disallowance of credit notes and non-submission Of C Forms
Amount:	Rs. 1,63,508/-
Forum	The Appellate Assistant Commissioner of Commercial taxes III, Chennai – 600 108

2. Guarantees

Company has given a corporate guarantee of Rs.2 Crores to banks for the loans availed by Uniply Veneers (P) Limited.

3. Timber Tax

Company has furnished bank gurantees of Rs. 455150/- to Corporation of Chennai towards the disputed Timber Tax.

All the notes to the accounts, significant accounting policies as well as auditor's qualifications have been incorporated.

For C.RAMASAMY & B.SRINIVASAN
CHARTERED ACCOUNTANTS

Place: Chennai
Dated: 11th Jan 2005

(C.RAMASAMY)
Partner
M.No: 23714

C- STATUTORY AND OTHER INFORMATION

MINIMUM SUBSCRIPTION:

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act 1956.

EXPENSES OF THE ISSUE

The expenses of the Issue payable by Uniply inclusive of brokerage, fees payable to the Lead Manager to the Issue, Registrar to the Issue, Legal Advisors, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses will not exceed Rs. 110 Lacs, and will be met out of the proceeds of the present issue.

FEES PAYABLE TO THE LEAD MANAGERS

The total fees payable to the Lead Managers will be as per the Memorandum of Understanding signed with the respective Lead Managers, copies of which are available for inspection at the Registered Office of the Company.

FEES PAYABLE TO THE REGISTRARS TO THE ISSUE

The fees payable to the Registrars to the Issue, will be as set out in Memorandum of Understanding entered into with them kept open for inspection at the Registered Office of Uniply Industries Limited.

The Registrars will be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc. Adequate funds will be provided to the Registrars to the Issue to enable them to send refund orders / letter(s) of allotment / share certificate(s) by registered post.

BROKERAGE AND SELLING COMMISSION

Brokerage for the issue @ 1.00% of the Offer Price of the Equity Shares would be paid by Uniply Industries Limited on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers' / Agents' codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

PREVIOUS PUBLIC OR RIGHTS ISSUES

This is the first public issue of the Company. The company has not made any public issue previously.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

Uniply Industries Limited has not made any public or rights Issue since its inception and has not paid any commission or brokerage.

ISSUE OF SHARES OTHERWISE THAN FOR CASH

The Company has not issued shares for consideration other than cash except those, which are mentioned in this offer for sale document and all the shares have been allotted for cash only except the bonus shares issued out of free reserves.

ISSUE OF DEBENTURES, REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS

Uniply Industries Limited has not made any public or rights Issue of Debentures, Redeemable Preference Shares or any other instruments.

OPTION TO SUBSCRIBE

As of the date of this document, there are no pending options to subscribe to equity shares or convertible instruments pending conversion into equity shares of any kind.

ISSUE AT A PREMIUM OR DISCOUNT

The Company has not issued shares at a premium/discount other than those mentioned in this Offer Document.

REDEEMABLE PREFERENCE SHARES, DEBENTURES AND OTHER INSTRUMENTS

The Company has not issued any preference shares any debentures and other instruments since its incorporation.

CAPITALISATION OF RESERVES / BONUS SHARES

The Company has not capitalised its general reserve on 29.9.04 to issue bonus share in proportion of 9 shares for every twenty equity shares held on record date.

REVALUATION OF ASSETS

The company has not revalued any of its assets since its inception.
(Auditor certificate)

PURCHASE OF PROPERTY

There is no plan to purchase any property out of the proceeds of the public issue

APPOINTMENT AND REMUNERATION OF MANAGING DIRECTOR

MANAGEMENT

The overall management of the Company is vested with the Board of Directors. Mr. B.L.Bengani manage the day-to-day affairs of the Company under the guidance and supervision of the Board.

SALARY: Rs. 2,00,000/-per month in the pay scale

PAYMENT OF BENEFIT TO PROMOTERS AND OFFICERS OF THE COMPANY

Save as stated elsewhere no amount or benefit has been paid or given to the Company's promoters or officers since the incorporation of the Company nor is intended to be paid or given to any promoter or any officer of the Company except their normal remuneration and/or reimbursement for services as Directors, Officers or Employees of the Company or otherwise in accordance with Law.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

4.The Board may, from time to time, with the sanction of the Company in a general meeting, increase the share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.

5.Subject to the provisions of Section 80, any Preference Shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company liable to be redeemed on such terms and in such manner as the Company before the issue of the shares may, by special resolution, determine

6.The Company may, at any time, pay commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures, or debenture stock of the Company or procuring or agreeing to procure subscription (whether absolute or conditional) for any shares, debentures or debenture stock of the Company but so that if the commission in respect of shares shall be paid or payable out of capital the statutory conditions and requirements shall be observed and complied with and the amount or rate of commission shall not exceed 5% on the price of shares and 2 ½% on the price of debentures or debenture stock, in each case subscribed or to be subscribed. The commission may be paid or satisfied in cash or in shares, debentures or debenture stock of the Company. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

7.New shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given as the Board shall determine.

8.Except so far as otherwise provided by the conditions or issue, or by these Articles, any capital raised by the creation of new shares, shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, voting, surrender and otherwise. Such new shares shall rank *pari passu* with the existing shares in all respect except for the purposes of dividend that shall be pro rated to the period for which such newly issued shares are in existence.

9.Subject to the provisions of Section 100 to 104 of the Act the Company may, from time to time, by Special Resolution reduce its capital in any manner for the time being authorised by law and in particular, by paying off capital or canceling capital, which has been lost or is unrepresented by available assets, or is superfluous by reducing the liability on the shares or otherwise as may be expedient, and capital may be paid off upon the footing that it may be called up again or otherwise; and the Board may, subject to the provisions of the Act, accept surrender of shares.

10. The Company in general meeting may, from time to time, sub-divide or consolidate the shares under powers conferred by Section 94 of the Act and shall file with the Registrar such notice of exercise of any such powers as may be required by the Act. Provided however that the provision relating to progressive numbering shall not apply to the shares of the Company which have been dematerialised.

11. Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by the law.

12. The Directors may issue shares with differential rights as to dividend, voting or otherwise, upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law, on obtaining approval of the shareholders.

13. If at any time, the capital of the Company by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights attached to the shares of each class may, subject to the provisions of Section 106 and 107 of Act be varied with the consent in writing of the holders of at least three-fourth of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of issued shares of that class and all the provisions hereinafter contained as to general meeting shall, mutatis mutandis, apply to every such meeting.

14. Subject to the provisions of these Articles, the shares shall be under the control of the Board of Directors, who may allot or dispose of the same, or any of them, to such persons, upon such terms and conditions, at such times, and upon such consideration as the Board may think fit. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting by a Special Resolution.

15. Subject to the provisions of the Act and these Articles the Directors may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods or machinery supplied, or for services rendered to the Company, either in or about the formation or promotion of the Company, or the conduct of its business; and any shares which may be so allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully paid up shares.

16. If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the shares or by his executor or administrator.

17. The Joint Holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.

18. Shares may be registered in the name of any person, Company or other body corporate. Not more than four persons shall be registered as joint-holders of any share.

19.(1) Subject to the provisions of the Articles 19 (1) & 19 (2), every person whose name is entered as a member in the register shall, without payment, be entitled to a certificate or more certificates in marketable lot under the Common Seal of the Company specifying the share or shares held by him and the amount paid thereon. Provided that, in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.

(2) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as holder of any share or whose name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim or interest in such share on the part of any other person whether or not it, shall have expressed or implied notice thereof.

(3) Notwithstanding anything contained herein, the Company shall be entitled to dematerialise pursuant to the provisions of the Depositories Act, 1996 its shares debentures and other securities for subscription in a dematerialised form. The Company shall be entitled to maintain a Register of Members with the details of Members holding shares in physical form in any media as permitted by law including any form of electronic media. The Register of Beneficial Owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register of Members and Security holders.

20. The Company shall complete and have ready for delivery share certificates within three months from the date of allotment unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the Seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe or approve.

CALL ON SHARES

21(1) The Board of Directors may, from time to time, by a resolution passed at a meeting of the Board, make such call as it thinks fit upon the members in respect of moneys unpaid on the shares held by them respectively, by giving not less than 15 days notice for payment and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. The Board may, at their discretion, extend the time for payment of such calls.

(2) If any member fails to pay any call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment, at such rate as shall, from time to time, be fixed by the Board of Directors, but nothing in this Article shall render it compulsory for the Board of Directors to demand or recover any interest from any such member.

22. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these regulations be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

23. The Board may, if it thinks fit,

(1) Receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by such member.

(2) upon all or any of the moneys so advanced may, until the same would, but for such advance, become presently payable, pay interest at such rate as may be agreed upon between the Board and the member paying the sum in advance and the Board of Directors may, at any time, repay the amount so advanced upon giving to such members three months notice in writing. Moneys paid in advance of calls shall not in respect thereof confer a right to dividend or to participate in the profits of the Company.

24. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors.

25.(1) If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued.

(2) The notice aforesaid shall (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made will be liable to be forfeited.

(3) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

(4) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(5) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

26.(1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

(2) The liability of such persons shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

27.(1) A duly verified declaration in writing that the declarant is a Director, the Manager or the Secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

(2) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.

(3) The transferee shall thereupon be registered as the holder of the share.

(4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share, be affected by any irregularity or invalidity in the proceedings in reference to or disposal of the share.

28. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the shares or by way of premium, as if the same had been payable by virtue of a call duly made and noticed.

29. The Directors may, at any time, subject to the provisions of the Act, accept the surrender of any share from or by any member desirous of surrendering on such terms as the Directors may think fit.

30. The Company shall have a first and paramount lien upon every share not being fully paid up, registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such shares whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that this Article is to have full effect. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien, if any, on such shares.

31. The Company may sell in such manner as the Board thinks fit, any shares on which the Company has lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable or until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of amount in respect of which lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

32. The proceeds of the sale shall be received by the Company and shall be applied in payment of such part of the amount in respect of which lien exists as is presently payable and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the persons entitled to the shares at the date of the sale. The purchaser shall be registered as the holder of the share and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

TRANSFER AND TRANSMISSION OF SHARES

33. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof.

34. The instrument of transfer of any share in the Company shall be executed both by the transferor and transferee and the transferor shall be deemed to remain holder of the share until the name of the transferee is entered in the register of members in respect thereof.

35. A transfer of the share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.

36. Every instrument of transfer shall be delivered to the Company at the office for registration accompanied by any certificate of the shares to be transferred and such evidence as the Company may require proving the title of the transferor, or his right to transfer the shares. All instruments of transfer shall be retained by the Company, but any instrument of transfer which the Board may decline to register shall on demand, be returned to the person depositing the same.

37. The provisions of Section 111A of the Act regarding registration of transfer should be adhered to. No fee shall be charged for registration of transfer, transmission, probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

38. The Company shall keep a book, to be called the “Register of Transfers” and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

39. The Register of Members or the Register of Debenture – holders may be closed for any period or periods not exceeding 45 (forty five) days in each year, but not exceeding 30 (thirty) days at any one time after giving not less than 7 (seven) days previous notice by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is situated.

40. In the case of transfer of shares or other marketable securities where the Company has not issued any certificate and where such shares or securities are being held in an electronic and fungible form the provisions of the Depositories Act, 1996 shall apply.

41. The executor or administrator of a deceased member (not being one of two or more joint holder) shall be the only person recognised by the Company as having any title to his shares, and the Company shall not be bound to recognise such executor or administrator unless such executor or administrator shall have first obtained Probate or Letters of Administration, as the case may be, from a duly constituted Court in India; Provided that in any case where the Board in their absolute discretion think fit, the Board may dispense with production or Probate or Letters of Administration, and, under the next Article, register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.

42. Subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any member, or by and lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give), upon producing such evidence as the Board think sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him, and approved by the Board, registered as such holder. Provided,

nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument of transfer of the share in accordance with the provisions herein contained, and, until he does so, he shall not be freed from any liability in respect of the share.

43. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified, or until or unless an indemnity be given to the Company with regard to such registration which the Board at their discretion shall consider sufficient; Provided nevertheless, that there shall not be any obligation on the Company or the Board to accept any indemnity.

VOTES OF MEMBER

59. Upon a show of hands every member present in person or by proxy, or by duly authorised representative shall have one vote.

60. No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by a representative duly authorised under Section 187 of the Act in which case such representative may vote on a show of hands as if he were a member of the Company.

61. In the case of an equality of votes, whether on a show of hands or on a poll the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

62. Any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Board of Directors of his right to such shares, unless the Board of Directors shall have previously admitted his right to such shares of his right to vote at such meeting in respect thereof.

63. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto, and if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this clause be deemed joint holders thereof.

64. A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote whether on a show of hands or on poll, by his committee or other legal guardian, and any such committee or guardian may on a poll, vote by proxy.

65. No member shall be entitled to be present, or to vote on any question either personally or by proxy at any general meeting or upon a poll, or be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the share of such members.

66. A member entitled to attend and vote at a meeting may appoint another person (whether a member or not) as his proxy to attend a meeting and vote on a poll. No member shall appoint more than one proxy to attend on the same occasion. The instrument appointing a proxy shall be in writing and be signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.

67. An instrument appointing a proxy shall be in either of the forms in Schedule IX to the Act or a form as near thereto as circumstances admit.

68. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the registered office of the Company not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll not less than 24 hours before the time appointed for taking of the poll and in default the instrument of proxy shall not be treated as valid.

69. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given provided that no intimation in writing of such death, insanity, revocation or transfer or transmission shall have been received at the office of the Company before the commencement of the meeting or adjourned meeting at which the proxy is used.

RESERVE AND DIVIDENDS

105. Subject to Section 205 of the Act, the Board may, before recommending any dividend, set apart out of the profits of the Company such sums as they think proper as a reserve fund to meet contingencies or for equalising dividends or for special dividends or for repairing, improving and maintaining any of the property of the Company and for amortisation of capital and for such other purposes as the Board of Directors shall, in their absolute discretion, think conducive to the interest of the Company, and may invest the several sums so set aside upon such investments (other than shares of the Company) as they may think fit from time to

time to deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the reserve funds into such special funds, as they think fit and employ the reserve funds or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets.

106. The profits of the Company available for payment of dividend subject to any special rights relating thereto, created or authorised to be created by these presents and subject to the provisions of these presents as to the reserve fund and amortisation of capital, shall, be divisible among the members in proportion to the amount of capital paid up by them respectively, provided always that (subject as aforesaid) any capital paid up on a share during the period in respect of which a dividend is declared shall only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment.

107. The Board may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.

108. Where capital is paid up on any shares in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

109. The Company, in general meeting, may declare a dividend to be paid to the members according to their rights and interests in the profits but no dividend shall exceed the amount recommended by the Board of Directors.

110. No dividend shall be declared or paid by the company for any financial year except out of profits of the Company for that year arrived at after providing for the depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or out of profits of the Company for any previous financial year or years arrived at after providing for the depreciation in accordance with those provisions and remaining undistributed or out of both. No dividend shall carry interest against the Company.

111. The Board may retain any dividends in respect of shares on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law, and the Company shall comply with all the provisions of Section 205-A of the Act in respect of unclaimed or unpaid dividend.

112. Any one of several persons who are registered as the joint holders of any share, may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.

113. Subject to the provisions of Section 205 of the Act, no dividend shall be payable except in cash.

114. Unless otherwise directed, any dividends may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled or in the case of joint holders, to the registered address of that one whose name stands first in the register in respect of the joint holding; and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

115. Notice of the declaration of any dividend, whether interim or otherwise, shall be given to the holders of registered shares in the manner hereinafter provided.

DIRECTORS APPOINTMENT AND REMUNERATION ETC

78. The Managing Director shall not, while he continues to hold that office be subject to retirement by rotation in accordance with Article 75. If he otherwise, ceases to hold the office of Director he shall ipso facto and immediately cease to be a Managing Director.

79(a) A person other than a retiring Director shall be eligible for appointment to the office of Director at any General Meeting, if he or some member intending to propose him has, not less than fourteen days before the Meeting, left at the Registered Office, a notice in writing under his hand, signifying his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office, as the case may be, along with a deposit of five hundred rupees or such sum as may for the time being be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a Director.

(b) The Company shall inform its members of the candidature of a person for the office of a Director or the intention of a member to propose such person as a candidate for that office, by serving individual notices on the members not less than seven days before the Meeting; Provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid, if the Company advertises such candidature or intention, not less than seven days before the Meeting, in at least two newspapers circulating in the place where the Registered Office of the Company is located, of which one is published in English and the other in the regional language of that place.

(c) Every person (other than a Director retiring by rotation or otherwise or a person who has left the office of the Company, a notice under Section 257 of the Act, signifying his candidature for the office of Director) proposed as a candidate for the office of a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed.

80. A person other than

- (a) A Director re-appointed after retirement by rotation or immediately on the expiry of his term of office; or
- (b) An additional or alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as an additional or alternate Director, immediately on the expiry of his term of office;

shall not act as a Director of the Company, unless he has, within thirty days of his appointment, signed and filed with the Registrar his consent in writing to act as such Director.

81. The fee payable to a Director for attending a meeting of the Board or Committee thereof shall be decided by the Board of Directors from time to time within the maximum limit of such fee that may be prescribed under the proviso to Section 310 of the Act.

82. Subject to the provisions of the Act, any Director if called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any committee formed by the Directors), the Board may arrange with such Director for such special remuneration, for such extra services or special exertions or efforts, either by a fixed sum or otherwise, as may be determined by the Board and such remuneration may be either in addition to or in substitution of his remuneration above provided.

83. Subject to the provisions of clause 97 of these Articles, the Board of Directors may allow payment/reimbursement to any Director, who shall come for attending a meeting or for attending its business at the request of the Company, such sum as the Board may consider fair compensation for travelling, hotel and other incidental expenses, in addition to fee, if any, for attending such meeting as above specified, and if any Director be called upon to go or reside out of his ordinary place of his residence on the Company's business, he shall be entitled to be reimbursed all travelling and other expenses incurred in connection with the business of the Company.

97. All fees/compensation, if any to be paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of shareholders in general meeting. The shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to non-executive directors, including independent directors, in any financial year and in aggregate.

INDEMNITY AND RESPONSIBILITY

- 143(a) Subject to the provisions of Section 201 of the Act, every Director, Manager, Auditor, Secretary or other officer or employee of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors out of the funds of the Company to pay all costs losses and expenses (including travelling expenses) which any such Director Manager, Officer or employee may incur or become liable to by reason to any contract entered into or act or deed done by him or them as such Director, Manager, Officer or servant or in any other way in the discharge of his duties and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the members over all other claims.
- (b) Subject as aforesaid every Director, Manager or Officer of the Company shall be indemnified against any liability incurred by him or then in defending any proceedings whether civil or criminal in which judgements is given in his or their favour or in which he is or they are acquitted or in connection with any application under Section 633 of the Act in which relief is given to him or them by the Court.
- 144.No Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer of the Company or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by the order of the Board of Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any persons with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error or judgement or oversight on his part or for any loss occasioned by any error or judgement or oversight on his part or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own negligence, default, misfeasance, breach of duty, or breach of trust.

REVALUATION OF ASSETS

The Company has not revalued any of its assets since its inception.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts not being contracts entered in the ordinary course of business carried on by UIL Limited which are or may be deemed material contracts have been attached to the copy of this Prospectus delivered to the Registrar of Companies, Tamilnadu at Chennai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of Uniply Industries Limited No: 52, (Old No: 18), Harleys Road, Kilpauk, Chennai 600010, Tamilnadu between 11.00 a.m. to 5.00 p.m. on any working day from the date of the Prospectus to until the date of closing of the issue.

I. MATERIAL CONTRACTS

1. Memorandum of Understanding dated 27.12.2004 with BOB Capital Markets Limited, appointing them as Lead Managers to the issue.
2. Memorandum of Understanding dated 25.01.2005 with Keynote Corporate Services Limited, appointing them as Co- Lead Manager to the issue.
3. Memorandum of Understanding dated 25.01.2005 signed with Cameo Corporate Services Limited, appointing them as Registrar to the issue.
4. Tripartite Agreement dated between the Company, Cameo Corporate Services Limited and National Security Depository Limited (NSDL) .
5. Tripartite Agreement datedbetween the Company, Cameo Corporate Services Limited and Central Depository Services Limited (CSDL).

II. DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of Uniply Industries Limited.
2. Certificate of Incorporation of the company dated September 4, 1996 and the fresh certificate of incorporation dated February 4,1997 issued on conversion into public limited company and change of name.
3. Resolution passed under Section 81(1A) of the Act, at the EGM of the Company held on 30.9.04
4. Resolution Passed by the Board of Directors at their meeting held on 15.10.04.for the proposed Public Issue.
5. Consents from the Directors, Compliance Officer, Auditor, Lead Managers, Co-Lead Manager, Registrars to the issue, Bankers to the issue, Bankers to the Company and Legal Advisor to act in their respective capacities.
6. Copy of letter dated 10.01.05 received from M/s. C.Ramasamy & B.Srinivasan, Chartered Accountants and Statutory Auditors of the Company regarding Tax Benefits available to the Company and its Shareholders.

7. Copy of certificate dated 11.01.05 issued by M/s. C.Ramasamy & B.Srinivasan, Chartered Accountant & Statutory Auditors of the Company in terms of Part II Schedule II of the Companies Act 1956 including Capitalization statement, taxation statement and accounting ratios.
8. Copy of the Lease Agreements for the Registered office.
9. Copy of letter issued from file no. 04/04/130/02897/AM/97 Dated 25.03.1997 Issued by Ministry of Commerce, Government of India granting Import- Export code number.
10. Copy of the Auditors Certificate regarding the Tax Benefits available to the Company in respect of Wind Mill project dated 19.01.05.
11. Sources and Deployment of Funds as on
12. Copies of various undertakings.
13. Listing Application made to The Stock Exchange, Mumbai [BSE].
14. In-principal approvals from The Stock Exchange, Mumbai dated
15. Copies of the Resolution dated 7.11.01 appointing Mr B.L.Bengani.as Managing Director.
16. Copy of in-principal approval for listing of shares from BSE.
17. Copies of Power of Attorneys from Directors to sign the prospectus on their behalf.
18. Copies of Quotation Obtained for Plant & Machinery and other quotation with regard to the project
19. Copy of quotation from NEPC
20. Copy of observations received from SEBI vide Letter no. dated
21. Project Appraisal Report prepared by BOB Capital Markets Limited dated October 20, 2004.

PART III

DECLARATION

This is to confirm that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 and rules made there under. All the legal requirements connected with this said offer as also the guidelines, instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

UNDERTAKING

The Company confirms that no information/material likely to have a bearing on the decision of the investor in respect of the equity shares offered in terms of this draft Prospectus have been suppressed/ withheld and/or incorporated in a manner that would amount to misstatement/misrepresentation and in the event of it transpiring at any point of time till allotment/ refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to misstatement/misrepresentation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of Section 63 of the Act. Since the date of last financial statement disclosed in this Prospectus, there have been no circumstances that materially and adversely affects or is likely to affect the profitability of the Company or the value of its assets or its ability to pay off its liabilities within a period of next twelve months.

The Directors, Company Secretary, Compliance Officer of the Company certify that all disclosures made in the Draft Prospectus are true and correct.

SIGNED BY

B.L. BENGANI – Chairman and Managing Director
SUNIL KUMAR BOTHRA - Director
B. V. RAO - Director
N.BALANARAYANAN -Director
S. K. JENA - Director
P.K. SETHIA - Director
M.L. PRAMOD KUMAR - Director
P.K.BHATERA - Director
DINESH S PATEL - Director
PRATAP KUMAR CHAKRAVARTHY – Company Secretary
RAGHURAM NATH – Compliance Officer

Date:

Place: Chennai