



*for all reasons & seasons*

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## Uniply Industries Limited

## COMPANY INFORMATION

B.L. Bengani	Chairman & Managing Director
B.V. Rao	Whole Time Director (Upto 30.07.2007)
Sunil Kumar Bothra	Whole Time Director
M.L. Pramod Kumar	Whole Time Director
Sudhir Kumar Jena	Director (Independent)
Pratap Kumar Bhatara	Director (Independent)
P.K. Sethia	Director (Independent)
R. Kuppu Rao	Director (Independent)
Dinesh S Patel	Director (Independent)
P.K. Das	CFO & Company Secretary
Raghuram Nath	Compliance officer and Deputy Company Secretary
Bankers	State Bank of India Axis Bank Bank of India Corporation Bank
Auditors	C. Ramasamy & B. Srinivasan Chartered Accountants
Registered Office & Factory	# 69, Nelveli Viallage, Uthiramerur Block, Kancheepuram, Tamilnadu – 603 107
Corporate Office	# 52, Harleys Road, Kilpauk, Chennai, Tamilnadu – 600 010

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of M/s. Uniply industries Limited will be held at its Registered Office at # 69, Nelveli Village, Uthiramerur Block, Kancheepuram Dist., Tamilnadu - 603 107, on Wednesday, the 26<sup>th</sup> day of September, 2007 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the accounts of the Company for the financial year ended 31<sup>st</sup> March 2007, the Balance Sheet as at that date and the reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31<sup>st</sup> March 2007
3. To appoint Director in place of Mr. P.K. Sethia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Mr. Sudhir Kumar Jena, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:-

"Resolved that M/s. C. Ramasamy & B. Srinivasan, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold such office until the conclusion of next Annual General Meeting, to conduct the audit for the financial year 2007-08."

"Resolved further that the Board of Directors be and are hereby authorized to fix the remuneration and other terms & conditions of appointment of the Auditors."

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution.  
 "Resolved that M/s. Shyamsukha Amit & Associates, Chartered Accountants, be and are hereby appointed as Branch Auditors of the Company's branch at Kolkata, to hold such office until the conclusion of next Annual General Meeting, to conduct the audit for the financial year 2007-08."  
 "Resolved further that the Board of Directors be and are hereby authorized to fix the remuneration and other terms & conditions of appointment of the Branch Auditors."
7. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as a Special Resolution.

"RESOLVED that the article 33 of Articles of Association of the Company be and is hereby modified as follows.

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 transfer of shares and registration thereof. There shall be a common form of transfer".

8. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as a Special Resolution.

"RESOLVED THAT article 43A be and is hereby inserted after article 43 and before article 44 of the Articles of Association of the Company as hereunder.

43A. The registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the issuer on any account whatsoever."

By Order of the Board  
P.K. Das  
Company Secretary

Place : Chennai

Date : 20.08.2007

## Uniply Industries Limited

NOTES

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the company. Proxies, in order to be effective should be lodged with the company at the Registered Office not less than 48 hours before the meeting.
2. Explanatory Statements Pursuant to section 173 of the Companies Act, 1956 relating to special business to be transacted at the Annual General Meeting are annexed.
3. Corporate members are requested to send to the Company's registered office a duly certified copy of the Board resolution, pursuant to section 187 of the Companies Act, 1956, authorizing their representative(s) to attend and vote at the Annual General Meeting.
4. Members are requested to bring their admission slips along with copy of the Annual Report to the Annual General Meeting
5. Members holding shares in the physical form are requested to notify / send the following to Company to facilitate better servicing:-
  - i) Any change in their address / mandate / bank details,
  - ii) Particulars of their bank account, in case the same have not been furnished earlier, and
  - iii) Share certificates held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such share holdings into a single account.
6. The Register of Members and Transfer Registers will remain closed from 20.09.2007 to 27.09.2007 (both days inclusive).

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

## Item No. 6

M/s. Shyamsukha Amit & Associates, Chartered Accountants, branch auditors of Kolkata Branch retire at this Annual General Meeting and have sent their consent for reappointment.

The Board recommends their reappointment as branch auditors for Kolkata Branch for the financial year 2007-08 and authorizes board of directors to fix their remuneration and other terms & conditions of appointment as Branch Auditors.

None of the Directors are interested in the Resolution.

## Item No. 7 &amp; 8

During the year your company's shares got listed in National Stock Exchange of India Ltd., as a part of the listing formalities, company has given an undertaking to suitably modify the Articles of Association of the Company to the following effect.

Article 33 be modified to "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. There shall be a common form of transfer."

New Article 43A be inserted after article 43 and before article 44 "The registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the issuer on any account whatsoever."

Your directors recommend the resolutions be passed as special resolutions.

None of the Directors are interested in the Resolutions.

By order of the Board  
P.K. Das  
Company Secretary

Place : Chennai

Date : 20.08.2007

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

To All members,

Your Directors have pleasure in presenting the Eleventh Annual Report of the company along with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2007.

### Financial Results

The highlights of the financial results of the company for the year ended 31.03.2007 as compared with the previous year are as follows:

	31.03.2007 (Rs. In Lakhs)	31.03.2006 (Rs. In Lakhs)
Gross Turnover	12138.27	7995.53
Operating Profits	947.32	619.53
Less: Interest	256.10	85.74
Profit before depreciation and Tax	691.22	533.79
Less: Depreciation	187.26	64.61
Profit before Taxation	503.96	469.18
Provision for Taxation	62.00	150.20
Provision for Deferred Taxation	171.96	16.81
Net profit after Tax	270.00	302.17
Profit brought forward	247.00	147.59
Amount available for appropriation	517.00	449.76
Proposed dividend	106.09	112.05
Dividend Tax as per proposed dividend	18.24	15.71
Transfer to General Reserve	75.00	75.00
Balance carried forward	317.67	247.00

### REVIEW OF OPERATIONS

Your Company reported a record performance in the following operational parameters:

- Gross turnover increased by 51.82% from Rs. 79.95 crores in 2005-06 to Rs.121.38 crores in 2006-07.
- Correspondingly your company's operating profit increased by 52.99% from 6.19 crores in 2005-06 to Rs.9.47 crores in 2006-07.

### DIVIDEND

Keeping in view the immediate expansion and diversification plans of your company, your Directors presume it a better financial proposition to retain majority portion of the profit, to plough it back for the expansion and diversification activities, accordingly your directors recommend a dividend of 7.50%, the dividend tax, surcharge and cess thereon (which is currently 16.995% compared to 14.025% in the previous year) will be paid by the Company.

### ECONOMIC SCENARIO AND WOOD BASED INDUSTRY

Vigorous growth with strong macroeconomic fundamentals has characterized developments in the Indian economy in 2006-07 with growth in GDP from 9.0 per cent and 9.2 per cent in 2005-06 and 2006-07 respectively, by most accounts, surpassed expectations. While the up-and-down pattern in agriculture continued with growth estimated at 6.0 per cent and 2.7 per cent in the two recent years, and services maintained its vigorous growth performance, there were distinct signs of sustained improvements on the industrial front. Entrenchment of the higher growth trends, particularly in manufacturing, has boosted sentiments, both within the country and abroad. The overall macroeconomic fundamentals are robust, particularly with tangible progress towards fiscal consolidation and a strong balance of payments position. With an upsurge in investment, the outlook is distinctly upbeat.

India's exports (in US dollar terms and customs basis) have been growing at a high rate of more than 20 per cent since 2002-03. During 2005-06, with growth of 23.4 per cent, India's exports crossed the US\$100 billion mark. During 2006-07, after a slow start, exports gained momentum to grow by an estimated 36.3 per cent in the first nine months to reach US\$89.5 billion. Buoyancy of exports was driven by the resurgence in the manufacturing sector and sustained demand from major trading partners.

Investment requirements for infrastructure during the Eleventh Five Year plan are estimated to be around US\$ 320 billion. While nearly 60 per cent of these resources would come from the public sector, the balance would need to come either from the private sector and/or through public-private partnership (PPP). The potential benefits expected from PPP are: cost-effectiveness, higher productivity, accelerated delivery, clear customer focus, enhanced social service, and recovery of user charges. Further, the additionality of resources that PPP would bring, along with the 'value for money', continues to remain critical. Based on the number of projects that have been approved or are under consideration, it is estimated that a leveraging of nearly six times could be achieved through this route.

Source:www.indiabudget.nic.in

## Uniply Industries Limited

In order to conserve the natural forest resources and to cope up with the demand for the wood based product Union Finance Minister, took a pragmatic view by reducing the excise duty from 16% to 8%, with effect from March 1, 2007 accordingly effective prices of all types of plywood and block boards were reduced. With the reduction in the excise duty there was a reduction of prices by around three per cent. This has been in spite of the fact that there is a hefty increase (more than 20 per cent) in the prices of all the raw materials used in the manufacturing of plywood. Major raw materials include timber (both imported and indigenous), chemicals, phenol, formalyn etc.

There has been an unprecedented boom in the real estate sectors, leading to surge in the demand for wood based product. Plywood forms the major segment of the wood based industry in the country and the globe. While the demand for plywood and other wood based product is multiplying the supply has not increased pro rata. With the increased demand and supply gap the price realization of Plywood is firming up.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate Internal Control systems in all areas of operation, commensurating with the size of the operation. Adequacy of the system has also been examined by the Statutory Auditors of the Company and there is no adverse remark on the adequacy of internal control system.

### DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

During the year under review, there were no strikes, lockout or any other Industrial disputes. The Industrial relationship was very cordial during the year. Plywood manufacturing is labour intensive. In view of the boom in construction activities all over the country, Company faced acute problem in sourcing labour and retaining them, hence your company has to face bottlenecking in the manufacturing capacity. However your company is in the process of providing adequate infrastructures and facilities including higher monetary benefits to the labour in order to retain them.

### QUALITY MANAGEMENT SYSTEM

The company continues to lay emphasis on excellence in quality and services and is committed to total customer satisfaction. The high quality of the company's products is reflected in the company's ability to export a wide variety of products in quality conscious Asian and European markets. The company continues to be on a mission to provide customer with products that can match with international standards and will surpass their expectations. That only explains why Uniply is today one of the most respected plywood brands in the country. The company vigorously follows the BIS quality standards besides quality and cost management policy and procedure certified by ISO 9001, ISO 14001 and OHSAS 18001. Your Company is perusing CE certification for its product, which will help in a big way in marketing its' product in European markets besides attractive premium brand image in the domestic market.

### ENVIRONMENT

The Company is committed to the environment. Continuous check of air and water pollution at manufacturing unit is made and monitored. Treated sewage, industrial effluent and emissions from chimney are extensively monitored to control the pollution with the installation of wet scrubber attached to its Boilers to ensure that no harm is caused to the environment. The factory ensures that all effluents meet the safety specifications laid down by the statutory authorities.

### FUTURE STRATEGIC INITIATIVES

Keeping in view the scarcity of raw materials internationally and upward trends in the price in the international market, your company is in process of backward integration by promoting farm forestry in various parts of Tamilnadu. Your Company has identified various places and has done analysis with regard to the farm forestry to assess the techno feasibility of the project. Company is also taken help from various organizations like, NABCON, SFRI and other leading consultants and experts, to identify fast growing species and methodology to adopt, for the aforesaid backward integration.

Your company's proposal to set up a plywood and panel manufacturing unit in the state of Himachal Pradesh is yet to be exercised. The proposal is with the Hon'ble Central Empowered Committee (CEC). Your Company is hopeful of getting clearances, approvals and permission for setting up the unit in the current financial year.

Your company has done an extensive survey on various building materials that can be sourced from south east and Far East Asia and market them through the existing marketing net work spread over the country. In order to facilitate the sourcing of material, your company has decided to acquire a company M/s. Surge Trading Limited (STL) at Hong Kong. After acquisition, STL will be a wholly owned subsidiary of your company. Your company proposes to invest upto HK\$ 1 million in STL for initiating the business operation. Your company is complying with the formalities for such overseas investment as per the RBI regulations and other applicable statutes.

### PUBLIC DEPOSITS

The Company did not invite or accept any deposits from the public under section 58A of the Companies Act, 1956.

### DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (amendment) Act, (amendment) 2000, your Directors confirm:

- that in the preparation of Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE**

Your company has complied with the requirements of Corporate Governance through constitution and reconstitution of various committees and has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as provided in the Listing Agreement with the Stock Exchanges are duly complied with.

A separate report each on Corporate Governance is annexed hereto along with Auditors Certificate on its due compliance

**DIRECTORS**

During the year Mr. P.K. Sethia and Mr. Sudhir Kumar Jena are directors retiring by rotation and being eligible offer themselves for reappointment. Necessary resolutions are proposed in the notice to the Annual General Meeting.

Mr. B.V. Rao, whole time director of your company tendered his resignation and the same was accepted at the meeting of the board of directors held on 30.07.2007. Board records its appreciation for his valuable contribution, technical and administrative support and guidance during the tenure of his service, which was noteworthy in the growth of the company.

**AUDITORS AND THEIR REPORT**

M/s. C. Ramasamy & B. Srinivasan, Chartered Accountants, auditors of the company will retire at the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. The Company has received a certificate from them to effect that the reappointment, if made, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

The notes referred to by the auditors in their report are self-explanatory and do not require any further explanation.

M/s. Shyamsukha Amit & Associates, Chartered Accountants, Branch auditors of the Kolkata branch will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re- appointment.

**CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION**

Your Company has taken adequate steps to reduce and optimize power consumption of its manufacturing and other operations. Your company is taking steps to setup a cogeneration plant in its plywood manufacturing unit to optimize the utilization of fire wood generated in the manufacturing process, by producing power for its captive consumption.

Your company has commissioned 5 MW capacity wind mills, a green source of power generation.

Form 'A' of the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 is not required to be filed as our industry is not included in the Schedule to the Rules.

Research and Development (R & D) are ongoing and integral part of your Company's manufacturing activities, with regard to its raw material utilization, manufacturing process, products, quality up gradation etc.

R & D being integral part of the manufacturing activities, its not possible to maintain separate account for the expenditures incurred under this head, hence unable to furnish the disclosures in Form 'B' of the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988. The Company has not imported any technology during the last 6 years.

There are no information to be furnished under the head 'technology, absorption, adaptation and innovation in Form 'B' of the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

**FOREIGN EXCHANGE EARNINGS & OUTGO**

During the year under review the foreign exchange earned by the company was Rs. 54.68 crores and outgo amounted to Rs.77.72 crores as against Rs. 26.51 crores and Rs.53.59 crores respectively in the previous year.

**PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956.**

Mr. B.L. Bengani aged about 47 years; Managing Director of the Company is a B.Com graduate having 26 years of rich experience in Plywood and allied business. Mr. Bengani last served as VP (Marketing) in Greenply Industries Ltd., before he promoted Uniply Industries Ltd. on 04.09.1996. He has drawn Rs.3148680/- as gross remuneration and Rs. 1769700/- as net remuneration during the financial year 2006-07.

**CAUTIONARY STATEMENT OF THE COMPANY**

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws and regulations. These statements are based on certain assumptions and expectation of future events and extract of published statement from various sources. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw material costs and availability, changes in Govt. regulations and tax structure and other factors as litigation and industrial relations.

The Company assumes no liability and responsibility for the completeness and accuracy of the statements made herein with regard to "economic scenario and wood based industry". It does not assume responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information and events.

**ACKNOWLEDGEMENT**

Your Directors take this opportunity to express their appreciation for excellent support and co-operation received from Banks, financial institutions, Central and state governments, SEBI, stock exchange, vendors and valued customers. Your directors also express their appreciation of the efforts put in by the employees of the company at all levels.

For and on behalf of the Board  
B.L. Bengani  
Chairman and Managing Director

Place: Chennai

Date: 20.08.2007

## Uniply Industries Limited

## REPORT ON CORPORATE GOVERNANCE

## A. Compliance on Mandatory Requirements

## 1. Company's Philosophy on Corporate Governance

Your Company follows Corporate Governance policy aiming to ensure transparency in all dealings and the functioning of the Management and the Board. These policies seek to focus on enhancement of long-term shareholder value without compromising integrity, social obligations and regulatory compliances. The Company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationship between itself and its stakeholders.

## 2. Board of Directors

In terms of Company's Corporate Governance policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the shareholders.

## Composition

Your Company has a balanced Board, comprising executive and non-executive directors. The non-executive directors include independent professionals. Executive directors, includes the Chairman cum Managing Director and three whole time Directors.

Name of the Director	Status, i.e. Executive Non-Executive and Independent	Members in the Board of other public Companies	No. of membership /chairmanship of Board Committees of other Companies	
			As a Chairman	As a member
Mr. B.L. Bengani	Executive	2	None	None
Mr. B.V. Rao *	Executive	None	None	None
Mr. S.K. Bothra	Executive	1	None	None
Mr. M.L. Pramod Kumar	Executive	None	None	None
Mr. S.K. Jena	Non-Executive Independent	1	1	2
Mr. P.K. Sethia	Non-Executive Independent	1	None	None
Mr. P.K. Bhatera	Non-Executive Independent	1	1	None
Mr. Dinesh S Patel	Non-Executive Independent	None	None	None
Mr. R. Kuppu Rao	Non-Executive Independent	1	None	None

\* Resigned from Board w.e.f. 30.07.2007

During the financial year ended 31<sup>st</sup> March 2007 Five Board meetings were held, which are as follows

Sl. No.	Date	Board strength	No. of directors present
1	28.04.2006	9	6
2	31.07.2006	9	7
3	15.09.2006	9	3
4	20.10.2006	9	6
5	28.01.2007	9	7

## Attendance at Board Meeting and Annual general Meeting during the financial year

Director	No. of Board Meetings attended	Attendance at last AGM
Mr. B.L. Bengani	5	Yes
Mr. B.V. Rao	5	Yes
Mr. S.K. Bothra	5	Yes
Mr. M.L. Pramod Kumar	3	Yes
Mr. S.K. Jena	4	Yes
Mr. P.K. Sethia	0	No
Mr. P.K. Bhatera	3	No
Mr. Dinesh S Patel	0	No
Mr. R. Kuppu Rao	4	Yes

## 3. Audit Committee

## ◆ Terms of reference:

The broad terms of reference of the Audit Committee are to interact with the internal and Statutory Auditors, overseeing the Company's financial reporting process and review with the management the annual financial statements before submitting to the Board and includes:

1. Appointment and fixation of remuneration payable to Auditors.
2. Review Quarterly, half yearly and annual financial results before submission to the Board
3. Review accounting policies followed by the Company
4. The adequacy and effectiveness of internal control system and procedures in the Company

## ◆ Composition of the Audit Committee:

The Audit Committee consists of the following members:

Sl. No.	Name of the Member	Chairman/member
1	Mr. S.K. Jena	Chairman
2	Mr. P.K. Bhatera	Member
3	Mr. R. Kuppu Rao	Member

## ◆ Meeting and attendance

Details of Audit Committee Meeting during the financial Year

During the financial year ended 31<sup>st</sup> March 2007 four meetings of Audit Committee were held, which are as follows

Sl. No.	Date	Committee strength	No. of members present
1	28.04.2006	3	2
2	31.07.2006	3	3
3	20.10.2006	3	3
4	28.01.2007	3	3

Attendance of Audit Committee Meeting during the financial year

Sl. No.	Name of the Member	No. of Meetings attended
1	Mr. S.K. Jena	4
2	Mr. P.K. Bhatera	3
3	Mr. R. Kuppu Rao	4

The Company Secretary of the Company acted as secretary to the Committee