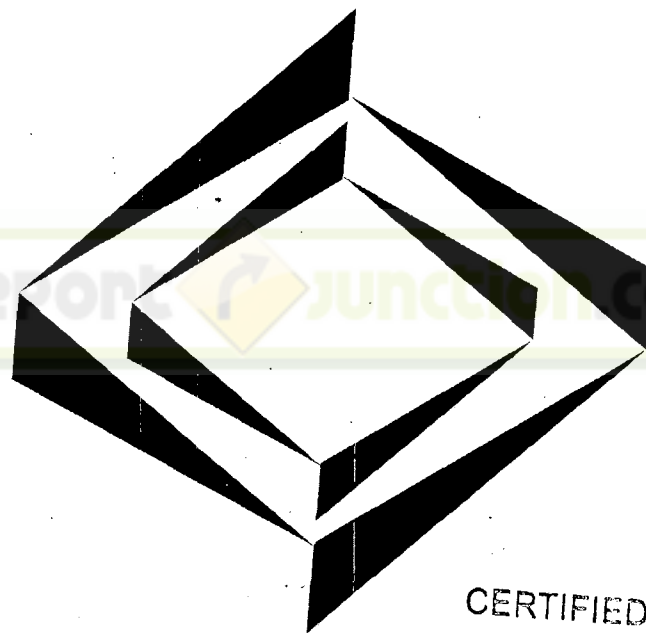


UNIPLY INDUSTRIES LIMITED



CERTIFIED TRUE COPY

For UNIPLY INDUSTRIES LIMITED

Company Secretary



for all reasons & seasons

12th Annual Report 2008

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COMPANY INFORMATION

B.L. Bengani	Chairman & Managing Director
M.L. Pramod Kumar	Whole Time Director
Sudhir Kumar Jena	Director
Pratap Kumar Bhatera	Director
R. Kuppu Rao	Director
Sunil Kumar Bothra	Whole Time Director (Up to 28.03.2008)
Prakash Kumar Sethia	Director (Up to 17.03.2008)
Dinesh S Patel	Director (Up to 31.03.2008)
P.K. Das	Chief Financial Officer
Raghuram Nath	Company Secretary
Bankers	State Bank of India
	Bank of India
	Corporation Bank
	Axis Bank Ltd
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 12th Annual General Meeting of the members of M/s. Uniply industries Limited will be held on Friday, the 12th day of September, 2008 at 10.00 a.m. at its Registered Office at # 69, Nelveli Village, Uthiramerur Block, Kancheepuram Dist., Tamilnadu – 603 107, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the accounts of the Company for the financial year ended 31st March 2008, the Balance Sheet as at that date and the reports of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. R. Kuppu Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 2008-09."

"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

4. 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 in accordance with the provision of section 198, 269,309, 310 and other applicable provisions if any of the Companies Act, 1956 including any statutory modifications or reenactment thereof and subject to the provisions of schedule XIII of the Companies Act, 1956 and as approved by the Remuneration Committee consent be and is hereby accorded to increase the remuneration in the terms of appointment of Mr. M.L. Pramod Kumar, whole time director of the Company from Rs.40,000/- per month to Rs. 1,50,000/- per month and perquisites as per the schedule XIII of the Companies Act, 1956 w.e.f. the conclusion of this meeting."

"FURTHER RESOLVED THAT consent be and is hereby accorded to the board to revise the remuneration and perquisites from time to time subject to the provisions of schedule XIII and other applicable provisions of the Companies Act, 1956."

5. 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 in accordance with the provisions of section 198, 269,309, 310 and other applicable provisions if any of the Companies Act, 1956 including any statutory modifications or reenactment thereof and subject to the provisions of schedule XIII of the Companies Act, 1956 and as approved by Remuneration Committee consent be and is hereby accorded to re-appoint Mr. B.L. Bengani Managing Director of the Company with a remuneration of Rs. 2,50,000/- per month and perquisites as per the schedule XIII of the Companies Act, 1956 for a further period of three years w.e.f. 01.04.2009.

FURTHER RESOLVED THAT consent be and is hereby accorded to the board to revise the remuneration and perquisites from time to time subject to the provisions of schedule XIII and other applicable provisions of the Companies Act, 1956."

Place : Chennai
Date : 15.07.2008

By order of the Board
Raghuram Nath
Company Secretary

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 the 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 on 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 05.09.2008 to 12.09.2008 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**Item No. 4**

Mr. M.L. Pramod Kumar was appointed as whole time director of the Company for a period of 5 years w.e.f. 15.09.2006 to 14.09.2011 with a remuneration of Rs. 40000/- p.m. with Perquisites as per Schedule XIII of the Companies act, 1956

Mr. M.L. Pramod Kumar aged about 52 years, is a Business Management graduate has been instrumental in improvement in sales and marketing of Company's products. His contribution in the growth of Company's business is worth noting. Keeping in view his contribution and potentiality to contribute further, the Board recommends to increase his remuneration from Rs. 40000/- p.m. to Rs. 1,50,000/- per month and perquisites as per schedule XIII under the Companies Act 1956 w.e.f. from the conclusion of this meeting, with power to the board to revise his remuneration and perquisites from time to time, subject to the provisions of schedule XIII and other applicable provisions of the Companies Act 1956.

The general information as required in section II (1) (B) (iv) of part II of Schedule XIII of the Companies Act, 1956 is enclosed.

None of the Directors except Mr. M.L. Pramod Kumar interested in the resolution, to the extent of his shareholding, remuneration and perquisites

Item No. 5

Mr. B.L. Bengani was last appointed as Managing Director of the company for a period of three years from 01.04.2006 to 31.03.2009. He was initially appointed with a remuneration of Rs.200,000/- per month, increased to Rs.2,50,000/- per month w.e.f 01.06.2005.

Mr. B.L. Bengani aged about 48 years, is a commerce graduate. He is the founder promoter of the company. He is the key person behind the growth and development of the company. His knowledge, expertise and efforts are the main reasons behind the growth of the company. He has extended his personal guarantee for all secured loans and liabilities of the company. His day-to-day involvement in the company's activities is inevitable. Keeping in view his roles and responsibilities, the Board recommends his re-appointment as Chairman and Managing Director for a further period of 3 years w.e.f 01.04.2009 with a remuneration of Rs.2,50,000/- per month and other perquisites as per Schedule XIII of The Companies Act, 1956 with power to the board to revise his remuneration and perquisites from time to time, subject to the provisions of schedule XIII and other applicable provision of the Companies Act 1956.

The general information as required in section II (1) (B) (iv) of part II of Schedule XIII of the Companies Act, 1956 is enclosed.

None of the directors except Mr. B.L. Bengani is interested in the resolution except to the extent of his shareholdings, remuneration and perquisites.

Place : Chennai
Date : 15.07.2008

By order of the Board
Raghuram Nath
Company Secretary

GENERAL INFORMATION FURNISHED AS REQUIRED IN SECTION II (1) (B) (IV) OF PART II OF SCHEDULE XIII OF COMPANIES ACT, 1956 RELATING TO APPOINTMENT AND PAYMENT OF REMUNERATION TO MR. M.L. PRAMOD KUMAR, WHOLE TIME DIRECTOR & MR. B.L. BENGANI, MANAGING DIRECTOR.

M.L. PRAMOD KUMAR

I. GENERAL INFORMATION:

1. Nature of Industry: - The Company is in the business of manufacturing and marketing of plywood and panel products.
2. Date of commercial production:- 01.01.2001
3. Financial Performance:- As furnished in the Directors Report
4. Export Performance & Net foreign exchange earnings : As furnished in the Directors Report.
5. Foreign Investments or collaborations : As furnished in the Director Report.

II. INFORMATION ABOUT THE APPOINTEE (MR. M.L. PRAMOD KUMAR):

1. Background details: Mr. M.L. Pramod Kumar is a graduate in Business Management. He started his career with Plywood Industry in the year 1990. He is associated with UNIPLY since the year 1997 and has been instrumental in the marketing of the company's products. He has a major contribution in establishing market for the company's product in the State of Karnataka and the western part of India.
2. Past remuneration: Mr. M.L. Pramod Kumar was earlier appointed as Whole time Director on 15.09.2006 for a period of 5 years with a remuneration of Rs.40,000/- and perquisites as per schedule XIII of the Companies act 1956.
3. Recognition and Awards : Nil
4. Job Profile and his suitability: Mr. M.L. Pramod Kumar is Whole time director, looking after the marketing function. He has rich experience in marketing of Plywood and panel products.
5. Remuneration proposed: The proposed remuneration of Mr. M.L. Pramod Kumar w.e.f. this meeting is Rs. 1,50,000/- per month with power to the board to revise his remuneration from time to time, subject to the provisions of schedule XIII and other applicable provision of the Companies Act 1956.
6. Comparative remuneration profile : Relevant data not available.
7. Pecuniary relationship with company and with other managerial personnel: Mr. M.L. Pramod Kumar is a shareholder holding 59450 equity shares of the company. He has no other pecuniary relationship with the company except his shareholdings, remuneration and perquisites. He has no relationship with other managerial personnel.

III. OTHER INFORMATION:

1. Reasons for loss or inadequate profits: a) loss in Derivative contracts b) pressure on margins due to increase in the Raw material price and market competition c) loss in wind electricity generation business.
2. Steps taken or proposed to be taken for improvement:
 - a) The Company has taken fresh derivative contracts to defer the settlements by 1½ years with an additional spread to the extent of 15% and options to cap the loss from further deterioration of USD against CHF. by paying applicable premium. Company is hopeful that the loss provided in the balance sheet as per AS 30 will reduce. b) Company has taken steps to reduce and optimize costs and improve production and productivity. c) Company is in the process of winding up Wind mills business by sale return of the assets along with the corresponding liabilities to the vendor.

Uniply Industries Limited**B.L. BENGANI****I GENERAL INFORMATION:**

1. Nature of Industry: - The Company is in the business of manufacturing and marketing of plywood and panel products.
2. Date of commercial production:- 01.01.2001
3. Financial Performance:- As furnished in the Directors Report
4. Export Performance & Net foreign exchange earnings : As furnished in the Directors Report.
5. Foreign investments and collaborations : As furnished in the Directors' Report.

II INFORMATION ABOUT THE APPOINTEE (MR. B.L. BENGANI):

1. Background details: Mr. B.L. Bengani is a commerce graduate and is the founder promoter of the company. He is the key person behind the growth and development of the company. His knowledge, expertise and efforts are the main reasons behind the growth of the company. He has also extended his personal guarantee for all secured loans and liabilities of the company. His day-to-day involvement in the company's activities is commendable and inevitable. Keeping in view his roles and responsibilities, the Board, recommends his re-appointment as Chairman and Managing Director for a further period of 3 years w.e.f. 01.04.2009 with the remuneration of Rs.2,50,000/- per month and other perquisites as per Schedule XIII of The Companies Act, 1956.
2. Past remuneration: Mr. B.L. Bengani was reappointed as Managing Director on 31.03.2006 for a period of 3 years with remuneration of Rs. 250,000/- per month.
3. Recognitions and awards : NIL
4. Job Profile and his suitability: Mr. B.L. Bengani is the key person in all the functions and overall management of the company. He has rich experience in the Plywood industry.
5. Remuneration proposed: The proposed remuneration of Mr. B.L. Bengani w.e.f. 1.04.2009 is Rs. 2,50,000/- per month.
6. Comparative remuneration profile - relevant data not available
7. Pecuniary relationship with company and with other managerial personnel: Mr. B.L. Bengani is the founder promoter and a shareholder of the company holding 4722752 shares with relatives and associates. He has no other pecuniary relationship with the company except his shareholdings, remuneration and perquisites. He has no relationship with other managerial personnel.

III OTHER INFORMATION:

1. Reasons for loss or inadequate profits: a) loss in Derivative contracts b) pressure on margins due to increase in the Raw material price and market competition c) loss in wind electricity generation business.
2. Steps taken or proposed to be taken for improvement:
 - a) The Company has taken fresh derivative contracts to defer the settlements by 1½ years with an additional spread to the extent of 15% and options to cap the loss from further deterioration of USD against CHF by paying applicable premium. Company is hopeful that the loss provided in the balance sheet as per AS 30 will reduce.
 - b) Company has taken steps to reduce and optimize costs and improve production and productivity.
 - c) Company is in the process of winding up Wind mills business by sale return of the assets along with the corresponding liabilities to the vendor.

Place : Chennai
Date : 15.07.2008

By order of the Board
Raghuram Nath
Company Secretary

Directors' Report & Management Discussion and Analysis

To All members,

Your Directors have pleasure in presenting the 12th Annual Report of the company along with the Audited Statement of Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS

The highlights of the financial results of the company for the year ended 31.03.2008 as compared with the previous year are as follows:

	For the year ended 31.03.2008	For the year ended 31.03.2007
	Rs. In Lacs	
Gross Turn Over	11571.47	12138.27
Gross Profit before Interest and Depreciation and Derivative Loss	784.13	947.32
Less Interest	483.58	256.10
Less Derivative Loss*	435.70	—
Profit/(Loss) before Depreciation	(135.15)	691.22
Less Depreciation	221.93	187.26
Profit/(Loss) before Taxation	(357.08)	503.96
Less Provision for Taxation		
Taxation: Current Tax Including FBT	6.88	62.00
Deferred tax	(132.41)	171.96
Profit/(Loss) after Tax	(231.55)	270.00
Balance brought forward	317.67	247.00
Provision for Dividend and Dividend tax	-	124.33
Transfer to General Reserve	-	75.00
Balance carried forward to next year	86.12	317.67

* Provided on mark to-market basis as on 31.03.2008.

DIVIDEND

Your Company incurred a loss of Rs.231.55 lacs for the year under review.

The loss is mainly because of the derivative contracts taken by the company in order to swap the underlying commitments in the form of fixed loans and import commitments in order to reduce interest cost and hedge exchange fluctuations. Unfortunately, most of the contracts got knocked in and liabilities were provided on mark to market basis as on 31.03.2008. Keeping in view the losses, your Directors regret their inability to declare any dividend.

SUBSIDIARIES & ASSOCIATES

During the year under review, your company acquired M/s. Surge Trading Limited (STL), incorporated under the Companies ordinance, Hong Kong. Consequent to the acquisition of its 100% share capital, M/s. Surge Trading Limited become a wholly owned subsidiary of your company. M/s. Surge Trading Limited was acquired to develop and facilitate trade in the course of imports and exports.

During the year under review, M/s. Surge Trading Limited has already started its activities and the audited annual account of M/s. Surge Trading Limited is attached.

ECONOMIC SCENARIO AND WOOD BASED INDUSTRY

Imported logs are the main source of raw materials for Plywood and Panel Products Industries in India. In India, logs are usually imported from Malaysia, Myanmar and Indonesia. Import of logs from Indonesia has continued to be banned. Logs are predominantly sourced from Malaysia and Myanmar. Prices of logs have firmed up due to increase in demand and logistic cost. Prices of most of the chemicals, used for glue making,

Uniply Industries Limited

have also firmed up during the year under review. These have led to abnormal increase in the cost of manufacturing. Whereas the price increase in the products of your company were not proportionate, leading to pressure on margins.

Plywood and Panel Product Industry in India have grown during the year under review. The growth was consistent to the growth in the real estate sector.

The Plywood and Panel Product Industry in India is changing at a fast pace. Construction industry has boomed with the growth of retail sector. There is a huge potential for capacity expansion and technology upgradation in this industry to make it equivalent to global standards.

In the Union Budget 2008, Government of India has reduced the Excise Duty on Veneers and flush door (which are the finished products being manufactured by your company) from 16% to 8%. This reduction was effective from 01.03.2008. We may also recapitulate that the excise duty on plywood was reduced from 16% to 8% in the last Union Budget. The decrease in the Excise Duty has made the plywood and panel products more attractive to the end customers. In order to capture the niche market, your company, through its R&D, has developed many premium products such as Fire Retardant, Ecomate, Uniply HMR, Unidoor, Uniply Flexible Plywood, etc.

The growth of real gross domestic product (GDP) in 2007-2008 was placed at 8.7 percent. In the current year too according to the Advance Estimates by the Central Statistical Organisation, the growth rate will be 8.7 percent.

2007-08 has been the most challenging of the last four years. At the beginning of the year, the outlook for the global economy was benign. The first half of 2007-08 GDP returned a growth of 9.1 per cent. However, since August 2007, the financial markets in USA along with other developed countries have witnessed considerable turbulence that has not yet abated. The consequences for developing countries are also not yet clear.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate Internal Control systems in all areas of operations 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

To remain at the cutting edge and to be the best, your company's focus has been not only in business strategies but more importantly on people power. Your company strongly believes, it is people alone who provide greatest sustainable, competitive advantage. During the year under review, the company made substantial investments in developing human resources and focused on improving productivity.

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 real estate sector company faced acute problem in sourcing labours and retaining them, hence your company had to face bottleneck in the manufacturing capacity. In order to cope up with the problem, your company has developed facilities for labours stay and their welfare. Your company has also enhanced the wages and other non-monetary facilities to keep the same at par with the offer of the other industries. With the foregoing, the company is able to solve the labour problem to a large extent and retain consistency in production.

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 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 achieved another recognition of its superior quality, Uniply's Phenol Formaldehyde hardwood plywood product gets a CE Marking Certificate from BM Trada Certification Ltd, UK. The product conforms to EN13986:2004. This is the first time that a phenol formaldehyde hardwood plywood product has achieved this certification in India. This will help your company in a big way in marketing its' product in European markets besides attractive premium brand image in the domestic market.

RECOGNITION AND AWARDS

Uniply won the CAPEXIL Award 2006-2007 for Outstanding Export Performance in the Plywood and Panel Industry 2006-2007. The Award was received from Shri Somnath Chatterjee, Honourable Speaker, Indian Parliament.

ENVIRONMENT

The Company is committed to the environment. The Company has made huge investments in installing effluent and chemical treatment plant. 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. The factory ensures that all effluents meet the safety specifications laid down by the statutory authorities, ISO 14001 and OHSAS 18001.

FUTURE STRATEGIC INITIATIVES

The company had proposed to set up a plywood and panel manufacturing unit in the state of Himachal Pradesh particularly keeping in view the incentives being provided by the Government in the form of excise duty holidays. Setting up of such unit requires permissions from Central Empowered Committee (CEC). Your company was pursuing with the procedure to obtain permission from CEC. As per the terms and conditions the excise holidays will be granted to units which are commissioned on or before March 2010. Keeping in view approaching dead line and the estimated time to commission the project, consequent to CEC approval, your company has decided to drop the project.

Consequent to the acquisition of M/s. Surge Trading Limited as its wholly owned subsidiary, your company is doing extensive marketing of its product in Europe and USA. In response, the company has got substantial order booking from the aforesaid continents. The future strategy of the company will also include marketing of its product in European and American market besides strengthening its base in the country through its indigenous marketing network.

Your Company is in the business of manufacturing and marketing of plywood and panel products since inception. Of late, in the year 2006-07, the company planned to diversify into other areas of business. One of the areas identified was wind power generation. A thorough study on the feasibility of wind mill business was done. This business appeared to be feasible particularly when the depreciation advantage as per Income Tax Act is considered.

Your Company placed an order with M/s Shriram EPC Limited (SEPC) for 5MW wind farm consisting of 20 machines of 250 KW each of Shriram EPC make (ITG) Model 250T Wind Electric Generator (WEG) of 250/80 on a turnkey basis. The wind mills were installed at Tirunelveli District, Tamil Nadu, during the year 2006-2007. The total project outlay was Rs.2560.00 lakhs, which was funded by way of term loan from Bank of India for Rs.1440.00 lakhs, Corporation Bank for Rs.480.00 lakhs and internal accruals. The repayment of the aforesaid loans had commenced during the year 2007-08.

There were operational problems in the Project eventually leading unexpectedly lower returns. Due to lower returns than the expected, your company was finding it difficult to meet the repayment commitment.

Your company had several communications with SEPC to set right the problems, but there was no proactive steps taken. In order to protect the interest of the company, your company invoked the arbitration clause of the purchase order and issued a legal notice proposing name of the arbitrators. Your company subsequently filed applications with Hon'ble High court of Madras seeking Interim relief under section 9 of the Arbitration and Conciliation Act 1996. Pending, litigation process, your company and SEPC discussed about the settlement out of the court process.

SEPC and your company finally agreed for a settlement out of court and a memorandum of understanding (MOU) was drawn between both the companies for the settlement of the matter.

The effect of the aforesaid settlement will be reflected in the current financial year.

Your Board of Director pursuant to provision of Section 293(1)(a) read with Section 192(A) read with the Company's (Passing of Resolution by postal ballot) Rule 2001 and other provisions, has given notice to the shareholders for a Postal Ballot Resolution to complete the aforesaid transaction.

PUBLIC DEPOSITS

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