



ARCHIDPLY INDUSTRIES LIMITED

(Our Company was originally incorporated on September 5, 1995 as ATP Silvi Products Limited under the Companies Act, 1956, at Bangalore. The name of Our Company was changed to Archidply Industries Limited on March 30, 2007.

Registered and Corporate Office: 29/2, G.K. Manor, 1st Floor, Nehru Nagar Circle, Seshadripuram, Bangalore – 560 020, India.

(Registered Office of Our Company was changed from Swastik Manandi Arcade, 2nd Floor, No. 401/ 2, Subedar Chatram Road, Bangalore – 560 020 to No 27, Akshaya Complex, 2nd Floor, Nagappa Street, Bangalore – 560 003 on June 24, 2002 and then to 29/2, G.K. Manor, 1st Floor, Nehru Nagar Circle, Seshadripuram, Bangalore – 560 020 on August 18, 2005)

Tel No: + 91 80 2344 5607; **Fax No:** + 91 80 2334 8463; **Email:** ipo@archidply.com; **Website:** www.archidply.com

Contact Person: Mr Rajneesh Sharma, Company Secretary & Compliance Officer

(For details of changes in registered office, incorporation and change of name please refer to the section titled “History and Other Corporate Matters” beginning on page 89 of this Red Herring Prospectus.)

PUBLIC ISSUE OF 66,15,720 EQUITY SHARES OF RS.10 EACH FOR CASH AT A PRICE OF RS.[•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS.[•] PER EQUITY SHARE) AGGREGATING TO RS.[•] LAKHS, (HEREINAFTER REFERRED TO AS “THE ISSUE”), BY ARCHIDPLY INDUSTRIES LIMITED (“OUR COMPANY”, or “THE ISSUER”). THE ISSUE WILL CONSTITUTE 30.07% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY

PRICE BAND: RS.70 TO RS.80 PER EQUITY SHARE OF FACE VALUE OF RS.10/- EACH

THE ISSUE PRICE IS 7 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 8 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for three additional working days after such revision, subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”) and by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager and terminals of the Syndicate Member.

This Issue is being made through a 100% Book Building Process in terms of Clause 2.2.2 (a) (ii) and (b) (i) of SEBI Guidelines, wherein upto 50% of the Issue (subject to mandatorily minimum allocation of 10%) will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Fund Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, atleast 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and atleast 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

This Issue is being made in terms of Clause 2.2.2 (a) (ii) and (b) (i) of SEBI Guidelines, 2000 as amended from time to time, wherein the “Project” has atleast 15% participation by financial institutions / scheduled commercial banks, of which atleast 10% comes from the appraiser (s). In addition to this, atleast 10% of the Issue shall be allotted to QIBs failing which the full subscription money shall be refunded. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% p.a. for the period of delay.

IPO GRADING

ICRA Limited has assigned an IPO Grade 3 (pronounced ‘three on five’), indicating average fundamentals. For more information on IPO Grading, please refer to the section titled “General information” beginning on page 9 of this Red Herring Prospectus.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of Our Company, there has been no formal market for the Equity Shares of Our Company. **The Face Value of the Equity Shares is Rs.10/-** and the Floor Price is 7 times of the Face Value. The Price band (as determined by Our Company in consultation with the Book Running Lead Manager (“BRLM”) on the basis of assessment of market demand for the Equity Shares by the way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of Our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investment in equity and equity related securities involves 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 Our Company and the Issue including the risks involved. The Equity Shares offered in the 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 Red Herring Prospectus. **Specific attention of the investors is invited to the section titled Risk Factors beginning on Page No. xii of this Red Herring Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company having made all reasonable inquiries, accepts responsibility for, and confirms that this Red Herring Prospectus contains all information with regard to Our Company and the Issue, which is material in the context of this Issue; that the information contained in this Red Herring Prospectus 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 offered through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”). The in-principle approvals of the Stock Exchanges for listing the Equity Shares have been received pursuant to letter no. DCS/IPO/NP/IPO-IP/1363/2007-08 dated November 28, 2007 and letter no. NSE/LIST/62582-D dated December 14, 2007 respectively. Bombay Stock Exchange Limited shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
 Motilal Oswal Investment Advisors Private Limited 113/114, Bajaj Bhawan, 11th Floor, Nariman Point, Mumbai 400 021, India. Tel: +91 22 3980 4380 Fax: +91 22 3980 4315 Email: archidply.ipo@motilaloswal.com Website: www.motilaloswal.com Contact Person: Mr Rupesh Khant Registration No: INM000011005	 Karvy Computershare Private Limited Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad 500 086 Tel: 1-800-3454001 Fax: +91 040 23420814 Email: einward.ris@karvy.com Website: www.karvy.com Contact Person: Mr. M Murali Krishna Registration No: INR000000221
ISSUE PROGRAMME	
BID/ISSUE OPENS ON: JUNE 11, 2008	BID/ISSUE CLOSES ON: JUNE 17, 2008

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SECTION I: GENERAL
DEFINITIONS AND ABBREVIATIONS

In this Red Herring Prospectus, all references to “Archidply Industries Limited”, “AIL” and “Issuer”, “we”, “us”, “our” and “Our Company” are to Archidply Industries Limited, a company incorporated under the Companies Act, 1956, with its registered office at 29/2, G.K. Manor, 1st Floor, Nehru Nagar Circle, Seshadripuram, Bangalore – 560 020, India.

In this Red Herring Prospectus, all references to, “Archidply Group” and “Group” are to AIL and it’s Group Companies, as defined hereunder.

Company Related Terms

Term	Description
Articles / Articles of Association / AOA	The Articles of Association of Archidply Industries Limited
ATPL	Assam Timber Products Private Limited
Archidply Group	Archidply Industries Limited, its promoter namely Mr. Deen Dayal Daga, Mr. Shyam Daga, Mr. Rajiv Daga and Assam Timber Products Private Limited and its group companies namely The Mysore Chipboards Limited, Vanraj Suppliers Private Limited, Shree Shyam Tea Private Limited, Ravi Marketing and Services Private Limited, Bordhumsa Tea Company Private Limited and Deen Dayal Daga H.U.F.
Board / Board of Directors	Board of directors of Archidply Industries Limited or a committee of the Board
BTCP	Bordhumsa Tea Company Private Limited
Chief Executive Office/ CEO	Mr. Deen Dayal Daga
Chief Financial Officer/ CFO	Mr. Shyam D. Daga
CMD	Chairman and Managing Director
Corporate Promoter	Assam Timber Products Private Limited
Equity Shares	Equity Shares of Our Company of face value Rs.10/- each.
Individual Promoters	Mr. Deen Dayal Daga, Mr. Shyam D. Daga and Mr. Rajiv D. Daga
Promoter Group Companies/ Group Companies/ Group	The Mysore Chipboards Limited, Vanraj Suppliers Private Limited, Shree Shyam Tea Private Limited, Ravi Marketing and Services Private Limited, Bordhumsa Tea Company Private Limited and Deen Dayal Daga H.U.F..
Memorandum/ Memorandum of Association/ MoA	The Memorandum of Association of Archidply Industries Limited
Promoters	Mr Deen Dayal Daga, Mr. Shyam D. Daga, Mr. Rajiv D. Daga and Assam Timber Products Private Limited
Registered Office	The registered office of Our Company, at 29/2, G.K. Manor, 1 st Floor, Nehru Nagar Circle, Seshadripuram, Bangalore – 560 020 , India
RMSL	Ravi Marketing and Services Private Limited
SSTP	Shree Shyam Tea Private Limited
TMCL	The Mysore Chipboards Limited
VSPL	Vanraj Suppliers Private Limited

Conventional / General Terms:

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year in accordance with Income-Tax Act
BRLM	Book Running Lead Manager
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CEPS	Cash Earning Per Equity Share
CY	Calendar Year
DIN	Director's Identification Number
DRHP	Draft Red Herring Prospectus
CEO	Chief Executive Officer
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under
FII(s) / Foreign Institutional Investors	Foreign Institutional Investor as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI
FIPB	Foreign Investment Promotion Board
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI	Government of India
HNI	High Networth Individual
H.U.F.	Hindu Undivided Family
IPO	Initial Public Offer
I. T. Act	The Income Tax Act, 1961
MAPIN	Market Participant and Investor Database
MD	Managing Director

Term	Description
MIS	Management Information System
MNC	Multi National Company
MOA	Memorandum of Association of Our Company
NAV	Net Asset Value
NRE Account	Non-Resident External Account
NRI	Non Resident Indian
NSE	National Stock Exchange of India Limited
OEM	Original Equipment Manufacturer
PAN	Permanent Account Number
PAT	Profits After Taxation
PBT	Profits Before Taxation
P/E Ratio	Price/Earnings Ratio
RBI	The Reserve Bank of India
RHP	Red Herring Prospectus of Our Company
RoC	Registrar of Companies, located at Bangalore.
RONW	Return on Net Worth
Rs./ Rupees / INR	Indian Rupees
RTGS	Real Time Gross Settlement System
SCRR	Securities Contract Regulations Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI DIP Guidelines	Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
UIN	Unique Identification Number
YOY	Year on Year

Issue Related Terms:

Term	Description
Allotment / Allotment of Equity Shares	Issue of Equity Shares of Our Company pursuant to the Issue to the successful Bidders.
Allottee	The successful Bidder to whom the Equity Shares would be issued.
Auditors	The statutory auditors of Our Company, M/s GRV & PK, Chartered Accountants.
Banker (s) to the Issue and	ICICI Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Union

Term	Description
Escrow Collection Bank (s)	Bank of India and Vijaya Bank.
Bid	An indication to make an offer made by a prospective investor to subscribe for Equity Shares of Our Company at a price within the Price Band, during the Bidding Period and includes all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid / Issue Closing Date	The date after which the BRLM to the Issue will not accept any Bids for the Issue; any such date shall be notified through a notice in an English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid / Issue Opening Date	The date on which the BRLM to the Issue shall start accepting Bids for the Issue; any such date shall be notified through a notice in an English national newspaper, a Hindi national newspaper and a regional news paper.
Bid-cum- Application Form	The form in terms of which the Bidder shall Bid for the Equity Shares in Our Company and shall, upon allocation of the Equity Shares by the BRLM and filing of the Prospectus with the RoC, be considered as the application for allotment of the Equity Shares in terms of this Red Herring Prospectus.
Bidder(s)	Any prospective investor who makes a Bid for Equity Shares in terms of this Red Herring Prospectus through the Book Building Process.
Bidding / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which period prospective investors can submit their Bids.
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI DIP Guidelines, in terms of which this Issue is made.
BRLM	Book Running Lead Manager, in this case being Motilal Oswal Investment Advisors Private Limited.
CAN / Confirmation of Allocation Note	The note, advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band above which the Issue Price will not be finalized and above which no bids will be accepted.
Companies Act/ The Act	The Companies Act, 1956, as amended from time to time.
Cut-off / Cut-off Price	The Issue Price finalized by Our Company in consultation with the BRLM.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
DP / Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which funds are transferred from the Escrow Account to the Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall transfer / allot the Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited
Director(s)	Director(s) of Archidply Industries Limited, unless otherwise specified.

Term	Description
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated November 5, 2007 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. Upon filing with RoC at least three days before the Bid/Issue Opening Date it will become the Red Herring Prospectus. It will become a Prospectus upon filing with RoC after the determination of Issue Price.
Escrow Account	Account opened with the Escrow Collection Bank and in whose favour the Bidder will issue cheques in respect of the Bid and in which account the cheques/demand drafts will be deposited by the BRLM.
Escrow Agreement	Agreement entered into between Our Company, the Registrar to this Issue, The Escrow Collection banks, The Refund Bank(s) and the BRLM to this Issue in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for this Issue will be opened.
FIIs/Foreign Institutional Investors	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
Financial Year/ Fiscal/ FY	The twelve months or period ended March 31 of a particular year.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
Issue/ Issue Size	Issue of 66,15,720 Equity Shares for cash at the Issue Price of Rs.[●] aggregating to Rs.[●] lakhs by Our Company in terms of this Red Herring Prospectus.
Income Tax Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAAP	Generally accepted accounting principles in India.
Issue Price	Price determined by Our Company in consultation with the BRLM on the pricing date after the bidding period and which shall be set forth in the Prospectus to be filed with RoC.
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Issue Account	Account opened with the Banker to the Issue to receive monies from the Escrow Accounts on the Designated Date.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount.
Motilal Oswal Investment Advisors Private Limited	Motilal Oswal Investment Advisors Private Limited, a company registered under the Companies Act, 1956, having its registered office at 2nd Floor, Palm Spring Centre, Palm Court Complex, New Link Road, Mumbai 400 064, India.
Mutual Funds Portion	5% of the QIB Portion or upto 1,65,393 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Bidders.

Term	Description
Non-Institutional Portion	The portion of this Issue being 9,92,358 Equity Shares available for allocation to Non-Institutional Bidders.
Non Residents	All Bidders who are not persons resident in India.
NRI / Non Resident Indian	Non-resident Indian, is a person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
OCB / Overseas Corporate Body	Overseas corporate body, is a company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs and includes overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Pay-in-Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Pay-in-Period	Means: 1. with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and 2. with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of Rs.70 to Rs.80 including revisions thereof.
Pricing Date	The date on which Our Company in consultation with the BRLM finalizes the Issue Price.
Promoter Group	Unless the context otherwise requires, refers to those companies and individuals mentioned in the section titled “Our Promoters and Promoter Group” beginning on page 112 of this Red Herring Prospectus.
Proposed Project/Project	Setting up of manufacturing facilities for manufacturing of plain & pre laminated particle board, decorative plywood and medium density fibreboard and such other incidental activities.
Prospectus	The Prospectus to be filed with the RoC containing, inter-alia, the Issue Price that is determined at the end of the Book Building Process, the Issue size and certain other information.
Qualified Institutional Buyers (QIBs)	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory, Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs.250 million, pension funds with minimum corpus of Rs.250 million in accordance with applicable law and National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India.
QIB Portion	The portion of the Issue being 33,07,860 Equity Shares available for allocation to QIB Bidder(s).
Red Herring Prospectus	The Red Herring Prospectus to be issued in accordance with Section 60B of the

Term	Description
	Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the Issue size. The Red Herring Prospectus will be filed with the RoC at least 3 days before the opening of the Issue and will become a Prospectus after filling with RoC after the pricing and allocation.
Registrar	Registrar to the Issue, in this case being Karvy Computershare Private Limited, having office at Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad 500 086.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for Equity Shares for an amount more than or equal to Rs.100,000 in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue being 23,15,502 Equity Shares available for allocation to Retail Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any.
Stock Exchanges	BSE and NSE
Syndicate Agreement	The agreement to be entered into between Our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	Intermediaries registered with SEBI and eligible to act as Underwriters. Syndicate Members are appointed by the BRLM.
TRS or Transaction Registration Slip	The slip or document registering the Bids, issued by the BRLM to the Bidder as proof of registration of the Bid upon submission of the Bid-cum-Application Form in terms of this Red Herring Prospectus.
Trading Volumes	Traded value of equities including both cash and derivatives on the Stock Exchanges.
Underwriter	Motilal Oswal Investment Advisors Private Limited.
Underwriting Agreement	The agreement between the Underwriters and Our Company to be entered into on or after the Pricing Date.
Venture Capital Fund/ VCF	Venture Capital Funds registered with SEBI under the SEBI (Venture Capital Funds) Regulations, 1996, as amended from time to time.

Technical and Industry Terms:

Term	Description
BIS	Bureau of Indian Standards
BPLR	Bank Prime Landing Rate
BS	British Standard
BWR	Boiling Water Resistant
CBM	Cubic Meter
CDSL	Central Depositories Services (India) Limited
CEC	Central Empowerment Committee
CER	Certified Emissions Reductions

Term	Description
BIS	Bureau of Indian Standards
CIF	Cost, Insurance and Freight
CPWD	Central Public Works Department
DIN	Deutsches Institute Fur Normung E.V., Germany
EPCG	Export Promotion Capital Goods Scheme
FIPB	Foreign Investment Promotion Board
FMV	Fair Market Value
FOB	Free on Board
HDF	High Density Fibreboard
HPL	High Pressure Laminates
IPR	Intellectual Property Rights
IT	Information Technology
KL	Kilo Litre
KVA	Kilo Volt Amperes
MDF	Medium Density Fibreboard
MES	Military Engineering Service
MR	Moisture Resistant
NEFT	National Electronic Funds Transfer
NEMA	National Electrical Manufacturers Association
Nifty	National Stock Exchange Sensitive Index
NSDL	National Securities Depositories Limited
PB	Particle Board
PLB	Pre Laminated Particle Board
PPB	Plain Particle Board
SENSEX	Bombay Stock Exchange Sensitive Index
SIDCUL	State Industrial Development Corporation of Uttarakhand Limited
TR	Refrigerant Ton/ Load (1 TR = 3.52 KW)

All other words and expressions used but not defined in this Red Herring Prospectus, but defined in the Companies Act, the SEBI DIP Guidelines or in the Securities Contracts (Regulation) Act and/ or the Rules and the Regulations made thereunder, shall have the meanings respectively assigned to them in such Acts or the Rules or the Regulations or any statutory modification or re-enactment thereto, as the case may be.

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from the financial statements prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. Our Company's fiscal year commences on April 1 and ends on March 31 of each year, so all references to a particular Fiscal Year are to the twelve-month period ended March 31 of that year. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependant on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your advisers regarding such differences and their impact on our financial data.

Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Red Herring Prospectus, unless in this Red Herring Prospectus otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP.

All references to "India" contained in this Red Herring Prospectus are to the Republic of India, all references to the "US", "USA" or the "United States" are to the United States of America, and all references to "UK" are to the United Kingdom.

For definitions, see the section titled "Definitions and Abbreviations" beginning on page ii of this Red Herring Prospectus. In the section titled "Main Provisions of Articles of Association", defined terms have the meaning given to such terms in the Articles.

Use of market data

Unless stated otherwise, industry/ market data used throughout this Red Herring Prospectus has been obtained from internal Company reports, and other industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry / market data used in this Red Herring Prospectus is reliable, it has not been independently verified.

Further to the extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry which conduct our business and methodologies and assumption may vary widely among different industry sources.

Currency of presentation

In this Red Herring Prospectus all references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "US\$", "U.S. Dollar" or "US Dollars" are to United States Dollars, the official currency of the United States of America.

FORWARD-LOOKING STATEMENTS

We have included statements in this Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that could be considered to be “forward-looking statements”. Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to:

- our ability to successfully implement our strategy, growth and expansion plans, technological initiatives;
- competition in the interior wood panel and surfacing industry.
- changes in laws and regulations that apply to the interior wood panel and surfacing industry
- our ability to retain our current employees;
- market fluctuations and industry dynamics beyond our control;
- changes in monetary and/ or fiscal policies of the Government of India, inflations, deflation, foreign exchange rates, unanticipated turbulence in interest rates;
- occurrence of natural disasters or calamities affecting the areas in which we have operations;
- general economic and business conditions in India;
- changes in political and social conditions in India;
- the performance of the financial markets in India and globally; and

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page xii of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could be materially different from those that have been estimated. Neither Our Company, nor the BRLM nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition or differ from actuality. In accordance with SEBI requirements, Our Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in equity securities involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. To obtain a complete understanding, you should read this section in conjunction with the sections titled “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 162 of this Red Herring Prospectus as well as the other financial and statistical information contained in this Red Herring Prospectus. Occurrence of any one or a combination of the following risks, as well as the other risks and uncertainties discussed in this Red Herring Prospectus, could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of the Equity Shares to decline, which could result in the loss of all or part of your investment. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

This Red Herring Prospectus also includes statistical and other data regarding the Wood Panel industry. This data was obtained from industry publications, reports and other sources that the Book Running Lead Manager and we believe to be reliable. Neither the Book Running Lead Manager nor we have independently verified such data. The risk factors are as envisaged by the management along with the proposals to address the risk if any. Wherever possible, the financial impact of the risk factors has been quantified.

Internal Risks

- 1. We are involved in a number of legal proceedings which, if determined against us, could adversely affect our business and financial condition.**

Our Company, our Promoters, and the companies forming part of the Promoter Group are parties to following legal proceedings.

o Proceedings initiated against Archidply Industries Limited

Type of cases	Number of cases	Quantum involved (Rs. in lakhs)	Nature of disputes
Civil	One	NIL	Mr. Nagaraja and 4 (four) others (“the Petitioners”) have filed a Writ Petition with the Hon’ble High Court of Karnataka at Bangalore being Writ Petition No.17428 of 2007 dated November 5, 2007 (“Writ Petition”) against the Principal Secretary, Department of Industries and Commerce, State of Karnataka and others. The Company has been named as Respondent number 3 therein. The Petitioner contended that the industrial land, measuring 12.50 acres at Industrial Estate, Chintamani, Karnataka (“Industrial Land”) allotted to the Company for the Proposed Project by the Karnataka State Small Industries Development Corporation Limited as per the allotment order dated 31 st July 2007 was in violation of certain rules and norms of such allotment. Vide Order dated January 14, 2008 the Hon’ble High Court of Karnataka at Bangalore held that the provision for the area for the Proposed Project was not counter-productive or irregular and as no ground was made by the Petitioners therein, disposed off the aforesaid Writ Petition and stated that the Petitioners could separately apply for allotment of sheds and the Respondent No.2 shall consider them in accordance with law. The Petitioners have preferred an appeal being Writ Appeal

			No.431 of 2008 (GM KSSIDC) from the abovementioned Order dated January 14, 2008. The aforesaid Writ Appeal is pending for hearing with the Hon'ble High Court of Karnataka at Bangalore. The matter will come up for hearing in ordinary course.
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o Proceedings initiated against Our Promoters

Name	Type of cases	Number of cases	Quantum involved (Rs. in lakhs)	Nature of dispute
Mr Deen Dayal Daga	Civil	One	755.35	Recovery of monies from M/s Sigma Granites Limited where Mr Deen Dayal Daga was a Director. Mr Deen Dayal Daga has been named as respondent number 7.

o Our Promoters are subject to certain Tax Proceedings

There are two tax proceedings, one against Mr. Shyam D. Daga amounting to Rs.10 lakhs and the other against Assam Timber Products Private Limited (ATPL) amounting to Rs.141.95 lakhs.

For further details, please refer to the section titled “Outstanding Litigations and Other Material Developments” beginning on page 172 of this Red Herring Prospectus.

o Proceedings initiated/ filed by our Group Companies - The Mysore Chipboards Limited (TMCL)

Type of cases	Number of cases	Quantum involved (Rs. in lakhs)	Nature of disputes
Civil	Five	235.38	Disputes are relating to recovery of sums due.
Civil / Labour	One	NA	TMCL has filed a Writ Petition being No.11191 of 2007 with the Hon'ble High Court at Karnataka against Order dated March 05, 2007 awarded in favour of one labourer Mr. Narsimha seeking justification of the action taken by TMCL in dismissing him from their services.

o Notices filed against our Group Companies - The Mysore Chipboards Limited (TMCL)

Type of cases	Number of cases	Quantum involved (Rs. in Lakhs)	Nature of disputes
Civil / Labour	Three	NA	Appeals filed by various labourers in the Hon'ble Labour Court at Mysore requiring them to justify the action taken by TMCL in dismissing the respective appellants from their services.

o Trademark oppositions initiated against Our Company in the Trademark Registry

Parties	Mark for which opposition filed	Application No. of Mark	Opposition No.	Nature	Status
Neelgiri Woodcrafts Private Limited	ARCHIDPLY	1375325	242009	Neelgiri Woodcrafts Private Limited filed opposition being Opposition No.242009 on October 5, 2006 against the mark ARCHIDPLY used by Our Company.	Our Company filed Counter Statement dated June 18, 2007. Trade Mark Registry is in the process of serving the Counter Statement to Neelgiri Woodcrafts Private Limited

Note: The amounts indicated in the column above are approximate amounts, wherever quantifiable.

For further details, please refer to the section titled “Outstanding Litigations and Other Material Developments” beginning on page 172 of this Red Herring Prospectus.

2. *The Union Bank of India who has appraised the project contemplates certain weaknesses and threat in setting up of the Proposed Project at Chinamani.*

The appraisal report issued by the Union Bank of India states that once the unit is established, the entire unit may be looked after by professional people and not by the main Promoters. The main Promoter will visit the unit at regular intervals and considers the same as a weakness. In view of the continuous depletion of the natural forest resources of the country due to various consumption of solid wood, the government policy favoured conservation of the natural forest by reconstituted wood products such as plywood, hardboard, particle board, and medium density fibre board to meet the rising demand of wood from the general consumer, railways, defence, furniture, laminate manufacturers and the builders. In order to promote the use of environmental friendly products, the Finance Minister has reduced the Excise Duty on plywood products from 16% to 8%. As per the appraisal report there is threat in this line of activity as there is a likelihood of change in the the government policy regarding the excise duty every year, since it is coming under excise bracket. This may affect the sales of the company.

3. *We have not yet received the license to manufacture of MDF at Rudrapur which is one of the objects of the Issue forming about 30% of the issue size. Our failure to obtain such licenses or approvals may adversely affect the proposed project of Our Company.*

As per the guidelines of the Hon’ble Supreme Court laid down in its Order dated October 29, 2002, we are required to obtain a forest license from Central Empowered Committee (CEC) to start wood based industry.

The Hon’ble Supreme Court vide its order dated February 29, 2008 with respect to I.A. NO. 1797 W.P. (C) NO. 202/ 1995 has given the liberty to the state government to grant licence for manufacturing MDF/ particle board in Punjab, Uttarakhand and Karnataka subject to fulfilling the conditions and guidelines as recommended by CEC.

Our Company has made the necessary applications and representations to the appropriate authorities for the necessary permissions within the framework of the guideline given by CEC. Further, there are certain licenses which we are in the process of applying to and obtaining from the appropriate authorities in relation to the Proposed Project. Any delay or failure in obtaining such license may adversely affect the implementation of the proposed project of Our Company. For more information on Licences and Approvals, refer the chapter titled “Licences and Approvals” on page 180 of the RHP.

4. *We are yet to place orders for an amount of Rs.4,823.65 lakhs in relation to the machinery and equipment required for our Proposed Project. We may face time and cost overruns in the Project.*

The total cost of the machineries and equipments for the Proposed Project is estimated to be Rs. 4,981.95 lakhs based on quotations received till the date of filing of this RHP, out of which we have not yet entered into any definitive agreements or placed orders for machineries and equipments totaling Rs.4,823.65 lakhs required for our Proposed Project. Our company has not yet received quotations for plant and machineries for an amount of Rs.349.61 lakhs.

We are subject to risks on account of inflation in the price of machinery and other equipment that we require for the Proposed Project. Further, in respect of the machinery/equipment/other Proposed Project related services that we propose to import/procure from overseas, we may be subject to the risks arising out of currency rate fluctuations. These factors may increase the overall cost of our Project, which may have an adverse effect on our business and results of operations.

5. *We face intense competition from the unbranded/ unorganized sector of the wood based industry.*

We face intense competition from the unorganized sector of the wood based industry and it affects our total volume of sales which may limit our growth prospects.

6. *The business of Our Company is dependent on our manufacturing facilities. The loss of or shutdown of operations at any of our manufacturing facilities may have a material adverse effect on Our Company's business, financial condition and results of operations.*

The manufacturing facilities at Rudrapur and Mysore are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, continued availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results.

7. *Any polarisation in labour relations may subject us to industrial unrest, slowdowns and increased wage costs.*

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Our Mysore unit workers have created a union to safeguard the interest of themselves. Although, we currently have harmonious relations with all our employees, there can be no assurance that we will continue to have such relations or that the employees will not form unions in the future. If our relations with the employees are strained, it may become difficult for us to maintain our existing labour policies and our business may be adversely affected.

8. *The proposed project for setting up the new manufacturing units of Our Company is partially funded from this Issue. Any delay / failure of the public issue, may adversely impact the implementation of the project.*

Our proposed project of Rs.[●] lakhs for manufacturing of plain & pre laminated particle board, decorative plywood and medium density fibreboard are partly funded from this Issue. We have not made any alternate arrangement to fulfill the aforesaid requirement of funds for the proposed project. Any delay or failure in raising the funds from this Issue may adversely affect the implementation of the project and financial performance of Our Company.

9. *We could become liable to customer claims, suffer adverse publicity and incur substantial costs as a result of defects in our products, which in turn could adversely affect our results of operations.*

Any failure or defect in the products manufactured by Our Company could result in a claim against us for substantial damages, regardless of our responsibility for such a failure or defect. Although we attempt to find the reason for such defect or damage to customers.

10. *Any fluctuation in foreign currency may impact the cost of project and results of operations.*

We propose to import plant & Machineries from other countries. The total cost of such plant & machinery constitutes approximately 38% of the total project cost. Any fluctuation in foreign currency of that country may increase the cost of plant & machinery resulting into increase in the cost of project.

Although, we have made a provision for contingency in this regard in the project cost, but we are exposed to the risk of forex fluctuation. If rupee depreciates vis-à-vis the currency of the country from which we are importing our plant & machinery, cost of plant & machinery will go up and in turn will affect our profitability.

11. The objects clauses of our Promoter Company viz. Assam Timber Products Private Limited and Group Company, viz. The Mysore Chipboards Limited, permit them to undertake business similar to our business and thereby causing a potential conflict of interest situation.

The objects clause of the respective memorandum of associations of The Mysore Chipboards Limited and Assam Timber Products Private Limited permit them to carry on business similar to that carried on by us, as detailed in the section titled “Business Overview” beginning on page 53 of this Red Herring Prospectus. In future these entities or other such entities, which may then form part of our Promoter Group, may carry on business similar to that of ours. This may result in a conflict of interest with respect to business strategies of Our Company.

12. We have not patented the process of manufacture of our products.

We have not patented the process of manufacture of plywood, blockboards and other related products. These processes are unique to our business. In the event any of our competitors replicate our processes, it may harm our operations and profits.

13. We have not registered any of our intellectual properties.

We have made applications for registration of our labels “Archidply”, “Archid”, “Monarch”, “King”, “Silvi” and “Pureply” under the Trade Marks Act, 1999. Currently, we do not have any registered trademark. For more details, please refer to the section titled “Licences and Approvals” beginning on page 180 of this Red Herring Prospectus. Any failure to obtain or protect our intellectual property rights may adversely affect our business.

14. One of our Group Companies has incurred losses during the last three years.

Ravi Marketing and Services Private Limited, one of our Group Companies, have incurred losses in the recent past, as detailed herein under:

(Rs. in lakhs)

Particulars	For the year ending March 31, 2005	For the year ending March 31, 2006	For the year ending March 31, 2007
Profit After Tax	(0.14)	(0.10)	(0.11)
EPS (Rs.)	(0.01)	(0.01)	(0.01)

15. The contingent liabilities could adversely affect the financial condition. Upto March 31, 2008 the contingent liabilities, not provided for are enlisted in the following table.

(Rs. in lakhs)

Particulars	As at March 31,					
	2008	2007	2006	2005	2004	2003
Corporate Guarantee	162.03	162.03	-	-	-	-
Letter of Credit	130.35	92.39	-	-	-	-
Duty benefit against export obligation	63.14	56.48	-	-	-	-
Claim against our company not acknowledged as debts	60.54	28.32	40.38	-	-	-
Domestic Factoring Services from Global Trade Finance Limited	477.19	-	-	-	-	-
Claim against Our Company on account of tax disputes	25.65	101.07	74.58	-	-	-
Total	918.90	440.29	114.96	-	-	-

In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. For further details, see section titled "Outstanding Litigation and Material Developments" beginning on page 172 of this Red Herring Prospectus.

16. *We are subject to restrictive covenants under our credit facilities that could limit our flexibility in managing our business.*

Our company has availed credit facilities from various banks for financing our business activities which contain several restrictive covenants which are likely to affect our operational flexibility. During the currency of the loan, we require prior approval / permission of our lender bank to effect any change in our capital structure and in the Management for formulating any scheme of amalgamation or reconstruction and implementing any scheme of expansion or to acquire fixed assets in excess of the level stipulated as per the PBS rate, to invest by way of share capital or to lend in advance funds, or to replace deposits with any other concern, including its associate concerns, other than normal credit or security deposit in normal course of business, nor in any investments in money market or real estate, to extend loan to Directors or promoters of the Company including associate and subsidiaries, to pay any dividends, or to create any charges on any/all assets of the Company, sell or enter into any agreement to sell or transfer or dispose of or cease to exercise direct control over, or agree to sell, transfer, abandon or dispose of a substantial part of its assets, undertake guarantee obligations on behalf of other Company in the event of any irregularity in term loan / interest payments, we are restricted in our ability to undertake capital expenditure for capacity expansion without obtaining NOC from the bank,. The terms of our financing arrangements require us to obtain prior consent before entering into borrowing arrangements either secured or unsecured with any other bank or Financial Institution as we are required to deal exclusively with our lender bank/member banks. The banks reserve the right to appoint its nominee on the Company's Board of Directors. In the event of default, we have agreed to pay liquidated damages @ 2% p.a. on entire outstanding loan amount and other sums payable from date of such default. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain the consents necessary to take the actions we believe are required to operate and grow our business. Also, our loans may be called at any time by our lenders pursuant to terms of the relevant agreements. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

Additionally, many of our loans are secured by mortgages on fixed assets which includes the factory buildings, machineries and the land. In the event of a default by us on any of our loans that are secured by a mortgage, the lender would be able to, among other things, take possession of such land or invoke any legal remedies available which may result in loss of ownership of this assets by us.

We cannot assure you that our business will generate sufficient cash to enable us to service our debt or to fund our other liquidity needs. In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all.

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For details regarding the same, refer heading titled "Material Covenants" on page 169 of this Red Herring Prospectus. These restrictive covenants may have an adverse effect on our business, financial condition and results of operations.

External Risks

1. *The appreciation of the Rupee against the foreign currency would have a material adverse effect on our results of operations.*

In future Our Company may have exposures to various foreign currencies primarily denominated in US Dollar, Singapore Dollar or UAE Dirham, respectively. The exchange rate between the Rupee and the US Dollar, Singapore Dollar or UAE Dirham has changed substantially in recent years and may fluctuate substantially in future. We cannot assure you that we will be able to effectively mitigate the adverse impact of currency fluctuations on the results of our operations. We have not entered into any foreign exchange hedging contracts in relation to these risks.

2. *Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry*

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies and regulations governing the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalization could change and specific laws and policies affecting the industry and other policies affecting investment in Our Company's business could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect Our Company's business.

Unstable internal and international political environment could impact the economic performance in both the short term and the long term. The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced policies and taken initiatives that support continued economic liberalization.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business, and the market price and liquidity of the Equity Shares, may be affected by changes in interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

3. *Natural disasters could disrupt our operations and result in loss of revenues and increased costs.*

The business of Our Company is exposed to man-made and natural disasters such as, explosions, earthquakes, storms and floods as well as to terrorist attacks or other enemy actions. The occurrence of a man-made or natural disaster, terrorist attack, enemy action or other accidents could disrupt the operations of the business of Our Company and result in loss of revenues and increased costs.

4. *Taxes and other levies imposed by the Government of India or other State Governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.*

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. Currently we benefit from certain tax benefits that results in a decrease in the effective tax rate compared to the tax rates that we estimate would have applied if these incentives had not been available. There can be no assurance that these tax incentives will continue in the future. The non-availability of these tax incentives could adversely affect our financial condition and results of operations.

5. *After this Issue, the price of Our Company's Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop.*

The prices of Our Company's Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of the factors, including:

1. Volatility in the Indian and global securities market;
2. Company's results of operations and performance;
3. Performance of Company's competitors in wood panel industry,
4. Adverse media reports on Company or pertaining to the Indian wood panel industry;
5. Changes in the estimates of Company's performance or recommendations by financial analysts;
6. Significant developments in India's economic liberalization and deregulation policies;
7. Significant developments in India's fiscal and environmental regulations.

Current valuations may not be sustainable in the future and may also not be reflective of future valuations for the industry. There are no standard valuation methodologies or accounting practices in the wood based industries and the financial of the issuer are not comparable with the players in the Industry. There has been no public market for Company's Equity Shares and the prices of its Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for Company's Equity Shares will develop or be sustained after this Issue, or that the prices at which its Equity Shares are initially traded will correspond to the prices at which its Equity Shares will trade in the market subsequent to this Issue.

6. *Future sales of Equity Shares by shareholders or any future equity offerings by us may adversely affect the market price of the Equity Shares.*

If we do not have sufficient internal resources to fund our working capital or capital expenditure needs in the future, we may need to raise funds through further equity offerings. As a purchaser of the Equity Shares, you may experience dilution to your shareholding to the extent that we conduct future equity or convertible equity offerings. Such dilutions can adversely affect the market price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

Notes to Risk Factors:

1. Issue of 66,15,720 Equity Shares of Rs.10/- each at a price of Rs.[●] for cash aggregating Rs.[●]. The Issue to the public would constitute 30.07% of the fully diluted post issue paid-up capital of Our Company
2. The Book Value per Equity Share of Rs.10/- each as per Our Company's restated financial statements under Indian GAAP is Rs.17.27 for the year ended March 31, 2007 and Rs.27.91 for the year ended March 31, 2008
3. Our Networth is Rs.2,643.63 lakhs as on March 31, 2007 and Rs.4,294.36 lakhs as on March 31, 2008 as per our restated financial statements under Indian GAAP.
4. As on the date of filing this Red Herring Prospectus, the average cost of acquisition of the Equity Shares held by our Promoters is given as under:

Sr. No.	Name of Promoters	No. of Equity Shares held	Average Cost of Acquisition (Rs.)
1	Mr. Deen Dayal Daga	13,03,320	0.71
2	Mr. Shyam D. Daga	12,44,260	0.84
3	Mr. Rajiv D. Daga	8,12,500	2.06
4	Assam Timber Products Private Limited	39,40,000	2.92
	Total	73,00,080	-

5. The Company has entered into related party transactions aggregating to Rs.2,501.38 lakhs for the year ended March 31, 2007 and Rs.627.40 lakhs for the year ended March 31, 2008. For more details on related party transactions, please refer to the Section entitled "Related Party Transactions" on page 126 of this Red Herring Prospectus.
6. For details on transfer of shares in the last six months please refer to note 17 of "Notes to Capital Structure" under Section titled "Capital Structure" of this Red Herring Prospectus.
7. Except as stated in this Red Herring Prospectus, none of our Directors and Key Managerial Employees (KMPs) have any interest in Our Company except to the extent of remuneration and reimbursement of expenses and to the extent of

the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.

8. Investors may note that in case of oversubscription in the Issue, allotment will be made on a proportionate basis to Qualified Institutional Bidders, Retail Individual Bidders and Non-Institutional Bidders. For more information please refer to the paragraph titled “Basis of Allotment” on page 220 of this Red Herring Prospectus.
9. Investors are free to contact the BRLM or the compliance officer for any complaints/ clarification or information relating to the issue, who will be obliged to provide the same to the investor.
10. Investors may contact the BRLM or the compliance officer for any complaints pertaining to the issue.
11. Investors are advised to refer to the paragraph titled “Basis of Issue Price” on page 42 of this Red Herring Prospectus.
12. Trading in Equity Shares of Our Company for all the investors shall be in dematerialized form only.
13. The name of our company has been changed from ATP Silvi Products Limited to Archidply Industries Limited vide resolution dated March 20, 2007.

SECTION III – INTRODUCTION

SUMMARY OF OUR BUSINESS

You should read the following summary together with the Risk Factors on page xii of this Red Herring Prospectus and the more detailed information about Our Company and its financial statements included in this Red Herring Prospectus.

Archidply Industries Limited is the flagship company of the Archidply group. Our promoters have been associated with plywood manufacturing for more than 30 years under the brand 'Archidply'. Our Company was incorporated in 1995 and today, we are modern state-of-the-art manufacturers of wood panel products and decorative surfacing products in two locations, Rudrapur and Mysore, with a network of branches, distributors and dealers across India.

We are dedicated to constantly expanding and updating our product range in order to stay ahead of the market. Our Company offers comprehensive engineered interior products which include

1. Plywoods - Marine Plywood, Fire Retardant Plywood, Shuttering Plywood, Densified Film Faced Plywood, BWR & MR Plywood, Lamyply and Lamyboard.
2. Block Board and Flush Doors - BWR & MR grade
3. Particle Boards - plain, veneered and pre laminated particle board both in interior and exterior grade
4. Decorative Laminates – range from 0.8mm to 1.5mm and post form laminates
5. Decorative Veneers – Teak, natural exotic veneers, reconstituted veneers and dyed veneers.

Our products are manufactured in integrated multi-product modern facilities strategically located in two different geographical zones namely Mysore, Karnataka in south of India and Rudrapur, Uttarakhand in the northern part of India. Our manufacturing facilities are equipped with machineries from the world renowned manufacturers of equipment for this industry such as Dieffenbacher and Wemhoner from Germany, Steinemann, and Kundig from Switzerland.

The brand "Archidply", has positioned itself in the premium segment of the wood panel and decorative surfacing products as high quality raw material inputs are used like European and Japanese decorative papers and American, African and European decorative timbers which makes the pricing of the finished products in the highest range in the respective product categories. Therefore our product has been specified by the high end consumers such as Apollo Hospital, Hotel Leela Venture, ABN AMRO, to name a few. Thus our brand is well known amongst architects, interior designers and contractors for more than three decades, making it one of the oldest active brands in its product category. The traders across India, including dealers and distributors, have over a period of years recognized the Company for its quality and fair policies.

We believe that Our Promoters experience, leadership skills, insight into the market and customer needs guides us in our business decisions and insulates against the business risks well in advance. Mr. Deen Dayal Daga, Chairman and Managing Director of Our Company has more than three decades of experience in managing wood panel industries. He has been conferred with several accolades which include a) the "Udyogapatra Award" from the Vice President of India in 1982 acknowledging his achievement as a self made industrialist, b) the "Swatantra Swarna Jayanti Udyog Vibhushan Award" from the Union Minister of Commerce in 1999 for his contribution to the economic development of the country and c) the "Melvin Jones" fellowship award by Lions Club recognizing his efforts towards social causes. He has been the President of Assam Plywood Manufacturers Association in the year 1995-1996.

Our products comply with quality standards of BIS and International standards of BS of UK, NEMA of USA and DIN of Germany. We have been awarded ISO 9001: 2000 for quality management systems in manufacturing and marketing of wood and agro based panel products. Our Company has established independent Research & Development laboratories at each of our manufacturing facilities which are regularly tests all our products batchwise for each of the mechanical and chemical properties before the batch is approved for sale.

Our Company has set up a large distribution network and operates through 16 marketing offices and 61 distributors and stockists. As on March 31, 2008, we have a network of 586 authorized dealers who in turn supply to more than 2,000 sub dealers / retailers, giving a pan India presence for marketing of our products. This ensures the availability of our products off-the-shelf in any corner of India. Our Company has the manpower strength of 531 of which 137 are deployed for marketing as on March 31, 2008.

Our Operational Income and Profit after Tax (PAT) as per the restated financial statements for the Financial Year ending March 31, 2007 is Rs.9,842.37 lakhs and Rs.524.85 lakhs respectively. Our Operational Income and Profit after Tax (PAT) as per the restated financial statements for the financial year ended March 31, 2008 is Rs. 14,721.46 lakhs and Rs. 1,486.68 lakhs respectively. For the financial year ended March 31, 2008, our Operational Income and PAT have grown at 49.57% and 157% respectively.

Competitive Strength of Our Company

We believe that our principal strengths are:

1. *Unique brand positioning:*

Our brand proposition “Making Home owners proud since 1976” reflects long durability and trendy designs across our product range. We have been able to position our brand as eco-friendly products using sustainable renewable plantation timber and having low chemical gas emission at all times since 1976 thus reducing indoor pollution. Our focus is to target the premium segment (SEC A) with our flagship brand of “Archidply” and middle segment (SEC B) with our economic brand “Silvi”.

2. *Experienced and efficient management:*

Our Promoters and senior management bring with them a good experience in wood panel products and decorative surface products. This experience is demonstrated by the fact that in 1995 they acquired a closed unit which was manufacturing particle board and plywood at Mysore and successfully turned it around. This unit had been closed for seven years prior to its acquisition. Further in 2005-06 the Company set up a green field plywood, pre laminated particle board and decorative laminates project at Rudrapur. The commercial production of the first phase i.e. plywood division was commenced within six months from the date of land acquisition. The senior management has vast experience and background in production, finance and marketing in similar industry.

3. *High Technological Base:*

Our Company has installed machines with modern technology at Rudrapur, Uttarakhand which enhances productivity and energy efficiency. Our in house resin plants make glue with our own research formulations which help us to lower our manufacturing cost.

4. *Large distribution network and unique marketing model:*

Our Company has an extensive network of distributors and dealers in more than 25 states covering 143 towns and cities, across India from Srinagar in north to Trivendrum in south and Rajkot in west to Guwahati in east. Our distribution channel is the key strength in ensuring our brand availability to the customers. With introduction of new products in our product range, Our Company is witnessing increase in our Sub-dealer and retail network. This means offering extensive supply chain, focused customer service and short turnaround times for product delivery.

We have 137 trained marketing personnel operating through 16 marketing offices across India. The marketing team is divided in to three different groups. One group caters to OEM segment for all the products, the second group caters to the specification work in projects to architects engineers and interior designers and the third group caters to the retail segment comprising of carpenters, contractors and dealers.

5. *Unique Product Features:*

Our Company has recently introduced low formaldehyde emission standard products in BWR Plywoods and block boards and decorative laminates which reduces hazardous effects on health due to gas emission which is normally high in the other plywoods and laminates. Our product proposition for this is “Healthy Breathing” and we have termed this technology as “Toxin Check” technology.

Our Company has introduced “Pureply” for the most premium category of customers. Pureply we believe is the only plywood in India which combines fire retardant, fifteen ply constructions, low formaldehyde emission and marine grade features in one plywood.

Our Company has recently introduced Lamyply and Lamyboard which are unique in India. We pre laminate plywood with laminates at our factory itself so as to eliminate the long process of buying plywood, laminates and adhesive separately and pasting it manually. Consequent use of Lamyply and Lamyboard reduces the time taken for creating the furniture.

6. *Diversified customer base*

Our Company caters to the wide spectrum in the building and construction industry like OEM’s making modular furniture using pre laminated particle board and post form laminates, Government departments like CPWD and MES using Exterior grade pre laminated particle boards, luxury hotels and corporates using decorative plywood, residential projects using durable water proof plywood, builders using shuttering and densified film face plywood, Multiplexes using Fire Retardant Plywood, Boat Building using Marine Plywood and to the retail segment comprising of carpenters, contractors and dealers.

7. *Eco friendly product and process*

Our Company uses renewable plantation timber from nearby coffee estates in Coorg, Karnataka which is grown at regular intervals of 5-7 years to provide shadow to the coffee crops and farm grown plantation timber in Rudrapur, Uttarakhand. Thus, we are not destroying any forest cover of India or neighbouring countries.

Our decorative laminates and water proof plywood & block boards are manufactured conforming to low formaldehyde emission standards thus reducing in-door pollution due to the low gas emission caused in the environment.

Our company has received a certificate from ISI for eco mark for our products for rating our products as eco friendly which will enable the architects/ buildings to earn points for better environment friendly rating.

Our Company has received host country approval dated March 17, 2008 for Rudrapur unit for “Thermal energy generation from renewable Bio-mass” which may make us eligible for 24,659 CER’s annually.

8. *Locational Advantage:*

Since our manufacturing facilities are located in two extreme locations i.e. Mysore in south India and Rudrapur in north India, it gives us the following strategic advantages.

- Transportation cost of bulky finished products is minimized as approximately 60% of the products manufactured at Mysore are sold in nearby South India markets and similarly 60% of the products manufactured at Rudrapur are sold in nearby north India markets.
- Dependence on raw material is not restricted and concentrated on one source. In our Mysore plant, we source our raw materials from private plantations at Kolar as well as from coffee estates concentrated in Coorg, Karnataka. In our Rudrapur, Uttarakhand unit, we source raw materials from produces from agro forestry which is concentrated in the neighboring districts due to conducive environmental conditions.
- The service to our distribution network is better as lead transportation time for delivery of finished goods is reduced due to close proximity to the manufacturing facilities.
- Supply of power by Uttarakhand Power Corporation Limited at competitive rate of Rs.2.5 per unit (average) which is amongst the lowest in the country.

9. *Integrated manufacturing facility:*

Both our factories manufacture multiple product range under one roof. This unique ability distinguishes Our Company from our competitors and results in cost savings in terms of shared overhead and resources across different product categories. It also results in reduction of transportation cost and improved logistics management as dealers can place orders from multiple products resulting in single truck load delivery enabling them to replenish stock at regular intervals.

10. Tax Advantage:

Our manufacturing unit located at Rudrapur, Uttarakhand is entitled for the tax benefits under various acts which helps Our Company to offer the products at competitive rate. Our Company is eligible to claim the benefits such as -

- a. Exemption from Entry Tax.
- b. Lower rate of 1 % Central Sales Tax.
- c. Exemption from Central Excise Duty for ten years from the financial year 2006-07.
- d. Exemption of 100% from Income Tax for first 5 years with effect from FY 2006-07 and 30% for next 5 years.

11. Entry Barrier

The Hon'ble Supreme Court had restricted the issue of new licenses for the manufacture of plywood & other wood based products. As per the Hon'ble Supreme Court's order dated October 29, 2002, no State or Union Territory shall permit any unlicensed saw-mills, veneer, plywood industry to operate and they are directed to close all such unlicensed unit forthwith. No State Government or Union Territory will permit the opening of any saw-mills, veneer or plywood industry without prior permission of the Central Empowered Committee. The Chief Secretary of each State has to ensure strict compliance and shall be given no relaxation of rules with regard to the grant of license without previous concurrence of or grant of licenses. Complexity in getting licence makes difficult the entry of new players in the industry.

12. Research & Development

Our Company has established independent Research & Development laboratories which are upgraded with all the latest equipment and tools. Our research team has developed new products like Lamyply, Lamyboard and Pureply. All laboratory and R&D equipments are calibrated at regular intervals to maintain accuracy in the test results obtained.

All the products manufactured at our facilities are tested to ensure that they meet the required BIS specifications. All the relevant tests such as Hammer test, Boiling Water Resistance test, Glue Shear Strength test, Tensile Strength test, Fire Retardant test and Vacuum Impregnation test etc. are carried out strictly for each product as per the relevant BIS.

Our Business Strategy

a. Move up the value chain

We intend to move up the value chain by manufacturing the products to tailor made requirements of the customers, such as cut to size shutters, ready to assemble furniture components, ready to install designer doors. This will result in fast execution of interior works. We propose to initiate printing of customised designs on our panel products leading to versatile design options.

b. Enhance customer interface

We have a strategy to display our products and make the consumers aware by partnering with major retail stores and also propose to create a portal giving all relevant information about product and services. We have entered into an agreement with "Hometown" promoted by Future group for display and sell of our products in their mall in Bangalore and Pune.

c. Ensuring assured supply of raw material

We propose to participate in future government initiatives for developing waste lands through agro forestry. We also propose to set up nurseries near our factory locations for distribution of subsidized seeds to encourage nearby farmers. We will continue our focus on maximum usage of renewable plantation timber and recyclable materials for manufacturing our products.

d. Reap the benefits of economies of scale

Our Company's strategy is to be amongst the top three in each of our existing product categories in terms of market share so that we reap the benefits of economies of scale. As a step in this direction, Our Company is in the process of implementation of new projects in Uttarakhand and Karnataka for manufacturing MDF and increasing the capacity utilization of plain particle board and decorative plywood.

e. Introduce new products

We propose to introduce new products either through in-house manufacturing or by trading thereby leveraging our extensive distribution channels. This will help us to reduce our sales v/s marketing expense ratio and thus improve profit margin.

f. Continuous and aggressive brand building

Our Company will continue to focus on continuous and aggressive brand building through media, events seminars, direct marketing and merchandising at point of purchase.

g. Efficient use of technology and best practices

We propose to reduce the manual process by mechanization wherever possible thereby ensuring an optimum mix of labour and technology. We are in the process of implementing ERP and upgrading ourselves to latest ISO standards to ensure best practices for efficient management.

h. Market penetration

We plan to increase our market presence in fast developing tier 2 and tier 3 towns through appointment of marketing executives and authorized stockists

i. Market driven research

Our Company is continuously striving to understand the needs of the interior designers and architects and develop the solutions by examining international markets and adapting the same in our facilities.

j. Optimizing productivity

We would like to focus on optimizing the productivity so as to reach 100% capacity utilisation and create an industry benchmark in productivity standards. We believe that an increase in manufacturing capacity will also help us to enhance economies of scale and this would eventually translate to an improvement in the price competitiveness of our products.

k. Foray in to export market

We intend to foray into the export market which will have a dual benefit of penetration into newer markets and also avail of the Duty Exemption Scheme on the import of raw materials and capital equipment.

SUMMARY – FINANCIAL INFORMATION

Statement of Assets and Liabilities, As Restated

(Rs. in Lakhs)

Particulars	As at March 31,				
	2008	2007	2006	2005	2004
Fixed Assets (A)					
Gross Block	5,387.19	5,197.78	3,075.39	-	-
Less : Accumulated Depreciation	1,469.92	1,102.19	817.10	-	-
Net Block	3,917.27	4,095.59	2,258.29	-	-
Capital Work in Progress	170.10	8.05	-	-	-
Total (A)	4,087.37	4,103.64	2,258.29	-	-
Investments (B)	2.13	2.21	2.55	-	-
Current Assets, Loans & Advances					
Inventories	2,624.40	2,587.80	1,257.31	-	-
Sundry Debtors	3,980.94	3,190.04	1,223.01	-	-
Cash and Bank Balance	497.65	274.50	212.06	4.23	4.42
Loans and Advances	1,001.05	550.69	440.65	-	-
Total (C)	8,104.04	6,603.03	3,133.03	4.23	4.42
Liabilities and Provisions (D)					
Secured Loans	5,374.70	4,847.96	2,506.60	-	-
Unsecured Loans	38.00	646.87	54.00	-	-
Deferred Tax Liability (Net)	18.36	50.36	80.49	-	-
Current Liabilities and Provision	2,468.12	2,520.06	1,355.76	75.51	75.49
Total (D)	7,899.18	8,065.25	3,996.85	75.51	75.49
Net Worth (A+B+C-D) = (E)	4,294.36	2,643.63	1,397.01	(71.28)	(71.07)
Represented by					
1. Share Capital	1,538.43	1,530.49	1,462.82	5.00	5.00
2. Share Application Money	-	-	0.50	-	-
2. Reserves	2,770.76	1,132.93	(52.38)	-	-
Total	4,309.19	2,663.42	1,408.94	5.00	5.00
Less Debit Balance in Profit and Loss Account	-	-	-	75.41	75.41
Less : Miscellaneous expenditure not written off	14.83	19.79	11.93	0.87	0.66
Net Worth	4,294.36	2,643.63	1,397.01	(71.28)	(71.07)

Statement of Profit and Losses Account, As Restated

(Rs. in Lakhs)

Particulars	For the Financial year ended March, 31				
	2008	2007	2006	2005	2004
Income					
Operational Income	14,721.46	9,842.37	4,822.69	-	-
Less: Excise duty	366.91	440.61	351.17	-	-
Net Operational Income	14,354.55	9,401.76	4,471.52	-	-
Other Income	106.37	75.21	27.22	-	-
Increase / (Decrease) in Inventories	(178.55)	585.91	60.28	-	-
Total (A)	14,282.37	10,062.88	4,559.02	-	-
Expenditure					
Cost of Goods Sold/Consumed	7,671.94	6,428.18	2,801.34	-	-
Manufacturing Expenses	752.72	684.59	609.39	-	-
Employees' Remuneration & Benefits	802.36	563.24	262.41	-	-
Selling and Distribution Expenses	2,151.45	959.07	255.96	-	-
Administrative Expenses	140.86	119.85	106.15	-	-
Interest and Financial Charges	708.36	404.82	268.17	-	-
Total (B)	12,227.68	9,159.75	4,303.43	-	-
Profit before Depreciation & Amortisation	2,054.69	903.13	255.59	-	-
Depreciation	372.13	259.34	113.83	-	-
Miscellaneous Expenditure Written Off	4.94	5.07	0.26	-	-
Profit before Tax	1,677.62	638.72	141.50	-	-
Provision for Taxation					
- Current Tax					
Income Tax	197.00	132.00	80.00	-	-
Fringe Benefit Tax	14.00	12.00	6.21	-	-
- Deferred Tax	(32.00)	(30.13)	(29.83)	-	-
Profit after Tax (A)	1,498.62	524.85	85.12	-	-
Less Impact of material adjustments for restatement in corresponding years (B)	11.94	(53.43)	64.09	-	5.53
Adjusted Profit (A-B)	1,486.68	578.28	21.03	-	(5.53)
Add Opening balance of Profit & Loss A/C brought forward	523.90	(52.38)	(75.41)	(75.41)	(69.88)
Balance carried to summary of assets and Liabilities	2,010.58	523.90	(52.38)	(75.41)	(75.41)

* The financials for FY 2006 is disclosed after taking into account the merger of the manufacturing division of TMCL.

Note: The increase in operational income from Rs.9,842.37 lakhs in FY 2007 to Rs.14,721.46 lakhs in FY 2008 is mainly on account of increase in capacity utilization at Rudrapur, Uttarakhand, by widening the distribution and dealers network across India, change in product mix to high value added products and increase in selling price.

THE ISSUE

Issue in terms of this Red Herring Prospectus	66,15,720 Equity Shares
Of which:	
1. Qualified Institutional Buyers portion	Upto 33,07,860 Equity Shares each constituting not more than 50% of the Issue to the public (Allocation on a proportionate basis, of which 5% shall be available for allocation to Mutual Funds only and the balance shall be available for allocation to all QIBs on a proportionate basis, including Mutual Funds). Mandatory allotment to QIB's shall be 6,61,572 Equity Shares of Rs.10/- each on proportionate basis (10% of the Issue Size)
2. Non Institutional Bidders portion	Atleast 9,92,358 Equity Shares each constituting at least 15% of the Issue to the Public (Allocation on a proportionate basis)
3. Retail Individual Bidders portion	Atleast 23,15,502 Equity Shares each constituting at least 35% of the Issue to the Public (Allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	1,53,84,280 Equity Shares
Equity Shares outstanding after the Issue	2,20,00,000 Equity Shares
Objects of the Issue	For more information please see the section titled "Objects of the Issue" beginning on page 27 of this Red Herring Prospectus.

Allocation of Equity Shares to all categories shall be on a proportionate basis

Note:

Under-subscription, if any, in the Non- institutional portion or Retail Individual Investors shall be allowed to be met with spillover from other categories or combination of categories, at the sole discretion of Our Company in consultation with the BRLM.

GENERAL INFORMATION

Registered and Corporate Office of Our Company

Archidply Industries Limited

29/2, G.K. Manor,
1st Floor, Nehru Nagar Circle,
Seshadripuram,
Bangalore – 560 020
Tel: + 91 80 2344 5607
Fax: + 91 80 2334 8463
Website: www.archidply.com

For details of changes in the Registered Office of Our Company, please refer to the section titled “History and Other Corporate Matters” beginning on page 89 of this Red Herring Prospectus.

The Registration Number of Our Company is 08/18710 and the Corporate Identification Number is U85110KA1995PLC018710.

Our Company was incorporated on September 5, 1995 as ATP Silvi Products Limited under the Companies Act as a public limited company and was registered with the RoC, Karnataka at Bangalore and received the certificate of commencement of business on July 5, 2005.

On April 27, 1995, the Promoters acquired “The Mysore Chipboards Limited”, a public limited company incorporated under the Companies Act, which had two manufacturing divisions, namely “plywood and block board” and “particle and laminated board” (“the Manufacturing Divisions”), located at Mysore.

On April 1, 2005, the directors and shareholders of ATP Silvi Products Limited and The Mysore Chipboards Limited demerged the Manufacturing Divisions and merged with ATP Silvi Products Limited (“Demerger”). The Hon'ble High Court of Karnataka approved the Demerger in December 8, 2006. Subsequently the name of Our Company was changed to Archidply Industries Limited, vide a resolution of the shareholders dated March 20, 2007 and received a fresh certificate of incorporation dated March 30, 2007, issued by the RoC, “E wing” 2nd Floor, Kendriya Sadana, Koramangala, Bangalore – 560 034

For further details, please refer to the section titled “History and Other Corporate Matters” beginning on page 89 of this Red Herring Prospectus.

Board of Directors

The Board comprises of:

Sr. No.	Name	Designation	Director Identification Number
1.	Mr. Deen Dayal Daga	Chairman and Managing Director	00497806
2.	Mr. Shyam D. Daga	Joint Managing Director	00561803
3.	Mr. Rajiv D. Daga	Executive Director	01412917
4.	Mr. Krishna Kant Somani	Director (Technical)	00997687
5.	Mr. Mohammed Shahid Aftab	Independent Director	01363518
6.	Mr. Narayan Subrao Adkoli	Independent Director	00556671
7.	Mr. Kamal Kishore Taparia	Independent Director	01829829
8.	Mr. Bharathkumar Hukumchand Rathi	Independent Director	01857860

For further details regarding the Board, see the section titled “Our Management” beginning on page 97 of this Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Rajneesh Sharma

Company Secretary and Compliance Officer
29/2, G.K. Manor,
1st Floor, Nehru Nagar Circle,
Seshadripuram,
Bangalore – 560 020
Tel: + 91 80 2344 5607
Fax: + 91 80 2334 8463
E-mail: ipo@archidply.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary account or credit of refund amounts or refund orders etc.

Book Running Lead Manager to this Issue

Motilal Oswal Investment Advisors Private Limited

113/114, Bajaj Bhawan,
11th Floor, Nariman Point,
Mumbai - 400 021, India.
Tel: +91 22 3980 4380
Fax: +91 22 3980 4315
Email: archidply.ipo@motilaloswal.com
Website: www.motilaloswal.com
Contact Person: Mr. Rupesh Khant
Registration number: INM000011005

Syndicate Member:

Motilal Oswal Securities Limited

81/82, Bajaj Bhawan,
8th Floor, Nariman Point,
Mumbai 400 021, India.
Tel: +91 22 3980 4200
Fax: +91 22 2288 3821
Email: archidply.ipo@motilaloswal.com
Website: www.motilaloswal.com
Contact Person: Mr. Shrikrishna Appa Haryan

Legal Counsel to this Issue

Khaitan & Co.,

Meher Chambers,
R. K. Marg, Ballard Estate,
Mumbai-400038.
Maharashtra, India.
Tel : +91 22 6636 5000
Fax : +91 22 6636 5050
E-mail : bom@khaitanco.com

Advisors to this Issue

PRS Associates

Company Secretaries
C-4, Raja Bahadur Mansion,
2nd Floor, 20 Ambalal Doshi Marg,
Fort, Mumbai – 400 023
Tel: +91 22 3028 4456
Fax: +91 22 3028 4459
Email: np@prssec.com
Contact Person: Mr. Narayan Parekh

Registrar to this Issue

Karvy Computershare Private Limited

Plot No. 17 to 24, Vithalrao Nagar,
Madhapur, Hyderabad 500 086
Tel: 1-800-3454001
Fax: +91 040 23420814
Email: einward.ris@karvy.com
Website: www.karvy.com
Contact Person: Mr. M Murali Krishna.

IPO Grading Agency

ICRA Limited

1105, Kailash Building, 11th Floor, 26,
Kasturba Gandhi Marg, New Delhi – 110 001
Tel: 91 11 2335 7940
Fax: 91 11 2335 7014
Email: shivakumar@icraindia.com
Website: icra.in

Bankers to this Issue and Escrow Collection Banks

ICICI Bank Limited No. 30, Mumbai Samachar Marg, Raja Bahadur Mansion, Fort, Mumbai 400 001 Tel: +91 22 2262 7600 Fax: +91 22 2261 1138 E-mail: venkataraghavan.t@icicibank.com Contact Person: Mr. Venkataraghavan T A	Union Bank of India Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai 400 021 Tel: +91 22 2289 6319 Fax: +91 22 2282 4689 Contact Person: S Rajendran
The Hongkong and Shanghai Banking Corporation Limited Corporate Trust & Loan Agency Second Floor, Shiv Building Plot No 139-140 B Western Express Highway Sahar Road Junction, Vile Parle (East) Mumbai 400 057 Tel: +91 022 4035 7458 Fax: +91 022 4035 7657 Contact Person: Mr Swapnil Pavle	Vijaya Bank Corporate Banking Branch, M-1 Floor, Head Office Building, 41/2, M. G. Road, Bangalore – 560 001 Tel: +91 80 2532 0643 Fax: +91 80 2558 8891 Email: ban.corpbkg1398@vijayabank.co.in Contact Person: Mr. K. R. Hegde

Bankers to Our Company

Union Bank of India	Bank of India	Vijaya Bank
Industrial Finance Branch, 10/A, Chandrakiran, Kasturba Road, Bangalore – 560 001	Corporate Banking Branch, 25/1, Skip House, Museum Road, Near Brigade Towers, Bangalore – 560 025	Corporate Banking Branch, Head Office Building, Mahatma Gandhi Road, Bangalore – 560 001
Tel.: +91 80 2295 8218	Tel. No.: +91 80 2295 9448	Tel. No.: +91 80 2532 0643
Fax: +91 80 2223 5362	Fax No.: +91 80 2224 2090	Fax No.: +91 80 2558 8891
Email: ubifbblr@bgl.vsnl.net.in	Email: bangalore@bankofindia.co.in	Email: ban.corpbkg1398@vijayabank.co.in

Statutory Auditors:

GRV & PK,

Chartered Accountants,
No. 205, 2nd Floor,
Jala Shambhavi Complex,
No. 22 and 23, 1st Main Road,
Gandhinagar,
Bangalore – 560 009
Tel: + 91 80 2225 3439
Fax: + 91 80 2228 0684
Email: grvpk@airtelbroadband.in

Credit Rating

As the Issue is of Equity Shares, credit rating is not required.

IPO Grading

ICRA Limited has assigned an IPO Grade 3 (pronounced ‘three on five’), indicating average fundamentals. ICRA assigns IPO grading on a scale of IPO Grade 5 through IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

Strengths

- Favourable demand outlook for engineered wood products (EWP) driven by strong growth in furniture and construction segment.
- Increasing difficulties (on deforestation concerns) in obtaining fresh licence from CEC for new plywood capacities may limit competitive pressures.
- Presence across the multi product category, usage of agro-forestry raw material and fiscal benefits at Uttranchal plant significantly enhances APIL’s cost competitiveness
- Increased focus on brand building and expanding marketing and distribution network would enable the company to improve its market share
- Promoters have extensive experience (over 30 years) in the wood panel business/Industry.
- Past track record of implementing the Uttranchal project with in the budgeted cost and scheduled time mitigates the execution risk for the new project to an extent.

Concerns

- Wood panel industry is highly competitive due to fragmented nature of the industry.

- Ability to source wood of high girth at competitive prices is critical for cost competitive operations. However, growing culture of farm plantation increases wood availability and helps in conservation of forests
- Declining global forest cover and growing concerns of climate change may lead to upward pressure on raw material (wood) prices.
- High working capital intensity along with aggressive pricing strategy to keep pressure on cash flows in near future
- Medium size of operations in comparison to other large organized players
- Significant risk arising from large project size, in relation to existing asset base, though partly mitigated by promoters experience in executing expansion projects and significant experience in plywood industry.
- Financial risk continues to be high as a result of the leveraged capital structure; expected to improve post IPO.

Grading Rationale

The IPO grading assigned by ICRA takes into account promoters established track record in the Engineered Wood Product (EWP) industry, satisfactory operating performance and favorable growth potential in the business segments that company operates in/EWP industry. The grading also takes into consideration diversified product portfolio, which imparts significant operating flexibility to adapt to changing market conditions & fiscal benefits at Uttaranchal unit strengthens its competitive position. The grading is however constrained by intense competitive pressure due to fragmented nature of the industry, vulnerability of the industry to the changes in regulations by Central Empowered Committee and exposure to the volatility in wood prices. The rating also factors in relatively small size of operations, increased level of competition anticipated in Northern region with the ongoing expansion projects of other EWP manufacturers and increasing import pressure due to strengthening rupee.

New Projects—Risks and Prospects

APIL proposes to set up an integrated wood panel based manufacturing unit for producing pre-laminated particle board / plain particle board and decorative plywood at Chintamani near Kolar district Karnataka and MDF unit in Uttaranchal. The entire wood requirement for the Chintamani unit would be met from Kolar district which is within and around 20 kms from the plant. Waste wood from plywood and block board would be used to produce particle board and MDF there by improving the overall economies of the project.

Rationale for the project

- The positive outlook on the commercial construction indicates potential for strong growth opportunity in the wood based products. Promoters' extensive experience in this industry places them on a strong footing in capturing this potential.
- Existing marketing / dealer network can be leveraged for marketing of increased wood panel (EWP) products.
- APIL would benefit from strong growth potential in MDF and pre-laminated particle board segment. This along with its presence across the entire value chain improves the over all cost competitiveness.

DISCLAIMER CLAUSE OF ICRA: Notwithstanding anything to the contrary: An ICRA IPO grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timelines, or completeness of such information. An ICRA IPO grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further the ICRA IPO grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer nor can it be considered as an authentication of any of the financial statements of the company and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA is provided on an "as is" basis, without representations and warranties of any nature.

An ICRA IPO Grade is a symbolic representation of ICRA's current assessment of the fundamentals of the issuer concerned. The fundamental factors assessed include inter alia business and competitive position, financial position and prospects, management quality, corporate governance and history of compliance and litigation.

Monitoring Agency

There is no requirement to appoint a Monitoring Agency for the Issue in terms of clause 8.17 of the SEBI DIP Guidelines.

Trustees

As the Issue is of Equity Shares, the appointment of trustees is not required.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime, including after the Bid/Issue Closing Date, but before allotment, without assigning any reason there for.

Appraisal

The Project has been appraised by Union Bank of India and Oriental Bank of Commerce. The details of the appraising agency are as under:

Union Bank of India	Oriental bank of Commerce
Industrial Finance Branch, 10/A, Chandrakiran, Kasturba Road, Bangalore – 560 001 Tel.: +91 80 2295 8218 Fax: +91 80 2223 5362 Email: ubifbblr@bgl.vsnl.net.in	Udham Singh Nagar (Rudrapur), Plot 8-9, Nainital Road, Avas Vikas Shopping Complex, Dist: Udham Singh Nagar – 263 153 Tel: +91 5944 242641 Fax: +91 5944 244959 Email: bm0781@obc.co.in

Book Building Process

The Book Building Process refers to the process of collection of Bids, on the basis of the Red Herring Prospectus, within the Price Band. The Issue Price shall be fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

1. Our Company;
2. The Book Running Lead Manager
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with NSE/BSE and eligible to act as underwriters. Syndicate members are appointed by the BRLM; and
4. The Registrar to the Issue.

SEBI, through its guidelines, has permitted the Issue of securities to the public through the 100% Book Building Process, wherein upto 50% of the Issue (with a mandatory minimum allotment of 10%) shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Our Company will comply with these guidelines for this Issue. In this regard, Our Company has appointed the BRLM to procure subscriptions to the Issue.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, QIBs are required to pay 10% Margin Amount upon submission of their Bid and allocation to QIBs will be on a proportionate basis. For further details, please see the section entitled “Terms of the Issue” beginning on page 197 of this Red Herring Prospectus.

The process of Book Building under the SEBI DIP Guidelines is subject to change from time to time and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building and Price Discovery Process

(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)

Bidders can Bid at any price within the Price Band. For instance, assume a Price Band of Rs.20 to Rs.24 per share, issue size of 3,000 Equity Shares and receipt of five Bids from Bidders. A graphical representation of the consolidated demand and price would be made available at the websites of the BSE and the NSE during the Bidding Period. The illustrative book as shown below shows the demand for the shares of Our Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	27.77%
1,000	23	1,500	83.33%
1,500	22	3,000	166.67%
2,000	21	5,000	277.78%
2,500	20	7,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the issue is subscribed, i.e., Rs.22 in the above example. Our Company, in consultation with the Book Running Lead Manager, will finalize the Issue Price at or below such Cut-off Price, i.e., at or below Rs.22. All Bids at or above this Issue Price and cut-off bids are valid Bids and are considered for allocation in the respective categories.

Steps to be taken for Bidding:

1. Check eligibility for making a Bid (see “Issue Procedure” on page 203 of this Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
3. Ensure that you have mentioned your PAN (see section titled “Issue Procedure” beginning on page 203 of this Red Herring Prospectus);
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form; and
5. The Bidder should ensure the correctness of his or her Demographic Details (as defined in the section “Issue Procedure” beginning on page 203 of this Red Herring Prospectus) given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

Bid/Issue Programme:

BID/ISSUE OPENS ON	June 11, 2008
BID/ISSUE CLOSES ON	June 17, 2008

Bids and any revisions in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form except that on the Bid /Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs.100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs.100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, not later than 1.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date.

Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

Our Company, in consultation with the BRLM reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI (DIP) Guidelines, provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down up to a maximum of 20% of the Floor Price disclosed in the Red Herring Prospectus.

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLM and the terminals of the other members of the Syndicate.

Our Company shall comply with applicable guidelines issued by SEBI for this Issue. In this regard, Our Company has appointed Motilal Oswal Investment Advisors Private Limited to manage the Issue and to procure subscription to the Issue.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with RoC, Our Company proposes to enter into an Underwriting Agreement with the Underwriters in respect of the Equity Shares proposed to be issued through this Issue. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are subject to certain conditions, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriter	Indicative Number of Equity Shares to be Underwritten	Indicative Amount Underwritten (Rs. in lakhs)
Motilal Oswal Investment Advisors Private Limited 113/114, Bajaj Bhawan, 11th Floor, Nariman Point, Mumbai - 400 021 Tel: +91 22 3980 4380 Fax: +91 22 3980 4315 Email: archidply.ipo@motilaloswal.com Website: www.motilaloswal.com	66,15,720	[●]

The above chart is indicative of the underwriting arrangement and this would be finalized after the pricing and actual allocation. The Underwriting Agreement is dated [●]

In the opinion of Our Company's board of directors (based on a certificate given to them by the underwriters), the resources of the underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned underwriters are registered with SEBI under section 12(1) of the SEBI Act or registered as brokers with the stock exchanges. The Board of Archidply has accepted the above underwriting agreement at their meeting held on [●], and Our Company has issued letters of acceptance to the underwriters.

Notwithstanding the above table, the Underwriter shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. except in case where the allocation to QIB is less than 10% of the Issue in which case the entire subscription monies will be refunded.

CAPITAL STRUCTURE

The share capital of Our Company as of the date of filing of this Red Herring Prospectus with SEBI (before and after the Issue) is set forth below:

(Rs. in lakhs)

	Particulars	Nominal Value	Aggregate value at Issue Price
A	Authorized Capital		
	25,000,000 Equity Shares of Rs.10/- each	2,500.00	
B	Issued, Subscribed and Paid Up Capital before the Issue		
	15,384,280 Equity Shares of Rs.10/-a each	1,538.43	
C	Present Issue in terms of this Red Herring Prospectus		
	66,15,720 Equity Shares of Rs.10 each	661.57	[●]
	Of which:		
	1. Qualified Institutional Buyers portion - Upto 33,07,860 Equity Shares (50% of the Issue) with a mandatory minimum allotment of 10% of the Issue	330.79	[●]
	2. Non-Institutional Bidders portion - Atleast 9,92,358 Equity Shares	99.24	[●]
	3. Retail Individual Bidders portion - Atleast 23,15,502 Equity Shares	231.55	[●]
D	Paid Up Equity Capital after the Issue		
	2,20,00,000 Equity Shares of Rs.10 each	2,200.00	[●]
E	Share Premium Account		
	Before the Issue	680.49	
	After the Issue		[●]

This Issue in terms of this Red Herring Prospectus has been authorized pursuant to a resolution passed under Section 81(1A) of the Companies Act at the Annual General Meeting of Our Company held on September 29, 2007 at Bangalore.

History of change in authorized share capital of Our Company

Date of Shareholder's Resolution	Nature of Increase/ Change	Cumulative Number of Equity Shares	Face Value (Rs.)	Authorized Share Capital (Rs.)
Incorporation of Our Company	Since Incorporation	5,50,000	10	55,00,000
September 28, 2005	Increase	50,00,000	10	5,00,00,000
July 20, 2006	Increase	1,00,00,000	10	10,00,00,000
November 17, 2006	Increase	2,50,00,000	10	25,00,00,000

Notes to the Capital Structure:

1. Equity Share Capital History of Our Company

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid up Capital (Rs.)	Cumulative Share Premium (Rs.)
September 15, 1995	700	10	10	Cash	Allotment to the initial subscribers to the Memorandum	700	7,000	-
November 30, 2002	49,300	10	10	Cash	Further allotment of Equity Shares to individuals	50,000	500,000	-
July 7, 2005	50,000	10	10	Cash	Further allotment of Equity Shares to the Promoters	1,00,000	10,00,000	-
October 4, 2005	4,00,000	10	10	Cash	Allotment to Assam Timber Products Private Limited	5,00,000	50,00,000	-
November 28, 2005	5,00,000	10	10	Cash	Further allotment to Assam Timber Products Private Limited	10,00,000	1,00,00,000	-
December 10, 2005	3,00,000	10	10	Cash	Allotment to Assam Timber Products Private Limited and Ravi Marketing and Services Private Limited	13,00,000	1,30,00,000	-
December 26, 2005	4,60,000	10	10	Cash	Further allotment to Assam Timber Products Private Limited and Ravi Marketing and Services Private Limited	17,60,000	1,76,00,000	-
January 19, 2006	4,00,000	10	10	Cash	Further allotment to Ravi Marketing and Services Private Limited	21,60,000	2,16,00,000	-
February 6, 2006	4,40,000	10	10	Cash	Further allotment to Ravi Marketing and Services Private Limited	26,00,000	2,60,00,000	-
March 29, 2006	4,60,000	10	10	Cash	Allotment to Vanraj Suppliers Private Limited and further allotment to Ravi Marketing and Services Private Limited	30,60,000	3,06,00,000	-

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid up Capital (Rs.)	Cumulative Share Premium (Rs.)
June 16, 2006	1,14,800	10	100	Cash	Further allotment to Vanraj Suppliers Private Limited and Ravi Marketing and Services Private Limited	31,74,800	3,17,48,000	1,03,32,000
July 31, 2006	87,900	10	100	Cash	Further allotment to Vanraj Suppliers Private Limited and Ravi Marketing and Services Private Limited	32,62,700	3,26,27,000	1,82,43,000
August 31, 2006	52,000	10	100	Cash	Further allotment to the Promoters and members of the Promoter Group	33,14,700	33,147,000	22,923,000
October 10, 2006	40,000	10	100	Cash	Further allotment to Vanraj Suppliers Private Limited	33,54,700	3,35,47,000	2,65.23,000
November 30, 2006	3,25,000	10	100	Cash	Further allotment to The Mysore Chipboards Limited	36,79,700	3,67,97,000	5,57,73,000
February 7, 2007	1,15,68,180	10	NA	Consideration other than cash	Scheme of Arrangement*	1,52,47,880	15,24,78,800	5,57,73,000
March 31, 2007	57,000	10	100	Cash	Further allotment to Vanraj Suppliers Private Limited and Shree Shyam Tea Private Limited	1,53,04,880	15,30,48,800	6,09,03,000
August 14, 2007	79,400	10	100	Cash	Further allotment to Vanraj Suppliers Private Limited and Shree Shyam Tea Private Limited	1,53,84,280	15,38,42,800	6,80,49,000

*Our Company has allotted 2 (two) Equity Shares of Rs.10/- each, fully paid up, for every 1(one) equity share held by the shareholders of The Mysore Chipboards Limited on account of a scheme of Demerger, duly approved by the Hon'ble High Court of Karnataka at Bangalore. For further details on the same, please refer to the section titled "History and Other Corporate Matters" beginning on page 89 of this Red Herring Prospectus.

2. Details of Promoters' Contribution

Share Capital Build Up of Promoters:

Name	Date/year of Allotment/ Transfer	No. of Shares	Face Value	Issue Price / Transfer Price	Consideration	Nature of Allotment/ Transfer	Cumulative No. of Equity Shares	Locked-in period
Mr. Deen Dayal Daga	September 15, 1995	100	10	10	Cash	Initial Subscription to MOA	100	1 Year
	July 7, 2005	17,500	10	10	Cash	Further Allotment	17,600	1 Year
	September 30, 2005	5,000	10	10	Cash	Transfer from Mr.Malchand Karnani	22,600	1 Year
	September 30, 2005	5,000	10	10	Cash	Transfer from Mrs.Geeta Devi Karnani	27,600	1 Year
	September 30, 2005	5,000	10	10	Cash	Transfer from Mr.Sandeep Kumar Jain	32,600	1 Year
	September 30, 2005	5,000	10	10	Cash	Transfer from Mrs.Sarika Somani	37,600	1 Year
	September 30, 2005	5,000	10	10	Cash	Transfer from Mr.Vikas Somani	42,600	1 Year
	August 31, 2006	7,000	10	100	Cash	Further allotment	49,600	1 Year
	February 7, 2007	20,53,720	10	NA	Consideration other than cash	Scheme of Arrangement	21,03,320	4,60,000 shares locked in for 3 years and 7,93,720 shares for 1 year
	March 29, 2007	(20,000)	10	10	Cash	Transfer to Deen Dayal Daga (H.U.F.)	20,83,320	NA
	September 3, 2007	(7,80,000)	10	NIL	NIL	Transfer to Mr. Rajiv D. Daga	13,03,320	NA
Sub-Total		13,03,320						
Mr. Shyam D. Daga	September 15, 1995	100	10	10	Cash	Initial Subscription to MOA	100	1 year

	April 1, 2006	4,300	10	10	Cash	Transfer from Mr. Lien Ching Li Alias Peter	4,400	1 year
	August 31, 2006	10,000	10	100	Cash	Further allotment	14,400	1 year
	February 7, 2007	12,29,860	10	N.A	Consideration other than cash	Scheme of Arrangement	12,44,260	1 year
Sub-Total		12,44,260						
Mr. Rajiv D. Daga	July 7, 2005	17,500	10	10	Cash	Allotment	17,500	1 year
	August 31, 2006	7,000	10	100	Cash	Further allotment	24,500	1 year
	March 29, 2007	8,000	10	100	Cash	Transfer from Mr. Kashiram Daga	32,500	1 year
	September 3, 2007	7,80,000	10	NIL	NIL	Transfer from Mr Deen Dayal Daga	8,12,500	1 year
Sub-Total		8,12,500						
Assam Timber Products Private Limited	October 4, 2005	4,00,000	10	10	Cash	Allotment	4,00,000	3 years
	November 28, 2005	5,00,000	10	10	Cash	Further Allotment	9,00,000	3 years
	December 10, 2005	1,80,000	10	10	Cash	Further Allotment	10,80,000	3 years
	December 26, 2005	70,000	10	10	Cash	Further Allotment	11,50,000	3 years
	February 7, 2007	27,90,000	10	NA	Consideration other than cash	Scheme of Arrangement	39,40,000	3 years
Sub Total		39,40,000						
Total		73,00,080						

Promoters Contribution to be locked in for a period of 3 years

Pursuant to the SEBI DIP Guidelines, an aggregate of 20% of our post issue capital held by our Promoters, Assam Timber Products Private Limited and Mr. Deen Dayal Daga shall be locked-in for a period of three years from the date of Allotment of Equity Shares in the Issue. Accordingly, 20% of the post-issue Equity Share capital held by our Promoters will be locked-in for a period of three years. The details of such lock-in are given below:

Name	Date of Allotment/ Transfer	Nature of Allotment/ Transfer	Nature of Consideration	No. of Equity Shares	Face Value	Issue Price	Percentage of post-Issue Paid-up Capital	Period of Lock in
Mr. Deen Dayal Daga	February 7, 2007	Persuant to Scheme of Arrangement	Other than cash	4,60,000	10	NA		3 years
Sub Total (A)				4,60,000			2.09	

Assam Timber Products Private Limited	October 4, 2005	Allotment	Cash	4,00,000	10	10		3 years
	November 28, 2005	Further Allotment	Cash	5,00,000	10	10		3 years
	December 10, 2005	Further Allotment	Cash	1,80,000	10	10		3 years
	December 26, 2005	Further Allotment	Cash	70,000	10	10		3 years
	February 7, 2007	Persuant to Scheme of Arrangement	Other than Cash	27,90,000	10	NA		3 years
Sub Total (B)				39,40,000			17.91	
Grand Total (A+B)				44,00,000			20.00	

All Equity Shares which are being locked in are eligible for computation of the Promoters' Contribution and lock in as required under Clause 4.6 of the SEBI DIP Guidelines.

Share capital locked-in for one year:

In addition to the lock-in of the Promoters' contribution specified above, the entire pre-issue Equity Share capital of Our Company will be locked-in for a period of one year from the date of Allotment. The total number of Equity Shares, which are locked-in for one year are 1,09,84,280 Equity Shares which include 29,00,080 Equity Shares held by the Promoters (after deducting the 44,00,000 equity shares which are locked-in for three years). The Equity Shares which are locked – in will carry an inscription “non- transferable” along with the duration of specified non – transferable period mentioned on the face of the security certificate.

Other requirements in respect of lock-in:

In terms of Clause 4.15 of the SEBI DIP Guidelines, the locked-in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan. However, Equity Shares held by the Promoters and locked in as minimum Promoter's contribution can be pledged only if in addition to fulfilling the aforesaid requirement, such loan has been granted for the purpose of financing one or more objects of the Issue.

In terms of Clause 4.16.1 (a) of the SEBI DIP Guidelines, the Equity Shares held by persons other than Promoters, prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI DIP Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Further, in terms of Clause 4.16.1 (b) of the SEBI DIP Guidelines, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoter or persons in control of Our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

3. Pre-issue and post-issue shareholding pattern as on the date of filing:

(Equity Shares of face value Rs.10 each)

Name of the shareholders	Pre-issue equity capital		Post-issue equity capital	
	Number of Equity Shares	Percentage (%)	Number of Equity Shares	Percentage (%)
A. Promoters				
Assam Timber Products Private Limited	39,40,000	25.61	39,40,000	17.91
Mr. Deen Dayal Daga	13,03,320	8.47	13,03,320	5.92
Mr. Shyam D. Daga	12,44,260	8.09	12,44,260	5.66
Mr. Rajiv D. Daga	8,12,500	5.28	8,12,500	3.69
Sub-Total	73,00,080	47.45	73,00,080	33.18
B. Promoter Group				
Vanraj Suppliers Private Limited	37,04,550	24.08	37,04,550	16.84
Mrs. Usha D. Daga	7,60,300	4.94	7,60,300	3.46
The Mysore Chipboards Limited	3,25,000	2.11	3,25,000	1.48
Shyam Tea Private Limited	1,02,900	0.67	1,02,900	0.47
Ravi Marketing and Services Private Limited	28,10,750	18.27	28,10,750	12.78
Ms Sangeeta Bharadia	4,100	0.03	4,100	0.02
Deen Dayal Daga (H.U.F.)	20,000	0.13	20,000	0.09
Sub-Total	77,27,600	50.23	77,27,600	35.13
Total Promoters and Promoter Group holding	1,50,27,680	97.68	1,50,27,680	68.31
II. Non-Promoters				
A. Private Bodies Corporate	-	-	-	-
B. NRIs/OCBs	34,520	0.23	34,520	0.16
C. Others	3,22,080	2.09	3,22,080	1.46
Sub-Total (II)	356,600	2.32	356,600	1.62
Equity Shares offered through the present Issue	-	-	66,15,720	30.07
Total	1,53,84,280	100.00	2,20,00,000	100.00

4. Our shareholders as on the date of the filing, ten days prior to the filing and as of two years prior to filing of this Red Herring Prospectus are as follows:

Top ten shareholders as on the date of filing of this Red Herring Prospectus with SEBI

No.	Name of the Shareholder	No of Equity Shares held of face value Rs.10 each	Percentage holding (%)
1.	Assam Timber Products Private Limited	39,40,000	25.61
2.	Vanraj Suppliers Private Limited	37,04,550	24.08
3.	Ravi Marketing and Services Private Limited	28,10,750	18.27
4.	Deen Dayal Daga	13,03,320	8.47
5.	Shyam D. Daga	12,44,260	8.09
6.	Rajiv D. Daga	8,12,500	5.28
7.	Usha D. Daga	7,60,300	4.94
8.	The Mysore Chipboards Limited	3,25,000	2.11
9.	Shree Shyam Tea Private Limited	1,02,900	0.67
10.	Deen Dayal Daga (H.U.F.)	20,000	0.13

Top ten shareholders 10 days prior to the date of filing of this Red Herring Prospectus with SEBI

Sr No.	Name of the Shareholder	No of Equity Shares held of face value Rs.10 each	Percentage holding (%)
1	Assam Timber Products Private Limited	39,40,000	25.61
2	Vanraj Suppliers Private Limited	37,04,550	24.08
3	Ravi Marketing and Services Private Limited	28,10,750	18.27
4	Mr. Deen Dayal Daga	13,03,320	8.47
5	Mr. Shyam D. Daga	12,44,260	8.09
6	Mr. Rajiv D. Daga	8,12,500	5.28
7	Mrs. Usha D. Daga	7,60,300	4.94
8	The Mysore Chipboards Limited	3,25,000	2.11
9	Shree Shyam Tea Private Limited	1,02,900	0.67
10	Deen Dayal Daga (H.U.F.)	20,000	0.13

Top ten shareholders two years prior to the date of filing of this Red Herring Prospectus with SEBI

Sr. No	Name of the Shareholder	No of shares held of face value of Rs.10 each	Percentage holding (%)
1	Assam Timber Products Private limited	400,000	80.00
2	Deen Dayal Daga	42,600	8.52
3	Usha D. Daga	35,100	7.02
4	Rajiv Daga	17,500	3.50
5	Lien Ching Li Alias Peter	4,300	0.86
6	Shyam D. Daga	100	0.02
7	Narayan Subrao Adkoli	100	0.02
8.	Sundeep Bharadia	100	0.02
9.	Sangeeta Bharadia	100	0.02
10.	Awadhesh Mehta	100	0.02

5. Neither we nor our directors or the promoters, or respective directors of our promoter group companies or the BRLM have entered into any buyback and/or standby arrangements for the purchase of our equity shares from any person.
6. On September 29, 2007 our shareholders has approved the grant of upto 2,00,000 employee stock options to eligible employees of Our Company. We have not granted any options to any of our employees as on date of this Red Herring Prospectus.
7. This Issue is being made in terms of clause 2.2.2 (a)(ii) and (b)(i) of SEBI Guidelines as amended from time to time, wherein at least 10% of the Issue size i.e. 6,61,572 Equity Shares shall be allotted to QIBs, failing which the full subscription money shall be refunded..
8. An over-subscription to the extent of 10% of the issue can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot while finalizing the allotment, subject to minimum allotment being equal to 75 Equity Shares, which is the minimum Bid size in this issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which the post-Issue paid up capital after the issue would also increase by the excess amount of allotments so made. In such an event, the Equity Shares held by the promoters and subject to lock-in shall be suitably increased so as to ensure that 20% of the post-Issue paid up capital is locked-in.
9. In the case of over-subscription in all categories, upto 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Mutual Funds participating in the Mutual Fund Portion in the QIB Portion will also be eligible for allocation in the remaining QIB portion. Further, not less than 15% of Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above this Issue Price.
10. Under subscription, if any, in the Non-Institutional Portion and Retail Portion shall be allowed to be met with spillover from the other categories, at the sole discretion of Our Company and the BRLM. In case of under subscription in the QIB Portion (i.e. subscription less than 10% mandatory of Issue), the same shall not be available to other categories and full subscription monies shall be refunded.

11. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the equity shares to be issued pursuant to the issue have been listed.
12. There shall be only one denomination of the equity shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
13. We have not raised any bridge loans against the proceeds of the issue.
14. We have not issued any equity shares for consideration other than cash except 1,15,68,180 equity shares issued in pursuant to the Scheme of Demerger.
15. There are no outstanding financial instruments or any rights, which would entitle the promoters or the shareholders or any other person any option to acquire any of the equity shares.
16. The securities offered through this Issue shall be made fully paid-up or may be forfeited within 12 months from the date of allotment of the securities in the manner specified in clause 8.6.2 of the SEBI (DIP) Guidelines.
17. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/Issue opening date by way of split or consolidation of the denomination of Equity Shares or further issue of equity (including issue of securities convertible into or exchangeable for, directly or indirectly, for Equity Shares) whether preferential or otherwise. However, during such period or at a later date, we may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in our best interests.
18. Except as disclosed in the section titled “Our Management” beginning on page 97 of this Red Herring Prospectus, none of our directors or key managerial personnel holds any of the equity shares.
19. The Equity Shares offered through this Issue will be fully paid up.
20. Our Company has not revalued the assets since inception.
21. Our Company has not capitalized any of its reserves since inception.
22. The Promoters may pledge their equity shares with banks or financial institutions as additional security for loans whenever availed by them from banks or financial institutions.
23. Our Promoters and members of the Promoter Group will not participate in the Issue.
24. There are restrictive covenants in the agreements that we have entered into with banks for short-term loans and long-term borrowings. These restrictive covenants in many cases provides for borrowers covenants which are restrictive in nature and require us to obtain their prior permission for alteration of the capital structure, change in beneficial ownership of or control of Our Company, entering into any merger/amalgamation, expenditure in new projects, transfer/change in the key personnel, change in the constitutional documents etc.
25. As per the RBI regulations, OCBs are not allowed to participate in this Issue.
26. As on the date of this Red Herring Prospectus, the total number of holders of Equity Shares is 45.

OBJECTS OF THE ISSUE

The main objective of raising funds through this Issue is as follows:

1. Setting up a new manufacturing facility of Plain Particle Board (PPB), Pre Laminated Board (PLB) and decorative plywood at Chintamani in Karnataka
2. Setting up a new manufacturing capacity for medium density fibreboard (MDF) at Rudrapur in Uttarakhand
3. Margin Money for Working Capital

The main object clause and objects incidental or ancillary to the main objects clause of the Memorandum of Association of our Company enables us to undertake our existing activities and the activities for which the funds are being raised by Our Company through this public issue. We further confirm that the activities of Our Company carried out until now are in accordance with the objects of the Memorandum of Association of Our Company.

The other object of the issue is to get our Equity Shares listed on both Bombay Stock Exchange Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”), as we believe that the listing will enhance our visibility and brand image.

The net proceeds of the issue, after deducting all issue-related expenses, are estimated to be Rs.[●] lakhs.

Funds Requirement

The estimated requirement of funds for setting up of the Proposed Project of manufacturing of PPB, PLB, decorative veneer/plywood, MDF and other incidental expenses in pursuit of raising necessary funds and execution of the project is as follows:

Sr. No.	Particulars	Amount (Rs. in lakhs)
1.	Setting up of new manufacturing capacity at Chintamani in Karnataka	
	- Land & Land Development	225.00
	Factory Shed and Plant & Machinery for	
	- Plain Particle Board	2,115.22
	- Pre Laminated Particle Board	678.41
	- Decorative Plywood	597.90
	Common Building	150.00
	Sub Total	3,766.53
2.	Setting up of a new Manufacturing facility of medium density fibreboard at Rudrapur in Uttarakhand	2,618.20
3.	Pre Operative Expenses and Provision for Contingencies	765.27
4.	Margin Money for Working Capital Requirement	750.00
	Sub Total	7,900.00
5.	Issue Expenses #	[●]
	Grand Total	[●]

(Source: Company's Estimate)

Will be updated at the time of filing of the Prospectus

Means of Finance

Particulars	Amount (Rs. in Lakhs)
Proceeds of the public Issue #	[●]
Term Loans	2,800
Internal Accruals #	[●]
Total	[●]

Will be updated at the time of filing of the Prospectus.

The entire requirement of funds of Rs.[●] lakhs is proposed to be financed through the proceeds of this public issue, and through term loans to be raised from banks. Shortfall, if any, will be met through internal accruals. In case of any excess funds raised over and above the mentioned requirement of funds, the same will be used for general corporate purposes.

The public issue proceeds will be determined based on the Issue Price discovered through the 100% Book-Building process. In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be met with surplus funds, if any, available in the other areas and/or our internal accruals, and /or the term loans/working capital loans that may be availed from the Banks/Financial Institutions.

The net proceeds of the issue would be used to meet all or any of the uses of the funds described above

Pursuant to clause 2.8 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 we confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through proposed public issue have been made.

We have incurred an expenditure of Rs.193.11 lakhs on the above projects upto April 30, 2008 as certified by the statutory auditors, M/s GRV & PK, Chartered Accountants, vide their certificate dated May 22, 2008.

Appraisal

Union Bank of India has appraised the Project for setting up of a new manufacturing facility at Chintamani in Karnataka, and it has sanctioned the term loan of Rs.2,165 lakhs vide its letter number AIL/61/07 dated October 18, 2007. Oriental Bank of Commerce has appraised the Project for setting up of a new manufacturing facility at Rudrapur in Uttarakhand, and it has sanctioned the term loan of Rs.1,139 lakhs vide its letter dated January 29, 2008.

Cost of Project as per the Appraisal report

Sr. No.	Particulars	Amount (Rs. in Lakhs)
1	Setting up of new manufacturing capacity at Chintamani in Karnataka	
	- Particle Board	2,650
	- Pre- laminated particle board	946
	- Decorative veneer	738
	Sub Total	4,334
2	Setting up of a new Manufacturing facility of medium density fibreboard at Rudrapur in Uttarakhand	3,220
3	Margin Money for Working Capital Requirement	750
	Grand Total	8,304

Means of Finance as per the Appraisal report

Particulars	Amount (Rs. in Lakhs)
Proceeds of the public Issue	5,000
Term Loan – Chintamani Project	2,165

Term Loan - Rudrapur Project	1,139
Total	8,304

SWOT analysis as per the appraisal report of Union Bank of India is given below:

Strength

The Promoter/ Directors are well experienced in this industry. Our Company has wide sales network. The trade name is already established in the market. Our Company also gives warranty certificate for 7 years. Our Company is allotting funds every year for the advertisement.

Weaknesses

Once the unit is established, the entire unit would be looked after by professional people and not by the main Promoters. The main Promoter will visit the unit at regular intervals.

Opportunities

Near Chintamani town except the milk Chilling unit run by the Co Op. Society, there is no other big industry. This new unit will provide employment opportunity for around 730 people who are living in and Chintamani.

Threat

There is threat in this line of activity and as per the government policy the excise duty may change every year, since it is coming under excise bracket. This may affect the sales of the company.

Details of Fund Utilization

1. Setting up of a new manufacturing capacity of Plain Particle Board (PPB), Pre-Laminated Particle Board (PLB) and Decorative Plywood at Chintamani, Karnataka.

Land & Land Development

We have already purchased land admeasuring 12.50 acres from Karnataka State Small Industries Development Corporation Limited (KSSIDC) for Rs.66.0 lakhs (including stamp duty and registration costs) at Katmachanahalli Industrial Estate, Chintamani town in Chikabalapura district at a distance of approximately 70 Kms from Bangalore, for setting up a new manufacturing capacity of PPB, PLB and decorative plywood. The cost of land development is estimated at Rs.50 lakhs. Out of the available land, we plan to utilize an area admeasuring 16,250 Sq. meters for civil construction of factory shed and 2,000 sq. meters for a factory building for common purpose. The land acquired by us is free from all encumbrances.

Further we intend to purchase a land admeasuring 3 acres at an estimated cost of Rs.109 lakhs in residential layout which is adjoining to our factory land purchased at Chintamani town and will be used for construction of staff quarters and labour quarter.

The cost for development of 15.50 acres of land is estimated at Rs.50 lakhs. The total cost of land and land development are estimated at Rs.225 lakhs.

1. Plain Particle Board

We intend to set up a new unit at Chintamani town for manufacturing of Plain Particle Board (PPB) with a capacity of 45000 CBM p.a. The total cost for setting up this unit at Chintamani is estimated at Rs.2115.22 lakhs which includes the building of the factory shed and the cost of plant and machinery.

Sr. No.	Particulars	Amount (Rs. in Lakhs)
1	Factory Shed	289.30
2	Plant & Machinery	1,825.92
	Total	2115.22

The details of factory shed and plant & machinery to be installed at Chintamani unit for plain particle board is as follows:

Factory Shed

We have estimated the cost of civil work to construct a factory shed at Rs.289.30 lakhs. Out of the total construction of the factory shed area admeasuring 16,250 square meters, we plan to utilize an area admeasuring 6,875 Sq. meters for manufacturing of PPB.

The estimated cost of civil works are given below:

Sr. No.	Particulars	Area (square meters)	Rate Per Sq. meters (Rs.)	Supplier/Manufacturer	Amount (Rs. in Lakhs)
1	Civil Construction for factory Shed	6,875	4,208	Duggal Constructions	289.30

Plant & Machinery

The proposed plant and machinery for setting up of a new manufacturing capacity of PPB is proposed to be purchased from various indigenous and international suppliers/ manufacturers. The estimated cost of the plant and machinery including transport and erection cost is estimated at Rs.1,825.92 lakhs. We have estimated these requirements based on quotations and prevailing market prices of manufacturers/ suppliers of equipments. The plant & machineries required for setting up the proposed facilities for PPB are given as below:

Sr. No.	Particulars	Supplier/ Manufacturer	Date of Quotation	No. of Units	Amount (Rs. in Lakhs) #
1	Main Plant & Machinery				
1.1	Particle Board Unit consisting Chippers upto Trimming end (Chipping, Drying, Glueing, Mixing, and Trimming)	Linen Hallmark Trade Co. Limited, China	September 22, 2007	1 Set	1,043.86
1.2	Sanding Line	Sbeinemann Technology AG	October 9, 2007		150.00
1.3	S. S. Caul Plates	-	-		25.00
	Sub Total (A)				1,218.86
2	Utilities				
2.1	Boiler/ Thermic Fluid Heater VTAF- 30	Thermal Associate Private Limited	March 9, 2007	2	80.40
2.2	Erection & Accessories for Boiler	Thermal Associate Private Limited	October 10, 2007	2	80.50
2.3	DG sets 1000 KVA	Gurjar Power Engineers Private Limited	September 26, 2007	2	96.74
2.4	Transformer 3000 KVA	Trinity Electrical Industries	August 30, 2007	1	28.00
2.5	Air Compressor CPC -50	Hi-Tech Air Power Private Limited	August 23, 2007	1	6.97

2.6	Dust Extraction	A.C. Humidification Engineers Private Limited	September 26, 2007	2	32.33
	Sub Total (B)				324.94
3	Accessories				
3.1	Electronic Weighbridge – 50 MT	Leotronic Scales Private Limited	August 29, 2007	1	5.55
3.2	Cooling Towers – 150 TR	Protech Cooling Towers	October 6, 2007	2	3.00
3.3	Transformer – 3,000 KVA, Air Circuit Breaker – 400A, Power Capacitor, Power Factor Panel, H. T. Cable, Transformer, Panels & Other Cables	Dhiman Switchgear Private Limited	October 10, 2007	1 Set	110.46
	Sub Total (C)				119.01
4	Others				
1	Factory Lighting	-	-		4.27
3	Erection & Commissioning	-	-		100.00
4	Forklifts Truck – 3 tonne	Godrej & Boyce Mfg. Co. Limited	September 14, 2007	1	10.55
5	Resin Kettle – 6 Tonne	Mag Tech Engineers	August 31, 2007	2	23.47
6	Changing vessels	-	-	2	1.00
7	Vacuum Pumps – 750 HGS	-	-	2	2.80
8	Storage Tank	-	-	2	2.00
9	Resin Pipe Lines – 250 meters	-	-	1	1.50
10	Resin Transfer Pump	Vasu Pumps & Systems Private Limited	September 13, 2007	2	1.18
11	Cooling Tower – 150 TR	Protech Cooling Systems	September 26, 2007	2	2.22
12	SS Gear Pump	Vasu Pumps & Systems Private Limited	September 13, 2007	1	0.48
13	Chemical Storage Tank – 20 KL	Sintex Industries Limited			3.04
14	Hydraulic Pallet Trucks	Ferro Foundaries Private Limited	August 23, 2007	4	1.29
15	Workshop Machineries (Lathe, Hacksaw & Other Hand Tools)	Perfect Machine Tools	September 5, 2007	1 Set	9.31
	Sub Total (D)				163.11
	Grand Total (A+B+C+D)				1,825.92

(# after considering excise duty, sales tax and freight cost)

(Source: Company's estimate)

2. Pre Laminated Particle Board

We intend to set up a new unit at Chintamani in Karnataka, for manufacturing of Pre laminated particle board which would have a manufacturing capacity of 38,000 CBM with a capital investment of Rs.678.41 lakhs. The total break up of the expenditure is as follows:

Sr. No.	Particulars	Amount (Rs. in Lakhs)
1	Factory Shed	184.10
2	Plant & Machinery	494.31
	Total	678.41

The detail of factory shed and plant & machinery to be installed at Chintamani unit for pre laminated particle board is as follows:

Factory Shed

We have estimated Rs.184.10 lakhs, the cost of civil work to construct factory shed for manufacturing pre laminated particle board. Out of the total construction of the factory shed admeasuring 16,250 sq. meters, we intend to utilize an area admeasuring 4,375 square meters for the manufacturing of pre laminated particle board. The proposed construction of building will consist of sheds for housing the machines, storage of raw material and finished products and other fixed assets.

The estimated cost of civil work and electrical installation are given as follows:

Sr. No.	Particulars	Area (square meters)	Rate Per Sq. Mtrs (Rs.)	Supplier/Manufacturer	Amount (Rs. in Lakhs)
1	Civil construction of factory Shed	4,375	4,208	Duggal Constructions	184.10

Plant & Machinery

The proposed plant and machinery to be purchased for setting up manufacturing capacity of pre laminated particle board is proposed to be purchased from various indigenous and international suppliers or manufacturers. The estimated cost of the plant and machinery including transport and erection cost is around Rs.494.31 lakhs. We have estimated these requirements based on quotations and prevailing market prices of manufacturers/ suppliers of equipments. The plant & machineries required for the proposed project are given as below:

Sr. No.	Particulars	Supplier/ Manufacturer	Date of Quotation	No. of Units	Amount (Rs. in Lakhs) #
1	S. S. Resin Kettle – 2 Tonne	Reta Engineering Works	August 21, 2007	1	4.50
2	Melamine Impregnator	H. R. Industries	September 1, 2007	1	68.52
3	Short Cycle Press	Sufoma, China	May 31, 2007	1	270.00
4	SS Caul Plates/Press Pads	Shah International Services	August 31, 2007	4	2.39
5	Alterndorf Panel Saw	Altendorf	September 1, 2007	1	5.4
	Sub Total (A)				350.81
	Accessories				
1	Resin Plant				
a	Stirrer – 350 Kg	Reta Engineering Works	August 21, 2007	1	0.22
b	Metering Tank – 1,000 ltrs	Reta Engineering Works	August 21, 2007	1	0.60
c	Resin Transfer Pump	Reta Engineering Works	August 21, 2007	3	2.35
d	S. S. Gear Pumps -1.5 Tonne	Reta Engineering Works	August 21, 2007	1	0.48
e	Chemical Tanks	Sintex Industries Limited	August 30,	1	5.40

			2007		
f	Cooling Tower - 150 TR	Protech Cooling Systems	September 26, 2007		2.22
2	Energy Accessories				
a	Heater - VTA 20*	Thermax Limited	August 24, 2007	1	17.44
b	Chimney	-	-		12.00
3	Electric accessories				
a	Transformer – 500 KVA	Indian Transformers & Electricals	September 20, 2007	1	8.95
b	DG Set – 500 KVA	Jackson Generator Private Limited	September 26, 2007	2	53.50
c	Electricals Cables/Panels	Control & Switchgear Company Limited	September 12, 2007		11.65
d	Factory Lighting	-	-		2.14
	Sub Total (B)				116.95
	Utilities				
1	Forklift – 3 Tonne	Godrej & Boyce Mfg. Co. Limited	September 14, 2007	1	8.65
2	Laboratory Equipments	P. S. I. Sales Private Limited	September 17, 2007	1	2.52
3	Air Compressor	Hi- Tech Air Travel Private Limited	August 17, 2007	1	4.02
4	Air Curtain cum Dust Extraction machine	A. C. Humidification Engineers Private Limited	September 7, 2007	1	3.46
5	Material Handling Scissor Lifts/Trolleys	Ferro Foundaries Private Limited	August 23, 2007		5.40
6	Water Pipeline	Vasu Pumps & Systems Private Limited	September 13, 2007		2.50
	Sub Total (C)				26.55
	Grand Total (A+B+C)				494.31

(Source: Company's estimate)

after considering excise duty, sales tax and freight cost

* confirm order has been placed for Heater - VTA 20 and an advance of Rs. 4.88 lakhs has been paid upfront.

3. Decorative Plywood

We also intend to set up a new unit at Chintamani town for manufacturing decorative plywood with a manufacturing capacity of 10,000 CBM p.a.. We have estimated a capital investment of Rs.597.90 lakhs. The total break-up of this capital outlay is as follows:

Sr. No.	Particulars	Amount (Rs. in Lakhs)
1	Factory Shed	210.40
2	Plant & Machinery	387.50
	Total	597.90

The detail of factory shed and plant & machinery to be installed at Chintamani unit for manufacturing of decorative plywood is as follows:

Factory Shed

For setting up a manufacturing facility of decorative plywood, we have estimated Rs.210.40 lakhs as the cost of civil works. Out of the total construction of the factory shed admeasuring 16,250 square meters, we plan to utilize an area

admeasuring 5,000 square meters for civil construction. The proposed construction of building will consist of sheds for housing the machines, storage of raw material and finished products and other fixed assets.

The estimated cost of civil work and electrical installation are given as follows:

Sr. No.	Particulars	Area (square meters)	Rate per square meters (Rs.)	Supplier/Manufacturer	Amount (Rs. in Lakhs)
1	Civil Construction for Factory Shed	5,000	4,208	Duggal Constructions	210.40

Plant & Machinery

The proposed plant and machinery to be purchased for setting up of the manufacturing facility of decorative plywood is to be purchased from various indigenous and international suppliers or manufacturers. The estimated cost of the plant and machinery including transport and erection cost is approx. Rs.387.50 lakhs. We have estimated these requirements based on quotations and prevailing market prices of manufacturers/ suppliers of equipments. The plant & machineries required for the proposed set up are given as below:

Sr. No.	Particulars	Supplier/ Manufacturer	Date of Quotation	No. of Units	Amount (Rs. in Lakhs) #
	Main Machineries				
1	Dryer 8 Sec /3 Dec	L. M. Engineering Company	August 27, 2007	1	40.74
2	Plywood Press 640 Tonne 10 Daylight	Srichakra Engineering Equipments	August 23, 2007	1	29.28
3	Two head Wide Belt Sander	Kalyani Industries	September 13, 2007	1	20.13
4	Peeling Machine 56"	Guru Amar Industries	August 9, 2007	1	14.81
5	Glue Spreaders	Ferro Foundaries Private Limited	August 22, 2007	1	3.37
6	DD Saw	L. M. Engineering Company	August 27, 2007	2	11.17
7	Forklift	Godrej & Boyce Mfg. Co. Limited	September 14, 2007	1	8.65
8	Resin Plant	Mag Tech Engineers	August 31, 2007	1	6.9
9	Jointer Machine 108"	L. M. Engineering Company	August 27, 2007	1	5.89
10	Slicing Machine- 2 numbers	Kalyani Industries	September 4, 2007	2	57.34
11	Jointer - 108"	H. B. R. Consultants	September 1, 2007	1	39.16
12	Kuper Slicing Machine	H. B. R. Consultants	September 1, 2007		32.66
13	Band Dyer- 2 numbers	L. M. Engineering Company	August 27, 2007	1	28.67
14	Nerrow Belt Sander	Wood Master (India) Machines Private Limited		2	2.46
15	Glue Mixer – 300 ltrs	L. M. Engineering Co.	August 27, 2007	1	1.56
16	Vertical Band Saw	Perfect Machine Tools	September 5, 2007	1	2.46

17	Horizontal band Saw	Perfect Machine Tools	September 5, 2007	1	1.57
	Sub Total (A)				306.82
	Accessories				
1	Paddle Choppers	Kalyani Industries	04.09.07	1	1.46
2	Hydraulic Scissor Lift	Ferro Foundaries Private Limited	23.08.07		3.87
3	Stainless Steel & Caul Plate	-	-		6.58
4	Cables, Capacitors & Panel Room	-	-		9.36
6	Light Fitting & Cables Laying	-	-		2.5
7	Knife Grinder – 9 feet	L. M. Engineering Company	August 27, 2007	1	3.77
8	Hydraulic Pallet Truck	Ferro Foundaries Private Limited	August 23, 2007	2	0.62
9	Gear Pump – CIFG 200	Vasu Pumps & Systems Private Limited	September 13, 2007	1	0.35
10	Hydraulic Scissor Lift	Ferrow Foundaries Private Limited	September 19, 2007	1	3.28
	Sub Total (B)				31.79
	Utilities				
1	Lathe Machine – 6 feet.	Perfect Machine Tools	September 5, 2007	1	0.88
2	Drilling Machine / Hack Saw	Perfect Machine Tools	September 5, 2007	1	0.24
3	DG Sets 500 KVA	Jackson Generators Private Limited	August 17, 2007	1	25.62
4	Dust Filter Bag Systems	A. C. Humidification Systems Private Limited	September 7, 2007	1	3.46
5	ETP System	-	-		0.99
6	Weighing Bridge	Leotronic Scales Private Limited	August 29, 2007	1	5.55
7	Welding Machine	Perfect Machine Tools	September 5, 2007	1	0.27
8	Chain Block – 3 Tonnes	Perfect Machine Tools	September 5, 2007	1	0.19
	Sub Total (C)				37.20
	Others				
1	Foundation Cost	-	-		9.97
2	Power Hack Jack	Perfect Machine Tools	September 5, 2007	1	0.43
3	Other Miscellaneous Equipments	Perfect Machine Tools	September 5, 2007		1.29
	Sub Total (D)				11.69
	Grand Total (A+B+C+D)				387.50

(# after considering excise duty, sales tax and freight cost)

(Source: Company's estimate)

Common Building

Out of the total construction area of 18,250 sq. meters, an area admeasuring 2,000 square meters will be used for construction of 1) utilities, stores, boiler shed, D. G. Set and other common purposes at an estimated cost of Rs.50 lakhs; and 2) residential premises for staff and workers at an estimated construction cost of Rs.100 lakhs.

Setting up a Unit for manufacturing of medium density fibreboard (MDF) at Rudrapur in Uttarakhand

We propose to set up the manufacturing capacity of medium density fibreboard (MDF) at Rudrapur in Uttarakhand in our existing campus. We intend to install the manufacturing capacity of 60,000 CBM p.a. with a capital investment of Rs.2,618.20 lakhs. The details of the proposed project are given as below:

Sr. No.	Particulars	Amount (Rs. in Lakhs)
1	Land Development	24.00
2	Factory Shed	319.98
3	Plant & Machinery	2,274.22
	Total	2,618.20

The details of land, factory shed and plant & machinery to be installed at Rudrapur, Uttarakhand unit are as follows:

Land

We are in possession of the land admeasuring 63,694 sq. meters at our existing plant located at Rudrapur, Uttarakhand. We have estimated the cost of land filling and land development at Rs.24 lakhs in the area earmarked for the MDF plant.

Factory Shed

We have estimated the cost of civil work at Rs.319.98 lakhs. We intend to utilize an area admeasuring 7,604 square meters for the construction of factory shed to manufacture MDF. The proposed construction of building will consist of sheds for housing the machines, storage of raw material and finished products and other fixed assets.

The estimated cost of civil work and electrical installation are given as follows:

Sr. No.	Particulars	Area (square meters)	Rate per sq. mtr (Rs.)	Supplier/Manufacturer	Amount (Rs. in Lakhs)
1	Construction of Factory Shed	7,604	4,208	Duggal Constructions	319.98

Plant & Machinery

The proposed plant and machinery for setting up the manufacturing facility of MDF is proposed to be purchased from various indigenous and international suppliers or manufacturers. The estimated cost of the plant and machinery including transport and erection cost is approximately Rs.2,274.22 lakhs. We have estimated these requirements based on quotations and prevailing market prices of manufacturers/ suppliers of equipments. The plant & machineries required for the proposed project are given as below:

Sr. No.	Particulars	Supplier/ Manufacturer	Date of Quotation	No. of Units	Amount (Rs. in Lakhs) #
	Main Machineries				
1	MDF Plant -150 MQ CBM per day capacity	Sufoma, China	September 3 , 2007	1 Set	1,490.10

2	S. S. Kettle – 2 tonnes	Mag Tech Engineers	August 31 , 2007	1	9.70
	Sub Total (A)				1,499.80
	Accessories				
1	Urea Formaldehyde (UF) Resin Plant				
1.1	Resin Kettle – 6 tonne	Mag Tech Engineers	August 31 , 2007	4	46.94
1.2	Charging Vessel – 3 tonne	-	-	4	2.00
1.3	Vacuum Pump- 750 HGS	Vasu Pumps Private Limited	October 6, 2007	4	5.60
1.4	Storage Tanks for Resin	-	-	4	4.00
1.5	Resin Pipe Lines – 250 Mtrs	-	-		1.50
1.6	Cooling Tower – 150 TR	Protech Cooling Towers	October 6, 2007	1	1.25
1.7	S.S. Gear Pumps 1.5 Tonne	Vasu Pumps Private Limited	September 13, 2007		0.49
1.8	Chemical Storage Tanks – 20 KL	Sintex Industries Limited	August 30, 2007	4	6.09
1.9	Charging Vessel – 2 tonnes	-	-	2	1.00
1.10	Resin Transfer Pump	Vasu Pumps Private Limited	September 13, 2007	3	2.35
1.11	Steel Structure	-	-		8.00
2	Compressor -240 CFM	Hi Tech Air Power Private Limited	August 23, 2007	1	7.50
3	Fork Lift Truck – 3 tonne	Godrej & Boyce Mfg. Co. Limited	September 14, 2007	2	21.10
4	Pallet Trucks	Ferro Foundaries Private Limited	September 19, 2007	4	1.29
5	Scissor Lift for Sanding Line	Ferro Foundaries Private Limited	September 19, 2007	2	3.72
6	Scissor Lift	Ferro Foundaries Private Limited	September 19, 2007	2	3.33
7	Boiler – 16 tonne	Thermal Associates Private Limited	September 4, 2007	1 set	121.08
8	Heater- 10 lacs KCL	Thermax	August 24, 2007	1	12.36
	Sub Total (B)				249.60
	Utilities				
1	Panel Saw with Accessories	Sandeep Machinery Corporation	August 29, 2007	1	4.33
2	Work Shop Machineries includes lathe, Drill, Hacksaw & other Tools	Perfect Machine Tools	September 5, 2007	1 set	9.31
3	Erection & Commissioning	-	-		1.00
4	Softner Plant	G.E.T. Water Solutions Private Limited	September 20, 2007		3.08
5	Chimney	Thermal Associates Private Limited	October 10, 2007	2	24.00
6	Transformer – 3,000 KVA		August 31, 2007	1	28.67
7	Vacuum Circuit Breaker – 3,000 KVA (Air Circuit Breaker 400 AMPS, Power Capacitor 1,100 KVAR, Power factor panel, cables 33	Dhiman Switchgear Private Limited	October 10, 2007	1 set	85.97

	KV& 11 KV, Main cables 1,000 meters, Motor Cable)				
8	Automatic Power Factor Control Relay Panel with all required mountings	Dhiman Switchgear Private Limited	October 10, 2007	1	48.46
9	Structure & Fabrications – 350 tonne structure for Forming, Drier & Connected to most of the machineries	Duggal Constructions	September 12, 2007		160.00
10	Erection & Commissioning	-	-		160.00
	Sub Total (C)				524.82
	Grand Total (A+B+C)				2,274.22

(# after considering excise duty, sales tax and freight cost)

(Source: Company's estimate)

Out of the total requirement of machineries and equipments amounting to Rs.4,981.95 lakhs, our company has placed orders for Rs.158.30 lakhs for the Proposed Project as of the date of filing the Red Herring Prospectus.

2. Pre Operative Expenses and Contingency

Pre-operative and preliminary expenses primarily consists of start up and trial run expenses, establishment and project management expenses, engineering and consultancy fees, upfront fees/placement expenses, interest during construction period, etc. We have provided Rs.600 lakhs for the Pre-operative and Preliminary expenses which is 9.39% of the capital expenditure of the project. Contingencies include provisions for buildings, plant and machinery, miscellaneous fixed assets. We have provided Rs.165.27 lakhs for contingencies which is 2.58% of the capital expenditure of the project. The total amount of pre-operative expenses and contingencies has been estimated at Rs.765.27 lakhs. The following are the break up of pre-operative expenses and contingencies:

Sr. No.	Particulars	Amount (Rs. in Lakhs)
1	Preliminary & Pre Operative Expenses	
1.1	Salary & Wages	150.00
1.2	Power & Diesel	100.00
1.3	Interest during construction period	200.00
1.4	Start up & Trial Run expenses	50.00
1.5	Consultant and professional fees	50.00
1.6	Other Miscellaneous expenses	50.00
	Sub Total (A)	600.00
	Contingencies (B)	165.27
	Grand Total (A+B)	765.27

3. Margin Money for Working Capital Requirements

We expect a further increase in the working capital requirements in view of our proposed project. Accordingly, we have proposed to use part of the issue proceeds to meet margin for the long term working capital requirements on account of financing the procurement of raw materials used for manufacturing.

Out Net Current Assets estimated as of March 31, 2009 and comparative analysis as on March 31, 2007 is evident from the table given below:

<i>(Rs. in Lakhs)</i>		
Particulars	As on March 31, 2007	As on March 31, 2009
Inventories	2,561.73	4,168.27
Sundry Debtors	3,190.04	4,825.99
Cash & Bank Balance	274.50	269.79
Loans & Advances	543.03	545.11
Total Current Assets	6,569.30	9,809.16
Current Liabilities	2,288.87	2,517.52
Provisions	144.00	155.20
Total Current Liabilities	2,432.87	2,672.72
Net Working Capital (NWC)	4,136.44	7,136.44
Margin Requirement (25% of NWC)	1,034.11	1,784.11

We have estimated future working capital requirements based on the following:

Particulars	Basis	No. of Days
Sundry Debtors	Days of total Sales	90
Inventory - Raw Material	Days of total Purchase	60
Inventory – Finished Goods	Days of Sales	30
Sundry Creditors	Days of total Purchase	60

Our Company has already availed of a fund based limit of Rs.1,600 lakhs from Vijaya Bank and Rs.1,200 lakhs of Cash Credit facility from the Bank of India. We also have a sanction for non fund based limits of Rs.600 lakhs and Rs.565.00 lakhs from Vijaya Bank and the Bank of India respectively.

4. Meeting Issue Expenses

<i>(Rs. in Lakhs)</i>			
Activity	Estimated Amount	% of total Expenses	% of total Issue Size *
Lead Management Fees, Underwriting and Selling Commission	[●]	[●]	[●]
Advertisement and Marketing expenses	[●]	[●]	[●]
Printing and Stationery	[●]	[●]	[●]
Legal Fees	[●]	[●]	[●]
Others (Registrars fee, listing fee, etc)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

* Will be incorporated after finalization of Issue Price

All the expenses with respect to the issue would be borne by Our Company.

Implementation Schedule

Sr. No.	Activity	PPB		PLB		Decorative Plywood		MDF	
		Start	End	Start	End	Start	End	Start	End
1	Finalization of project plan	July-07							
2	Purchase of land	July-07	Aug-07	July-07	Aug-07	July-07	Aug-07	existing land, no purchase required	
3	Civil work (incl. land development)	July-08	Nov -08	Mar-08	July -08	Mar-08	July -08	July-08	Nov -08
4	Placement of orders of machinery & utilities	June-08	Aug-08	Mar-08	Jun-08	Mar-08	Jun-08	Jun-08	Aug-08
5	Arrival & erection of machines	Nov-08	Jun-09	Jun-08	Aug-08	Jun-08	Aug-08	Dec-08	Jun-09
6	Trial run	July-09	July -09	Sept-08	Sept-08	Sept-08	Sept-08	July-09	July -09
7	Commercial production	Aug-09	-	Oct-08	-	Oct -08	-	Aug-09	-

Funds Deployment Schedule

The quarterly break-up of expenses are given as below:

Sr. No.	Particulars	Total	Already Invested	2008-09			2009-10		
				Q2	Q3	Q4	Q1	Q2	Q3
1	Setting up of a new Manufacturing capacity								
	- Land & Land Development	225.00	104.27	50.00	70.73				
	- Common Building	150.00		25.00	25.00	50.00	50.00		
	- Plain Particle Board	2,115.22			528.82	549.95	549.95	274.97	211.53
	- Pre Laminated Particle Board	678.41		135.68	237.44	237.45	67.84		
	- Decorative Plywood	597.90		119.58	209.26	209.26	59.80		
	- Medium Density Fibreboard	2,618.20			654.55	680.73	680.73	340.37	261.82
2	Pre-operative expenses	600.00	6.63	123.93	121.11	65.00	133.47	75.65	74.21
	Grand Total	6,984.73	110.90	454.19	1,846.91	1,792.39	1,541.79	690.99	547.56

Sources of Fund Already Deployed

We have incurred an expenditure of Rs.193.11 lakhs on the implementation of the project at Chintamani upto April 30, 2008 as certified by the statutory auditors, M/s GRV & PK, Chartered Accountants, vide their certificate dated May 22, 2008.

Sr. No.	Particulars	Source of Fund	Amount (Rs. in Lakhs)
1	Land and Land Development expenses	Internal Accruals	104.27
2	Purchase of Furniture	Internal Accruals	0.21
3	Advances and Security Deposits	Internal Accruals	82.21
4	Interest on Secured Loan	Internal Accruals	1.05
5	Salary and House Rent Allowance	Internal Accruals	1.76
6	Other Preliminary & Misc. Expenses	Internal Accruals	3.61
	Total		193.11

Government Approval for the Proposed Project

We need to obtain several licenses/approvals/permissions from Government authorities for setting of the proposed project. For details, please refer to the section titled “Licenses and Approvals” beginning on page 180 of this Red Herring Prospectus.

Interim Use of Funds

The management, in accordance with the policies set up by the board, will have flexibility, in deploying the net proceeds receivable from the issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest / dividend bearing liquid instruments including money market mutual funds, deposit with banks for necessary duration. We also intend to apply part of the proceeds, pending utilization for the purposes described above, to temporarily reduce our working capital borrowings from banks and financial institutions.

Monitoring of Utilization of Funds

Our Board of Directors will monitor the utilisation of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head in our financial statements clearly specifying the purposes for which such proceeds have been utilized. We, in our balance sheet will provide details, if any, in relation to all such proceeds of the issue that have not been utilized thereby indicating investment, if any, of such unutilized proceeds of the issue.

No part of the proceeds of this issue will be paid by us as consideration to our promoters, our directors, key management employees or companies promoted by our Promoters, save and except in the course of normal business.

BASIS OF ISSUE PRICE

The issue price will be determined by Our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by way of book building.

Investors should read the following summary with the section titled “Risk Factors” beginning on page xii and the details about Our Company and our financial statements included in this Red Herring Prospectus.

Quantitative Factors

The Information presented in this section is derived from Our Company’s restated financial statements prepared in accordance with Indian GAAP.

Some of the quantitative factors, which may form the basis for computing the Issue Price, are as follows:

A. Earnings per Share (EPS) (as adjusted for changes in capital)

Particulars	EPS (Rs.)	Weight
a) Year ended March 31, 2006	2.58	1
b) Year ended March 31, 2007	11.46	2
c) Year ended March 31, 2008	9.68	3
Weighted Average	9.09	

Note: The EPS has been computed on the basis of adjusted profits and losses for the respective years/ periods after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years. The denominator considered for the purpose of calculating EPS is the weighted average number of Equity Shares outstanding during the period as per the Accounting Standard-20. For further details on the calculation of EPS, please see the section titled “Financial Information” beginning on page 129 of this Red Herring Prospectus.

B. Price Earning (P/E) ratio in relation to the Issue Price of Rs.[●]*

- P/E based on the EPS of the financial year ended March 31, 2007 is 6.11 at the Floor Price and 6.98 at the Cap Price.
- P/E based on the EPS of the financial year ended March 31, 2008, is 7.23 at the Floor Price and 8.26 at the Cap Price.
- Industry P/E

Highest – Uniply Industries	47.50
Lowest – Mangalam Timber	6.10
Industry Composite	21.57

(Source: Capital Market, Vol XXIII/03, Apr 07– 20, 2008, Category “Miscellaneous – Wood Panel Industry”)

* would be calculated after discovery of the Issue price through Book- Building

C. Average Return on Net worth (RoNW)

Particulars	RoNW(%)	Weight
a) Year ended March 31, 2006	1.51	1
b) Year ended March 31, 2007	21.87	2
c) Year ended March 31, 2008	34.62	3

Weighted Average	24.98	
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Note: The RONW has been computed on the basis of adjusted profits & losses for the respective year/ period after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years. RONW has been calculated as per the following formula: (Net PAT)/ (Net Worth excluding revaluation reserve at the end of the year).

D. Minimum Return on increased Net Worth required to maintain Pre-Issue EPS is [●]

E. Net Asset Value per Equity Share

Particulars	NAV (Rs.)
As at March 31, 2008	27.91
After the Issue	[●]
Issue Price*	[●]

**The Issue Price would be determined on the basis of the demand from the investors through the book building process.*

F. Comparison of Accounting Ratios for the year ended 2007

Company	EPS (Rs.)	P/E	RONW%	NAV per share (Rs.)
Archidply - (March 2007)	11.46	[●]	21.87%	17.27
Industry Composite	21.57			
Greenply Industries	13.3	14.70	26.70%	65.4
Novopan Industries	4.5	11.80	15.00%	22.8
Uniply Industries	2.0	47.50	11.20%	19.9
Century Plyboard	9.9	29.80	19.50%	59.1

(Source: Capital Market, Vol XXIII/03, Apr 07– 20, 2008, Category “Miscellaneous – Wood Panel Industry”)

G. The face value of the Equity Shares is Rs.10/- each and the Issue price is [●] of the face value.

The issue price of Rs.[●] has been determined by Our Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors.

The BRLM believes that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. See the Section titled “Risk Factors” on page xii of this Red Herring Prospectus and the financials of Our Company including important profitability and return ratios, as set out in the auditors report on page 129 of this Red Herring Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors,
Archidply Industries Limited
No.29/2, G K. Manor,
Sheshadripuram, Nehrunagar Circle,
Bangalore-560 020

Sub: Statement of Possible Tax Benefits Available to the Company and its Shareholders

Dear Sir,

Following is the summary of the possible tax benefits available to Archidply Industries Limited, Bangalore (the “Company”) and its shareholders under tax laws presently in force in India. These several benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependant upon fulfilling such conditions, which are based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

This summary does not consider all aspects of taxation which may be relevant to a particular investor in light of the investor’s particular circumstances. Investors should consult their own advisers on the taxation of their acquiring, holding or disposing of Shares under the laws of any jurisdiction in which they are liable to taxation.

We do not express any opinion or provide any assurance as to whether.

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefit have been / would be met with;

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of current tax laws presently in force in India, relevant to the subject matter of our report.

Place: Bangalore
Date: May 20, 2008

For: G R V & P K
Chartered Accountants

Kamal Kishore
Partner
Membership No: 205819

ANNEXURE TO THE STATEMENT OF TAX BENEFIT

The following are the possible general benefits are available to Archidply Industries Limited and its shareholders.

GENERAL TAX BENEFITS

I. DIRECT TAX BENEFITS UNDER THE INCOME TAX ACT, 1961 (“ITA”)

There are certain deductions and exemptions available under ITA to the Company which determines the taxability of the Company. Based on this, the tax position of the Company is set out below. Tax implications on the investors of making investment in the Company as set out below would be subject to the provisions of any double taxation avoidance agreement (“**tax treaty**”) that may be available to the investor, if the investor is a resident of a country with which India has entered into a tax treaty as well as on the investor’s personal tax circumstances. The following summary of the tax implications does not constitute legal or tax advice and is based on the understanding of taxation law in force on the date of this Prospectus. While this summary is considered to be correct interpretation of existing laws in force on the date of this Prospectus, no assurance can be given that courts or other authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur.

Our Company

A. Tax deductions and concessions available to the Company

- a) *Deduction under section 80IC-* As per Section 80- IC of the Income Tax Act where the total income of the Company includes any profit from an undertaking which begun or begins to start manufacture or produces articles or things specified in fourteenth schedule on or after January 7, 2003 up to March 31, 2012 in the state of Himachal Pradesh or Uttarakhand, the profit from such undertaking shall be deductible 100% for first five years and there after 30% subject to fulfillment of other conditions laid down by the section. The company is entitled to claim the same in respect of its Rudrapur (Uttarakhand) factory.
- b) *Depreciation Allowance under section 32 of the ITA-* The Company will be entitled to claim depreciation at the prescribed rates on specified tangible and intangible assets. Also, the depreciation that remains unabsorbed on account of insufficient profits in a year will be carried forward and set off against the succeeding year’s profit and would be carried forward indefinitely.
- c) *Carry forward of business losses under section 72 of the ITA-* Business losses, if any, for any year will be carried forwarded and set off against business profits for subsequent eight years.
- d) *Deduction of preliminary expenses under section 35D of the ITA-*The Company will be entitled to a deduction of one fifth of the preliminary expenses incurred for the issue of shares for a period of five years beginning with the year in which the Company expands its current industrial undertaking. The amount of deduction is limited to two and a half percent of the cost of the project/ capital employed in the business.
- e) *Minimum Alternate Tax (“MAT”) Credit under section 115JAA(1A) of the ITA-* The Company is eligible to claim the credit of MAT paid for any year commencing on or after April 1, 2006 against normal income tax payable in subsequent years. MAT credit shall be allowed for any year to the extent of difference between the tax computed as per the normal provisions of the ITA for that year and the MAT which would be payable for that year. Such MAT credit will be available for set-off up to 7 years succeeding the year in which the MAT credit initially arose.
- f) *Dividend income exemption Section 10(34) of the ITA -* Dividends (whether interim or final) received by the Company as referred in Section 115(o) will be exempt from tax. Further, the Company will not be eligible to claim a deduction for any amount expended in connection with earning such exempt income as per *section 14A* of the ITA.

- g) *Income From Certain Mutual Funds -Section 10(35) of the ITA-* Income received by the Company in respect of the units of the specified mutual funds will be exempt from tax.
- h) *Long term capital gains under section 112 of the ITA-* Long term capital gains arising from the sale of an asset to the Company shall be subject to tax @ 22.66% (including surcharge / educational cess). In case of long term capital gains resulting on transfer of listed securities outside the stock exchange and the tax calculated @ 20% on gain with indexation benefit exceeds the tax computed at the rate of 10% on gain without Indexation Benefit, then such gains are chargeable to tax at the lower rate of 11.33% (including surcharge / educational cess). For this purpose, Indexation Benefit would mean the substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.
- i) *Long term capital gains on listed securities under Section 10(38) of the ITA-* Long term capital gains arising from sale of listed equity shares or units of an equity oriented fund through a recognized stock exchange will not be subject to capital gains tax, provided the applicable Securities Transaction Tax i.e. at the rate of 0.025% on the transaction value is paid by the Company.
- j) *Short term capital gains on equity shares under section 111A-* Any short term capital gains arising to the company from the sale of equity share in a company or unit of an equity oriented fund on a recognized stock exchange will be subject to tax only at a rate of 11.33% (including surcharge / educational cess) provided the applicable Securities Transaction Tax i.e. at the rate of 0.025% on the transaction value is paid by the Company. Other short term capital gains would be taxed at the rate of 33.99%.
- k) *Deduction from capital gains under section 54EC of the ITA-* Capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. Such bonds must be held as investment by the Company for a minimum period of three years; otherwise the amount of capital gains not charged to tax earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. It is also to be noted that this rollover benefit is restricted to rupees fifty lakh from April 1, 2007.

INVESTORS

Resident shareholders

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

- a) *Dividend Income and Capital gains-*
Dividend received by shareholders, on which the Company has paid DDT will not be taxed in the hands of the shareholders. Capital gains realized by the shareholders on transfer or sale of shares of the Company would be taxed under the provisions as explained under section A, (h) to (k) above.
- b) *Deduction under section 54F of ITA, arising from long term capital gains in certain circumstances –*
Long term capital gains arising from sale or transfer of shares would not be chargeable to tax in case of shareholders who are individuals, to the extent that the net consideration is invested within the prescribed period in a residential house. For this purpose, net consideration means full value of the consideration received or accrued as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains not charged to tax earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

Further, at the time of investment individual should not own more than one house.
- c) *Income of a minor exempt upto certain limit under section 10(32) of the ITA-*

Any income of minor children clubbed in the total income of the parent under Section 64(1A) of the ITA will be exempt from tax to the extent of Rs. 1,500 per minor child.

Non resident shareholders

Following benefits are available under the ITA to non resident shareholders.

a) *Dividend Income –*

Dividend received by the non-resident shareholders, on which the Company has paid DDT will not be taxed in the hands of such shareholders

b) *Income of a minor-* The provision mentioned in clause (c) under the “Resident shareholder” applies to a non resident shareholder also in the same manner.

c) *Capital Gains Tax- options available under the ITA-* A non resident has the option to be governed by the special provisions of Chapter XII-A of the ITA or the normal provisions of the ITA. The normal provisions of the ITA for the capital gains in relation to sections 111A, 112 and 10(38) as discussed in clause (h) to (j) under section A of “Company” apply to the non residents also. Further, proviso to section 48 of the ITA provides that where a non resident purchases shares or debentures of an Indian Company in foreign currency, the capital gains would be computed in such foreign currency and will then be reconverted into Indian currency and be taxed @ 11.33%.

As mentioned above a non resident may opt for the special provisions described in chapter XII-A (sections 115C to 115H) of the ITA for computing his/her capital gains tax liability. These provisions are discretionary for the non resident and a non resident may elect not to be governed by them. The benefits available under this chapter to a non resident are set out below:

- As per the provision of *Section 115D read with Section 115E* of the ITA, long term capital gains arising on transfer of an Indian company’s shares will be subject to tax at the rate of 11.33%, without indexation benefit.
- As per the provisions of *Section 115F* of the ITA, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within six months in any specified asset (shares of any Indian Company, debentures or deposits of any Indian Company which is not a private company or any security of the Central government) or savings certificates referred to in Section 10 (4B) of the Act. However, the specified asset or the savings certificate in which the investment has been made should not be transferred for a period of three years from the date of investment otherwise the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
- As per the provisions of *Section 115G* of the ITA, non-resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income.

d) *Exemption from tax on long term capital gains in certain cases-* The benefits of Section 54EC of the ITA as described in clause (k) in Section A under Company and Section 54F of the ITA in clause (b) under taxation of Resident shareholders, are available to a non resident shareholder as well.

e) *Provisions of the ITA vis a vis provisions of the treaties-* The provisions of the ITA would be applicable to the extent they are more beneficial to the non-resident as compared to the provisions of the applicable tax treaty, as per Section 90(2) of the ITA.

Taxation of Foreign Institutional Investors (“FII”)

a) *Dividend Income-* Dividend received by FIIs, on which the Company has paid DDT will not be taxed in the hands of such FII shareholders

- b) *Exemption of Capital Gains from Income Tax*- The exemptions under section 10(38) and section 54EC as discussed in clause (i) and (k) respectively under section A, describing taxation of Company apply to the taxation of FII's as well.
- c) *Taxability of income and capital gains*- There is a special provision in the ITA for taxation of the income of FII's. Section 115AD provides the rates of taxation as follows:
 - i Short term capital gains are chargeable @ 33.99% and the provisions of section 111A as discussed in clause (j) under section A on taxation of Company would also apply to FIIs.
 - ii Long term capital gains are chargeable @ 11.33% but the provisions of section 10(38) shall apply as mentioned in clause (b) above.
- d) The benefit of tax treaties would be available as mentioned in clause (e) under the taxation of non residents.
- e) Rebate for STT paid would be available under section 88E to the FII as discussed in clause (l) under section A, headed taxation of the Company.

Mutual Funds

As per the provisions of Section 10(23D) of the ITA, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds setup by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to the Conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

II. Applicability of Wealth Tax Act, 1957

Shares in a company held by a shareholder are not treated as an asset subject to wealth tax within the meaning of Section 2(ea) of Wealth tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

III. Applicability of Gift Tax Act, 1958

Gift Tax Act was abolished with effect from October 1, 1998. Accordingly, no gift tax would be levied on gifts of shares of the Company.

SPECIAL TAX BENEFITS

Special Benefits to the one unit of Company being located in the State of Uttaranchal

In addition to the aforesaid, one unit of the Company being located in the state of Uttaranchal is entitled to the following benefits:

- a. Exemption from **Entry Tax**.
- b. Lower rate of 1 % on **Central Sales Tax**.
- c. Exemption from **Central Excise Duty** for ten years from the financial year 2006-07.
- d. Exemption of 100 % from **Income Tax** for first five years with effect from the financial year 2006-07 and 30 % thereafter as stated above in point no. a of Tax deductions and concessions available to the Company

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2008 and will be available only to the sole / first named holder in case the shares are held by joint holders.
2. The tax rates mentioned above includes surcharge @ 10% and education cess @ 3%.
3. Shares held in a company would be considered as a long term capital asset provided that they are held for a period exceeding 12 months.
4. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax adviser with respect to specific tax consequences of his/her participation in the offering.

SECTION IV: ABOUT US

INDUSTRY OVERVIEW

The information in this section is derived from various government publications and other industry sources. Neither we nor any other person connected with the Issue have verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Overview

India was rich in its forest wealth having a huge land area under forests. All varieties of forest growth are found in India, ranging from tropical hardwood forests to high altitude coniferous forests and from deciduous to evergreen forests and Plantation. Sound principles of forest policy, administration, timber production and conservation were introduced by an act of legislature in 1845, and ever since Indian forests are being managed on scientific and progressive lines.

Continuous depletion of the natural forest resources of the country due to various consumption of solid wood, it was felt to conserve the natural resource forest by reconstituted wood products such as plywood, Hardboard, particleboard and medium density fibreboard (MDF) to meet the rising demand of Wood from the general consumer, Railways, Defence, Furniture, laminate manufacturers and the builders.

Instead of depending entirely on natural regeneration of forest resources the Government of India, NGO and some of the members have taken positive steps for Tree plantation on large areas in the various states with fast growing species so that can conserve the natural forest and meet the demand for wood and wood products of various domestic and international consumers.

Plywood Industry in India

Today, India is one of the most exciting and emerging markets with a robust economy that is expected to expand further. With a growing population of Indians who have a higher disposable income, the domestic market for the woodworking industry is ripe and ready to be harvested.

In the recent years architects, designers, furniture manufacturers and consumers in India are becoming interested in high value timber applications and high quality finished wood products. There is a big demand for modular office furniture and workstations. Market reports indicate real promise for wood products for interiors such as doors, window frames and wood panels. Particle boards and MDF boards are also finding new end use applications in the Indian market

Wood and allied products industry in India currently is in need of raw materials indigenous timber and up to date modern state of art technology to keep pace with growing demands of domestic and international market.

(source: www.panelexpo.com)

There was no restriction of putting up plywood Mill upto 1970. The only criteria was that the applicant was required to obtain an Industrial License which was being considered by Ministry of Industry after consulting various Ministries including Ministry of Environment & Forests. Forest Ministry was being consulted for ascertaining sustainable raw material of Timber for a particular project; the Wood based Industry was more or less in Medium and Large scale.

The Wood based Industry was under Compulsory Industrial Licensing from 1988 whether a small scale unit or a Large/Medium unit, new undertaking or substantial expansion would require Industrial Licence. There were modern technology and machinery equipped plywood units coming up in different places in India like North Eastern Zone.

In 1997 the Government of India totally de-licensed wood based industry as a result more than 2000 small-scale units coming up.

Plywood

The potentialities of the industry can be judged from the many uses to which plywood can be put. Apart from tea chests plywood marine and aircraft plywood there are specific demand for the following articles from the consumers:-

- Shuttering plywood
- Packaging plywood
- Plywood drums
- Flush doors
- Commercial & decorative plywood
- Block Boards
- Moulded plywood furniture's and chair seats
- Laminated picking sticks for cotton and jute textile industry
- Sliced decorative veneers of walnut, teak, rosewood etc.
- Compregnated wood veneers required for heavy chemical industry and electrified railways.

Production of more than 2000 small scale units was not properly recorded only estimated every year. Due to Hon'ble Supreme Court Order on 12/12/1996 the production activities was totally suspended in Medium/Large scale unit particularly in North Eastern Region as a result the production reduced drastically from 1997 and still there is no improvement.

Particle Board

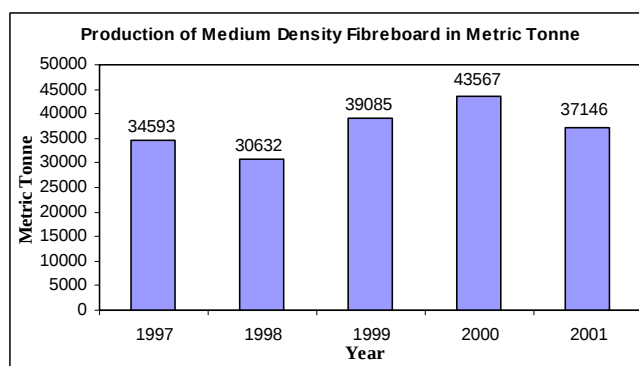
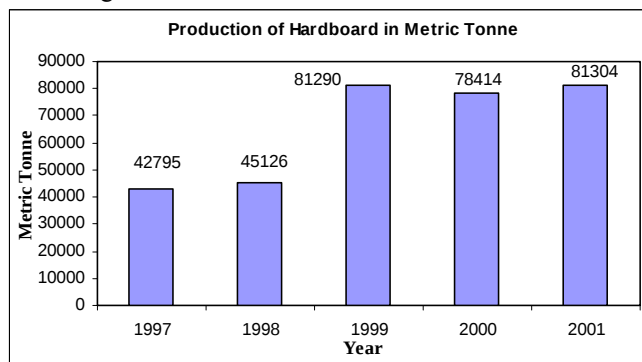
Particle board is a reconstituted constructional panel particularly developed as a substitute for natural constructional wood and is made from low grade waste woods or from certain agricultural ligneous wastes. In that respect particle board assumes one of the greatest importance in the wood panel products industry from the point of view of conservation of scarce forest resources in a country.

(Source: www.fippi.org)

Hardboard and Medium Density Fibreboard (MDF)

Fibre board is a board encompassing sheet materials of widely varying diversities manufactured from refined or partially refined wood fibres or other vegetable fibres. Bonding agents and other materials may be incorporated in the manufacture to increase strength, resistance to moisture, fire or decay.

The first Fibre board (Hardboard) Industry was established in India during late 1950's and the first medium density fibreboard plant was set up in India about 20 years back. The production of Hardboard and MDF for last 5 years from 1997-2001 are given below:-



(Source: www.fippi.org)

Production

The production of Commercial plywood, decorative plywood, block boards, Flushdoors, veneers, particleboard, Hard/Soft boards and medium density fibreboard (MDF) in India for the last three years is as under.

Particulars	Unit	2004-05	2005-06	2006-07
Plywood	M2 – 4MM	24.44	20.73	21.67
Particle Board	M.T.	56,705	47124	81214

Veneers	SQM	3,56,42,575	28,79,851	78,77,585
Medium Density Fibre	M.T.	70,644	60,030	56,315
Hard/Soft Board	M.T.	1,54,059	1,22,579	42,982

(Source: Federation of Indian Plywood & Panel Industry)

Industry trends in India

Broadly the wood panel and decorative surfacing products come under the building material category and can be further narrowed down to interior infrastructure or interior solutions sector. From application and market growth opportunities the following products will form part of the interior infrastructure sector such as Tiles, Marble, Granite of all kinds, Paints, Sanitary ware, Gypsum boards, Glass, Plywood, Decorative veneers, Decorative laminates, Particleboards and MDF, Carpets, Ready made furniture, Wooden flooring, Electrical fittings, Airconditioners etc.

The sector is witnessing tremendous growth driven by retail stores (fast expanding chain of stores concepts coming all over India lead by large firms, corporate spaces (IT and BPO sector), hospitality sector (restaurants, lounges, hotels and resorts expansion by existing chains), services sector (banking and financial services like new banks, Mutual Funds, Renovation of existing Public Sector bank branches to meet the standards set by private banks, Insurance companies) entertainment sector (like multiplexes), housing sector fuelled by government thrust for housing sector and encouragement for housing loans (from budget housing of the Indian army to high end apartments and row houses and villas coming across by large construction companies) Hospitals and health care, Infrastructure projects (like airports, railways, sezs etc)

This trend is fuelling the growth in the interior infrastructure sector which we believe is at the rate of 15-20% on a conservative estimates. In India this sector is still dominated by plywood and blockboards and that also maximum by unorganized sector. However in the last few years this trend is changing and organized sector market share is growing and also the share of particleboard and MDF is increasing due to following key factors.

The Hon'ble Supreme court has appointed regulatory authority CEC (central empowered committee) for wood based industries. The CEC vide its recommendations dated may 9, 2002 has restricted new plywood industries to come up and has linked it with assessment of wood availability in each state for issuing fresh licences. This has resulted in very few units getting new plywood manufacturing licences in the past several years.

However CEC has liberalized setting up of MDF and particleboards units and has delinked the same with availability of timber as it uses very small diameter woods which are either waste wood or grown in short rotation by farmers over 2-3 years. The investment for setting up MDF and particleboard plant is very huge and almost 10 times that of equivalent capacity of plywood and therefore the unorganized sector cannot set up these plants which need huge investment. Therefore the organized sector share and MDF and particleboard share is increasing.

Moreover the government is also encouraging this sector by reducing the excise duty from 16% to 8% in the Finance Bill 2007. Also some of the state governments like Delhi, Uttar Pradesh, West Bengal, Madhyapradesh have reduced the VAT from 12.5 % to 4% in the recent past and other states are expected to follow shortly as the government wants to encourage affordable housing and environment friendly products and therefore the reductions in taxes is being done.

Global trends in this segment to notice are -

- Safety has become paramount and almost of the public places like malls, cinema halls, airports, high rise buildings have been prescribed fire retardant plywood and wood panels for usage. The premium charged by the insurance companies also depend whether the premises is being constructed by using fire retardant materials or not.
- The airborne toxic control measures have been statuted in Japan, Europe and America to protect public health making stringent formaldehyde emission standards of E0 and E1 in recognition of the known public health affects of the chemical.
- The encouragement being given to lightweight frameless boards made with honey comb filling known as honeycomb panels. These use less of wood and yet are functionally stable and practical for usage. The weight is lighter by 60% but the internal strength is comparable to solid panels.
- Also wood waste recycling is becoming a very mature concept worldwide and municipalities in developed countries have earmarked wood waste depots from which the mill owners separate the metallic components and use the wood part for manufacturing particleboards and MDF.

- Decorative surfacing products constitute decorative laminates, decorative veneers, decorative thermoplastic foils etc. Design is becoming increasingly important and decors impress through their sheer diversity. Current trends letters in decorative laminates are decors with a texture like surface, floral patterns and imaginative motifs.
- Decorative veneers get more diverse as even previously neglected or somewhat forgotten types of woods are being increasingly used for the furniture industry. The woods are available from all continents of the world like America (American walnut, American hard maple) , Europe (European cherry, Birch, European beech), Africa (Sapeli , Wenge) and Asia (Burma teak, Indian mahogany, rubberwood, white cedar, red cedar etc). This is fully in keeping with the trend towards increased individualism.
- Digital décor printing to make decorative high pressure laminates. Advance research is going on and expected to get commercialized in the near future. This will offer various advantages -
 - Custom design – design freedom and flexibility
 - Just in time – short lead times low inventory
- The time given for doing the interior works for corporate spaces has reduced from earlier standards of 3-4 months to 45 days now. Also the shortage of skilled labour at economic prices have lead to need to make semi finished products for fast application in the interiors.
- Accordingly new concepts of laminated plywood and pre-laminated particleboards are fast catching up and the increasing role of OEMS who make modular furniture in their factories is being observed. A shift to ready to assemble furniture is being observed in the corporate sector due to high rentals cost and reduced turnaround time for occupation. Moreover the transfer of furniture is also more practical and easy if ready to assemble components are used which are easier to reassemble.

GROWTH DRIVERS

Rise in Disposable Income: The growth in income is enabling owners to use attractive products and innovative applications to decorate their homes, driving the demand for particle boards and venees fuelling consumption.

Growing Population: India is not only the second most popular country but also the youngest which is a unique combination.

Young Home loan Seekers: In Metro cities and Tier –I cities, people have started buying houses at a very young age as there is an easy availability of home loan. Growth of the Indian housing finance sector will drive the aggressive demand for interior home building products.

Real Estate Surge: With the economy surging ahead, the demand for all segments of the real estate sector is likely to continue to grow. The Indian real estate industry is likely to grow from US\$ 12 billion in 2005 to US\$ 90 billion in by 2015. Given the boom in residential housing, IT, ITeS, organised retail and hospitality industries, this industry is likely to see increased investment activity. Foreign direct investment alone might see a close to six-fold jump to US\$ 30 billion over the next 10 years.

Growth in commercial office space requirement is led by the burgeoning outsourcing and information technology (IT) industry and organised retail. For example, IT and ITES alone is estimated to require 150 million sqft across urban India by 2010. Similarly, the organised retail industry is likely to require an additional 220 million sqft by 2010. **(Source: <http://www.ibef.org>)**

Shortage of Dwelling Units: The Tenth Five Year Plan has estimated a shortage of 22.4 million dwelling units. Thus over the next 10 to 15 years, 80 to 90 million housing units will have to be constructed with a majority catering to the low income group. The investment required for constructing these and related infrastructure in this period would, thus, be of the order of US\$ 666 billion to US\$ 888 billion at roughly \$33 billion to \$44 billion per year. **(Source: Federation of Indian Chambers of Commerce and Industry)**

FDI: Applicable law permits investment by an NRI under the automatic route in the ‘Housing and Real Estate’ sector upto 100% in relation to townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure) and additionally permits upto 100 % FDI in the ‘Housing and Real Estate’ subject to compliance with the terms provided in press note 2 of 2005.

BUSINESS OVERVIEW

Unless stated otherwise, the financial data in this section is as per our consolidated financial statements prepared in accordance with Indian GAAP set forth elsewhere in this RHP. In this section only, any reference to “we”, “us” or “our” refers to Archidply Industries Limited.

Overview:

Archidply Industries Limited is the flagship company of the Archidply group. Our promoters have been associated with plywood manufacturing for more than 30 years under the brand ‘Archidply’. Our Company was incorporated in 1995 and today, we are modern state-of-the-art manufacturers of wood panel products and decorative surfacing products in two locations, Rudrapur and Mysore, with a network of branches, distributors and dealers across India.

We are dedicated to constantly expanding and updating our product range in order to stay ahead of the market. Our Company offers comprehensive engineered interior products which include

1. Plywoods - Marine Plywood, Fire Retardant Plywood, Shuttering Plywood, Densified Film Faced Plywood, BWR & MR Plywood, Lamply and Lamyboard.
2. Block Board and Flush Doors - BWR & MR grade
3. Particle Boards - plain, veneered and pre laminated particle board both in interior and exterior grade
4. Decorative Laminates – range from 0.8mm to 1.5mm and post form laminates
5. Decorative Veneers – Teak, natural exotic veneers, reconstituted veneers and dyed veneers.

All the products are manufactured by Our Company in integrated multi-product modern facilities strategically located in two different geographical zones namely Mysore, Karnataka in south of India and Rudrapur, Uttarakhand in the northern part of India. Our manufacturing facilities have machineries from the world renowned manufacturers of equipment for this industry such as Dieffenbacher and Wemhoner from Germany, Steinemann, and Kundig from Switzerland.

The brand “Archidply”, has positioned itself in the premium segment of the wood panel and decorative surfacing products as high quality raw material inputs are used like European and Japanese decorative papers and American, African and European decorative timbers which makes the pricing of the finished products in the highest range in the respective product categories. Therefore our product has been specified by the high end consumers such as Apollo Hospital, Hotel Leela Venture, ABN AMRO, to name a few. Thus our brand is well known amongst architects, interior designers and contractors for more than two decades, making it one of the oldest active brands in its product category. The traders across India, including dealers and distributors, have over a period of years recognized the Company for its quality and fair policies.

Mr. Deen Dayal Daga, Chairman and Managing Director of Our Company has more than two decades of experience in managing wood panel industries. He has been conferred with several accolades which include a) the "Udyogapatra Award" from the Vice President of India in 1982 acknowledging his achievement as a self made industrialist, b) the "Swatantra Swarna Jayanti Udyog Vibhushan Award" from the Union Minister of Commerce in 1999 for his contribution to the economic development of the country and c) the "Melvin Jones" fellowship award by Lions Club recognizing his efforts towards social causes. He was the President of Assam Plywood Manufacturers Association in the year 1995-1996.

Our products comply with quality standards of BIS and International standards of BS of UK, NEMA of USA and DIN of Germany. We have been awarded ISO 9001: 2000 for quality management systems to manufacture and marketing of wood and agro based panel products. Our Company has established independent Research & Development laboratories headed by a chief chemist at our manufacturing facilities. The products manufactured by Our Company are regularly tested batchwise for mechanical and chemical properties before the batch is approved.

Our Company has set up a large distribution network and operates through 16 marketing offices and 61 distributors and stockists. As on March 31, 2008, we have a network of 586 authorized dealers who in turn supply to more than 2,000 sub dealers / retailers, giving a pan India presence for marketing of our products. This ensures the availability of our products off-the-shelf in any corner of India. Our Company has the manpower strength of 531 of which 137 are deployed for marketing as on March 31, 2008.

Our Operational Income and Profit after Tax (PAT) as per the restated financial statements for the Financial Year ending March 31, 2007 is Rs.9,842.37 lakhs and Rs.524.85 lakhs respectively. Our Operational Income and Profit after Tax (PAT) as per the restated financial statements for the financial year ended March 31, 2008 is Rs. 14,721.46 lakhs and Rs. 1,486.68 lakhs respectively. For the financial year ended March 31, 2008, our Operational Income and PAT have grown at 49.57% and 157% respectively on annualized basis.

Vision Statement

“To be one of India’s premier wood panel interior solutions company. To be a support and strength to Architects and Interior Designers in helping them bring alive their designs.”

Our Products

Our Company manufactures the range of products of plywood at our Mysore and Rudrapur plant. The main products are segmented as below:

1. Plywood & Block Boards
2. Plain Particle Boards
3. Pre Laminated Particle Boards
4. Decorative Laminates
5. Decorative Plywood

Competitive Strength of Our Company

We believe that we are well positioned to capture considerable growth opportunities in India’s wood panel and decorative surfaces product manufacturing, because of our following key strengths:

1. *Unique brand positioning:*

Our brand proposition “Making Home owners proud since 1976” reflects long durability and trendy designs across our product range. We have been able to position our brand as eco-friendly products using sustainable renewable plantation timber and having low chemical gas emission thus reducing indoor pollution. Our focus is to target the premium segment (SEC A) with our flagship brand of “Archidply” and middle segment (SEC B) with our economic brand “Silvi”.

2. *Experienced and efficient management:*

Our Promoters and senior management bring with them a good experience in wood panel products and decorative surface product industry. This experience is demonstrated by the fact that in 1995 they acquired a closed unit which was manufacturing particle board and plywood at Mysore and successfully turned it around. This unit prior to the acquisition was closed for seven years. Further in 2005-06 the Company set up a green field plywood, pre laminated particle board and decorative laminates project at Rudrapur. The commercial production of the first phase i.e. plywood division was commenced within six month from the date of land acquisition. The senior management has vast experience and background in production, finance and marketing in similar industry.

3. *High Technological Base:*

Our Company has installed machines with modern technology at Rudrapur, Uttarakhand making the products to exacting standards and at the same time achieving high productivity and also being energy efficient. Our Company has in house resin plants and makes the glue with its research formulations making the products superior at lower manufacturing cost.

4. *Large distribution network and unique marketing model:*

Our Company has an extensive network of distributors and dealers in more than 25 states covering 143 towns and cities, across India from Trivendrum in south to Srinagar in north and Guwahati in east to Rajkot in west. Our distribution

channel is the key strength in ensuring our brand availability to the customers. With introduction of new products in our product range, Our Company is witnessing increase in our Sub-dealer and retail network. This means offering extensive supply chain, focused customer service and short turnaround times for product delivery.

We have 137 trained marketing personnel operating through 16 marketing offices across India. The marketing team is divided in to three different groups. One group caters to OEM segment for all the products, the second group caters to the specification work in projects to architects engineers and interior designers and the third group caters to the retail segment comprising of carpenters, contractors and dealers.

5. *Unique Product Features:*

Our Company has recently introduced low formaldehyde emissions standard products in BWR Plywoods and block boards and decorative laminates which is being produced to reduce hazardous effects on health due to gas emission which is normally high in the other plywoods and laminates. Our product proposition for this is “Healthy Breathing” and we have termed this technology as “Toxin Check” technology.

Our Company has introduced for the most premium category of customers “Pureply” which we believe is the only plywood in India giving all the features of fire retardant, fifteen ply construction, low formaldehyde emission and marine grade in one plywood.

Our Company has recently introduced Lamyply and Lamyboard which are unique in India and reduces the time taken for manufacturing the furniture component as we are pre laminating the plywood with laminates at factory itself and carpenter don’t have to go through the long process of buying plywood, laminates and adhesive separately and pasting it manually.

6. *Diversified customer base*

Our Company caters to the wide spectrum in the building and construction industry like OEM’s making modular furniture using pre laminated particle board and post form laminates, Government departments like CPWD and MES using Exterior grade pre laminated particle boards, . Luxury hotels and corporates using decorative plywood, residential projects using durable water proof plywood, builders using shuttering and densified film face plywood, Multiplexes using Fire Retardant Plywood, Boat Building using Marine Plywood to the retail segment comprising of carpenters, contractors and dealers.

7. *Eco friendly product and process*

Our Company is using renewable plantation timber from nearby coffee estates in Coorg, Karnataka which are growing at regular interval of 5-7 years to provide shadow to the coffee crops and farm grown plantation timber in Uttarakhand. Thus, we are not destroying any forest cover of India or neighbouring countries.

Our decorative laminates and water proof plywood & block boards are manufactured conforming to low formaldehyde emission standards thus reducing in-door pollution due to the low gas emission caused in the environment. Our Company has received from ISI for eco mark for our products for rating our products as eco friendly which will enable the architects/ buildings to earn points for better environment friendly rating.

Our Company has received host country approval for Rudrapur unit for “Thermal energy generation from renewable Bio-mass” which may make us eligible for 24,659 CER’s annually.

8. *Locational Advantage:*

Since our manufacturing facilities are located in two extreme location i.e. Mysore in south India and Rudrapur in north India, it gives us the following strategic advantages.

- Transportation cost of bulky finished products is minimized as approximately 60% of the products manufactured at Mysore are sold in nearby South India markets and similarly 60% of the products manufactured at Rudrapur are sold in nearby north India markets.

- o Dependence on raw material is not restricted and concentrated on one source. In our Mysore plant, we source our raw materials from private plantations at Kolar as well as from coffee estates concentrated in Coorg, Karnataka. In our Rudrapur unit, we source raw materials from produces from agro forestry which is concentrated in the neighboring districts due to conducive environmental conditions.
- o The service to our distribution network is better as lead transportation time for delivery of finished goods is reduced due to close proximity to the manufacturing facilities.
- o Supply of power by Uttarakhand Power Corporation Limited at competitive rate of Rs.2.5 per unit (average) which is amongst the lowest in the country.

9. Integrated manufacturing facility:

Both our factories manufacture multiple product range under one roof. This unique ability distinguishes Our Company from our competitors and results in cost savings in terms of shared overhead and resources across different product categories. It also results in reduction of transportation cost and improved logistics management as dealers can place orders for multiple products resulting in single truck load delivery enabling them to replenish stock at regular intervals.

10. Tax Advantage:

Our manufacturing unit located at Rudrapur, Uttarakhand is entitled for the tax benefits under various acts which helps Our Company to offer the products at competitive rate. Our Company is eligible to claim the benefits such as -

- a. Exemption from Entry Tax.
- b. Lower rate of 1 % Central Sales Tax.
- c. Exemption from Central Excise Duty for ten years from the financial year 2006-07.
- d. Exemption of 100% from Income Tax for first 5 years with effect from FY 2006-07 and 30% for next 5 years.

11. Entry Barrier

The Hon'ble Supreme Court had restricted the issue of new licenses for the manufacture of plywood & other wood based products. As per the Hon'ble Supreme Court's order dated October 29, 2002, no State or Union Territory shall permit any unlicensed saw-mills, veneer, plywood industry to operate and they are directed to close all such unlicensed unit forthwith. No State Government or Union Territory will permit the opening of any saw-mills, veneer or plywood industry without prior permission of the Central Empowered Committee. The Chief Secretary of each State has to ensure strict compliance and shall be given no relaxation of rules with regard to the grant of license without previous concurrence of or grant of licenses. Complexity in getting licence makes difficult the entry of new players in the industry.

12. Research & Development

Our Company has established independent Research & Development laboratories which is upgraded with all the latest equipment and tools.. Our research team has developed new products like Lamyply, Lamyboard and Pureply. All laboratory and R&D equipments are calibrated at regular intervals to maintain accuracy in the test results obtained.

All the products manufactured at our facilities are tested to ensure that they meet the required BIS specifications. All the relevant tests such as Hammer test, Boiling Water Resistance test, Glue Shear Strength test, Tensile Strength test, Fire Retardant test and Vacuum Impregnation test etc. are carried out strictly for each product as per the relevant BIS.

Our Business Strategy

a. Move up the Value chain

We intend to move up the value chain by manufacturing the products to tailor made requirements of the customers, such as cut to size shutters, ready to assemble furniture components, ready to install designer doors. This will result in fast execution of interior works. We propose to initiate printing of customised designs on our panel products leading to versatile design options.

b. Enhance customer interface

We have a strategy to display our products and make the consumers aware by partnering with major retail stores and also propose to create a portal giving all relevant information about product and services. We have entered into an agreement with “Hometown” promoted by Future group for display and sell of our products in their mall in Bangalore and Pune.

c. Ensuring assured supply of Raw material

We propose to participate in future government initiatives for developing waste lands through agro forestry. We also propose to set up nurseries near our factory locations for distribution of subsidized seeds to encourage nearby farmers. We will continue our focus on maximum usage of renewable plantation timber and recyclable materials for manufacturing our products.

d. Reap the benefits of economies of scale.

Our Company’s strategy is to be amongst the top three in each of our existing product categories in terms of market share so that we reap the benefits of economies of scale. As a step in this direction, Our Company is in the process of implementation of new projects in Uttarakhand and Karnataka for manufacturing MDF and increasing the capacity of plain particle board and decorative plywood.

e. Introduce new products

We propose to introduce new products either through in-house manufacturing or by trading thereby leveraging our extensive distribution channels. This will help us to reduce our sales v/s marketing expense ratio and thus improve profit margin.

f. Continuous and aggressive brand building

Our Company will continue to focus on continuous and aggressive brand building through media, events seminars, direct marketing and merchandising at point of purchase.

g. Efficient use of technology and best practices

We propose to reduce the manual process by mechanization wherever possible thereby ensuring an optimum mix of labour and technology. We are in the process of implementing ERP and upgrading ourselves to latest ISO standards to ensure best practices for efficient management.

h. Market penetration

We plan to increase our market presence in fast developing tier 2 and tier 3 towns through appointment of marketing executives and authorized stockists

i. Market driven research

Our Company is continuously striving to understand the needs of the interior designers and architects and develop the solutions by examining international markets and adapting the same in our facilities.

j. Optimizing productivity

We would like to focus on optimizing the productivity so as to reach 100% capacity utilisation and create an industry benchmark in productivity standards. We believe that an increase in manufacturing capacity will also help us to enhance economies of scale and this would eventually translate to an improvement in the price competitiveness of our products.

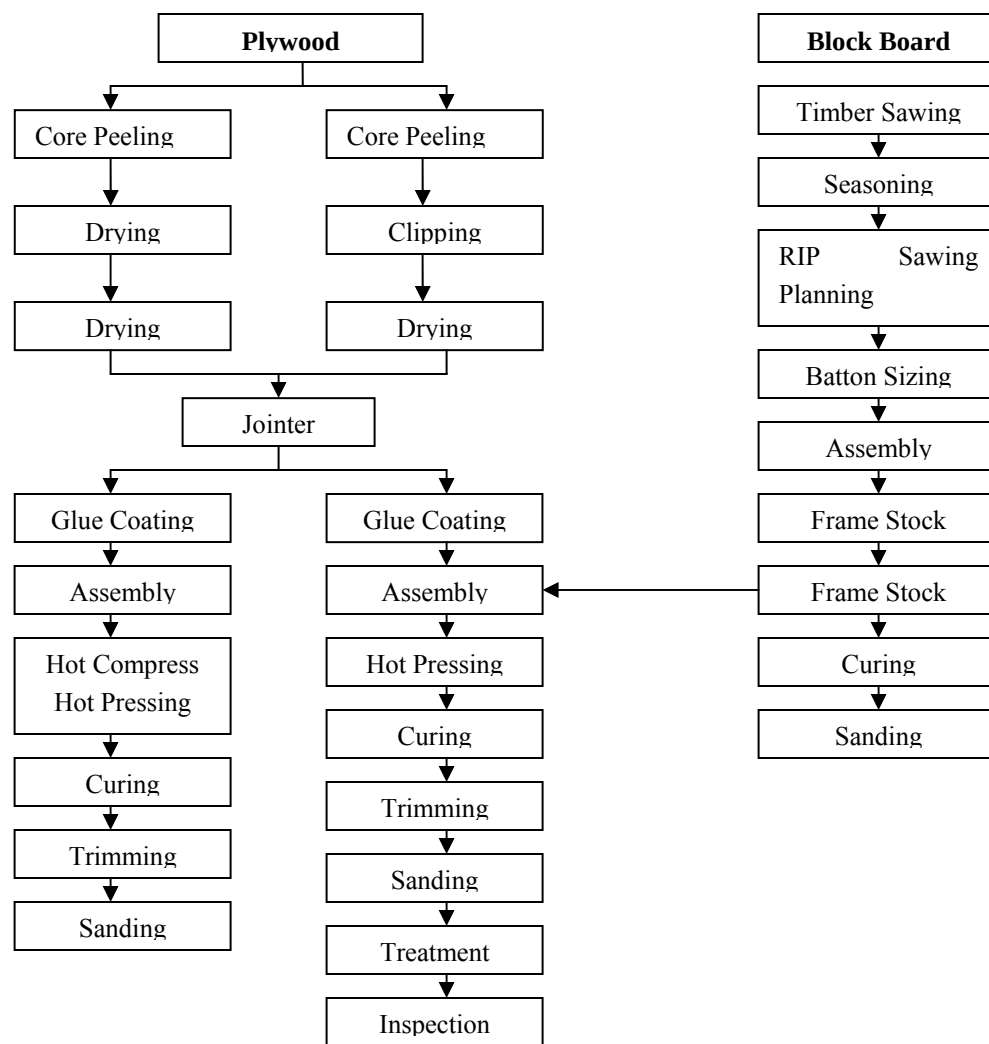
k. Foray in to export market

We intend to foray into the export market which will have a dual benefit of penetration into newer markets and also Duty Exemption Scheme on the import of raw materials and capital equipment.

Our Manufacturing Process

➤ Plywood & Block Board

Process Flow Chart:



A brief on manufacturing process for production of plywood & block board is given below.

- **Slicing:** Decorative species timbers are sliced flat wise on a slicer machine to make decorative veneers. Decorative veneers are normally processed into final full size by slicing the number of strips together.
- **Peeling:** The timber is peeled on peeling machine and converted into flat veneers. Green logs are peeled into veneers on a rotary peeling machine. Veneers are taken out in layers from circumference of the logs and then clipped to the required sizes after eliminating the defective portion and irregular sites.

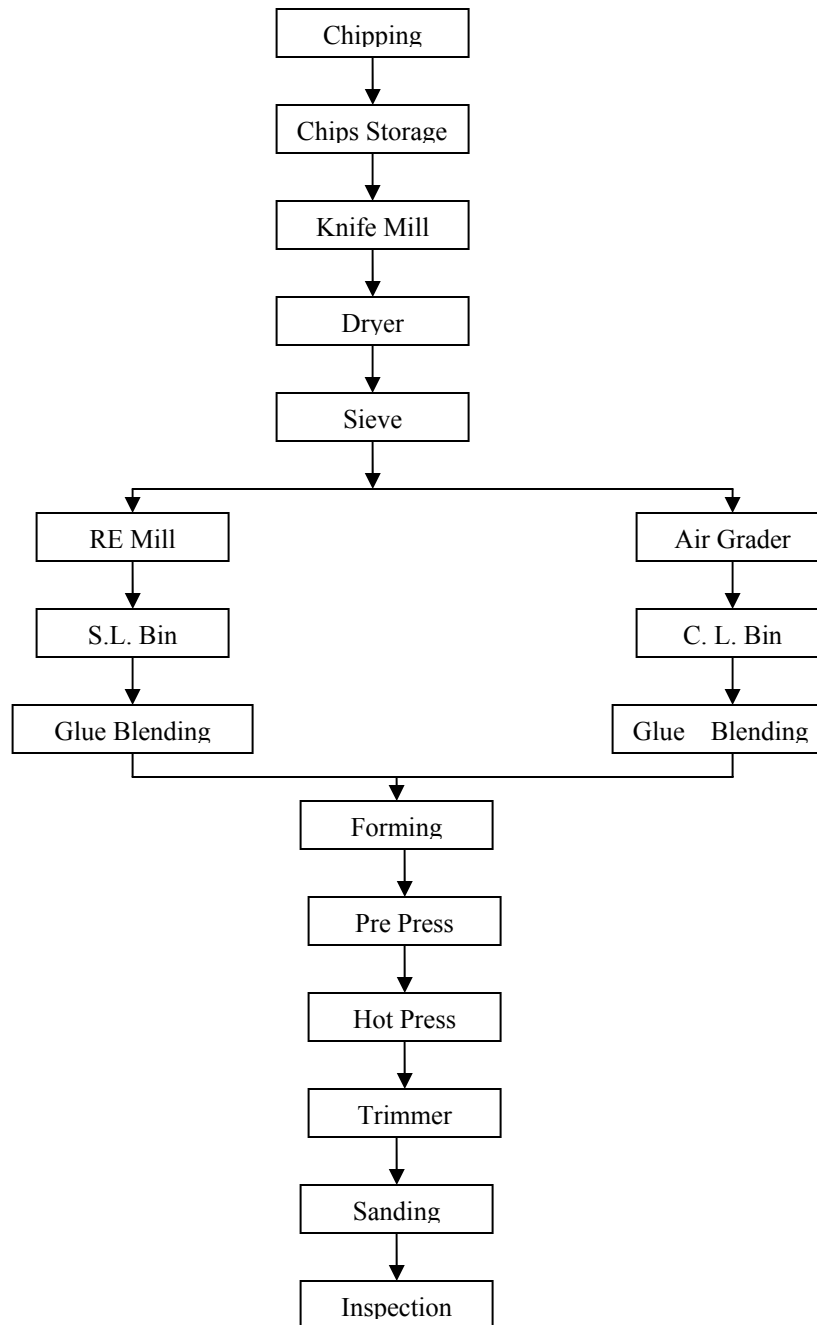
- **Drying:** Veneers are dried to reduce moisture content from around 40% to 8%. The veneers are dried in roller dryer machine. To make the veneer suitable for bonding after glue mixing the moisture is required to remove.
- **Gluing:** Glue is quoted on the veneers in the glue spreaders. The glue line acts as a bonding agent between the two veneers. Urea Formaldehyde (UF) and Phenol Formaldehyde (PF) synthetic resins are used as Glue/ Bonding Agent on the veneers.
- **Assembling:** Glued veneers are assembled in number of layers depending on the thickness of plywood being made. In the assembling process veneers are assembled in cross direction to each other.
- **Pressing:** The assembled glue veneers are pressed in Hydraulic Hot press under high temperature and pressure to make permanent bond. Because of the temperature, the synthetic resin layers melts and gets solidified and simultaneously the veneers gets bonded to each other. The pressure densifies the ply and makes close contact between veneers to veneers. Veneers are normally pressed at 10-14 kg per square centimeters.
- **Trimming:** The bonded plywood is then trimmed on DD Saw to remove the loose end portions and to make the plywood to the correct sizes and tolerance. Sanding is done to make the surface smooth and to remove the burnt surface area and to make the thickness close to the thickness calibration.
- **Inspection:** The finished boards are physically checked to ensure correct surface appearance, thickness tolerance, correct size and to detect any visible defects. Samples are collected batch wise and tested in a laboratory to confirm the quality before stamping and labeling. After inspection the boards are ready for dispatch. The finished products are packed as per the requirement before dispatch.

Key applications of plywood & block board:

Sr. No.	Product	Key Application Area
Plywood		
1	Waterproof & MR Plywood	Kitchen Cabinets, Speaker Cabinets
2	Shuttering & Film Faced Plywood	Construction of buildings, bridges, beams, flyovers, vehicle bodies and roofing
3	Marine Plywood	Shipbuilding Industry, Premium Furniture
4	Fire Retardant Plywood	Railway Coaches, Vehicle body, Boiler house, kitchen roof wall lining
Block Board		
1		Furniture, Partition, Racks or Shelves, Shutter, Table tops, Doors

➤ **Plain Particle Board**

Process Flow Chart:



A brief on manufacturing process for production of plain particle board is described below.

1. **Chipping:** For manufacture of plain particle board, the thin branches, lops and tops, saw mill waste and stems of fast grown trees are used as raw material. Wood is converted into chips on a chipper machine. The Chips will have minimum thickness below 0.5 mm. In some cases re-thicknessing of Chips is done on a ring flicker machine. This depends on the type of chipper machine used.

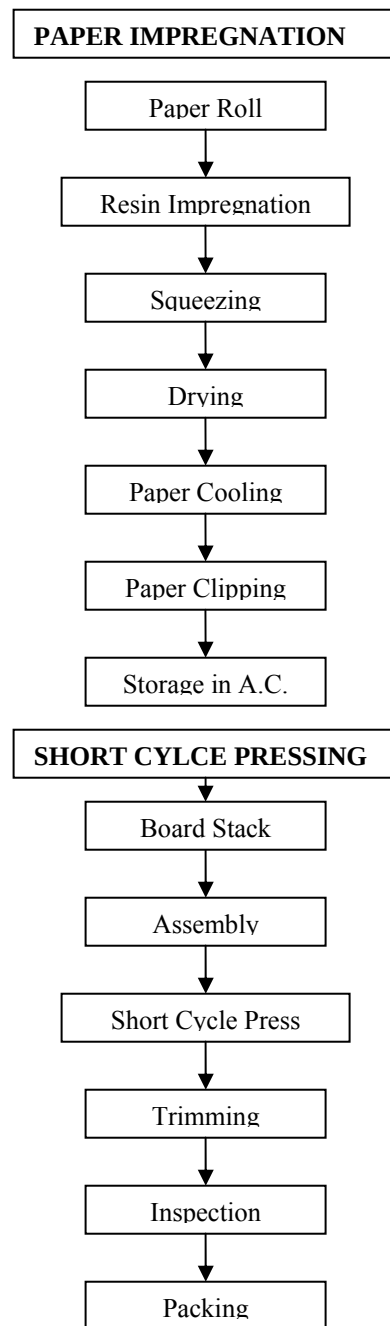
2. **Drying:** The chips are dried in the dryer machine to reduce the moisture content of chips to around 6%. Higher moisture is not suitable for bonding.
3. **Grading:** The chips are graded using vibrating sieve and using re-mill to make face chips and core chips. Face chips are used on top and bottom layer and core chips are used in the middle layer of the chipmat.
4. **Gluing:** Synthetic resins are Urea Formaldehyde is mixed with chips on a chip blender machine. After the mixing every handful of chips will contain uniform Glue mix. The dried chips are blended with glue in glue blenders.
5. **Mat Formation:** The glued chips are transferred to forming station for mat formation. Chip mat is prepared in layers in such a way that bigger size chips remain in the centre and fine chips remain on the top and bottom side of the chip mat. The chipmat will have uniform quantity of chips throughout its area.
6. **Pressing:** The mat is transferred to the hydraulic press and pressed under high temperature and pressure for bonding. The bonding of chips into board takes place because of the temperature and densification is caused due to high pressure applied. After this process the millions of chips put into the mat get converted into board form.
7. **Trimming:** The trimming is done to cut off the loose end portions of the raw board and to maintain uniform sizes in the board.
8. **Sanding:** Sanding is done to bring close thickness tolerance, to remove burnt surface and to make the board surfaces smoother. In sanding process both calibration and finishing works are done.
9. **Inspection:** Boards are physically checked for correct thicknesses and thickness tolerance, correct sizes and uniform appearance. Samples taken out from batch production are tested in the laboratory and confirm for the correct quality. Boards are then stamped and labeled before dispatch or shifted to pre lam division.

Key application of plain particle board:

Post forming table tops, cavity flooring in computer rooms, speaker boxes and photo frames.

➤ **Pre-Laminated Particle Board**

Process Flow Chart:



A brief on manufacturing process for production of pre laminated particle board is described below.

1. **Resin Impregnation & Drying:** The MF resin is impregnated by passing the design paper through the resin field tub. The excess resin is squeezed out through the squeezing rollers. The impregnated paper is dried to the required moisture content in a float mechanized drier. The dried paper is cut to the required sizes and cut sheets are stored in air-conditioned storage room.

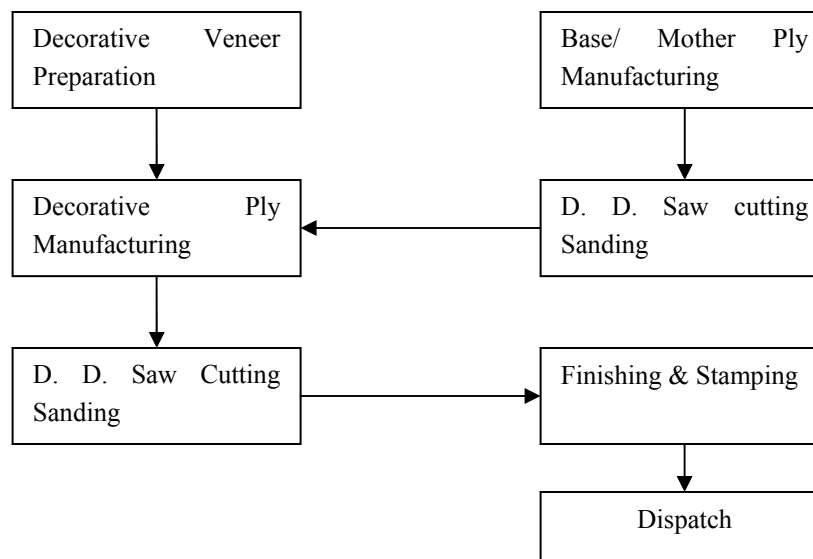
2. **Assembling & Short Cycle Pressing:** Plain particle board is passed through a brushing roller to maintain clean surfaces. The assembling of decorative paper is done on each of top and bottom surface online. The assembled mat is taken into the press through an automatic loading device and assembly is pressed in the hot press under 180 degree temperature and at higher pressure. Because of this process within 40-50 seconds. The quoted MF resin layer melts and gets into plastic surface. The press is then opened and the automatic unloader comes inside the press to picks the board and takes it outside the press. Simultaneously the next assembly is brought into the press for pressing. Since the MF resin is transparent quality resin, the design of the paper remains visible. The whole process of pressing and curing is carried out in less than a minute. Hence, this process is called short cycle pressing.
3. **Trimming:** Excess length and width paper are trimmed online.
4. **Inspection:** Inspection of each and every sheet is carried out to ensure the uniform appearance and to identify and separate out the boards with defects like dust/paper particles, scratch mark, patchy surface and surface cracks.
5. **Packing:** The boards are packed using craft paper to avoid the transit damage.

Key applications of the Product

Modular furniture, partitioning, paneling, false ceiling, cupboard, shutters and panel door inserts.

➤ Decorative plywood

Process Flow Chart



Decorative ply is made by pressing decorative veneer on top of plywood platform. Generally decorative plywood products are made in 4 mm thickness. The decorative veneers are processed from teak logs, other decorative species log available in our country and imported flitches.

The logs are first converted into flitches on a band saw machine. The flitches are sliced to veneers on a slicer machine. The sliced veneers are dried in a dryer machine. To make the small width strips into wide sheets, the strips are sliced together on an imported slicer machine. Thereafter, the decorative veneer sheet is ready for use.

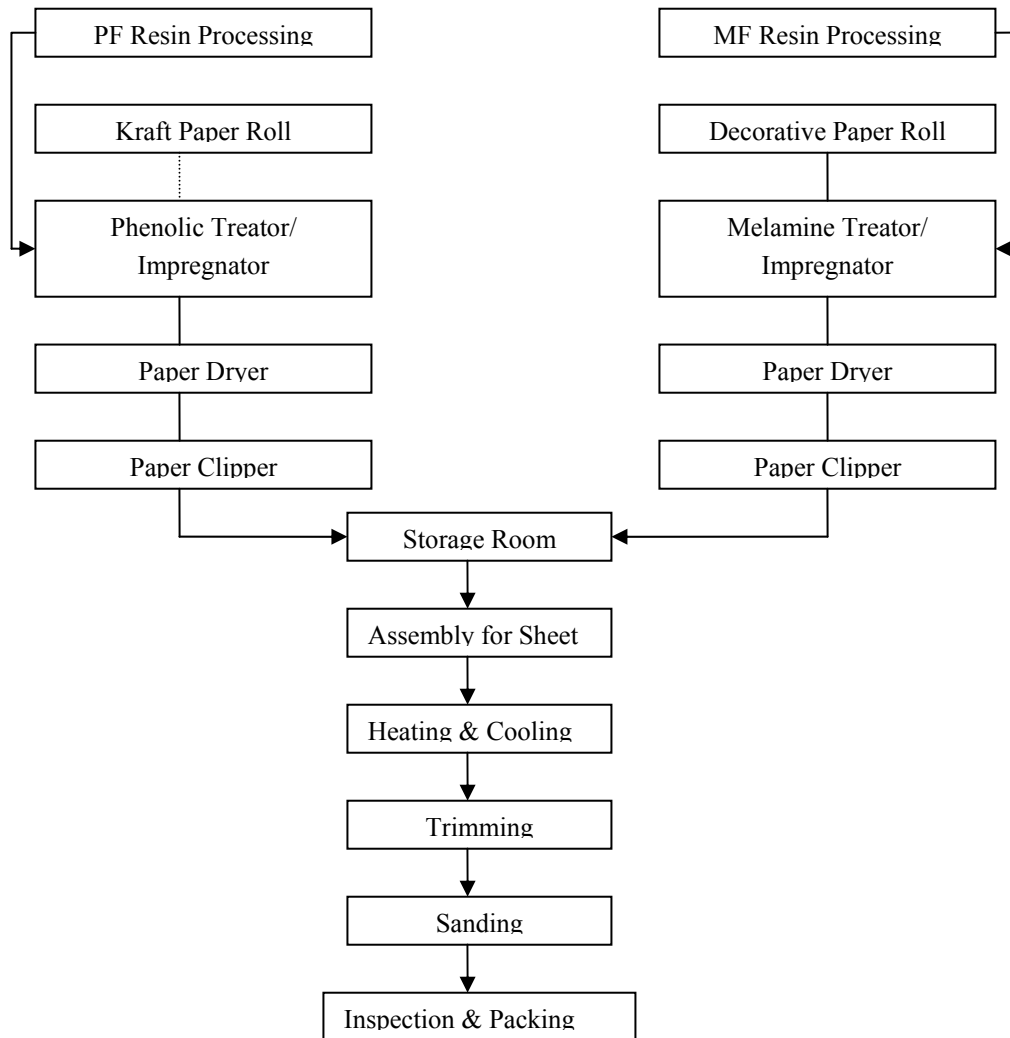
Plywood platforms processed separately or calibrated to the close thickness tolerance on a wide belt sander machine. While facing surface with the decorative veneer, the glue is applied to the surface of plywood and decorative veneer is assembled before the press. The assembly is taken into the hot press for pressing and curing. The press board are trimmed and sanded to make the surface smoother.

Key applications of the Product

Wall Paneling, Furnishing, Kitchen, Paneling, Speaker Cabinets, Tabletops, Partition Walls, Cupboards & Wardrobes, Fixtures and Shelves and Racks

➤ High Pressure Laminates

Process Flow Chart:



The detail manufacturing processes are described below:

- 1. Construction:** Special quality absorbent Kraft paper and design paper are used to make the sheets. Design paper are made with various design printed on the surface. Design papers are imported mainly from European countries and “A grade” Kraft papers are locally purchased from reputed paper mills.
- 2. Impregnation & Drying:** Phenolic resin is impregnated into the Kraft paper to make the base sheets and melamine formaldehyde resin is impregnated into the design paper. The impregnation of Kraft paper and design paper are done in a separate line.

The MF resin is impregnated by passing the design paper through the resin field tub. The excess resin is squeezed out through the squeezing rollers. The impregnated paper is dried to the required moisture content in a float mechanized drier. The dried paper is cut to the required sizes and cut sheets are stored in air-conditioned storage room.

Similarly Kraft papers are impregnated with Phenolic Resin on a separate impregnation & drying line and cut sheets are stored separately.

3. **Assembly:** Phenolic impregnated Kraft papers are assembled together in layers to make base sheets. Number of layers depends on the thickness of the sheets. Melamine impregnated decorative paper is used on top portion of the assembly to give the decorative surface on the sheets. Melamine impregnated overlay paper is used on top of the decorative paper to give extra protection to the decorative surface.

A number of sheets are assembled on a carrier plate. S.S.Cauls are used to cover each design surface. The cauls are with different design and with different grade finish surfaces. The design and finish quality of finish cauls plates gets impregnated into the sheets while pressing.

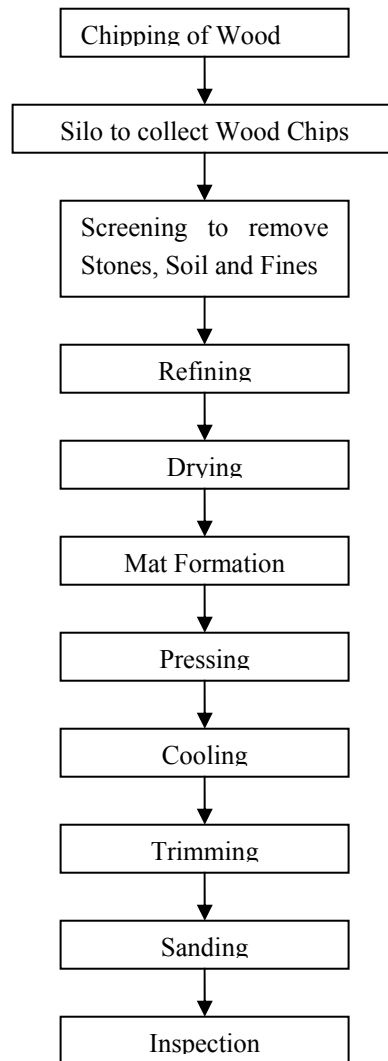
4. **Pressing:** Assembled mats are loaded into the press machine using auto loading system. Press remains at below 60 degree centigrade temperature at the time of loading. After the mats are loaded, the press is closed and pressure up to 90 kg per sq. centimeters is applied. Temperature is raised up to 140 degree centigrade to cure the resin. Once the curing time is completed the press temperature is brought down below 60 degree centigrade before unloading the sheets.
5. **Trimming:** The press sheets are trimmed to the required correct size on a trimming machine.
6. **Sanding:** Sanding on back surface of the sheets is done to make back surface rough and to remove the burnt surface. During the process, thickness calibration is done to maintain the close tolerance level.
7. **Inspection:** Each sheet is checked to verify the tolerances in thickness, size and to eliminate the sheets with defective surfaces like blisters, bubbles, see through, paper chips and dust and to ensure uniform appearance on finished surface. The samples collected from each batch production are tested before printing and packing of sheets in the laboratory to make sure the quality as per the lay down standard.
8. **Printing:** Each sheet is printed with manufacturing date, design number, finish grade, size and thickness.
9. **Packing:** Decorative surface of each sheet is covered with Kraft paper for protection. Wooden crates are used for small dispatches.
10. **Grade and Quality:** Sheets are produced in more than 150 designs and with three finishes i.e. Glossy finish, Mat finish and Suede finish.

Proposed Production Process

➤ Medium Density Fibreboard

Production line for MDF board is made by using wood fibres and synthetic resin Urea Formaldehyde as raw material. Glued fibres are spread to form a mat and pressed in a hot press to process the final board.

Process Flow Chart



The detailed production process is described follows.

- i. **Chip Preparation:** Wood logs, branches and wood residues are cut into chips of definite size. Then, Chips are collected into silo and at the outlet end of the silo chips are screened to remove fines soil and stones.
- ii. **Fibre Preparation:** Chips are transported to upper bin of refiner and positively fed to digester through screw feeder for steaming. Steamed chips are dis-integrated to fibre under the force of heat and mechanism.
- iii. **Drying:** Moisture is removed by passing the fibre through drying media under the force of high pressure air flow. Dry fibres are collected into a dry fibre bin.
- iv. **Glue Mixing:** Paraffin is mixed with fibre uniformly under the force of refiner plates. Glue/Resin is then spread in mixed form to make uniform mix with the fibre.
- v. **Mat Forming:** The glue mixed fibres are conveyed to the forming line and then with the help of forming machine, fibres are spread on the mesh belt to form mat. Vacuum system is provided below the mesh to remove air pockets from the mat portion. Uniform thickness mat is prepared on this belt and then taken to a pre pressing rollers station. After pre pressing mats are cut to sizes and then transported to the loading cage.

- vi. Pressing:** The mats are taken into the press to apply temperature and pressure. Bonding of fibres take place because of temperature and densification of board takes place because of pressure.
- vii. Cooling:** Press boards are taken to the cooling cage to cool the boards.
- viii. Trimming:** Cooled boards are taken one by one for trimming to remove the loose ends and to maintain correct sizes.
- ix. Sanding:** Sanding is done to remove the burnt surface and to maintain closed thickness tolerances.
- x. Inspection:** The boards are checked for maintaining accurate tolerance in size and thickness and for ensuring uniform appearance on the surfaces. Samples from each batch are tested to ensure the quality before passing the sheets for dispatch.

High Density Fibreboards also could be produced on the same line. The difference between the two products is different densities in the end product is maintained. In the High Density board, the density will be more than 1 against 0.75-0.80 is MDF board.

Key application of the product

Cabinet doors, bed ends, carved surface sheets, toys, handles and furniture.

Capacity and Capacity Utilization

The details of existing Installed and Utilized capacity for the year 2007 and 2008 are given below:

Year	2007			2008		
Class of Goods	Installed Capacity	Actual Utilization	(%)	Installed Capacity	Actual Utilization	(%)
Plywood & Block boards (unit – Square Meters – 4MM)	1,20,00,000	48,74,285	40.6%	1,28,00,000	66,14,764	51.68%
Plain Particle Boards (unit – Square Meters – 4MM)	1,12,50,000	27,70,405	24.6%	1,12,50,000	28,23,169	25.09%
Pre Laminated Particle board (unit – Square Meters – 4MM)	72,00,000	35,17,463	48.8%	99,00,000	34,10,058	34.45%
Veneers (unit – Square Meters – 4MM)	37,50,000	11,62,008	31.9%	37,50,000	9,03,105	24.08%
Decorative Laminates (Unit - No. of Sheets)	3,00,000	85,796	28.6%	12,00,000	4,64,431	38.70%

Projected capacity and capacity utilization for the next 3 years is given as under:

Year	2009		2010		2011	
Class of Goods	Installed Capacity	Utilization	Installed Capacity	Utilization	Installed Capacity	Utilization
Plywood & Block Boards (unit – Square Meters – 4MM)	1,50,00,000	56%	1,50,00,000	72%	1,50,00,000	76%
Plain Particle Boards* (unit – Square Meters – 4MM)	1,12,50,000	30%	1,12,50,000	48%	1,12,50,000	75%
Pre Laminated Particle Board (unit – Square Meters – 4MM)	1,53,00,000	35%	1,53,00,000	51%	1,53,00,000	62%
Veneers (unit – Square Meters – 4MM)	37,50,000	38%	37,50,000	40%	37,50,000	40%
Decorative Laminates (Unit - No. of Sheets)	12,00,000	75%	12,00,000	90%	12,00,000	90%
Medium Density Fibreboard (unit – Square Meters – 4MM)	-	-	1,50,00,000	40%	1,50,00,000	75%

* The installed capacity of plain particle board unit of our Company remains constant at 1,12,50,000 (unit – Square Meters – 4MM) for the years 2009, 2010 and 2011 because the existing plain particle board unit at Mysore will be closed down on commencement of commercial production of plain particle board unit of the same capacity at Chintamani, Karnataka.

Plant & Machineries

The details of major machineries are as follows:

Mysore plant

Sr. No.	Name of the Machinery	Name of the manufacturer	Quantity (Number)
	Plywood Division		
1	Peeling machine – ‘8’ & Slicer machine	Cremona, Italy	1 Set
2	Roller Dryers	B. S. Engineering, Kolkata	2
3	Hot Press	Diffenbacher, Germany	1
4	Hot Press	Ambica & Sahaj, Ahmedabad	2
5	B. G. Wide Belt Sander	Bottcher Gestmer, Germany	1
6	Peeling machine – 56”	Kalyan Ind., Yamunanagar	1
7	3 MT. M. S. Kettle with Accessories	Own	1
8	Seasonign Kiln 1000 cft	Own	2
	Particle Board Division		
1	Chippers	Behare, Germany	3
2	Hammer Mill	Bison, Germany	1
3	Chip Dryer	Butner, Germany	1
4	Pessa Mill	Butner, Germany	1
5	Glue Mixing Line	Quality Eng., Delhi	2
6	Forming Machine	Bison, Germany	1
7	Singler Daylight Hydraulic Press	Diffenbacher, Germany	1
8	Steinemann Sander	Steinemann, Germany	1
9	3 MT. M. S. Kettle with Accessories	Ravi Yantriki, Pune	1
	Lamination Division		
1	Impregnator	Textile Machineries, Ahmedabad	1
2	Short Cycle Lamination Press	Wemhoner, Germany	1
3	S.S. Kettle with Accessories	Ravi Yantriki, Pune	1
	Utilities		
1	D. G. Sets & Panels -500KVA	Caterpillar	2
2	Outdoor Transformer – 500 KVA	GEF, Bangalore	2
3	Dust Extraction Plant	Thermax, Pune	1
4	Waste Water Treatment Plant	Sareen, Bangalore	1
5	Air Compressor	Chicago Pneumatic, Pune	2
6	Thermic Fluid Heater – 15 Lacs KCAL/hour	Vinosh & Thermax	3

Rudrapur Plant

Sr. No.	Name of the Machinery	Name of the Manufacturer	Quantity (Number)
	Plywood Machinery		
1	Peeling machine,KI -1400	M/s. Kalyan Industries	2
2	Jet Dryer, 8 section, 3 deck,	M/s. L.M Engineering	2
3	Flattening press, 100 Tons, 4 x 4 Size, 10 Daylight.	M/s. Jamuna / B. D Engineering	2
4	Glue spreaders, GS/1250.	M/s. Ferro Fundries	3
5	Pre-press, Single daylight, 500 Tons,	M/s. Ambica Hydraulics	1
6	Hydraulic press, 15 daylight, 640 Tons,	M/s. Srichakra Engineering	1
7	Hydraulic press, 10 daylight, 1000 Tons,	M/s. Srichakra Engineering	1
8	Glue mixture, 350 Liters Capacity, Horizontal	M/s. Jatin Enterprises, Yamuna Nagar, India	2
9	Wide belt sander, KI-1300, Taiwan make,	M/s. Kalyan Industries, Yamuna Nagar, India	1
10	Knife grinding machine, 56", 5 HP,	M/s. L.M Engineering	1
11	Veneer tenderizer.	M/s. Hydromech Engineers, Ahmedabad, Gujarat, India	1
	Block board Machinery		
1	Band saw machine, 42", Vertical.	M/s. Janata Timber Industries	6
2	Seasoning chamber, 1000 Cft 3 fans.	M/s. Kranoblock Private Limited, Kolkata, India	8
3	Multiple Rip Saw machine, 7"	M/s. Kalyan Industries	2
4	Thickness Planner Machine, 18" x 9", NS-163.	M/s. Wood Master India Limited	1
5	Circular Saw Machine, NS-191, 30	M/s. Wood Master India Limited	2
6	Umiya Auto Drive finger jointing machine.	M/s. Umiya Wood and Ply Machinerics	1
7	Vacuum Impregnation plant.10' x 5'	M/s. Jatin Enterprises, Yamuna nagar, India	1
8	Heavy Duty Jointer, 8'.	M/s. Lacagolio, Italia	1
	Boiler		
1	Thermic fluid Heater, VTB-20	M/s. Thermex Limited,	2
2	Steam boiler, CPD-60/17.5, 6 ton.	M/s. Thermex Limited	1
	HPL Machinery		
1	Phenolic Impregnator, 4 Zone, 4'	M/s. H.R. Industries, Ahmedabad, India	1
2	Melamine Impregnator.3 Zone, 6'	M/s. H.R. Industries, Ahmedabad, India	1
3	HPL Press, 3600 Tons, 9.25 x 4.25 , 14 Daylight	M/s. Jekson Hydraulics Limited	1
4	Plytouch rotory cutting machine, 8' x48'	M/s. Plytouch Engineering Private Limited	1
5	Domino Printing machine, A-200	M/s. Domino Printech India Limited	1
6	Wide belt sander for HPL sheets, 4', HPL-HD-1350	M/s. Kundig GMBH, Germany	1
	Short cycle plant		
1	Short cycle press line. 9 x 6 size, 1600 Tons	M/s. Master Handlers Private Limited	1
2	Sliding table panel saw Machine, WA-8	M/s. Altendorf Qinhuangdao Machinery Mfg. Co. Limited	1
3	Fork lift truck, 3 ton. Diesel operated, GX-300D	M/s. Godrej & Boyce Mfg.Co. Limited	1
4	Hydraulic pallet trucks, 3000 Kgs. HP-22-B	M/s. Ferro Fundries	4
	Electrical Equipments		

1	Transformer substation consisting of AB switch	M/s. General Electric	
2	CT/PT units, VCB outdoor.400 Amp capacity, 33 KV	M/s. GKM Power Projects Limited	1 set
3	Power transformer, 1000 KVA with AVR 33/0.433 KV	M/s. Balaji Transformers Private Limited	1
4	DG set, 500 KVA, Bhaskar with accoustic system	M/s. Bhaskar Power Projects Private Limited	1 set
5	DG set, 500 KVA, Catterpillar, with heat exchanger	M/s. TIL India Limited	1 set
6	DG set, 180 Kva, Greaves	-	1 set
7	DG set, 81.25 Kva, Kirloskar	M/s. Kirloskar Electric	1 set
8	FRP Cooling tower, 100 TR	M/s. M. K Cooling Tower Private Limited	1 set
	Utility equipments		
1	Electronic weigh bridge, 40 Ton.9 M x 3 M	M/s. Leotronix Scales Private Limited	1 set
	Resin plant		
1	M.S. Resin kettlewith condenser, 3 ton. PF Resin	M/s. Jatin Enterprises	1 set
2	S.S. Resin kettle with condenser, 3 ton. PF Resin	M/s. Reta Engineers	1 set
3	SS Resin kettle with condenser, 5 tonne	M/s. Mag-tech Engineers	1 set
4	Water ring Vacuum pump, 15 HP, 330 M3 / hour	M/s. Vasu Pumps & Systems Private Limited	2 set
	Workshop Machineries		
1	Lathe, Atlas Make, 6'	M/s. Atlas Machine Tools Corporation.	1
2	Hydraulic hacksaw machine, 8", jaswant make	M/s. Atlas Machine Tools Corporation.	1
3	Pillar drill machine, 20 mm	M/s. Atlas Machine Tools Corporation.	1
4	Welding machine, 300 Amp	M/s. Atlas Machine Tools Corporation.	1
5	Circular saw grinding machine	M/s. Sharp Engineering Works,	1 set
	ETP		
1	Aerator, 3 HP	M/s. Karmveer Engineering Works	2
	Laboratory Equipments		
1	Tensile Testing Machine, 2500 KGF.	M/s. Surya Scientfic Industries	1
2	Moisture meter.	M/s. Surya Scientfic Industries	1
3	Water bath	M/s. Surya Scientfic Industries	1
4	Humidity Chamber	M/s. Surya Scientfic Industries	1
5	Oven Digital	M/s. Surya Scientfic Industries	1
6	HPL laboratory equipments	M/s. ASI Sales Corporation	1 set

The details of the plant and machinery proposed to be purchased have been mentioned under the section Objects of the Issue” on page 27 of this Red Herring Prospectus.

Infrastructure Facilities

Raw Material

Mysore Plant: The main raw materials used for production are Silver Oak and Eucalyptus timber. These raw materials are available in sufficient quantity around Mysore. Silver Oak is grown in coffee plantations and such plantations are established around Coorg, Karnataka which is also nearer to Mysore plant. Other raw materials are design papers of different kinds sourced mainly from India, Europe & Japan. Other chemicals used for production viz., Melamine, Formaldehyde and Phenol are sourced from near by factories.

Rudrapur Plant: The main raw materials used for production are Poplar & Eucalyptus. These raw materials are grown in farm or agro forest all over the Uttarakhand. This species are available in sufficient quantity around Rudrapur factory.

Other raw materials are design and absorbant Kraft papers of different kinds sourced mainly from India, Europe & Japan. Other chemicals used for production viz., Melamine, Formaldehyde and Phenol are sourced from near by factories.

The raw material requirement for our proposed manufacturing plant located at Chintamani would be meet from the Kolar belt which is located near to our proposed facility.

Labour

Since the process for manufacturing plywood is not very complicated, the labour for the manufacturing of existing products is easily available. Major part of the manufacturing process is carried out by semi skilled & unskilled workmen. We intend to set up a new unit at Chintamani, Karnataka and sufficient labour force is available at Chintamani.

We employ around 350 people (including seasonal workers) at Rudrapur and we require around 600 people at Chintamani to start the manufacturing process.

Water

Mysore Plant: Since we have a dry process of manufacturing, the requirement of water is substantially lesser. Our requirement of water is around 100 KL per day. We meet the requirement from our own Borewells.

Rudrapur Plant: At our Rudrapur plant, we again a dry process of manufacturing and the requirement of water is substantially lesser. Our requirement of water is around 150 KL per day. We meet the requirement from our own Borewells.

We will meet the water requirement from Borewell for our proposed plant at Chintamani. Our consumption will be around 100 KL per day.

Electricity

Mysore Plant: Our Company's manufacturing unit has been sanctioned the necessary power by Karnataka Electricity Board (KEB). Our power requirement is within 750 KVA which is sourced from KEB. We also have standby generating sets of 1,082 KVA for use during the emergency or shut down period.

Rudrapur Plant: Our Company's manufacturing unit has been sanctioned the necessary power by Uttarakhand Power Corporation Limited (UPCL). Our present power requirement is within 1,000KVA which is sourced from UPCL. We also have standby generating sets of 1,260 KVA for use during the emergency or shut down period. Uttarakhand has surplus power but they have to improve the distribution lines after that the surplus power will be available. Electricity is available at quit cheaper rate at Uttarakhand.

Pollution Control

The product manufactured by Our Company does not produce any harmful effluents. We have installed ETP/STP plants to treat domestic waste and hand wash water at our manufacturing facilities. We have provided bag filters connected to the cyclone exhaust to filter the air before discharge.

Quality Policy & Control Measures

Quality Policy

Our commitment to achieve and sustain reputation as one of the market leader for quality, both in domestic and international markets. We believe in offering competitive prices for our entire product range by introducing state-of-the art technology, deploying trained personnel along with adequate resources and striving towards continual improvement.

We are also committed to fulfill the needs and expectation of our customers. We achieve this through active participation of our employees at all levels, in whom we kinder a spirit of pride and confidence.

Quality Control

We focus significantly on the quality of the raw materials and finished products at both our manufacturing facilities to ensure the desired quality is attained. We have quality assurance in charge in each facility to keep tag on day to day testings carried out and ensure the standard parameters as prescribed by BIS. We have a BIS licence for our products and regular testings are carried out as per the requirement at regular interval.

Our products are ISO 9001:2000 certified and we give maximum emphasis to maintain the procedures and stage inspections.

Research & Development

We have full-fledged Research and Development with well equipped Laboratory and technical personnel to carry out the research & development. In wood panel products and decorative surfaces products, Resin plays a very important role both in quality as well as economy in the product. As such emphasis has been given for the research to find out the new and improved formulations. Our research team has developed the following improved formulations:

- Two stage impregnation system by formulating mixing MF 1 resin with MF 2 resin resulting in economy in pre laminated board.
- New phenolic resin is developed which is most suitable for pre pressing technology.
- Identified additives to control the reaction which reduces free formaldehyde emission and has resulted in launching of revolutionary product Pureply in India.
- New method of MF glue line is developed to process Lamyply board easily.
- Developed Inorganic Halide Catalyzed Urea Formaldehyde Resin for particle board to boost up the production volume and quality of boards.
- New suitable phenolic resin mix has been developed to make Fire Retardant Plywood.
- Developed our own new phenolic resin to process Fire Retardant post forming laminates first time in India.

Because of the above advantage, we have developed product like Pureply, Lamyply, Lamyboard, Fire Retardant quality post forming laminates and Fire Retardant Plywood.

Export Obligations

Our Company's export obligation as on March 31, 2008 is US\$ 43,76,498.61 which is to be accomplished before the due date of export obligation.

Sr. No.	Licence No.	Licence Date	Export Obligation (FOB) (Amt in US\$)	Due date of Obligation	Export Obligation fulfilled (Amt in US\$)	Balance Export Obligation (Amt in US\$)	Value of Machinery imported & Indigenous (CIF Rs. in lakhs)
1	0730004205/3/11/00	07.06.06	7,69,357.57	06.06.2014	Nil	7,69,357.57	140.00
2	0730004328/3/11/00	07.07.06	73,217.28	06.07.2014	Nil	73,217.28	13.32
3	0730004381/3/11/00	20.07.06	7,77,768.37	19.07.2014	Nil	7,77,768.37	142.60
4	0730004491/3/11/00	23.08.06	1,85,612.56	22.08.2014	Nil	1,85,612.56	34.50
5	0730004893/3/11/00	21.11.06	2,44,322.98	06.06.2014	Nil	2,44,322.98	43.83
6	0730004679/3/11/00	10.10.06	19,66,492.15	09.10.2014	Nil	19,66,492.15	362.49
7	0730005426/3/11/00	23.03.07	1,28,493.31	22.03.2015	Nil	1,28,493.31	22.50
8	0730006037/3/11/00	31.08.07	1,72,958.26	30.08.2015	Nil	1,72,958.26	33.70
9	0730004451/2/11/00	11.08.06	58,276.13	10.08.2014	Nil	58,276.13	10.71
	Total		43,76,498.61			43,76,498.61	803.65

Our Brands

Archidply



Our focus is to target the premium segment (SEC A) with our flagship brand of “Archidply”. “Making Home owners proud since 1976”. Our brand gives ultimate customer satisfaction by giving the proposition of long durability and trendy design driven products and also value for money proposition by being competitively priced. Our brand satisfies the customers desire to use eco-friendly products as our brand is using sustainable renewable plantation timber and low formaldehyde emission standards. For details see section titled “Licenses and Approvals” beginning on page 180 of this Red Herring Prospectus.

Silvi



Our focus is to target middle segment (SEC B) with our economic brand “Silvi”. For further details, please refer to the section titled “Licenses and Approvals” beginning on page 180 of this Red Herring Prospectus.

Pureply



The brand name Pureply has been aptly chosen for our premium plywood product which has the important feature of low formaldehyde emission, 15 ply constructions, vacuum pressure impregnated, fire retardant and 1mm thick face veneer. Our focus is to promote this brand amongst high end clients who would prefer to have the best of interior products.

We have introduced low formaldehyde emission standard products in BWR Plywoods and block boards and decorative laminates which reduces hazardous effects on health due to gas emission which is normally high in the other plywoods and laminates. Our product proposition for this is “Healthy Breathing” and we have termed this technology as “Toxin Check” technology.

Our Marketing Strategy

Our Company's strong marketing and brand strategy has helped us to emerge as one of the prominent and leading plywood manufacturer. The fact that our brand "Archidply" has been in existence since 1976, indicates that we have been consistently supplying premium quality products and have been enjoying the growing confidence of our consumers. We have 16 marketing offices located at major cities, such as, Ahmedabad, Bangalore, Bhubaneswar, Chennai, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Nagpur, New Delhi, Pune, Ranchi, Raipur and Jabalpur to market our products. All our marketing offices are supported by a central marketing office located at Bangalore, Karnataka which makes marketing policy decision based on changing market scenario and serves as a linkage between the factory and our marketing offices. We have a team of more than 137 marketing executives of various levels lead by a branch head having sufficient experience in building material industry.

To get optimum utilization of services of our marketing team, we have divided the teams across India in three different groups. One group caters to OEM segment for all the products, the second group caters to the specification work in projects to architects engineers and interior designers and the third group caters to the retail segment comprising carpenters, contractors and dealers. This helps us to understand and fulfill the needs of the customers for all our products by single representation of Our Company.

To have a recall of our brand amongst the consumer segment, we have recently introduced Television Ad Campaign in various leading TV channels. Our brand gives ultimate customer satisfaction by giving the proposition of long durability and trendy design driven products and also value for money proposition by being competitively priced which gives the support in marketing of our product. Our strategy is to target the premium segment (SEC A) with our flagship brand of “Archidply” and middle segment (SEC B) with our economic brand “Silvi”.

Our Selling Strategy and Network

Our Company largely sells our products through the distributors to the end consumer located across India. However Our Company directly sells the products in the cases of OEM’s and large contractors and builders. Our marketing team helps in the distribution and sales of our products by generating inquiries from end consumers.

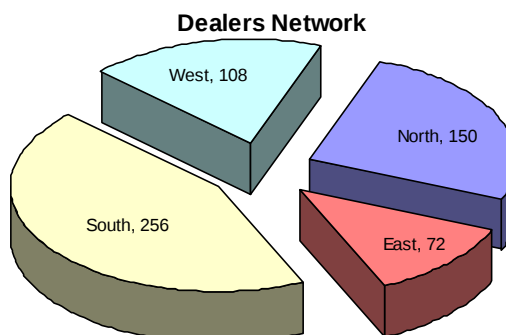
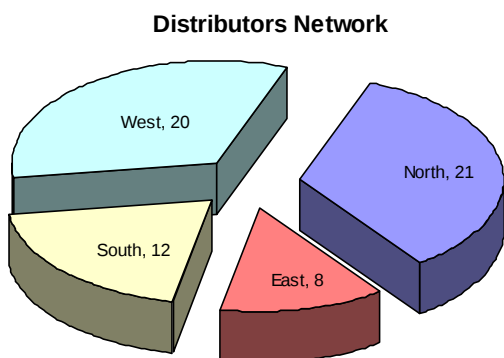
The following distribution channel options are available and exercised, depending on market requirements, after the dispatch of finished product:

- Factory → Company Depot → Distributor → Dealer → Consumer
- Factory → Distributor → Dealer → Consumer
- Factory → OEM/ Large Contractors/ Large Builders

Following are the details of the nationwide distributors and dealer network covering all important towns and cities including Srinagar in North, Trivandrum in South, Rajkot in West and Guwahati in the East.

We operate through 16 marketing offices across India. Our network is well spread across various locations and has a strong distributors and dealers presence across India.

Region	Distributors Network			Dealers Network		
	States	City	No. of Distributor	States	City	No. of Dealers
North	11	21	21	10	54	150
East	5	8	8	8	21	72
South	4	12	12	4	56	256
West	3	20	20	3	12	108
Total	23	61	61	25	143	586



Our Company invites at regular intervals selective distributors and dealers to our facilities to orient themselves with the latest developments of or the introduction of new products by Our Company. This enables to gain confidence of the distributors and dealers to continuous to maintain inventory and promote our products.

Our marketing team maintains open communication channels with our distributors and dealers and receives feedback about our products on a continuous basis. As an ongoing process, our marketing team evaluates the potential of the territory and takes corrective actions to address untapped opportunities of sale. This may include appointment of new dealers, increase in promotional activities, introduction of dealers schemes, architect/ interior designer meets or even replacement of non performing dealers in consultation with the distributor(s).

Future Outlook

Demand for wood panel products and decorative surfacing products are directly related to the growth of real estate sector. In India, the disposable income and buying power has increased which transforms to better and higher standards of living, hence increased demand of branded products.

Major Customers/Distributors

Our products are used for interior and construction work, the main customers for the products are individual houses, bungalows, Apartment builders, Government organization like CPWD, Banks, Software Offices, Hotels etc. With consistent efforts of the marketing network, the products have been specified in various leading projects such as Hindalco, BSNL, Bank of India, Appollo Hospital, ABN AMRO, Punjab National bank, Hotel Leela Venture, BHEL, to name a few.

(% of Sales)			
Particulars	2007-08	2006-07	2005-06*
Top Customer/Distributor	10.97%	12.01%	16.21%
Top 5 Customers/Distributor	21.52%	22.57%	25.24%
Top 10 Customers/Distributor	26.88%	26.15%	31.20%

* top Customer / Distributor of TMCL.

Collaboration

We have not entered into technical, marketing or financial collaboration.

Competition

Despite brand building and aggressive marketing, Our Company and the wood based industry in general continue to face competition from the unorganized sector. However, the fiscal benefits available at Uttarakhand are expected to help Our Company to counter competition strongly.

In organized sector, “Archidply” brand is amongst one of the leading player both in terms of quality and volume. We intend to face this competition through product differentiation, where we will provide qualitative product to the clients. Our major competitors in plywood, decorative veneers and decorative laminates are Greenply and Century Ply. In pre laminated particle board segment, we face competition with Novapan.

Information Technology

We are having the sufficient IT infrastructure to generate various MIS reports, Accounts & Finance control and operational control.

With the increased growth of Our Company there has arisen a necessity to have robust information systems. As such, Our Company has signed an agreement with Tally to develop a customized ERP solution for Our company. With the implementation of ERP, Our Company will be in a position to generate reports and maintain control over Our Company’s operations and take the appropriate decisions on real time basis.

Intellectual Property

We are not dependent upon any third party intellectual property, such as trademarks, copyrights or other intangible assets. We believe that our brand have significant value for marketing of our products.

We have applied for registration of the trademark, as appearing on the cover page of this Red Herring Prospectus, under class 19 and filed with the Trade Marks Registry, Chennai (Madras).

Name of Trademark	Application Number	Date of Application
Archidply	1375325	September 14, 2006
Archid	914335	March 25, 2000
Monarch	1039881	August 28, 2001
King	1039882	August 28, 2001
Silvi	1458085	May 29, 2006
Pureply	1463995	June 21, 2006

For further details, please refer to the section titled “Licenses and Approvals” beginning on page 180 of this Red Herring Prospectus.

Insurance

Our Company has taken insurance to cover different risks for articles in different locations and details are given as follows:

Rudrapur Plant

Sr. No.	Nature of Policy	Insure with	Description	Policy No.	Expiry Date	Sum Assured (Rs. in Lakhs)
1	Fire & Earthquake Policy	The New India Assurance Company Limited	Stock of raw material, semi Finished and finished particle board, consumable goods	420904/11/07/12/00000128	August 17, 2008	120.00
2	Standard Fire & Perils Policy	The New India Assurance Company Limited	Finished & Semi Finished goods of decorative laminates lying in the store	420904/11/07/11/00000358	March 30, 2009	100.00
3	Standard Fire & Perils Policy	The New India Assurance Company Limited	Raw Materials & Chemicals, Stock of Block board, Flush Door, particle board manufactured from Wooden Planks	420904/11/07/11/00000354	March 30, 2009	200.00
4	Standard Fire & Perils Policy	The New India Assurance Company Limited	Raw Materials & Chemicals, Stock of Finished & Semi Finished products used in plywood Industry	420904/11/07/11/00000353	March 30, 2009	420.00
5	Fire Declaration Policy	The New India Assurance Company Limited	Raw Materials- Base Paper, Chemicals, Kraft paper and Finished Goods	420904/11/07/11/0000292	January 30, 2009	465.00
6	Standard Fire & Perils Policy	The New India Assurance Company Limited	Stock in Progress	420904/11/07/11/0000293	January 30, 2009	10.00
7	Standard Fire & Perils Policy	The New India Assurance Company Limited	Plant & Machinery/ Furniture & Fixtures	420904/11/07/11/0000294	January 30, 2009	665.00
8	Standard Fire & Perils Policy	The New India Assurance	Plant & Machinery	420904/11/07/11/00000130	August 17, 2008	293.47

		Company Limited				
9	Standard Fire & Perils Policy	The New India Assurance Company Limited	Factory Building (Unit No. 3 – particle board Sector)	420904/11/07/11/00000129	August 17, 2008	210.00
10	Standard Fire & Perils Policy	The New India Assurance Company Limited	Residential Building for Labour & Employees	420904/11/07/11/00000127	August 17, 2008	60.00
11	Standard Fire & Perils Policy	The New India Assurance Company Limited	Plant & Machinery (decorative laminates)	420904/11/07/11/00000357	March 30, 2009	175.00
12	Standard Fire & Perils Policy	The New India Assurance Company Limited	Factory Building including Boiler Blog and Boundary Wall and Plant & Machinery	420904/11/07/11/00000356	March 30, 2009	460.00
13	Standard Fire & Perils Policy	The New India Assurance Company Limited	Factory Building including Boiler Blog and Boundary Wall and Plant & Machinery	420904/11/07/11/00000355	March 30, 2009	495.00
14	Boiler Explosion Insurance Policy	The New India Assurance Company Limited	Boiler and Pressure Plant	420904/44/07/05/230000018	March 30, 2009	75.00
15	Marine Cargo	The New India Assurance Company Limited	Goods in transit	420904/21/07/02/00000017	August 2, 2008	50.00

Mysore Plant

Sr. No.	Nature of Policy	Insure with	Description	Policy No.	Expiry Date	Sum Assured (Rs. in Lakhs)
1	Money Insurance	United India Insurance Company Limited	Money in Transit	072003/48/07/07/00000797	March 6, 2009	115.00
2	Standard Fire & Perils Policy	United India Insurance Company Limited	Plant & Machinery and Accessories	072003/11/07/11/00001553	March 24, 2009	16.50
3	Standard Fire & Perils Policy	United India Insurance Company Limited	Building, Furniture, Fixtures & Fitting	072003/11/07/11/00001552	March 24, 2009	25.00
4	Money Insurance	United India Insurance Company Limited	Money in Transit	072003/48/07/07/00000891	March 28, 2009	215.00
5	Standard Fire & Perils Policy	National Insurance Company Limited	Building, Plant & Machinery, Furniture, Fixtures & Fitting, Electrical Installation, Stocks & Stock in Process	602200/11/07/0310000224	October 30, 2008	448.20
6	Machinery Breakdown Insurance Policy	United India Insurance Company Limited	D. G. Set & borewell pump	072003/44/07/51/30000002	April 12, 2009	27.00

7	Machinery Breakdown Insurance Policy	United India Insurance Company Limited	Plant & machineries and accessories	072003/44/07/51/30000006	May 4, 2009	28.63
8	Marine Cargo Open Policy	United India Insurance Company Limited	Goods in Transit (Incoming consignment from various locations to Mysore unit)	072003/21/08/02/83000002	April 29, 2009	150.00
9	Marine Cargo Open Policy	United India Insurance Company Limited	Goods in Transit	072003/21/08/02/83000004	May 31, 2009	600.00
10	Electric Equipment Insurance Policy	United India Insurance Company Limited	Computer & accessories	72003/44/07/51/3000030	August 28, 2008	4.38
11	Machinery Breakdown Insurance Policy	United India Insurance Company Limited	Plant & machineries and accessories	72003/44/07/51/3000031	August 28, 2008	0.70
12	Standard Fire & Perils Policy	United India Insurance Company Limited	Building, plant & machinery, electrical installation and stocks	072003/11/07/11/00000125	May 30, 2009	7.27
13	Standard Fire & Perils Policy	United India Insurance Company Limited	Stocks of plywood, block boards, particle boards etc. at Kolkata godown	72003/11/07/11/00000312	September 25, 2008	10.00
14	Burglary BP Policy	United India Insurance Company Limited	Stock of plywood, block boards, particle boards etc. at Kolkata	72003/46/07/04/0000207	September 25, 2008	10.00
15	Standard Fire & Perils Policy	United India Insurance Company Limited	Stock of plywood, block boards, particle boards, veneers etc. at Bangalore	072003/11/07/11/00000990	February 18, 2009	25.00
16	Standard Fire & Perils Policy	United India Insurance Company Limited	Stock of plywood, block boards, particle boards, veneers etc.	072003/11/07/11/00000991	February 18, 2009	25.00
17	Standard Fire & Perils Policy	United India Insurance Company Limited	All stocks open at factory and Pyramid Timbers	072003/11/07/11/00000992	February 18, 2009	960.00

Indebtedness

Our Company is currently availing of the following term loans and working capital facilities from the following banks, details of which are as under:

Facility	Sanction Amount	Outstanding as on March 31, 2008	Rate of Interest	Security & Repayment
Union Bank of India				
Term Loan	Rs.230.00 lakhs	Rs.220.55 lakhs	12 months LIBOR+500 basis point, Effective rate 10.40%	Primary: First charge on entire fixed assets of Our Company excluding assets created out of funds borrowed from Bank of India. Repayment: 39 monthly installments of Rs.8.9 lakhs
Term Loan- II Term Loan- III	Rs.1,263.00 Rs.902.00	Rs.217.06 lakhs Nil	BPLR- 0.75% i.e. 12.50%	Primary: First charge on the fixed assets of MCL & Archidply Industries Limited & Land at Chintamani and building to be constructed thereon and hypothecation of

Facility	Sanction Amount	Outstanding as on March 31, 2008	Rate of Interest	Security & Repayment
				P&M to be procured. Repayment: Term Loan – II: 60 monthly installments from October, 2009 or after 18 months from the date of commencement of commercial production whichever is earlier Term Loan – III: 60 monthly installments from October, 2009 or 6 months from the date of commencement of commercial production whichever is earlier Personal Guarantee: Deen Dayal Daga, Shyam D. Daga and Rajiv D. Daga Corporate Guarantee: Mysore Chipboards Limited and Assam Timber Products Private Limited
Letter of Credit (L/C)	Rs.1,000	Nil	-	Security: Goods converted under Letter of Credit
Oriental Bank of Commerce				
Term Loan	Rs.1,139.00	Nil	13.25%	Primary: Pari passu first charge with Vijaya bank on the entire fixed (Movable and immovable) assets existing as well as proposed of Rudrapur unit Personal Guarantee: Deen Dayal Daga, Shyam D. Daga and Rajiv D. Daga Repayment: Term Loan: 60 equated monthly installments of Rs.26.07 lakhs starting from January, 2010.
Vijaya Bank				
Term Loans	Rs.2,200.00 lakhs	Rs.1,870.00 lakhs	12%	Primary: First charge on project asset (Rudrapur) such as Land, Building, Plant & Machinery, furniture & fixture and personal guarantee of Directors and Company Associates. Repayment: 20 equal quarterly installments starting from April 2007
Cash Credit	Rs.1,600 lakhs	Rs.1,618.23 lakhs	12.00% p.a. (PLR-1%)	Primary: First charge on entire current assets such as plywood, veneer products, raw materials. Stock in Process, finished goods with 25% margin and receivables of not older than 90 days with 50% margin less subsisting liability under LC. Collateral: Factory land, Building, Plant & Machinery, Furniture & Fixtures. Guarantors: Mr. Deen Dayal Daga, Mr. Shyam D. Daga, Mr. Rajiv D. Daga, The Mysore Chipboards Limited and Shree Shyam Tea Private Limited
Bank Guarantee	Rs.300 lakhs	Rs.91.12 lakhs	-	20% cash margin by way of term deposits and counter guarantee of Our Company
Inland/Import Letter of Credit	Rs.300 lakhs	Rs.364.83 lakhs	-	DP/90 days DA terms for Inland LC and 180 days DA terms for Import LC. Collateral: Factory land, Building, Plant & Machinery,

Facility	Sanction Amount	Outstanding as on March 31, 2008	Rate of Interest	Security & Repayment
				Furniture & Fixtures.
Bank of India				
Cash Credit & Stocks & Book Debts)	Rs. 1,200 lakhs	Rs.1,398.46 lakhs	FCL @400 bps over six months libor, Rupee exposure of 3.25% over BPLR, minimum 16.25% p.a. at present	Primary: (i) First and exclusive charge on the entire current assets. (ii) First charge on FA created out of loan. (iii) First pari passu charge on FA to the extent of Rs.168 lakhs. Collateral: EQM charge on property owned by company and situated at 401/2, Subedar Chatram Road, T3 Block, Sheshadripuram, Bangalore -20.
Working Capital Term Loan	Rs.42 lakhs	Nil	BPLR + 3.25% i.e. 14.50%	Repayment: Quarterly installment of Rs.14 lakhs
Term Loan	Rs.12.58 lakhs	Nil	BPLR + 3.25% i.e. 14.50%	Repayment: Quarterly installment of Rs.4.1 lakhs payable on the last day of quarter.
Letters of Credit (Import DP/DA 180 days: Inland DP/DA120 days	Rs.550 lakhs	Rs.244.12 lakhs	-	Charges: Usance charges upto 7 days – 0.26%, 7 days to 3 months – 0.46% and Beyond 3 months 0.46% + 0.26% per month. Commitment charges – 0.26% per quarter or part thereof
Guarantee	Rs.15 lakhs	Rs.0.52 lakhs	-	Charges: Performance Guarantee – Rs.180 + 0.61% per quarter or part thereof with a minimum of 2 quarters. Financial Guarantee: – Rs.180 + 0.86% per quarter or part thereof with a minimum of 1.73%.
SIDCUL				
Term Loan	Rs.29.40 lakhs	Rs.17.34 lakhs	9%	Primary: First charge on the lease land purchased from SIDCUL. Repayment: 4 equal half yearly installments starting from January 2007.
Hire Purchase Loans				Primary: Secured by hypothecation of specified vehicles against which the finance is obtained.
ICICI Bank	Rs.4.12 lakhs	Rs.1.00 lakhs		36 monthly installments from March 2006.
ICICI Bank	Rs.10.00 lakhs	Rs.0.04 lakhs		Payable in 32 Monthly Installments from March 2006.
HDFC Bank	Rs.11.66 lakhs	Rs.2.44 lakhs		Payable in 36 Monthly installments from November 2005.
TML Finance Service Limited	RS.2.75 lakhs	Rs.1.59 lakhs		Payable in 36 Monthly Installments from December 2006.
Mah & Mah Financial Services Limited	Rs.4.90 lakhs	Rs.1.94 lakhs		Payable in 48 Monthly Installments from October 2005.
ICICI Bank	Rs.3.03	Rs.2.66 lakhs		Payable in 36 Monthly Insallments starting from

Facility	Sanction Amount	Outstanding as on March 31, 2008	Rate of Interest	Security & Repayment
	lakhs			November 2007
ICICI Bank	Rs.6.16 lakhs	Rs.5.52 lakhs		Payable in 36 Monthly Installments starting from December 2007
ICICI Bank	Rs.4.06 lakhs	Rs.3.54 lakhs		Payable in 36 Monthly Installments starting from November 2007
Bank of India	Rs.4.31 lakhs	Rs.3.95 lakhs		Payable in 60 Monthly Installments starting from October 2007
HDFC Bank	Rs. 10.50 lakh	Rs.10.39 lakh		Payable in 36 Monthly Installments starting from March 2008
Global Trade Finance Limited				
Bills Discounting	Rs.1,000 lakhs	Rs.477.19 lakh	12% p.a.	Personal Guarantees of Deen Dayal Daga, Shyam D Daga and Rajiv D Daga

Human Resource

We have experienced Promoters and management whom we rely on to anticipate industry trends and capitalize on new business opportunities that may emerge. We believe that a combination of our reputation in the market, our working environment and competitive compensation programs allow us to attract and retain these talented people. Our senior management team consists of experienced individuals with diverse skills in manufacturing, engineering, international business and finance.

We believe that our employees are the key to the success of our business. We focus on hiring and retaining employees and workers who have prior experience in the wood based industry. We have a policy of providing the necessary training to our new employees and workers. We view this process as a necessary tool to maximize the performance of our employees. Our work force consists of: (i) our permanent employees; and (ii) workers who are employed on a piecemeal basis.

The following table sets out the number of our employees as of the end of the last three fiscal:

Year	FY 2005	FY 2006	FY 2007	March 31, 2008
Number of Permanent Employees	-	-	512	531

At present we have the total strength of 531 permanent employees (including workmen) in various departments. The details of which are given as below:

Sr. No.	Category	Number of Employees
1	Top Management Personnel	8
2	Finance & Accounts Personnel	34
3	Human Resource Personnel	5
4	Technical Personnel	94
5	Marketing Personnel	137
6	Administrative staff	20
7	Skilled & Unskilled Workers	233
	Total	531

We have not entered into any collective bargaining agreements with our employees. We have entered into a union agreement with our workmen at our Mysore unit. We have not experienced any material strikes, work stoppages, labour disputes or actions by or with our employees, and we have good relationship with our employees. We seek to adopt an open culture and a participative management style, to enable us to maximize the benefits from the knowledge and skills of our management.

Recruitment

We believe that our employees are the major contributors to our business. Structured orientation programme is conducted for all new employees of Our company for the respective responsibilities. We recruit the technical personnel based on their past experience and a good track record of performance. Similarly technician and operatives with good work experience in the industry are considered.

Training and Development

We place special emphasis on the training of our employees to enable them to develop their skills and to meet changing requirements in the wood based industry. We focus on an initial learning programmes for our trainees as well as continuous learning programmes for all our employees. As a part of our strategy to improve operational efficiency, we regularly organize in-house training facilities existing as well as new employees.

Our Offices and Production Facilities

We have acquired immovable properties for setting up our offices and production facilities for the purpose of business. These properties are held either on a freehold or a leasehold basis. Our manufacturing facilities are based at Mysore and Rudrapur. The details of our offices are given as below:

The details of land owned/ on lease are given as below:

Location of Existing Project:

Sr. No.	City	Address	Area	Status	Lessor	Period
1	Udham Singh Nagar	Plot No. 6A, Sector 9, Pant Nagar Industrial Area, Khasra No. 210, Pool Bagh, Kichha, Udham Singh Nagar, Uttarakhand	8,000 square meters	Lease	State Industrial Development Corporation of Uttarakhand (SIDCUL)	90 years from 27.04.06
2	Udham Singh Nagar	Plot No. 7, Sector 9, Pant Nagar Industrial Area, Khasra No. 210, Pool Bagh, Kichha, Udham Singh Nagar, Uttarakhand	48,600 square meters	Lease	State Industrial Development Corporation of Uttarakhand (SIDCUL)	90 years from 18.07.05
3	Mysore	No. – 277, C-D/1 & C-D/3, Hebbal Industrial Area, Mysore – 570 018	4,932 square feet.	Lease	Mr. H. K. Prasana	17.03.08 to 16.02.09
4	Mysore	Mysore-Hunsur Road, Hinkal, Mysore – 570 017	17,766 square meters	Owned	-	-

Location for Service Quarters:

Sr. No.	City	Address	Area	Status	Lessor	Period
1	Udham Singh Nagar	179, Mig Awas Vikas Colony Rudrapur, District Udham Singh Nagar	9,100 square meters	Owned	-	-

Location of Proposed Project:

City	Address	Area	Status	Lessor	Period
Chintamani	Industrial Estate, Chintamani, Chikabalapura, Karnataka	12.50 Acres	Lease cum Sale	Karnataka State Small Industries Development Corporation Limited (KSSIDC)	On lease for 6 year from August 10, 2007 and subsequent transfer of ownership to

					Our Company
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The details of our Registered Office and various branch offices / godowns are given as below:

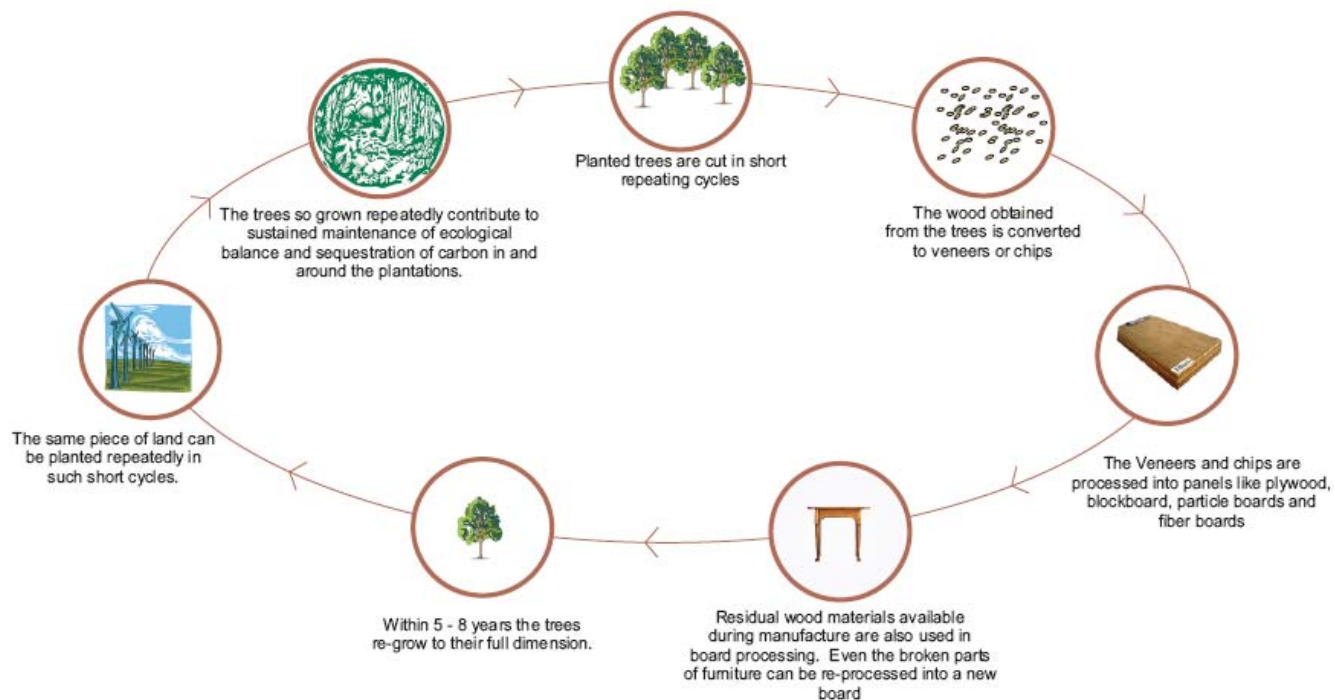
Sr. No.	City	Address	Lessor	Period	Purpose
1.	Bangalore	G.K. Menor, 29/2, Nagappa Block, Sheshadripuram, Nehru Circle, Bangalore – 560 021	Mr. Gaurishankar Sarda, Mr. Anil Kumar Sarda and Mr. Sunil Kumar Sarda	December 1, 2004 to November 30, 2009	Registered and Corporate office
2.	Bangalore	401/2, (Old No.131), Subedar Chatram Road, Sheshadripuram First Main Road, Corporation Division 19, Bangalore 560 009	Mrs S Padmavathamma & others (Vendors)	Ownership	Marketing
3.	Kolkata	Ideal Plaza, North Wing, 3 rd Floor, 11/1 Sarat Bose Road, Kolkata – 700020	Sunil Krishna Ghosh & Others (Vendors)	Ownership	Administration & Marketing
4.	Kolkata	71, Karaya Road, Kolkata – 700 019	Ms. Mita Lahiri	January 15, 2008 to December 14, 2008	Marketing
5.	New Delhi	2/9, 1 st Floor, W.H.S. Kirti Nagar, Near Kirti Nagar Police Station, New Delhi – 110 015	Mr. Om Prakash Gandhi	May 15, 2007 to May 14, 2012	Marketing
6.	Chintamani	Mini Industrial Shed remises bearing No.18 / SM, KSSIDC Industrial Estate, Bangalore road, Chintamani Town	Smt. AM Ramadevi	March 01, 2008 to January 31, 2009	Site office / godown
7.	Bhubaneswar	A-68, Industrial Area, Kharavel Nagar, Unit II, Bhabaneswar – 751 001	Mr. Prafulla Kumar Mohanty	January 1, 2008 to December 31, 2010	Marketing
8.	Mumbai	138, Kuber Complex, Opp. SAB TV Office, Kamalakar Walavakar Marg, New Link Road, Andheri (W), Mumbai – 40053	Mrs. Pratibha Anil Khiwansara	August 5, 2007 to July 4, 2008	Marketing
9.	Jaipur	301, Apcon Chamber, Behind Sahara Chamber, Near to Times of India, Lal Kothi, Tonk Road, Jaipur – 302 015	Sharad Ram Mohan Maithil	October 1, 2006 to September 30, 2009	Marketing
10.	Jabalpur	2011, 272/2 Shukla Nagar, Garha, Jabalpur	Smt. Rukhmani Devi Sharma	May 1, 2008 to March 31, 2009	Marketing
11.	Pune	209/B, Ashoka Pavilion FF, Ambedkar Road, Camp Pune – 411 001	Younus Bhai Family Trust	March 16, 2007 to December 16, 2009	Marketing
12.	Pune	Acrade 1, Ishanya Mall, Survey No 190 & 192, Shashi Nagar, Airport Road, Yerwada, Pune 411 006	M/s Home Solutions Retail (India) Limited.	November 05, 2007 to November 04, 2008	Marketing
13.	Lucknow	277/40, Balarampur Quarters Road, Naka, Hindola, Lucknow – 226004	Smt. Sublata Pahva	August 16, 2005 to August 15, 2008	Godown

14.	Hyderabad	1 st Floor, 5-5-1049, Darusalam, Goshamahall, Hyderabad – 500012	Shankerlal Patel and others	October 1, 2007 to September 31, 2009	Marketing
15.	Chennai	Nehru Timber Market, 281/1, Sydenhams Road, Chennai – 600 112	Mr. K. Raja Rajeswari	From February 1, 2007 to January 31, 2010	Marketing & Godown
16.	Bangalore	No.3, Akshya Complex, No. 27, Nagappa Street, Ground Floor, Palace Guttahalli, Bangalore – 560 063	K. Homba Hanumaiah	February 1, 2006 to January 31, 2009	Godown
17.	New Delhi	Kharsa No. 59111, Min (1-13) & 60/15 Min (0-12), Village Mundra, New Dalhi – 110 041	Mr. Anil Bansal	March 1, 2008 to February 28, 2010	Godown
18.	Mysore	215/1, Hinkal, Mysore Hunsur Road, Mysore – 570 017	Mr. K. N. Malikarjuna	January 1, 2007 to December 31, 2010	Godown
19.	Ahmedabad	307, Shail Building, Opp. Madhusudan House, Near Navarangpura Telephone Exchange, C. G. Road, Ahmedabad – 380 006	Mr Anshul Singh	August 1, 2007 to July 31, 2010	Marketing
20.	Ranchi	Bhagwati Jaisesaria, Radhey Shyam Lane, O.C.C. Compound, Ranchi – 834 001	Bhagwati Devi	May 1, 2008 to March 31, 2009	Marketing
21.	Raipur	2 nd Floor, Prem Chandra Complex, Janakbada, Raipur – 792 001	Mr. Sudhendu Shekhar Roy	February 1, 2007 to December 31, 2008	Marketing
22.	Lucknow	277/40, Balarampur Quarters Road, Naka Hindola, Lucknow – 226 004	Smt. Sublata Pahva	August 16, 2005 to August 15, 2008	Marketing
23.	Nagpur	97/1, Konark Apartment, First Floor, Behind Nag Vidarbha Chambers, Temple Road, Civil Line, Nagpur – 440 001	Smt Saroj Devi Jaju	February 01, 2008 to December 31, 2008	Marketing
24.	Kochi	Second floor, 41/1327 C of Corporation of Kochi	Mrs. Tresa Titus and others	November 22, 2007 to November 21, 2010	Marketing

Property to be purchased out of the proceeds of the Issue

For details please refer to the section titled “Objects of the Issue” beginning on page 27 of this Red Herring Prospectus.

Corporate Social Responsibility



We believe in protecting nature by re-growing trees to preserve our forests and environment, thereby impeding Global Warming.

Our corporate social responsibility goals involve doing our bit to save the environment from global warming. Trees make the air cleaner by filtering pollutants like carbon monoxide and making oxygen. They provide homes for wildlife and regulate temperatures through the evaporation of water in their leaves. Trees can even keep storms from being as severe by filtering the fall of precipitation, holding some of it in and lessening its impact. Hence we believe in using renewable wood supply to manufacture our products. We use plantation timber like eucalyptus, poplar, silver oak and some other semi durable hardwood to process them into panel products like plywood, blockboard, flushboard, particle board and fibreboard. The planted trees are cut and re-grown for use in short cycles of 5-8 years on the same land. The trees attain the same dimensions within 5-8 years in each cycle felling and processing residues of trees are also available for manufacturing panel products. There is no wastage of wood due to such recycling of wood fibre.

As a result of the above, the wood is always made available to the industries and ensures ecological balance in the areas, where such plantation timbers are grown.

Health, Safety and Environment

We comply with applicable health, safety and environmental regulations and also maintain adequate fund reserves to meet claims relating to workmen's compensation, payment of group medical insurance and premiums for personal accident insurance policies.

Our environmental management policy requires compliance with local, state and central laws and regulations concerning environmental protection and related matters. Environmental legislation in India includes the Environment Protection Act, 1986, as amended, the Water (Prevention and Control of Pollution) Act, 1974, as amended and the Air (Prevention and Control of Pollution) Act, 1981, as amended.

REGULATION AND POLICIES

Vide Press Note No.11 (1997 series) dated the July 17, 1997, plywood, veneer of all types and other wood based products such as particle board, medium density fibreboard/ block board have been delicensed subject to locational conditions and relevant statutes/statutory/policy notifications such as the National Forest Policy and directions and decisions of the Hon'ble Supreme Court.

Vide Press Note No. 9 (1998 Series), the Government of India notified that the entrepreneurs who want to obtain approval from the Government for setting up any wood based project should obtain prior clearance from the Ministry of Environment & Forests before submitting the application to the Administrative Ministry/SIA and enclose a copy of "in principle" approval given by the Ministry of Environment & Forests.

We have been granted the requisite permissions from the state forest authorities with the prior permission from the Central Empowerment Committee.

The manufacturing activities of Our Company however are subject to, among other laws, environmental laws and regulations promulgated by the Ministry of Environment and Forest of Government of India, Saw Mill Rules, the Forest Policy of the States in which we operate, State Pollution Control Board and Central Empowered Committee. These include laws and regulations about cutting of trees, discharge of effluents, polluted emissions, hazardous substances etc. On wood based industries, the Honourable Supreme Court of India has given specific directives from time to time and the same would be applicable to Company as well. Laws relating to excise, customs, sales-tax, factory and labour related matters etc. are applicable to Our Company, as they are applicable to other manufacturing establishments.

We have obtained State Level Single Window Clearance to establish unit for manufacture of plain particle board, decorative plywood and plywood block board and Flush Doors for our manufacturing unit at Rudrapur, Uttarakhand.

Setting up of the Central Empowered Committee by the Honourable Supreme Court:

The Central Empowered Committee (CEC) has been constituted by the Hon'ble Supreme Court by its order dated May 9, 2002 in the Writ Petition (Civil) Nos. 202/95 & 171/96 (Order). The CEC *inter alia* assesses the sustainable capacity of the forests of the State qua sawmills and timber based industry; the number of sawmills that can safely be sustained in the States and the optimum distance qua the State at which the sawmill is to be located. CEC has granted permission to Our Company for the establishment of wood-based industries in the State of Uttarakhand. The permission so granted is valid for the production of plywood, particle board, blockboards and flush doors.

The *ratio decidendi* of the Order dated October 29, 2002 reads as under:

“No State or Union Territory shall permit any unlicensed saw-mills, veneer, plywood industry to operate and they are directed to close all such unlicensed unit forthwith. No State Government or Union Territory will permit the opening of any saw-mills, veneer or plywood industry without prior permission of the Central Empowered Committee. The Chief Secretary of each State will ensure strict compliance of this direction. There shall also be no relaxation of rules with regard to the grant of license without previous concurrence of the CEC.”

The Central Empowerment Committee, recognizing the growing trend to use more and more MDF / Particle Boards in place of industrial timber, after considering the report of the State Level Committee for wood-based industries in Punjab, Uttarakhand and Karnataka, made Recommendations dated December 13, 2007 in I.A. No. 1797 of 2007 in Writ Petition (Civil) No.202 of 1995, based on which, the Supreme Court of India, subject to certain terms and conditions, granted the Government of the States of Punjab, Uttarakhand and Karnataka to grant licenses for establishment of MDF / Particle Board plants.

Labour Laws

We are required to comply with certain labour and industrial laws, which includes the Industries (Development and Regulation) Act, 1951, Industrial Disputes Act 1947, the Employees' Provident Funds and Miscellaneous Provisions Act

1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972, the Payment of Wages Act, 1936 and the Factories Act, 1948, amongst others.

In addition, Our Company is also governed by the provisions of the Employees' Provident Funds Act, 1952 and the rules made thereunder and are accordingly required to make periodic contributions to the Employees' Provident Fund Scheme and the Employees' Pension Scheme as applicable. Our Company is also required to make contributions under the Employees' State Insurance Act, 1948.

Environmental Laws

Manufacturing projects must also ensure compliance with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974 ("WPA"), the Air (Prevention and Control of Pollution) Act, 1981 ("APA") and the Environment Protection Act, 1986 ("EPA").

The WPA aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; laying down or annulling the effluent standards for trade effluents and for the quality of the receiving waters; and laying down standards for treatment of trade effluents to be discharged. This legislation debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board.

The Central and State Pollution Control Boards constituted under the WPA are also to perform functions as per the APA for the prevention and control of air pollution. The APA aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area.

The EPA has been enacted for the protection and improvement of the environment. The Act empowers the Central Government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The Central Government may make rules for regulating environmental pollution.

Contract Labour (Regulation and Abolition) Act

Our Company engages for each of its manufacturing units and plants, the services of various contractors for various activities including working of the machinery, transferring the raw materials and the finished products, house keeping security and maintenance. These contractors in turn employ contract labour whose number exceeds twenty in respect of some of the units and plants. Accordingly, Our Company is regulated by the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 which requires Our Company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labour.

Standards of Weights and Measures Act, 1976

Our Company is required to comply with the provisions of the Standards of Weights and Measures Act, 1976 and the rules made thereunder, particularly the Standards of Weights and Measures (Packaged Commodities) Rules, 1977.

Shops and Establishments legislations in various States

Our Company is governed by the various Shops and Establishments legislations, as applicable, in the states where it has its branch offices. These legislations regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Foreign Exchange Management Act (“FEMA”) and the Regulations made thereunder:

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, Government of India, the implementation of which is regulated by the FIPB.

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (“FEMA Regulations”) to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals are required from the RBI for FDI under the “automatic route” within the specified sectoral caps. In respect of all industries not specified under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

The plywood sector is not included under Annexure A of the Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 (“Annexure A”) and for such sectors, which are not included in Annexure A, 100% FDI under the automatic route is allowed by the RBI.

For further details on the licenses and approvals, please refer to the section titled “License and Approvals” beginning on page 180 of this Red Herring Prospectus.

HISTORY AND OTHER CORPORATE MATTERS

History and background of Our Company

Our Company was incorporated on September 5, 1995 as ATP Silvi Products Limited under the Companies Act and was registered with the RoC, Karnataka at Bangalore. Until 2005, ATP Silvi did not carry any manufacturing activities. ATP Silvi was incorporated with the aim of raising tree & other plantations on wasteland. Thereafter it was thought that ATP Silvi could manufacture medium density fibre boards (MDF panels) and use the plantations for own consumption which was also one of the object clause of ATP Silvi. ATP Silvi had applied to the Government for allotment of waste lands on lease, but the Government could not do so due to restrictions in the Land rules and regulations. Subsequently, in June 2005, our Company received recommendation of CEC for grant of licence for manufacture of plywood and particle board at Rudrapur, Uttarakhand. Thereafter, our Company obtained the certificate of commencement of business on July 5, 2005 for manufacturing of plywood and block boards. The name of Our Company was changed to Archidply Industries Limited and the RoC, Karnataka at Bangalore issued to us a fresh certificate of incorporation on March 30, 2007.

Our Company has been promoted by Mr Deen Dayal Daga, Mr Shyam D Daga, Mr Rajiv D Daga and Assam Timber Products Private Limited. Mr. Deen Dayal Daga, Chairman and Managing Director of Our Company has more than two decades of experience in managing wood panel industries. He has been conferred with several accolades which include a) the "Udyogapatra Award" from the Vice President of India in 1982 acknowledging his achievement as a self made industrialist, b) the "Swatantra Swarna Jayanti Udyog Vibhushan Award" from the Union Minister of Commerce in 1999 for his contribution to the economic development of the country and c) the "Melvin Jones" fellowship award by Lions Club recognizing his efforts towards social causes. He was the President of Assam Plywood Manufacturers Association during in the year 1995-1996.

In 1995, our Individual Promoters acquired "The Mysore Chipboards Limited", which had two manufacturing divisions, namely "plywood and block board" and "particle and laminated board" ("the Manufacturing Divisions"), located at Mysore. TMCL was incorporated on February 16, 1960 and was engaged in the business of manufacturing of plywood and block board and particle and laminated board. TMCL had been closed for about 7 years since 1988; however since its acquisition by our promoters in 1995, the manufacturing activities were successfully revived, and TMCL commenced manufacture of plywood, which were marketed under the trademark and label "Archidply" since 1995.

Pursuant to the Scheme of Demerger, as affirmed by the Hon'ble High Court of Karnataka on December 8, 2006 and with effect from April 1, 2005 ("Appointed Date"), both the Manufacturing Divisions of The Mysore Chipboards Limited which were functional at that point of time, were demerged and merged with ATP Silvi Products Limited and the production continued after demerging. All assets and liabilities of the Manufacturing Divisions including the mark "Archidply" were transferred to Our Company.

Assam Timber Products Private Limited ("ATPL"), incorporated on August 23, 1979 under the Companies Act, and registered with the RoC, Shillong at Meghalaya was also promoted by Mr Deen Dayal Daga. ATPL was and is engaged in the business of manufacturing plywood, block board and decorative plywood and has been marketing its products under trademark and label "Archidply" nationally through their dealers' and distributors' network since 1976. Pursuant to a Deed of Assignment dated July 8, 2000, Assam Timber Products Private Limited transferred all its proprietary rights in the mark "Archidply" alongwith the goodwill of business relating to the goods in respect of which such trademark was used to TMCL. ATPL factory at Assam was shut down in December 1996 following the Hon'ble Supreme Court's Order directing closure of all wood based industries located in the States of Assam and Arunachal Pradesh. However ATPL continued with its trading activity thereafter.

Major events in the history of Our Group:

Year	Events
March 1973	Commenced manufacturing of plywood tea chest and sawn timber in the firm name and style of M/s Assam Timber Products
October 1976	M/s Assam Timber Products received certificate of registration as a small scale industrial unit form from Government of Assam, Directorate of Industries
April 1977	Mr Deen Dayal Daga entered into a Partnership Deed with Mr Hemchandra Pandey and Mr Durga Dutt Daga in the firm name and style of M/s Assam Timber Products.
1979	Commenced manufacturing of plywood
September 1995	Incorporation of Our Company on September
1995	Acquired The Mysore Chipboards Limited, a unit which was manufacturing particle board and plywood at Mysore. This unit was closed for seven years before acquisition.
1997	Successfully turned around The Mysore Chipboards Limited and started manufacturing of plywood & block board, plain & pre laminated particle board and decorative veneers.
2001	Increase in installed capacity of plywood unit of The Mysore Chipboards Limited in Mysore from 12,000 CBM to 30,000 CBM.
2003	Introduced decorative plywood range in our products by importing a variety of veneers from European, African, American and Asian countries.
April 2005	the Manufacturing Divisions of The Mysore Chipboards Limited were demerged and merged with ATP Silvi Products Limited
April 2005	The High Court of Karnataka at Bangalore approved the Scheme of Demerger of the Manufacturing Divisions of The Mysore Chipboards Limited and merge with Our Company wef April 1, 2005.
June 2005	Central Empowerment Committee recommended the grant of License for manufacture of plywood and particle board to ATP Silvi at Rudrapur, Uttarakhand on June 2005
December 2005	Allotted land admeasuring approximately 48,600 square metres at Plot No. 7, Sector 9, Pant Nagar Industrial Area, Khasra No. 210, Pool Bagh, Kichha, Udham Singh Nagar, Uttarakhand to ATP Silvi from SIDCUL and Forest Department of Uttarakhand issued Forest License on December 5, 2005
2006	ATP Silvi was further allotted 8000 square metres of land at Plot No. 6A, Sector 9, Pant Nagar Industrial Area, Khasra No. 210, Pool Bagh, Kichha, Udham Singh Nagar, Uttarakhand from SIDCUL and commenced production at Rudrapur, Uttarakhand and started manufacturing plywood, block board and pre laminated particle board at Rudrapur, Uttarakhand entirely with brand new and modern machineries
May, 2007	Our Company introduced low formaldehyde emission standard products in BWR Plywoods and block boards and decorative laminates which reduces hazardous effects on health due to gas emission which is normally high in the other plywoods and laminates. We have termed this technology as “Pureply” technology.
2007	Introduced High pressure decorative laminates for the first time in our product range.
2007	ATP Silvi Products Limited name changed to Archidply Industries Limited on March 30, 2007.
2007	Our Company purchased land at Chintamani, Chikabalapura, Karnataka to set up a new manufacturing facility.
2007	Our Company received ISO 9001: 2000 certification for quality management systems to manufacture and marketing of wood and agro based panel products at Mysore and manufacture and marketing of wood and agro based panel products and high pressure laminates at Rudrapur

Change of Address of the Registered Office of Our Company

Date of Change	From	To	Reasons for change
June 24, 2002	Swastik Manandi Arcade, 2 nd Floor, No. 401/ 2, Subedar Chatram Road, Bangalore – 560 020	No 27, Akshaya Complex, 2 nd Floor, Nagappa Street, Bangalore – 560 003	Operational convenience
August 18, 2005	No 27, Akshaya Complex, 2 nd Floor, Nagappa Street, Bangalore – 560 003	29/2, G.K. Manor, 1 st Floor, Nehru Nagar Circle, Seshadripuram, Bangalore – 560 020	Operational convenience

Changes in Memorandum of Association

Our Company was incorporated with an authorized share capital of Rs.55,00,000 (Rupees fifty five lakhs) consisting of 5,50,000 (five lakhs and fifty thousand) Equity Shares of Rs.10 each. On incorporation, the subscribers to the memorandum were allotted 700 (seven hundred) Equity Shares of Rs.10 each and thus the paid up and issued capital of Our Company was Rs.7,000 (Rupees seven thousand). The changes made in the Memorandum and Articles of Association, since incorporation, can be summarized as under:

Date of Shareholders' Approval	Changes in the Memorandum and Articles of Association
September 28, 2005	Authorized Capital increased from Rs.55 lakhs to Rs.500 lakhs
July 20, 2006	Authorized Capital increased from Rs. 500 lakhs to Rs.1,000 lakhs
November 17, 2006	Authorized Capital increased from Rs.1,000 lakhs to Rs.2,500 lakhs
March 20, 2007	Effected change in the name of Our company from “ATP Silvi Products Limited” to “Archidply Industries Limited”.
September 29, 2007	Adoption of new Articles of Association in substitution of existing articles of Association
September 29, 2007	Additions in the object clause. The following clause has been inserted: “After existing sub-clause 15 of Clause III (C) of the Memorandum of Association of the Company, the following new sub-clause be inserted and numbered as sub-clause 16 (A) & (B): a) To carry on business of manufacturing, producing, processing, generating, accumulating, distributing, transferring, preserving, mixing, supplying, contracting, as consultants, importers, exporters, buyers, sellers, assemblers, hirers, repairers, dealers, distributors, stockists, wholesalers, retailers, jobbers, traders, agents, brokers, representatives, collaborators, of merchandising, marketing, managing, leasing, renting, utilizing of electricity, steam, power, solar energy, wind energy, biomass energy, geothermal energy, hydel energy, tidal and wave energy, and other conventional, non-conventional and renewal energy sources, waste treatment plants of all kinds and equipment thereof in India and outside India. b)(i) To carry on the business of generating energy from wind using Wind Mills, Wind Turbines and other equipments and to sell, distribute, supply and share the energy to Governments, Companies, Industries, Electricity Boards and individuals according to the Law for the time being in force and also for self consumption. (ii) To provide all kinds of services including installation, commissioning, operation and

Date of Shareholders' Approval	Changes in the Memorandum and Articles of Association
	maintenance of all kinds of power generation equipments, machineries and plants. (iii) To carry on the business of manufacturers, sellers, exporters, importers, dealers, agents, suppliers and assemblers of all kinds of power generation equipments including Wind Mills, Wind Turbines, Solar Panels, Solar Modules, Wave Energy Generators, Bio-Mass and Bio-gas plants and all other conventional power generation equipments and spares of power generation equipments.”

Main objects of Our Company:

The main objects of Our Company as contained in the Memorandum of Association are as set forth below:

1. To carry on the business as timber merchants, saw mill proprietors, timber growers, timbers, treaters, seasoners, veneer, plywood, hardboard, laminator board, industrial decorative laminates, tea chests, chip board and fibre board manufacturers and to buy, sell, of saplings and trees and to harvest treat, process, render marketable, buy, sale and dispose of any such products including by products in the raw or manufactured state and to take up the business of planters, growers, cultivators, sellers and dealers of all kinds of wood including bamboo, bagase, Mesta or Cotton Stalks and to manufacture, dispose off, sell or deal in their product grow, prepare/ manipulate, import and export and deal in timber, veneers, plywood and wood, wood products, metal and metal products of all kinds, doors, windows, panel boards and others in manufacture of which timber, wood plywood or metal is used in any form of proportion, to buy, acquire any forests, factories and timber estates to enter into lease and other agreements with government, private and other agencies for purchase of timber and forest products and to act as forest contractors planters growers cultivators.
2. To carry on the business as manufacturers, producers, buyers sellers, traders, merchants, hire purchase dealers, indentors, commission agents, brokers processors, cultivators, assemblers, repairers, exchangers, alterers, packers, importers, exporters, stockists, distributors, agents and dealers in timber, forest, agriculture, plantation, horticulture, petroleum and other products whether in raw, semi finished finished, processed and semi processed form, plastics, minerals, organic and inorganic chemicals, drugs, medicines, fertilizers, yarn, jute, cotton, rubber, products in which these are used in any form or proportion and all and every other article, merchandise and items of whatever nature, in plants, machinery, spares, accessories, gauges, meters,, implements, instruments, tools, tackles, material handling mining construction, railway, transport, water supply, sewerage, electrical, electronic, hydraulic, mechanical and other equipments, construction and other materials, to carry on the business as transporters, contractors, suppliers, metallers, coalers, galvanizers, planters, enamellers, founders, mill wrights, forgers converters and fabricators, hoteliers and caterers in all branches, to purchase take on lease acquire exchange or otherwise own, hold, occupy, manage, control, construct erect, alter, develop, pull down, improve, repair, renovate, work build, plan, lay sell transfer mortgage, charge, assign, let out or hire, sublet and sub lease lands, buildings factories, warehouses stops cinema halls, roads, bridges, estates, assets and properties/ whether free hold or leasehold or of whatever nature.
3. To act as technicians, engineers and consultants and to give advice on investment, financial, managerial, technical operational and other aspects of trade, industry, mining, agriculture irrigation, transport and others and in all branches of engineering, to make valuations, surveys, to supply to and promote, maintain and operate services, facilities, conveniences & bureaus.

The existing and proposed activities of Our Company are within the scope of the objects clause of the Memorandum of Association.

For details of non – recurring items of income, significant accounting policies and the financial performance of Our Company, please refer to the sections titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information” beginning on pages 162 and 129 respectively of this Red Herring Prospectus.

Subsidiaries:

Our Company does not have any subsidiaries as on the date of filing of this Red Herring Prospectus with SEBI.

Shareholder and other agreements:

Our Company has not entered into any shareholder's agreement.

Our Company has entered into the following agreement, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Our Company or a contract, more than two years prior to the filing of this Red Herring Prospectus:

Scheme of Arrangement between TMCL and ATP (the "Scheme")

The Scheme provided for the vesting of the assets described below (the "Demerged Undertaking") of The Mysore Chipboards Limited ("TMCL or the Demerged Company") in ATP Silvi Products Limited ("ATP or the Resulting Company") pursuant to the provisions of Sections 391 to 394 of the Companies Act.

The Scheme defines Demerged Undertaking as

- a) the plywood & Block board and particle & laminated board (both divisions) of TMCL and shall include all assets and all ascertained liabilities of TMCL other than those specified in Schedule "A" to the scheme referred to as Remaining Assets.
- b) without prejudice to the generality of sub-clause (a) above , and except the remaining assets as set out in Schedule "A" to the scheme, the plywood & block board and particle and laminated board (both divisions) shall include Land and Factory Buildings and structures thereon, Office Buildings, Plant and Machinery, Equipments, Furniture & Fixtures, Vehicles, Stocks & Inventory, Sundry Debtors, Loans & Advances appertaining to the Division and the other properties, real corporeal and incorporeal, in possession or reversion, present and contingent. assets (whether tangible or intangible) of whatsoever nature appertaining to the Division, investments, lease and hire purchase contracts, rights, powers, authorities, allotments, approvals, consents, letters of intent, industrial and other licences, registrations, contracts, engagements, arrangements. rights, titles, interests, benefits, and advantages whatsoever and wheresoever situate of, belonging to or in the ownership, power or possession. and in the control of or vested in or granted in favour of or enjoyed by TMCL appertaining to the plywood & block board and particle & laminated board (both Division) including but without being limited to all patents, trade marks, trade names, copy rights and other industrial properties and rights of any nature whatsoever and licences assignments, grants in respect thereof, privileges, liberties, easements. advantages, benefits, contracts, goodwill, quota rights, permits, approvals, authorizations, right to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and electronic and all other services, of every kind, nature and descriptions whatsoever, reserves, provisions, funds, benefit of all agreements, arrangements, deposits, advances, recoverables and receivables whether from government, semi-government, local authorities or any other customers etc. and all other rights, interests, claims and powers of every kind, nature and description of and arising to TMCL appertaining to the both Division, cash and bank balances, all earnest moneys and/or deposits including security deposits paid by TMCL in connection with or relating to the business of the Division.
- c) all necessary records, files, papers, and other records, whether in physical form or electronic form in connection with or relating the Demerged Undertaking;
- d) All ascertained liabilities excluding contingent liabilities relatable to the Demerged Undertaking.
- e) Any question that may arise as to whether a particular asset or liability pertains or does not pertain to the Undertaking shall be decided by mutual agreement between the Board of Directors of TMCL and ATP. This Scheme provides for Demerger of the plywood and blackboard division and the particle and pre laminated board divisions of TMCL lying being and situate at No. – 277, C-D/1 & C-D/3, Hebbal Industrial Area, Mysore – 570 018 admeasuring approximately 17,766 square meters including all assets and ascertained liabilities excluding a portion admeasuring 75,577 square

meters at Mysore with all relating rights, privileges, easements and appendages, advantageous and appurtenances of whatsoever nature, to ATP Silvi Products Limited.

The Scheme has been affirmed by the Hon'ble High Court of Karnataka on December 8, 2006 and with effect from April 1, 2005 ("Appointed Date"), all assets and liabilities of the Manufacturing Divisions including the mark "Archidply" were assigned to the Resulting Company. On and from the Appointed Date i.e. April 1, 2005 and upto the effective Date i.e. February 1, 2007, TMCL is deemed to have been carrying on all business and activities relating to the assets and liabilities transferred and on account of and interest for ATP Silvi Products Limited.

Set forth below are certain key features of the Scheme.

Share Capital

- The Authorised, Issued, Subscribed and Paid-up Share Capital of TMCL as on March 31, 2005 is as under:

Share Capital	Rupees
AUTHORISED SHARE CAPITAL 60,00,000 Equity Shares of Rs. 10/- each	6,00,00,000/-
ISSUED, SUBSCRIBED AND PAID-UP 5784090 Equity Shares of Rs. 10/- each	5,78,40,900/-

- The Authorised, Issued, Subscribed and Paid-up Share Capital of ATP as on March 31, 2005 is as under:

Share Capital	Rupees
AUTHORISED SHARE CAPITAL 5,50,000 Equity Shares of Rs. 10/- each	55,00,000/-
ISSUED, SUBSCRIBED AND PAID-UP 50,000 Equity Shares of Rs. 10/- each fully paid up in cash	5,00,000/-

Demerger, transfer and vesting of Demerged Undertaking of TMCL into ATP

- Upon the coming into effect of the Scheme, the Demerged Undertaking, with effect from the Appointed Date, subject to the terms and conditions of the Scheme and without any further act or deed, were transferred to and vested in and have been transferred to and vested in the Resulting Company pursuant to Section 394(2) of the Act, as a going concern, free from all encumbrances so as to become as and from the Appointed Date, the undertaking of the Resulting Company.

Accounting Treatment by our Company

- All the assets and liabilities of the Demerged Undertaking acquired after the Appointed Date and up to the Effective Date have been transferred to the Resulting Company at the values as appearing in the books of accounts of the Demerged Company on the Effective Date.
- The Resulting Company has credited to its Share Capital Account in its books of account the aggregate face value of the New Equity Shares issued by it to the shareholders of Demerged Company pursuant to this Scheme.

Legal Proceedings

- The Scheme provides that, all legal, taxation or other proceedings of whatsoever nature, under any statute, by or against the Demerged Company relating to the Demerged Undertaking ("Proceedings"), shall be continued and enforced by or against the Resulting Company. Under the Demerger Scheme, ATP has undertaken to transfer to its name and ensure continuance of such legal proceedings and to indemnify TMCL in respect of any liabilities incurred by them in any proceedings against them after the Effective Date.

Contracts, Deeds

- Under the Scheme, all contracts, deeds, bonds, licenses, agreements, schemes and other instruments, if any, of whatsoever nature in relation to the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- If required, the Resulting Company shall at any time after the coming into force of the Scheme, if so required, under any law or otherwise, execute deeds, confirmations, or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writing as may be necessary to be executed in order to give formal effect to the above provisions. The Demerged Company shall, if necessary, also be a party to the above.

Employees and Workmen

- All the employees of the Demerged Company who were a part of the Demerged Undertaking have been transferred to the Resulting Company on the same terms and conditions on which they are engaged by the Demerged Company without any interruption in service; and
- Existing Provident Fund, Gratuity Fund and any other fund, if any, of which the aforesaid employees of the Demerged Company are members or beneficiaries along with all accumulated contributions therein till the Effective Date, will be, with the approval of the concerned authorities, transferred to and continued to be administered by the Resulting Company for the benefit of such employees on the same terms and conditions.

Tax Credits

- The Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under the tax laws, including section 2 (19AA) and other relevant sections of the Income tax Act, 1961.
- Under the Scheme, the Demerged Company and Resulting Company are also expressly permitted to revise its income tax returns, service tax returns, sales tax returns and other tax returns and to claim refunds and / or credits etc. pertaining to the Remaining undertaking and Demerged undertaking respectively pursuant to the provisions of the Scheme.

Issue of Shares

- Upon the coming into effect of the Scheme, ATP has issued two Equity Shares fully paid up, for every one equity share held by the shareholders of TMCL.

TMCL was incorporated on February 16, 1960 and was engaged in the business of manufacturing of plywood and block board and particle and laminated board. TMCL had been closed for about 7 years since 1988; however since its acquisition by our promoters in 1995, the manufacturing activities were successfully revived, and TMCL commenced manufacture of plywood, which were marketed under the trademark and label “Archidply” since 1995. Pursuant to the Scheme of Demerger, as affirmed by the Hon’ble High Court of Karnataka on December 8, 2006 and with effect from April 1, 2005 (“Appointed Date”), both the Manufacturing Divisions of The Mysore Chipboards Limited which were functional at that point of time, were demerged and merged with ATP Silvi Products Limited and the production continued after demerging. All assets and liabilities of the Manufacturing Divisions including the mark “Archidply” were transferred to Our Company.

The Assets and Liabilities of the demerged manufacturing division were transferred at book value (considered as fair value) to our company as per the valuation report provided by M/s Girdhari Sharma & Co. Chartered Accountant, the statutory auditor of The Mysore Chipboards Limited.

Trademark License Agreement between Our Company and Assam Timber Products Private Limited (“ATPL”) dated October 11, 2007 (“this Agreement”)

ATPL has been granted a license to use the mark “Archidply” the on the products manufactured by the ATPL. ATPL has agreed to pay to Our Company, a commission of 5% on the price of the products sold, bearing the mark “Archidply”. The Licensee has agreed to market/ sell all its products exclusively under the name “Archidply” and maintain the quality/ standard norms as may be prescribed by Our Company from time to time.

ATPL shall not, without the prior written consent of Our Company, assign, transfer, share or divide voluntarily any of ATPL’s interest, rights and privileges under this Agreement in any manner. In the event of breach of any of the terms of this Agreement by the ATPL, Our Company has the right to terminate this Agreement upon giving 30 days written notice (“Notice”) to ATPL. If ATPL cures the breach so complained of, the right to terminate the Agreement shall cease. ATPL has agreed to indemnify and hold harmless Our Company from and against all suits, action, claims and judgments arising out of and relating to the mark “Archidply” or the rights granted to ATPL under this Agreement.

This Agreement shall automatically stand terminated upon the Licensee being adjudicated bankrupt or has been taken into liquidation or when the Licensee has attempted to assign, sell, transfer or encumber its rights under this Agreement to any third party, without the express written consent of Our Company.

Strategic Partners

As on the date of filing this Red Herring Prospectus, we do not have any strategic partners.

Financial Partners

As on the date of filing this Red Herring Prospectus, we do not have any financial partners.

OUR MANAGEMENT

Board of Directors

As per the Articles of Association, Our Company must have a minimum of three and a maximum of twelve Directors. As on the date of this Red Herring Prospectus, Our Company has eight Directors on its Board.

The following table sets forth the current details of the Board of Directors as on the date of this Red Herring Prospectus:

Name, Designation, Father's name, Address and Occupation	Qualifications	Designation	Age (years)	Other Directorships
Mr. Deen Dayal Daga, S/o Late Mr Kashiram Daga, Makum Road, Tinsukia Assam – 786 125 Occupation: Industrialist	B.A., LL.B	Chairman and Managing Director & CEO - Executive Director	64	1. The Mysore Chipboards Limited 2. Vanraj Suppliers Private Limited 3. Bordhumsa Tea Company Private Limited
Mr. Shyam D. Daga, S/o Mr. Deen Dayal Daga, No 6/1, Flat No 315, Mangalaya Residencies, Benson Cross Road, Benson Town, Bangalore – 560 046. Occupation: Industrialist	B.Com (Hons.)	Joint-Managing Director & CFO – Executive Director	32	1. The Mysore Chipboards Limited, 2. Shree Shyam Tea Private Limited
Mr. Rajiv D. Daga, S/o Mr. Deen Dayal Daga, No 6/1, Flat No 315, Mangalaya Residencies, Benson Cross Road, Benson Town, Bangalore – 560 046. Occupation: Industrialist	B.E. (Industrial Engineering)	Executive Director	29	1. Bordhumsa Tea Company Private Limited 2. Assam Timber Products Private Limited
Mr. Krishna Kant Somani, S/o Lakshminarayan Somani, 3974, 2 nd Stage, Hampi Circle Main Road, Vinaya Nagar, Mysore – 570 017 Occupation: Service	Diploma in Mechanical Engineering	Director (Technical)	59	The Mysore Chipboards Limited
Mr. Mohammed Shahid Aftab, S/o. Mr. Mohammed Shakir 606, Punjabi Sagar Apartment, Plot No. 8, Mayur Vihar, Phase I, Delhi – 110 051 Occupation: Consultant	M.Com, CAIIB	Independent Director	61	1. Gujarat Pathugan Energy Corporation Private Limited 2. Ram Swarup Laghu Udyog Limited 3. Unicorn Powergen Corporation Private Limited

Name, Designation, Father's name, Address and Occupation	Qualifications	Designation	Age (years)	Other Directorships
Mr. Narayan Subrao Adkoli, S/o late Subarao Adkoli, 609, J P Nagar, 1 st Phase, 100 Feet Road, Bangalore – 560 078 Occupation: Consultant	Retired IFS; Post-Graduate In Forestry	Independent Director	76	1. Treelands Industries Services Private Limited 2. The Mysore Chipboards Limited 3. Alapha Agritech Private Limited
Mr. Kamal Kishore Taparia, S/o Gopal Taparia, D-402, Vrindavanam Apartments, Near Bungalow Chowk, 1094, Shivajinagar, Model Colony, Pune – 411016 Occupation: Service	B.E. (Mechanical Engineering)	Independent Director	56	1. D. S. Kulkarni Developers Limited 2. Bhagyalaxmi Rolling Mills Private Limited
Mr. Bharathkumar Hukumchand Rathi, S/o Hukumchand Rathi, 16/16, Binny-Crescent, 2 nd Floor, Benson Town, Bangalore – 560 046 Occupation: Professional	B. Arch - All .India Institute of Architects	Independent Director	60	Director Prashad Infrastructure Private Limited Partner Rathi Associates Rathi Leasing

Details of appointment and term of the Directors:

Name of Directors	Date of Resolution	Designation and Term
Mr. Deen Dayal Daga	December 24, 2004	Appointed as Director and with effect from July 1, 2007 re-appointed as Chairman & Managing Director for 3 years
Mr. Shyam D. Daga	January 18, 2007	Appointed as Joint Managing Director for 3 years
Mr. Rajiv D. Daga	December 22, 2004	Appointed as Director and with effect from January 18, 2007 re-appointed as Executive Director for 3 years
Mr. Krishna Kant Somani	September 3, 2007	Appointed as Director (Technical) for 3 years from January 18, 2007
Mr. Mohammed Shahid Aftab	September 7, 2007	Appointed as Independent Director and liable to retire by rotation
Mr. Narayan Subrao Adkoli	September 3, 2007	Re-appointed as Independent Director and liable to retire by rotation
Mr. Kamal Kishore Taparia	September 3, 2007	Appointed as Independent Director and liable to retire by rotation
Mr. Bharathkumar Hukumchand Rathi	September 3, 2007	Appointed as Independent Director and liable to retire by rotation

Brief Profile of the Directors

1. Mr. Deen Dayal Daga, Chairman and Managing Director and CEO

Mr. Deen Dayal Daga is a Bachelor of Laws (LL.B.). He is our Promoter and has been on our Board since 2004. He has an experience of over 30 years in managing wood based industries. He has been conferred with several accolades which include a) the "Udyogapatra Award" from the Vice President of India in 1982 acknowledging his achievement as a self made industrialist, b) the "Swatantra Swarna Jayanti Udyog Vibhushan Award" from the Union Minister of Commerce in 1999 for his contribution to the economic development of the country and c) the "Melvin Jones" fellowship award by Lions Club recognizing his efforts towards social causes. He was the president of Assam Plywood Manufacturers Association during the year 1995-1996 and was a committee member of Federation of Indian Plywood Panel Industry. As our Chairman and Managing Director, he is involved in the day to day operations of Our Company

2. Mr. Shyam D. Daga, Joint Managing Director and CFO

Mr. Shyam D. Daga is a commerce graduate from St. Xavier's, Kolkata University. He was involved in the successful turn around of The Mysore Chipboards Limited (TMCL), which was a closed unit at the time of take over. He was the Director of TMCL from 1996 to 2005. He is the Secretary of All India particle board Manufacturer Association and was a committee member of South India Plywood Manufacturers Association. He is involved in the day to day operations of the Rudrapur, Uttarakhand Unit and also managing the finance and marketing operations of Our Company.

3. Mr. Rajiv D. Daga, Executive Director

Mr. Rajiv D. Daga joined the Board of Directors of Archidply Industries Limited in 2004. He completed his Bachelors in Industrial Engineering from Purdue University, USA. He is presently a committee member of South India Plywood Manufacturers Association. He was a software consultant with Manhattan Associates, Atlanta, USA from 2001 to 2003. He is involved in running the day to day operations of the Mysore Unit of Archidply Industries Limited.

4. Mr. Krishna Kant Somani, Director (Technical)

Mr. Krishna Kant Somani is a diploma holder in Mechanical Engineering. He has also completed a specialized course in "Plywood and Laminated Technology" conducted by the IPIRIRI, Bangalore in 1970. He has more than ten years of experience in working in the plywood industry. He was previously associated with M/s Mangalam Timber Products Limited, a Birla Group Company, as the vice-president. He has also been associated with M/s Indian Maize and Chemicals Limited, the BESCO Group and the Wallace Group. He is on the board of directors of The Mysore Chipboards Limited. He is responsible for all the technical and manufacturing activities of our Mysore Unit.

5. Mr. Mohammed Shahid Aftab, Independent Director

Mr. Mohammed Shahid Aftab, an independent director on our Board, has completed his Masters in Commerce in 1965. He was the Chairman of Geep Industries Limited; subsequently, he was associated with Punjab National Bank where he was the General Manager and thereafter was associated with Vijaya Bank as an executive director. He is on the board of the Gujarat Pathugan Energy Corporation Private Limited, the Ram Swarup Laghu Udyog Limited and the Unicorn Powergen Corporation Private Limited. He is engaged as a financial consultant with Delton Cables Limited. He joined Our Company on September 7, 2007.

6. Mr. Narayan Subrao Adkoli, Independent Director

Mr. Narayan Subrao Adkoli, an independent director on our Board is a Retired Indian Forest Service Officer. He has completed his Bachelors in Science in 1951 and then his post graduation in forestry from The Commonwealth Forestry College, Oxford (United Kingdom) in 1967. He was associated with the Indian Forest Service, Government of India for more than 2 decades. He was the Managing Director of the Karnataka State Forest Industries Corporation for 2 years. He was the General Manager of the Western India Plywood Private Limited, Manager-Resource Development in Harihar Polyfibres, Karnataka, and the Joint Managing Director of Karnataka Pulpwood Private Limited. He has also been the Chairman of Treelands Development Services Private Limited, a company offering consultancy services in Environment, Forestry and Wildlife. He joined Our Company on July 5, 1995.

7. Mr. Kamal Kishore Taparia, Independent Director

Mr Kamal Kishore Taparia, an independent director on our Board, received his B.E (Mechanical Engineering), from the MBM Engineering College. He is on the board of directors of Universal Construction Machinery & Equipment Private Limited and was the President of Indorama (a SP Lohiya Group Company) and Rajshree Cements, where he was in charge of all India sales operations. He was on the Board of Swastik Group, Saurashtra & Gujarat Sidhee Cements. He is a member of FICCI Sub Committees of Housing Public Works, National Executive Council of ICI and BIS for Civil Engineering Divisional Council & Cement & Concrete Sectional Committee. He was the Governing Council Member of ICI and was the Vice President of Pune Management Association. He joined Our Company on September 3, 2007.

8. Mr. Bharathkumar Hukumchand Rath, Independent Director

Mr. Bharathkumar Hukumchand Rath, an independent director on Our Board, received his Bachelor's degree in Architecture from Visveshwaraiah Regional College of Engineering, Nagpur in 1969. He was previously associated with M/s. Delbinco Schwartz and Donatoni, Chicago, USA and M/s. Skidmore, Owings & Merrills Chicago, USA. He is on the board of Prashad Infrastructure Private Limited and also a partner of Rath Associates and Rath Leasing. He has worked on various interior and architectural projects. He joined Our Company on September 3, 2007.

Borrowing powers of the Board

Pursuant to a resolution passed by the shareholders of Our Company on September 29, 2007 in accordance with provisions of the Companies Act, the Board is authorized to borrow monies upon such terms and conditions, with or without security, as the Board may think fit, provided that the monies to be borrowed together with the monies already borrowed by Our Company (apart from the temporary loans obtained from its bankers in the ordinary course of business) shall not exceed, at any time, exceed the aggregate amount, of Rs.400 Crores (Rupees Four Hundred Crores) at any one time.

Compensation of our Managing Director / Whole-time Directors

1. Mr. Deen Dayal Daga was appointed as the CMD and CEO on the terms and conditions contained in the resolution passed at he Annual General Meeting of Our Company held on September 29, 2007.

The remuneration payable to Mr. Deen Dayal Daga is as follows:

Sr. No.	Remuneration	Details
1	Salary	Rs.90,000/- (Rupees Ninety Thousand only) per month with such annual increment (s) as the Board may decide from time to time, subject however, to a ceiling of Rs.1,80,000/-(Rupees One Lac Eighty thousand only) per month
2.	Perquisites	
i.	Housing	1. Residential accommodation or house rent allowance @60% of the salary. 2. Expenses pertaining to electricity, water charges, telephone bills and all other expenses for the upkeep and maintenance thereof and the expenditure incurred thereon will be borne / reimbursed by Our Company. 3. Company shall provide such furniture, fixtures and furnishings as approved by the Board of Directors (which includes any committee thereof) of Our Company from time to time.
ii.	Leave / Holiday Travel Expenses	Reimbursement of leave/ holiday Travel expenses (like travel fare, lodging ,boarding , conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the condition that reimbursement shall not exceed one month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be

		accumulated up to next two years.
iii.	Medical Expenses	Reimbursement of medical expenses (including insurance premium for medical and hospitalization policy, if any) for self and family, which shall include spouse, children and dependent parents, at actual
iv.	Club Fees	Reimbursement of membership fees for one club in India including admission and life membership fees.
v.	Leave and encashment of leave	Leave with full pay or encashment thereof as per the rules of Our Company.
vi.	Personal Accident Policy	Personal Accident Insurance Policy of such amount as may be decided by the Board of Directors (which includes any committee thereof) the premium of which shall not exceed Rs.10,000/- per annum.
vii.	Contribution to Provident Fund, Superannuation or Annuity Fund	Our Company's contribution to Provident Fund and Superannuation and Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax, Act, 1961.
viii.	Gratuity and /or contribution to Gratuity Fund of Our Company	Gratuity at the rate of half month's salary for each completed year of service.
ix.	Cars	Company maintained one car, as per the Rules of Our Company.
x.	Reimbursement of entertainment, traveling and all other expenses incurred for the business of Our Company as per the rules applicable to the Company	Traveling expenses of spouse accompanying the Managing Director on any official overseas or inland trip will be governed as per the Rules applicable to Our Company.
xi.	Other Allowance/benefits/perquisites	Any other allowances, benefits and perquisites as per the Rules applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide
xii.	Sitting Fees	The Chairman and Managing director shall not be entitled to any sitting fees for attending meetings of the Board or any committee thereof

2. Mr. Shyam D. Daga was appointed as the Joint Managing Director and the Chief Financial Officer on the terms and conditions contained in the resolution passed at the Annual General Meeting of Our Company held on September 29, 2007.

The remuneration payable to Mr. Shyam D. Daga is as follows:

Sr. No.	Remuneration	Details
1.	Salary	Rs.75,000/- (Rupees Seventy Five Thousand only) per month with such annual increment(s) as the Board may decide from time to time, subject however, to a ceiling of Rs.1,50,000/-(Rupees One Lakh Fifty thousand only) per month.
2.	Perquisites	
i.	Housing	(i) Residential accommodation or house rent allowance @60% of the salary. (ii) Expenses pertaining to electricity, water charges, telephone bills and all other expenses for the upkeep and maintenance thereof and the expenditure incurred thereon will be borne / reimbursed by Our Company. (iii) Company shall provide such furniture, fixtures and furnishings as approved by the Board of Directors (which includes any committee thereof) of Our Company from time to time.

ii.	Leave / Holiday Travel Expenses	Reimbursement of leave/ holiday Travel expenses (like travel fare, lodging ,boarding , conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the condition that reimbursement shall not exceed one month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated up to next two years.
iii.	Medical Expenses	Reimbursement of medical expenses (including insurance premium for medical and hospitalization policy, if any) for self and family, which shall include spouse, children and dependent parents, at actual.
iv.	Club Fees	Reimbursement of membership fees for one club in India including admission and life membership fees.
v.	Leave and encashment of leave	Leave with full pay or encashment thereof as per the rules of Our Company.
vi.	Personal Accident Policy	Personal Accident Insurance Policy of such amount as may be decided by the Board of Directors (which includes any committee thereof) the premium of which shall not exceed Rs.10,000/- per annum.
vii.	Contribution to Provident Fund, Superannuation or Annuity Fund	The company's contribution to Provident Fund and Superannuation and Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax, Act, 1961.
viii.	Gratuity and /or contribution to Gratuity Fund of Our Company	Gratuity at the rate of half month's salary for each completed year of service.
ix.	Cars	Company maintained one car, as per the Rules of Our Company.
x.	Reimbursement of entertainment, traveling and all other expenses incurred for the business of Our Company as per the rules applicable to Our Company	Traveling expenses of spouse accompanying the Joint Managing Director and CFO on any official overseas or inland trip will be governed as per the Rules applicable to Our Company.
xi.	Other Allowance/benefits/perquisites	Any other allowances, benefits and perquisites as per the Rules applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide.
xii.	Sitting Fees	The Joint Managing Director and CFO shall not be entitled to any sitting fees for attending meetings of the Board or any committee thereof.

3. Mr. Rajiv D. Daga was appointed as the Executive Director on the terms and Conditions contained in the resolution passed at the Annual General Meeting of Our Company held on September 29, 2007.

The remuneration payable to Mr. Rajiv D. Daga is as follows:

S. No.	Remuneration	Details
1.	Salary	Rs.60,000/- (Rupees Sixty Thousand only) per month with such annual increment (s) as the Board may decide from time to time, subject however, to a ceiling of Rs.3,00,000/-(Rupees One Lac Twenty Thousand only) per month.
2.	Perquisites	
(i)	Housing	(i) Residential accommodation or house rent allowance @60% of the salary. (ii) Expenses pertaining to electricity, water charges, telephone bills and all other expenses for the upkeep and maintenance thereof and the expenditure incurred thereon will be borne /

		reimbursed by Our Company. (iii) Company shall provide such furniture, fixtures and furnishings as approved by the Board of Directors (which includes any committee thereof) of Our Company from time to time.
(ii)	Leave / Holiday Travel Expenses	Reimbursement of leave/ holiday Travel expenses (like travel fare, lodging ,boarding , conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the condition that reimbursement shall not exceed one month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated up to next two years.
(iii)	Medical Expenses	Reimbursement of medical expenses (including insurance premium for medical and hospitalization policy, if any) for self and family, which shall include spouse, children and dependent parents, at actual.
(iv)	Club Fees	Reimbursement of membership fees for one club in India including admission and life membership fees.
(v)	Leave and encashment of leave	Leave with full pay or encashment thereof as per the rules of Our Company.
(vi)	Personal Accident Policy	Personal Accident Insurance Policy of such amount as may be decided by the Board of Directors (which includes any committee thereof) the premium of which shall not exceed Rs.10,000/- per annum.
(vii)	Contribution to Provident Fund, Superannuation or Annuity Fund	Our company's contribution to Provident Fund and Superannuation and Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax, Act, 1961.
(viii)	Gratuity and /or contribution to Gratuity Fund of Our Company	Gratuity at the rate of half month's salary for each completed year of service.
(ix)	Cars	Company maintained one car, as per the Rules of Our Company
(x)	Reimbursement of entertainment, traveling and all other expenses incurred for the business of Our Company as per the rules applicable to Our Company	Traveling expenses of spouse accompanying the Executive Director on any official overseas or inland trip will be governed as per the Rules applicable to Our Company.
(xi)	Other Allowance/benefits/perquisites	Any other allowances, benefits and perquisites as per the Rules applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide.
(xii)	Sitting Fees	The Executive Director shall not be entitled to any sitting fees for attending meetings of the Board or any committee thereof.

4. Mr. Krishna Kant Somani was appointed as the Director (Technical) on the terms and conditions contained in the resolution passed at the Annual General Meeting of Our Company held on September 29, 2007.

The remuneration payable to Mr. Krishna Kant Somani is as follows:

S. No.	Remuneration	Details
1.	Salary	Basic Salary: Rs.23,000/- (Rupees Twenty Three Thousand only) per month with such annual increment (s) as the Board may decide from time to time, subject however, to a ceiling of Rs.38,000/- (Rupees Thirty Eight thousand only) per month
2.	Perquisites	
(i)	Housing	House rent allowance of Rs.7,000/- per month.
(ii)	Conveyance Allowance	Rs.1,000/- per month

(iii)	Contribution to Provident Fund, Superannuation or Annuity Fund:	Our company's contribution to Provident Fund and Superannuation and Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax, Act, 1961.
(iv)	Gratuity and /or contribution to Gratuity Fund of Our Company:	Gratuity at the rate of half month's salary for each completed year of service.
(v)	Reimbursement	Entertainment, traveling and all other expenses incurred for the business of Our Company as per the rules applicable to the Company.
(vi)	Other Allowance/benefits/perquisites	Any other allowances, benefits and perquisites as per the Rules applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide.
(vii)	Sitting Fees	The Executive Director shall not be entitled to any sitting fees for attending meetings of the Board or any committee thereof.

Compensation of our non-executive Directors

In accordance with the provisions of the Companies Act and the Articles of Association, all non-executive Directors are entitled to receive sitting fees for attending meetings of the Board or committees thereof. As per our AoA, the Directors are not required to hold any qualification shares. For further details, please refer Article 120 of the Articles of Association of Our Company.

Board Procedure

Our Company has held Board meetings as per the provisions of the Companies Act and has maintained minutes of the meetings thereof.

Shareholding of our Directors:

The details of the shareholding of our Directors are as under.

Sr. No.	Name of the Directors	Number of Equity Shares	% of holding
1.	Mr. Deen Dayal Daga	1,303,320	8.47
2.	Mr. Shyam D. Daga	1,244,260	8.09
3.	Mr. Rajiv D. Daga	8,12,500	5.28
4.	Mr. Narayan Subrao Adkoli	100	0.00

For details regarding Equity Shares held by the Promoters and their families and entities controlled by them, please see the section titled 'Capital Structure' beginning on page 17 of this Red Herring Prospectus.

Interest of Directors:

All the Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them and/or by their friends and relatives in Our Company or allotted to them in the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors may also be regarded as interested in the Equity Shares, if any, held or that may be subscribed by and allocated to the companies, firms and trusts, if any, in which they are interested as directors, members, partners, and / or trustees.

The Articles of Association provide that the Directors and officers shall be indemnified by Our Company against loss, if any, in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director

or officer receives judgment in his favour or is acquitted in such proceeding. For further details, please refer Article 203 of the Articles of Association.

Except as stated otherwise in this Red Herring Prospectus, Our Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of this Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Payment or Benefit to Officers of Our Company (non salary related)

Except as stated mentioned in the section titled “Related Party Transactions” beginning on page 126 of this Red Herring Prospectus, no amount or benefit has been paid or given since incorporation or is intended to be paid or given to any of the Directors or Key Managerial Personnel or officers of Our Company except the normal remuneration for services rendered as Directors, officers or employees.

Our Company has made no other payments or benefits to our officers besides their salary.

Changes in the Board of Directors for the last three years:

The following changes have occurred in the Board of Directors in the last three years:

Name of Director	Date of Appointment/ Resignation	Reasons for change
Mr. Deen Dayal Daga	December 24, 2004	Appointed as Director and with effect from July 1, 2007 re-appointed as Chairman & Managing Director for 3 years
Mr. Shyam D. Daga	January 18, 2007	Appointed as Joint Managing Director for 3 years
Mr. Rajiv D. Daga	December 22, 2004	Appointed as Director and with effect from January 18, 2007 re-appointed as Executive Director for 3 years
Mr. Krishna Kant Somani	January 18, 2007	Appointed as Director (Technical) for 3 years
Mr. Mohammed Shahid Aftab	September 7, 2007	Appointed as Independent Director
Mr. Narayan Subrao Adkoli	September 3, 2007	Appointed as Independent Director for the first time on December 24, 2004 and reappointed on September 3, 2007.
Mr. Kamal Kishore Taparia	September 3, 2007	Appointed as Independent Director
Mr. Bharathkumar Hukumchand Rathi	September 3, 2007	Appointed as Independent Director
Mr. A. Ananthachar	September 3, 2007	Resigned

Changes in Auditors

There is no change in the auditors of Our Company in the last three years.

Corporate Governance

Corporate governance is administered by the Board and through various committees of the Board. However, the primary responsibility for upholding high standards of corporate governance and providing the necessary disclosures within the framework of legal provisions and institutional conventions with the commitment to enhance shareholders’ value vests with the Board.

Pursuant to the listing of the Equity Shares, Our Company is required to enter into listing agreement with the Stock Exchanges. Our Company is in compliance with the applicable provisions of the listing agreement pertaining to corporate governance, including appointment of independent Directors and constitution of the following committees of Our Company's Board.

Committees of the Board

The Board functions through the following committees:

I. Audit Committee

The Audit Committee was constituted on September 3, 2007 and reconstituted on September 7, 2007. The scope and functions of the Audit Committee are as per Section 292A of the Companies Act and clause 49 of the listing agreement.

The members of the Audit Committee are:

1. Mr. Mohammed Shahid Aftab – Independent Director
2. Mr. Narayan Subrao Adkoli – Independent Director
3. Mr. Shyam D. Daga – Executive Director
4. Mr Bharathkumar Hukumchand Rathii - Independent Director

The Chairman of the Committee, who shall be an independent Director, would be elected by the members from amongst themselves.

Functions of the Audit Committee, *inter alia*, include but not limited to the following:

1. Oversight of Our company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.
Explanation (ii): If Our company has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

II. Shareholders/ Investors Grievance Committee

The Shareholders/Investors Grievance Committee was constituted on September 3, 2007 and reconstituted on September 7, 2007. The committee shall function in accordance with Clause 49 of the listing agreement.

The members of the Shareholders/Investors Grievance Committee are:

1. Mr. Narayan Subrao Adkoli – Independent Director
2. Mr. Rajiv D. Daga – Executive Director
3. Mr. Mohammed Shahid Aftab – Independent Director
4. Mr Bharathkumar Hukumchand Rathi - Independent Director

The Shareholders/Investors Grievance Committee has been set up for the following purposes:

1. Non-receipt of Shares after transfer.
2. Non-receipt of Annual Report, Balance Sheet etc.
3. Non-receipt of declared dividends
4. Complaints of investors routed by SEBI/Stock Exchanges
5. Affix common seal on share certificates and maintain safe custody of common seal.
6. Sub-division/ consolidation of Share Certificates.
7. Approve and register transfer and transmission of shares, in cases where applicable.
8. Issue of duplicate share certificates in lieu of lost share certificates.
9. Request relating Dematerialization and dematerialization of shares
10. Electronic clearing service for dividend payment
11. Amounts transferable to Investor Education and Protection Fund
12. Profile of investors
13. Other matters related to or arising out of shareholders/investors services.

III. Remuneration/Compensation Committee

The Compensation Committee of Our Company was constituted on September 3, 2007 and reconstituted on September 7, 2007 and renamed as Remuneration/Compensation Committee. The committee shall function in accordance with Clause 49 of the listing agreement.

The members of the Remuneration/ Compensation Committee are:

1. Mr. Mohammed Shahid Aftab – Independent Director
2. Mr. Narayan Subrao Adkoli – Independent Director
3. Mr. Kamal Kishore Taparia – Independent Director
4. Mr Bharathkumar Hukumchand Rathi - Independent Director

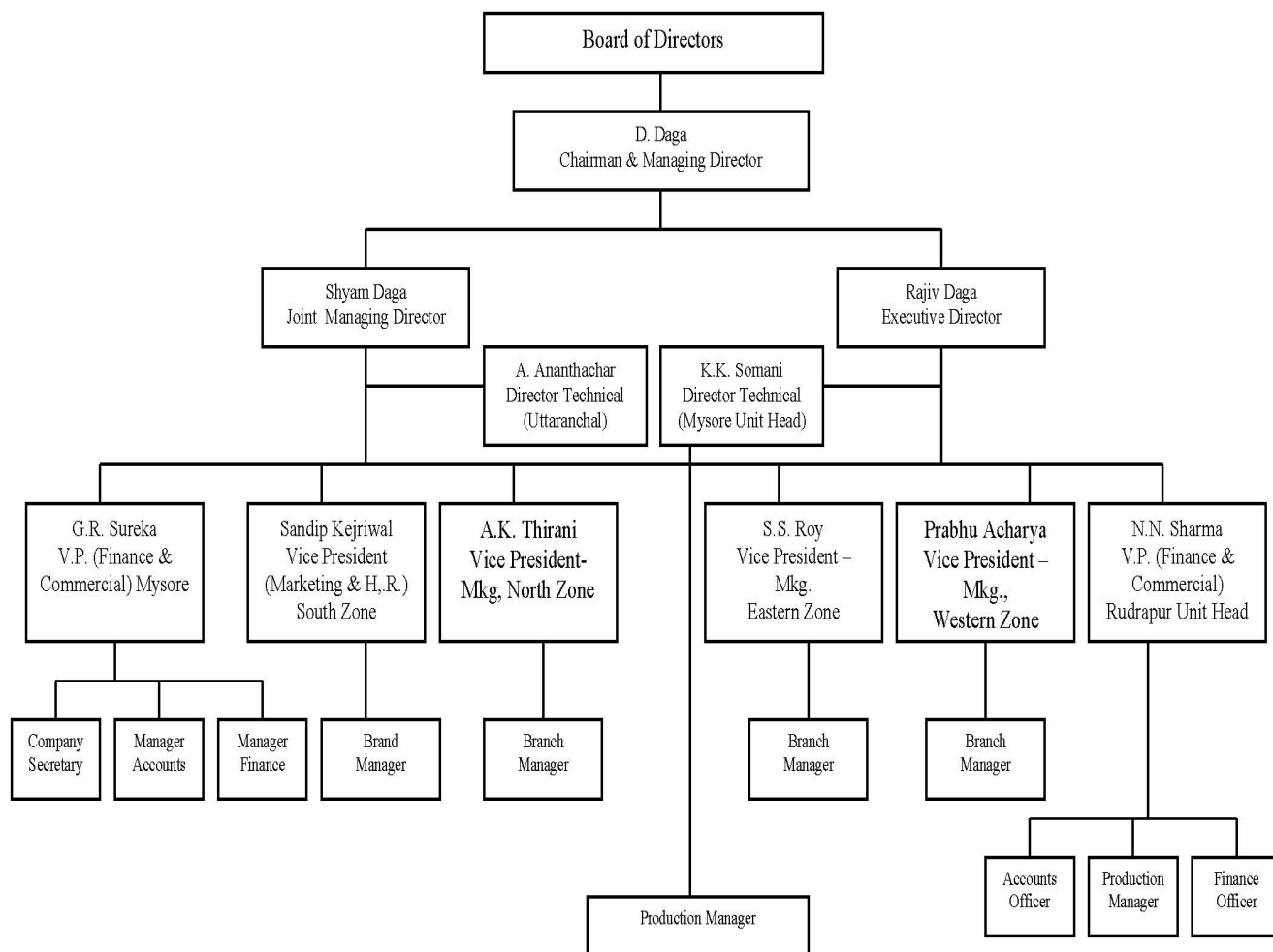
The terms of reference of the Remuneration/ Compensation Committee are:

- a. To review and approve / recommend the remuneration for the Executive Directors, Managers, Corporate officers and Whole-time director of Our Company.
- b. To review and recommend to the Board the remuneration policy, including the commission and/or other incentives payable, of Our Company.
- c. To approve grant of stock options to the employees and / or directors of Our Company and subsidiary.
- d. To discharge such other functions or exercise such powers as may be delegated to the Committee by the Board from time to time.

The Remuneration/ Compensation Committee is constituted with responsibilities including but not limited to the following:

- To decide and recommend the quantum of equity shares/ options to be granted under Employee Stock Options Schemes (ESOS) and preferential offer to the Executive Directors, as the case may be, per employee and the total number in aggregate.
- To determine at such intervals, as the Remuneration/Compensation Committee considers appropriate, the persons to whom shares or options may be granted.
- To decide the conditions under which shares or options vested in employees may lapse in case of termination of employment for any reason.
- To lay down the procedure for making a fair and reasonable adjustment to the number of shares or options and to the exercise price in case of rights issues, bonus issues and other corporate actions.
- To specify the grant, vest and exercise of shares/ option in case of employees who are on long leave.
- To construe and interpret the plan and to establish, amend and revoke rules and regulations for its administration. The Remuneration/Compensation Committee may correct any defect, omission or inconsistency in the plan or any option and/or vary/amend the terms to adjust to the situation that may arise.
- To recommend to the Board the remuneration to be paid to the Executive Directors.
- To approve transfer the shares in the name of employee at the time of exercise of options by such employee under ESOP.
- To attend to any other responsibility as may be entrusted by the Board.

Management Organization Structure of Our Company:



Key Managerial Personnel

Our Company is managed by the Board of Directors, assisted by qualified professionals with vast experience in the Wood Panel and decorative Surfacing Material industry. The details of key managerial personnel of Our Company are as follows:

- **Joint President (Marketing) - Mr. Arun Kumar Thirani**

Mr. Arun Kumar Thirani, 51 years, is a Bachelor of Science from Gorakhpur University. He has more than 30 years of experience in handling sales and marketing responsibilities in the wood based industry. He was associated with Sarda Plywood Industries Limited from 1976 to 1994. He joined our Group in November 1994. Mr. Thirani joined Our Company in February 2007. He is responsible for the sales and marketing of our products in the northern region and is the overall in-charge of our Delhi branch. Mr. Thirani is being paid a remuneration of Rs.4.44 lakhs for the Financial Year 2007-2008.

- **Joint President (Marketing) – Mr. Sandeep Kejriwal**

Mr. Sandeep Kejriwal, 39 years, is a Bachelor of Science from Dibrugarh University, Assam and a MBA from Guwahati University. He has more than 14 years of experience in marketing responsibilities in the wood panel industry. He was associated with National Plywood Industries from 1992 to 2003. He joined our Group in October 2003. He is responsible for the sales and marketing of our products in the southern region and is in-charge of administration and

formulating H.R. policies at our Registered Office. Mr. Kejriwal is being paid a remuneration of Rs.3.00 lakhs for the Financial Year 2007-2008.

- **Joint President (Marketing) - Mr. Prabhu Acharya**

Mr. Prabhu Acharya, 60 years, is a Bachelor of Commerce. He has more than 20 years of experience in handling sales and marketing responsibilities in the plywood and wood panel industry. He was associated with Kitply Industries Limited from 1987 to 1992 as a Marketing Manager and thereafter with Century Ply and Boards India Limited from 1992 to 1997. He joined our Group in 2005. He is responsible for the sales and marketing of our products in the western region. Mr. Acharya is being paid a remuneration of Rs.6.00 lakhs for the Financial Year 2007-2008.

- **Senior Vice President - Mr Gopi Ram Surekha**

Mr. Gopi Ram Surekha, aged 58 years is a Masters in Commerce and ICWA with over 38 years of experience. He was associated with the Jayashree Tea Company, a Birla Group Company, in their plywood division. He has been associated with our group since May 1990. Presently he takes care of the commercial and financial matters of Mysore Unit. Mr. Surekha is being paid a remuneration of Rs.3.00 lakhs for the Financial Year 2007-2008.

- **Joint President - Mr Subhendu Sekhar Roy**

Mr. Subhendu Shekar Roy, aged 59 years is a Commerce Graduate and has 27 years of experience. He was associated with the Bhutan Boards Private Limited, as the Zonal Head for the eastern region from 1996 to 1998. He is responsible for marketing our products in the eastern states of India. His responsibility includes meeting various architects, interior decorators, project managers of various private and government bodies and marketing our products. Mr. Roy is being paid a remuneration of Rs.5.58 lakhs for the Financial Year 2007-2008.

- **Director (Technical) – Mr. A. Ananthachar**

Mr. A. Ananthachar, 65 years, is a D.M.E. (Diploma in Mechanical Engineering). He has more than 40 years of experience in the wood based panel industry. He was associated with Center India Board Products with Indian Plywood Manufacturing Company from 1963 to 1994. Thereafter, he joined Bombay Burma Trading Co., in 1995 and resigned in 1998. Mr. Ananthachar joined our Group in 1998 and joined Our Company in September 2002. He is responsible for determining the technical feasibility and implementation of new projects by Our Company. Mr. Ananthachar is being paid a remuneration of Rs.3.00 lakhs for the Financial Year 2007-2008.

- **Joint President – Finance and Unit Head, Rudrapur- Mr Nar Narayan Sharma**

Mr. Nar Narayan Sharma, 55 years, is a Bachelor of Commerce. He has more than 34 years of experience in the wood panel industry. He was associated with National Plywood Industries since 1975. Mr. Nar Narayan Sharma joined Our Company on July 1, 2007. He is responsible for day to day operation of our plant located at Rudrapur, Uttarakhand. Mr. Nar Narayan Sharma is being paid a remuneration of Rs.4.80 lakhs for the Financial Year 2007-2008.

All the Key Managerial Personnel are permanent employees of Our Company.

Shareholding of Key Managerial Personnel

Except for Mr.Gopi Ram Sureka, who holds 2,000 Equity Shares, none of the Key Managerial Personnel hold any Equity Shares in Archidply Industries Limited as on the date of filing of this Red Herring Prospectus.

Bonus and/or profit sharing plan for the Key Managerial Personnel

There is no profit sharing plan for the Key Managerial Personnel. Bonuses are given as per the bonus given to the other employees of Our Company.

Changes in Key Managerial Personnel

There have been the following changes in the Key Managerial Personnel of Our Company within the last three years of filing of this Red Herring Prospectus:

Sr. No.	Name of Key Managerial Employee	Designation	Date of Appointment/ Resignation	Reason of change
1.	Mr. Ashok Mundra	Vice President - Commercial	August 31, 2007	Resignation
2.	Mr. Nar Narayan Sharma	Vice President – Finance and Unit Head, Rudrapur	July 1, 2007	Appointment

Interest of the Key Managerial Personnel

None of our key managerial personnel have any interest in Our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and the 2,000 Equity Shares held by Mr. Gopi Ram Sureka. None of our key managerial personnel are directors in our Group Companies.

Employee Stock Option Scheme

For details of our Employee Stock Option Scheme, please refer to the section titled “Capital Structure” beginning on page 17 of this Red Herring Prospectus.

Sales or Purchase between companies in the Promoter Group

There have been no sales or purchases between the Group companies except as stated in the section titled “Related Party Transactions” beginning on page 126 of this Red Herring Prospectus.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters:

I. Individual Promoters:

The Individual Promoters of Our Company are Mr Deen Dayal Daga, Mr Shyam D. Daga and Mr Rajiv D. Daga.

	Mr. Deen Dayal Daga, His passport number is F2396606, His voters identity number - None, His driving license number is F/12870/TSK, His PAN number is ACBPD8413H, His Bank Account Details: State Bank of India, Bank Account No: 1098797914-5 Director's Identification Number: 00497806
	Mr. Shyam D. Daga, His passport number is Z15562C8, His voters identity number is - None, His driving license number is 225/ 98, His PAN number is ABRPD9021C, His Bank Account Details: Punjab National Bank, Bank Account No: 0451100 0100928095 Director's Identification Number: 00561803
	Mr. Rajiv D. Daga, His passport number is F8346539, His voters identity number - None, His driving license number is KA-04/F/21052/2003, His PAN number is AGQPD7847Q, His Bank Account Details: Punjab National Bank, Bank Account No: 0451100 0100928101 Director's Identification Number: 01412917

For further details of our Individual Promoters, please refer to the section titled “Our Management” and for details of any outstanding litigation by and against them, please refer to the section titled “Outstanding Litigations and Other Material Developments” beginning on page 172 and page 187 respectively of this Red Herring Prospectus.

We confirm that the details of the permanent account numbers, bank account numbers and passport numbers of our individual promoters shall be submitted to the Stock Exchanges at the time of filing this Red Herring Prospectus with the Stock Exchanges.

II. Corporate Promoter:

Assam Timber Products Private Limited (ATPL)

ATPL was incorporated on August 23, 1979, vide a certificate of registration, bearing number 1789 of 1979-80, issued by the Registrar of Companies, Morello Building, Ground Floor, Kachari Road, Shillong - 793001. The registered office of ATPL is Mukum Road, Tinsukia, Assam, India.

ATPL was founded by Mr. Deen Dayal Daga. The factory was setup in Rupai Siding, Doom Dooma, Assam for the production of plywood and block boards. . In consequences to the order passed by the Hon’ble Supreme Court, the operation of all wood based industries located in the states of Assam & Arunachal Pradesh was suspended with effect from December, 1996. However, a High Power Committee has issued a fresh licence to ATPL to restart commercial operations in the year 2001-02.

The promoters of ATPL are Mr. Deen Dayal Daga, Mrs Usha D. Daga, Mr Shyam D. Daga, Mr Rajiv D. Daga, Deen Dayal Daga H.U.F., Mr Hemchandra Pandey and Mr K M Jain.

ATPL is currently carrying on the business of manufacture of plywood and block boards.

The main objects of ATPL are:

1. To manufacture and/ or carry on the business of manufacture if plywood of all sizes and descriptions, veneer, laminated boards and other articles made of plywoods, tea chests including metal fittings, battens, bobbins, shuttles, looms, loomparts, moulds and other wooden parts of textile mills, packing boxes, wooden crates, wooden toys, etc.
2. To carry on the business of cabinet and furniture makers and of all works of all description to be done with any kind and variety of timber.

Equity Shareholding Pattern

Name of the Shareholders	No. of equity shares of the face value of Rs.10 each	Percentage holding
Vanraj Suppliers Private Limited	3,00,000	40.77
Mrs Usha D. Daga	1,42,000	19.29
Mr Deen Dayal Daga	94,200	12.80
Deen Dayal Daga H.U.F.	88,000	11.96
Ravi Marketing Private Limited	61,500	8.36
Mr Rajiv D. Daga	33,600	4.57
Mr Shyam D. Daga	14,500	1.97
Mr K M Jain	2,000	0.27
Mr Hemchandra Pandey	100	0.01
Total	7,35,900	100.00

Board of directors

Name	Nature of directorship/designation
Mr. Keshri Jain	Director
Mr. Hemchandra Pandey	Director
Mr. Rajiv D. Daga	Director

Financial Performance*Except per share data**(Rs. in Lakhs)*

Particulars	For the year ending March 31, 2005	For the year ending March 31, 2006	For the year ending March 31, 2007
Equity capital	44.84	73.59	73.59
Reserves & Surplus (excluding revaluation reserves)	132.52	222.30	222.70
Total Sales	153.35	50.08	265.71
Profit After Tax	13.87	3.52	0.40
EPS (Rs.)	3.09	0.48	0.05
NAV Per share (Rs.)	39.55	40.21	40.26

Disclosure on Capital Issue

As on date of this Prospectus, ATPL has not made any public/ rights issue.

Other details relating to ATPL

1.	PAN Number	AABCA6975A
2.	Bank Account Number	0573008700002080 – Punjab National Bank

Details of change in management of ATPL in the last three years:

Name of Director	Date of Appointment/ Resignation	Terms and Remarks
Mr. Rajiv Daga	October 16, 2005	Appointment

ATPL has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

For further details of any outstanding litigation by and against our Corporate Promoter, please refer to the section titled “Outstanding Litigations and Other Material Developments” beginning page 172 of this Red Herring Prospectus.

We confirm that the details of the address of the Registrars of Companies, registration number, permanent account number and bank account number and the of our Corporate Promoter shall be submitted to the Stock Exchanges at the time of filing this Red Herring Prospectus with the Stock Exchanges.

Common Pursuits

Assam Timber Products Private Limited is engaged in the business of manufacture of plywood and block boards. However, they are selling their products solely under our mark “Archidply”, vide a trademark license agreement dated October 11, 2007, wherein Our Company has granted to Assam Timber Products Private Limited (ATPL) the license to use the name “Archidply” on the products manufactured by ATPL. ATPL shall pay to Our Company a commission of 5% on the price of its products sold. For further details on the same, please refer to the section titled “History and Other Corporate Matters” beginning on page 89 of this Red Herring Prospectus.

We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, if at all and as and when they may arise. For, further details on the related party transactions, to the extent of which Our Company is involved, see the section titled “Related Party Transactions” beginning on page 126 of this Red Herring Prospectus.

Interest of the Promoters

Our Company has been promoted by Mr. Deen Dayal Daga, Mr. Shyam D. Daga, Mr. Rajiv D. Daga and Assam Timber Products Private Limited. The Promoters may be deemed to be interested to the extent of the Equity Shares held by them, their friends and their relatives and benefit from holding directorship in Our Company.

Shareholding of the Promoters

Name of Promoters	Number of Equity Shares held
Assam Timber Products Private Limited	39,40,000
Mr. Deen Dayal Daga	13,03,320
Mr. Shyam D. Daga	12,44,260
Mr. Rajiv D. Daga	8,12,500
Grand Total	73,00,080

Except as disclosed above and in the section titled “Related Party Transactions” beginning on page 126 of the Section titled “Financial Information”, the promoters of Our Company have no interest other than reimbursement of expenses incurred, normal remuneration or benefits, if any.

Interest in any property acquired by Our Company within two years of the date of this Red Herring Prospectus or proposed to be acquired by Our Company.

The Promoters are not interested in any property that has been acquired by Our Company within two years from the date of this Red Herring Prospectus or proposed to be acquired by Our Company.

Payments of benefits to our Promoters during the last two years

Except as stated in the section titled “Related Party Transactions” beginning on page 126 of this Red Herring Prospectus, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Red Herring Prospectus.

Other Confirmations

Our Company has neither made any payments in cash or otherwise to the Promoters or to firms or companies in which our Promoters are interested as members, directors or promoters nor have our Promoters been offered any inducements to become directors or otherwise to become interested in any firm or company, in connection with the promotion or formation of Our Company. Our Company has advanced loans to the Group Companies as well as received unsecured loans from the Group Companies.

Our Promoters and Promoter Group, including relatives of the Promoters have confirmed that they have not been detained as willful defaulters by the RBI or any other governmental authority. Further, there are no violations of securities laws committed by our Promoters and Promoter Group in the past or are pending against them.

Companies of the promoter group/subsidiaries referred to the BIFR/ under winding up / having negative net worth

There are no companies of the promoter group and subsidiaries which are either referred to BIFR or under winding up or have negative net worth.

Sales or Purchase between companies in the Promoter Group

There have been no sales or purchases between the Group companies except as stated in the section titled “Related Party Transactions” beginning on page 126 of this Red Herring Prospectus.

Relationship amongst Board of Directors and Key Managerial Personnel

There is no relationship amongst the Board of Directors and the key managerial personnel.

Disassociation of the Promoters from other companies in the last three years

There has been no disassociation of the promoters from other companies in the last three years.

Promoter Group:

Given below is the list of entities promoted which form part of our Promoter Group. The Promoter Group consists of natural persons, H.U.F.s, private companies and partnership firms. None of them has become a sick company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and are not under winding up.

Promoter Group Entities:

a. The natural persons who are part of our Promoter Group (due to the relationship with our promoters), other than the Promoters named above are as follows:

Relationship	Mr. Deen Dayal Daga	Mr. Shyam D. Daga	Mr. Rajiv D. Daga
Father	Late Kashiram Daga	Deen Dayal Daga	Deen Dayal Daga
Mother	Late Tulsidevi Daga	Usha D. Daga	Usha D. Daga
Brother	Durga Daga	Rajiv D. Daga	Shyam D. Daga
Sister	Vimla Marda Chanda Mundra Gayatri Jhavar	Sangeeta Bharadia	Sangeeta Bharadia
Spouse	Usha D. Daga	Arpita Daga	Malvika Daga
Children	Shyam D. Daga Rajiv D. Daga Sangeeta Bharadia	Devesh Daga	None
Spouse's Father	Gourishankar Mundra	Sagarmal Mall	Alok Mohatta
Spouse's Mother	Parvati Mundra	Minidevi Mall	Rajni Mohatta
Spouse's Brother	Ganesh Mundra	Anand Mall	Saurabh Mohatta
Spouse's Sister	Asha Lakhotia	Aparna Mohatta Alpna Binani	NA

b. Companies, firms and HUFs which form part of our Promoter Group are as follows:

Individual Promoter

	Relationship	Mr. Deen Dayal Daga	Mr. Shyam D. Daga	Mr. Rajiv D. Daga
1.	Any company in which 10% or more of the share capital is held by the Promoter or an immediate relative of the Promoter or a firm or H.U.F. in which the Promoter or any one or more of his immediate relatives is a member	1. The Mysore Chipboards Limited 2. Assam Timber Products Private Limited 3. Bordhumsa Tea Company Private Limited 4. Shree Shyam Tea Private Limited 5. Ravi Marketing and Services Private Limited 6. Deen Dayal Daga H.U.F. – Karta – Deen Dayal Daga	1. The Mysore Chipboards Limited 2. Assam Timber Products Private Limited 3. Bordhumsa Tea Company Private Limited 4. Shree Shyam Tea Private Limited 5. Ravi Marketing and Services Private Limited	1. The Mysore Chipboards Limited 2. Assam Timber Products Private Limited 3. Bordhumsa Tea Company Private Limited 4. Shree Shyam Tea Private Limited 5. Ravi Marketing and Services Private Limited
2.	Any company in which a company mentioned in (1) above, holds 10% of the total	1. Vanraj suppliers Private Limited 2. The Mysore Chipboards Limited 3. Assam Timber Products Private Limited 4. Ravi Marketing and Services Private Limited 5. Shree Shyam Tea Private Limited		
3.	Any H.U.F. or firm in which the aggregate share of the Promoter and his immediate relatives is equal to or more than 10% of the total	Deen Dayal Daga H.U.F. – Karta Deen Dayal Daga Firm – NIL		

Corporate Promoter: Assam Timbers Products Private Limited

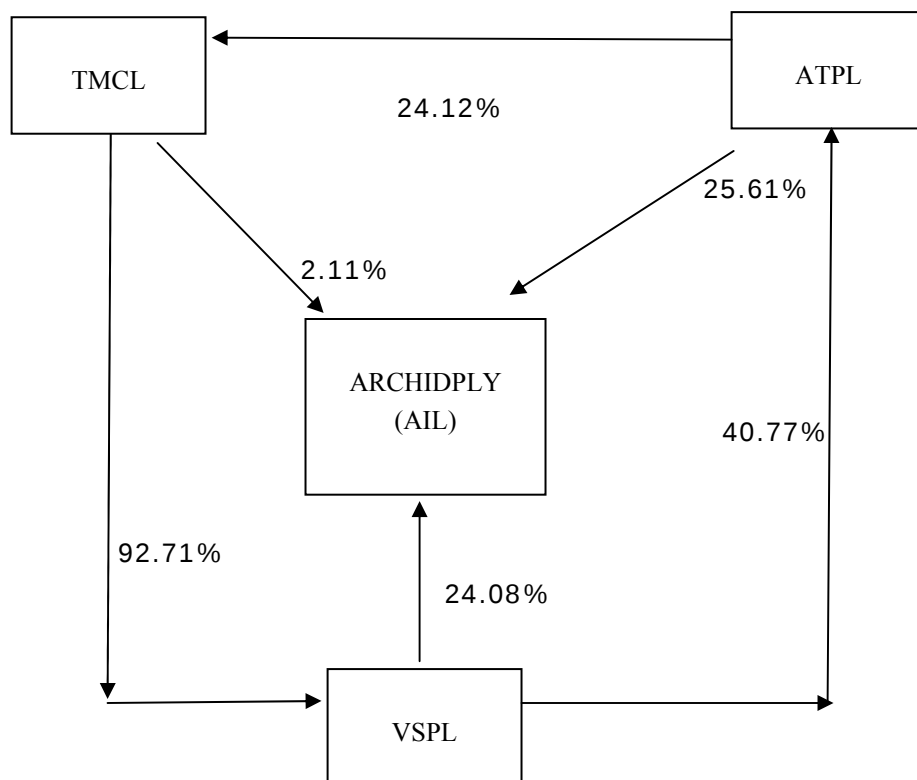
Sr. No.	Relationship	Name
1.	A subsidiary or holding company of that company	Nil
2.	Any company in which the Promoter holds 10% or more of the equity capital, or which holds 10% or more of the equity capital of the Promoter	1. Shree Shyam Tea Private Limited 2. The Mysore Chipboards Limited
3.	Any company in which a group of individuals or companies or combinations thereof who hold 20% or more of the equity capital in that company, also hold 20% or more of the equity capital of the issuer company.	Nil

Other than those stated above, there are no partnership firms, trusts, HUFs, proprietorships or other entities that are part of the Promoter Group.

DETAILS OF OUR GROUP COMPANIES:

Flow Chart

Holding of TMCL, VSPL, ATPL and AIL



1. The Mysore Chipboards Limited ("TMCL")

TMCL was incorporated on February 16, 1960. The registered office of TMCL is located at Hinkal, Hunsur Road, Mysore, Karnataka – 570017. TMCL is currently carrying on the business of trading in goods, investments in shares, financing activities and real estate development.

Main objects of TMCL:

1. To carry on the business of manufacture and marketing of clipboards and particle boards, and of timber industries of every description; of hardboards, veneers or the like and of such industries as are required to render the boards fire proof, water proof and termite proof and to give them an aesthetic finish with suitable veneer, synthetic or natural varnish or similar to melamine or other impregnated papers.
2. To buy, sell, grow, prepare for the market, export, import or otherwise deal in clipboard, timbre, wood and forest produce of all kinds

Equity Shareholding Pattern

Name of the Shareholders	No. of equity shares of the face value of Rs. 10 each	Percentage holding (%)
Promoters		
Assam Timber Products Private Limited	13,95,000	24.12
Mr Deen Dayal Daga	10,26,860	17.75
Mr Shyam D. Daga	6,14,930	10.63
Promoter Group		
Bordhumsa Tea Company Private Limited	10,90,000	18.85
Ravi Marketing and Services Private Limited	6,67,050	11.53
Mrs Usha D. Daga	3,60,100	6.23
Mrs Sangeeta Bharadia	2,000	0.03
Others	6,28,150	10.86
Total	57,84,090	100.00

Board of directors

Name	Nature of directorship/designation
Mr. Deen Dayal Daga	Managing Director
Mr. Shyam D. Daga	Director
Mr. Narayan Subrao Adkoli	Director
Mr. Krishna Kant Somani	Director

Financial Performance*Except per share data**(Rs. in Lakhs)*

Particulars	For the year ending March 31, 2005	For the year ending March 31, 2006	For the year ending March 31, 2007
Equity capital	578.41	578.41	578.41
Reserves & Surplus (excluding revaluation reserves)	1.39	47.13	856.97
Total sales	4,362.48	4,471.52	-
Other income	121.48	27.22	1,420.47
Profit After Tax	161.68	82.62	1,415.07
EPS (Rs.)	2.80	1.43	24.45
NAV per share (Rs.)	10.02	10.81	24.82

TMCL has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

2. Vanraj Suppliers Private Limited (“VSPL”)

VSPL was incorporated on April 7, 1995 as a non-banking financial company registered with the Reserve Bank of India, vide certificate of registration dated January 29, 2004 [No B.05.06074]. The registered office of VSPL is located at 11/1, Ideal Plaza (North Wing), 3rd Floor, Room Number 312, Sarat Bose Road, Kolkata 700 020, West Bengal, India. VSPL is currently carrying on investment activities.

Main objects of VSPL:

To carry on business as distributors, agents, traders, merchants, contractors, brokers and otherwise deal in merchandise and articles of all kinds including clearing agents, freight contractors, forwarding agent, licensing agents, general brokers and to carry on any kind of commercial business.

Equity Shareholding Pattern

Name of the Shareholders	No. of equity shares of the face value of Rs.10 each	Percentage holding (%)
The Mysore Chipboards Limited	16,02,700	92.71
Mr Shyam D. Daga	1,26,000	7.29
Total	17,28,700	100.00

Board of Directors

Name	Nature of directorship/designation
Mr. Rajesh Kumar Sultania	Director
Mr. Deen Dayal Daga	Director
Mr. Manoj Agarwal	Director

Financial Performance

Except per share data

(Rs. in Lakhs)

Particulars	For the year ending March 31, 2005	For the year ending March 31, 2006	For the year ending March 31, 2007
Equity capital	172.87	172.87	172.87
Reserves & Surplus (excluding revaluation reserves)	451.40	451.43	451.52
Total sales	16.09	25.94	11.97
Profit After Tax	0.02	0.03	0.10
EPS (Rs.)	0.001	0.002	0.006
NAV Per share (Rs.)	36.08	36.09	36.10

VSPL has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

3. Shree Shyam Tea Private Limited (“SSTP”)

SSTP was incorporated on August 4, 1988. The registered office of SSTP is located at Makum Road, Tinsukia, Assam 786125. SSTP is currently carrying on the business of manufacture of tea.

The main objects of SSTL are:

To grow cultivate, manufacture, treat, cure, blend, process, win, buy, sell and deal in tea and coffee (whether in bulk, packets or concentrated forms) cinchona cocoa, chicory, rubber, tea seed and clones, citronella, palmarosa, vinca rosea, solanum khasianum and other product of the soil whatsoever whether of spontaneous growth or not, to carry on business of planters in all its branches, to manufacture, buy, sell and deal in citronella oil and machinery of all kinds for processing of tea, coffee, cinchona, cocoa, chicory or rubber, to carry on business as warehousemen, broker, agents, distributors shippers and exporters of all or any of the foregoing products, to carry on and work the business of growers cultivators, winners and buyers of and dealers in every kind of vegetable, mineral or other allied produce of the soil, to prepare, manufacture and render marketable any such produce and to sell, dispose of and deal in any such produce, either in its prepared, manufactured or raw state and either by wholesale or retail and in connection with all or any of the business aforesaid to acquire by amalgamation, purchase, take-over or otherwise the whole or part of the assets, liabilities and undertaking in India or elsewhere of any other company, body corporate, firm, association or person.

Equity Shareholding Pattern

Name of the Shareholders	No. of equity shares of the face value of Rs.100 each	Percentage holding (%)
Mr Shyam D. Daga	34,750	55.45
Assam Timber Products Private Limited	17,250	27.53
Mr Deen Dayal Daga	6,160	9.83
Mrs. Usha D. Daga	4,010	6.40
Mr Durga Dutt Daga	500	0.80
Total	62,670	100.00

Board of directors

Name	Nature of directorship/designation
Mrs. Usha D. Daga	Director
Mr. Shyam D. Daga	Director

Financial Performance

Except per share data

(Rs. in Lakhs)

Particulars	For the year ending March 31, 2005	For the year ending March 31, 2006	For the year ending March 31, 2007
Equity capital	62.67	62.67	62.67
Share application money	-	-	26.00
Reserves & Surplus (excluding revaluation reserves)	172.13	237.07	306.47
Total sales (net of excise)	741.84	720.57	785.84
Profit After Tax	74.77	82.80	83.31
EPS (Rs.)	119.31	131.57	132.55
NAV Per share (Rs.)	373.96	477.74	630.13

SSTP has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

4. Bordhumsa Tea Company Private Limited (“BTCP”)

BTCP was incorporated on November 3, 1989. The registered office of BTCP is located at Vill Goju, Post Bordhu MSA, Changlang, Arunachal Pradesh, India. BTCP is currently carrying on the business of production of tea leaves.

Main objects of BTCP:

To grow cultivate, manufacture, treat, cure, blend, process, win, buy, sell and deal in tea and coffee (whether in bulk, packets or concentrated forms) cinchona cocoa, chicory, rubber, tea seed and clones, citronella, palmarosa, vinca rosea, solanum khasianum and other product of the soil whatsoever whether of spontaneous growth or not, to carry on business of planters in all its branches, to manufacture, buy, sell and deal in citronella oil and machinery of all kinds for processing of tea, coffee, cinchona, cocoa, chicory or rubber, to carry on business as warehousemen, broker, agents, distributors shippers and exporters of all or any of the foregoing products, to carry on and work the business of growers cultivators, winners and buyers of and dealers in every kind of vegetable, mineral or other allied produce of the soil, to prepare, manufacture and render marketable any such produce and to sell, dispose of and deal in any such produce, either in its prepared, manufactured or raw state and either by wholesale or retail and in connection with all or any of the business aforesaid to acquire by amalgamation, purchase, take-over or otherwise the whole or part of the assets, liabilities and undertaking in India or elsewhere of any other company, body corporate, firm, association or person.

Equity Shareholding Pattern

Name of the Shareholders	No. of equity shares of the face value of Rs.10 each	Percentage holding (%)
Promoters		
Mr Deen Dayal Daga	33,400	34.26
Mr Shyam D. Daga	8,900	9.13
Mr Rajiv D. Daga	3,000	3.08

Promoter Group		
Deen Dayal Daga H.U.F.	12,000	12.31
Mrs Usha Daga	10,100	10.36
Others	30,100	30.86
Total	97,500	100.00

Board of Directors

Name	Nature of directorship/designation
Mr. Deen Dayal Daga	Director
Mr. Rajiv D. Daga	Director
Mr. Jaffa Singpho	Director

Financial Performance

Except per share data

(Rs. in Lakhs)

Particulars	For the year ending March 31, 2005	For the year ending March 31, 2006	For the year ending March 31, 2007
Equity capital	9.75	9.75	9.75
Preference capital (10%)	4.00	4.00	4.00
Reserves & Surplus (excluding revaluation reserves)	122.34	132.35	144.58
Total Sales	59.91	54.80	55.73
Profit After Tax, before dividend payment	10.69	13.20	15.62
EPS (Rs.)	10.96	13.54	16.02
NAV Per share (Rs.)	135.48	145.74	158.29

BTCP has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

5. Ravi Marketing and Services Private Limited (RMSL)

RMSL was incorporated on December 16, 1986. The registered office of RMSL is located at 134, Salkia School Road, 408 Sukhi Sansar, Howrah 711101, West Bengal, India. RMSL is currently carrying on investment activities.

Main objects of RMSL:

To carry on all types of selling, purchasing, marketing activities, directly (both in internal and external markets on its own as sales, purchase or commission agents and brokers), to act as service agents for providing services after sales and other technical services; to carry on business as marketing technical consultants, both in internal and external markets.

Equity Shareholding Pattern

Name of the Shareholders	No. of equity shares of the face value of Rs. 10 each	Percentage holding
Shree Shyam Tea Private Limited	6,04,700	48.51
Mr Shyam D. Daga	2,69,450	21.62
Mrs. Sangeeta Bharadia	1,47,300	11.82
Mr Rajiv D. Daga	1,15,000	9.23
Deen Dayal Daga H.U.F.	1,06,000	8.50
Mr Manoj Agarwal	2,000	0.16
Mr Kabindra Singh Botha	2,000	0.16
Total	12,46,450	100.00

Board of Directors

Name	Nature of directorship/designation
Mr Manoj Agarwal	Director
Mr Kabindra Singh Botha	Director

Financial Performance*Except per share data**(Rs. in Lakhs)*

Particulars	For the year ending March 31, 2005	For the year ending March 31, 2006	For the year ending March 31, 2007
Equity capital	95.55	124.65	124.65
Reserves & Surplus (excluding revaluation reserves)	4.22	120.52	120.41
Total sales	-	-	-
Profit After Tax	(0.14)	(0.10)	(0.11)
EPS (Rs.)	(0.01)	(0.01)	(0.01)
NAV Per share (Rs.)	10.43	19.67	19.66

The Company has made losses on account of expenses towards Audit Fees, Filing Fees, Legal Fees etc., as there is no corresponding income.

RMSL has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

6. Details of Deen Dayal Daga (HUFs) which form a part of Our Promoter Group

Deen Dayal Daga (H.U.F.) was formed on February 8, 1966. It derives its income from interest and dividend accrued out of investments. Mr Deen Dayal Daga is the Karta of the Deen Dayal Daga (H.U.F.).

Members as at the date of filing of this Red Herring Prospectus

1. Mr. Deen Dayal Daga
2. Mrs. Usha Daga
3. Mr. Shyam D. Daga
4. Mr. Rajiv D. Daga
5. Mrs. Arpita Daga
6. Mrs. Malvika Daga
7. Mr Devesh Daga

Financial Performance

The capital of Deen Dayal Daga (H.U.F) as at March 31, 2007 is Rs.15.58 lakhs, which is invested as under:

Sr No.	Details	Investment (Rs in Lacs)
1.	Land	0.30
2.	Investment in equity shares in Group Companies	4.56
3.	Investment of equity shares of other companies	0.50
4.	Loans and Advances (Net)	6.62
5.	Cash and Bank Balance	3.60
	Total	15.58

The profit before tax of Deen Dayal Daga (H.U.F) as at March 31, 2007 is Rs.1.70 lakhs and the profit after tax is Rs.1.68 lakhs.

Sick companies

None of the Promoter Group Companies/ H.U.F listed above has been declared as a sick company under the SICA. Except as disclosed in this section, none of the Promoter Group companies have negative net worth. Further, no application has been made by any of them to RoC to strike off their names.

RELATED PARTY TRANSACTIONS

- **Associate Companies of Our company are as follows:**

- i) The Mysore Chipboards Limited
- ii) Assam Timber Products Private Limited
- iii) Shree Shyam Tea Private Limited
- iv) Bordhumsa Tea Company Private Limited
- v) Vanraj Suppliers Private Limited
- vi) Ravi Marketing Services Private Limited

- **Key Management Personnel of Our company are as follows:**

- i) Mr. Deendayal Daga – Chairman & Managing Director
- ii) Mr. Shyam Daga – Jt. Managing Director
- iii) Mr. Rajiv Daga – Executive Director
- iv) Mr. K.K. Somani- Director Technical

- The Company has entered into transactions with certain parties as listed below during the year under consideration. Full Disclosure has been made and the Board of Directors considers such transactions to be in normal course of business and at rates agreed between the parties. Details of transactions with related parties are as follows:

(Rs. in Lakhs)

Particulars	As at/ For the year ended March 31,				
	2008	2007	2006	2005	2004
Associate Companies					
a) Sale of goods					
The Mysore Chipboards Ltd	32.93	40.31	-	-	-
b) Purchase of goods & Capital Goods					
Assam Timber Products Pvt Ltd	84.06	43.25	-	-	-
c) Interest Received					
The Mysore Chipboards Ltd	9.95	-	-	-	-
Assam Timber Products Pvt Ltd	13.36	25.86	11.62	-	-
d) Receipts for facilities provided-The Mysore Chipboard Ltd	12.00	-	-	-	-
e) Royalties Received-Assam Timber Products Pvt Ltd	23.84	-	-	-	-
f) Issue of shares			-	-	-
Vanraj Suppliers Pvt Ltd	2.50	262.05	36.00	-	-
Shree Shyam Tea Pvt Ltd	76.90	26.00	-	-	-
Ravi Marketing & Services Pvt Ltd	-	26.65	145.00	-	-
Assam Timber Products Pvt Ltd	-	-	115.00	-	-
Mysore Chipboards Ltd	-	325.00	-	-	-
g) Issue of Shares on account of Merger					
Assam Timber Products Pvt Ltd	-	279.00	-	-	-
Ravi Marketing & Services p Ltd	-	133.41	-	-	-

Vanraj Suppliers Pvt Ltd	-	308.00	-	-	-
Sub Total (A)	255.54	1,469.53	307.62		
KEY MANAGEMENT PERSONNEL					
a) Remuneration and fees paid to Directors	46.96	24.73	4.93	-	-
b) Issue of shares					
Deen Dayal Daga	-	7.00	1.75	-	-
Shyam Daga	-	10.00	-	-	-
Rajiv Daga	-	7.00	1.75	-	-
c) Issue of shares on account of Merger					
Deen Dayal Daga	-	205.37	-	-	-
Shyam Daga	-	122.99	-	-	-
Sub Total (B)	46.96	377.09	8.43	-	-
OUTSTANDING BALANCES					
I) PAYABLE TO ASSOCIATE COMPANIES					
a) Unsecured Loan					
Shree Shyam Tea Pvt Ltd	23.00	-	-	-	-
Assam Timber Products Pvt Ltd	-	631.58	2.08	-	-
b) Current Liabilities					
Assam Timber Products Pvt Ltd	8.17	12.85	-	-	-
From Directors	13.08	-	-	-	-
Sub Total (C)	44.25	644.43	2.08	-	-
II) RECEIVABLE FROM ASSOCIATE COMPANIES					
a) Sundry Debtors –Assam Timber Products Pvt Ltd	-	10.33	-	-	-
b) Advance for fixed Assets- Assam Timber Products Pvt Ltd)	7.36	-	-	-	-
c) Loans & Advances					
The Mysore Chipboards Ltd	228.90	-	-	-	-
Assam Timber Products Pvt Ltd	44.39	-	323.69	-	-
Sub Total (D)	280.65	10.33	323.69	-	-
Grand Total (A)+(B)+(C)+(D)	627.40	2,501.38	641.82	-	-

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders of Our Company, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. Our Company has no stated dividend policy.

There has been no dividend declared by Our Company to date.

SECTION V: FINANCIAL INFORMATION

Auditor's Report as required by Part II of Schedule II to the Companies Act, 1956.

To
The Board of Directors,
Archidply Industries Limited
No. 29/2, G.K. Manor,
1st Floor, Neharu Nagar Circle,
Sheshadripuram,
Bangalore – 560 020.

Dear Sirs,

1. We have examined the annexed financial information of Archidply Industries Limited annexed to this report which have been prepared in accordance with the requirements of :
 - i. Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
 - ii. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and
 - iii. The terms of reference received from the Company, requesting us to carry out work, in connection with its proposed Public Issue (referred to as 'the Issue').

Financial Performance of the Company as per audited financial statements

2. We have examined the 'statement of assets and liabilities – Restated' (Annexure – I) of the Company for each of year ended March 31, 2008, 2007, 2006, 2005 and 2004 and the 'statement of profit and loss account – restated' for each of the years ended on those dates (Annexure - II), the 'statement of Cash Flows – restated' for the years ended on those dates (Annexure – III), and the related Financial Schedules (Annexure – V to XV) as extracted from the audited financial statements each of the financial years ended on March 31, 2008, 2007, 2006, 2005 and 2004 and adopted by the members of the Company, approved by the Board of Directors of the company and after making the necessary and relevant disclosures and adjustments as appropriate and required to be made, in our opinion in accordance with the provisions of Part II and Schedule II of the Companies Act, 1956 and SEBI (DIP) Guidelines. Based on our examination of these summary statements, we report that,
 - i. The restated assets and liabilities of the company as at March 2008, 2007, 2006, 2005 and 2004 are set out in Annexure I to this report after making such adjustments/ restatements as in our opinion are appropriate and are subject to
 - ii. Significant Accounting Policies and notes to accounts as appearing in Annexure IV to this report.
 - iii. The restated Profits of the Company for the financial years ended March 31, 2008, 2007, 2006, 2005 and 2004 are set out in Annexure II to this report. These profits have been arrived at after charging all expenses and after making such adjustments / restatements as in or opinion are appropriate and are subject to significant Accounting Policies and notes to accounts as appearing in Annexure IV to this report.
3. The summary of significant accounting policies adopted by the Company together with the notes pertaining to the audited financial statements for the year ended March 31, 2008 are enclosed as Annexure IV to this report.
4. We have examined the following financial information relating to the Company proposed to be included in the Red Herring Prospectus and Prospectus approved by the Board of Directors and annexed to this report:
 - a. Significant Accounting Policies and notes to the accounts (Annexure IV)
 - b. Statement of Secured Loans (Annexure V)
 - c. Statement of Sundry Debtors (Annexure VI)
 - d. Statement of loans and advances (Annexure VII)

- e. Statement of Unsecured Loan (Annexure VIII)
 - f. Statement of Operational Income (Annexure IX)
 - g. Statement of Other Income (Annexure X)
 - h. Statement of Contingent Liabilities (Annexure XI)
 - i. Statement on Dividend Paid (Annexure XII)
 - j. Statement of Accounting Ratios (Annexure XIII)
 - k. Statement of Capitalization (Annexure XIV)
 - l. Statement of Tax Shelters (Annexure XV)
5. In our opinion, the 'financial information as per audited financial statements' read with the notes to restated accounts and other financial information' as per annexure IV have been prepared after making adjustments and regroupings as considered appropriate and in accordance with Part II of Schedule II of the Companies Act, 1956 and the SEBI (DIP) Guidelines.
6. This report is intended solely for the use of Archidply Industries Limited for the purpose of inclusion in the Offer Document in connection with the Public Issue of the Company. This report may not be used or relied upon by or disclosed, referred to or communicated by yourself (in whole or in part) to any third party for any purpose other than the stated use, except with our written consent in each instances, and which consent, may be given, only after full consideration of the circumstances at that time.

For GRV & PK
Chartered Accountants

Place: Bangalore
Date : May 23, 2008

(Kamal Kishore)
Partner
Membership No.205819

ANNEXURE - I

Statement of Assets and Liabilities, As Restated

(Rs. in Lakhs)

Particulars	As at March 31,				
	2008	2007	2006	2005	2004
Fixed Assets (A)					
Gross Block	5,387.19	5,197.78	3,075.39	-	-
Less : Accumulated Depreciation	1,469.92	1,102.19	817.10	-	-
Net Block	3,917.27	4,095.59	2,258.29	-	-
Capital Work in Progress	170.10	8.05	-	-	-
Total (A)	4,087.37	4,103.64	2,258.29	-	-
Investments (B)	2.13	2.21	2.55	-	-
Current Assets, Loans & Advances					
Inventories	2,624.40	2,587.80	1,257.31	-	-
Sundry Debtors	3,980.94	3,190.04	1,223.01	-	-
Cash and Bank Balance	497.65	274.50	212.06	4.23	4.42
Loans and Advances	1,001.05	550.69	440.65	-	-
Total (C)	8,104.04	6,603.03	3,133.03	4.23	4.42
Liabilities and Provisions (D)					
Secured Loans	5,374.70	4,847.96	2,506.60	-	-
Unsecured Loans	38.00	646.87	54.00	-	-
Deferred Tax Liability (Net)	18.36	50.36	80.49	-	-
Current Liabilities and Provision	2,468.12	2,520.06	1,355.76	75.51	75.49
Total (D)	7,899.18	8,065.25	3,996.85	75.51	75.49
Net Worth (A+B+C-D) = (E)	4,294.36	2,643.63	1,397.01	(71.28)	(71.07)
Represented by					
1. Share Capital	1,538.43	1,530.49	1,462.82	5.00	5.00
2. Share Application Money	-	-	0.50	-	-
2. Reserves	2,770.76	1,132.93	(52.38)	-	-
Total	4,309.19	2,663.42	1,408.94	5.00	5.00
Less Debit Balance in Profit and Loss Account	-	-	-	75.41	75.41
Less : Miscellaneous expenditure not written off	14.83	19.79	11.93	0.87	0.66
Net Worth	4,294.36	2,643.63	1,397.01	(71.28)	(71.07)

ANNEXURE - II

Statement of Profit and Losses Account, As Restated

(Rs. in Lakhs)

Particulars	For the Financial year ended March, 31				
	2008	2007	2006	2005	2004
Income					
Operational Income	14,721.46	9,842.37	4,822.69	-	-
Less: Excise duty	366.91	440.61	351.17	-	-
Net Operational Income	14,354.55	9,401.76	4,471.52	-	-
Other Income	106.37	75.21	27.22	-	-
Increase / (Decrease) in Inventories	(178.55)	585.91	60.28	-	-
Total (A)	14,282.37	10,062.88	4,559.02	-	-
Expenditure					
Cost of Goods Sold/Consumed	7,671.94	6,428.18	2,801.34	-	-
Manufacturing Expenses	752.72	684.59	609.39	-	-
Employees' Remuneration & Benefits	802.36	563.24	262.41	-	-
Selling and Distribution Expenses	2,151.45	959.07	255.96	-	-
Administrative Expenses	140.86	119.85	106.15	-	-
Interest and Financial Charges	708.36	404.82	268.17	-	-
Total (B)	12,227.68	9,159.75	4,303.43	-	-
Profit before Depreciation & Amortisation	2,054.69	903.13	255.59	-	-
Depreciation	372.13	259.34	113.83	-	-
Miscellaneous Expenditure Written Off	4.94	5.07	0.26	-	-
Profit before Tax	1,677.62	638.72	141.50	-	-
Provision for Taxation					
- Current Tax					
Income Tax	197.00	132.00	80.00	-	-
Fringe Benefit Tax	14.00	12.00	6.21	-	-
- Deferred Tax	(32.00)	(30.13)	(29.83)	-	-
Profit after Tax (A)	1,498.62	524.85	85.12	-	-
Less Impact of material adjustments for restatement in corresponding years (B)	11.94	(53.43)	64.09	-	5.53
Adjusted Profit (A-B)	1,486.68	578.28	21.03	-	(5.53)
Add Opening balance of Profit & Loss A/C brought forward	523.90	(52.38)	(75.41)	(75.41)	(69.88)
Balance carried to summary of assets and Liabilities	2,010.58	523.90	(52.38)	(75.41)	(75.41)

* The financials for FY 2006 is disclosed after taking into account the merger of the manufacturing division of TMCL.

Note: The increase in operational income from Rs.9,842.37 lakhs in FY 2007 to Rs.14,721.46 lakhs in FY 2008 is mainly on account of increase in capacity utilization at Rudrapur, Uttarakhand, by widening the distribution and dealers network across India, change in product mix to high value added products and increase in selling price.

ANNEXURE - III

Cash Flow Statement

(Rs. in Lakhs)

Particulars	For the Financial year ended March, 31				
	2008	2007	2006	2005	2004
Cash Flow from Operating Activities (A)					
Profit Before Tax	1,602.20	638.72	141.50	-	-
Adjustments for:					
Depreciation	372.13	259.33	113.83	-	-
Miscellaneous Expenditure w/off	4.94	5.07	0.26	-	-
Provision for Leave Encashment	21.63	16.42	2.69	-	-
Provision for Gratuity	9.33	10.70	5.22	-	-
Bad Debts written off	15.08	1.46	1.18	-	-
Cash discounts & Rebates	79.55	32.73	-	-	-
Loss/(Profit) on Sale of Fixed Assets	1.01	(0.09)	-	-	-
Sundry balance written back	(0.07)	(0.71)	0.50	-	-
Interest Received	(60.20)	(35.83)	(16.70)	-	-
Operating Profit before Working Capital Changes	2,045.60	927.80	248.48	-	-
Adjustments for:					
(Increase) / Decrease in Inventories	(36.59)	(1,330.49)	(137.15)	-	-
(Increase) / Decrease in Sundry Debtors	(885.54)	(1,968.49)	107.05	-	-
(Increase) / Decrease in Loans & Advances	(379.42)	(45.47)	(344.04)	-	-
Increase / (Decrease) in Trade payable	(132.79)	1,228.51	321.67	-	-
Cash Generated from Operations	611.27	(1,188.15)	196.02	-	-
Income Tax Paid	(78.60)	(126.92)	(41.94)	-	-
Interest & Bank Charges	708.36	404.82	268.17	-	-
Prior period expenses paid	-	-	-	-	-
Gratuity Paid	(3.38)	(21.40)	(5.17)	-	-
Leave Encashment Paid	(6.84)	(4.64)	(0.53)	-	-
Net Cash Flow from Operating Activities	1,230.81	(936.29)	416.55	-	-
Cash Flow from Investing Activities (B)					
Purchase of Fixed Assets	(193.74)	(2,122.39)	(1,130.13)	-	-
Other expenses under construction period	(170.10)	(8.05)	(43.16)	-	-
Borrowing cost capitalized	-	(94.29)	(24.43)	-	-
Merger Expenses paid	-	(9.58)	-	-	-
Preoperative Expenses	-	-	(7.38)	(0.21)	-
Proceeds on disposal of Fixed Assets	6.97	3.09	-	-	-
Interest Received	60.10	35.83	16.70	-	-
Additions to Investment	(0.35)	-	(2.41)	-	-

Sale of Investments	0.53	(0.34)	-	-	-
Net Cash Flow from Investing Activities	(296.58)	(2,195.73)	(1,190.82)	(0.21)	-
Cash Flow from Financing Activities (C)					
Proceeds from Issue of Share Capital & Application Money	79.40	676.20	301.00	-	-
Share Application money received	-	-	0.50	-	-
Proceeds from Secured Loans	526.75	2,341.36	809.65	-	-
Proceeds from Unsecured Loans	(608.87)	592.87	10.57	-	-
Expenses for Increasing Authorised Capital	-	(11.15)	(3.29)	-	-
Interest & Bank Charges Paid	(708.36)	(404.82)	(268.17)	-	-
Cash Flow from Financing Activities	(711.08)	3,194.46	850.27	-	-
Net (Decrease) / Increase in cash and cash equivalents (A+B+C)	223.15	62.44	76.00	(0.21)	-
Cash & Cash Equivalents at the Beginning of the Year	274.50	212.06	4.23	4.42	4.42
Cash & Cash Equivalents on account of Demerger	-	-	131.83	-	-
Cash & Cash Equivalents at the end of the Year	497.65	274.50	212.06	4.23	4.42

ANNEXURE – IV

Statement of Accounting Policies and Notes to accounts to the Restatements of accounts

1. Basis of Accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principle (GAAP), and in compliance with the Accounting Standards referred to in section 211 (3C) and other requirements of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of financial statements. Examples of such estimates include the useful lives of fixed assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Actual results could differ from these estimates.

3. Fixed Assets: Tangible & Intangible

Tangible Fixed Assets are stated at cost less accumulated Depreciation and impairment loss if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working conditions for its intended use. Revenue expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production are treated as part of project cost and capitalized.

Intangible assets are stated at cost less accumulated amortization. Cost includes any directly attributable expenditure on making the asset ready for its intended use.

4. Depreciation & Amortizations

Depreciation on fixed assets has been provided for on straight line method at the rates and manner prescribed under schedule XIV to the Companies Act, 1956, of India. Depreciation on additions/ deductions is calculated prorata from/to the month of additions/ deductions.

Intangible assets are amortized over their estimated useful life on straight line basis over a period of 20 years. Preliminary and Demerger expenses are amortized over a period of five years.

5. Expenditure incurred during construction period

Expenditure during construction period is included under Capital Work-in-Progress and the same is allocated to the respective Fixed Assets on the completion of its construction.

6. Impairment

The carrying amounts of the assets are reviewed at each balance sheet date if there is an indication of impairment based on the internal and external factors.

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable amount. An impairment loss, if any, is charged to Profit & Loss account in the year in which the asset is identified as impaired. Reversal of impairment loss recognized in prior years is recorded when there is an indication that impairment losses recognized for the assets no longer exists or has decreased.

7. Leases

Lease payments under an operating lease recognized as an expense in the statement of profit and loss as per terms of lease agreement.

8. Investments

Long term Investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

Current investments are stated at lower of cost and fair value.

9. Inventories

- a) Inventories related to raw materials, packing materials, stores & spares are valued at cost on weighted average basis.
- b) Waste & scraps are valued at net realizable value.
- c) Materials in transit and Semi Finished goods are valued at cost.
- d) Finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- e) Finished goods are valued at cost or net realizable value whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.
- f) Obsolete, defective and unserviceable stocks are duly provided for.

10. Foreign Currency Transactions

Foreign currency transactions are accounted for at the rates prevailing on the dates of the transactions/ converted at contracted rate. Foreign currency assets and liabilities covered by forward contracts are stated at the forward

contract rates while those not covered are restated at year end rate. Premium in respect of forward contract is recognized over the life of contracts. Exchange differences relating to fixed assets acquired from a country outside India are adjusted to the cost of the asset. Exchange differences in case of borrowed funds and liabilities in foreign currency for the acquisition of fixed assets from a country outside India are adjusted to the cost of fixed assets. Any other exchange difference is dealt with in the Profit and Loss Account.

11. Retirement Benefits

- Fixed Contribution to Provident fund and other benefits are recognized in the accounts on actual cost to the Company.
- Liability for leave encashment & gratuity are provided based on the actuarial valuation.

12. Revenue Recognition

- a) Sales revenue is recognized on the transfer of significant risk and rewards of the ownership of goods to the buyer.
- b) Sales value includes excise duty, sales tax, vat tax and net of discounts.
- c) Interest income and expenses and income incidental to it, are accounted for on an accrual basis.

13. Borrowing Cost

Borrowing cost directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

14. Taxation

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions as per the Income Tax Act, 1961. Deferred Tax resulting from “timing difference” between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty except for carried forward losses and unabsorbed depreciation which is recognized on virtual certainty that the assets will be realized in future. Fringe benefit tax (FBT) is accounted for on the estimated value of fringe benefits for the period as per the related provisions of the Income-Tax Act.

15. Provision, Contingent Liabilities and Contingent Assets

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

16. Research and Development

Expenditure incurred during research phase are charged to revenue when no intangible asset arises from such research. Assets procured on research and development activities are generally capitalized.

17. Government Grants

Government Grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Profit and Loss Account. Capital grants relating to specific assets are reduced from gross value of the respective fixed assets. Other capital grants are credited to capital Reserve.

18. Significant Accounting Policies for the financial year ended March 31, 2004 and 2005

Since the company has not commenced any commercial activity, the significant accounting policies are not applicable except for one applicable for expenses grouped under pre operative expenses under capitalization on commencement of activities.

Notes to accounts

1. The scheme of Arrangement for demerger and transfer of two divisions i.e. plywood & block board and plain particle & laminated Board of The Mysore Chipboards Limited was sanctioned by the Hon'ble High Court of Karnataka at Bangalore vide its order dated December 8, 2006. These two divisions have been vested with the company. The scheme became effective on February 1, 2007, the appointed date of the scheme being April 1, 2005. The Court Registry has been directed by the Hon'ble High Court of Karnataka, Bangalore, to draw the Decree as per Form no. 41 and Form no. 42 which is yet to be received. Pursuant to the scheme:-
 - a) The assets, liabilities, rights, and obligations, contracts, legal documents, employees & employees related benefits etc except land admeasuring 75,577 square meter, of these two divisions of the Mysore Chipboards Limited, vested with the company and have been recorded at their book value.
 - b) The authorized share capital of the company has been increased to Rs.25,00,00,000 divided into 2,50,00,000 Equity Shares of Rs. 10/- each
 - c) The Company has allotted 1,15,68,180 Equity Shares of Rs. 10/- each in the ratio of two(2) Equity Shares for every one(1) share held to the shareholders of The Mysore Chipboards Limited, whose names are registered in the Register of Members on record date, without payment being received in cash. These new shares are ranking pari passu with the existing Equity Shares of the Company.
 - d) The Mysore Chipboards Limited, w.e.f April 1, 2005, had carried on the business of plywood & block board and particle & laminated Board in "Trust" on behalf of the Company.
 - e) The audit for the period from April 1, 2005 to March 31, 2006 for these two divisions had been audited by M/s Girdhari Sharma & Co. Chartered Accountant, the statutory auditor of The Mysore Chipboards Limited, being the demerged Company and we are relying on the same.
 - f) The excess of the paid up value of Equity shares issued and allotted over the value of net assets taken over by the Company has been debited to goodwill Brand, as prescribed in the Scheme, as per the Accounting Standard (AS -14) 14 – Accounting for Amalgamation..
2. The Goodwill/Brand arising on account of Demerger as shown under fixed assets is amortised over a period of 20 years with effect from the year 2006-07 as the management is of the opinion that the useful life of the brand would be long and benefits would accrue over such periods. Effect of changes due to restatement of financial accounts of The Mysore Chipboards Limited is not affected in the value of goodwill and is being adjusted with other assets/liabilities. Value of Goodwill would be reviewed at the end of every financial year by the management. During the year 2006-07 the Brand/Goodwill has been amortised for full year.
3. The Company has changed the policy of providing depreciation on vehicles from written down value method to straight line method as per the rates and manner prescribed under schedule XIV of the Companies Act, 1956. Due to the same the excess depreciation amounting to Rs.1.59 lakh has been added back to the value of vehicles and correspondingly the value of buildings and plant & machinery have been reduced by Rs.0.62 lakh & Rs.0.97 lakh respectively. As there were no commercial operations in the previous year the impact on profit & loss account is nil.
4. Change in the Name:

The Name of the company has been changed from ATP Silvi Products Ltd to Archidply Industries Ltd with effect from March 30, 2007 by duly complying with the provisions of section 21 of the Companies Act.

A) Earning per share

Particulars	For the Financial Year ended March 31,				
	2008	2007	2006	2005	2004
Weighted average number of equity shares outstanding at the year end					
Basic & Diluted (A)	15354913	5044050	813836	50000	50000
Net profit after tax available to Equity Shareholders (Rs. in lakhs) (B)	1,486.68	578.28	21.03	Nil	Nil
Basic & Diluted (B)/(A)	9.68	11.46	2.58	NA	NA

The Company has allotted 11561180 equity shares to the share holders of The Mysore Chipboards Limited on account of Demerger during the year 2006-07 and the same has been considered for calculations of EPS for the year 2006-07 onwards.

B) Deferred Tax:

(Rs. in lakhs)

Particulars	For the Financial Year ended March 31,				
	2008	2007	2006	2005	2004
Deferred Tax Liability B/d (on account of Demerger)	50.36	80.49	110.32	-	-
Deferred Tax Asset					
Gratuity	(2.02)	1.36	-	-	-
On account of Depreciation	38.45	25.40	29.83		
Leave Encashment	(4.43)	3.37	-	-	-
Deferred Tax Liability (Net)	18.36	50.36	80.49	-	-
Reduction of Deferred tax liability has been credited to Profit & Loss A/c.	32.00	30.13	29.83	-	-

C) Related Party Transactions and Disclosure:

Related Party Transactions and Disclosure as per AS 18- for the years ended on March 31, 2008, March 31, 2007, March 31, 2006, March 31, 2005 and March 31, 2004

• **Associate Companies:**

- vii) The Mysore Chipboards Limited
- viii) Assam Timber Products Limited
- ix) Shree Shyam Tea Pvt Limited
- x) Bordhumsa Tea Company Pvt Ltd
- xi) Vanraj Suppliers Pvt Ltd
- xii) Ravi Marketing And Services Pvt Ltd

- **Key Management Personnel:**

- v) Mr. Deendayal Daga – Chairman & Managing Director
- vi) Mr. Shyam Daga – Jt. Managing Director
- vii) Mr. Rajiv Daga – Executive Director
- viii) Mr. K.K. Somani- Director Technical

- **The Company has entered into transactions with certain parties as listed below during the year under consideration. Full Disclosure has been made and the Board of Directors considers such transactions to be in normal course of business and at rates agreed between the parties. Details of transactions with related parties are as follows:**

(Rs. in lakhs)

Particulars	As at/ For the year ended March 31,				
	2008	2007	2006	2005	2004
Associate Companies					
a) Sale of goods					
The Mysore Chipboards Ltd	32.93	40.31	-	-	-
b) Purchase of goods & Capital Goods					
Assam Timber Products Pvt Ltd	84.06	43.25	-	-	-
C) Interest Received					
The Mysore Chipboards Ltd	9.95	-	-	-	-
Assam Timber Products Pvt Ltd	13.36	25.86	11.62	-	-
d) Receipts for facilities provided-The Mysore Chipboard Ltd	12.00	-	-	-	-
e) Royalties Received-Assam Timber Products Pvt Ltd	23.84	-	-	-	-
f) Issue of shares			-	-	-
Vanraj Suppliers Pvt Ltd	2.50	262.05	36.00	-	-
Shree Shyam Tea Pvt Ltd	76.90	26.00	-	-	-
Ravi Marketing & Services Pvt Ltd	-	26.65	145.00	-	-
Assam Timber Products Pvt Ltd	-	-	115.00	-	-
Mysore Chipboards Ltd	-	325.00	-	-	-
g) Issue of Shares on account of Merger					
Assam Timber Products Pvt Ltd	-	279.00	-	-	-
Ravi Marketing & Services p Ltd	-	133.41	-	-	-
Vanraj Suppliers Pvt Ltd	-	308.00	-	-	-
Sub Total (A)	255.54	1,469.53	307.62		
KEY MANAGEMENT PERSONNEL					
a) Remuneration and fees paid to Directors	46.96	24.73	4.93	-	-
b) Issue of shares					
Deen Dayal Daga	-	7.00	1.75	-	-
Shyam Daga	-	10.00	-	-	-
Rajiv Daga	-	7.00	1.75	-	-

c) Issue of shares on account of Merger					
Deen Dayal Daga	-	205.37	-	-	-
Shyam Daga	-	122.99	-	-	-
Sub Total (B)	46.96	377.09	8.43	-	-
OUTSTANDING BALANCES					
I) PAYABLE TO ASSOCIATE COMPANIES					
a) Unsecured Loan					
Shree Shyam Tea Pvt Ltd	23.00	-	-	-	-
Assam Timber Products Pvt Ltd	-	631.58	2.08	-	-
b) Current Liabilities					
Assam Timber Products Pvt Ltd	8.17	12.85	-	-	-
From Directors	13.08	-	-	-	-
Sub Total (C)	44.25	644.43	2.08	-	-
II) RECEIVABLE FROM ASSOCIATE COMPANIES					
a) Sundry Debtors –Assam Timber Products Pvt Ltd	-	10.33	-	-	-
b) Advance for fixed Assets- Assam Timber Products Pvt Ltd)	7.36	-	-	-	-
c) Loans & Advances					
The Mysore Chipboards Ltd	228.90	-	-	-	-
Assam Timber Products Pvt Ltd	44.39	-	323.69	-	-
Sub Total (D)	280.65	10.33	323.69	-	-
Grand Total (A)+(B)+(C)+(D)	627.40	2,501.38	641.82	-	-

- **Disclosure of Segment-wise results:**

Business Segment:

(Rs. in Lakhs)

Particulars	Wood Based		Paper Based		Others		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
External Sales	12,045.71	7,968.59	2,223.40	267.77	452.35	1,606.01	14,721.46	9,842.37
Total Revenue	12,045.71	7,968.59	2,223.40	267.77	452.35	1,606.01	14,721.46	9,842.37
Results								
Segment Results	1,485.72	1,001.71	1,100.83	60.16	20.44	340.22	2,607.00	1,402.08
Interest							708.36	404.82
Other Unallocable Income							120.30	75.21
Other Unallocable Expenditure							341.32	433.75
Provision for Taxation							179.00	113.87
Net Profit after tax							1,498.62	524.85
Other Information								
Assets								
Segment Assets	4,388.45	5,365.30	1,246.12	946.30	118.67	-	5,753.24	6,311.60
Unallocable Assets							6,467.07	4,635.47
Total Assets :							12,220.31	10,947.08
Liabilities								
Segment Liabilities	1,910.38	2,166.30	352.62	76.46	69.53	-	2,332.53	2,242.75
Unallocable Liabilities							9,887.78	8,704.32
Total Liabilities :							12,220.31	10,947.08
Capital Expenditure during the year.	217.63	133.03	32.39	709.95	-	-	250.02	2,040.26
Capital Expenditure during the year Unallocable							65.70	51.55
Depreciation and Amortisation	246.78	173.16	83.36	14.68	-	-	330.14	187.84
Depreciation and Amortisation (Unallocable)							41.99	76.56

Note:

- The Company has no reportable secondary segment.
- Prior to April 1, 2006 the company was having only one segment and turnover was less than Rs.5000 Lakhs, so segment reporting for the year 2005-06 is not applicable.

ANNEXURE – V

Details of principal terms and conditions of loans outstanding as at March 31, 2008

Nature of Loan	Name of the Institution	Sanctioned Limit (Rs in lakh)	O/s as on March 31, 2008 (Rs in lakh)	Rate of Interest P.A.	Repayment Terms	Securities offered
Term Loans	Union bank of India	230	220.55	12 months libor+500 basis point, effective rate 10.40%	Converted in to Foreign currency Term Loan on July 28, 2007 repayable in (36 monthly installments).	First Charge on entire fixed assets of the company excluding assets created out of funds borrowed from Bank of India.
	Oriental Bank of Commerce	1,139	-	13.25%	Repayable in 60 equated monthly installments of Rs.26.07 lakh each, with first installment falling due in the month of Jan 2010.	Pari-Passu first charge with Vijaya Bank on the entire fixed(Movable & Immovable) assets existing as well as proposed of Rudrapur Unit of the company personal guarantee of three Directors.
	Union bank of India	2,165	217.06	12 months BPLR- 0.75%, effective rate 12.50%	Repayable in 60 equated monthly installments with first installment falling due in the month of Oct 2009 or 18 equal months from commencement of commercial productions which ever is earlier.	EM of Land at Chintamani, Kolar Dist. And Buildings to be constructed thereon and hypothecation of P & M to be produced at a total project cost of Rs.4,834 lakh.
	Vijaya Bank	2200	1,870.00	12%	20 equal quarterly installments starting from April 2007	First charge on project asset(Rudrapur) such as Land, Building, Plant & Machinery, furniture & fixture and personal guarantee of Directors and Company Associates.
	SIDCUL	29.4	17.34	9%	Repayable in 4 equal half yearly installments starting from January 2007.	First charge on the lease land purchased from SIDCUL.
Working Capital Facility	Bank of India	Fund based 1,200	1,398.46	FCL @400 bps over 6 months LIBOR effective rate 11% and Rupee loan @	Out of Rs.1,200 lakhs, Rs.1,150 lakhs converted in to FCL	Charge on Current Assets, Stock & Book Debts and second charge on Fixed asset of the company and personal guarantee of the directors and their associates.
		Non fund based 565	Non fund based 244.64			

				16.25%		
	Vijaya Bank	Fund based 1,600 Non fund based 600	1,618.23 Non fund based 455.95	12%		First charge on current asset of the company (Rudrapur), continuing security of project assets and personal guarantees of Directors & Company associates.
Hire Purchase Loans	ICICI Bank	4.12	1.00	-	36 monthly installments starting from March 2006.	
	ICICI Bank	10	0.04	-	Payable in 32 Monthly Installments starting from March 2006.	
	HDFC Bank	11.66	2.44	-	Payable in 36 Monthly Installment starting from November 2005.	
	TML Finance Service Ltd	2.75	1.59	-	Payable in 36 Monthly Installments starting from December 2006.	
	Mah & Mah Financial Services Ltd	4.9	1.94	-	Payable in 48 Monthly Installments starting from October 2005.	
	ICICI Bank	3.03	2.66	-	Payable in 36 Monthly Installments starting from November 2007	
	ICICI Bank	6.16	5.52	-	Payable in 36 Monthly Installments starting from December 2007	Secured by hypothecation of specified vehicles against which the finance is obtained.
	HDFC Bank	10.5	10.39	-	Payable in 36 Monthly Installments starting from March 2008	
	ICICI Bank	4.06	3.54	-	Payable in 36 Monthly Installments starting from November 2007	
	Bank of India	4.31	3.95	-	Payable in 60 Monthly Installments starting from October 2007	

Details of Secured Loans*(Rs. in Lakhs)*

Particulars	As at March, 31				
	2008	2007	2006	2005	2004
Working Capital					
Bank of India	1,398.46	1,067.86	1,080.81	-	-
Vijaya Bank	1,618.23	1,186.72	-	-	-
Total (A)	3,016.69	2,254.58	1,080.81	-	-
Term Loan					
Union Bank of India	437.61	336.19	428.91	-	-
Vijaya Bank Loan A/c	1,870.00	2,184.68	863.60	-	-
SIDCUL	17.34	57.02	106.48	-	-
Total (B)	2,324.95	2,577.89	1,398.99	-	-
Vehicle Loan from Various Banks (C)	33.06	15.49	26.80	-	-
Total (A+B+C)	5,374.70	4,847.96	2,506.60	-	-

ANNEXURE – VI**Details of Sundry Debtors***(Rs. in Lakhs)*

Particulars	As at March, 31				
	2008	2007	2006	2005	2004
(Unsecured and Considered Good)					
Outstanding for more than Six Months	680.23	401.01	359.79	-	-
Other Debts	3,300.72	2,789.03	863.22	-	-
Total	3,980.94	3,190.04	1,223.01	-	-

ANNEXURE – VII**Statement of Loans and Advances***(Rs. in Lakhs)*

Particulars	As at March, 31				
	2008	2007	2006	2005	2004
Advance recoverable in cash or kind or for value to be received (*)	841.60	421.17	385.62	-	-
Deposits	61.48	52.35	0.66	-	-
Advance Tax	83.35	73.98	54.37	-	-
Others	14.62	3.19	-	-	-
Total	1,001.05	550.69	440.65	-	-

* The above advances include Rs.228.90 Lakhs given to The Mysore chipboard Limited and Rs. 52.35 Lakhs to Assam Timber Products Private Limited for the year ended 2008 and Rs. 265.32 Lakhs given to Assam Timber Products Private Limited for the year ended 2007.

ANNEXURE – VIII

Statement of Unsecured Loans

(Rs. in Lakhs)

Particulars	As at March, 31				
	2008	2007	2006	2005	2004
From Companies	38.00	15.29	2.08	-	-
From Promoters/Directors/ Shareholders & Associates (Interest free)*	-	631.58	51.92	-	-
Total	38.00	646.87	54.00	-	-

* Unsecured loan taken from Promoters/Directors/ Shareholders & Associates are interest free and repayable on demand.

ANNEXURE – IX

Statement of Operational Income

(Rs. in Lakhs)

Particulars	For the Financial year ended March, 31				
	2008	2007	2006	2005	2004
Domestic Sales (Gross)					
Sale of Manufactured goods	11,760.94	6,131.43	2,790.66	-	-
Sale of Trading goods (related to manufactured goods)	2,508.17	2,104.93	1,608.79	-	-
Sale of Trading goods (Not related to manufactured goods)	438.42	1,582.24	419.46	-	-
Sale of Scrap & Miscellaneous	13.93	23.77	3.78	-	-
Total	14,721.46	9,842.37	4,822.69	-	-

ANNEXURE – X

Statement of Other Income

(Rs. in Lakhs)

Particulars	For the Financial year ended March, 31				
	2008	2007	2006	2005	2004
Interest Received	60.20	35.83	16.70	-	-
Royalty Received	23.84	-	-	-	-
Profit on Sale Asset	(1.01)	0.09	-	-	-
Miscellaneous Income	23.35	39.29	10.52	-	-
Total	106.37	75.21	27.22	-	-

ANNEXURE – XI

Statement of Contingent Liabilities

(Rs. in Lakhs)

Particulars	As at March, 31				
	2008	2007	2006	2005	2004
Corporate Guarantee	162.03	162.03	-	-	-
Letter of Credit	130.35	92.39	-	-	-
Duty benefit against export obligation	63.14	56.48	-	-	-
Claim against our company not acknowledged as debts	60.54	28.32	40.38	-	-
Domestic Factoring Services from Global Trade Finance Limited	477.19	-	-	-	-
Claim against Our Company on account of tax disputes	25.65	101.07	74.58	-	-
Total	918.90	440.29	114.96	-	-

ANNEXURE – XII

Statement of Dividend Paid

(Rs. in Lakhs)

Particulars	For the Financial year ended March, 31				
	2008	2007	2006	2005	2004
Equity Share Capital	1,538.43	1,530.49	1,462.82	5.00	5.00
Number of equity shares outstanding at the year end	15384280	15304880	3060000	50000	50000
Rate of Dividend (%)	-	-	-	-	-
Amount of Dividend	-	-	-	-	-

ANNEXURE – XIII

Accounting Ratios

Particulars	For the Financial year ended March, 31				
	2008	2007	2006	2005	2004
Face Value per Share (Rs.)	10	10	10	10	10
Earning Per Share (Annualized) (Rs.)	9.68	11.46	2.58	-	-
Cash Earning Per Share (CEPS) Rs.	11.93	15.05	12.94	-	-
Return on Net Worth (%)	34.62	21.87	1.51	-	-
Net Asset Value Per Share (Rs.)	27.91	17.27	45.65	-	-

Notes:

The Ratios have been calculated as below

1. $EPS = a/b$
2. $Return\ on\ Net\ worth = a/d\ \%$
3. $Net\ asset\ Value\ per\ Share = e/b$
 - a. Net Profit after Tax
 - b. Total number of Equity shares outstanding at the end of the year.
 - c. Cash earning= Net Profit after tax add depreciation, preliminary expenses written off, deferred tax liability and other non- Cash charges
 - d. Net Worth=Equity Share Capital plus reserve and surplus less miscellaneous expenditure to the extend not written off
 - e. Net Asset=Equity Share Capital plus reserve and surplus less miscellaneous expenditure to the extend not written off

Earning per Share is computed in accordance with Accounting Standard 20 'Earnings per Share' issued by the Institute of Chartered Accountants of India.

Earning per Share:

Particulars	For the Financial year ended March, 31				
	2008	2007	2006	2005	2004
Face Value per Share (Rs.)	10	10	10	10	10
Weighted average number of equity shares outstanding at the end of the year:					
Basic & Diluted (A)	15354913	5044050	813836	50000	50000
(On annualised basis)					
Net profit after tax available for Equity Shareholders(Rs. in lakhs) (C)	1,486.68	578.28	21.03	-	-
Earnings Per Share					
Basic (C)/(A)	9.68	11.46	2.58	-	-

Cash EPS

(Rs. in Lakhs)

Particulars	For the Financial year ended March, 31				
	2008	2007	2006	2005	2004
Net Profit After Tax	1,486.68	578.28	21.03	-	-
Add:					
a) Depreciation & amortization	372.13	259.34	113.83	-	-
b) Preliminary Expenses w/off	4.94	5.07	0.26	-	-
c) Deferred Tax Asset	(32.00)	(30.13)	(29.83)	-	-
d) Taxation (Net)	-	-	-	-	-
Cash Earnings	1,831.75	759.13	105.29	-	-

Note: The Company has allotted 11561180 equity shares to the share holders of The Mysore Chipboards Limited on account of demerger during the year 2006-07 and the same has been considered for calculation of EPS for the year 2006-07 onwards.

ANNEXURE – XIV

Capitalization Statement

(Rs. in Lakhs)

Particulars	As at March 31, 2008	Post Issue*
Debt		
Short-term Debt	3,016.69	-
Long-term Debt	2,358.01	-
Total(A)	5,374.70	-
Shareholders' Funds		
Share Capital	1,538.43	-
Reserves & Surplus after deducting miscellaneous expenditure not written off	2,755.93	-
Total Shareholders' Funds (B)	4,294.36	-
Long Term Debt/ Shareholders' Funds	0.55	-

*Information pertaining to post issue can be ascertained only after completion of book building process.

ANNEXURE – XV

Tax Shelter Statement

(Rs. in Lakhs)

Particulars	For the Financial year ended March, 31				
	2008	2007	2006	2005	2004
Profit before Tax as per books -(A)	1,677.62	638.72	141.50	-	-
Total Tax (%)	33.99	33.66	33.66	-	-
Tax at actual rate on book profits	570.22	214.99	47.63	-	-
Adjustments:					
Timing Differences					
Difference between Tax Depreciation and Book Depreciation	113.12	216.82	78.45	-	-
Other Adjustments	(18.59)	(27.74)	2.06	-	-
Net Adjustments	94.53	189.08	(76.39)	-	-
Deduction under IT Act	1,003.47	56.03	-	-	-
Total Adjustments (B)	1,098.00	245.11	(76.39)	-	-
Tax Savings thereon	373.21	82.50	-	-	-
Profit and Loss as per Income Tax Returns*(D)=(A)-(B)	579.62	393.61	217.89	-	-
Taxable Income as per MAT	190.07	661.88	-	-	-
Tax as per Income Tax Returns*	197.00	132.49	73.34	-	-

Note:

*Income Tax return for the financial year 2007-08 is not yet filed.

Restated financials of the demerged manufacturing division of The Mysore Chipboards Limited

Auditor's Report as required by Part II of Schedule II to the Companies Act, 1956.

To

The Board of Directors,
The Mysore Chipboards Limited
Mysore Hunsur Road,
Mysore – 570 017.

Dear Sirs,

1. We have examined the annexed financial information of The Mysore Chipboards Limited annexed to this report which have been prepared in accordance with the requirements of :
 - I Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
 - II The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and
 - III The terms of reference received from the Company, requesting us to carry out work, in connection with its proposed Public Issue of Archidply Industries Limited (referred to as 'the Issue').

Financial Performance of the Company as per audited financial statements

2. We have examined the 'statement of assets and liabilities – Restated' (Annexure – I) of the Company for each of years ended March 31, 2005 and 2004 and the 'statement of profit and loss account – restated' for each of the years ended on those dates (Annexure - II), the 'statement of Cash Flows – restated' for the period/years ended on those dates (Annexure – III), and the related Financial Schedules (Annexure – V to XV) as extracted from the audited financial statements each of the financial years ended on March 31, 2005 and 2004 and adopted by the members of the Company, approved by the Board of Directors of the company and after making the necessary and relevant disclosures and adjustments as appropriate and required to be made, in our opinion in accordance with the provisions of Part II and Schedule II of the Companies Act, 1956 and SEBI (DIP) Guidelines. Based on our examination of these summary statements, we report that,
 - i. The restated assets and liabilities of the company as at March 31, 2005, and 2004, are set out in Annexure I to this report after making such adjustments/ restatements as in our opinion are appropriate and are subject to
 - ii. Significant Accounting Policies and notes to accounts as appearing in Annexure IV to this report.
 - iii. The restated Profits of the Company for the financial years ended March 31, 2005 and 2004 are set out in Annexure II to this report. These profits have been arrived at after charging all expenses and after making such adjustments / restatements as in or opinion are appropriate and are subject to significant Accounting Policies and notes to accounts as appearing in Annexure IV to this report.
3. The summary of significant accounting policies adopted by the Company together with the notes pertaining to the audited financial statements for the year ended March 31, 2005 are enclosed as Annexure IV to this report.
4. We have examined the following financial information relating to the Company proposed to be included in the Red Herring Prospectus and Prospectus approved by the Board of Directors of Archidply Industries Limited and annexed to this report:
 - a. Significant Accounting Policies and notes to the accounts (Annexure IV)
 - b. Detail of Secured loans (Annexure V)
 - c. Statement of Sundry Debtors (Annexure VI)
 - d. Statement of loans and advances (Annexure VII)
 - e. Statement of Unsecured Loan (Annexure VIII)

- f. Statement of Operational Income (Annexure IX)
 - g. Statement of Other Income (Annexure X)
 - h. Statement of Contingent Liabilities (Annexure XI)
 - i. Statement on Dividend Paid (Annexure XII)
 - j. Statement of Accounting Ratios (Annexure XIII)
 - k. Statement of Capitalization (Annexure XIV)
 - l. Statement of Tax Shelters (Annexure XV)
5. In our opinion, the 'financial information as per audited financial statements' read with the notes to restated accounts and other financial information' as per annexure IV have been prepared after making adjustments and regroupings as considered appropriate and in accordance with Part II of Schedule II of the Companies Act 1956 and the SEBI (DIP) Guidelines.
6. This report is intended solely for the use of Archidply Industries Limited for the purpose of inclusion in the Offer Document in connection with the Public Issue of the Archidply Industries Limited. This report may not be used or relied upon by or disclosed, referred to or communicated by yourself (in whole or in part) to any third party for any purpose other than the stated use, except with our written consent in each instances, and which consent, may be given, only after full consideration of the circumstances at that time.

For Girdhari Sharma & Co
Chartered Accountants

Place: Kolkata
Date: May 21, 2008

(N L Sharma)
Partner
Membership No. 30053911

ANNEXURE - I

Statement of Assets and Liabilities, As Restated

(Rs. in Lakhs)

Particulars	As at March 31,	
	2005	2004
Fixed Assets (A)		
Gross Block	1,259.56	1,245.77
Less: Accumulated Depreciation	715.06	636.13
Net Block	544.50	609.64
Capital Work in Progress	0.00	15.51
Total (A)	544.50	625.15
Investments (B)	52.78	0.14
Current Assets, Loans & Advances (C)		
Inventories	1,143.15	1,266.91
Sundry Debtors	1,331.24	1,168.73
Cash And Bank Balances	131.83	113.81
Loans & Advances	165.67	99.33
Total (C)	2,771.89	2,648.78
Liabilities & Provisions (D)		
Secured Loans	1,696.95	1,713.41
Unsecured Loans	43.43	28.67
Deferred Tax Liability (Net)	110.32	63.44
Current Liabilities & Provisions	971.83	1,142.91
Total (D)	2,822.53	2,948.44
Net Worth (A+B+C-D)	546.64	325.64
Represented By		
1. Share Capital	578.41	578.41
2. Reserves	1.39	1.39
3. Share Application Money	0.00	0.00
Total	579.79	579.80
Less: Debit Balance in Profit & Loss Account	32.76	253.49
Less: Miscellaneous expenditure	0.40	0.66
Net Worth	546.64	325.64

ANNEXURE - II

Statement of Profit and Losses Account, As Restated

(Rs. in Lakhs)

Particulars	For the financial year ended March 31,	
	2005	2004
Income		
Operational Income	4,598.37	3,898.57
Less: Excise Duty	235.89	167.16
Net Operational Income	4,362.48	3,731.41
Other Income	121.48	14.84
Increase/(Decrease) in Inventories	(122.18)	2.64
Total (A)	4,361.78	3,748.89
Expenditure		
Cost of Goods Sold/Consumed	2,831.94	2,580.79
Manufacturing Expenses	499.24	378.51
Sales Tax & Entry Tax	91.39	88.05
Employees' Remuneration & Benefits	205.74	188.16
Selling, Distribution Administrative and Other Expenses	151.50	114.53
Interest and Financial Charges	183.80	181.71
Foreign exchange fluctuation (Gain)/Loss	-	-
Total (B)	3,963.61	3,531.75
Profit before Depreciation & Amortization	398.16	217.14
Depreciation & Goodwill	111.09	111.98
Miscellaneous Expenditure Written Off	0.26	0.26
Profit before Tax	286.81	104.90
Provision for Taxation		
- Current Tax		
Income Tax	19.20	8.01
Fringe Benefit Tax	0.00	0.00
- Deferred Tax	46.88	35.36
Profit after Tax	220.73	61.53

ANNEXURE - III

Cash Flow Statement

(Rs. in Lakhs)

Particulars	For the financial year ended March 31,	
	2005	2004
Cash Flow From Operating Activities(A)		
Profit Before Tax	286.81	104.90
Adjustments for:		
Depreciation & Amortisation	111.09	111.98
Miscellaneous Expenditure w/off	0.26	0.26
Provision for Leave Encashment	1.82	1.34
Provision for Gratuity	12.36	7.00
Bad Debts written off	2.55	3.86
Cash discounts & Rebates	-	-
Loss/(Profit) on Sale of Fixed Assets	(97.56)	0.09
Sundry balance written back	-	-
Interest Received	(15.08)	(9.12)
Exchange Fluctuation Loss/(Gain)	-	-
Operating Profit before Working Capital Changes	302.24	220.32
Adjustments for:		
(Increase) / Decrease in Inventories	123.76	4.27
(Increase) / Decrease in Sundry Debtors	(165.05)	(127.66)
(Increase) / Decrease in Loans & Advances	(58.33)	(11.55)
Increase / (Decrease) in Trade payable	(194.51)	30.07
Cash Generated from Operations	(294.13)	(104.88)
Income Tax Paid	(8.01)	-
Interest & Bank Charges	183.80	181.71
Gratuity Paid	(8.40)	(6.67)
Leave Encashment Paid	(1.54)	(1.53)
Net Cash Flow from Operating Activities	173.96	288.94
Cash Flow from Investing Activities (B)		
Purchase of Fixed Assets	(50.59)	(9.53)
Other expenses under construction period	-	-
Borrowing cost capitalized	-	-
Preoperative Expenses	-	-
Proceeds on disposal of Fixed Assets	117.71	14.37
Interest Received	15.08	9.12
(Increase)/Decrease Investments	(52.63)	-
Net Cash Flow from Investing Activities	(29.56)	0.96
Cash Flow from Financing Activities (C)		
Proceeds from Issue of Share Capital, Reserve & Application Money	-	-

Share Application money received		
Proceeds from Secured Loans	(16.47)	(190.78)
Proceeds from Unsecured Loans	14.76	20.35
Expenses for increasing authorized capital		
Interest & Bank Charges Paid	(183.80)	(181.71)
Cash Flow from Financing Activities	(185.50)	(352.14)
Net (Decrease)/Increase in cash and cash equivalents (A+B+C)	18.02	(62.24)
Cash & Cash Equivalents at the Beginning of the year	113.81	176.05
Cash & Cash Equivalents on account of Demerger	-	-
Net (Decrease)/Increase in cash and cash equivalents at the end	131.83	113.81

ANNEXURE – IV

Statement of Accounting Policies and Notes to accounts to the Restatements of accounts

Statement of Accounting Policies 2003-04 & 2004-05.

- 1) Basis of accounting - Financial statements are prepared under historical cost convention and in accordance with the applicable accounting standards and provisions of the companies Act. 1956.
- 2) Fixed Assets are stated at cost less depreciation.
- 3) Depreciation has been calculated on straight line method as per rates specified in schedule XIV of the Companies Act 1956. The depreciation on addition/ sales during the year has been calculated from the month of purchase/ upto month of sale.
- 4) Investment is stated at cost.
- 5) Excise duty is paid at the time of clearance of goods.
- 6) **Inventories:**
 - a) Inventories related to raw materials, packing materials, stores & spares are valued at cost on weighted average basis.
 - b) Waste & scraps are valued at net realizable value.
 - c) Materials in transit and Semi Finished goods are valued at cost.
 - d) Finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
 - e) Finished goods are valued at cost or net realizable value whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.
 - f) Obsolete, defective and unserviceable stocks are duly provided for.
- 7) Transaction in Foreign currency is recorded in equivalent rupee value incurred / earned on such transaction. Outstanding at the balance sheet date are accounted at the year end rates or on the basis of amount paid / realized if the amount has been paid / realized before the finalization of accounts.
- 8) Raw materials consumed include value of Plywood / Veneer / Plain particle boards consumed in manufacturing process. Closing stock if any of these items has been valued under the head of finished goods along with other goods manufactured by the company.
- 9) **Retirement Benefits:**
Fixed Contribution to Provident fund and other benefits are recognized in the accounts on actual cost to the Company. Liability for leave encashment & gratuity are provided based on the actuarial valuation at the year end.

Notes to accounts for the year 2003-04 & 2004-05:

A)

1. Contingent Liabilities not provided for in respect of:-
 - i) Additional Seigniorage amounting to Rs. 16.04 lakh & interest demanded by Govt. of Karnataka, towards supply of timber to the factory with retrospective affect from February 23, 1981 to June 28, 1982 against which a payment of Rs. 4.26 lakh has been made by the company. The company being a sick unit has requested for waiver of this claim to the appropriate authority.
 - ii) Civil suit filed against the company for recovery of dues / damages by parties totaling Rs. 12.69 lakh which has been disputed / defended by the company. Against it company has earlier deposited Rs. 1.00 lakh with the Hon'ble High Court.
The company has deposited Rs.10.46 lakh in current year. The total amount of Rs.11.46 lakh appears in Balance Sheet under the head Advance to Sundry parties.
 - iii) Letter of Credit in favour of suppliers & others – Not ascertained.
 - iv) Additional Entry Tax Rs. 1.66 lakh & Additional K.S. Tax Rs.72.92 lakh demanded by D.C.C.T, which has been disputed by the Company. The company has filed stay petition for recovery of dues before Hon'ble High Court.
2. The company has received consideration of Rs. 100.50 lakh for sale of Land as per sale agreement. The same has been treated as sale on the basis of possession handed over to the buyer.
3. Interest on Fixed Deposit with bank ,pledged as Margin money have been calculated for current year and earlier year as per confirmation certificate issued by the bank as on March 31, 2005.
4. Raw materials consumption includes material sold during the year.
5. Sundry Creditors due to Small Scale and ancillary undertakings could not be ascertained due to lack of information.
6. In the opinion of the Board of Directors, the current assets, loans and advances are having the value at which they are stated in the balance sheet if realized in the ordinary course of business, except as other wise specified.
7. As explained to us sub standard / Plain / Laminated particle boards sold on weight basis has been converted into Sq.mtr. based on standard measurements formula to make the same comparative with production and other quantity records.
8. Closing stock of raw materials includes stock in transit.
9. Company has not provided for Import duty on material lying at port / bonded ware house. The same will be recorded on payment basis at the time of clearance of goods from port.
10. Some of the books/ records of the company were seized by the Excise Department during the course of Search on 28th August 03.. The branch accounts has been incorporated as per unaudited trial balance received from Branches.
11. Certain balances of Sundry Debtors, Deposits, Advances and Sundry Creditors are subject to confirmation, reconciliation and subsequent adjustments, if any.
12. The company has made voluntary payment of Rs.16.00 lakh towards excise duty during the year ended March 31, 2004; subsequent to search on August 28, 2003 by excise department. Till date as informed to us, the company has not received any show cause notice or demand notice from the department. The payment of Rs.16.00 lakh is appearing under the head "advances to excise department" in the balance sheet.
13. Union bank of India has rescheduled the repayment of Term Loan of Rs. 514 lakh vide their sanction letter dt. April 28, 2005. The repayment of Term Loan will start from April, 2005.
14. Term Loan & Working Capital Limits/ Loan has been converted by bank from Indian Currency loan to Foreign Currency Loan. The same will be recorded as & when paid/ realized from bank. Amount due in US Dollar as on March 31, 2005 is as under:

Union Bank of India	-	USD 1182137.26
Bank of India	-	USD 2140978.33

15. Previous year figures has been re-grouped or re-arranged wherever necessary.

B) Earning per share:

Particulars	For the Financial Year ended March 31,	
	2005	2004
Weighted average number of equity shares outstanding at the year end		
Basic & Diluted (A)	5784090	5784090
Net profit after tax available to Equity Shareholders (Rs. in lakhs) (B)	220.73	61.53
Basic & Diluted (B)/(A)	3.82	1.06

C) Deferred Tax:*(Rs. in lakhs)*

Particulars	For the Financial Year ended March 31,	
	2005	2004
Deferred Tax Liability B/d	63.44	28.08
Deferred Tax Asset		
On account of Depreciation	46.88	35.36
Deferred Tax Liability (Net)	110.32	63.44

D) Related Party Transactions and Disclosure:

Related Party Transactions and Disclosure as per AS 18- for the years ended on March 31, 2005 and March 31, 2004.

- Associate Companies:
 - Assam Timber Products Private Limited
 - Vanraj Suppliers Private Limited
 - Archidply Industries Limited
- Key Management Personnel:
 - Mr. Deendayal Daga – Chairman & Managing Director
 - Mr. Shyam Daga –Director
 - Mr. N.S.Adkoli- Director
- The Company has entered into transactions with certain parties as listed below during the year under consideration. Full Disclosure has been made and the Board of Directors considers such transactions to be in normal course of business and at rates agreed between the parties. Details of transactions with related parties are as follows:

(Rs. in Lakhs)

Particulars	For the financial year ended March 31,	
	2005	2004
Associate Companies		
a) Purchase of Machinery: Assam Timber Products Private Limited	13.08	-
b) Interest Received : Assam Timber Products Private Limited	8.71	6.50
Key Management Personnel		
Remuneration and fees paid	4.53	1.83
1. Deen Dayal Daga		
2. Shyam Daga		
3. N.S.Adkoli		
Outstanding Balances		
I) Payable to Associate Companies		
a) Unsecured Loan		

Erica Merchantile Private Limited	8.43	8.43
Deen Dayal daga	-	0.08
Shyam Daga	-	0.02
II) Receivable from Associate Companies		
a) Sundry Debtors		
Assam Timber Products Private Limited	178.30	73.13
b) Advance & Investment		
Archidply Industries Limited	52.63	-

- E) Company is having only one location and deals with wood based product, so there is only one segment and turnover of the company is also less than Rs.5,000 Lakhs, Disclosure of Segment-wise results is not applicable.

ANNEXURE – V

Details of Secured Loan

(Rs. in Lakhs)

Particulars	As at March 31,	
	2005	2004
Working Capital		
Bank of India	1,163.32	1,080.72
Total (A)	1,163.32	1,080.72
Term Loan		
Union Bank of India	532.76	630.00
Total (B)	532.76	630.00
Vehicle Loan from various Banks (C)	0.87	2.69
Total (A+B+C)	1,696.95	1,713.42

ANNEXURE – VI

Details of Sundry Debtors

(Rs. in Lakhs)

Particulars	As at March 31,	
	2005	2004
(Unsecured and Considered as good)		
Outstanding for more than Six Months	131.25	68.40
Other Debts	1,199.99	1,100.33
Total	1,331.24	1,168.73

ANNEXURE – VII

Statement of Loans and Advances

(Rs. in Lakhs)

Particulars	As at March 31,	
	2005	2004
Advance recoverable in cash or kind or for value to be received*	84.03	35.59
Deposits	44.19	33.57
Tax Payment Pending Adjustments	12.43	6.39
Others	25.02	23.77
Total	165.67	99.33

ANNEXURE – VIII

Statement of Unsecured Loans

(Rs. in Lakhs)

Particulars	As at March 31,	
	2005	2004
From Companies	43.43	28.56
From Promoters/Directors/ Shareholders & Associates	-	0.11
Total	43.43	28.67

ANNEXURE – IX

Statement of Operational Income

(Rs. in Lakhs)

Particulars	For the financial year ended March 31,	
	2005	2004
Domestic Sales:		
Sale of Manufactured goods	2,775.34	1,630.65
Sale of Trading goods (related to manufactured goods)	1,540.59	2,043.14
Sale of Trading goods (Not related to manufactured goods)	40.17	46.45
Sale of Scrap & Miscellaneous	6.38	11.17
Total	4,362.48	3,731.41

ANNEXURE – X

Statement of Other Income

(Rs. in Lakhs)

Particulars	For the financial year ended March 31,	
	2005	2004
Interest Received	15.08	9.12
Profit on Sale Asset	97.56	0.00
Miscellaneous Income	8.83	5.73
Total	121.48	14.84

ANNEXURE – XI

Statement of Contingent Liabilities*(Rs. in Lakhs)*

Particulars	As at March 31,	
	2005	2004
Against the demand of Government of Karnataka, Forest dept.	11.78	11.78
Against the suit with High Court of Gujarat	1.23	11.69
Deputy Commissioner of Commercial Taxes, Karnataka	74.58	0.00
Total	87.59	23.47

ANNEXURE – XII**Statement of Dividend Paid***(Rs. in Lakhs)*

Particulars	As at the financial year ended March 31,	
	2005	2004
Equity Share Capital (Rs. in Lakhs)	578.41	578.41
Number of equity shares outstanding at the year end	5784090	5784090
Rate of Dividend (%)	-	-
Amount of Dividend	-	-

ANNEXURE – XIII**Accounting Ratios**

Particulars	As at the financial year ended March 31,	
	2005	2004
Face Value per Share (Rs.)	10.00	10.00
Earning Per Share (Annualized) (Rs.)	3.82	1.06
Cash Earning Per Share (CEPS) Rs.	6.63	3.62
Return on Net Worth (%)	40.38%	18.89%
Net Asset Value Per Share (Rs.)	9.45	5.63

Notes:

The Ratios have been calculated as below

4. $EPS = a/b$
5. $Return\ on\ Net\ worth = a/d \%$
6. $Net\ asset\ Value\ per\ Share = e/b$
 - a. Net Profit after Tax
 - b. Total number of Equity shares outstanding at the end of the year.
 - c. Cash earning= Net Profit after tax add depreciation, preliminary expenses written off, deferred tax liability and other non- Cash charges
 - d. Net Worth=Equity Share Capital plus reserve and surplus less miscellaneous expenditure to the extend not written off
 - e. Net Asset=Equity Share Capital plus reserve and surplus less miscellaneous expenditure to the extend not written off

Earning per Share is computed in accordance with Accounting Standard 20 'Earnings per Share' issued by the Institute of Chartered Accountants of India.

Earning per Share:

Particulars	For the financial year ended March 31,	
	2005	2004
Face Value per Share (Rs.)	10	10
Weighted average number of equity shares outstanding at the end of the year:		
Basic & Diluted (A)	5784090	5784090
(On annualized basis)		
Net profit after tax available for Equity Shareholders(Rs. in lakhs) (C)	220.73	61.53
Earnings Per Share		
Basic (C)/(A)	3.82	1.06

Cash EPS

(Rs. in Lakhs)

Particulars	For the financial year ended March 31,	
	2005	2004
Net Profit After Tax	220.73	61.53
Add:		
a) Depreciation & Amortisation	111.09	111.98
b) Preliminary Expenses w/off	0.26	0.26
c) Deferred Tax	46.88	35.36
d) Taxation (Net)	0.00	0.00
e) Provision for Gratuity & Earned Leave	4.24	0.14
Cash Earnings	383.20	209.27

ANNEXURE – XIV

Capitalization Statement

(Rs. in Lakhs)

Particulars	As at March 31,	
	2005	2004
Debt		
Short-term Debt	1163.32	1080.72
Long-term Debt	533.62	632.69
Total(A)	1696.95	1713.42
Shareholders' Funds		
Share Capital	578.41	578.41
Reserves & Surplus after deducting Miscellaneous Expenditure not written off	(31.77)	(252.77)
Total Shareholders' Funds (B)	546.64	325.64
Long Term Debt/ Shareholders' Funds	3.10	5.26

ANNEXURE – XV

Tax Shelter Statement

(Rs. in Lakhs)

Particulars	For the financial year ended March 31,	
	2005	2004
Profit before Tax as per books -(A)	286.81	104.90
Total Tax (%)	36.61	35.88
Tax at actual rate on book profits	105.00	37.64
Adjustments:		
Timing Differences		
Difference between Tax Depreciation and Book Depreciation	(58.44)	(50.61)
Other Adjustments	320.81	3.04
Net Adjustments	262.37	(47.57)
Deduction under IT Act	241.16	87.69
Tax Savings thereon	88.29	31.46
Profit and Loss as per Income Tax Returns(A-B)	24.44	152.47
Tax as per Income Tax Returns	13.32	7.83

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited restated financial statements under Indian GAAP including the schedules, annexure and notes thereto and the reports thereon, which appear elsewhere in this RHP beginning on page 129 of section titled "Financial Information". You are also advised to read the section titled "Risk Factors" beginning on page xii of this Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. Unless otherwise stated, the financial information used in this Section is derived from our audited financial statements under Indian GAAP, as restated. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the 12-month period ended March 31 of that year. In this Section only, any reference to "we", "us" or "our" refers to Archidply

Overview

Archidply Industries Limited is the flagship company of the Archidply group. Our Promoters have been associated with plywood manufacturing for more than 30 years. Our Company was incorporated in 1995 and today, we are modern state-of-the-art manufacturers of wood panel products and decorative surfacing products in two locations, Rudrapur and Mysore, with a network of branches, distributors and dealers across India.

We are dedicated to constantly expanding and updating our product range in order to stay ahead of the market. Our Company offers comprehensive engineered interior products which include

1. Plywoods - Marine Plywood, Fire Retardant Plywood, Shuttering Plywood, Densified Film Faced Plywood, BWR & MR Plywood, Lamyply and Lamyboard.
2. Block Board and Flush Doors - BWR & MR grade
3. Particle Boards - plain, veneered and pre laminated particle board both in interior and exterior grade
4. Decorative Laminates – range from 0.8mm to 1.5mm and post form laminates
5. Decorative veneers – Teak, natural exotic veneers, reconstituted veneers and dyed veneers.

All the products are manufactured by Our Company in integrated multi-product modern facilities strategically located in two different geographical zones namely Mysore, Karnataka in south of India and Rudrapur, Uttarakhand in the northern part of India. Our manufacturing facilities have machineries from the world renowned manufacturers of equipment for this industry such as Dieffenbacher and Wemhoner from Germany, Steinemann, and Kundig from Switzerland.

The brand "Archidply", has positioned itself in the premium segment of the wood panel and decorative surfacing products as high quality raw material inputs are used like European and Japanese decorative papers and American, African and European decorative timbers which makes the pricing of the finished products in the highest range in the respective product categories. Therefore our product has been specified by the high end consumers such as Apollo Hospital, Hotel Leela Venture, ABN AMRO, to name a few. Thus our brand is well known amongst architects, interior designers and contractors for more than two decades, making it one of the oldest active brands in its product category. The traders across India, including dealers and distributors, have over a period of years recognized the Company for its quality and fair policies.

Mr. Deen Dayal Daga, Chairman and Managing Director of Our Company has more than two decades of experience in managing wood panel industries. He has been conferred with several accolades which include a) the "Udyogapatra Award" from the Vice President of India in 1982 acknowledging his achievement as a self made industrialist, b) the "Swatantra Swarna Jayanti Udyog Vibhushan Award" from the Union Minister of Commerce in 1999 for his contribution to the economic development of the country and c) the "Melvin Jones" fellowship award by Lions Club recognizing his efforts towards social causes. He was the President of Assam Plywood Manufacturers Association in the year 1995-1996.

Our products comply with quality standards of BIS and International standards of BS of UK, NEMA of USA and DIN of Germany. We have been awarded ISO 9001: 2000 for quality management systems to manufacture and marketing of wood and agro based panel products. Our Company has established independent Research & Development laboratories headed by a chief chemist at our manufacturing facilities. The products manufactured by Our Company are regularly tested batchwise for mechanical and chemical properties before the batch is approved.

Our Company has set up a large distribution network and operates through 16 marketing offices and 61 distributors and stockists. As on March 31, 2008, we have a network of 586 authorized dealers who in turn supply to more than 2,000 sub dealers / retailers, giving a pan India presence for marketing of our products. This ensures the availability of our products off-the-shelf in any corner of India. Our Company has the manpower strength of 531 of which 137 are deployed for marketing as on March 31, 2008.

Our Operational Income and Profit after Tax (PAT) as per the restated financial statements for the Financial Year ending March 31, 2007 is Rs.9,842.37 lakhs and Rs.524.85 lakhs respectively. Our Operational Income and Profit after Tax (PAT) as per the restated financial statements for the financial year ended March 31, 2008 is Rs. 14,721.46 lakhs and Rs. 1,486.68 lakhs respectively. For the financial year ended March 31, 2008, our Operational Income and PAT have grown at 49.57% and 157% respectively on annualized basis.

Factors that may affect Results of Operation

Except as otherwise stated in this Red Herring Prospectus, the Risk Factors given in this Red Herring Prospectus and the following important factors could cause actual results to differ materially from the expectations include, among others:

- Changes in Government Policies relating to wood panel Industry;
- Company's ability to successfully implement its strategy and its growth and expansion plans;
- Indian economic growth: Our operations are primarily based in India and we derive substantial portion of our revenue from the Indian market. Therefore any slowdown in the Indian economic growth, in particular industrial growth, may negatively impact our revenue.
- Changes in the demand for wood based products.
- Competition in wood based industry from other companies, especially the effect of such competition on our ability to penetrate such markets.
- Changes in the foreign exchange control regulations, interest rates and tax laws in India

Income Statement

Our operational income mainly comprises the income from sale of wood based and paper based products. Our company also generates the revenue from trading of the products not manufactured by us. We sell our products to the authorized distributors and Corporates. The products and quality of our company is widely acceptable in the market. Our Company has set up a large distribution network across India which includes 61 authorized distributors and 586 dealers and stockists. More and more client's are being added to our customer portfolio in spite of the several players in the wood panel industry.

Our total operational income for the year ended March 31, 2008, March 31, 2007 and March 31, 2006 is Rs.14,721.46 lakhs, Rs.9,842.37 lakhs and Rs.4,822.69 lakhs respectively. Our revenues have grown at 49.57% during the year ended March 31, 2008. During the year ended March 31, 2008, 20% revenue generated through trading activities vis-à-vis 37% in fiscal 2007.

Sales Mix

(Rs. in Lakhs)

Particulars	For the Year ended on March 31,		
	2008	2007	2006
Wood Based	12,045.71	7,968.59	4,399.45
y-o-y growth in %	51.16%	81.13%	-
Paper Based	2,223.40	267.77	-
y-o-y growth in %	730.34%	-	-
Others	452.35	1,606.01	423.24
Total Operational Income	14,721.46	9,842.37	4,822.69

Raw Material Cost

(Rs. in lakhs)

Particulars	For the Year ended on March 31,		
	2008	2007	2006
Total Income	14,282.37	10,062.88	4,559.02
Cost of Goods Sold	7,671.94	6,428.18	2,801.34
% of Raw Material Consumed to Total Income	53.72%	63.88%	61.45%

The raw material cost mainly comprises purchase of wood and chemicals. The raw material cost constitute 53.72% of total income for the year ended March 31, 2008 vis-à-vis 61.45% of total income in fiscal 2006. We use Silver Oak and Eucalyptus timber as raw material for production at Mysore facility. These raw materials are available in sufficient quantity around Mysore. Silver Oak is grown in coffee plantations and such plantations are established around Coorg, Karnataka which is also nearer to Mysore plant. The main raw materials used for production at Rudrapur facility are Poplar & Eucalyptus. These raw materials are grown in farm or agro forest all over the Uttarakhand. This species are available in sufficient quantity around Rudrapur factory.

Other raw materials are design papers of different kinds sourced mainly from India, Europe & Japan. Other chemicals used for production viz., Melamine, Formaldehyde and Phenol are sourced from near by factories.

Manufacturing and other operational expenses

(Rs. in lakhs)

Particulars	For the year ended March 31,		
	2008	2007	2006
Manufacturing Expenses	752.72	684.59	609.39
Employees' Remuneration & Benefits	802.36	563.24	262.41
Selling and Distribution Expenses	2,151.45	959.07	255.96
Administrative Expenses	140.86	119.85	106.15
Total	3,847.39	2,326.75	1,233.91
% of Operational Cost to Total Income	26.94%	23.12%	25.59%

Our Manufacturing and operational expenses were 25.59% of total income in fiscal 2006 and 26.94% of total income for the year ended March 31, 2008.

Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA)

(Rs. in Lakhs)

Particulars	For the year ended March 31,		
	2008	2007	2006
Profit Before Tax	1,677.62	638.72	141.50
Depreciation & Goodwill	372.13	259.34	113.83
Interest and Financial Charges	708.36	404.82	268.17
Miscellaneous expenditure written off	4.94	5.07	0.26
EBIDTA	2,763.05	1,307.95	523.76
% of EBIDTA to the Total Income	19.35%	13.00%	11.49%

Our EBIDTA margin for the year ended March 31, 2006 was Rs.523.76 lakhs i.e. 11.49% of total income and Rs.2,763.05 lakhs i.e. 19.35% of total income for the year ended March 31, 2008. The increase in the EBIDTA margin is mainly on account of availability of wood at cheaper rate at Uttarakhand and improved the production of plywood division over the last year. Our Chemical cost is reduced for the year ended March 31,2008 on account of reduction in import custom duty from 12.5% to 10.0% and reduction in countervailing duty on particle board from 16% to 8%. On account of increase in the

volume of business during the year ended March 31, 2008, we have purchased the raw material in bulk quantity to avail the benefit of negotiated price. Also the overall import cost has come down of our raw materials due to appreciation of rupee against dollar. The production at our Rudrapur plant is exempted from excise duty and also excise duty on Mysore plant production came down from 16% to 8% in 2007-2008 fiscal. The power cost /unit also being substantially cheaper in Rudrapur, Uttarakhand resulting into the improvement in our EBIDTA margin.

Debtors Turnover Ratio

(Rs. in Lakhs)

Particulars	As at March 31,		
	2008	2007	2006
Outstanding debtors at the end of period	3,980.94	3,190.04	1,223.01
Debtors less than 180 Days as a % of Total Debtors	82.91%	87.4%	70.58%
Debtors more than 180 Days as a % of Total Debtors	17.09%	12.6%	29.42%
Average no. of days outstanding debtors	99	118	93
Debtors Turnover Ratio	3.7	3.1	3.9

We normally realize our debts within 60 to 90 days from the sales. Our outstanding for more than 180 days is 17.09% as a percentage of total debtors as at the year ended March 31, 2008 vis-à-vis 29.42% as at fiscal 2006. During fiscal 2007-08, we have launched a new product, Decorative Laminates and have resulted in higher debtors level. However, the outstanding period of Debtors decreased from 118 days in 2007 to 99 days during the year ended March 31, 2008 which is a norm in the industry in which we operate.

Our Results of Operation

The table below sets forth various items from Our Company's restated financial statement for fiscal ended 2006, 2007 and 2008.

(Rs. in Lakhs)

Particulars	For the financial year ended March 31,					
	2008	% of total Income	2007	% of total Income	2006	% of total Income
Income						
Operational Income	14,721.46	103.07%	9,842.37	97.8%	4,822.69	105.78%
Less Excise duty	366.91	2.57%	440.61	4.4%	351.17	7.70%
Net Operational Income	14,354.55	101%	9,401.76	93.4%	4,471.52	98%
Other Income	106.37	0.74%	75.21	0.7%	27.22	0.60%
Increase / (Decrease) in Inventories	(178.55)	-1.25%	585.91	5.8%	60.28	1.32%
Total (A)	14,282.37	100%	10,062.88	100.0%	4,559.02	100.00%
Expenditure						
Cost of Goods Sold/Consumed	7,671.94	53.72%	6,428.18	63.9%	2,801.34	61.45%
Manufacturing Expenses	752.72	5.27%	684.59	6.8%	609.39	13.37%
Employees' Remuneration & Benefits	802.36	5.62%	563.24	5.6%	262.41	5.76%
Selling and Distribution Expenses	2,151.45	15.06%	959.07	9.5%	255.96	5.61%
Administrative Expenses	140.86	0.99%	119.85	1.2%	106.15	2.33%
Total (B)	11,519.33	80.65%	8,754.93	87.0%	4,035.25	88.51%
Earnings before Interest, Depreciation, Tax & Amortization	2,763.05	19.35%	1,307.95	13.0%	523.77	11.49%
Interest and Financial Charges	708.36	4.96%	404.82	4.1%	268.17	5.88%
Depreciation & Goodwill	372.13	2.61%	259.34	2.6%	113.83	2.50%

Misc. Expenditure Written Off	4.94	0.03%	5.07	0.1%	0.26	0.01%
Profit before Tax	1,677.62	11.75%	638.72	6.3%	141.50	3.10%
Provision for Taxation						
- Current Tax						
Income Tax	197.00	1.38%	132.00	1.3%	80.00	1.75%
Fringe Benefit Tax	14.00	0.10%	12.00	0.1%	6.21	0.14%
- Deferred Tax	(32.00)	-0.22%	-30.13	-0.3%	(29.83)	-0.65%
Profit after Tax	1,498.62	10.49%	524.85	5.2%	85.12	1.87%

Comparison of financials for the year ended March 31, 2008 vis-à-vis March 31, 2007

Operational Revenue

Our operational revenue for the year ended is Rs.14,721.46 lakhs representing a growth of 49.57% as compared to the previous year ended March 31, 2007. Our total revenue mainly consists of the revenue from sale of Wood based and Paper based products. We also generate the revenue from trading of wood based, paper based and other products. For the year ended March 31, 2008, we have generated 81.82% of our total income from sale of wood based products and 15.10% of our revenue from sale of paper based products vis-à-vis 80.96% and 2.72% in fiscal 2007 respectively. The growth in total income is mainly on account of increase in capacity utilization at Rudrapur and increase in our distributor and dealers network across India.

Other Income

Our other income was Rs.106.37 lakhs during the year ended March 31, 2008 and Rs.75.21 lakhs for the year ended March 31, 2007. Other Income mainly consists of the income from Interest received and other miscellaneous income.

Raw Material Cost

Our total consumption of raw material for the year ended March 31, 2008 was Rs.7,671.94 lakhs. The ratio of consumption of raw material to total income was 53.72% for the year ended March 31, 2008 vis-à-vis 63.88% of total income in fiscal 2007. There is a reduction of consumption cost of raw material by 11.16% as compared to fiscal 2007 which is mainly on account of availability of wood at cheaper rate at Uttarakhand and improved the production of plywood division over the last year. Our Chemical cost is reduced for the year ended due to reduction in custom duty on import of material from 12.5% to 10.0% and reduction in countervailing duty on particle board from 16% to 8%. On account of increase in the volume of business during the year ended March 31, 2008, we have purchased the raw material in bulk quantity to avail the benefit of negotiated price. Also the overall import cost of raw materials has reduced due to appreciation of rupee against dollar.

Manufacturing and operating Expenses

Our manufacturing expenses for the year ended March 31, 2008 were Rs.752.72 lakhs i.e. 5.27% of total income as compared to Rs.684.59 lakhs i.e. 6.8% in fiscal 2007. The manufacturing expenses are decreased by 1.3% of total income mainly on account of increase in the volume of business. The selling and distribution expenses for the year ended March 31, 2008 was Rs.2,151.45 lakhs i.e. 15.06% of total income vis-a-vis Rs.959.07 lakhs i.e. 9.5% of total income in fiscal 2007. Our employee cost was Rs.802.36 lakhs i.e. 5.62% of total income for the year ended March 31, 2008 vis-à-vis Rs.563.24 lakhs i.e. 5.60% of total income for the fiscal 2007. Our administrative expenses were Rs.140.86 lakhs i.e. 0.99% of total income for the fiscal 2008 vis-à-vis Rs.119.85 lakhs i.e. 1.20% of total income for the fiscal 2007.

The total manufacturing and operational expenses were increased to 26.94% of total income for the year ended March 31, 2008 from 23.12% of total income in fiscal 2007 mainly on account of increase in expenses incurred towards advertisement and sales promotion. Also higher freight cost has increased the selling and distribution expense to some extent.

Earning before Interest, Depreciation, Tax and Amortization (EBIDTA)

EBIDTA margin improved by 6.35% of total income from Rs.1,307.95 lakhs in fiscal 2007 to Rs.2,763.05 lakhs i.e. 19.35% of total income for the year ended March 31, 2008. The EBIDTA margin is improved mainly on account of availability of wood at cheaper rate at Uttarakhand and improved the production of plywood division over the last year. Our Chemical cost is reduced for the year ended due to reduction in custom duty on import of material from 12.5% to 10.0% and reduction in countervailing duty on particle board from 16% to 8%. Also the overall import cost of our raw materials has reduced due to appreciation of rupee against dollar. The production at our Rudrapur, Uttarakhand plant is exempted from excise duty and excise duty on production at Mysore plant has been reduced from 16% to 8% in fiscal 2007-2008. Further there has been saving in power cost due to cheaper availability of power in Uttarakhand resulting into improvement in EBIDTA margin.

Interest and Financial Charges

Interest and Financial charges for the year ended March 31, 2008 was Rs.708.36 lakhs i.e. 4.96% of total income as compared to Rs.404.82 lakhs i.e. 4.10% of total income during the fiscal year ended March 31, 2007. Interest and financial charges mainly comprises the interest charge towards long term loans and working capital facilities from financial institutions.

Depreciation

Depreciation provided for the year ended was Rs.372.13 lakhs i.e. 2.61% of total income. We provided the depreciation on fixed assets on Straight Line Method. During the year ended, our gross block of Fixed Assets has been increased by Rs.189.41 lakhs from Rs.5,209.72 lakhs in fiscal 2007 to Rs.5,387.19 lakhs.

Provision for Taxation

The provision for Income tax was Rs.197 lakhs for the year ended March 31, 2008 as compared to Rs.132 lakhs for the fiscal 2007. For the year ended, we have created the deferred tax asset of Rs.32.00 lakhs. We have provided Rs.14 lakhs for the Fringe Benefit Tax in fiscal 2008 as compared to Rs.12 lakh in fiscal 2007.

Profit after Tax

The profit after tax was Rs.1,498.62 lakhs i.e. 10.49% of total income during the year ended March 31, 2008 as compared to Rs.524.85 lakhs i.e. 5.20% of total income in fiscal 2007. The net profit margin has improved by 5.29% of total income as explained above.

Comparison of financials for the year ended March 31, 2007 vis-à-vis March 31, 2006

Operational Revenue

Our operational revenue for the year ended March 31, 2007 was Rs.9,842.37 lakhs representing a growth of 104.08% as compared to the previous year ended March 31, 2006. Our total revenue mainly consists of the revenue from sale of Wood based and Paper based products. We also generate the revenue from trading of wood based, paper based and other products. For the year ended March 31, 2007, we have generated 80.96% of our total income from sale of wood based products and 2.72% of our revenue from sale of paper based products as compared to 100% if revenue from sale of wood based products in fiscal 2007. The growth in total income is mainly on account of commencement of production at our new factory located at Rudrapur, Uttarakhand during the fiscal 2007-08 and increase in our distributor and dealers network across India.

Other Income

Our other income was Rs.75.21 lakhs during the year ended March 31, 2007 as compared to Rs.27.22 lakhs for the year ended March 31, 2006. Other Income mainly consists of the income from Interest received and other miscellaneous income.

Raw Material Cost

Our total consumption of raw material for the year ended March 31, 2007 was Rs.6,428.18 lakhs. The ratio of consumption of raw material to total income was 63.90% for the year ended March 31, 2007 vis-à-vis 61.45% of total income in fiscal 2006. There is an increase in consumption cost of raw material by 2.45% of total income as compared to fiscal 2006 which is mainly on account of increase in prices of wood in Mysore over the last year.

Manufacturing and operating Expenses

Our manufacturing expenses for the year ended March 31, 2007 were Rs.684.59 lakhs i.e. 6.80% of total income as compared to Rs.609.39 lakhs i.e.13.37% in fiscal 2006. The manufacturing expenses were decreased by 6.57% of total income mainly on account of decrease in the overall import cost of our raw materials due to appreciation of rupee against dollar. Also the production at our Rudrapur plant is exempted from excise duty and availability of power at cheaper rate in Rudrapur, Uttarakhand resulting into the improvement in our EBIDTA margin. The selling and distribution expenses for the year ended March 31, 2007 were Rs.959.07 lakhs i.e. 9.50% of total income vis-a-vis Rs.255.96 lakhs i.e. 5.61% of total income in fiscal 2006. Our employee cost was Rs.563.24 lakhs i.e. 5.60% of total income for the year ended March 31, 2007 vis-à-vis Rs.262.41 lakhs i.e. 5.76% of total income for the fiscal 2006. Our administrative expenses were Rs.119.85 lakhs i.e. 1.20% of total income for the fiscal 2007 vis-à-vis Rs.106.15 lakhs i.e. 2.33% of total income for the fiscal 2006.

The total manufacturing and operational expenses were decreased to 23.12% of total income for the year ended March 31, 2007 from 25.59% of total income in fiscal 2006.

Earning before Interest, Depreciation, Tax and Amortization (EBIDTA)

EBIDTA margin improved by 1.51% of total income from Rs.523.79 lakhs in fiscal 2006 to Rs. 1,307.95 lakhs i.e. 13.00% of total income for the year ended March 31, 2007. The EBIDTA margin is improved mainly on account of control in manufacturing and administrative overhead in fiscal 2007. Also our new plant located at Rudrapur unit became operational which has benefits like excise duty exemption and lower power tariffs, lower CST rate.

Interest and Financial Charges

Interest and Financial charges for the year ended March 31, 2007 was Rs.404.82 lakhs i.e. 4.10% of total income as compared to Rs.268.17 lakhs i.e. 5.88% of total income during the fiscal year ended March 31, 2006. The decrease in interest and financial charges as a percentage to total income is mainly on account of better utilization of working capital loans. Interest and financial charges mainly comprises the interest charge towards long term loans and working capital facilities from financial institutions.

Depreciation

Depreciation provided for the year ended was Rs.259.34 lakhs i.e. 2.60% of total income. We have provided the depreciation on fixed assets on Straight Line Method. During the year ended, our gross block of Fixed Assets has been increased by Rs.2,122.39 lakhs from Rs. 3,075.39 lakhs in fiscal 2007 to Rs. 5,209.72 lakhs due to transfer of assets of the demerged manufacturing division of TMCL.

Provision for Taxation

The provision for Income tax was Rs.132 lakhs for the year ended March 31, 2007 as compared to Rs.80 lakhs for the fiscal 2006. For the year ended, we have created the deferred tax asset of Rs.30.13 lakhs. We have provided Rs.12 lakhs for the Fringe Benefit Tax in fiscal 2007 as compared to Rs.6.21 lakh in fiscal 2006.

Profit after Tax

The profit after tax was Rs.524.85 lakhs i.e. 5.20% of total income during the year ended March 31, 2007 as compared to Rs.85.12 lakhs i.e. 1.86% of total income in fiscal 2006. The net profit margin has improved by 3.34% of total income as explained above.

Comparison of financials for the year ended March 31, 2006 vis-à-vis March 31, 2005

Since the Company has received certificate for commencement of business on July 5, 2005. Hence there will be no comparison of financials.

Related Party Transactions

Please refer to page 126 of this Red Herring Prospectus for further details on “Related Party Transaction”.

Material Covenants

Our company has availed credit facilities from various banks for financing our business activities. The Loan Agreements are subject the Company to various terms and conditions, which are usual for the nature of the loan transactions. Some of the terms and conditions and covenants are as follows:

1. Collateral securities i.e. continuing security over inventories and book-debts, of project assets such as factory land, building plant and machineries, furniture and fixtures and charge over fixed assets of TMCL and fixed assets transferred to ATP.
2. Charge on the property owned by the Company situate at 401/2, (Old No.131), Subedar Chatram Road, Sheshardipuram First Main Road, Corporation Division 19, Bangalore 560 009.
3. Personal Guarantee of the following:
 - a) Mr Deen Dayal Daga
 - b) Mr Shyam D Daga
 - c) Mr Rajiv D Daga
 - d) Corporate Guarantee of Assam Timber Products Private Limited
 - e) Corporate Guarantee of TMCL
 - f) Shree Shyam Tea Co. Private Limited
4. Failure to submit requisite data for considering annual review three months before expiry of the currency of the credit limits sanctioned and statement of stocks and book debts and quarterly data would result in penal rate of interest prescribed by the Bank or RBI.
5. Bank reserves the right to anytime appoint an Engineer of its choice to certify the progress of the project and expenditure incurred.
6. Penal Interest leviable on overdue amount for the period account remains overdrawn due to irregularities of non-payment.
7. Banks reserve the right to appoint its nominee on the Company's Board of Directors
8. Company to pay liquidated damages @ 2% p.a. to the Bank on such amount due, in case of default by the Company shall be payable on entire outstanding loan amount and other sums payable from date of such default for the period of such default;
9. Bank shall levy commitment charges at 1% p.a. for underutilization if the limit is beyond 50% tolerance level.
10. The company shall not vest large financial powers in any single individual authority for booking factory business, other investments in money or forex and capital markets.
11. During the currency of the loan, the Borrower shall not without prior permission of the Bank:

- a) Effect any change in its capital structure and change in the Management;
- b) Formulate any scheme of amalgamation or reconstruction;
- c) Implement any scheme of expansion or acquire fixed assets in excess of the level stipulated as per the PBS rate;
- d) Invest by way of share capital or lend in advance funds, or replace deposits with any other concern, including its associate concerns, other than normal credit or security deposit in normal course of business, nor in any investments in money market or real estate;
- e) Extend loan to Directors or promoters of the Company including associate and subsidiaries;
- f) Pay any Dividends, without the permission of the Bank, if there is any irregularity in term loan / interest payments.
- g) Undertake capital expenditure for capacity expansion without obtaining NOC from the Bank.
- h) Enter into borrowing arrangements either secured or unsecured with any other Bank or Financial Institution;
- i) Create any charges on any/all assets of the Company;
- j) Sell or enter into any agreement to sell or transfer or dispose of or cease to exercise direct control over, or agree to sell, transfer, abandon or dispose of a substantial part of its assets;
- k) Undertake guarantee obligations on behalf of other Company;

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to market risk from changes in interest rates and fluctuation in foreign exchange rate. The following discussion is based on our financial statements under Indian GAAP.

Interest Rate & Foreign Exchange Risk

Our interest rate risk results from changes in interest rates, which may affect our results of operation. The interest rates on term loans and working capital finance are linked to PLR of the lending banks. Hence, our company is exposed to interest rate risk to the extent of changes in PLR. We have to import the machineries for our proposed project from foreign countries. Changes in currency exchange rates may influence our results of operations. We report results in our financial statements in Indian Rupee. The exchange rate between the Indian Rupee and the USD has changed substantially in recent years and may continue to fluctuate significantly in the future.

Other Industry and company specific information

Information required as per clause 6.10.5.5 (a) of the DIP Guidelines

i. Unusual or Infrequent Events or Transactions

There have been no events or material transactions to our knowledge which may be described as “unusual” or “infrequent”.

ii. Significant economic changes that materially affect or are likely to affect income from continuing operations

Any major changes in the policies of the Government towards wood based industry would have the significant impact on the profitability of Our Company. The risk relating to the changes in the economic or regulatory environment and its impact on our business is discussed separately in the Section titled ‘Risk Factors’ on page xii of this RHP.

iii. Known trends and uncertainties that have or are expected to have a material adverse impact on sales, revenues or income from operations

Other than as described in this Red Herring Prospectus, to our knowledge, there are no known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income of the Company from continuing operations.

iv. Relationships between costs and revenues

Other than as described in this Red Herring Prospectus, to our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.

v. *New Products or Business Segment*

Other than the one described in the Section titled “Business Overview” on page 53 of this Red Herring Prospectus, to our knowledge, there are no new products or business segments.

vi. *Seasonality of business*

To our knowledge, our business does not have any seasonal impact, though our revenues may not be evenly spread throughout the year. There is no seasonal nature to our business. However, severe weather conditions may materially and adversely affect our construction activities and may result in damage to our equipments or facilities, which may result in the suspension of operations for some time.

vii. *Significant dependence on a few entities across our business units*

Our company’s operation is not dependant on few entities, hence our results of operation is not affected. For more information, please refer to the Section titled “Risk Factors” on page xii of this Red Herring Prospectus.

viii. *Competitive conditions*

Our company may face competition from other established players in the wood and wood panel industry. For further details, please refer to the discussions of competition in the sections titled “Risk Factors” and “Business Overview” on page xii and 53 respectively of this Red Herring Prospectus.

SECTION VI: LEGAL AND REGULATORY INFORMATION
OUTSTANDING LITIGATIONS AND OTHER MATERIAL DEVELOPMENTS

1. Except as described hereinafter:
 - a) neither Our Company, nor any Director, Promoter or Group company of Our Company is party to any ongoing proceedings before any statutory or regulatory authority, nor are any show cause notices pending against any of them whose outcome could have a material adverse effect on our financial position;
 - b) there are no outstanding litigations, suits or civil proceedings, or criminal prosecutions or tax liabilities by or against us, Directors, Promoters and there are no defaults etc pertaining to matters likely to affect the operations and finances of Our Company, including, prosecution under any enactment in respect of schedule XIII to the Companies Act.
 - c) neither was Our Company, nor any Director, Promoter or Group company of Our Company, was party to any past proceedings where any penalty was imposed;
 - d) there have been no defaults to financial institutions/banks for non-payment of statutory dues or dues towards instrument holders like debenture holders, bonds, fixed deposits, or arrears on preference shares held by the Promoters and the companies/firms promoted by the Promoters, other than unclaimed liabilities of the Company, the Promoter, the Directors and other Group companies;
 - e) neither Our Company, nor any Director, Promoter or Group company of Our Company has not failed to pay any statutory dues; no disciplinary action has been taken against the Promoters by SEBI
 - f) none of the names of the directors of Our Company has appeared on the RBI's defaulters list and there are no litigations against the directors and Promoters involving violations of statutory regulations; and
 - g) there are no proceedings initiated for economic offences against Our Company or its Directors, Promoters or companies and firms promoted by Promoters
2. There are no small scale creditors to whom Our Company owes a sum exceeding Rs.1 lakh which is outstanding for more than thirty days.

a. Outstanding Proceedings by Our Company

As on the date of this Red Herring Prospectus, there are no outstanding litigations filed by Our Company

b. Outstanding Proceedings against Our Company

I. Mr. Nagaraja and others v/s State of Karnataka and others

Mr. Nagaraja and 4 (four) others ("the Petitioners") have filed a Writ Petition with the Hon'ble High Court of Karnataka at Bangalore being Writ Petition No.17428 of 2007 dated November 5, 2007 ("Writ Petition") against the Principal Secretary, Department of Industries and Commerce, State of Karnataka and others. The Company has been named as Respondent number 3 therein. The Petitioner contended that the industrial land, measuring 12.50 acres at Industrial Estate, Chintamani, Karnataka ("Industrial Land") allotted to the Company by the Karnataka State Small Industries Development Corporation Limited as per the allotment order dated 31st July 2007 was in violation of certain rules and norms of such allotment. Vide Order dated January 14, 2008 the Hon'ble High Court of Karnataka at Bangalore disposed off the aforesaid Writ Petition. The Petitioners have preferred an appeal being Writ Appeal No.431 of 2008 (GM KSSIDC) from the abovementioned Order dated January 14, 2008. The aforesaid Writ Appeal is pending for hearing with the Hon'ble High Court of Karnataka at Bangalore. The matter will come up for hearing in ordinary course.

c. Outstanding Proceedings by Our Directors

As on the date of this Red Herring Prospectus, there are no outstanding proceedings filed by Our Directors

d. Outstanding Proceedings against Our Directors

As on the date of this Red Herring Prospectus, there are no outstanding proceedings against Our Directors

e. Outstanding Proceedings by Our Promoters

I. Assam Timber Products Private Limited (“ATPL”)

- **ATPL v/s Commissioner of Central Excise, Guwahati (“Respondent”)**

Order-in-Appeal No. 128/CE/GUW/98 dated December 4, 1998 in Commissioner (Appeals) Customs and Central Excise, Guwahati

The dispute was with regard to classification by the Respondent of block boards manufactured by ATPL. When the classification of block board was settled by the Hon’ble Supreme Court, Our Company, vide Show Cause Notice dated July 24, 1995, was asked to show cause as to why refund of duty paid for the period from February 28, 1986 to July 25, 1989 and for the period from July 26, 1989 to February 28, 1993 should not be realized from Our Company. ATPL filed an appeal with the Commissioner (Appeals) Customs and Central Excise against the Order passed by Assistant Commissioner being Order-in-original no. DIV/TSK/Adj/CL/20/96 dated April 18, 1996 wherein the Assistant Commissioner confirmed the demand to the tune of Rs.141.94 lakhs for the clearance of block board by the Appellants for the period from February 28, 1986 to February 28, 1993 at nil rate of duty except for the period from March 1, 1986 to July 25, 1989 when the Appellants cleared on full effective duty and the same was refunded and also during the period from June 29, 1992 to January 21, 1993 when ATPL cleared block board on payment of duty @ 15% adv. ATPL’s stay petition was decided vide order in appeal No. 25/CE/GUW/98 dated June 18, 1998.

The Commissioner (Appeals) Customs and Central Excise, vide its Order-in-Appeal No. 128/CE/GUW/98 dated December 4, 1998 (issued on January 7, 1999) remanded the case back to the Assistant Commissioner for denovo adjudication with the corrections that while calculating to the assessable value, the method adopted by the Supreme Court in MRF Review Case must be followed. The case was disposed by the Commissioner (Appeals) Customs and Central Excise as and by way of remand. The matter is pending with the Assistant Commissioner for hearing.

II. Mr Shyam D. Daga

- **M/s The Mysore Chipboards Limited and Mr. Shyam Daga, Resident Director v/s Commissioner of Central Excise, Bangalore**

Appeal No.37 & 38 of 2007 in the CESTAT South Zone Bench at Bangalore

The Mysore Chipboards Limited are required to pre-deposit duty of Rs.81.02 lakhs and equal amount of penalty besides separate penalty of Rs.10 lakhs on the director Mr. Shyam Daga. An amount of Rs.16 lakhs leaving a balance of Rs.65.02 lakhs for pre-deposit. M/s The Mysore Chipboards Limited filed Appeals against the Commissioner of Central Excise, Bangalore being Appeal No.37 & 38 of 2007 in the CESTAT South Zone Bench at Bangalore for waiver of pre-deposit and stay on recovery. The Tribunal has vide its (interim) Stay Orders No. 313 & 314 of 2007 dated April 19, 2007 waived the pre-deposit to be submitted by M/s The Mysore Chipboards Limited and has stayed the recovery till disposal of the appeal. The case is pending before the CESTAT South Zone Bench at Bangalore. The next date of hearing is June, 2008.

f. Outstanding Proceedings against Our Promoters

I. Mr Deen Dayal Daga

i. Indian Bank, Park Town, Chennai v/s M/s Sigma Granites Limited and others

OS No. 187 of 2001 before the Debt Recovery Tribunal-2, Chennai

Indian Bank, Park Town, Chennai filed an Original Application No.187 of 2001 in the Debt Recovery Tribunal-2, Chennai against M/s Sigmah Granites Limited. and 11 (eleven) others wherein Mr. Deen Dayal Daga is Respondent No.7. The aforesaid Original Application has been filed for recovery of monies by Indian Bank from M/s Sigmah Granites Limited wherein Mr. Deen Dayal Daga was a Director. As a Director, Mr. Daga has given Guarantees on behalf of M/s Sigmah Granites Limited. Mr. Daga contested that he resigned as a Director of M/s Sigmah Granites Limited on December 10, 1991. The case is pending before the Debt Recovery Tribunal-2, Chennai. The next date of hearing is on June 13, 2008.

g. Outstanding Proceedings by Our Group Companies

I. The Mysore Chipboards Limited (“TMCL”)

1. TMCL v/s M/s Lakshmi Agencies (“Defendant”)

OS No.1320 of 2006 in the Court of Civil Judge (Sr Division) Mysore

The Defendant is a customer of TMCL and for the purpose of their business the Defendant was purchasing items on credit basis from TMCL and payments were being made time to time. However, the Defendant therein failed to pay to the Plaintiff therein, an amount of Rs.2.77 lakhs. TMCL filed an Original Suit being No.1320 of 2006 against M/s Sri Lakshmi Trading Company for recovery of Rs.3.57 lakhs including costs and interest @ 18% p.a. from date of the Suit till the date of payment. The case is pending before the Court of Civil Judge (Sr Division) Mysore. The next date of hearing is on June 2, 2008.

2. TMCL v/s M/s Sri Lakshmi Trading Company

OS No.1321 of 2006 in the Court of Civil Judge (Sr Division) Mysore

M/s Lakshmi Trading Company (the Defendant therein) is one of the esteemed customers of TMCL (the Plaintiff therein) and for the purpose of their business the Defendant therein was purchasing items on credit basis from the Plaintiff and payments were being made time to time. However, the Defendant therein failed to pay to the Plaintiff therein, an amount of Rs.1.61 lakhs. TMCL filed an Original Suit being No.1320 of 2006 against M/s Sri Lakshmi Trading Company for recovery of Rs.1.61 lakhs together with costs and interest @ 18% p.a. from date of the Suit till the date of payment. The case is pending before the Court of Civil Judge (Sr Division) Mysore. The next date of hearing is on June 2, 2008.

3. TMCL v/s M/s Textile Machinery Fabricators

First Appeal No.876 of 2005 in the High Court of Gujarat at Ahmedabad

TMCL had entered into a Turnkey Contract with the Respondent therein for impregnation plant. TMCL made a payment of Rs.33.57 lakhs subsequent to which the Respondent therein was under an obligation to commission the plant on or before August 10, 1996. however, the Respondents therein failed to commission the impregnation plant to the their satisfaction, TMCL got the plant commissioned by Genest Project Services. The Respondent therein filed a suit for recovery in the Hon’ble City Civil Court, Ahmedabad being Civil Suit No. 1786 of 1998. The Hon’ble City Civil Court, Ahmedabad passed an Order on December 29, 2004 directing the Appellant to pay Rs.3.71 lakhs plus interest @ 12% p.a. Being aggrieved by the Order dated December 29, 2004, TMCL filed the present First Appeal. This Appeal has been admitted on April 15, 2005. TMCL filed a Civil Application No.5589 of 2007 in First Appeal No.876 of 2005 wherein the aforesaid Civil Application has been filed for fixing early date of hearing for the First Appeal No.876 of 2005. The Court has dismissed the aforesaid Civil Application. The matter is pending hearing and final disposal.

4. TMCL v/s M/s Textile Machinery Syndicate

First Appeal No.877 of 2005 in High Court of Gujarat at Ahmedabad

TMCL had entered into a Turnkey Contract with the Respondent therein for impregnation plant. TMCL made a payment of Rs.33.57 lakhs subsequent to which the Respondent therein was under an obligation to commission the plant on or before August 10, 1996. However, the Respondents therein failed to commission the impregnation plant to the their satisfaction, TMCL got the plant commissioned by Genest Project Services. The Respondent therein filed a suit for recovery in the Hon'ble City Civil Court, Ahmedabad being Civil Suit No. 1787 of 1998. The Hon'ble City Civil Court, Ahmedabad passed an Order on December 29, 2004 directing the Appellant to pay Rs.2.52 lakhs plus interest @ 12% p.a. being aggrieved by the Order dated December 29, 2004, TMCL filed the present First Appeal. This Appeal has been admitted on April 15, 2005. TMCL filed a Civil Application No.5587 of 2007 in First Appeal No.877 of 2005 wherein the aforesaid Civil Application has been filed for fixing early date of hearing for the First Appeal No.877 of 2005. The Court has dismissed the aforesaid Civil Application. The matter is pending hearing and final disposal.

5. TMCL v/s Deputy Regional Director, ESI Corporation & others

MEA No.5032 of 2003 (ESI) in the High Court of Karnataka at Bangalore

TMCL filed an Appeal against Deputy Regional Director (ESI Corporation) and two others being MEA No.5032 of 2003 (ESI) in the High Court of Karnataka at Bangalore. This Appeal was filed u/s 82 of the ESI Act against the Order dated March 26, 2003 passed in ESI Application No.4/96 on the file of the Presiding Officer, Industrial Tribunal and Employees State Insurance Court, Mysore. The Court vide its Order dated September 16, 2003 held that the matter was to be reconsidered by the ESI Court. The Appeal was allowed and the matter was remitted to the ESI Court for fresh consideration. The case is pending before the High court of Karnataka at Bangalore. The Matter has been kept for hearing and will come up in ordinary course of time.

6. TMCL and another v/s Commissioner of Central Excise, Bangalore

Appeal No.37 & 38 of 2007 in the CESTAT South Zone Bench at Bangalore

TMCL was required to pre-deposit duty of Rs.81.02 lakhs and equal amount of penalty. An amount of Rs.16.00 lakhs leaving a balance of Rs.65.02 lakhs for pre-deposit. TMCL filed Appeals against the Commissioner of Central Excise, Bangalore being Appeal No.37 & 38 of 2007 in the CESTAT South Zone Bench at Bangalore for waiver of pre-deposit and stay on recovery. The Tribunal has vide its (interim) Stay Orders No. 313 & 314 of 2007 dated April 19, 2007 waived the pre-deposit to be submitted by TMCL and has stayed the recovery till disposal of the appeal. The case is pending before the CESTAT South Zone Bench at Bangalore. The next date of hearing is June, 2008.

h. Outstanding Proceedings against Our Group Companies

7. AS Venkatesh v/s TMCL

One A.S. Venkatesh ("the Plaintiff") the proprietor of M/s. Print-O-Graph filed a Civil Suit being SC No. 1043 / 2007 against TMCL ("the Defendant") before the Court of the Small Causes Judge at Bangalore. The Plaintiff was engaged by the Defendant to print and supply 5000 Nos. of Boxes in accordance with certain requisite specifications by the Defendant. The Plaintiff's services were subject to the approval of the samples of the Boxes by the Defendant. It is contended by the Plaintiff that the samples were approved by the Defendant and accordingly the Boxes were supplied to the Defendant. The contention of the Defendant is that the samples were of low quality and were not according to the specifications. Hence, no purchase order was placed by the Defendant to the Plaintiff. The Plaintiff called upon the Defendant to make the payment of Rs.91,936/- plus 18% interest p.a. till the date of such payment plus legal charges, for the supply of the Boxes but on refusal of the Defendant to make such payment, the Plaintiff has filed the abovementioned suit. The Defendant has filed a Written Statement on February 22, 2008. The matter is pending for hearing before the Court of the Small Causes Judge at Bangalore. The next date of hearing is June 3, 2008.

8. M/s Dots v/s TMCL

One M/s Dots (“the Plaintiff”) filed a Civil Suit being OS No. 9135 of 2007 against TMCL (“the Defendant”) before the Court of the City Civil Judge at Bangalore. The Plaintiff was engaged by the Defendant to print and supply 10000 Nos. of Folders in accordance with certain requisite specifications by the Defendant. The Plaintiff’s services were subject to the approval of the samples of the Folders by the Defendant. It is contended by the Plaintiff that the samples were approved by the Defendant and accordingly the Folders were supplied to the Defendant. The contention of the Defendant is that the samples were of low quality and were not according to the specifications. Hence, no purchase order was placed by the Defendant to the Plaintiff. The Plaintiff called upon the Defendant to make the payment of Rs.1,27,400/- plus 18% interest p.a. till the date of such payment plus legal charges, for the supply of the Folders but on refusal of the Defendant to make such payment, the Plaintiff has filed the abovementioned suit. The Defendant has filed a Written Statement on February 06, 2008. The matter is pending for hearing before the City Civil Judge at Bangalore. The next date of hearing is June 3, 2008.

9. M/s Dots v/s TMCL

One M/s Dots (“the Plaintiff”) filed a Civil Suit being OS No. 1046 of 2007 against TMCL (“the Defendant”) before the Court of the City Civil Judge at Bangalore. The Defendant engaged the services of the Plaintiff to print and supply 5000 Nos. of BWP Marine Plywood and other varieties of Stickers (“Stickers”). The Plaintiff contends that the Defendant had agreed to pay the Plaintiff Rs. 7.50/- per Sticker and accordingly Stickers were supplied by the Plaintiff at the agreed price. The Defendant contends that the Plaintiff was engaged to print and supply the Stickers at Rs. 4.50/- per piece and the Defendant has already made the Payment to the Plaintiff at Rs. 4.50/- per piece. The Plaintiff called upon the Defendant to make the differential Payment of Rs.15,600 plus 4% VAT plus legal charges for supply of the Stickers but on refusal of the Defendant to make such payment, the Plaintiff had filed the abovementioned suit. The Defendant has filed a Written Statement on February 22, 2008. The matter is pending for hearing before the City Civil Judge at Bangalore. The next date of hearing is June 3, 2008.

10. Shivanna v/s M/s Management of TMCL

L.I.D. No.46 of 2006 in the Hon’ble Labour Court at Mysore

Mr Shivanna being the first party workman has filed an Application dated April 10, 2006 u/s 10 (4-A) of the Industrial Dispute (Karnataka Amendment) Act, 1987 in the Hon’ble Labour Court at Mysore being LID No.46 of 2006 against the Management of TMCL requiring them to justify the action in dismissing Mr Shivanna from their services. Our Company has filed a reply on September 25, 2007. The case is pending before the Hon’ble Labour Court at Mysore. The next date of hearing is June 5, 2008.

11. Shivanna v/s Mr KK Somani, President of TMCL

L.I.D. No.12 of 2005 in the Hon’ble Labour Court at Mysore

Mr Shivanna being the first party workman has filed an Application u/s 10 (4-A) of the Industrial Dispute Act, 1987 in the Hon’ble Labour Court at Mysore being L.I.D. No.12 of 2005 against Mr KK Somani, President of TMCL requiring them to justify the action in dismissing Mr Shivanna from their services. The case is pending before the Hon’ble Labour Court at Mysore. The next date of hearing is on June 5, 2008.

12. Narsimha v/s TMCL

Writ Petition No.11191 of 2007 in the Hon’ble High Court at Karnataka arising from L.I.D. No.77 of 2003 in the Hon’ble Labour Court at Mysore.

Mr Narsimha (Token no 283) being the first party workman has filed an Application dated June 16, 2003 u/s 10 (4-A) of the Industrial Dispute Act, 1987 in the Hon’ble Labour Court at Mysore being L.I.D. No.77 of 2003 against TMCL requiring them to justify the action in dismissing Mr Narsimha from their services. The Hon’ble Labour Court at Mysore vide its Order dated March 05, 2007 awarded in favour of Mr. Narsimha. Order is effective from

April 03, 2007. Our Company has filed a Writ Petition being No.11191 of 2007 with the Hon'ble High Court at Karnataka. The Court vide in its preliminary hearing, vide its Order dated August 10, 2007 issued emergent notice regarding stay of the Award. The case is pending for hearing before the Hon'ble High Court at Karnataka.

13. Mrs BG Sharada v/s Management of TMCL

L.I.D. No.119 of 2002 in the Hon'ble Labour Court at Mysore

Mrs BG Sharada being the first party workman has filed an Application dated May 20, 2002 u/s 10 (4-A) of the Industrial Dispute (Karnataka Amendment) Act, 1987 in the Hon'ble Labour Court at Mysore being L.I.D. No.119 of 2002 against the Management of TMCL requiring them to justify the action in dismissing Mrs BG Sharada from their services. The case is pending before the Hon'ble Labour Court at Mysore. The next date of hearing is June 20, 2008.

i. Legal Notices issued by Our Company:

1. Labour Dispute – Thimma

Token No.288

The Mysore Chipboards Employees' Association has vide its letter to the Assistant Labour Commissioner, Mysore District stated that Our Company with malafide intention and ulterior motives resorted to unlawful early retirement of Sri Thimma, Token No.288, depriving him of 10 yrs of service, urging upon the Assistant Labour Commissioner to direct the Management to reinstate Sri Thimma. The next date of hearing is June 2, 2008.

2. Legal Notice to Reliance Industries Limited ("RIL")

Archidply, through their Advocates J. Purshotham & S. Anuradha sent a legal notice ("Notice"), dated August 13, 2007 to RIL, Bangalore for recovery of an excess amount of Rs.0.23 lakhs, paid to them for the supply of LDOs. TMCL, prior to Demerger had purchased some tankers of LDOs from RIL between the period April 1, 2002 and March 31, 2003 and the same was being purchased on credit basis in a running account. TMCL had deposited certain amount in advance. However, TMCL did not require any further LDOs from RIL and an amount of Rs.0.23 lakhs was balance with them. RIL has contended, vide their letter dated September 17, 2007, that since TMCL had placed the order for LDOs directly with one M/s Solar Tradelinks, who then had sent to RIL advance payments for the supply of the LDOs, there was no privity of contract between RIL and TMCL and hence nothing is due and payable by RIL to Archidply.

3. Legal Notice to Reliance Petroleum Limited ("RPL")

Archidply, through their Advocates J. Purshotham & S. Anuradha sent a legal notice ("Notice"), dated August 13, 2007 to RPL, Bangalore for recovery of an excess amount of Rs.0.06 lakhs, paid to them for the supply of LDOs. TMCL, prior to Demerger, had purchased some tankers of LDOs from RPL between the period April 1, 2002 and March 31, 2003 and the same was being purchased on credit basis in a running account. TMCL had deposited certain amount in advance. However, TMCL did not require any further LDOs from RPL and an amount of Rs.0.06 lakhs was balance with them. RPL has contended, vide their letter dated September 17, 2007, that since TMCL had placed the order for LDOs directly with one M/s Solar Tradelinks, who then had sent to RPL advance payments for the supply of the LDOs, there was no privity of contract between RPL and TMCL and hence nothing is due and payable by RPL to Archidply.

j. Legal Notices issued to Our Company:

4. Sales Tax & VAT Demand Notices

The Service Tax department has, vide 8 (eight) Demand Notices all dated June 6, 2007 assessed TMCL under the Karnataka Sales Tax Act, 1957 for payment of balance/further sum, the details of which are as follows:

Assessment Year	Balance Payable (in lakhs)
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1998-1999	NIL
1999-2000	NIL
2000-2001	2.34
2001-2002 (CST)	3.78
2001-2002 (KST)	0.92
2002-2003 (CST)	14.80
2003-2004 (CST)	2.01
2003-2004 (KST)	1.80
Total tax payable	25.65

k. Trademark oppositions initiated by Our Company in the Trademark Registry

Sr. No.	Parties	Mark for which opposition filed	Application No. of Mark	Opposition No.	Nature	Status
1.	Archid Plywood Limited	ARCHID	965967	MAS210377	Notice of opposition filed on December 2, 2005 against the trademark ARCHID advertised in Trade Marks Journal No.1329 Supplement (1) dated April 15, 2005	Registrar yet to take up the matter
2.	Lakshmi Plywood Private Limited	PF ARCHIDPLY GOLD	1336763 & 1320826	MAS230458	Notice of opposition filed on July 21, 2006 against the trademark PF ARCHIDPLY GOLD advertised in Trade Marks Journal No.1340 Supplement (1) dated March 15, 2006	Applicant filed Undertaking & Application for withdrawal of the trademark PF ARCHIDPLY GOLD. Pending Orders from the Registrar.
3.	Neelgiri Woodcrafts Private Limited	ORCHID	867680	DEL246097	Notice of opposition filed on October 13, 2006 against the trademark ORCHID advertised in Trade Marks Journal No.1345 Regular dated June 1, 2006	Yet to receive counter statement.
4.	CP Jamsheed Hollywood Panels	ARCHER PLY	1381719	MAS256471	Notice of opposition filed on May 14, 2007 against the trademark ARCHER PLY advertised in Trade Marks Journal No.1352 Regular dated September 16, 2006	Notice of Opposition filed on May 14, 2007. Evidence of Opposition filed by the Company on January 10, 2008. Applicant to file evidence within 2 months.
5.	Manmohan S Jain, trading in	ARCH-GOLD PLY	1334429	MAS256672	Notice of opposition filed on May 17, 2007 against the trademark ARCH-GOLD PLY advertised in Trade	Notice of opposition filed on May 22, 2007 and served to the Applicant on July

	the name of Shree Nakoda Trading Co.				Marks Journal No.1354 Regular dated October 16, 2006	16, 2007.
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I. Trademark oppositions initiated against the Company in the Trademark Registry

Sr. No.	Parties	Mark for which opposition filed	Application No. of Mark	Opposition No.	Nature	Status
	Neelgiri Woodcrafts Private Limited	ARCHIDPLY	1375325	242009	Neelgiri Woodcrafts Private Limited filed opposition being Opposition No.242009 on October 5, 2006 against the mark ARCHIDPLY used by the Company.	The Company filed Counter Statement dated June 18, 2007. Trade Mark Registry is in the process of serving the Counter Statement to Neelgiri Woodcrafts Private Limited. The Company has also filed its Evidence in support of the Application.
	Liberty Plywood Private Limited, Ambala, haryana	ARKID GOLD	1395083	-	Cease and Desist notice sent to Liberty Plywood Private Limited.	Reply awaited from Liberty Plywood Private Limited.

LICENSES AND APPROVALS

Our Company has received all the necessary consents, licenses, permissions and approvals from the government and various government agencies/ private certification bodies for its present businesses and further approvals are required for carrying on the present businesses except as stated in this Red Herring Prospectus.

A. Registrations / Approvals obtained by Our Company for carrying out its business:

S No	License	License / Certificate Number	Date of Grant	Date of Expiry
1.	Certificate of incorporation under the Companies Act	08/18710 of 1995	September 5, 1995	NA
2.	Certificate of Commencement of Business	08/18710 of 1995	July 5, 2005	NA
3.	Fresh Certificate of incorporation pursuant to change of name from ATP Silvi Products Limited to Archidply Industries Limited	U85110KA1995PLCO18710	March 30, 2007	NA
4.	Permanent Account Number (PAN) issued by the Income Tax Department	AAFCA3135N	NA	NA
5.	Tax Deduction Number (TAN) issued by the Income Tax Department	BLRA07400B	June 17, 1998	NA
6.	Service Tax Code Registration Number	AAFCA3135NST002/ST3/2007 GTA-208/AAFCA3135N8T002/ST-3/2007	April 30, 2007	NA
7.	Authorization under Rule 5 of the Hazardous Wastes (Management and Handling) Rules 1989	INR No-96 KSPCB/HMW/224	May 31, 2006	September 30, 2008
8.	Value Added Tax (VAT) Registration Certificate, New Delhi	07070323492	April 01, 2007	NA
9.	Value Added Tax (VAT) Registration Certificate, Maharashtra	27480593615 V	February 03, 2007	NA
		27480593615 C	February 03, 2007	NA
10.	Value Added Tax (VAT) Registration Certificate, Kolkata	19414800261 C	April 18, 2007	NA
		19414800067 V	April 18, 2007	NA
11.	Value Added Tax (VAT) Registration Certificate, Uttar Pradesh	LW 5082829 C	February 22, 2007	NA
		LW 0189207 V	February 22, 2007	NA
12.	Registration under Central Sales Tax, Tamil Nadu	33390501464	February 01, 2007	NA
13.	Registration under Central Sales Tax, Uttarakhand	RU 5038543	August 23, 2005	NA
14.	Registration under Central Sales Tax, Jharkhand	20540305714	June 13, 2007	NA
15.	Registration under Central Sales Tax, Chhatisgarh	22551204856 V	June 05, 2007	NA
		22551204856 C	June 05, 2007	NA
16.	Registration under Central Sales	29220741844 V	February 01,	NA

	Tax, Karnataka		2007	
		29220741844 C	February 01, 2007	NA
17.	Registration under the Professional Tax Act	3501576	June 17, 1998	NA
18.	Copyright Registration for the Artistic Work “Archid”	A-63192/2003	January 17, 2003	NA
19.	Det Norske Veritas Management Systems Certificate certifying that Archidply Industries Limited confirms to the management systems standard of ISO 9001: 2000	9670 – 2007 – AQ – IND – UKAS	October 12, 2007	October 12, 2012
20.	Bureau of Indian Standards Certificate permitting use of ECO Mark with ISI Mark for Plywood for general purposes	License No.: 6155766 IS No.: 303:1989	February 12, 2008	September 30, 2008
21.	Bureau of Indian Standards Certificate permitting use of ECO Mark with ISI Mark for Veneer Decorative Plywood	License No.: 6190162 IS No.:1328:1996	February 12, 2008	November 15, 2008
22.	Bureau of Indian Standards Certificate permitting use of ECO Mark with ISI Mark for Block Board	License No.: 6209965 IS No.: 1659:2004	April 01, 2008	March 31, 2009
23.	Bureau of Indian Standards Certificate permitting use of ECO Mark with ISI Mark for Wood Particle Board (Medium Density) for general purposes	License No.: 6145965 IS No.:3087:2005	April 01, 2008	March 31, 2009
24.	Bureau of Indian Standards Certificate permitting use of ECO Mark with ISI Mark for Fire Retardant Plywood	License No.: 6534471 IS No.:5509:2000	February 12, 2008	November 24, 2008
25.	Bureau of Indian Standards Certificate permitting use of ECO Mark with ISI Mark for Wood Products Prelaminated Particle Board	License No.: 6155160 IS No.:12823:1990	February 12, 2008	September 30, 2008
26.	Grant of Authorization for EPGC Concessional Duty 5%	0730006037	August 31, 2007	NA

B. Manufacturing Unit: Mysore, Karnataka

S No	License	License / Certificate Number	Date of Grant	Date of Expiry
1.	Registration under the Karnataka State Tax on Professions, Trades, Callings and Employments Act, 1975, for registration as an employer.	3501576	June 17, 1998	NA
2.	Industrial License issued by the Ministry of	Manufacture of Chip Board –	August 25,	NA

	Commerce and Industry, Government of India	No.23 (99)/59- LIND	1960	
		Plywood – No II 54(78)	September 04, 1978	
3.	Factory License by the Chief Inspector of Factories, Karnataka	25305/253	March 12, 2007	NA
4.	Central Excise Registration Certificate, Karnataka (Unit II)	25305/253	March 12, 2007	NA
5.	Central Excise Registration Certificate, Karnataka (Unit III)	AAFCA3135NXM003	May 01, 2007	NA
6.	Sanction for additional power load of 300 KVA, Karnataka.	EE(O)/AEET1/HT/5989-91	December 05, 2005	NA
7.	License issued under the Indian Standards Act for Quality Management System certification by the Bureau of Indian Standards for fire retardant plywood, Karnataka	CM/L - 6534471	November 25, 2006	November 24, 2008
8.	License issued under the Indian Standards Act for Quality Management System certification by the Bureau of Indian Standards for Marine Plywood, Karnataka	CM/L - 6501658	April 01, 2008	March 31, 2009
9.	License issued under the Indian Standards Act for Quality Management System certification by the Bureau of Indian Standards for veneer decorative plywood, Karnataka	CM/L - 6190162	November 16, 2006	November 15, 2008
10.	License issued under the Indian Standards Act for Quality Management System certification by the Bureau of Indian Standards for Block board, Karnataka	CM/L - 6209965	April 01, 2008	March 31, 2009
11.	License issued under the Indian Standards Act for Quality Management System certification by the Bureau of Indian Standards for Wood particle board for general purposes, Karnataka	CM/L - 6145965	April 01, 2008	March 31, 2009
12.	License issued under the Indian Standards Act for Quality Management System certification by the Bureau of Indian Standards for plywood for general purposes, Karnataka	CM/L - 6155766		September 30, 2008
13.	License issued under the Indian Standards Act for Quality Management System certification by the Bureau of Indian Standards for Wood Product, pre laminated particle boards, Karnataka	CM/L - 6155160		August 13, 2008
14.	No objection certificate issued by Department of Industries for the manufacture of plywood	NA	May 22, 1996	NA
15.	Registration under the Contract Labour (Regulation and Abolition) Act, 1970 Karnataka	LOM/CLA60/2006-07	April 23, 2007	June 30, 2008
16.	Consent to operate under the Water (Prevention and Control of Pollution) Act, 1981, Karnataka	191/KSPCB/EO(Mys)/DEO/AEO-2/LO/APC/INR No. 107211/2007-08/3943	November 30, 2007	September 30, 2009

17.	Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981, Karnataka	202/KSPCB/EO(Mys)/DEO/AEO-2/IND/LO/ INR No. 107211/2007-08/3944	November 30, 2007	September 30, 2009
18.	Authorization for handling hazardous wastes, Karnataka	KSPCB/HWM/224	May 31, 2006	September 20, 2008
19.	Permission to run a Generating Set, Karnataka	T/EEG/2AE3/137/17807-11	January 20, 1977	NA
20.	Test Certificate for Generator, Karnataka	TR05	May 22, 1996	NA
21.	NIC Code from the Secretariat for Industrial Assistance, Ministry of Commerce and Industry, for the manufacture of various qualities of plywood including block boards and Flush Doors except Teachest plywood, Karnataka	II: 54 (78)	September 04, 1978	NA
22.	Karnataka Forest Department, this is for which division-Mysore	A6.RPM.CR.245/2007-08	May 29, 2007	NA
23.	Karnataka Forest Department, renewal of saw mill	NO C1-A/80732/2007-08	April 01, 2008	March 31, 2009

We have obtained Registration under the Employees' Provident Funds and Miscellaneous Provisions Act 1952, Karnataka vide registration number KN-4042 and we have also obtained Employee State Insurance Corporation Certificate, Karnataka vide certificate number 53-1272. Our Company has been regularly paying the monthly dues from time to time for the same. However, Our Company has misplaced their original copy and we have applied for obtaining a duplicate copy for the same.

C. Manufacturing Unit : Rudrapur, Uttarakhand

Sr No	License	License / Certificate Number	Date of Grant	Date of Expiry
1.	Registration under the Uttarakhand State Tax on Professions, Trades, Callings and Employments Act, for registration as an employer.	NA	NA	NA
2.	Registration under the Employees' Provident Funds and Miscellaneous Provisions Act 1952, Uttarakhand	1785/EPF/SRO/HLD/Enf/33653	June 1, 2006	NA
3.	Employee State Insurance Corporation Certificate, Uttarakhand	61-4546-91/RU/794	February 08, 2007	NA
4.	Factory License by the Chief Inspector of Factories, Uttarakhand	USN-928	January 01, 2007	December 31, 2008
5.	Central Excise Registration Certificate, Uttarakhand	AAFCA3135NXM001	April 18, 2006	NA
6.	Certificate for the use of a boiler, Uttarakhand	UR 63	February 23, 2007	NA
7.	Sanction for power load of 750 KVA, Uttarakhand.	5218	May 30, 2007	NA
8.	License issued under the Indian Standards Act for Quality Management System certification	CM/L – 9527388	June 12, 2007	June 15, 2008

	by the Bureau of Indian Standards for block boards ISNO: IS 1659 : 2004, Uttarakhand			
9.	License issued under the Indian Standards Act for Quality Management System certification by the Bureau of Indian Standards for Wooden flush door shutter ISNO: IS 2202 : Part 1: 1999, Uttarakhand	CM/L – 9527489	June 12, 2007	June 15, 2008
10.	License issued under the Indian Standards Act for Quality Management System certification by the Bureau of Indian Standards for plywood for general purpose ISNO: IS 303 : 1989, Uttarakhand	CM/L – 9527287	June 12, 2007	June 15, 2008
11.	License issued under the Indian Standards Act for Quality Management System certification by the Bureau of Indian Standards for veneer decorative plywood ISNO: IS 1328 : 1996, Uttarakhand	CM/L – 9528390	June 12, 2007	June 15, 2008
12.	Registration under the Contract Labour (Regulation and Abolition) Act, 1970 Uttarakhand	K/R/CLA/693/2007-2008 K/R/CLA/694/2007-2008 K/R/CLA/695/2007-2008 K/R/CLA/696/2007-2008 K/R/CLA/697/2007-2008 K/R/CLA/714/2007-2008 K/R/CLA/716/2007-2008	January 21, 2008	July 31, 2008
13.	Test Certificate (from Kirloskar Oil Engine Limited) for Generator, Uttarakhand	Machine No. 5206629	May 31, 2006	NA
14.	Test Certificate (from CG Newage Electrical Limited) for Generator, Uttarakhand	Machine No.96050058	May 22, 1996	NA
15.	Permission to run a Generating Set, Uttarakhand	5841/VNO/HTI/2005-2006	March 22, 2006	NA
		5841(ii)/VNO/HTI/2005-2006	March 22, 2006	NA
16.	NIC Code from the Secretariat for Industrial Assistance, Ministry of Commerce and Industry, for the manufacture of High Pressure Sunmica, Uttarakhand	5043/SIA/IMO/2006	September 12, 2006	Name changed to AIL with effect from July 30, 2007
17.	NIC Code from the Secretariat for Industrial Assistance, Ministry of Commerce and Industry, for the manufacture of plywood and particle board, Uttarakhand	3469/SIA/IMO/2005	July 20, 2005	Name changed to AIL with effect from July 30, 2007
18.	Uttarakhand Forest License	074/LK/2005	December 05, 2005	NA

D. Licenses and approvals relating to Proposed Project

Manufacturing Unit: Chintamani, Karnataka (Proposed Project)

Sr No	License	License / Certificate Number	Date of Grant	Date of Expiry
1.	State Level Single Window Clearance to establish unit for manufacture of plain particle boards, Prelaminated particle boards, decorative plywood and plywood block board and Flush Doors	KUM/SLSWCC-36/AD-2/412/2007-08	October 18, 2007	NA

2.	Plans for the proposed construction of factory building in SPL plot from KSSIDC.	ENG:EE1DN:CHI:SPL PLOT:07-08/220	March 13, 2008	NA
3.	Entry Tax exemption certificate from District Industries Centre	CBP/DIC/ETEC/IPO/1/2007-08	January 16, 2008	October 17, 2010
4.	NIC Code from the Secretariat for Industrial Assistance, Ministry of Commerce and Industry, for the manufacture of plain particle board, flush door, plywood, decorative plywood, prelaminated particle board and veneer sheets, plywood and their products	3370/SIA/IMO/2007	November 27, 2007	NA
5.	Temporary sanction for power load	AEE(O)/AE(I)/07-08/6780-81	March 18, 2008	NA

We will apply for the following licenses for the Proposed Project at Chintamani, Karnataka:

Sr. No	License
1.	Registration under the Karnataka State Tax on Professions, Trades, Callings and Employments Act, 1975, for registration as an employer.
2.	Registration under the Employees' Provident Funds and Miscellaneous Provisions Act 1952, Karnataka
3.	Employee State Insurance Corporation Certificate, Karnataka
4.	Industrial License issued by the Ministry of Commerce and Industry, Government of India
5.	Factory License by the Chief Inspector of Factories, Karnataka
6.	Central Excise Registration Certificate, Karnataka
7.	Registration under the Contract Labour (Regulation and Abolition) Act, 1970 Karnataka
8.	Authorization for handling hazardous wastes, Karnataka
9.	Permission to run a Generating Set, Karnataka
10.	Test Certificate for Generator, Karnataka
11.	Karnataka Forest Department, Mysore

Pending Licenses / Consents in respect of existing manufacturing units and Proposed Project

S No	License	Date of Application for grant of Licence/ Approval
1.	Renewal for Consent to operate under the Water (Prevention and Control of Pollution) Act, 1981, Uttarakhand	June 18, 2007
2.	Renewal for Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981, Uttarakhand	June 18, 2007
3.	Application to Karnataka Power Transmission Corporation for requirement of 3 MV total power connection for their proposed plant at Chintamani, Karnataka	October 25, 2007
4.	Application for consent to operate to the Karnataka State Pollution Board for their proposed plant at Chintamani, Karnataka	November 20, 2007
5.	Application for Consent to operate under the Water (Prevention and Control of Pollution) Act, 1981 for their proposed plant at Chintamani, Karnataka	November 27, 2007
6.	Application for Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 for their proposed plant at Chintamani, Karnataka	November 27, 2007
7.	Application for the label “Archidply”	September 14, 2006
8.	Application for the label “Archid”	March 25, 2000
9.	Application for the label “Monarch”	August 28, 2001
10.	Application for the label “King”	August 28, 2001
11.	Application for the label “Silvi”	May 29, 2006
12.	Application for the label “Pureply”	June 21, 2006
13.	Application for “Eco-Mark” – a scheme of labeling environment friendly products introduced at the instance of MoEF administered by the BIS.	September 10, 2007

MATERIAL DEVELOPMENTS

Apart from the changes mentioned in this Red Herring Prospectus, including in the share capital as mentioned in the section titled “Capital Structure” beginning on page 17 and in the section titled “Management Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 162 of this Red Herring Prospectus, which have occurred since the date of the last financial statements disclosed (i.e., March 31, 2008), the Board of Directors are not aware of any circumstances that materially or adversely affect or are likely to affect the profitability of Our Company or the value of our assets or our ability to pay the liabilities within the next twelve months.

REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board has, pursuant to a resolution passed at its meeting held on September 3, 2007 authorized the Issue subject to the approval by the shareholders of Our Company under Section 81(1A) of the Companies Act. The shareholders of Our Company have authorized the Issue by a special resolution in accordance with section 81(1A) of the Companies Act, passed at the Annual General Meeting of Our Company held on September 29, 2007 at our Registered Office.

Prohibition by SEBI and the RBI

Our Company, our Directors, our Promoters and affiliates and companies with which the Directors are associated with, as directors or promoters have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Further, our Promoters and their relatives have confirmed that they have not been detained as willful defaulters by RBI or any other government authority and there are no violations of securities laws committed by them in the past or pending against them. Entities of our Promoter Group do not appear on the RBI defaulter list, nor are there any violations of securities laws committed by them in the past or pending against them.

Eligibility for the Issue

“We are eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP Guidelines as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements as per Indian GAAP:

- The Company has net tangible assets of at least Rs.3 crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI DIP Guidelines;
- Our Company has a track record of distributable profits as per Section 205 of Companies Act for at least three out of the immediately preceding five years and is compliant with Clause 2.2.1(b) of the SEBI DIP Guidelines;
- Our Company has a Pre-Issue net worth of not less than Rs.100 lakhs in each of the three preceding full years and is compliant with Clause 2.2.1(c) of the SEBI DIP Guidelines;
- Our Company has not changed its name during the last one year and is compliant with Clause 2.2.1(d) of the SEBI DIP Guidelines.
- The aggregate of the proposed Issue size and all previous issues made in the same financial year in terms of size (*i.e.* offer through the offer document + firm allotment + promoter’s contribution through the offer document) is not expected to exceed five times the pre-Issue net worth of the Company as per the audited balance sheet of the last financial year and is compliant with Clause 2.2.1(e) of the SEBI DIP Guidelines.”

The Company is complying with all the clauses of 2.2.1 of SEBI (DIP) Guidelines as certified by our Statutory Auditors M/s GRV & PK, vide their certificate dated May 28, 2008.

(Rs. in lakhs)

Particulars	For the financial year ended				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Distributable Profits ⁽¹⁾	(5.53)	-	21.03	578.28	1486.68
Net Worth ⁽²⁾	(71.07)	(71.28)	1397.01	2643.63	4294.36
Net Tangible Assets ⁽³⁾	(71.07)	(71.28)	3417.16	7599.14	9166.74
Monetary Assets ⁽⁴⁾	4.42	4.23	214.61	271.06	486.96
Monetary Assets as a % of Net Tangible Assets	-	-	6.28%	3.57%	5.31%

1. Distributable profits have been defined in terms of Section 205 of the Companies Act.
2. Net worth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures not written off, if any.
3. Net tangible assets are defined as the sum of all net fixed assets (including capital work in progress and excluding revaluation reserves, if any), excluding intangible assets as defined in Accounting Standard 26 issued by ICAI and including Net Current Assets and Trade Investments, if any, excluding Non trade Investments and Deferred Tax Assets.
4. Monetary Assets are defined as the sum of cash on hand, Non Trade Investments, Balance with Scheduled Bank in Current accounts and Fixed Deposits and public deposit account with the Government, if any.

However, we are offering Equity Shares in accordance with clause 2.2.2 (a) (ii) and 2.2.2 (b) (i) of the SEBI (DIP) Guidelines, wherein:

- a) The “project” has at least 15% participation by Financial Institutions/Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the Issue shall be allotted to QIBs, failing which the full subscription monies shall be refunded.
- b) The minimum post-issue face value capital of Our Company shall be Rs.1,000 lakhs. Our Company has been appraised by Union Bank of India and Oriental Bank of Commerce and the project comprises of 34% participation from the appraiser i.e. Rs.2,800 lakhs by way of term loan. Further, our post-issue face value capital shall be atleast Rs.1,000 lacs. We are eligible for this Issue as we satisfy (b)(i) of Clause 2.2.2 of the SEBI Guidelines and as per clause (a)(ii) the Project has more than 15% participation from scheduled commercial banks, of which the Appraiser have undertaken to participate for more than 10% and Our Company shall ensure more than 10% allotment in this Issue to QIBs failing which, the entire subscription monies shall be refunded.

Our Company undertakes that the number of allottees in the proposed Issue shall be atleast 1,000, otherwise, we shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, we shall pay interest on the Bid Amount at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. 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 RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 5, 2007 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, MORE PARTICULARLY REFERRED TO IN THE ANNEXURE, IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
- (II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, 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 ISSUER, WE CONFIRM THAT:**
- A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO 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 DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
- (III) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**
- (IV) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
- (V) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**
- (VI) WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**
- (VII) WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT ALL PROMOTER'S CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED ATLEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE- NOT APPLICABLE.**
- (VIII) WHERE THE REQUIREMENT OF PROMOTERS' CONTRIBUTION IS NOT APPLICABLE TO THE ISSUER, WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE 4.10 (SUB-CLAUSE (A), (B), OR (C), AS MAY BE APPLICABLE) ARE NOT APPLICABLE TO THE ISSUER – NOT APPLICABLE.**
- (IX) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE ‘MAIN OBJECTS’ LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE**

ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

- (X) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**
- (XI) WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.**
- (XII) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE- NOT APPLICABLE AS THE OFFER SIZE IS MORE THAN 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.**
- (XIII) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:**
 - (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND**
 - (b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.”**

The filing of the Draft Red Herring Prospectus does not, however, absolve us from any liabilities under section 63 and section 68 of the Companies Act or from the requirement of obtaining such statutory and 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 BRLM, any irregularities or lapses in the Draft Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of section 56, section 60 and section 60B of the Companies Act.

Disclaimer from Our Company and the BRLM

Investors that Bid in the issue will be required to confirm and will be deemed to have represented to us, the underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge or transfer the equity shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. We, the underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares of Our Company.

General Disclaimer

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.archidply.com, would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLM and us dated October 1, 2007 and the Underwriting Agreement to be entered into among the Underwriters and us.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to us, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. We, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

All information shall be made available by us and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers or elsewhere.

Neither we nor the BRLM is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India) and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted Non-Residents including Eligible NRIs, FIIs and eligible foreign investors. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself 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 Mumbai only.

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

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws in the United States. Accordingly, the Equity Shares are only being offered and sold outside the United States in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers occur.

Disclaimer clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter, Ref. No. DCS/IPO/NP/IPO-IP/1363/2007-08 dated November 28, 2007, granted permission to Our Company to use BSE’s name in this Red Herring Prospectus as one of the stock exchanges on which our securities are proposed to be listed. BSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- Warrant that our securities will be listed or will continue to be listed on BSE; or

- Take any responsibility for the financial or other soundness of Our Company, its promoters, its management or any scheme or project of Our Company;

and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of Our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE 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 for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given vide its letter Ref. No. NSE/LIST/62582-D dated December 14, 2007, granted permission to Our Company to use the NSE's name in this Red Herring Prospectus as one of the stock exchanges on which Our Company's securities are proposed to be listed. The NSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus, nor does it warrant that Our Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of Our Company, its Promoters, its management or any scheme or project of Our Company.

Every person who desires to apply for or otherwise acquires any of Our Company's securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE 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 for any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI, SEBI Bhawan, Block G, Plot No. C-4A, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under section 60B of the Companies Act, has been delivered for registration to the RoC and a copy of the Prospectus required to be filed under section 60 of the Companies Act would be delivered for registration with RoC situated at Bangalore, Karnataka.

Listing

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited In-principle approvals for listing of our Equity Shares from BSE and NSE have been received *vide* their letters dated November 28, 2007 and December 14, 2007, respectively. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized for the QIB Portion, the Non-Institutional Portion and Retail Portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, Our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after Our Company becomes liable to repay it (i.e. from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then Our Company, along with every Director of Our Company who is default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalization of the basis of allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act, 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.”

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to this Issue; and (b) the BRLM, the Escrow Collection Banks and the Registrar to this Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, M/s. GRV & PK, Our Company’s Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Expert Opinion

Except as stated in “Statement of Tax Benefits” as it appears in this Red Herring Prospectus, Our Company has not obtained any expert opinion.

Issue Related Expenses

The expenses of this Issue payable by Our Company include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Activity	Expense (Rs. Lakhs)*	Percentage of Issue Expenses	Percentage of Issue Size
Lead management, underwriting and selling commissions	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Other (Registrar’s fees, legal fees, etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

* Will be completed after finalization of the Issue Price.

Other than the listing fee, which will be paid by us, all expenses with respect to the Issue will be borne by us.

Fees Payable to the Book Running Lead Manager

The total fees payable to the BRLM (including underwriting commission and selling commission) will be as stated in the engagement letter dated August 9, 2007 with the BRLM, a copy of which is available for inspection at our registered office located at 29/2, G.K. Manor, 1st Floor, Nehru Nagar Circle, Seshadripuram, Bangalore – 560 020, India.

Fees Payable to the Registrar to the Issue

The fees payable to the registrar to the issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with us, a copy of which is available for inspection at the our registered office.

The registrar to the issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the registrar to the issue to enable it to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Issues during last five years

Our Company has not made any public or rights issues during last five years preceding the date of filing of this Red Herring Prospectus.

Previous issues otherwise than for Cash

Except as stated in the sections titled “Capital Structure” beginning on page 17 of this Red Herring Prospectus, Our Company has not issued any equity shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of our equity shares

Since this is the initial public issue of our Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the equity shares since inception.

Companies under the Same Management

There is no other company under the same management within the meaning of erstwhile section 370 (1B) of the Companies Act.

Promise vs. Performance

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

Outstanding Debentures or Bonds or redeemable Preference Shares

There are no outstanding bonds or redeemable preference shares and other instruments issued by Our Company as of the date of this Red Herring Prospectus.

Stock Market Data of the Equity Shares

This being our initial public issue, the equity shares are not listed on any stock exchange, no market data is available.

Mechanism for Redressal of Investor Grievances

We will endeavor to settle investor grievances expeditiously and satisfactorily. The Memorandum of Understanding between the registrar to the issue and the issuer provides for retention of records with the registrar to the issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the registrar to the issue, Karvy Computershare Registry Limited, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant, and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances

We estimate that the average time required by us or the registrar to the issue for the redressal of routine investor grievances shall be ten working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Company has formed the Shareholders/Investors Grievance Committee on September 3, 2007 and was re-constituted on September 7, 2007, comprising four directors as the members. For further details of the same, please refer to the section titled “Our Management” beginning on page 97 of this Red Herring Prospectus.

Our Company has appointed Mr. Rajneesh Sharma, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He may be contacted at the following address:

Mr Rajneesh Sharma

Company Secretary and Compliance Officer

29/2, G.K. Manor, 1st Floor,

Nehru Nagar Circle,

Seshadripuram,

Bangalore – 560 020, India.

Tel: + 91 80 2344 5607

Fax: + 91 80 2334 8463

E-mail: ipo@archidply.com

Changes in the Auditors During last three years and reasons thereof

There have been no changes in the auditors of Our Company during the last three years.

Capitalization of reserves of profits during the last five years

There has been no capitalization of reserves or profits by Our Company during last five years from the date of filing of this Red Herring Prospectus.

Revaluation of assets during last five years

There has been no revaluation of assets by Our Company during last five years from the date of filing of this Red Herring Prospectus.

SECTION VII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

Principal Terms and Conditions of the Issue

The Equity Shares being issued in this Issue are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of Our Company, the terms of this Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note (“CAN”) and other terms and conditions as may be incorporated in the allotment advice, and other documents/ certificates that may be executed in respect of the Equity Shares. Further to the above, the Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI/Government of India/Stock Exchanges and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares to be issued shall, subject to the Memorandum and Articles of Association of Our Company, rank *pari passu* in all respects with the other existing Equity Shares of Our Company in all respects including rights in respect of dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of allotment. See the section titled “Main Provisions of the Articles of Association” beginning on page 227 of this Red Herring Prospectus for a description of the Articles of Association.

Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of the Companies Act and recommended by the Board of Directors and the shareholders at their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of Our Company.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10/- each will be offered in terms of the Red Herring Prospectus to be filed with RoC, Bangalore at a price of Rs.[●] /- per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares of Our Company, subject to applicable laws. The Issue Price is [●] times the face value of the Equity Shares.

Compliance with SEBI (DIP) Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association.

For further details on the main provisions of the Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see the section titled “Main Provisions of the Articles of Association” beginning on page 227 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. The trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allocation and allotment through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum allotment of 75 Equity Shares. For details of allocation and allotment, see the section titled “Basis of Allotment” beginning on page 220 of this Red Herring Prospectus.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with competent courts/authorities in Mumbai.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares transmitted, 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, 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/ transfer/ alienation 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 Our Company or at the Registrar and transfer agents of Our 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:

- to register himself or herself as the holder of the Equity Shares; or
- 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 monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with Our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the investors require changing the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If Our Company does not receive the minimum subscription of 90% of the Issue amount including devolvement of Underwriters within 60 days from the Bid / Issue Closing Date, Our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days, Our Company shall pay interest prescribed under Section 73 of the Companies Act.

If the number of allottees in the proposed Issue is less than 1,000 allottees, Our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days Our Company shall pay interest at the rate of 15% per annum for the delayed period.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/ Issue Closing Date but before the allotment without assigning any reason thereof.

Arrangements for Disposal of Odd Lots

The Equity Shares will be traded in dematerialized form only and therefore the marketable lot is one share. Therefore there is no possibility of odd lots.

Restriction on Transfer and Transmission of the Equity Shares

For a detailed description in respect of restrictions, if any, on transfer and transmission of the Equity Shares and on their consolidation/ splitting, please refer to the section titled “Main Provisions of the Articles of Association” beginning on page 227 of this Red Herring Prospectus.

There is no reservation for Non –Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venire Capital Fund. Bidders will be treated on the same basis as other categories for the purpose of allocation. As per the policy of RBI, Overseas Corporate Bodies cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

ISSUE STRUCTURE

Issue of 66,15,720 Equity Shares of face value Rs.10/- each at a price of Rs.[●] for cash aggregating Rs.[●] lakhs. The Issue would constitute 30.07% of the post Issue paid-up capital of the Issue. The Issue is being made through the 100% Book Building Process.

Particulars	Qualified Institutional Bidders (QIBs)	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Upto 33,07,860 Equity Shares or Issue size less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Atleast 9,92,358 Equity Shares or Issue to Public less allocation to QIB Bidders and Retail Individual Bidders.	Atleast 23,15,502 Equity Shares shall or Issue to Public less allocation to QIB Bidders and Non- Institutional Bidders.
Percentage of Issue size available for allocation	Upto 50% of the Issue with a minimum mandatory allotment of 10% of the Issue (of which 5% shall be reserved for Mutual Funds). Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	At least 15% of the Issue to the public or the issue to public less allocation to QIB Bidders and Retail Individual Bidders.	At least 35% of the Issue to the public or the issue to public less allocation to QIB Bidders and Non- Institutional Bidders.
Basis of allocation if the respective categories is oversubscribed	Proportionate as follows: (a) 1,65,393 Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) 31,42,467 Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 75 Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 75 Equity Shares.	75 Equity Shares and in multiples of 75 Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs.100,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialised form.
Bid Lot	75 Equity Shares in multiples of 75 Equity Shares.	75 Equity Shares in multiples of 75 Equity Shares.	75 Equity Shares in multiples of 75 Equity Shares.
Allotment Lot	75 Equity Shares in multiples of 1 Equity Share	75 Equity Shares in multiples of 1 Equity Share	75 Equity Shares in multiples of 1 Equity Share
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply	Public financial institutions as	Resident Indian individuals,	Resident Indian individuals,

**	specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FIIs, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory, Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs.2,500 lakhs and pension funds with minimum corpus of Rs.2,500 lakhs in accordance with applicable law and National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India.	Eligible NRIs, H.U.F. (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Eligible NRIs and H.U.F. (in the name of Karta)
Terms of Payment	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	At least 10% of bid amount	Full bid amount on bidding	Full bid amount on bidding

* Subject to valid Bids being received at or above the issue price, under-subscription, if any, in the Non-Institutional and Retail individual categories would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of Our Company and the BRLM and subject to applicable provisions of the SEBI (DIP) Guidelines.

**In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.

If the aggregate demand by Mutual Funds is less than 1,65,393 Equity Shares, i.e. less than 5% of the QIB portion, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares without assigning any reason therefore.

Bidding Period / Issue Period

BID / ISSUE OPENS ON	JUNE 11, 2008
BID / ISSUE CLOSES ON	JUNE 17, 2008

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form except that on the Bid/ Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) and uploaded until

(i) 5 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs.100,000 and (ii) such time as permitted by the BSE and the NSE, in case of Bids by Retail Bidders where the Bid Amount is up to Rs.100,000. Due to limitation of time available for uploading the Bids on the Bid /Issue Closing Date, the Bidders are advised to submit their Bid one day prior to the Bid/Issue Closing Date and, in any case, no later than 1 p.m. (Indian Standard time) on the Bid / Issue Closing Date. Bidders are cautioned that in the event a larger number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Bidders after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bidding/Issue Period in accordance with SEBI (DIP) Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date in an English national newspaper, a Hindi national newspaper, and a regional language newspaper. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the website and terminals of the BRLM.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process, wherein upto 50% (subject to mandatory allotment of minimum 10% of the Issue size to QIBs) of the Issue shall be available for allocation on a proportionate basis to QIBs (of which 5% shall be allocated for Mutual Funds). Further, not less than 35% of the Issue shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non- Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Further, as required under clause 2.2.2 (b) (i) of the SEBI Guidelines, the minimum post-issue face value capital of Our Company shall be Rs.100 million.

Bidders are required to submit their Bids through the members of the Syndicate. However, the Bids by QIB shall be submitted only to the BRLM. In case of QIB Bidders, Our Company, in consultation with the BRLM, may reject Bids at the time of acceptance of the Bid-Cum-Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case, Non-Institutional Buyers and Retail Individual Buyers, Our Company, in consultation with the BRLM, would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares will be allotted to successful Bidders only in the dematerialized form. The Equity Shares, on allotment shall be traded only in the dematerialized segment of the Stock Exchange(s).

Bid-Cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note, ("CAN"), and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized Our Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public or NRI applying on a non-repatriation basis	White
Non-residents including NRIs, FIIs, Foreign Venture Capital Fund/ Multilateral and Bilateral Development Financial Institutions applying on repatriation basis	Blue

Who can Bid:

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the H.U.F. in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies and corporate bodies not having majority ownership and control of persons resident outside India and societies registered under the applicable laws in India and authorized to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations, as applicable);

6. Venture Capital Funds registered with SEBI;
7. FIIs registered with SEBI.
8. Foreign Venture Capital Funds registered with SEBI;
9. State Industrial Development Corporations;
10. Multilateral and bilateral development financial institutions;
11. Insurance companies registered with the Insurance Regulatory and Development Authority;
12. Provident funds with minimum corpus of Rs.250 million and who are authorized under their constitution to hold and invest in Equity Shares;
13. Pension funds with minimum corpus of Rs.250 million and who are authorized under their constitution to hold and invest in Equity Shares;
14. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/ society and who are authorized under their constitution to hold and invest in Equity Shares; and
15. Eligible NRIs and other Non Residents including FIIs on a repatriation basis or non-repatriation basis subject to applicable laws;
16. Scientific and/or Industrial Research Organizations authorized to invest in Equity Shares; and
17. National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India..

Note: The BRLM and the Syndicate Members shall not be entitled to participate in this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of the BRLM and Syndicate Members are entitled to bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allotment will be on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of 75 Equity Shares and in multiples of 75 Equity Shares thereafter, so as to ensure that the Bid amount payable by the Bidder does not exceed Rs.1,00,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.1,00,000. In case the Bid amount is more than Rs.1,00,000 due to revision of the Bid, or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds Rs.1,00,000/- and in multiples of 75 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under existing SEBI (DIP) Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision of bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs.1,00,000/-. In case the Bid Amount reduces to Rs.1,00,000/- or less due to a revision in Bids, the same would be considered for allocation under the Retail portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'Cut-Off'.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for Bidders

- (a.) Our Company will file the Red Herring Prospectus with the Registrar of Companies, Bangalore at least 3 (three) working days before the Bid/Issue Opening Date.
- (b.) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.

- (c.) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain this Red Herring Prospectus and/ or the Bid-cum-Application Form (post filing of the Red Herring Prospectus with the RoC, Bangalore) can obtain the same from our Registered Office or from any of the BRLM/ Syndicate Members.
- (d.) Investors who are interested in subscribing for the Equity Shares should approach any of the BRLM or Syndicate Member or their authorised agent(s) to register their Bid.
- (e.) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of Bidding

- a) Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with Registrar of Companies, Bangalore and also publish the same in three widely circulated newspapers (one English national newspaper, one Hindi national newspaper and one regional language newspaper). This advertisement shall contain the disclosures as prescribed in Schedule XX-A of the SEBI (DIP) Guidelines, as amended from time to time. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period.
- b) The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers one each in English and Hindi) and one regional language newspaper by indicating on the websites of the BRLM and at the terminals of the members of the Syndicate. The Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.
- c) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page 205 of this Red Herring Prospectus) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- d) The Bidder cannot Bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the "Build up of the Book and Revision of Bids" on page 209 of this Red Herring Prospectus. During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- e) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under paragraph titled "Terms of Payment and payment into Escrow Collection Account" on page 208 of this Red Herring Prospectus.
- f) The Members of the Syndicate will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form. It is the responsibility of the Bidder to obtain the TRS from the Members of the Syndicate.

Bids at Different Price Levels

- (a) The Price Band has been fixed at Rs.70 to Rs.80 per Equity Share, Rs.70 being the Floor Price and Rs.80 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1/-(one).
- (b) Our Company, in consultation with the BRLM, reserves the right to revise the Price Band by informing the Stock Exchanges, releasing a press release, disclosure on the website of the BRLM and the members of the Syndicate, if any

and notification on the terminal of the members of the Syndicate. In case of a revision in the Price Band, the Issue will be kept open for a period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. Our Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders. During the Bidding period, in accordance with SEBI (DIP) Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down upto 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.

- (c) Our Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval, or intimidation, to the Bidder.
- (d) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at "Cut-off" where the value of the Bid is less than Rs.1,00,000/-. However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- (e) Retail Individual Bidders, who bid at the Cut-Off, agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Refund Account.
- (f) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be suitable revised, if necessary, such that the minimum application is in the range of Rs.5,000/- to Rs.7,000/-.
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000/-, the Bid will be considered for allocation under the Non Institutional category in terms of this Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.

Option to Subscribe

Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

How to Apply - Availability of Forms, Red Herring Prospectus and Mode of Payment

Bids by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund portion. In the event that the demand is greater than 1,65,393 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB portion, after excluding the allocation in the Mutual Fund portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights. Further, Bidders may bid as per the limits prescribed above.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by NRIs:

Bid-cum-Application Forms will be made available for NRIs at our Registered Office, members of the Syndicate and the Registrar to the Issue.

NRI Bidders may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour). All instruments accompanying Bids shall be payable in Mumbai only.

Bids by FIIs:

As per current regulations, the following restrictions are applicable for investment by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of Our Company (i.e. 10% of 22,00,000 Equity Shares). In respect of an FII investing in Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital in case such sub-accounts is a foreign corporate or in individual.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and foreign venture capital investors.

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI, respectively. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed the limits prescribed under these regulations.

As provided under the SEBI DIP Guidelines, the shareholding of a SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering, would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing of the draft prospectus with SEBI.

The above information is given for the benefit of Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws and regulations, which may occur after the date of this Red Herring Prospectus, whether prospectively or retrospectively. Bidders are advised to make their independent investigations and ensure that their number of Equity Shares bid for do not exceed the applicable limits under laws and regulations.

Escrow Mechanism

Escrow Account

Our Company shall open Escrow Accounts with one or more Escrow Collection Banks. In whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the

monies from the Escrow Account to the Issue Account with one of the Escrow Collection Bank as per the terms of the Escrow Agreement with Our Company. Payments of refunds to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), Our Company, the Registrar, BRLM and Syndicate Members to facilitate collections from the Bidders.

Payment of refund, if any, to the Bidders shall also be made from the Refund Account by the Escrow Collection Banks, as per the terms of the Escrow Agreement and this Red Herring Prospectus.

Terms of Payment and Payment into the Escrow Collection Account

In case of Non-institutional Bidders and Retails Individual Bidders, each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions" on page 215 of this Red Herring Prospectus and submit the same to the members of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash and Stock invest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account with one of the Escrow Collection Banks. The balance amount after transfer to the Issue Account shall be transferred to the Refund Account maintained by the Refund Bank, and not later than 15 days from the Bid Closing Date / Issue Closing Date, the Refund Bank shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

In case of QIBs, each QIB shall, with the submission of the bid cum application form draw a cheque or demand draft for 10% of the maximum amount of his bid in favour of the Escrow account of the Escrow Collection Bank. The balance amount shall be payable for the allocated Equity Shares no later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected and the margin amount will be refunded.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which and Our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity to each city where a stock exchange is located in India and where Bids are accepted.
- (b) BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the member of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) Aggregate demand and price for bids registered on the electronic facilities of BSE and NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period. The online, real-time graphical display of demand and bid prices at the bidding terminals shall be made. The BRLM shall ensure the availability of adequate infrastructure for data entry of the bids on a real time basis. At the end of each day of the bidding period the demand shall be shown graphically on the terminals for information of the syndicate members as well as the investors.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the online system:

- Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form).
 - Investor Category -Individual, Corporate, NRI, FII, or Mutual Fund, etc.
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form
 - Margin Amount; and
 - Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or Our Company
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind
- (g) The members of the Syndicate have the right to review the Bid. The Syndicate Members have right to reject a bid received from a QIB at the receipt of Bids. However, a Syndicate Members shall disclose the reason for not accepting the Bid to the Bidder. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids shall not be rejected except on the technical grounds listed on page 217 in this Red Herring Prospectus
- (h) It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by Our Company, BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of Our Company, its promoters, its management or any scheme or project of Our Company
- (i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on BSE and NSE.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the or NSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Syndicate Member. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- (h) Only Bids are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/allotment. In case of discrepancy of data between BSE or NSE and the Syndicate Member, the decision of the BRLM based on physical records of Bid-cum-Application Forms shall be final and binding to all concerned.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- (b) Our Company and the BRLM shall finalise the Issue Price and the number of Equity Shares to be allotted.
- (c) The allocation for QIBs, upto 50% of the Issue, of which 5% shall be reserved for Mutual Funds, would be proportionate. The allocation to Non-Institutional Bidders, and Retail Individual Bidders of not less than 15% and 35% of the Issue, respectively, would be on proportionate basis, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) Under subscription, if any, in Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of Our Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than 1,65,393 Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
- (e) The BRLM, in consultation with Our Company, shall notify the Syndicate Member of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (f) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allotment.
- (g) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the closure of Bidding,
- (h) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and Roc filing

- (a) Our Company, BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement after the filing of the Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note (CAN)

After the determination of Issue Price, the following steps would be taken

- (a) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail Individual and Non-Institutional Bidders. However, Bidders should note that Our Company shall ensure that the date of Allotment of the Equity Shares to all Bidders, in all categories, shall be done on the same date.
- (b) The BRLM or Syndicate Member would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.
- (d) The issuance of CAN is subject to "Allotment Reconciliation and Revised CANs" as mentioned below.

Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be required to be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a.) After the funds are transferred from the Escrow Account to the Issue Account on the Designated Date, we would ensure allotment of the Equity Shares to the allottees within two days of the finalization of the basis of allotment.
- (b.) All allottees will receive credit for the Equity Shares directly in their depository account. **Equity Shares will be issued only in the dematerialized form to the allottees.** Allottees will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

We would ensure the allotment of Equity Shares within 15 days of Bid Closing Date and also ensure that credit is given to the allottees' depository accounts within two working days from the date of allotment. In case, Our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% p.a.

General Instructions

Do's:

- a) Check if you are eligible to apply;

- b) Complete the Bid-cum-Application Form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a Syndicate Member;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS;
- g) Ensure that the bid is within price band;
- h) Investors must ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case, the Bid-cum- Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same sequence as they appear in the Bid-cum-Application Form;
- i) If you have mentioned "applied for" or "not applicable" in the Bid-cum-Application Form in the section dealing with PAN number ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof; and
- j) Ensure that demographic details (as defined herein below) are updated, true and correct in all respects.

Don'ts:

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the price band;
- c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
- d) Do not pay the Bid amount in cash;
- e) Do not send Bid-cum-Application Forms by post; instead submit the same to Syndicate Member only;
- f) Do not Bid at Cut-Off price (for QIBs and non-institutional bidders);
- g) Do not fill up the Bid-cum-Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- h) Do not submit Bid accompanied with Stock invest;
- i) Do not submit GIR number instead of PAN as Bid is liable to be rejected on this ground; and
- j) Do not submit the Bid without the QIB Margin Amount in case of a Bid by a QIB.

Instructions for Completing the Bid-Cum-Application Form

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the BRLM or Syndicate Members.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for resident Indians and blue for Non-residents including NRIs, FIIs, Foreign Venture Capital Fund/Multilateral and Bilateral Development Financial Institutions applying on repatriation basis.)
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision

Forms are liable to be rejected.

- (c) The Bids from the Retail Individual Bidders must be for a minimum of 75 Equity Shares and in multiples of 75 thereafter subject to a maximum Bid amount of Rs.1,00,000/-.
- (d) For Non-institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of 75 Equity Shares so that the Bid Amount exceeds or equal to Rs.1,00,000/-. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- (e) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- (f) In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCB's.
- (g) Thumb impressions and signatures other than in the languages specified in the eighth schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Depository Account Details and Bank Account Details

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant's Identification Number, Beneficiary Account number provided by them in the Bid-Cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf.

Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither Our Company, the Registrar, the Escrow Collection Bank (s), Bankers to the Issue, the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-

Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Bidders may note that receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Our Company, in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order / CANs / allocation advice / refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, Our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, Our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, Our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs.250 million and pension funds with minimum corpus of Rs.250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, Our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, Our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid-cum-Application form, subject to such terms that BRLM may deem fit.

Bids by eligible NRIs and FIIs on a repatriation basis:

Bids and revision to Bids must be made:

1. On the Bid-cum-Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three).
3. By FIIs for a minimum of such number of Equity Shares and in multiples of 75 thereafter that the Bid Amount exceeds Rs.1,00,000. For further details see section titled "Issue Procedure - Maximum and Minimum Bid Size" on page 204 of this Red Herring Prospectus.
4. Bids by NRIs for a Bid Amount of up to or less than Rs.1,00,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 1,00,000 would be considered under Non Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund registered with SEBI, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity Shares and in multiples of 75 Equity Shares thereafter so that the Bid Amount exceeds Rs.1,00,000; for further details see "Maximum and Minimum Bid Size".
5. In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund registered with SEBI, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals or their nominees or OCB's.
6. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid-cum-Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs. All Eligible NRIs and FIIs will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

Our Company, the BRLM and the Syndicate Members shall open an Escrow Account with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account:

- a. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid-cum-Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" beginning on page 200 of this Red Herring Prospectus and shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full bid amount of payment has to be made at the time of submission of the Bid-Cum-Application Form.
- b. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the equity shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
- c. All cheques / bank drafts accompanying the Bid should be crossed Escrow Collection Banks and marked:

- i. In case of QIBs: **"Escrow Account – Archidply - QIB - R"**;
 - ii. In case of non-resident QIB Bidders: **"Escrow Account - Archidply - QIB - NR"**;
 - iii. In case of Resident Retail and Non Institutional Bidders: **"Escrow Account - Archidply - Issue"**;
 - iv. In case of Non Resident Retail and Non Institutional Bidders: **"Escrow Account - Archidply - Issue - NR"**;
- d. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
 - e. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
 - f. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
 - g. The monies deposited in the Escrow Account will be held for the benefit of the Bidders until Designated Date.
 - h. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account with one of the Escrow Collection Banks and the surplus amount shall be transferred into the Refund Account maintained with the Refund Bank.
 - i. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Bank shall also refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stock invest/money orders/ postal orders will not be accepted.

Payment by Stock Invest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn.

Submission of Bid-Cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

We reserve the right to reject, in our absolute discretion to accept or reject, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

The Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the I.T. Act. SEBI has issued a circular no. MRD/DoP/Cir-05/2007 dated April 27, 2007 requiring that with effect from July 2, 2007, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. In case the PAN has not been allotted, mention "Applied for" or "Not Applicable" in the appropriate places and submit Form 60 or Form 61 as the case may be together with permissible documents as proof of address. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61, as the case may be.

Unique Identification Number - MAPIN

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/quote UIN under the MAPIN Regulations/ Circulars vide its circular MAPIN/ Cir- 13/2005.

Our Company's right to reject Bids

In case of QIB Bidders, Our Company, in consultation with the BRLM, may reject a Bid placed by a QIB for reasons to be recorded in writing, provided that such rejection shall be made at the time of submission of the Bid and the reasons therefore shall be disclosed to the QIB Bidders. In case of, Non-Institutional Bidders, Retail Individual Bidders, we have a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- 1) Amount paid doesn't tally with the amount payable for the highest number of Equity Shares bid for;
- 2) Age of First Bidder not given;
- 3) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 4) PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration;
- 5) UIN Number not given for Body Corporates;

- 6) Bids for lower number of Equity Shares than specified for that category of investors;
- 7) Bids at a price less than lower end of the Price Band;
- 8) Bids at a price more than the higher end of the Price Band;
- 9) Bids at cut-off price by Non-Institutional and QIB Bidders;
- 10) Bids for number of Equity Shares which are not in multiples of 75
- 11) Category not ticked;
- 12) Multiple bids as defined in this Prospectus;
- 13) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 14) Bids accompanied by Stock invest/ money order/postal order/cash;
- 15) Signature of sole and / or joint bidders missing;
- 16) Bid-cum-Application Form does not have the stamp of the BRLM or Syndicate Members;
- 17) Bid-cum-Application Form does not have Bidder's depository account details;
- 18) In case no corresponding record is available with the Depository that matches three parameters: name of Bidder including sequence of names of joint holders), depository participant identification number and beneficiary account number;
- 19) Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and the Bid-cum-Application Form;
- 20) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.
- 21) Bids by OCBs;
- 22) Bid by U.S. residents or U.S persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the U.S. Securities Act of 1933;
- 23) In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- 24) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations; and
- 25) If GIR number is mentioned instead of PAN Number

Equity Shares in dematerialized form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- a) a tripartite agreement dated January 3, 2008 with NSDL, us and Registrar to the Issue;
- b) a tripartite agreement dated December 26, 2007 with CDSL, us and Registrar to the Issue

All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.

- c) Equity shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- d) Names in the Bid-cum-Application Form or Revision Form should be 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.
- e) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- f) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- h) 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. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- i) The trading of the Equity Shares of Our Company would be in dematerialized form only for all investors.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders, etc.

Disposal of Applications and Applications Money and Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

Our Company agrees that as far as possible allotment of securities offered to the public shall be made within 15 days of the closure of the public issue. Our Company further agrees that it shall pay interest at rate of 15% per annum if the allotment letters/refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the date of closure of the Issue. However, applications received after the closure of Issue in fulfilment of underwriting obligations to meet the minimum subscription requirement shall not be entitled for the said interest.

Refund orders shall be payable at par at all centres where Bidding terminals were set-up to receive Bids from Bidders.

Impersonation

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

"Any person who:

- i. makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- ii. 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."

Disposal of Applications and Applications Money and Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

Our Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of finalisation of allotment of Equity Shares. Our Company shall dispatch refund orders, if any, of

value up to Rs.1,500, "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, Our Company further undertake that:

- allotment shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
- dispatch refund orders within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- Our Company shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above
- Refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Basis of Allotment

A. For Retail Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue less allocation to Non-Institutional and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 75 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 23,15,502 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 75 Equity Shares. For the method of proportionate basis of allotment, refer below.

B. For Non Institutional Bidders

- Bids received from Non Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal 9,92,358 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 9,92,358 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 75 Equity Shares. For the method of proportionate basis of allotment refer below.

C. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a.) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows;

- (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
- (b.) In the second instance allocation to all QIBs shall be determined as follows:
- (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- (c.) The aggregate allocation to QIB Bidders shall be upto 33,07,860 Equity Shares.

Except for any shares allocated to QIB Bidders due to undersubscription in the Retail Portion and/ or Non-Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis up to a maximum of 66,15,720 Equity Shares and in multiples of 1 Equity Shares. For the method of proportionate basis of allocation refer below.

Under-subscription, if any, in any category except minimum 10% mandatory QIB portion would be allowed to be met with spill over from any other category at the sole discretion of Our Company and the BRLM.

Procedure and time schedule for allotment of Equity Shares and demat credit of equity

The Issue will be conducted through a "100% Book Building Process" pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on June 11, 2008 and expire on June 17, 2008. Following the expiration of the Bidding Period, Our Company, in consultation with the BRLM, will determine the Issue Price, and, in consultation with the BRLM, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the BSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI on [●] and the Registrar of Companies on [●] and will be made available to investors. SEBI Guidelines require Our Company to complete the allotment to successful bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence. This typically takes three trading days from the date of crediting the investor's demat account, subject to final approval by the Stock Exchanges.

Method of Proportionate Basis of Allotment

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by Our Company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalised in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Prospectus under "Issue Structure".

- a) Bidders will be categorized according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of bidders in the category multiplied by number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over subscription ratio in that category subject to minimum allotment of 75 Equity Shares. The minimum allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.
- d) In case the proportionate allotment to any Bidders is in fractions, then the same would be rounded off to nearest

integer.

- e) In all bids where the proportionate allotment is less than 75 Equity Shares per Bidder, the allotment shall be made as follows:
- Each successful Bidder shall be allotted a minimum of 75 Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- f) If the proportionate allotment to a Bidder is a number that is more than 75 but is not a multiple of 1 (which is the marketable lot), the number in excess of the multiple of 1 would be rounded off to the higher multiple of 1 if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of 1. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- g) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient (except the mandatory 10% QIB Portion) for proportionate allotment to the successful bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising of bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. Bidders having bank accounts at any of the 68 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where Bidder is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other Bidders, we shall despatch refund orders, if any, of value up to Rs.1,500, by "Under Certificate of Posting", and will despatch refund orders above Rs.1,500, if any, by registered post only at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date and adequate funds for the purpose shall be made available to the Registrar by us. Bidders to whom refunds are made through Electronic transfer of funds will be send a letter through "Under Certificate of Posting" within 15 days of closure of Issue, intimating them about the mode of credit of refund, the bank where refunds shall be credited along with the amount and the expected date of electronic credit of refund.

Our Company shall ensure despatch of refund orders / refund advice, if any, by "Under Certificate of Posting" or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole of First Bidder's sole risk within 15 days of the Bid Closing Date / Issue Closing Date, and adequate funds for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar by Our Company.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, we undertake that:

- a. Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- b. Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- c. We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders / credit intimation are not despatched and in case the where a refund is made through electronic mode, the refund instructions have not been given to the clearing system, and demat credit within the 15 day time prescribed above provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the electronic transfer.

Our Company will provide adequate funds required for the cost of despatch of refund orders/ refund advice/ allotment advice to the Registrar to the Issue.

Save and except refunds affected through the electronic mode i.e. ECS, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. The bank charges, if any, for encasing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Payment of Refund

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including nine digit MICR code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM, the Refund Bank, Our Company nor the Registrar shall have any responsibility and undertake any liability for the same.

Mode of Making Refunds

The payment of refund, if any, would be done through various modes in the following order of preference

- (a) **ECS** - Payment of refund would be done through ECS for Bidders having an account at one of the following 68 centres notified by SEBI: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram, Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (non-MICR), Pondicherry, Hubli, Shimla (non-MICR), Tirupur, Burdwan (non-MICR), Durgapur (non-MICR), Sholapur, Ranchi, Tirupati(non-MICR), Dhanbad (non- MICR), Nellore (non-MICR), Kakinada (non-MICR), Agra, Allahabad, Jalandar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakhpur, Jammu, Indore, Pune, Salem, Jamshedpur, Vishakhapatnam, Mangalore, Coimbatore, Rajkot, Kochi/Ernakulam, Bhopal, Madurai, Amritsar, Haldia (non- MICR), Vijaywada and Bhilwara, where clearing houses for ECS are managed by Reserve Bank of India namely Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This would be subject to availability of complete Bank Account Details including MICR code from the depository. The payment of refund through ECS is mandatory for Bidders having a bank account at any of the 68 centres named herein above, except where Bidder is otherwise disclosed as eligible to get refunds through Direct Credit or RTGS.
- (b) **Direct Credit** - Investors having their Bank Account with the Refund Banker, i.e. ICICI Bank Limited, shall be eligible to receive funds, if any, through Direct Credit. The refund amount, if any, would be credited directly to their Bank Account with the Refund Banker.
- (c) **RTGS** - Bidders having a bank account at any of the following 15 centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram and whose bid amount exceeds Rs.1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All Bidders eligible to exercise this option shall mandatorily provide the IFSC code in the Bid cum Application form. In the event of failure to provide the IFSC code in the Bid cum Application form, the refund shall be made through the ECS or Direct Credit, if eligibility is disclosed.

Real Time Gross Settlement (RTGS) is a process facilitated by RBI and is generally used for high value transactions in which the credit happens instantly. It involves costs linked to the amount remitted, which refund banker charges. We have been informed by the Registrar to Issue (in our case, Karvy Computershare Private Limited) that RTGS is not intended for bulk / batch transactions and is required to be processed as individual transaction. Hence for RTGS, we have kept a threshold limit of minimum Rs. 1 million.

Please note that only Bidders having a bank account at any of the 68 centres notified by SEBI where clearing houses for ECS are managed by RBI are eligible to receive refunds through the modes detailed in (a), (b) and (c) hereinabove. For all the other Bidders, including Bidders who have not updated their bank particulars along with the nine digit MICR Code, the refund orders would be despatched "Under Certificate of Posting" for refund orders of value up to Rs.1,500 and through Speed Post / Registered Post for refund orders of Rs.1,500 and above.

For all the other Bidders excepts for whom payment of refund is possible through (a), (b) and (c) the refund orders would be despatched "Under Certificate of Posting" for refund orders less than Rs.1500 and through Speed Post/Registered Post for refund orders exceeding Rs.1500. Some refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Interest in case of delay in dispatch of Allotment Letters/Refund Orders

We agree that allotment of securities offered to the public shall be made not later than 15 days from the Bid/Issue Closing Date. We further agree that we shall pay interest at 15% per annum if the allotment letters/refund orders have not been dispatched to the Bidders within 15 days from the Bid/Issue Closing Date or if in a case where refund or position thereof is made in an electronic manner, the refund instructions have not been given to the clearing system in a disclosed manner within 15 days from the Bid / Issue Closing Date, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the electronic transfer.

BID/ ISSUE OPENS ON	JUNE 11, 2008
BID/ ISSUE CLOSES ON	JUNE 17, 2008

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and also by indicating the change on the web site of the BRLM and at the terminals of the Syndicate.

Undertakings by Our Company

Our Company undertake as follows:

- that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed under the heading "Disposal of Application and Application Money and Interest in Case of Delay in Dispatch of Allotment Letter/ Refund Orders" on page 219 of this Red Herring Prospectus, shall be made available to the Registrar to the issue by Our Company.
- that the Promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription;
- that the certificates of the securities/refund orders to the non-resident Indians shall be despatched within specified time.
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within 15 days of closure of the issue giving the details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund.
- that no further issue of Equity Shares shall be made till the Equity Shares issued through this Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

We will provide adequate funds required for dispatch of refund orders / electronic transfer of funds for refunds or allotment advice to the Registrar to the Issue.

Utilisation of Issue Proceeds

The Board of Directors certifies that:

- (a) all monies received out of the Issue shall be credited/ transferred to a separate Bank Account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) details of all monies utilized out of this Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of Our Company indicating the purpose for which such unutilized monies have been invested;
- (c) Details of all unutilized monies out of this Issue, if any, shall be disclosed under an appropriate separate head in

the balance sheet of Our Company indicating the form in which such unutilized monies have been invested.

- (d) The details of all unutilized monies out of the funds received under the reservations shall be disclosed under a separate head in the balance sheet of Our Company indicating then form in which such unutilized monies have been invested.

The Board of Directors further certifies that:

- (a) the utilisation of monies received under Promoter's contribution shall be disclosed under an appropriate head in the balance sheet of Our Company indicating the purpose for which such monies have been utilised.
- (b) the details of all unutilised monies out of the funds received under Promoter's contribution shall be disclosed under a separate head in the balance sheet of the company indicating the form in which such unutilised monies have been invested.

Rectification of Register of Members

Our Company, under Section 111A of the Companies Act, will have the right to rectify the register of members to comply with the Act.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such Investment. The Comprehensive Manual for Foreign Direct Investment- Policy & Procedures dated November, 2005 issued by the Department of Industry Policy and Promotion, Ministry of Commerce and Industry does not prescribe any cap on the foreign investments in the sector in which Our Company operates. Therefore, foreign investment up to 100% is permitted in Our Company under the automatic route. Please refer to the section titled “Regulation and Policies” beginning on page 86 of this Red Herring Prospectus for details.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public issue without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a nonresident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the nonresident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Representation from the Bidders

No person shall make a Bid in Issue, unless such person is eligible to acquire Equity Shares of Our Company in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of Our Company and will not offer, sell, pledge or transfer the Equity Shares of Our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of Our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of Our Company.

Subscription by Eligible Non-Residents

There is no reservation for any NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis with other categories for the purpose of allocation. As per RBI regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (“the Securities Act”) or any state securities laws in the United States and may not be issued or sold within the United States. The Equity Shares are only being issued and sold outside the United States to certain Persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

The main provisions of the Articles of Association of Our Company are as follows:

Article 3 –Capital:

The Authorized Share Capital of the Company shall be the same as provided in clause V of the Memorandum of Association with power to increase and reduce the capital of the company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively.

Article 4 – Increase in capital:

The Company at the General Meeting may, from time to time, by an ordinary Resolution increase the capital by creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any share of the original or increased capital 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 Directors shall determine, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with, and if the act allows without, a right of voting at general meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

Article 6 – Buy back of shares

Notwithstanding anything contained in these articles, in accordance with the provisions of Sections 77A, 77AA and 77B of the Act or any statutory modification thereto and such other regulations and guidelines as may be issued in this regard by the relevant authorities, the Board of Directors may, if and when deem fit, buy back such of the Company's own shares, stocks or securities, whether or not they are redeemable, as it may decide, subject to such limits, upon such terms and conditions, and subject to such approval, as are specified in this regard.

Subject to Article 6, the funds of the Company shall not be employed for the purchase of or lent on the security of shares of the Company and the Company shall not give, directly or indirectly any financial assistance whether by way of loan, guarantee or by provision of security or otherwise for the purpose of or in connection with any purchase of or subscription for the Shares in the Company, its Holding Company.

The article shall not be deemed to affect the power of the Company to enforce repayment of loans to members or to exercise a lien conferred by Article 40.

Article 7 – Further issue of capital

Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares then

- (a) such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.
- (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of offer within which the offer, if not accepted, will be deemed to have been declined.
- (c) The aforesaid offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub –clause (b) shall contain a statement of this Right.

- (d) After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as it thinks most beneficial to the Company.
- (2) Notwithstanding anything contained in preceding sub-clause, the Company may
 - (a) by a special resolution; or
 - (b) where no such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the motion moved in the general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
- (3) Nothing contained in clause (c) of (1) hereof shall be deemed –
 - (a) to extend the time within which the offer should be accepted, or
 - (b) to authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in renunciation
- (4) Nothing contained in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued or loans raised by the Company
 - (i) to convert such debentures or loans into shares in the company
 - (ii) to subscribe for shares in the Company.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include the term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of the Debentures or the raising of the loans or is in conformity with rules, if any, made by that Government in this behalf; and
- (b) in the case of the debentures or loans or other than debentures issued to, or loans obtained from the government or any institution specified by the Central Government in this behalf, has also been approved by the special resolutions passed by the company in general meeting before the issue of the loans.

Article 8 - Redeemable Preference Shares

Subject to the provisions of Sections 80, 85 and other applicable provisions of the Act, the Company shall have power to issue Preference Shares which are or at the option of the Company are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption thereof.

Article 9 - Provisions to apply on issue of Redeemable Preference Shares

On the issue of Redeemable Preference Shares under the provisions of Article 8 hereof, the following provisions shall take effect :

- (a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption;

- (b) no such shares shall be redeemed unless they are fully paid;
- (c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed;
- (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund to be called the "Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to reduction of the share capital of the company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

Article 10 –Reduction of capital

The Company may (subject to the provisions of Sections 78, 80, 100 to 105 inclusive of the Act) from time to time by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Share / Securities Premium Account in any manner for the time being authorized by law by following the procedure prescribed by the Act.

Article 11 – Sub-division consolidation and cancellation of shares

Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is subdivided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 12 – Modification of Rights

Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into classes of shares all or any of the rights and privileges attached to each class may subject to the provisions of Sections 106 and 107 of the Act be modified, commuted, affected or abrogated, or dealt with by Agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of atleast three-fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate general meeting of the holders of shares of the class.

Article 14 - Issue of Sweat Equity Shares

The Company shall subject to and in accordance with the provisions of section 79A of the Act, shall have the power, by a Special Resolution passed at a General Meeting to issue Sweat Equity Shares to the Directors, Employees of either of the Company or of any of its subsidiary or holding Company.

Article 19 - Acceptance of Shares

Any application signed by or on behalf of an applicant for share in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who pays or otherwise accepts any shares and whose name is entered in the Register of Members shall for the purpose of these Articles, be a Member.

Article 21 - Liability of Members

Every member, or his heirs, executors or administrators, shall pay to the Company the portion of capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times, and in such

manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

Article 22 – Share Certificates

Every member or allottee of shares shall be entitled without payment to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid thereon, provided, however, no share certificate(s) shall be issued for shares held in a Depository. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in case of issue against letters of advice or acceptance or of renunciation or in case of issue of bonus shares. Every such certificate shall be issued under the seal of the Company which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and two Directors or their attorneys and the Secretary or other person shall sign the share certificate provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or a whole time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of the issue and the amount paid thereon.

Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single member, and the certificate of any share, which may be the subject of joint ownership may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees One Hundred. The Company shall comply with the provisions of Section 113 of the Act.

A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography; but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose

Article 23 – Renewal of Share Certificates

- (a) No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn, old, decrepit, worn out, or where the cages on the reverse for recording transfers have been fully utilized, unless the certificate in lieu of which it is issued is surrendered to the Company.
- (b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is “issued in lieu of share certificate No.... sub-divided/replaced/ or consolidation of shares.”
- (c) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on such terms, if any, as to evidence and indemnity and on payment of out-of-pocket expenses incurred by the Company in investigating the evidence and such fees (not exceeding Rs.2/- for each certificate), as the Board thinks fit.
- (d) When a new share certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counter foil to the effect that it is “duplicate issued in lieu of share certificate No...”. The word “Duplicate” shall be stamped or punched in bold letters across the face of the share certificate.
- (e) Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and duplicate certificate indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in “Remarks” column.
- (f) All blank forms to be issued for issue of share certificate shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the

Secretary or of such other persons as the Board may appoint for the purpose; and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

- (g) The Managing Director of the Company for the time being or if the Company has no Managing Director, every director of the Company shall be responsible for the maintenance, preservation and safe custody of all books, and documents relating to the issue of share certificate except the blank forms of share certificates referred to in sub-Article (f).
- (h) All books referred to in sub-Article (g) shall be preserved in good order permanently.

Provided that notwithstanding what is stated above the directors shall comply with such rules or regulations or requirements of any stock exchange or the rules made under the act or rules made under Securities Contract (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this article shall mutatis mutandis apply to the Debentures of the Company.

Article 25 - The first Named of Joint Holders deemed Sole Holder

If any share stands in the names of two or more persons, the person first named in the Register of Members shall, as regards receipts of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the other 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 share and for all incidents thereof according to the Company's regulations.

Article 26 - Company not bound to recognize any interest in share other than that of registered holder

Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the 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 be bound to recognize any benami trust, equity, equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any two or more persons or the survivor or survivors of them.

Article 28 – Interest out of Capital

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction for the work of building, or the provision of plant.

Article 29 - Directors may make calls

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment by a resolution passed at a meeting of the Board in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.

Article 30 - Notice of calls

Fifteen day's notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to who such call shall be paid.

Article 35 – Calls to carry interest after due date

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 time of actual payment at such rate as shall, from time to time, be fixed by the Board not exceeding 9 per cent per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

Article 38 - Partial payment not to preclude forfeiture

Neither receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

Article 39 - Payments in advance of call may carry interest

The Board may, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the members paying the sum in advance and the Board agree upon. The Board may at any time agree to repay any amounts so advanced or may at any time repay the same upon giving to the member three months' notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or to participate in profits.

No member paying any such sum in advance shall be entitled to voting right in respect of the moneys so paid by him until the same would but for such payment become presently payable.

Article 40 - Company's Lien on Shares

The Company shall have a first and paramount lien upon all shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the conditions that Article 23 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares

Article 44 – Form of Notice

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate not exceeding 9 per cent per annum as the Directors shall determine from the day on which such call or ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment before the time and at the place appointed the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

Article 45 - In default of payment shares to be forfeited

If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

Article 46- Notice of Forfeiture

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Article 47- Forfeited Shares to become property of the Company.

Any share so forfeited shall be deemed to be the property of the Company, and may be sold, reallocated, or otherwise disposed off, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

Article 48- Arrears to be paid notwithstanding Forfeiture

Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding nine percent per annum as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

Article 49- Effect of Forfeiture

The forfeiture of a share shall involve extinction at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these articles are expressly saved.

Article 51 - Validity of Sales in exercise of Lien and after Forfeiture

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sales shall be in damages only and against the Company exclusively.

Article 53 - Power to Annul Forfeiture

The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as it thinks fit.

Article 54 – Transfer and transmission of shares

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

Article 56 – Form of transfer

Shares in the Company may be transferred by an instrument in writing in the usual common form or in such other form as shall from time to time be approved by the Directors provided that if so required by the provisions of the Act, such instrument of transfer shall be in the form prescribed and shall be duly stamped and delivered to Company within the prescribed period.

Article 67 – Directors may refuse to register transfer

Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or

debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a 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 Company on any account whatsoever except where the Company has a lien on shares.

Article 72 – Power to borrow

Subject to the provision of Section 292 of the Act the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company. Provided however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loan obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting.

Article 77 – Power to Issue Share Warrants

The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115; and accordingly the Board may in its discretion, with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

Article 84 – Calling of Extraordinary General Meeting

The Board may, whenever it thinks fit, call an Extra ordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.

Article 88 – Length of notice for calling meeting

At least Twenty-one days' notice in writing of every General Meeting—Annual or Extraordinary — and by whomsoever called specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in case of any other meeting, with the consent of members holding not less than 95 percent of such part of the paid-up share capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting, if any business other than (i) the consideration of the Accounts, Balance Sheets and Reports of the Board of Directors and Auditors, (ii) the declaration of dividend, (iii) the appointment of Directors in place of those retiring, (iv) the appointment of, and fixing of the remuneration of the Auditors is to be transacted, and in the case of any other meeting, in any event, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature or interest if any, therein of every Director of the concern, and the Manager, (if any). Where any such item of special business relates to, or affects any other company, the extent of shareholding interest in other company of every Director, and the Manager if any, of the Company shall also be set out in the statement if the extent of such share-holding interest is not less than 20 per cent of the paid-up share capital of that other company. Where any item of business consists of according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Article 85 - Requisition of Members to state object of meeting

Any valid requisition so made by members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in like form, each signed by one or more requisitionists.

Article 91 – Presence of Quorum

Five Members present in person shall form a quorum for a General Meeting.

Article 92 - If quorum not present, meeting when to be dissolved and when to be adjourned

If at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the Meeting if convened by or upon the requisition of Members, shall stand dissolved, but in any other case the Meeting shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or at such other time and place within the city town or village in which the Registered Office of the Company is situated as the Board may determine, and if at such adjourned meeting, a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the Members present shall be a quorum, and may transact the business for which the Meeting was called. It shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Article 93 – Chairman of General Meeting

The Chairman of the Board shall, if willing, preside as Chairman at every general meeting, annual or extra-ordinary. If there be no such Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or being present declines to take the Chair, the Directors present may choose one of their number to be Chairman and in default of their taking the Chair in doing so the members present shall choose one of the Directors to be Chairman and if no Director present be willing to take the Chair shall, on a show of hands elect one of their number to be Chairman of the meeting. If a poll is demanded on the election of the Chairman it shall be taken forthwith in accordance with the provisions of the Act and these Articles, and the Chairman elected on a show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person is elected Chairman as a result of the poll, he shall be the Chairman for the rest of the meeting.

Article 120 (f) - Share Qualification

He (a director) shall not be required to hold any qualification share for his appointment as a whole-time Director of the Company.

Article 123 – Power to appoint ex-officio directors

Whenever Directors enter into a contract with any Government, Central, State or Local, any bank or financial institution or any person or persons (hereinafter referred to as “the appointer”) for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or entering into any other arrangement whatsoever, the Directors shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Directors may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may fill any vacancy that may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including payment, remuneration and traveling expenses to such Director or Directors as may be agreed by the Company.

Article 149 - Board may appoint Executive Chairman and Managing Directors

Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its members as Executive Chairman, Managing Director or Managing Directors of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and subject to the provisions of Article 143,

the Board may by resolution vest in such Executive Chairman, Managing Director or Managing Directors such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of the Executive Chairman, Managing Director or Managing Directors may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all these modes, or any other mode not expressly prohibited by the Act. The Executive Chairman and the Managing Director shall not be required to retire by Rotation under Article 137. Notwithstanding anything contained in this Article where no Executive Chairman is appointed as such, the Board of Director may elect, from time to time, any of its members, as Chairman who shall be subject to retirement by rotation. Subject to the provisions of the Act and of these Articles, the Board shall have the power to nominate from time to time, any of its members as Vice-Chairman on such terms and conditions as the Board thinks fit. The Directors may whenever they appoint more than one Managing Director, designate one or more of them as “Joint Managing Director” or “Joint Managing Directors” or “Deputy Managing Director” or “Deputy Managing Directors”, as the case may be, and accordingly the expression “Managing Director” shall also include and be deemed to include “Joint Managing Director” or “Deputy Managing Director” as the case may be.

Article 161 – Power of Board Meetings

A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.

Article 164 – Resolution by circulation

No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation unless the resolution has been circulated in draft, by the Secretary of the Company, if any, or by any person or persons nominated by the Executive Chairman, together with the necessary papers if any to all the Directors or to all the Members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be), and to all other Directors or Members of the Committee at their usual address in India and has been approved by such of the Directors or Members of the Committee as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.

Article 168 – Certain powers of the Board

Without prejudice to the general powers conferred by the preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say power to adopt all preliminary contracts, if any, entered into by the promoters either by entering into a contract or with any other person, firm or company on behalf of the Company by way of ratification or substitution and to remunerate person or company for services rendered or to be rendered for the formation or promotion of the Company or for the acquisition of any property, licence, trademarks, letter of intent, allotments, know how or similar thing by the Company.

Without prejudice to the generality of the foregoing, upon the adoption of preliminary contracts, if any, entered into by and between the promoters and any other persons, the Board shall have power in its absolute discretion to issue and allot fully paid Equity or Preference Shares of the Company or by issue of Fully and/or Partly paid Convertible / Non-Convertible Debentures or such other Securities or partly by one and partly by other, in any combination, in one or more tranches may be thought fit by the Board, for consideration in cash or otherwise than in cash to the Promoters or to any other person in terms of the agreement that may be entered into between the Company and the Promoters or to any other person including.

- (i) To pay cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- (ii) To enter into contracts for the acquisition of fixed assets, net current assets, selling rights etc and to enter into non-compete agreements with any other person, firm or company on behalf of the Company by way of ratification or substitution and to remunerate person or company for services rendered or to be rendered or for the acquisition of any property, licence, trademarks, letter of intent, allotments, know how or similar thing by the Company and for the

purpose to pay for such consideration as may arise therefrom by issue of fully paid Equity or Preference Shares of the Company or by issue of Fully and/or Partly paid Convertible / Non-Convertible Debentures or partly by one and partly by other, in any combination, in one or more tranches as the Board may deem fit.

- (iii) To pay and charge to the capital account of the Company any commission, brokerage or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.
- (iv) Subject to Sections 292, 297 and 360 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- (v) At their discretion and subject to provision of the Act to pay for any property, rights, or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, mortgages or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- (vi) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- (vii) To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
- (viii) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purposes, and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.
- (ix) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and or any claim or demands by or against the Company and to refer any differences to arbitration, and observe and perform any awards made thereon.
- (x) To act on behalf of the Company in all matters relating to bankruptcy and insolvency.
- (xi) To make and give receipts, releases, and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- (xii) Subject to the provisions of Sections 292, 295, 369, 370 and 372A of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company) or without security and in such manner as they may think fit, and from time to time to vary or realize such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- (xiii) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit, of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.
- (xiv) To determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give them necessary authority for such purpose.

- (xv) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any officer or other persons employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.
- (xvi) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependants or any connection of such persons, by building or contributing to the building of houses, dwellings, or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments or by creating, and from time to time subscribing or contributing to provident fund and other associations, institutions, funds, trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospital and dispensaries, medical and other attendance and other assistance as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee to charitable, benevolent, religious, scientific, national or institutions or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation, or of public and general utility or otherwise.
- (xvii) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund or to an Insurance Fund or as a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay debenture or debenture-stock or for special dividends or for equalising dividends or for repairing, improving, extending, and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, invest the several sums to set aside for so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the Reserve Fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or Division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Debenture or debenture stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, not exceeding nine percent per annum.
- (xviii) To appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified localities in India or elsewhere in such manner as they think fit and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.
- (xix) To comply with the requirements of any local law which in their opinion shall be in the interests of the Company necessary or expedient to comply with.
- (xx) From time to time and at any time to establish any local Board for managing any of the affairs of the company in any specified locality in India or elsewhere and to appoint any persons to be members of such local Boards, and to fix their remuneration.
- (xxi) Subject to Section 292 of the Act, from time to time and at any time to delegate to any persons so appointed any of the powers, authorities and discretion for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys, and to authorize the Members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation.

- (xxii) At any time and from time to time by power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in/or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits, authorized by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the Members of any Local Board, established as aforesaid or in favour of any Company, or the shareholders, directors, nominees, or managers of any company or firms or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such Powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretion for the time being vested in them.
- (xxiii) Subject to Section 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
- (xxiv) From time to time to make, vary and repeal by-laws for the regulation of the business of the Company its officers and servants.

Article 170 – Appointment of Secretary

Subject to the provisions of Section 383A of the Act, the Board of Directors may, from time to time appoint and, at their discretion remove any individual (hereinafter called 'the Secretary') who shall have such qualifications as the authority under the Act or these Articles are to be performed by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary. The Board of Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.

Article 178 – Apportionment of Dividends

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

Article 181 – Debts may be deducted

No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any moneys may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons; and the Board may deduct from the interest or dividend payable to any member all sums of moneys so due from him to the Company.

Article 183 – Dividend how remitted

Unless otherwise directed any dividend may be paid by cheque or warrant or by a payslip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint-holders to that one of them first named in Register in respect of the joint-holdings. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or payslip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any payslip or receipt or the fraudulent recovery of the dividend by any other means.

Article 184 – Unclaimed dividend

No unclaimed dividend shall be forfeited and the same shall be dealt with in accordance with the provisions of Section 205A, 205B, and 206A or other provisions, if any, of the Act as may be applicable, from time to time.

Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called “ _____ Unpaid Dividend Account”

Any money transferred to the unpaid dividend account of a company which remains _____ unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the fund known as Investor Education and Protection Fund established under section 205C of the Act.

Article 187 – Capitalization

The Company in General Meeting may by a special resolution resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Account or Fund, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the Shares Premium Account) be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized value or sum or fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum, provided that a Share Premium account and a Capital Redemption Reserve Account may, for the purpose of this Article, only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares.

A General Meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to charge may be distributed among the members on the footing that they receive the same as capital.

For the purpose of giving effect to any resolution under the preceding paragraphs of this article, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction of less value than Rs.10/- may be disregarded in order to adjust the rights of all parties and may vest any such cash or the specific assets in trustees upon such trusts for the person entitled to the dividends or capitalized funds as may seem expedient to the Board. Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective.

Article 203 - Indemnification

Every officer or Agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act, in which relief is granted to him by the Court.

SECTION IX: MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following contracts (not being contracts entered into in the ordinary course of business carried on by Our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by Our Company. Copies of these contracts have been attached to the copy of this Red Herring Prospectus which has been delivered to the Registrar of Companies, Bangalore for registration. Copies of these contracts have also been deposited with the documents for inspection referred to hereunder, at the Registered Office of Our Company located at 29/2, G.K. Manor, 1st Floor, Nehru Nagar Circle, Seshadripuram, Bangalore – 560 020, India and can be inspected from 10.00 a.m. to 4.00 p.m. on working days, from the date of this Red Herring Prospectus until the date of closure of the Issue.

1. Material Contracts

- a. Appointment Letter dated August 9, 2007 to Motilal Oswal Investment Advisors Private Limited, regarding their appointment as Book Running Lead Manager to the Issue by the company
- b. Memorandum of understanding dated October 1, 2007 between Our Company and Motilal Oswal Investment Advisors Private Limited
- c. Appointment Letter dated September 3, 2007 to Karvy Computershare Private Limited, regarding their appointment as Registrar to the Issue.
- d. Memorandum of understanding dated September 12, 2007 between Our Company and Karvy Computershare Private Limited
- e. Escrow Agreement dated May 30, 2008 between Our Company, the BRLM, the Escrow Collection Banks, and the Registrar to the Issue;
- f. Underwriting Agreement dated [●], 2008 between Our Company, the BRLM, and Syndicate Members to the Issue;
- g. Syndicate Agreement dated May 30, 2008 between Our Company, the BRLM, and Syndicate Members to the Issue;

Material Documents

1. The Memorandum and Articles of Association of Our Company, as amended from time to time.
2. Certificate of incorporation of Our Company dated September 5, 1995 and fresh certificate of incorporation dated March 30, 2007 pursuant to the change of name of Our Company.
3. Certificate of commencement of business of Our Company dated July 5, 2005.
4. Resolution of the Board of Directors of Our Company dated September 3, 2007 authorizing this issue of Equity Shares and Shareholder's resolution passed at the Annual General Meeting held on September 29, 2007 authorizing the Issue and other related matters.
5. Resolutions of the general body for appointment and remuneration of Company's whole-time Directors.
6. The report of the statutory auditors, M/s. GRV & PK dated October 24, 2007 prepared in accordance with Indian GAAP and referred to in this Red Herring Prospectus and copies of balance sheet and profit and loss account of Our Company.
7. Copies of Annual Accounts of Our Company of last five years.
8. A copy of the Tax Benefit Report dated September 30, 2007 from our statutory auditors M/s. GRV & PK, Chartered Accountants

9. Consents of Directors, Auditors, Domestic Legal Counsel to the Issue, BRLM, Registrar to the Issue, Bankers to the Issue, Bankers to Our Company, Grading Agency, Company Secretary and Compliance Officer as referred to in their respective capacities.
10. General power of attorney executed by Directors of Our Company in favour of person(s) for signing and making necessary changes to this Red Herring Prospectus.
11. Due diligence certificate dated November 5, 2007 to SEBI from Motilal Oswal Investment Advisors Private Limited
12. Sanction letter and Appraisal Note of Union Bank of India and Oriental Bank of Commerce.
13. Scheme of arrangement between TMCL and ATP Silvi Products Limited as approved by the Hon'ble High Court of Karnataka.
14. The trademark license agreement dated October 11, 2007 between Our Company and Assam Timber Products Private Limited.
15. Initial application for listing dated [●] dated [●] filed with the BSE and NSE respectively.
16. "In-principle" listing approval for listing the Equity Shares at the Bombay Stock Exchange Limited dated November 28, 2007 and National Stock Exchange of India dated December 14, 2007.
17. Tripartite agreement between Our Company, NSDL and Registrar to the Issue dated January 3, 2008.
18. Tripartite agreement between Our Company, CDSL and Registrar to the Issue dated December 26, 2007.
19. SEBI observation letter no. CFD/DIL/ISSUES/PB/SR/124148/08 dated April 28, 2008 and Our Company's reply to the same dated May 30, 2008.
20. IPO Grading Report of ICRA Limited

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Issuer or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SECTION X: DECLARATION

All the relevant provisions of the Companies Act 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. The Company and the signatories mentioned below further certify that all statements in this Red Herring Prospectus are true and correct.

Signed by the Directors

Mr. Deen Dayal Daga, Chairman & Managing Director*

Mr. Shyam D. Daga, Joint Managing Director

Mr. Rajiv D. Daga, Executive Director*

Mr. Krishna Kant Somani, Director (Director Technical)*

Mr. Narayan Subrao Adkoli, Independent Director*

Mr. Mohammed Shahid Aftab, Independent Director*

Mr. Kamal Kishore Taparia, Independent Director*

Mr. Bharathkumar Hukumchand Rathi, Independent Director*

* Through their constituted attorney, Mr. Shyam D. Daga

Date: June 2, 2008.

Place: Bangalore