

REPORT OF THE AUDIT COMMITTEE ON SCHEME OF REDUCTION OF CAPITAL

Date: 31st August, 2013

To,
The Board of Directors,
UNI TUBES LIMITED

Sir,

Sub: Report on Draft Scheme of Reduction of Capital

The Audit Committee, at its meeting held at 3.00 pm on Saturday 31 August, 2013, has considered the Draft Scheme of Reduction of Capital under Sections 100 to 103 r/w 94 of the Companies Act, 1956(the "Act") proposed between of the Company and its shareholders and creditors (the "Scheme") involving Reduction of capital of the Company and Splitting of par value of the share from Rs.10/- to Rs.1/- each.

The following are observations made by the members of the Committee after due deliberations on the Scheme:

As per the Audited Financial results of the Company as on 31.03.2013, the total accumulated losses and share capital unrepresented by available assets of the Company. Accumulated Losses of the company are Rs.4,22,29,937 as against the Paid-up equity share capital 3,25,50,000. Mere infusion of further funds into the Company will not benefit any existing share holder even if the Company registers profits in coming years since no dividend can be paid out of profits unless accumulated losses are wiped out. Under this Scheme the accumulated losses are reduced to the extent of reduction of capital. If the Scheme is approved by the BSE, Hon'ble High Court, SEBI and other authorities as may be applicable, the Company will represent true financial position which would benefit both the Company, Institutions in general, and share holders in particulars as their holding will yield better results and value.

Since the shareholders' funds of the Company comprising share capital is no longer be fully represented by assets of the Company and to reflect the true position and picture of the same, as an integral part of the Scheme, the issued, subscribed and paid-up share capital of the Company shall be reduced from Rs.3,25,50,000/-divided into3255000 equity shares of Rs. 10/-each fully paid up to Rs. 32,55,000/- divided into 3255000 equity shares of Re. 1/-each fully paid up and that such reduction be effected by cancelling the capital which has been lost or is unrepresented by available tangible assets, to the extent of Rs. 9/- per share upon each of the 32,55,000 equity shares which have been issued and by reducing the nominal amount of all the shares in the capital of the company from Rs. 10/- to Re. 1/-share. There shall be no change in the number of shares and no. of shareholders consequent upon the reduction.

Hence, considering the above, the committee recommends the scheme to the Board for its approval and necessary action.

By and on behalf of the Audit Committee


PARIMAL R. SHAH
Chairman
Audit Committee

