

AADI INDUSTRIES LTD.



2007-2008

14TH ANNUAL REPORT

BOARD OF DIRECTORS :

Mr. Rushabh Shah – Chairman & Managing Director
Mrs. Manasi Shah
Mr. Pravin Doshi
Mr. T. S. Ramcharan
Mr. Shardul Shah
Mr. Deepak Bhagat

AUDITORS:

M/s Sunderji Gosar & Co.,
Chartered Accountants,
Mumbai - 400 014.

BANKERS:

Dena Bank
IDBI Bank

REGISTRARS AND SHARE TRANSFER AGENTS:

Sharex Dynamics (India) Pvt. Limited.,
Luthra Industrial Estate
Andheri Kurla road
Andheri (East)
Mumbai 400 072.
Tel. No.: 022- 28515606
Fax No.: 022- 22641349
Email: sharexindia@vsnl.com

REGISTERED OFFICE:

1273, Kanji Diwan's Khancho
Raja Mehta's Pole
Tankshal Road, Kalupur
Ahmedabad - 380001
Gujarat

CORPORATE OFFICE:

320, Siddhivinayak Co. Op. Hsg Soc. Ltd,
Hingwala Lane, Ghatkopar (East)
Mumbai -400 075

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of **AADI INDUSTRIES LIMITED** (Formerly known as **JRC INDUSTRIES LIMITED**) will be held at Hotel Platinum, Near Gujarat Gram Haat, Anjali Cross Road, Vasana, Ahmedabad 380 007 on Saturday, 27th September, 2008 at 11:00 A.M. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2008 and Balance Sheet as on that date along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pravin Doshi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. T. S. Ramcharan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint **M/s SUNDERJI GOSAR & CO.**, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. To appoint a director in place of Mr. Rushabh Shah who was appointed as an Additional Director with effect from 7th November 2007 to hold office upto the date of ensuing Annual General Meeting and being eligible offer himself for appointment:

“RESOLVED THAT Mr. Rushabh Shah be and is hereby appointed as Director of the Company.”

6. To appoint a director in place of Mrs. Mansi Shah who was appointed as an Additional Director with effect from 7th November 2007 to hold office upto the date of ensuing Annual General Meeting and being eligible offer himself for appointment:

“RESOLVED THAT Mrs. Mansi Shah be and is hereby appointed as Director of the Company.”

7. To appoint a director in place of Mr. Shardul Shah who was appointed as an Additional Director with effect from 5th March, 2008 to hold office upto the date of ensuing Annual General Meeting and being eligible offer himself for appointment:

“RESOLVED THAT Mr. Shardul Shah be and is hereby appointed as Director of the Company.”

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

“RESOLVED THAT as per the recommendation of Remuneration Committee, the Board of Directors and pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 and subject to the approval including approval of Central Government as may be necessary, the consent of the members be and is hereby accorded to appointment of Mr. Rushabh Shah, Chairman and Managing Director as set out hereunder and that the Board of Directors of the Company be authorized to alter and vary the said terms and conditions, without further reference to the shareholders of the Company, in such manner as may be agreed to between the Board of Directors for the time being, and Mr. Rushabh Shah Chairman and Managing Director but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time.

A) **Salary** Nil

B) **Date of Appointment:** 1st February, 2008 to 31st January, 2011

B) **Other entitlements which shall not be considered as perquisites:**

- a) **Annual Leave:** 30 days annual leave with pay for every completed service of eleven months.
- b) **Car with driver:** The Chairman and Managing Director shall be provided with a car and driver for use on Company's business.
- c) The Company shall reimburse actual entertainment and traveling expense incurred by you in connection with the Company's business.

RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, Mr. Rushabh Shah Chairman and Managing Director shall be paid remuneration including perquisites at the same substantive levels as specified above and the same shall be treated as the Minimum Remuneration payable to the said Chairman & Managing Director.

RESOLVED FURTHER THAT during such time as Mr. Rushabh Shah holds and continues to hold office of the Chairman and Managing Director, he shall not be liable to retirement by rotation as a Director

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such actions and do all such things, acts, deeds as may be necessary or desirable to give effect to this resolution.”

9. To consider and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:

"RESOLVED THAT, pursuant to Section 146(2) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the sanction of any authorities as may be required, if any, the Registered Office of the Company be shifted from Ahmedabad to Silvassa within the jurisdiction of the Registrar of Companies, Gujarat at Ahmedabad.

RESOLVED FURTHER THAT the consent of the members be and is hereby granted to necessary changes as may be required to be made in the Domicile Clause of the Memorandum of Association, if any.

RESOLVED FURTHER THAT on the aforesaid resolution becoming effective, the Registered Office of the Company be shifted from Ahmedabad to Silvassa.

RESOLVED FURTHER THAT the Board of Directors be authorized to take all such actions and to give all such directions, or to do all such acts, deeds, matters and things as may be necessary or desirable and to settle any question or difficulty that may arise in this regard for the purpose of giving effect to the above Resolution."

10. To consider and if thought fit, to pass the following resolution, with or without modification, as a Special Resolution:

"RESOLVED THAT pursuant to Sections 81 and 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof) and SEBI (Disclosure and Investor Protection) Guidelines, 2000 and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to the permission(s), sanction(s) and approvals of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), Bombay Stock Exchange Limited (BSE) and such other authorities as may be required from time to time and subject to such conditions, modifications and alterations as may be prescribed by any one of them while granting such permission(s), sanction(s) and approval(s), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) at its sole discretion, consent of the Company be and is hereby accorded to the Board to offer, issue and allot 49,93,400 (Forty Nine Lacs Ninety three Thousand Four Hundred) Equity Shares of Rs. 10/- (Rupees Ten only) each for cash at a par (the pricing which is determined in accordance with the SEBI Guidelines as applicable) aggregating Rs. 4,99,34,000/- (Rupees Four crore Ninety nine Lacs Thirty four thousand only) in one or more tranches, at such time or times, in such manner, form and numbers as may be prescribed while granting permission(s), sanction(s) and approval(s) by the aforesaid authorities and/or which the Board may at its absolute discretion consider proper, desirable and expedient by way of Preferential allotment(s) to the persons/entities of the Promoter Group of the Company, whether such allottees are shareholders of the Company or not, as per the details mentioned below:

<i>Sr. No.</i>	<i>Name of Party</i>	<i>No. of Shares proposed to be allotted</i>
1	Mr. Rushabh J. Shah	49,93,400
	Total	49,93,400

and also to seek listing of such securities on the Stock Exchange(s) in consultation with Advisor(s) appointed for the said purpose, as may be deemed appropriate, fit and proper by the Board.

RESOLVED FURTHER THAT the new Equity Shares referred to hereinabove shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects including entitlement for dividend with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to delegate all or any of the powers herein conferred to any Director or Directors or to any Committee of Directors or any officer or officers of the Company to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorized to do all deeds, acts and things and take action on matters, give such direction or instructions for settling any questions, doubt or difficulty which may arise with regard to the offer, issue, allotment of the said shares and to take appropriate actions to give effect the above resolutions and the matters related thereto.”

For and on behalf of the Board of Directors

Place: Mumbai

Dated: 26th August 2008

RUSHABH SHAH

Chairman & Managing Director

Registered Office:

1273, Kanji Diwans' Khancho

Raja Mehta's Pole

Tankshal Road

Ahmedabad 380 001

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.

THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is attached.
3. Members are requested to notify immediately any change in their address/bank mandate to their respective Depository Participant (DP) in respect of their electronic share accounts and to the Company's Registrar & Share Transfer Agent at Sharex Dynamics (India) Private Limited, Luthra Industrial Estate, in respect of their physical share folios.
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Chairman and Managing Director, so as to reach the registered office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.
5. Members/proxies are requested to bring their copy of Annual Report to the Meeting.
6. Members/proxies are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting.
7. A brief note on Directors to be regularised is as follows:

Name	Mr. Rushabh Shah	Mrs. Mansi Shah	Mr. Shardul Shah
Age	29 Years	26 Years	29 Years
Qualification	B.Com	Post Graduation of Food & Dietetics	A. C. A.
Nature of Expertise	In the field of Plastic Industry	In the field of Administration	In the field of Accounts and Taxation
Experience	10 Years	5 Years	10 Years
Name of other Companies in which also holds Directorship	N.A.	N.A.	N.A.
Name of other Companies in Committees of which holds membership / chairmanship	N.A.	N.A.	N.A.
Shareholding in Aadi Industries Limited	43.11 %	NIL	NIL

8. A brief note on Directors to be reappointed is as follows:

Name	Mr. Pravin Doshi	Mr. T. S. Ramcharan
Age	50 Years	59 Years
Qualification	S.S.C.	S.S.L.C & Dip. In Export-Import
Nature of Expertise	In the field of Sanitary Industries.	In the field of Import & Export
Experience	30 years	20 years
Name of other Companies in which also holds Directorship	None	None
Name of other Companies in Committees of which holds membership / chairmanship	None	None
Shareholding in Aadi Industries Limited	NIL	NIL

By and on behalf of the Board of Directors

Place: Mumbai
Dated: 26th August, 2008

RUSHABH SHAH
Chairman & Managing Director

Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956

Item no 5, 6 & 7

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Rushabh Shah and Mrs. Mansi Shah were appointed as Additional Directors with effect from 7th November 2007 and Mr. Shardul Shah was appointed as an Additional Director with effect from 5th March 2008. As per the said provisions of the Act, they are eligible to hold office only upto the date of ensuing Annual General Meeting and being eligible offer themselves for reappointment.

The Company has received notices from a shareholder of the Company pursuant to the provisions of Section 257 of the Companies Act, 1956 proposing their candidature.

Mr. Rushabh Shah and Mrs. Mansi Shah are interested in the respective resolution of their appointment. Mr. Rushabh Shah is also interested in the resolution for appointment of Mrs. Mansi Shah and Mrs. Mansi Shah for appointment of Mr. Rushabh Shah, since they are related to each other.

Mr. Shardul Shah is interested in resolution in respect of his appointment as Director.

Except above no other directors are concerned or interested in the proposed resolutions.

The Directors recommend their appointments.

Item no 8

Mr. Rushabh Shah had taken over the management and ownership of the Company by acquiring promoters' stake in the Company from the then Promoters after complying with the provisions of SEBI (SAST) Rules. As per the provisions of the Companies Act, 1956, a Public Company whose paid up capital is more than Rs. 5 crore requires to have Managing Director. Hence Mr. Rushabh Shah was appointed as Managing Director by the Board of Directors at their meeting held on 31st January, 2008 without payment of any remuneration with effect from 1st February, 2008.

As per the provisions of Section 269 of the Companies Act, 1956, members' approval is necessary for appointment of Managing Director.

Hence the resolution is placed before you for your approval.

Except Mr. Rushabh Shah and Mrs. Mansi Shah, no other directors of the Company are deemed to be interested or concerned in the proposed resolution.

The Directors recommend the appointment of Managing Director.

Item no 9

As Members are aware, currently, the Registered Office of the Company is situated in Ahmedabad, State of Gujarat. The Company's management and ownership is taken over by Mr. Rushabh Shah with an intention to set up the facilities to manufacture Tarpaulins and Plastic

Bags. The Company already commenced activities for setting up of such facilities in Silvassa. Hence substantial amount of the Company's operations will be undertaken from Silvassa. Hence, with a view to facilitate better co-ordination between administration and operations, it is considered prudent that the registered office of the Company be shifted from Ahmedabad, to Silvassa.. This would enable the Company to carry on its business more conveniently, economically and profitably.

The Board of Directors of the Company had recommended the Special Resolution set out in the Notice for approval by the Members.

None of the Directors of the Company is interested or concerned in the aforesaid resolution.

Item no 10

The Company plans to make Preferential Issue of 49,93,400 (Forty nine lacs Ninety three thousand Four hundred) Equity Shares of Rs. 10/- (Rupees Ten only) each for cash at par aggregating Rs. 4,99,34,000/- (Rupees Four Crore Ninety nine Lacs Thirty four Thousand only). The details of the same are as under:

(a)	Relevant date and the price at which allotment is proposed	Relevant date in accordance with the SEBI guidelines for issue of shares on preferential basis is 28 th August 2008. It is proposed to issue and allot the Equity Shares of Rs.10/- each for cash which is in accordance with SEBI preferential issue guidelines, as applicable.
(b)	No. and % of shares proposed to be allotted on preferential allotment basis pursuant to Special Resolution passed under Section 81(1A) of the Companies Act, 1956.	49,93,400 (Forty nine lacs Ninety three thousand Four hundred) Equity Shares of Rs. 10/- (Rupees Ten only) each for cash at par constituting 49.93% of the Post Preferential Allotment paid-up share capital of the Company.
(c)	Objects of the Issue	The proposed preferential issue is being made to part finance for setting up of facilities to manufacture Tarpaulins and plastic bags at Silvasa and to augment finance for the working capital as well as long time requirements of the Company.
(d)	Intention of the Promoters / Directors / Key Management Personnel to subscribe to the offer	The Promoter group parties comprising of only Mr. Rushabh Shah, a Promoter of the Company, intend to subscribe to the tune of 4993400 Equity Shares. No other Directors / Key management personnel are intend to subscribe in the preferential issue.
(e)	Proposed time within which the allotment shall be complete	The Equity Shares are Proposed to be allotted within 15 days of the passing of the Special Resolution approving the allotment. Provided that where the allotment is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the

		allotment shall be completed within 15 days from the date of such approval.
(f)	Lock in period	The shares proposed to be allotted on preferential issue basis shall be locked in as per the SEBI Guidelines for Preferential Issues.
(g)	Consequential changes, if any, in the Board of Directors	The proposed preferential allotment shall not result into any changes in the Board of Directors.

(h) Identity, No. of Shares presently held by each allottee, number & percentage of shares proposed to be allotted, total number of shares to be held post-preferential allotment, Percentage of Post Preferential equity capital held by each of the allottees:

Sr. No.	Name of the Applicant/ Category	No. of Shares held pre-preferential allotment	No. of Shares proposed to be allotted	Total number of shares held post preferential	% of Post Preferential Issue Share Capital
	Promoter Group	(A)	(B)	(A+B)	
1	Mr. Rusabh Shah	2158368	4993400	7151768	71.51%
	Total	2158368	4993400	7151768	71.51%

(i) Consequential changes in the shareholding pattern/voting rights:

Sr. No.	Category	Pre-issue equity shareholding		Post-issue equity shareholding	
		No.	%	No.	%
A.	Promoters				
	(a) Allottees under preferential issue.	21,58,358	43.11	71,51,758	71.52
	(b) Other promoters	0	0	0	0
	Total (A)	21,58,358	43.11	71,51,758	71.52
B.	Mutual Funds / Foreign Institutional Investors	0	0	0	0
	Total (B)	0	0	0	0
C.	Public				
	(a) Allottees under preferential issue.	0	0	0	0
	(b) Others	28,48,242	56.89	28,48,242	28.48
	Total (C)	28,48,242	56.89	28,48,242	28.48
	Grand Total (A+B+C)	50,06,600	100.00	1,00,00,000	100.00

The proposed preferential allotment shall not result in change in Management control. Voting rights shall change in accordance with the shareholding pattern as above mentioned. A copy of the certificate received from the auditors of the Company in connection with the pricing of the proposed preferential issue shall be available for inspection during business hours on all working

days at the Registered Office of the Company till the date of the ensuing Extra-Ordinary General Meeting.

The Board recommends the above resolution for your approval.

Mr. Rushabh Shah and Mrs. Mansi Shah are deemed to be concerned/ interested in the resolution to the extent of the Shares offered, applied for and allotted to them or their relatives.

For and on behalf of the Board of Directors

Place: Mumbai
Dated: 26th August, 2008

RUSHABH SHAH
Chairman & Managing Director

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report on the operations of the Company together with the audited accounts for the year ended 31st March, 2008.

Financial Results:

Particulars	(Rs. in Lacs)	
	Current Financial Year 2007-2008	Previous Financial Year 2006-2007
Net Sales and other Income	-	-
Profit before Depreciation, Interest and Tax (PBDIT)	(7.31)	(4.00)
Less: Interest & Depreciation	-	-
Profit before Taxation	(7.31)	(4.00)
Provision for Taxation & Deferred Tax	1.42	0.75
Profit after Taxation	(7.31)	(4.00)
Balance brought forward from previous year	(5.66)	(2.40)
Balance carried forward to the Balance Sheet	(11.55)	(5.65)

Performance:

During the year under review, the Company has not carried out any activities. The Company had incurred a loss of Rs. 731,161/- towards the fixed expenses incurred during the year.

Current year outlook:

The Company is in process of setting up of facilities to manufacture Tarpaulins and Plastic Bags in the Union Territory of Silvassa. The total Project Cost of the Scheme is approximately more than Rs. 10 crore. The Company has received sanction of Credit Facilities from Dena Bank to part finance the Project and balance cost would be raised by the Promoters through Preferential Allotment of Shares to the extent of Rs. 500 lacs approximately.

The Project is likely to commence its operations from last quarter of the current financial year. Presently the Company has outsourced from outside manufacturer and has commenced the activities in the field in the first quarter of the current financial year with an intention to check the market response.

Barring unforeseen circumstances, your directors are hopeful of commencement of project as per the estimated schedule on receipt of necessary approvals from the local authorities.

Change in Management:

Your directors would like to inform you that during the year review, Mr. Rushabh Shah had taken over the promoters' shareholding and management of the Company from the erstwhile promoters. The Promoters had also made an Open Offer to the shareholders of the Company pursuant to the SEBI (Substantial Acquisition and Takeover) Code and complied with its provisions relating to the takeover of the shareholding of the Company.

Alteration of Objects:

The Shareholders of the Company had approved the alteration of Objects of the Memorandum and Articles of Association of the Company at their meeting held on 22nd February 2008. Subsequent to the approval sought from the members, the Company had received approval from the Registrar of Companies, Gujarat for the Alteration of Object. The Company had also received approval from the shareholders of the Company for adoption of new activities in the field of Plastic products.

Change of Name:

The Shareholders of the Company had also approved the Change of Name of the Company from JRC Industries Limited to Aadi Industries Limited and accordingly the Company had received approval from the Registrar of Companies, Gujarat and also from the Bombay Stock Exchange for change of name.

Change in Authorised Share Capital:

The Authorised Share Capital of the Company was increased from Rs. 5.50 crore to Rs. 10 crore to facilitate the funding the proposed by way of capital.

Dividend:

In view of loss, your directors express their inability to recommend any dividend for the financial year under review.

Directors:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Pravin Doshi and Mr. T. S. Ramcharan, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

Mr. Rushabh Shah, Mrs. Mansi Shah and Mrs. Shardul Shah were appointed as additional directors during the year under review to hold offices upto the date of ensuing Annual General Meeting. The Company has received notices from a shareholder of the Company proposing their candidature as per the provisions of Section 257 of the Companies Act, 1956. The Directors recommend their appointment.

Mr. Gautam R. Shah, Mr. Ramakant Tawde and Mr. Rajendra Thanvi resigned from the office of directorship of the Company pursuant to the Share Purchase Agreement and consequent to transfer of shareholding and management in favour of new Promoters.

Mr. Rushabh Shah was appointed as Chairman and Managing Director in place of Mr. Ramakant Tawde.

Directors' Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- in the preparation of the annual accounts, the applicable Accounting Standards have been followed and no material departures were found;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the loss of the Company for that year;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts for the year ended 31st March, 2008 have been prepared on going concern basis.

Public Deposits:

The Company has not accepted any deposit pursuant to provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

Auditors:

M/s Sunderji Gosar & Co., Chartered Accountants the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office. Members are requested to appoint auditors for the current year and to authorize the Board to fix their remuneration.

Auditors' Report:

The observations made by the Auditors in their Report read with the relevant notes as given in the Notes to Accounts, are self explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

Corporate Governance:

A Report on Corporate Governance along with a certificate from M/s. Rathi & Associates, Company Secretaries in Whole-Time practice, regarding compliance of the requirements of Corporate Governance and Management Discussion & Analysis Report pursuant to Clause 49 of the Listing Agreement with the Stock Exchange are annexed hereto.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo:

Information relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto and forms part of this report.

Particulars of Employees:

During the year under review, none of the employees of the Company, whether employed for the whole year or part thereof, was in receipt of remuneration aggregating to or in excess of the limits specified under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, and hence, no particulars are required to be furnished in connection with the same.

Acknowledgements:

The Board wishes to place on record their sincere appreciation for the continuous support received from Shareholders, Customers, Suppliers, Bankers, Statutory Authorities and all other business associates. The Board also takes this opportunity to appreciate and value the contribution made by the Company's employees at all levels during the year under review.

For and on behalf of the Board of Directors

Place: Mumbai

Dated: 26th August 2008

RUSHABH SHAH

Chairman & Managing Director

ANNEXURE TO THE DIRECTOR'S REPORT

Information in accordance with the Companies (Disclosure of the Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2008.

I. CONSERVATION OF ENERGY

The Company has not carried out any manufacturing activities during the year under review. However, the Company proposed to take measures and applied strict control systems to monitor day to day power consumption, to endeavor to ensure the optimal use of energy with minimum extent possible wastage as far as possible for its proposed Project. The Company has further put all efforts and thrust for tapping non-conventional energy sources.

ENERGY CONSUMPTION

Year
Ended
31-03-2008

Year Ended
31-03-2007

A. Power and Fuel Consumption

1	Electricity	(Units)		
	Purchases	(Rs. in Lacs)	Nil	Nil
	Total Amount	(Rs.)		
	Unit Rate			
2	L.D.O./F.O.	(K. Ltrs)		
	Quantity	(Rs. in Lacs)	Nil	Nil
	Total Cost	(Rs.)		
	Average rate/Litre			
3	Others/Internal generation	(Units)		
	Quantity	(Rs. in Lacs)	Nil	Nil
	Total Cost	(Rs.)		
	Rate/Units			
4	Gas Purchase	(Units)		
	Purchases	(Rs. in Lacs)	Nil	Nil
	Total Amount	(Rs.)		
	Average rate/Litre			
B. Consumption per Unit of Production:		(Units/Kg.)	Nil	Nil
	Electricity	(Units/Kg.)	Nil	Nil
	L.D.O.			

II. A) RESEARCH AND DEVELOPMENT (R&D):

1. **Specific areas in which R&D carried out by the Company.**
The Company will carry out Research and Development in several areas with in-house facilities available to reduce its input cost.
2. **Benefits derived as a result of the above R & D.**
Not applicable
3. **Future Plan of action**
To reduce cost and improve quality, R & D efforts will be continued in the area mentioned above.

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. The Company has not acquired any technology for its proposed plant and the process proposed to be applied is standard and generally accepted in the Industry. Proper facilities will also be set up for quality assurance and checking of various parameters at regular interval.
2. Benefits derived as a result of the above efforts:
The Company is expected to control is deviation in the product quality, cost control, product development, import substitution etc. This will also help to achieve better yields and quality of the end product and the cost reduction.
3. Purchase of technology imported during the last 5 year: **NIL**

III FOREIGN EXCHANGE EARNINGS AND OUTGO:

	Year ended <u>31.03.2008</u>	(Rs. In lacs) Year ended <u>31.03.2007</u>
<u>Foreign Exchange</u> Earnings	Nil	Nil
Outgo	Nil	Nil

For and on behalf of the Board of Directors

Place: Mumbai
Dated: 26th August, 2008

RUSHABH SHAH
Chairman & Managing Director

CORPORATE GOVERNANCE REPORT

(A) Company's Philosophy on code of Corporate Governance

The Company has framed a philosophy to have high standards of accountability, effective tool of auditing, timely disclosure and reporting in all areas of operations. These standards continue to define your Company's Corporate Governance philosophy of trusteeship, transparency, empowerment, accountability and integrity. The Company will continue remain focused on good corporate governance practices for achieving growth, long term value creation and maximizing value for all its stakeholders.

(B) Board of Directors

(i) Board Composition

The Composition of the Board is in accordance with the requirements of the Corporate Governance Code of the Listing Agreement with the Stock Exchange. The Board of Directors of the Company consists of combination of Non-Executive and Independent Directors. As on the date of this report, majority of the Board of Directors comprises of Non-Executive Independent Directors, having considerable experience in various field. The Board has Six (6) Non Executive Directors of which 2 (two) of them are representing Promoters and Four (4) are independent Non-Executive Directors. The Chairman of the Board is Non Executive Director.

The day-to-day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors.

The constitution of the Board as on 31st March, 2008 is as under:

Director	Category	Number of other		
		Director-ships*	Committee Member-ships #	Committee Chairman-ships #
Mr. Rushabh Shah	Chairman and Managing Director, Non Executive	-	-	-
Mrs. Mansi Shah	Director	-	-	-
Mr. Shardul Shah	Non-Executive, Independent	-	-	-
Mr. Pravin Doshi	Non-Executive, Independent	-	-	-
Mr. Deepak Bhagat	Non-Executive, Independent	-	-	-
Mr. T.S. Ramcharan	Non-Executive, Independent	-	-	-

- * Other Directorships exclude Directorships held in Private Limited Companies.
 # Committee of Directors includes Audit Committee, Shareholders / Investors Grievance Committee and Remuneration Committee of Directors only.

(ii) Board Meetings and Attendance of Directors

The Board meets at least once in a quarter to consider amongst other business the performance of the Company and quarterly financial results. When necessary, additional meetings are held. The Board meetings are generally held at the Registered Office of the Company at Ahmedabad. Agenda for each meeting along with explanatory notes are drafted and distributed well in advance to the Directors. Every Board Member is free to suggest the inclusion of items on the agenda.

During the year ended 31st March, 2008 the Board met **Eleven** times on 30th April 2007, 30th June 2007, 31st July 2007, 31st October 2007, 7th November 2007, 10th January, 2008, 21st January 2008, 24th January 2008, 31st January 2008, 25th February 2008 and 5th March 2008.

Table hereunder gives the attendance record of the Directors at the Board Meetings held during 2007-08 and the last AGM:

Name of the Directors	Number of Board Meetings held	Number of Board Meetings attended	Whether attended last AGM
Mr. Ramakant Tawde*	8	8	Yes
Mr. Rajendra Thanvi**	5	5	Yes
Mr. Gautam R Shah ***	9	9	Yes
Mr. Pravin Doshi	11	7	Yes
Mr. Deepak Bhagat	11	7	Yes
Mr. T. S. Ramcharan	11	8	Yes
Mr. Rushabh Shah@	7	7	Not Applicable
Mrs. Mansi Shah@	7	7	Not Applicable
Mr. Shardul Shah#	1	1	Not Applicable

* resigned with effect from 1st February, 2008

** resigned with effect from 10th January, 2008

*** resigned with effect from 15th February, 2008

@ appointed with effect from 7th November 2007

appointed with effect from 5th March 2008

(C) Board Committees

Currently, the Board has three Committees – the Audit Committee, the Shareholders/Investors Grievance Committee and the Remuneration Committee. As on date, the Audit Committee comprises of three members of which two Members are Non-Executive Independent Directors and one member is Non-Executive Director. The Shareholders/Investors Grievance Committee comprises of two Members. The respective

Chairman of the said Committees is Non-Executive Director. The Remuneration Committee comprises of three Non-Executive Independent Directors.

The Board is responsible for the constitution, co-opting and fixing the terms of reference for Committee members of the said Committees.

(i) Audit Committee

Terms of reference

(a) Primary objectives of the Audit Committee

The Audit Committee acts as a link between the Statutory Auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements and other management information and adequacy of provisions of liabilities. The primary objective of the Audit Committee (the "Committee") is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

The Committee oversees the work carried out in the financial reporting process by the management, including the independent auditor and notes the process and safeguards employed by each.

(b) Scope of the Audit Committee

1. Provide an open avenue of communication between the independent auditor and the Board of Directors ("BOD").
2. Recommending the appointment and removal of statutory auditors, fixation of audit fees and also to approve the payment for other services.
3. Meet four times a year or more frequently as circumstances require. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary.
4. Confirm and assure the independence of the external auditor.
5. Review with independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.
6. Consider and review with the independent auditor the adequacy of internal controls, including the computerized information system controls and security.
7. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
8. Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - (a) Any changes in the accounting policies and practices;
 - (b) The going concern assumption;
 - (c) Compliance with accounting standards;

- (d) Compliance with stock exchange and legal requirements concerning financial statements;
- (e) Significant adjustment arising out of audit;
- 9. Consider and review with the management and the independent auditor:
 - (a) Significant findings during the year, including the status of previous audit recommendations;
 - (b) Any difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information.
- 10. Review of the following information:
 - (a) Management discussion and analysis of financial condition and results of operations;
 - (b) Statement of significant related party transactions submitted by the management;
 - (c) Management Letters/Letters of Internal Control Weaknesses issued by the Statutory Auditors.

(c) Composition of the Audit Committee as on 31st March, 2008

The Audit Committee is constituted in accordance with the Corporate Governance Code of the Listing Agreement and the provisions of the Companies Act, 1956. The statutory auditors are invited to the Audit Committee Meetings whenever required. The quorum for the Audit Committee Meeting is two members.

The Audit Committee comprises of three Directors of which two are Non-Executive, Independent Directors viz. Mr. Pravin Doshi Chairman, Mr. Deepak Bhagat and Mr. Rajendra R. Thanvi a Non-Executive Director.

Mr. Rushabh Shah was appointed as member of Audit Committee with effect from 10th January, 2008 in place of Mr. Rajendra R. Thanvi, who resigned from the office of the Director of Company.

(d) Audit Committee Meetings and Attendance during the financial year ended 31st March, 2008

During the financial year ended 31st March, 2008, Four Audit Committee Meetings were held on 29th April 2007, 31st July 2007, 30th October 2007, 31st January 2008. The table hereunder gives the attendance record of the Audit Committee members.

Name of the Audit Committee Members	No. of meetings held	No. of meetings attended
Mr. Pravin Doshi	4	4
Mr. Deepak Bhagat	4	4
Mr. Rajendra Thanvi	3	3
Mr. Rushabh Shah	1	1

The Committee has recommended to the Board the appointment of M/s. Sunderji Gosar & Co., Chartered Accountants, as the statutory and independent auditors of the Company

for the Financial Year ended 31st March, 2009 and that necessary resolution for appointing them as auditors be placed before the shareholders.

(ii) Remuneration Committee:

The broad terms of reference of the Remuneration Committee is to ensure that the remuneration practices of the Company in respect of the Senior Executives, including the Executive Directors, are competitive keeping in view prevalent compensation packages in the Industry so as to recruit and retain suitable individual(s) in such capacity.

The Committee comprises of the following members:

1. Mr. Deepak Bhagat Chairman
2. Mr. T. S. Ramchandran
3. Mr. Pravin Doshi

The Remuneration Committee had met once during the Financial Year on 31st January, 2008 to recommend the appointment of Mr. Rushabh Shah as Managing Director of the Company.

(iii) Shareholders/Investors Grievance Committee:

The Committee meets weekly. The share / debenture transfers are registered in about three weeks time and certificates are dispatched to the transferees within 30 days. The Committee is being broad based in order to make it a Shareholder Committee not only for approving transfer of shares but also to monitor investor's complaints etc. with a non-executive Chairman.

During the year, the Company has not received any complaint letters from the shareholders. There were no pending complaint letters from the shareholders as on 31.03.2008.

Delivery of equity shares of the Company by all investors / shareholders is now mandatory in the dematerialized form in all Stock Exchanges.

(D) General Body Meetings:

Details of last three Annual General Meetings are given hereunder

Year	Date	Venue	Time
2005	30.09.2005	F / 21, Vikram Chambers, Near Sales India, Ashram Road, Ahmedabad – 380 009, Gujarat	12.30 P.M.
2006	26.08.2006	F / 21, Vikram Chambers, Near Sales India, Ashram Road, Ahmedabad – 380 009, Gujarat	11.30 A.M.
2007	14.09.2007	F / 21, Vikram Chambers, Near Sales India, Ashram Road, Ahmedabad – 380 009, Gujarat	12.00 P.M.

Special Resolution:

No Special Resolution was passed at any of the last three Annual General Meetings.

Details of last **Extra - Ordinary General Meetings** are given hereunder

Year	Date	Venue	Time
2008	22.02.2008	13, Chandni Complex, Opp. Rakhanpur Bus Stand , Lazer Cinema Lane , Rakhanpur, Ahmedabad - 382721, Gujarat.	10:00 A.M.

Special Resolution:

1. Amendment of Part III of the Object Clause of Memorandum of Association of the Company.
2. Adoption of business under Other Objects of the Memorandum of Association of the Company pursuant to the provisions of Section 149(2A) of the Companies Act, 1956
3. Approval of change in name of the Company from "**JRC INDUSTRIES LIMITED**" to "**AADI INDUSTRIES LIMITED**" and subsequent changes in the Memorandum and Articles of Association of the Company.
4. Increase in Authorised Share Capital of the Company from the existing Rs. 5,50,00,000/- to Rs.10,00,00,000/- and consequent alteration of Clause V of the Memorandum of Association and Article 3 of Articles of Association of the Company.

Postal ballots:

One Special Resolution for change in the name of the Company was passed through Postal Ballot during the year. No postal ballot is being proposed at ensuing Annual General Meeting.

(E) Disclosures:**(i) Related Party Transactions:**

There are no transactions of material nature with Directors/Promoters or any related entity, which will have any potential conflict with the interests of the Company at large.

(ii) Compliances by the Company:

There is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchange, SEBI or any other statutory authority on any matter related to capital markets, during the last three years/period, except for the non-filing of various returns for which the Company has paid the necessary fees as levied by the BSE.

(iii) Whistle Blower Policy and Access of personnel to the Audit Committee:

The Company has not established the non-mandatory requirement of Whistle Blower Policy. However, the Company's personnel have access to the Chairman of the Audit Committee in cases such as concerns about unethical behaviour, frauds and other grievances. No personnel of the Company have been denied access to the Audit Committee.

(iv) Compliance with the Mandatory requirements and Implementation of the Non-mandatory requirements:

The Company has complied with the mandatory requirements of the Corporate Governance Clause of Listing Agreement. The Company has not implemented the non-mandatory requirements enlisted by way of annexure to Clause 49 of the listing agreement excepting the constitution of Remuneration Committee.

(F) Means of Communication:

- (i) The quarterly results as well as the proceedings of the Annual General Meeting are submitted to the Bombay Stock Exchange Limited immediately after the conclusion of the respective meeting.
- (ii) No presentations were made to the institutional investors or to analysts during the year under review.
- (iii) The Management Discussion and Analysis Report forms part of this Annual Report.

(G) Certificate on Corporate Governance:

As required by Clause 49 of the Listing Agreement, a certificate issued by M/s. Rathi & Associates, Company Secretaries, practising Company Secretaries, regarding compliance of conditions for Corporate Governance is given as an annexure to the Directors' Report.

(H) CEO Certification:

As required by Clause 49 of the Listing Agreement, the CEO i.e. the Chairman and Managing Director's certification is provided elsewhere in the Annual Report.

(I) General Shareholders' Information:

- (i) Date, time and venue of Annual General Meeting of Shareholders 27.09.2008
11.00 A. M.
Hotel Platinum, Near Gujarat Gram Haat,
Anjali Cross Road, Vasana,
Ahmedabad 380 007, Gujarat
- (ii) Financial Calendar **Financial reporting for quarter ended**
(tentative and subject to change) June 30, 2008 ∴ By July 31, 2008

September 30, 2008 : By October 31, 2008
December 31, 2008 : By January 31, 2009
March 31, 2009 : By April 30, 2009

Annual General Meeting for year ended 31st
March, 2009 – By September 30, 2009.

- (iii) Registered Office 1273, Kanji Diwan's Khancho
Raja Mheta's Pole
Tankshal Road, Kalupur
Ahmedabad 380 001
Email: aadi.industries@hotmail.com
- (iv) Listing on Stock Exchange & fees for 2007-08 Bombay Stock Exchange Limited.
Vadodara Stock Exchange Limited
Listing fees for 2007-2008 paid to the said Stock Exchange
- (v) Stock Exchange Code 530027

(viii) Disclosures regarding appointment or re-appointment of Directors

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mr. Pravin Doshi and Mr. T. S. Ramcharan shall retire by rotation at the forthcoming Annual General Meeting.

The Board has recommended the respective re-appointments of Mr. Pravin Doshi and Mr. T. S. Ramcharan to the shareholders. The detailed resume of Mr. Pravin Doshi and Mr. T. S. Ramcharan is provided in the notice of the Annual General Meeting.

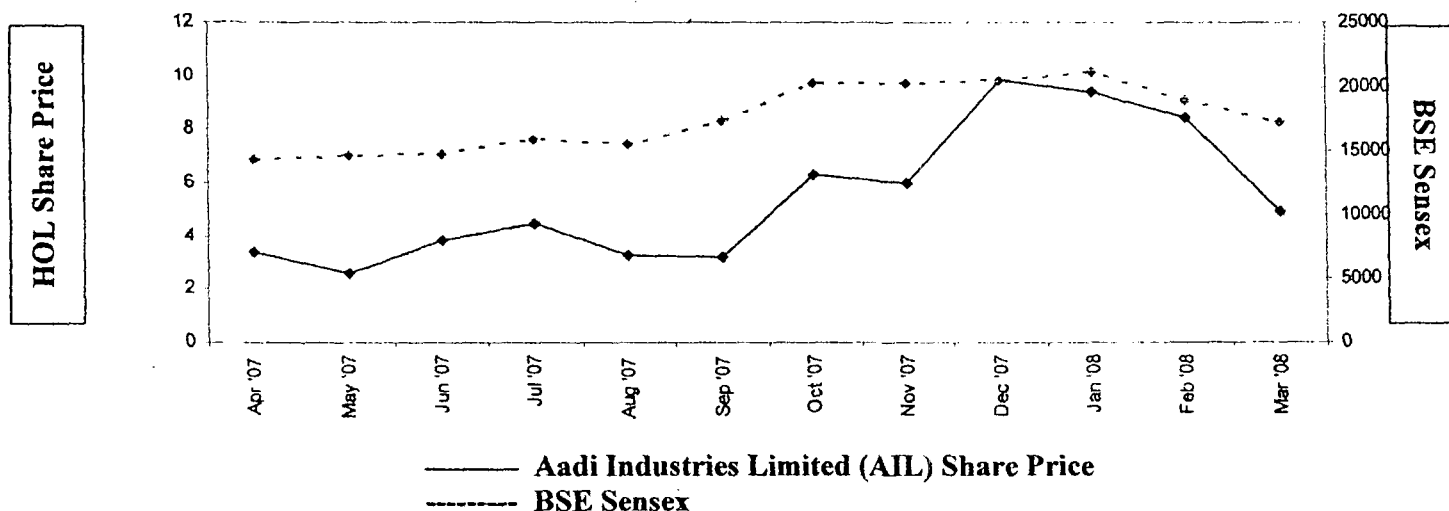
(ix) Stock Market price data

Monthly high and low at the Bombay Stock Exchange Limited for financial year ended 31st March, 2008:

Month	High (Rs.)	Low (Rs.)	BSE Sensex (High)
April, 2007	3.38	2.65	14,383.72
May	2.60	2.30	14,576.37
June	3.85	2.38	14,683.36
July	4.50	3.44	15,868.85
August	3.29	2.82	15,542.40
September	3.25	2.67	17,361.47
October	6.34	2.86	20,238.16
November	6.00	4.89	20,204.21
December	9.88	4.80	20,498.11

January, 2008	9.39	8.93	21,206.77
February	8.49	4.40	18,895.34
March	4.93	3.77	17,227.56

(x) Performance in comparison to BSE Sensex:



(xi) Registrar and Share Transfer Agents:

Sharex Dynamics (India) Pvt. LIMITED.,
Luthra Industrial Estate
Andheri Kulra road
Andheri (East)
Mumbai 400 072.
Tel. No.: 022- 28515606
Fax No.: 022- 22641349
Email: sharexindia@vsnl.com

(xii) Share Transfer System:

Shares sent for physical transfer are generally registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The Shareholders/Investors Grievance Committee meets as often as required. As per the revised Clause 49 of the Listing Agreement and to expedite the process of share transfers, the Board has delegated the powers of share transfers and related matters to Mr. Rushabh Shah, Chairman and Managing Director who shall attend to share transfer formalities at least once in a fortnight.

The total number of equity shares transferred in physical form during the year 2007-08 was 165600 shares.

(xiii) Distribution of Shareholding as on 31st March, 2008:

No. of Equity Shares held	Shareholders		Shares	
	Number	% to total Shareholders	Number	% to total Capital
1 - 500	747	51.13	223321	4.46
501 - 1,000	287	19.64	255480	5.10
1,001 - 5,000	311	21.29	783198	15.64
5,001 - 10,000	56	3.83	445775	8.90
10,001 & above	60	4.11	3298826	65.89
Total	1461	100	5006600	100

(xiv) Categories of Shareholders (as on 31.03.2008)

Category	Shareholders		Shares	
	Number	% to total Shareholders	Number	% to total Capital
PROMOTER HOLDING				
Indian Promoters	1	0.07	2115476	42.25
Total of promoter holding	1	0.07	2115476	42.25
NON- PROMOTER HOLDING				
Institutional Investors	1	0.07	22000	0.44
FIIs				
Others	52	3.56	93156	1.20
Private Corporate Bodies	1407	96.30	2775868	27.93
Indian Public				
NRIs/OCBs				
Any Other (Shares in Transit)			100	0.00
Total of non-promoter holding	1460	99.93	2891124	57.75
Grand Total	1461	100.00	5006600	100.00

The Shares of the Company are listed in Mumbai and Vadodara Stock Exchange and hence facilitates liquidity. It is confirmed that the Company has paid Annual Listing Fee. The stock code on BSE is 530027.

(xv) Shifting of Registered Office of the Company:

The Registered Office of the Company was shifted from F/21, Vikram Chambers, Near Sales India, Asrham Road, Ahmedabad 380 009 to, 1273, Kanji Diwan's Khancho, Raja Mehta Pole, Tankshal Road. Kalapur, Ahmedabad - 380 001, with effect from 25th February, 2008.

(xvi) Dematerialisation of shares and liquidity:

The Company has established connectivity with Central Depository Services (India) Limited and National Securities Depository Limited for dematerialisation of shares and the same are available in electronic segment under ISIN No. INE563D01013. As on 31st March 2008, 3573800 Equity Shares representing 71.38% had been dematerialized.

(xvii) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity.

During the year, the Company has not issued any GDRs / ADRs / Warrants or any other convertible instruments.

(xix) Address for Correspondence:

Sharex Dynamics (India) Pvt. LIMITED.,
Luthra Industrial Estate
Andheri Kulra road
Andheri (East)
Mumbai 400 072
Tel. No.: 022- 28515606
Fax No.: 022- 22641349
Email: sharexindia@vsnl.com

CODE OF CONDUCT DECLARATION

Pursuant to Clause 49I(D) of the Listing Agreement entered into with the Stock Exchange, I hereby declare that all the board members and senior management personnel of the Company have affirmed compliances with the Code of Conduct for the year ended 31st March, 2008.

Place : Mumbai
Date : 26th August, 2008

RUSHABH SHAH
Chairman and Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Aadi Industries Limited

We have examined the compliance of conditions of Corporate Governance by Aadi Industries Limited (the Company) for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except for some of the returns which was filed with delay and the Company had paid necessary additional fees levied by the BSE.

As per the records of the Company, there were no investor grievances remaining unattended for a period exceeding one month against the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
M/s. Rathi & Associates
Company Secretaries

Place: Mumbai
Date: 26th August 2008

Narayan Rathi
Partner
FCS No.: 1433

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.

(A) INDUSTRY OVERVIEW:

The demand for Plastic Industry as a whole is expected to increase considering growth of user industries and as well its varied uses and being used as an alternate component. Basically the plastic is used in almost all industries. Considering its growth rate, number of players in the Industry, has also been rising and many of them in SSI Sector. Therefore, the Markets & Capacities are fragmented in the Country. Due to favoured duty structure for SSI Sector, the competition is intense.

The development of the plastic industry is linked with the country's economic development due to its varied uses. It has ancillary relationship with several large industries including multinational companies both in India and abroad. The Plastic industry over the decade has grown by about 25%. Further, country is gearing up to create biodegradable plastics, which will reduce environmental pollution. It is hoped that by 2010 India will emerge as the third largest producer and consumer of polymers after US and China.

(B) PERFORMANCE:

The Company is in process to set up the plant to manufacture plastic products viz. Tarpaulins and bags. The Project is expected to commence in the last week of current financial year.

(C) FUTURE OUTLOOK

The demand for Plastic products is going to remain consistent in the coming years in the world market. The product segment in which the Company is placed ensures that there would be continuous demand in the Industry. In all past years, our domestic industry had performed very well and demands for the plastic products are ever increasing and considering the growth rate and its demand it is expected to maintain its growth rate. The Company's plant is designed to enable to face market challenges.

(D) OPPORTUNITIES AND THREATS

The Government has declared Subsidy Scheme for farmers, which gives great potentials for pushing the sales to Company's products. As presently only 25% of the eligible farmers are being supplied with tarpaulins hence huge market is still untapped. The Company is confident to supply high grade products.

The most common threat to small units is the competition. The manufacturing process and the entire operation is not being very complicated there is always possibilities of competitors setting up of similar units.

(E) RISKS AND CONCERNS:

In the highly competitive market due to the fact that the manufacturing process is not complicated, it is always subject to rapid technological changes and regulatory developments would be major concern and risks. As the business environment remains challenging and scale becomes the most critical component for survival, the Company continues to invest in growth drivers namely people and processes besides the expansion plan so as to remain in the race in a good position. The Company continues to remain focused on its core competence product till its achieve its place in the Industry. The Company is also prone to certain risks and concerns such as increase in material costs, competition from unorganised sector, increase in capital costs to meet the increased demand for new products. Low value addition and stiff competition in the market continues to have an impact on the company's realizations and also exerts pressure on the margins.

(F) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has designed a system of strict Internal Control, including suitable monitoring procedures. The Company's operating and business control procedures have been framed in order that they ensure efficient use of resources and comply with the procedures and regulatory requirements. Proper and adequate system of internal controls is in place to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition. The Internal Controls in the Company are adequate vis-à-vis the business requirements.

(G) HUMAN RESOURCE DEVELOPMENT

The Company believes that the human resources are vital resource in giving the Company a competitive edge in the current business environment. The Company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition/dissemination, creativity and responsibility.

AUDITORS REPORT

The Members of
M/s AADI INDUSTRIES LIMITED
MUMBAI

We have audited the attached Balance Sheet of **M/s. AADI INDUSTRIES LIMITED**, as at 31st March 2008, the Profit and Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

1. We conducted our audit of Mumbai in accordance with the auditing standards generally accepted in India. Those Standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclosed in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which is to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - (ii) In our opinion, proper books of account as required by law, have been kept by the Company, so far as appears from our examination of these books.
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

- (v) On the basis of written representations received from the directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) In the case of the balance sheet, of the state of affairs of the company as at 31st March, 2008.
- b) In the case of the profit and loss account, of the loss for the year ended on that date; and
- c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **SUNDERJI GOSAR & CO.**
Chartered Accountants.

(ALPESH K. SAVLA)
PARTNER.
M. No. 47828.

Place: **Mumbai**
Date : **26-08-2008**

ANNEXURE TO THE AUDITORS REPORT.

Re. AADI INDUSTRIES LIMITED.

Referred to in paragraph 3 of our report of even date,

- (i) (a) As there are no Fixed Assets in the Company clause relating thereto is not reported on.
- (ii) (a) As there is no inventory the clause relating thereto is not reported on.
- (iii) (a) The company has not taken any loan from parties covered in the register maintained under section 301 of the Companies Act, 1956. The Company has not granted loans to parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 are updated.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi). According to the information and explanations given to us, the provisions of sections 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules – 1975 do not apply during the year under consideration.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The clause relating to internal audit is not applicable to the company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31-03-2008 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has incurred cash loss during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution.
- (xii) As explained to us The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) As per the explanations given to us, in our opinion, the company is not a chit fund or a *nidhi* mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) As per the information and explanations given to us the Company had given guarantees for loans taken by others from bank or financial institutions, however the same has been withdrawn and as on date there is no any guarantee for loans taken by others from bank or financial institutions.
- (xvi) There are no term loans taken by the Company, hence the clause related thereto is not being reported.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

- (xix) The company has not received any money through Public Issue of Debentures.
- (xx) The Company has not received any money through a Public Issue this year.
- (xxi) To the best of my knowledge and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **SUNDERJI GOSAR & CO.**
Chartered Accountants

(ALPESH K. SAVLA)
PARTNER.
M. No. 47828.

Place: **Mumbai**
Date : **26-08-2008.**

AADI INDUSTRIES LIMITED
BALANCE SHEET AS ON 31ST MARCH, 2008

PARTICULARS	SCHEDULE	31-03-2008	31-03-2007
<u>SOURCES OF FUNDS</u>			
Share Capital	A	50,066,000	50,066,000
Reserve & surplus		-	-
Secured Loans		-	-
Unsecured Loans		-	-
Total Rs.		<u>50,066,000</u>	<u>50,066,000</u>
<u>APPLICATION OF FUNDS</u>			
Fixed Assets		-	-
<u>Current Assets, loans</u>			
<u>Advances & Deposits</u>			
Loans, Advances & deposits	B	48,208,508	48,919,945
Cash & Bank Balance		<u>310,049</u>	<u>310,049</u>
		48,518,557	49,229,994
<u>Less: Current liabilities & Provisions</u>			
<u>Current Liabilities</u>			
Current Liabilities	C	46,691	26,967
Provisions for Tax		<u>-</u>	<u>-</u>
		46,691	26,967
Net Current Assets		48,471,866	49,203,027
Differed Tax Assets		<u>439,157</u>	<u>297,150</u>
		48,911,023	49,500,177
PROFIT AND LOSS A/C	D	1,154,977	565,823
TOTAL Rs.		<u>50,066,000</u>	<u>50,066,000</u>

Notes to Accounts
As per our Report of Even Date

For SUNDERJI GOSAR & Co.
Chartered Accountant

For AADI INDUSTRIES LIMITED

Alpesh K. Savla
(Partner)

Rushabh Shah
Director

Mansi Shah
Director

Date: 26/08/2008
Place: MUMBAI.

AADI INDUSTRIES LIMITED.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008.

SHEDULE	2007-08	2006-07
<u>INCOME</u>		
Gross Receipts	-	-
Total Rs. (A)	<u>-</u>	<u>-</u>
<u>EXPENDITURE</u>		
Salary	30,000	-
Travelling and Conveyance	158,938	106,854
Legal and Professional Fees	306,651	169,706
Other Expenses	235,572	123,931
Depreciation	-	-
Total Rs. (B)	<u>731,161</u>	<u>400,491</u>
Less: Loss during the Year	(731,161)	(400,491)
Provision for Tax	-	-
Net Loss after Tax	(731,161)	(400,491)
Add: Differed Tax Assets	142,007	74,615
Balance b/f of Profit & Loss	<u>(565,823)</u>	<u>(239,947)</u>
Profit Available for Appropriation	<u>(1,154,977)</u>	<u>(565,823)</u>
Balance Carried Over to Balance Sheet	<u>(1,154,977)</u>	<u>(565,823)</u>
	<u>(1,154,977)</u>	<u>(565,823)</u>

Notes to Accounts

As per our report of even date

For **SUNDERJI GOSAR & CO.**
Chartered Accountants

For **AADI INDUSTRIES LTD.**

Alpesh K. Savla
(Partner)
Place : Mumbai
Date : 26/08/2008

Rushabh Shah
DIRECTOR

Mansi Shah
DIRECTOR

AADI INDUSTRIES LIMITED.

SCHEDULES FORMING PART OF BALANCE SHEET AS ON

	<u>31st MARCH 2008</u>	<u>31st MARCH 2007</u>
<u>SCHEDULE - A:</u>		
<u>Share Capital:</u>		
Authorised Capital 55,00,000 shares of Rs.10/- each	<u>55,000,000</u>	<u>55,000,000</u>
<u>Issued, Subscribed & Paid up:</u>		
50,06,600 Equity Shares of Rs. 10/- each	50,066,000	50,066,000
Total Rs.	<u>50,066,000</u>	<u>50,066,000</u>
<u>SCHEDULE - B:</u>		
A. <u>Loans & Advances</u> (Considered Good By Management)		
Advances	48,208,508	48,919,945
Total Rs.	<u>48,208,508</u>	<u>48,919,945</u>
B. <u>Cash & Bank Balance</u>		
Bank Balance	32,598	32,598
Cash in Hand	277,451	277,451
Total Rs.	<u>310,049</u>	<u>310,049</u>
Grand Total (A+B)	<u>48,518,557</u>	<u>49,229,994</u>
<u>SCHEDULE : C</u>		
<u>CURRENT LIABILITIES :</u>		
<u>Sundry Creditors</u>		
Steel & Tube Exporter Pvt. Ltd	12,983	
Sunderji Gosar & Co	<u>33,708</u>	<u>26,967</u>
	<u>46,691</u>	<u>26,967</u>
<u>Provision</u>		
Provision for Taxation	<u>-</u>	<u>-</u>

SCHEDULE : D

Profit & Loss A/c Debit Balance (297,150) 565,823

(297,150)

565,823

Advances as on 31-03-2008

Apex Spinning 37,768,582
Inertia steel and Ind Pvt Ltd 10,439,926
48,208,508

Sundry Creditors as on 31-03-2008

Sunderji Gosar & Co

12,983

Total Rs.

12,983

Details of Other Income :

Interest Received

-
-

Other Expenses

Bank Charges 119
Filing Expenses- Roc 27,200
Listing Fees, Custodian Fees 61,428
Legal Expenses 118,132
Printing & Stationery 3,693
Registrar Charges 25,000

Total Rs.

235,572

AADI INDUSTRIES LIMITED.

NOTES FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2008.

1. **ACCOUNTING CONVENTION:**

The financial statement are prepared under the historical cost convention in accordance with the accounting principles accepted in India and are in line with the relevant laws as well as the guide lines prescribed by the department of company affairs and the Institute of Chartered Accountants of India.

2. **METHOD OF ACCOUNTING:**

Method of accounting employed by the company is generally mercantile both as to income and expenditure except in the case of refunds from government bodies viz. sales tax, income tax etc. and Dividend received from Companies, which are being accounted on cash basis.

3. **FIXED ASSETS AND DEPRECIATION:**

There are no Fixed Assets with the Company.

4. **INVENTORY:**

There are no stocks during the year under consideration.

5. **REVENUE RECOGNITION:**

In the year under consideration there is no revenue received or receivable.

6. **RETIREMENT BENEFITS:**

The Provision of Provident Fund, ESIC etc. are not applicable to the company as there are no employees.

7. **FOREIGN CURRENCY TRANSACTIONS:**

There are no transactions in foreign currency during the year under consideration.

8. **BORROWING COSTS:**

In the year under consideration no interest has been paid nor any borrowings made by the company.

9. **TAXES ON INCOME.**

As per the accounting standard AS-22 issued by ICAI, the net deferred tax asset amounting to Rs. 1.42 Lacs (Previous Year Rs 2.97 Lacs) on account of the carried forward losses for the year under consideration, is accounted for using the tax rate and laws that have been enacted or substantially enacted as on the Balance Sheet date, has been credited to the profit and loss account.

10. **CONTINGENT LIABILITY:**

Contingent Liability are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

11. Auditors remuneration includes	<u>Current Year.</u>	<u>Previous Year.</u>
Audit Fees	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

12. In the opinion of the board the current assets, loans and advances are approximately of the values stated in the Balance Sheet, if realised in the ordinary course of business.

13. In the absence of declaration from sundry creditors / suppliers with regard to their status as SSI, the amounts due to SSI units have not been segregated.

14. Previous year's figures have been regrouped and reclassified wherever necessary.

15. **EXPENDITURE IN FOREIGN CURRENCY:**

Expenditure incurred in Foreign Currency Rs. NIL.

16. There is no income in Foreign Currency.

17. **EARNING PER SHARE:**

Profit after tax as per P & L. Account	(7,31,161)	(4,00,491)
No. of Equity Shares (Nos.)	5006600	5006600
Basic and diluted earning per share	N.A.	N.A.

18 **RELATED PARTY DISCLOSURE:**

There are no transactions to be reported in the year under consideration.

19. **SEGMENT REPORTING:**

The Company deals in only one product; hence there are no further segments for reporting business-wise and geographical also.

20. The expenses are accepted based on only the explanations provided to us by the management.

As Per Our Report of Even Date.

For **SUNDERJI GOSAR & CO**
Chartered Accountants

For **AADI INDUSTRIES LIMITED**

(ALPESH K. SAVLA)
Partner
M. No. 47828

Rushabh Shah
DIRECTOR

Mansi Shah
DIRECTOR

Place: **Mumbai.**
Date : **26-08-2008,**

**BALANCE SHEET ABSTRACT AND COMPANY'S
GENERAL BUSINESS PROFILE**

I. Registration Details

Registration No. 04 – 21862

State Code 04

Balance Sheet Date – 31/03/2008.

II. Capital raised during the year : (in Rs. '000)

Public Issue

Right Issue

Nil

Nil

Bonus Issue

Private Placement

Nil

Nil

III. Position of Mobilisation and Deployment of Funds (in Rs. '000)

Total Liabilities

Total Assets

50,066

50,066

Sources of Funds:

Paid – up Capital

Reserves & Surplus

50,066

Nil

Share Application Money

Nil

Secured Loans

Unsecured Loans

Nil

Nil

Application of Funds:

Net Fixed Assets

Investments

Nil

Nil

Net Current Assets

48,472

Deferred Tax Asset

439

Misc. Expenditure

Nil

Accumulated Losses

1,155

IV. Performance of Company (in Rs. '000)

Turnover

0

Profit/ Loss before tax

(731)

Earning per share in Rs.

N.A

Total Expenditure

731

Profit/ Loss after tax

(731)

Dividend Rate %

NIL

V. Generic Names of Three Principal Products / Services of Company (As per Monetary Terms)

Item Code No.
(ITC Code)

Product Description.

Nil

N. A.

As Per Our Report on Even Date

For **SUNDERJI GOSAR & CO**
Chartered Accountants

For **AADI INDUSTRIES LIMITED**

(ALPESH K. SAVLA)
Partner
M. No. 47828

Rushabh Shah
DIRECTOR

Mansi Shah
DIRECTOR

Place: **Mumbai**
Date : 26-08-2008.

AADI INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2008

A. <u>CASH FLOW FROM OPERATING ACTIVITIES :</u>	
Net Profit before tax and extraordinary items	(7.31)
<u>Adjustments for :</u>	
Interest	-
Preliminary Exp. Written Off	-
Operating Profit Before Working Capital Changes	(7.31)
<u>Adjustments for :</u>	
Trade and Other Receivables	7.31
Inventories	-
Trade Parties	-
Cash generated from Operations	-
Interest Paid	-
Direct Taxes Paid	-
Cash flow before extraordinary items	-
Extraordinary items	-
Net cash from operating activities	-
B. <u>CASH FLOW FROM INVESTING ACTIVITIES :</u>	
Purchase of Fixed Assets	-
Sale of Fixed Assets	-
Purchase of Investments	-
Sale of Shares	-
Interest Received	-
Dividend Received	-
Net Cash used in investing activities	-
C. <u>CASH FLOW FROM FINANCING ACTIVITIES :</u>	
Proceeds from issue of share capital	-
Proceeds from Long Term Borrowings	-
Repayment of Loans	-
Dividend paid	-
Net Cash used in financing activities	-
<u>Net increase in cash and cash equivalents</u>	-
Cash and cash equivalents as at 01/04/2007 (Opening Balance)	3.10
Cash and cash equivalents as at 31/03/2008 (Closing Balance)	3.10

For SUNDERJI GOSAR & Co.
Chartered Accountant

For AADI INDUSTRIES LTD.

Alpesh K. Savla
(Partner)
Place : Mumbai
Date: 26/08/2008

Rushabh Shah Mansi Shah
Director Director

AADI INDUSTRIES LIMITED

**Registered Office: 1273, Kanji Diwan's Khancho, Raja Mehta's Pole, Tankshal Road,
Kalupur, Ahmedabad 380 001**

PROXY FORM

I _____ / _____ We

of _____

being a Shareholder/Shareholders of **AADI INDUSTRIES LIMITED** hereby appoint
_____ of _____ or
failing him/her, _____ of _____
_____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the
Fourteenth Annual General Meeting of the Company to be held on **Saturday, the 27th
September, 2008** at 11:00 A.M. and at any adjournment thereof.

Regd. Folio. No. _____ No. of Shares held _____
Client I.D. No. _____ DP. ID. No. _____

Signed on this _____ day of _____ 2008
Signature of Shareholder _____

Affix
Re. 1.00
Revenue
Stamp

Note:

The Proxy form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

AADI INDUSTRIES LIMITED

**Registered Office: 1273, Kanji Diwan's Khancho, Raja Mehta's Pole, Tankshal Road,
Kalupur, Ahmedabad 380 001**

ATTENDANCE SLIP

I/We hereby record my/our presence at the Fourteenth Annual General Meeting of the Company at Hotel Platinum, Near Gujarat Gram Haat, Anjali Cross Road, Vasana, Ahmedabad 380 007 on **Saturday, 27th September, 2008 at 11:00 A.M.**

Name _____ Address _____
Regd. Folio. No. _____ No. of Shares held _____
Client I.D. No. _____ DP. ID. No. _____

Name of Proxy/Representative, if any _____
Signature of the Shareholder(s)/Proxy/Representative _____

Shareholder / Proxy attending the Meeting must fill-in this Attendance Slip and hand it over at the entrance of the venue of the Meeting.