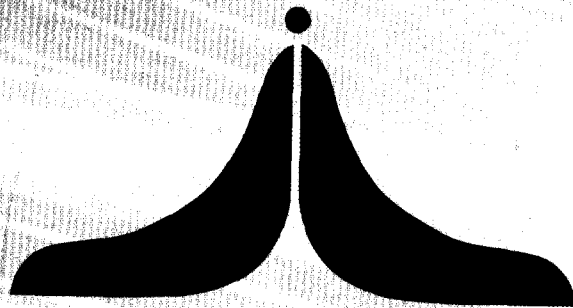


**15<sup>TH</sup> ANNUAL REPORT  
2008-2009**



**AADI INDUSTRIES LIMITED**

# 15<sup>th</sup> Annual General Meeting

**Day and Date** : Thursday, 17<sup>th</sup> September 2009

**Venue** : Hotel Platinum, Near Gujarat Gram Haat,  
Anjali Cross Road, Vasana,  
Ahmedabad-380 007

**Time** : 11.00 a.m.

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

<b>Mr. Rushabh Shah</b>	Chairman & Managing Director
<b>Mrs. Mansi Shah</b>	Director
<b>Mr. Pravin D. Doshi</b>	Director
<b>Mr. T. S. Ramcharan</b> (upto 29 <sup>th</sup> April, 2009)	Director
<b>Mr. Shardul Shah</b>	Director
<b>Mr. Deepak Bhagat</b> (upto 29 <sup>th</sup> April, 2009)	Director
<b>Mr. C. R. Mehta</b> (w.e.f. 29 <sup>th</sup> April, 2009)	Director
<b>Mr. Surjit Banga</b> (w.e.f. 29 <sup>th</sup> April, 2009)	Director

### AUDITORS

M/s. Sunderji Gosar & Co.  
Chartered Accountants  
Mumbai

### BANKERS

Dena Bank

### REGISTERED OFFICE

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

### CORPORATE OFFICE

320/7, Siddhivinayak Society,  
Hingwala Lane, Pant Nagar,  
Ghatkopar (East), Mumbai - 400 075  
Email : manishshah@aadi.industries.com  
Website: www.aadiindustries.com

### REGISTRAR & SHARE TRANSFER AGENTS

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



## CHAIRMAN'S STATEMENT

Ladies and Gentlemen,

It gives me immense pleasure to welcome you all to the 15th Annual General Meeting of the Company. Financial Year 2008-09 has been the first full year of operations of the Company since its takeover by the present management in November 2007. The year has been full of challenges, difficulties and accomplishments, promising better operational performance and profit-earnings during the years to come.

### **Global Economic Scenario:**

The global economy is struggling to wriggle out of the recessionary forces as evident today. No part of the world is left unaffected by this turmoil, including our national economy which too had to face the tremors resulting from the sub-prime saga. But as rightly said, dawn follows dusk. Considering the latest trends of various parameters, we as a nation are well on the road to economic revival and apparently, have overcome the after effects of the global economic turmoil. The overall business confidence rate is gradually picking up, providing enough symptoms of sustained economic stability and growth being achieved sooner than was expected.

### **Plastic Industry Scenario:**

The global demand for plastics since 1990 has grown at an average of 5.5 percent annually. The global consumption reached about 200 million tons during 2008, with per capita consumption levels of 30 kilograms. This sector is expected to grow at about 5 percent annually up to 2015, with the highest growth rates in Asia. Rapid urbanization and growth in retail business in populous countries like India will result in high growth performance for the plastic sector.

### **Company Performance:**

Your Company was exposed to the usual problems related to infancy, the financial year just gone by being its first full year of operations. In spite of nagging difficulties related to liquidity shortage, delay in arrangement for requisite government and local authority approvals, delay in sanction of power supply etc., the Company successfully completed the setting up and commissioning of its unit at Silvassa for manufacturing of Tarpaulins and Plastic Bags with an initial capacity of 24000 MT of Tarpaulins/Wagon Cover and 6000 MT of Shopping/Carry Bags per annum. The Company achieved a Turnover of Rs. 10.12 Crore and earned Profit of Rs. 17.13 Lacs.

Based on the unaudited Financial Results for the quarter ended June 30, 2009, the Company has achieved Turnover of Rs. 7.06 Crores and Net Profit of Rs. 22.37 Lacs. Based on these indications, we are reasonably optimistic of recording much better performance during the current year.

We look forward to your continued support and trust in the new Board of Directors and in turn, we pledge our continued focus, integrity, highest level of corporate governance practices and unrelenting efforts to put the Company on the growth trajectory and achieve sustained better operational results and returns.

Thank you.

**Rushabh Shah**  
Chairman



## NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of Aadi Industries Limited will be held on Thursday, 17th September 2009 at 11.00 a.m. at Hotel Platinum, Near Gujarat Gram Haat, Anjali Cross Road, Vasana, Ahmedabad- 380 007 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2009, the Balance Sheet as at that date along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Mansi Shah, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Shardul Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Sunderji Gosar & Co., Chartered Accountants as Statutory 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 fix their remuneration.

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** Mr. C. R. Mehta who was appointed as an Additional Director of the Company on 29th April 2009 by the Board of Directors of the Company and who holds office upto the date of ensuing Annual General Meeting of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and in respect of whom the Company has received a notice pursuant to Section 257 of the Act from a member signifying his intension to propose the name of Mr. C. R. Mehta as a candidate for the office of a Director, be and is hereby appointed as a Director of the Company whose office shall be liable to retirement by rotation.”

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** Mr. Surjit Banga who was appointed as an Additional Director of the Company on 29th April 2009 by the Board of Directors of the Company and who holds office upto the date of ensuing Annual General Meeting of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and in respect of whom the Company has received a notice pursuant to Section 257 of the Act from a member signifying his intension to propose the name of Mr. Surjit Banga as a candidate for the office of a Director, be and is hereby appointed as a Director of the Company whose office shall be liable to retirement by rotation.”

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be and is hereby increased from the present Rs. 10,00,00,000/- (Rupees Ten Crore Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupee Ten Only) each to Rs. 25,00,00,000/- (Rupees Twenty Five Crore Only) divided into 2,50,00,000 (Two Crore Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each by creation of new 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and that the Memorandum of Association and the Articles of Association of the Company be altered accordingly.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956, existing Clause V of the Memorandum of Association of the Company be and is hereby amended by deletion of the same and substituting in place and stead thereof the following new Clause V:

- V. The Authorized Share Capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crore Only) divided into 2,50,00,000 (Two Crore Fifty Lacs) Equity Shares of Rs. 10/- (Rupee Ten Only) each. The Board has and shall always have, subject to requisite prior approval(s), the power to divide the share capital, for the time being, into several classes and to increase or reduce its capital from time to time, to reclassify any unissued capital, to vary, modify or abrogate any rights, privileges or conditions attached to any class of shares in such manner as may for the time being be provided by the Articles of Association of the Company.



**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company.”

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

**“RESOLVED THAT** pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 3 of the Articles of Association of the Company be and is hereby deleted and the following Article be substituted in its place as new Article 3 :

3. The Authorized Share Capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crore Only) divided into 2,50,00,000 (Two Crore Fifty Lacs) Equity Shares of Rs. 10/- (Rupee Ten only) each.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company.”

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), Securities Contracts (Regulations) Act, 1956 and the Rules framed there under, The Listing Agreement, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2009 (hereinafter referred to as “the said guidelines”) and subject to such other rules / regulations as may be applicable and such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, as may be agreed to by the Board of Directors of the Company (‘the Board’ which term shall be deemed to include any Committee thereof), consent of the Company be and is hereby accorded to the Board to de-list the equity shares of the Company from Vadodara Stock Exchange Limited (VSE).

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the aforesaid voluntary delisting of shares, as it may, in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise and that the members shall be deemed to have given their approval expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its Committees / Directors or any of the Officers of the Company to do all such acts, deeds or things as may be required from time to time to give effect to the aforesaid resolution and matters related thereto.”

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

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and 310, and other applicable provisions, if any, of the Companies Act, 1956 (“the Act” as amended or re-enacted from time to time) read with the provisions of Schedule XIII to the Act and in terms of the Articles of Association of the Company, approval of the shareholders of the Company be and is hereby accorded to amendment to the terms of appointment of Mr. Rushabh Shah, Chairman and Managing Director of the Company by way of payment of remuneration inclusive of salary and perquisites for the period from 1st July 2009 to 31st January 2011 as determined by the Board of Directors of the Company upon recommendation of the Remuneration Committee, the details of which are furnished to the explanatory statement of material facts attached hereto, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and payment of remuneration to Mr. Rushabh Shah, Chairman and Managing Director of the Company from time to time in such manner as may be agreed to between the Board of Directors and the said Mr. Rushabh Shah.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year during the currency of tenure of Mr. Rushabh Shah, Chairman and Managing Director of the Company, he shall be paid remuneration at the same substantive level as specified herein after and that such remuneration shall be treated as the Minimum Remuneration payable to him in accordance with Part II of Section II of Schedule XIII of the Act.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such agreements, documents and instruments as may be required from time to time for giving effect to the above resolution and matters related thereto.”

**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. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Any instrument appointing a proxy or proxies should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 5 to 10 is appended hereto.
4. The Register of Members and Share Transfer Books of the Company will be closed from Friday 11th September, 2009 to Thursday 17th September, 2009 (both days inclusive).
5. Shareholders desiring any information relating to the accounts are requested to write to the Company atleast seven days prior to the date of ensuing Annual General Meeting or at an early date so as to enable the management to keep the information ready.
6. Members are requested to notify immediately about 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 i.e. Sharex Dynamics (India) Private Limited, Luthra Industrial Estate, Andheri Kurla Road, Andheri (East) Mumbai 400 072 in respect of their physical share folios.
7. Members/proxies are requested to bring their copy of Annual Report to the Meeting.
8. Members/proxies are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting.
9. A brief profile of the Directors to be appointed is as follows:

<b>Name</b>	<b>Mr. C. R. Mehta</b>		<b>Mr. Surjit Banga</b>	
<b>Age</b>	70 years		68 years	
<b>Qualification</b>	F.C.A., F.C.S.		B. Com	
<b>Nature of Expertise</b>	Legal		Finance & Banking	
<b>Experience</b>	48 years		45 years	
<b>Names of other Companies in which holds directorship</b>	Fortune Financial Services (India) Limited Reliance Industrial Infrastructure Limited		Digicable Network (India) Private Limited	
	<b>Name of the Company</b>	<b>Position</b>	<b>Name of the Company</b>	<b>Position</b>
	Fortune Financial Services (India) Limited	Member 1. Audit Committee 2. Remuneration Committee	ETC Networks Limited	Chairman Audit Committee Member Remuneration Committee
	Reliance Industrial Infrastructure Limited	Chairman 1. Audit Committee 2. Shareholders/Investors' Grievances 3. Remuneration Committee	Digicable Network (India) Private Limited	Chairman Audit Committee
<b>Shareholding in Aadi Industries Limited</b>	Nil		Nil	



<b>Name</b>	<b>Mrs. Mansi Shah</b>		<b>Mr. Shardul Shah</b>	
<b>Age</b>	27 Years		31 Years	
<b>Qualification</b>	Dietician		M. Com, LL. B., F.C.A.	
<b>Nature of Expertise</b>	Administration		Accounts, Taxation & Finance	
<b>Experience</b>	5 years		9 years	
<b>Names of other Companies in which holds directorship</b>	---		--	
	Name of the Company	Position	Name of the Company	Position
	--	--	--	--
<b>Shareholding in Aadi Industries Limited</b>	Nil		Nil	

For and on behalf of the Board

Place: Mumbai  
Date: 26<sup>th</sup> June, 2009

**Rushabh Shah**  
Chairman & Managing Director

**REGISTERED OFFICE**  
1273, Kanji Diwan's Khancho,  
Raja Mehta's Pole, Tankshal Road,  
Kalupur, Ahmedabad 380 001





## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item No. 5 & 6

The Board of Directors of the Company had appointed Mr. C. R. Mehta and Mr. Surjit Banga as Additional Directors of the Company with effect from 29th April, 2009. As per the provisions of Section 260 of the Companies Act, 1956, these Additional Directors hold their respective office upto the date of the forthcoming Annual General Meeting of the Company.

The Company, in meantime, has received notices pursuant to Section 257 of the said Act along with necessary deposits from members signifying their respective intension to propose candidature of Mr. C. R. Mehta and Mr. Surjit Banga for their appointment as Directors of the Company.

Profile of the said Directors with nature of their expertise in field and other directorships are furnished in the notice.

Except Mr. C. R. Mehta and Mr. Surjit Banga none of the directors of the Company are concerned or interested in the resolutions.

The Board recommend the Resolutions for their respective appointment for the approval of the members.

### Item No. 7 & 8

Your Company is required to augment financial resources to meet its working capital requirements, funding its expansion projects and to make investments in subsidiary companies. The Company proposes to augment the same through issue of equity shares and/or convertible securities.

Hence, it is proposed to increase the Authorised Share Capital of the Company from present Rs. 10,00,00,000/- to Rs. 25,00,00,000/- by creation of new 1,50,00,000 Equity Shares of Rs. 10/- each. As per the provisions of Section 94, 16 & 31 of the Companies Act, 1956, approval of the members would be necessary for increase in Authorised Share Capital and consequently for amendment in Memorandum & Articles of Association of the Company.

Hence, the resolutions are placed for approval of shareholders.

Copy of duly amended draft Memorandum and Articles of Association of the Company is available for inspection by members of the Company at the Registered Office of the Company during business hours on all working days upto the date of ensuing Annual General Meeting.

None of the Directors shall be deemed to be concerned or interested in the said resolutions.

### Item No. 9

As the members are aware that the equity shares of the Company are presently listed on Bombay Stock Exchange Limited (BSE) and Vadodara Stock Exchange Limited (VSE).

It has been observed that the trading in equity shares in past few years on the VSE is insignificant. The depth and liquidity of trading in the Company's equity shares on the VSE is absent with virtually no trading. No particular benefit is available to the shareholders by continuing the listing of equity shares on the VSE. The proposed delisting of the Company's Equity Shares on the VSE will not be prejudicial to or affect the interest of the Shareholders. Hence, the Company is contemplating the possibility of delisting of its shares from the VSE.

As per the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2009, a specified procedure is required to be followed for delisting of the shares from all the Stock Exchange(s) and also for compliance with such other additional conditions as may be specified by the concerned Stock Exchange from where shares are to be de-listed.

In terms of the Delisting Guidelines, a public announcement regarding the proposed delisting will be given in the newspapers. The delisting will take effect only after all approvals, permissions and sanctions have been received.

In line with the said guidelines, the Members' approval is being sought by a Special resolution for enabling the voluntary delisting of the Company's Equity Shares from the VSE.

Your Directors therefore recommend a resolution proposed for approval of Members.

The Directors of the Company may be deemed to be interested in the resolution to the extent of their respective shareholding in the Company.

**Item No. 10**

The Board of Directors of the Company had appointed Mr. Rushabh Shah as the Managing Director of the Company at their meeting dated 31st January 2008 for a period of three years from 1st February 2008 upto 31st January 2011. As per the request made by Mr. Rushabh Shah no remuneration was payable to him for his services as Managing Director till the commencement of the Company's Project for manufacture of Plastic Bags and Tarpaulins. Now the said Project has commenced under guidance and supervision of Mr. Rushabh Shah for the successful commissioning of the Company's Project and for attaining sustainable growth in the future, it is proposed to make payment of managerial remuneration to him for the remaining period of his present tenure. The Board of Directors of the Company on recommendation of the Remuneration Committee has decided to amend the terms of appointment of Mr. Rushabh Shah, Managing Director of the Company by making payment of following remuneration for the period from 1st July 2009 to 31st January 2011.

**Salary**

Rs. 100000/- per month and payment of Commission @1% on the Net Profit of the Company.

**Perquisites**

Car with Chauffeur for the business purpose of the Company

Approval of the shareholders of the Company is required in accordance with the provisions of Section 269, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereto. The Board therefore recommends the above resolution for approval of members.

This may also be treated as an abstract of the terms of agreement between the Company and Mr. Rushabh Shah, when executed, and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

**For and on behalf of the Board**

Place: Mumbai  
Date: 26<sup>th</sup> June, 2009

**Rushabh Shah**  
**Chairman & Managing Director**

**REGISTERED OFFICE**

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



## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report on the operations of the Company together with the audited accounts for the year ended 31st March, 2009.

### Financial Results:

Financial Results for the Year ended 31st March, 2009 are as under:

(Rs. in Lacs)

	Current Financial Year 2008-09	Previous Financial Year 2007-08
Net Sales and other Income	1011.97	-
Profit/(Loss) before Depreciation, Interest and Tax (PBDIT)	59.40	(7.31)
Less: Interest	22.07	-
Depreciation	2.16	
Profit/(Loss) before Taxation	35.17	(7.31)
Less: Provision for Taxes		
- Income Tax	4.71	0
- Deferred Tax (Liability)/Asset	13.33	(1.42)
Profit after Taxation	17.13	(5.89)
Balance brought from previous year	(11.55)	(5.66)
Balance carried to the Balance Sheet	5.58	(11.55)

### Performance:

During the year under review, the Company commenced its operations in plastic products initially by sourcing its requirements from other manufacturers. During the year under review, the Company achieved sales of Rs. 1011.92 lacs and earned net profit after tax of Rs. 17.13 lacs. The Company also successfully took the trial run for manufacturing of Plastic Bags and Tarpaulins at Silvassa.

Your Company's project is mainly dependent on petrochemicals industry and imported materials for its raw materials requirement. Hence oil prices and exchange rate fluctuation have impact on the performance of the Company.

### Project:

The Company's project at Silvassa to manufacture 24000 MT of Tarpaulins/Wagon Cover and 6000 MT of Shopping/Carry Bags per annum was commenced successfully as per the schedule with the standby power arrangement. The Company is expected to get power connection from the Gujarat Electricity Board in the second quarter of the current financial year. The Company expects to commissioned its plant in the current financial year.

### Current year outlook:

We have been witness to economic crisis that has been challenging and testing as rarely seen before. The international crisis has damaged sentiments rather than fundamentals in India. Although short term indicators may be negative, in the long term it is expected that the economy should again resurrect in the current fiscal year. India is poised to return to the regime of consistent GDP growth rate @6.5% and above.

With commissioning of its own manufacturing plant, the Company has enjoy the optimum and effective utilization of its resources which achieve competitive position in the domestic and international markets. As a crucial and basic material, plastic has penetrated through the entire spectrum of products in manufacturing, business and human life. Plastic enjoys the unique feature of durability, light weight and attractive look as compared to metal and glass. However, plastic being product of petroleum, manufacturing of plastic products is exposed to the high risk elements such as import of raw materials, exchange rate fluctuations and price fluctuations of crude oil in the international markets. Apart from these usual risk elements product made from lower grade plastic material also pose serious threat to environment. In spite of these adversities, plastic has consolidated its position as a viable and feasible basic material for numerous products and growth rate in usage of plastic has continued its brisk pace.



Barring unforeseen circumstances, your directors are reasonably optimistic of achieving much better performance during the first full year of Company's considerably aided its own manufacturing facilities.

**Dividend:**

With a view to conserve the resources for future plans, your directors have deemed it prudent to not recommend 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. Shardul Shah and Mrs. Mansi Shah, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

Mr. T. S. Ramcharan and Mr. Deepak Bhagat resigned from the directorship of the Company due to their other occupation respectively. The Board places on record its deep appreciation of the invaluable services rendered by Mr. T. S. Ramcharan and Mr. Deepak Bhagat during their respective tenure as Director of the Company. Mr. C. R. Mehta and Mr. Surjit Banga were appointed as additional directors on 29th April 2009 and in respect of whom the Company has received notices pursuant to Section 257 of the Act from members signifying their intension to propose the name of Mr. C. R. Mehta and Mr. Surjit Banga, to be appointed as directors of the Company.

**Allotment of Shares on Preferential Basis:**

During the year under review, the Company allotted 49,93,400 Equity Shares of Rs. 10/- each at par aggregating to Rs. 499.34 lacs to the Promoter of the Company, in accordance with the Guidelines issued by SEBI for issue of Shares on Preferential basis, to facilitate the part financing of the new project of the Company related to setting up of facilities to manufacture plastic products at Silvassa.

The said fund is used for setting up of the facilities to manufacture Tarpaulins and Plastic Bags at Silvassa and to meet with the requirement of long term working capital.

Subsequent to the allotment of shares on preferential basis made by the Company, Mr. Rushabh Shah, Promoter of the Company made an Open Offer to the Shareholders of the Company for acquisition of upto 20,00,000 Equity Shares, as per the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1999. Through the said Open Offer, Mr. Rushabh Shah received offer for 217297 Shares of the Company at an offer price of Rs. 10/- per share which was duly accepted. Consequently, total shareholding of Mr. Rushabh Shah now stands at 73.97% of total paid up capital.

**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, 2009 and of the profit of the Company for the 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, 2009 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 and a Certificate from M/s. Rathi & Associates, Practicing Company Secretaries, regarding compliance of the requirements of Corporate Governance along with Management Discussion & Analysis Report pursuant to Clause 49 of the Listing Agreement with the Stock Exchange are annexed hereto.

**Particulars of Conservation of Energy, Technology Absorption, Adaptation and Innovation and Foreign Exchange Earnings and outgo:**

Information relating to the Conservation of Energy, Technology Absorption, Adaptation and Innovation 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 of employees are required to be furnished in connection with the said Rules.

**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**

Place: Mumbai  
Date: 26<sup>th</sup> June 2009

**Rushabh Shah**  
**Chairman & Managing Director**



## ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read 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 2009.

### I. CONSERVATION OF ENERGY

The Company has not carried out any manufacturing activities during the year under review except during the last week of the current financial year. 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 wastage as far as possible for its plant. The Company has further put in all efforts and thrust for tapping non-conventional energy sources.

#### ENERGY CONSUMPTION

A. Power and Fuel Consumption		Year Ended 31-03-2009	Year Ended 31-03-2008
<b>1 Electricity</b>			
Purchases	(Units)	Nil	Nil
Total Amount	(Rs. in Lacs)		
Unit Rate	(Rs.)		
<b>2 L.D.O./F.O.</b>			
Quantity	(K. Ltrs)	Nil	Nil
Total Cost	(Rs. in Lacs)		
Average rate/Litre	(Rs.)		
<b>3 Others/Internal generation</b>			
Quantity	(Units)	Nil	Nil
Total Cost	(Rs. in Lacs)		
Rate/Units	(Rs.)		
<b>4 Gas Purchase</b>			
Purchases	(Units)	Nil	Nil
Total Amount	(Rs. in Lacs)		
Average rate / Litre	(Rs.)		
<b>B. Consumption per Unit of Production:</b>			
Electricity	(Units/Kg.)	Nil	Nil
L.D.O.	(Units/Kg.)	Nil	Nil

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

#### 1. Specific areas in which R&D carried out by the Company.

The Company commenced its plant in the current financial year. No R & D activities have been taken up by the Company during the year under review.

#### 2. Benefits derived as a result of the above R & D.

Not applicable

#### 3. Future Plan of action

To reduce cost and improve quality, it is proposed to carry out Research and Development in several areas with in-house facilities.


**B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

1. The Company has not acquired any technology for its proposed plant and the process to be applied is standard and generally accepted in the Industry.
2. Proper facilities will also be set up for quality assurance and checking of various parameters at regular interval.
3. Benefits derived as a result of the above efforts:

The Company is expected to achieve consistency 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.

4. Purchase of technology imported during the last 5 years: NIL

**III FOREIGN EXCHANGE EARNINGS AND OUTGO:**

(Rs. in lacs)

	Year ended 31 <sup>st</sup> March 2009	Year ended 31 <sup>st</sup> March 2008
Foreign Exchange Earnings	Nil	Nil
ForeignExchange Outgo	31.85	Nil

For and on behalf of the Board

**Rushabh Shah**  
Chairman & Managing Director

Place: Mumbai  
Date: 26<sup>th</sup> June 2009



## **MANAGEMENT DISCUSSION AND ANALYSIS**

Statements in this Report, particularly those which relate to the Company's objectives, projections, estimates and expectations may constitute forward looking statements within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

### **(A) Industry structure and developments**

Over the years, India has made significant progress with healthy economic growth. Plastics, one of the fastest growing industries in India has a vital role to play. Indian Plastics Industry is expanding at a phenomenal pace. Major international companies from various sectors such as automobiles, electronics, telecommunications, food processing, packaging, healthcare etc. have set-up manufacturing base in India. Therefore, demand for plastics is rapidly increasing and soon India will emerge as one of the fastest growing markets in the world in the Plastic products.

In recent years, significant aspect of plastics material growth globally has been the innovation of newer application areas for plastics such as increasing plastics applications in automotive field, rail, transport, defense & aerospace, medical and healthcare, electrical & electronics, telecommunication, building & infrastructure, furniture, etc.

The global demand for plastics since 1990 has grown at an average of 5.5 percent annually. The global consumption reached about 200 million tons during 2008, with per capita consumption levels of 30 kilograms. North America and West Europe have high per capita consumption between 80 to 100 kilograms, while in China it is about 25 kilograms and in India around 5.5 kilograms. This sector is expected to grow at about 5 percent annually up to 2015, with the highest growth rates in Asia. Rapid urbanization and growth in retail business in populous countries like India will result in high growth performance for the plastics sector. There are currently more than 50,000 units across the country with a turnover in excess of Rs. 80,000 crore.

The next two decades are expected to offer unprecedented opportunities for the plastic industry in India. This would necessitate industry initiatives to foster investments, grow the market, upgrade quality standards, enhance global participation, encourage Indian industry, to adopt and adapt to world class technology and manufacturing practices.

The impact of recent tumbling of world economy and financial crisis across the globe will be minimal on Indian plastic industry as Plastic is used widely in many industries such as packaging, automobiles, healthcare, electronics, and pharmaceuticals.

The Company's plant started its commercial production of Tarpaulins and Plastic Bags in the Financial Year 2009-10. The Company is expected to achieve full operations in the later part of the current financial year, after receipt of power supply from Gujarat Electricity Board.

### **(B) Opportunities and Threats, Risks and Concerns**

Indian plastics industry expects acceleration of the growth engine in the next 3 to 5 years due to capacity expansion of existing petrochemical complexes. With the increase in availability of basic raw materials coupled with development of new products which use plastic as basic material, the Plastic Industry is poised for a robust growth.

The main threat is from the unorganized sector comprising low grade plastic goods manufacturers and from non eco-friendly manufacturing units. This may lead to quality problems in the international market and downgrading of Indian manufacturers' image. Secondly, due to its basic nature and use of low grade of plastic which is not eco-friendly, there has always been a threat of substitution of plastic as basic material with other metal or alternate material. These are the key risk factors which the Plastic Industry has to tackle in future.

### **(C) Internal control systems and their adequacy**

The Company has commenced the trial production in the last week of March 2009 and it proposed to implement necessary controls and audit to meet with the challenges in manufacturing process.

### **(D) Material developments in Human Resources / Industrial Relations front, including number of people employed**

The Company is conscious of its obligations towards Health, Safety & Environment to meet the norms of local Pollution Control Board at Silvassa Plant.





## CORPORATE GOVERNANCE REPORT

### (A) Company's Philosophy on Code of Corporate Governance

The Company believes that high standards of accountability and audit, timely disclosure and reporting in all areas of operations contribute towards developing and sustaining best operating systems and procedures. These standards define your Company's Corporate Governance philosophy of trusteeship, transparency, empowerment, accountability and integrity. The Company will continue to 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. Currently, the majority of members of the Board of Directors comprises of Non-Executive Independent Directors, having considerable experience in diverse fields. The Board has five (5) Non-Executive Directors of which 1 (one) is representing Promoters and Four (4) are independent Non-Executive Directors. The Chairman of the Board is an 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, 2009 was as under:

Name of the Directors	Category	Number of other		
		Directorships	Committee Memberships	Committee Chairmanships
Mr. Rushabh Shah	Chairman and Managing Director, Executive	2	-	-
Mrs. Mansi Shah	Director, Non-Executive	-	-	-
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	-	-	-

The constitution of the Board as on the date of signing this balance sheet is as under:

Name of the Directors	Category	Number of other		
		Directorships	Committee Memberships	Committee Chairmanships
Mr. Rushabh Shah	Chairman and Managing Director, Executive	-	-	-
Mrs. Mansi Shah	Director, Non-Executive	-	-	-
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	-	-	-
Mr. C. R. Mehta**	Non-Executive, Independent	2	2	3
Mr. Surjit Banga **	Non-Executive, Independent	1	1	1

\* Other Directorships exclude Directorships held in Private Limited Companies.

# Committees of Directors includes Audit Committee, Shareholders / Investors Grievance Committee and Remuneration Committee.

@ Resigned w.e.f. 29<sup>th</sup> April 2009

\*\* Appointed w.e.f. 29<sup>th</sup> April 2009



## (ii) Board Meetings and Attendance of Directors

During the year ended 31st March, 2009 the Board of Directors held 7 (Seven) meetings i.e. on 30th April 2008, 30th July 2008, 8th August 2008, 26th August 2008, 31st October 2008, 5th January 2009 and 31st January 2009.

Table hereunder gives the attendance record of the Directors at the Board Meetings held during 2008-09 and the last AGM:

Name of the Directors	Number of Board Meetings held	Number of Board Meetings attended	Whether attended last AGM
Mr. Pravin Doshi	7	4	No
Mr. Deepak Bhagat	7	3	Yes
Mr. T. S. Ramcharan	7	3	No
Mr. Rushabh Shah	7	6	Yes
Mrs. Mansi Shah	7	6	Yes
Mr. Shardul Shah	7	6	Yes

The Company has not paid any remuneration including sitting fees to any directors.

## (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 four members of which three Members are Non-Executive Independent Directors and one member is 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 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 for 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 auditors 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 auditors 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 auditors.
5. Review with independent auditors 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 auditors the adequacy of internal controls, including the computerised 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 auditors:
  - (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 conditions 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

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.

As on 31st March 2009, the Audit Committee comprises of three Directors of which two were Non-Executive, Independent Directors viz. Mr. Shardul Shah Chairman, Mr. Deepak Bhagat and Mr. Rushabh Shah, Executive Director.

The Audit Committee reconstituted in view of resignation of directors. The new Audit Committee was formed on 29th April 2009, consisting of Mr. Surjit Banga, Chairman, Mr. C. R. Mehta and Mr. Shardul Shah, Independent Directors and Mr. Rushabh Shah, Executive Director.

#### (d) Audit Committee Meetings and Attendance during the financial year ended 31st March, 2009

During the financial year ended 31st March, 2009, Five Audit Committee Meetings were held i.e. on 29th April 2008, 30th July 2008, 26th August 2008, 31st October 2008 and 31st January 2009. 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. Shardul Shah	5	5
Mr. Deepak Bhagat	5	5
Mr. Rushabh Shah	5	5

The Committee has recommended to the Board the appointment of M/s. Sunderji Gosar & Co., Chartered Accountants, as the statutory auditors of the Company for the Financial Year 31st March, 2010.

#### (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 Executive, including the Executive Directors are competitive keeping in view prevailing compensation packages in the Industry so as to recruit and retain suitable individual(s) in such capacity.

As on 31st March 2009, the Committee comprise of the following members:

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



The Remuneration Committee did not have any meeting during the Financial Year under review.

The Remuneration Committee was reconstituted in view of resignation of Mr. T. S. Ramcharan and Mr. Deepak Bhagat. The new Audit Committee was formed on 29th April 2009 comprising of Mr. C. R. Mehta, Chairman, Mr. Surjit Banga and Mr. Shardul Shah, Independent Directors.

### (iii) Shareholders/Investors Grievance Committee:

Shareholders / Investors Grievances Committee comprises of three members viz. Mr. Rushabh Shah, Mr. Shardul Shah and Mr. Sushil Surve. Among other functions, the Committee looks into redressal of shareholders' complaints regarding non receipt of balance sheets and transfer of shares as per Clause 49 of the Listing Agreement. During the year 10 meetings of the Committees were held.

During the year under review, the Company had transferred 28400 Equity Shares held in physical form. The Company did not receive any complaints from the shareholders. There were no pending complaints from the shareholders as on 31.03.2009.

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
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 noon
2008	27.09.2008	Hotel Platinum, Near Gujarat Gram Haat, Anjali Cross Road, Vasana, Ahmedabad 380 007	11.00 a.m.

### Special Resolution:

Details of Special Resolution passed at any of the last three Annual General Meetings:

Date	
26.08.2006	No special resolution was passed
14.09.2007	No special resolution was passed
27.09.2008	1. Appointment of Mr. Rushabh Shah as Managing Director of the Company. 2. Shifting of Registered Office from Ahmedabad to Silvassa 3. Allotment of Shares on preferential basis to Mr. Rushabh Shah.

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

During last three financial years, an Extra ordinary General Meeting was held on 22nd February 2008 at 13, Chandni Complex, Opp. Rakhanpur Bus Stand, Lazer Cinema Lane, Rakhanpur, Ahmedabad 382 721, Gujarat wherein following resolutions were passed:

### Special Resolution:

1. Amendment of Part C of the Objects Clause (Clause III C) 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 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:**

No Special Resolution was passed through Postal Ballot during the year. One resolution related to shifting of Registered Office of the Company from the State of Gujarat to State of Maharashtra is proposed to pass through postal ballot.

**(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-submission of various information, intimations etc. under the Listing Agreement for which the Company has paid the necessary fees as levied by the Bombay Stock Exchange Limited.

**(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 behavior, frauds and other grievances. No employee of the Company has 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 except 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 and Vadodara Stock Exchange Limited immediately after the conclusion of the respective meeting and also published in the newspapers as per the provisions of the Listing Agreement.
- (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, Practicing 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 annexed to this Annual Report.

**(i) General Shareholders' Information:**

Annual General Meeting:

Date and time : September 17, 2009 at 11.00 a.m.  
 Venue : Hotel Platinum, Near Gujarat Gram Haat,  
 Anjali Cross Road, Vasana,  
 Ahmedabad- 380 007

**(ii) Financial Calendar**  
 (tentative and subject to change)

**Financial reporting for quarter ended**  
 June 30, 2009 : By July 31, 2009  
 September 30, 2009 : By October 31, 2009  
 December 31, 2009 : By January 31, 2010  
 March 31, 2010 : By June 30, 2010  
 Annual General Meeting for year ended 31st March, 2010 - By September 30, 2010.



- (iii) **Registered Office** 1273, Kanji Diwan's Khancho,  
Raja Mehta's Pole,  
Tankshal Road, Kalupur,  
Ahmedabad 380 001.
- (iv) **Corporate Office** 320/7, Siddhivinayak Society,  
Hingwala Lane, Pant Nagar,  
Ghatkopar (East),  
Mumbai - 400 075  
Email: manishshah@aadi.industries.com  
Website: www.aadiindustries.com
- (v) **Listing on Stock Exchange & fees for 2009-10** Bombay Stock Exchange Limited,  
Vadodara Stock Exchange Limited  
Listing fees for 2009-2010 is paid to the Bombay Stock Exchange.  
  
The Company is proposed to de-list shares from Vadodara Stock Exchange and hence no listing fee is paid to Vadodara Stock Exchange.
- (vi) **Stock Exchange Code** 530027

**(vii) Disclosures regarding re-appointment of Directors**

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mrs. Mansi Shah and Mr. Shardul Shah shall retire by rotation at the forthcoming Annual General Meeting. The Board has recommended the respective re-appointments of Mrs. Mansi Shah and Mr. Shardul Shah to the shareholders.

The Board of Directors of the Company had appointed Mr. C. R. Mehta and Mr. Surjit Banga as Additional Directors of the Company with effect from 29th April 2009. As per the provisions of Section 260 of the Companies Act, 1956, these Additional Directors hold their respective office upto the date of the forthcoming Annual General Meeting of the Company.

The detailed resume of directors to be appointed/re-appointed is provided in the notice of the Annual General Meeting.

**(viii) Stock Market price data**

Monthly high and low at Bombay Stock Exchange Limited for financial year ended 31st March, 2009:

Month	*High (Rs.)	*Low (Rs.)	**BSE Sensex (High)
April, 2008	9.07	3.95	17481
May, 2008	10.48	6.31	17736
June, 2008	7.64	5.80	16633
July, 2008	10.97	8.00	15130
August, 2008	9.93	8.05	15580
September, 2008	10.37	7.42	15107
October, 2008	9.62	5.05	13204
November, 2008	8.84	5.71	10945
December, 2008	7.61	4.58	10189
January, 2009	8.9	5.15	10470
February, 2009	9.99	8.20	9725
March, 2009	10.14	8.45	10127

\* Aadi Industries Limited (AIL)      \*\* BSE Sensex

**(ix) Registrar and Share Transfer Agents**

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

**Contact Person: Mr. Shashi Kumar**

**(x) 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 proper 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 and Mr. Sushil Surve 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 2008-09 was 28,400 shares.

**(xi) Distribution of Shareholding as on 31st March, 2009:**

No. of Equity Shares held	Shareholders		Shares	
	Number	% to total Shareholders	Number	% to total Capital
1 - 500	759	55.40	212372	2.12
501 - 1,000	245	17.88	216472	2.16
1,001 - 5,000	256	18.69	652727	6.53
5,001 - 10,000	50	3.65	395669	3.96
10,001 - above	60	4.38	8522760	85.23
<b>Total</b>	<b>1370</b>	<b>100.00</b>	<b>10000000</b>	<b>100.00</b>

**(xii) Categories of Shareholders (as on 31.03.2009)**

Category	Shareholders		Shares	
	Number	% to total Shareholders	Number	% to total Capital
<b>PROMOTER HOLDING</b>				
Indian Promoters	4	0.29	7180012	71.80
<b>Total</b>	<b>4</b>	<b>0.29</b>	<b>7180012</b>	<b>71.80</b>
<b>NON- PROMOTER HOLDING</b>				
Institutional Investors				
FII's	2	0.15	22000	0.22
Others				
Private Corporate Bodies	51	3.72	266116	2.66
Indian Public	1310	95.62	2529771	25.30
NRIs/OCBs	0	-	0	-
Any other (Shares in transit	3	0.22	2101	0.02
<b>Total</b>	<b>1366</b>	<b>99.71</b>	<b>2819988</b>	<b>28.80</b>
<b>Grand Total</b>	<b>1370</b>	<b>100.00</b>	<b>10000000</b>	<b>100.00</b>

The Shares of the Company are listed on Bombay Stock Exchange Ltd and Vadodara Stock Exchange Ltd. and hence facilitates liquidity. It is confirmed that the Company has paid Annual Listing Fee. The stock code on BSE is 530027. It is proposed to de-list the shares of the Company from the Vadodara Stock Exchange. The matter is being placed for the approval of the Shareholders at the ensuing Annual General Meeting. In view of the proposal for delisting of shares from the Vadodara Stock Exchange, the Company has not paid Listing Fees.

**(xiii) 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 2009, 8624500 Equity Shares representing 86.25% of the total paid up capital had been dematerialized.



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

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

(xv) Address for Correspondence:

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

Contact Person: Mr. Shashi Kumar

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## CODE OF CONDUCT DECLARATION

Pursuant to Clause 49 I (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 31<sup>st</sup> March, 2009.

Place : Mumbai  
Date : 26<sup>th</sup> June, 2009

**Rushabh Shah**  
Chairman & Managing Director

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## 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 31<sup>st</sup> March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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 generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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  
**Rathi & Associates**  
Company Secretaries

Place: Mumbai  
Dated: 26<sup>th</sup> June, 2009

**Narayan Rathi**  
Partner  
FCS No.: 1433





## AUDITORS' REPORT

The Members of  
**Aadi Industries Limited**  
Mumbai

We have audited the attached Balance Sheet of **Aadi Industries Limited**, as at 31st March 2009, 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 these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These 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 includes 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 (Auditors' 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 enclose 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 in paragraph 2 above, we report that:
  - (i) we have obtained all the information and explanations, which 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 those 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 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 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, 2009;
    - (b) in the case of the Profit and Loss Account, of the profit 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<sup>th</sup> June, 2009

**ANNEXURE TO THE AUDITORS' REPORT****Re: Aadi Industries Limited**

Referred to in paragraph 2 of our report of even date,

- (i) (a) We have been informed that the Fixed Assets Register showing full particulars, including quantitative details and situation of Fixed Assets has been maintained.
- (b) According to the information and explanations given to us, the Company has adopted a policy of physically verifying the fixed assets at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any of the Plant & Machinery and hence has not affected the going concern status of the Company.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt properly within the books of account.
- (iii) (a) The Company has not taken any loans from the parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The Company has not granted any loans to the parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence, this Clause is not applicable.
- (b) There are interest free advances in the nature of loans to the employees which are being recovered / adjusted regularly.
- (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 and 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 have been so entered.
- (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 lacs 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 Company has not accepted any deposits from the public. Accordingly, the provisions of Sections 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company.
- (vii) The Company does not have any formal internal audit system but we are convinced that control procedures instituted by the management ensure reasonable internal checking of its financial and other transactions.
- (viii) As explained to us, the Central Government has not prescribed any maintenance of cost record under Section 209(1)(d) of the Companies Act, 1956 to the Industry Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, customs 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, customs duty, excise duty and cess were in arrears as at 31st March, 2009 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 not incurred cash loss during the financial year covered by our audit. In the immediately preceding financial year, the Company had incurred cash loss.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or financial institutions.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4 (xii) of the Companies (Auditors' Report) Order, 2003 are not applicable.
- (xiii) 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 aforesaid order are not applicable to the Company.
- (xiv) In our opinion, the Company has not dealt or traded in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the aforesaid order are not applicable to the Company.
- (xv) As per the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans are being applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, no long term funds have been used to finance short term assets except permanent working capital.
- (xviii) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. The price at which the shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company has not issued debentures during the year under review. Accordingly, the provisions of clause 4 (xix) of the aforesaid order are not applicable to the Company.
- (xx) The Company has not received any money by way of public issue during the year. The Company is in the process of utilizing the funds received through preferential allotment of shares to the Promoters.
- (xxi) To the best of our 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<sup>th</sup> June, 2009

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009

(Amount in Rs.)

PARTICULARS	SCHEDULE	As at	
		31st March, 2009	31st March, 2008
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders Funds</b>			
a) Share Capital	1	100,000,000	50,066,000
b) Reserves & Surplus	2	558,324	(1,154,977)
<b>2. Loan Funds</b>			
a) Secured Loans	3	107,317,431	0
b) Deferred Tax Liability		894,179	0
<b>Total</b>		<b>208,769,934</b>	<b>48,911,023</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets (At Cost)</b>			
Gross Block	4	65,760,522	0
Less : Depreciation		215,890	0
Net Block		65,544,632	0
<b>2. Current Assets, Loans and Advances</b>			
a) Inventories	5	38,245,838	0
b) Sundry Debtors	6	68,841,400	0
c) Cash & Bank Balances	7	6,050,910	310,049
d) Loans and Advances	8	39,859,500	48,208,508
e) Other Current Assets	9	1,361,675	0
		154,359,323	48,518,557
<b>Less : Current Liabilities &amp; Provisions</b>			
a) Liabilities	10	10,663,441	46,691
b) Provisions		470,580	0
<b>Net Current Assets</b>		<b>143,225,302</b>	<b>48,471,866</b>
<b>3. Deferred Tax (Asset)</b>			
		0	439,157
<b>Total</b>		<b>208,769,934</b>	<b>48,911,023</b>
<b>Notes on Accounts</b>	18		

As per our report of even date annexed.

**For Sunderji Gosar & Co**  
Chartered Accountants

**For and on behalf of the Board**

**Alpesh K. Savla**  
Partner  
Membership No: 47828

**Rushabh Shah**  
Chairman & Managing Director

**Mansi Shah**  
Director

Place : Mumbai  
Date : 26<sup>th</sup> June, 2009


**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

(Amount in Rs.)

PARTICULARS	SCHEDULE	Year ended 31st March, 2009	Year ended 31st March, 2008
<b>INCOME</b>			
Sales		101,191,792	0
Other Income	11	5,375	0
Increase in Stock	12	37,401,638	0
<b>Total</b>		<b>138,598,805</b>	<b>0</b>
<b>EXPENDITURE</b>			
Cost of Raw Materials	13	124,955,110	0
Manufacturing Expenses	14	680,728	0
Personnel Expenses	15	682,800	30,000
Other Operating Expenses	16	6,340,334	701,042
Interest & Financial Charges	17	2,206,726	119
Depreciation		215,890	0
<b>Total</b>		<b>135,081,588</b>	<b>731,161</b>
Profit /(Loss) before Tax		3,517,217	(731,161)
<u>Less:</u> Provision for Income TAX		470,580	0
<u>Less:</u> Provision for F.B.T.		0	0
<u>Less:</u> Deferred Tax Liability/(Asset)		1,333,336	(142,007)
Net Profit /Loss available for Appropriations		1,713,301	(589,154)
<u>Add:</u> Balance from previous year		(1,154,977)	(565,823)
Balance transferred to Balance Sheet		558,324	(1,154,977)
Earning per share of Rs. 10/-each (Refer Note No. 13 of Notes on Accounts)			
Basic & Diluted Earning per share before extra ordinary Items		0.49	(0.12)
Basic & Diluted Earning per share after extra ordinary Items		0.49	(0.12)
<b>Notes on Accounts</b>	18		

As per our report of even date annexed.

**For Sunderji Gosar & Co**  
Chartered Accountants

**Alpesh K. Savla**  
Partner  
Membership No: 47828

 Place : Mumbai  
Date : 26<sup>th</sup> June, 2009

**For and on behalf of the Board**
**Rushabh Shah**  
Chairman & Managing Director

**Mansi Shah**  
Director



## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amount in Rs.)

Particulars	As at	As at
	31st March, 2009	31st March, 2008

### SCHEDULE - 1 SHARE CAPITAL

#### Authorised Share Capital :

1,00,00,000 Equity Shares of Rs.10 each  
(Previous Year 55,00,000  
Equity Shares of Rs.10 each)

100,000,00055,000,000

#### Issued, Subscribed & Paid-up Share Capital:

1,00,00,000 Equity Shares of Rs.10 each  
(Previous Year 50,06,600  
Equity Shares of Rs.10 each)

100,000,00050,066,000

#### TOTAL

100,000,00050,066,000

#### Notes:

of the above:

49,93,400 Equity Shares of Rs.10/- each are allotted to the promoters on Preferential Basis.

### SCHEDULE - 2 RESERVES & SURPLUS

Profit & Loss Account Balance

558,324(1,154,977)558,324(1154977)

### SCHEDULE - 3 SECURED LOANS

#### Working Capital

From Bank

68,552,791

0

(Secured by Hypothecation of Stocks and Book Debts)

#### Term Loan

From Bank

38,764,640

0

(Secured by First Charge by way of Hypothecation of All Movable & Immovable Properties of the Company and Personal Guarantee of the Director)

#### TOTAL

107,317,4310

### SCHEDULE - 4 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.08	Addition during the year	Deduction during the year	As on 31.03.09	As on 01.04.08	Deduction/ Written Back during the year	Depreciation for the year	As on 31.03.09	As on 31.03.09	As on 31.03.08
Building	-	42,842,929	-	42,842,929	-	-	22,165	22,165	42,820,764	-
Plant & Machinery	-	22,174,383	-	22,174,383	-	-	16,902	16,902	22,157,481	-
Office Equipments	-	54,167	-	54,167	-	-	4,961	4,961	49,206	-
Furniture	-	105,914	-	105,914	-	-	19,170	19,170	86,744	-
Computer	-	12,197	-	12,197	-	-	4,878	4,878	7,319	-
Vehicle	-	570,932	-	570,932	-	-	147,814	147,814	423,118	-
<b>TOTAL</b>	-	<b>65,760,522</b>	-	<b>65,760,522</b>	-	-	<b>215,890</b>	<b>215,890</b>	<b>65,544,632</b>	-



## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amount in Rs.)

Particulars	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE - 5 INVENTORIES</b>		
<i>(As Valued &amp; Certified By Management)</i>		
Closing stock		
Raw Materials	844,200	0
Work in Process	120,600	0
Finished Goods	37,281,038	0
<b>TOTAL</b>	<b>38,245,838</b>	<b>0</b>
<b>SCHEDULE - 6 SUNDRY DEBTORS</b>		
<i>(Unsecured, Considered Good)</i>		
More than 6 Months	0	0
Others	68,841,400	0
<b>TOTAL</b>	<b>68,841,400</b>	<b>0</b>
<b>SCHEDULE - 7 CASH &amp; BANK BALANCES</b>		
Cash Balances	14,210	277,451
<b><u>Balance With Scheduled Banks:</u></b>		
In Current Accounts	36,700	32,598
In Fixed Deposit Accounts	6,000,000	0
<b>TOTAL</b>	<b>6,050,910</b>	<b>310,049</b>
<b>SCHEDULE - 8 LOANS AND ADVANCES</b>		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Advances	29,809,500	48,208,508
Deposit	10,050,000	0
<b>TOTAL</b>	<b>39,859,500</b>	<b>48,208,508</b>
<b>SCHEDULE - 9 OTHER CURRENT ASSETS</b>		
Prepaid Expenses	329,970	0
VAT Receivable	1031705	0
<b>TOTAL</b>	<b>1,361,675</b>	<b>0</b>
<b>SCHEDULE - 10 CURRENT LIABILITES &amp; PROVISIONS</b>		
<b><u>Current Liabilities</u></b>		
Sundry Creditors for Goods	9,427,059	12,983
Sundry Creditors for Expenses	1,236,382	33,708
<b>TOTAL (A)</b>	<b>10,663,441</b>	<b>46,691</b>
<b><u>Provisions</u></b>		
Provision for Taxation	470,580	0
<b>TOTAL (B)</b>	<b>470,580</b>	<b>0</b>
<b>TOTAL(A+B)</b>	<b>11,134,021</b>	<b>46,691</b>



## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Amount in Rs.)

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
<b>SCHEDULE - 11 OTHER INCOME</b>		
Interest Received	575	0
Other Income	4,800	0
<b>TOTAL</b>	<b>5,375</b>	<b>0</b>
<b>SCHEDULE - 12 INCREASE/(DECREASE) IN STOCK</b>		
Closing Stock of Work in Progress	120,600	0
Closing Stock of Finished Goods	37,281,038	0
Less: Opening Stock of Work in Progress	0	0
Less: Opening Stock of Finished Goods	0	0
<b>TOTAL</b>	<b>37,401,638</b>	<b>0</b>
<b>SCHEDULE - 13 COST OF RAW MATERIALS</b>		
Opening Stock of Raw Materials	0	0
Add: Cost of Purchases	125,799,310	0
Less: Closing Stock of Raw Materials	844,200	0
<b>TOTAL</b>	<b>124,955,110</b>	<b>0</b>
<b>SCHEDULE - 14 MANUFACTURING EXPENSES</b>		
Packing Materials Consumed	0	0
Power & Fuel Consumed	229,834	0
Other Direct Expenses	450,894	0
<b>TOTAL</b>	<b>680,728</b>	<b>0</b>
<b>SCHEDULE - 15 PERSONNEL EXPENSES</b>		
Salary, Wages, Bonus & Gratuity	682,800	0
Director Remuneration	0	0
<b>TOTAL</b>	<b>682,800</b>	<b>0</b>
<b>SCHEDULE - 16 OTHER OPERATING EXPENSES</b>		
Legal & Professional Fees	618,931	306,651
Insurance Expenses	6,480	0
Selling Expenses	74,254	0
Travelling & Conveyance Expenses	390,683	158,938
Administrative Expenses	1,076,843	121,825
Other Miscellaneous & Administrative Expenses	77,048	0
VAT	3,891,992	0
Listing Expenses	131,410	113,628
Telephone Expenses	72,694	0
<b>TOTAL</b>	<b>6,340,334</b>	<b>701,042</b>
<b>SCHEDULE - 17 INTEREST &amp; FINANCIAL CHARGES</b>		
<b><u>Interest Expenses</u></b>		
Interest Expenses	1,091,204	0
<b><u>Other Financial Charges</u></b>		
Bank Charges & Commission	1,115,522	119
<b>TOTAL</b>	<b>2,206,726</b>	<b>119</b>



**SCHEDULE 18 : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009****1. Accounting Convention:**

The financial statements 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 guidelines prescribed by the Ministry of Corporate 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, excise, income tax etc, subsidy, insurance claims and dividend receipts which are being accounted on cash basis.

**3. a. Fixed Assets:**

Fixed Assets have been stated at cost. Cost comprises of the purchase price and all other attributable costs of bringing the asset to its working condition for intended use.

**b. Capital work in Progress:**

Expenses incurred towards acquisition of fixed assets which have not been installed or put to use before the year end are disclosed under capital work in progress and no depreciation has been provided on that.

**c. Impairment of Assets:**

In compliance with Accounting Standard (AS) 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI), the carrying amounts of Cash Generating Units/Assets are reviewed at Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated at the higher of net selling price and value in use. Impairment loss is recognized wherever carrying amount exceeds the recoverable amount.

**4. Depreciation:**

Depreciation on fixed assets is charged on written down value method basis in the manner and as per the rates and method provided in schedule XIV of the Companies Act, 1956. Depreciation on assets added / disposed off during the year has been provided on prorata basis with reference to the date of addition/ deletion.

**5. Inventory:**

Raw Materials, Stores and Spare parts are valued at cost (excluding excise and sales tax), finished goods are valued at realizable value and work-in-process are valued at cost of production. The manufacturing process being continuous, work-in-process is separately accounted.

**6. Excise Duty:**

The liability for cess duty on finished goods is accounted as and when they are cleared from the factory premises.

**7. Revenue Recognition:**

Gross Receipts include commission and other income. Sales of goods are recognized on dispatch to customer and are net of returns. Sales turnover includes basic sales value, but excludes other recoveries such as insurance, excise, sales tax etc.

**8. Retirement Benefits:**

Retirement benefits in the form of Provident Fund, Family Pension Fund and Super Annuation Scheme, which are defined as Contribution Schemes are charged to the Profit & Loss Account of the year when the contribution to the respective fund accrues.

**9. Foreign Currency Transactions:**

The transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Outstanding bills at the end of year are however booked at the exchange rate prevalent as on 31st March.



#### 10. Borrowing Costs:

Interest and other related cost on acquiring qualifying assets are capitalized as per accounting standard AS-16.

#### 11. Taxes on Income:

##### Deferred Tax Provision

As per the accounting standard AS-22 issued by ICAI, the net deferred tax liability amounting to Rs. 8.94 lacs on account of timing differences as shown below 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 and has been credited to the profit and loss account.

Deferred Tax Liability on account of depreciation. Rs. 8.94 lacs

#### 12. Current Tax.

Provision for Income Tax is determined in accordance with the applicable provisions of MAT under the Income Tax Act, 1961.

#### 13. Earning Per Share:

Particulars	2008-2009	2007-2008
Profit after tax as per Profit & Loss Account	<b>30,46,637</b>	(731,161)
Weighted average No. of Equity Shares of Rs.10/- each Outstanding	<b>61,69,447</b>	50,06,600
Basic & Diluted E.P.S.	<b>0.49</b>	(0.12)

#### 14. Disclosure in respect of Related parties pursuant to Accounting Standard-18

##### (A) List of Related Parties

##### Particulars

Key Management Personnel	1) Mr. Rushabh Shah (Chairman & Managing Director) 2) Mrs. Mansi R. Shah (Director)
Relative of key management personnel	Nil
Enterprise with common key Management personnel	Nil
Enterprise in which key management personnel and their relatives have significant influence	Deluxe Petrochem Pvt. Ltd.

##### (B) Transaction for the year ended 31st March, 2009. (Rs. in Lacs)

Sr. No.	Particulars	Associates	Enterprise in which key management personnel and relatives have significant influence	Key Management Personnel	Total
1	Purchases	---	13.11	---	---
2	Rent	---	---	4.50	---

#### 15. Segment Reporting.

The Company deals in one item of products and hence there is nothing to report hereunder.

16. All the opening balances are accepted as certified by the Management.

17. The balances of Sundry Debtors, Creditors, Loans & Advances and operative bank accounts (as stated by the management) are accepted as appearing in the ledger accounts and subject to confirmation from individual parties concerned. Management is confident of receiving all the sums due from debtors and the advances.



## 18. Auditors' remuneration

Particulars	2008-2009	2007-2008
Audit Fees	48,000	24,000
<b>Total</b>	<b>48,000</b>	<b>24,000</b>

19. In the opinion of the Board, the current assets, loans and advances are approximately of the values stated in the Balance Sheet, realized in the ordinary course of business. The Company has informed that the balance confirmations have been sent to parties. Due adjustments will be made, if any, on receipt thereof.

## 20. Details of Remuneration to Directors

Particulars	2008-2009	2007-2008
Remuneration to Directors	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

21. The term loans from Dena Bank have been secured by personal guarantee of Chairman & Managing Director of the Company. Interest includes interest to Dena Bank of Rs. NIL on the term loans.

22. The Company has to repay term loan of Dena Bank in 54 quarterly installments of Rs. 7.50 Lacs each beginning from September, 2008.

23. Previous year figures have been regrouped and/or reclassified wherever necessary. This is the first year of manufacturing.

24. The Company has commenced trial production on 30<sup>th</sup> March, 2009.

25. Additional information pursuant to Para 3 & 4 of part II of Schedule VI to the Companies Act, 1956.

**(A) Particulars in respect of goods manufactured****(a) Licensed / Installed Capacity**

Particulars	Licensed Capacity (M.T.)	Installed Capacity (M.T.)
Tarpaulin / Wagon Cover	24,000	7,200
Shopping Bags / Carry Bags	6,000	4,800

**(b) Particulars of Production, Sales, Opening and Closing stock of goods manufactured.**

Particulars	Opening Stock		Production		Sales		Closing Stock	
	QTY. (M.T.)	VALUE (Rs.in Lacs)	QTY. (M.T.)	VALUE (Rs.in Lacs)	QTY. (M.T.)	VALUE (Rs.in Lacs)	QTY. (M.T.)	VALUE (Rs.in Lacs)
Tarpaulin/Wagon Cover	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Shopping Bags/Carry Bags	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**(c) Particulars of Good Traded:**

Particulars	Opening Stock		Purchase		Sales		Closing Stock	
	QTY. (M.T.)	VALUE (Rs.in Lacs)	QTY. (Kg.)	VALUE (Rs.in Lacs)	QTY. (Kg.)	VALUE (Rs.in Lacs)	QTY. (Kg.)	VALUE (Rs.in Lacs)
Plastic Granules	Nil	Nil	17,72,350	1216.11	12,77,300	5439.29	495050	340.96
Flex Banners	Nil	Nil	19,01,308	31.85	-	-	1901308	31.85

**B Particulars of Raw Materials consumed:**

Items	Quantity	Values (in Rs.)
Tarpaulin	Nil	Nil

**C. Expenditure in Foreign Currency:**

Rs. in Lacs

CIF Value of Imports	2008-2009	2007-2008
1 Raw Material	Nil	Nil
2 Plant & Machinery / Stores & Spares	Nil	Nil
3 Traded Goods	31.85	Nil

**D.**

	2008-2009	2007-2008
Earning in Foreign Currency:	Nil	Nil

**E. Break up of consumption of Raw-Materials:**

	2008-2009	2007-2008
<b>I Raw Materials</b>		
Indigenous	0.00%	Nil
Imported	0.00%	Nil
<b>II Spare parts</b>		
Indigenous	0.00%	Nil
Imported	0.00%	Nil

**For Sunderji Gosar & Co**  
Chartered Accountants

**Alpesh K. Savla**  
Partner  
Membership No: 47828

Place : Mumbai  
Date : 26<sup>th</sup> June, 2009

**For and on behalf of the Board**

**Rushabh Shah**  
Chairman & Managing Director

**Mansi Shah**  
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

(Rs. in Lacs)

PARTICULARS	As at		As at
	31st March, 2009		31st March, 2008
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before Tax		35.17	(7.31)
<i>Adjustments For:</i>			
Depreciation	2.16	0.00	
Loss on Sales of Fixed Assets	0.00	0.00	
Prior Period Income/ Expenses	0.00	0.00	
Interest Paid	22.07	0.00	
		<u>24.23</u>	0.00
Operating Profit before Working Capital Changes		<u>59.40</u>	<u>(7.31)</u>
<i>Adjustment For:</i>			
Trade & Other Receivables	(618.54)	7.11	
Inventories	(382.46)	0.00	
Trade Payables	106.17	0.20	
		<u>(894.83)</u>	7.31
Cash Generated from Operations		<u>(835.43)</u>	<u>0.00</u>
Interest Paid	(22.07)	0.00	
		<u>(22.07)</u>	0.00
<b>Net Cash from Operating Activities (A)</b>		<u>(857.50)</u>	<u>0.00</u>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	(657.61)	0.00	
Sale of Fixed Assets	0.00	0.00	
Investments	0.00	0.00	
<b>Net Cash from Operating Activities (B)</b>		<u>(657.61)</u>	<u>0.00</u>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Preferential allotment of shares	499.34	0.00	
Premium from Long/Short term Borrowing ( <i>Net of repayments</i> )	1073.17	0.00	
<b>Net Cash from Financing Activities (C)</b>		<u>1572.51</u>	<u>0.00</u>
<b>Net Cash Inflow/(Outflow)</b>		<u>57.41</u>	0.00
Opening Balance of Cash & Cash Equivalents		3.10	3.10
Closing Balance of Cash & Cash Equivalents		60.51	3.10

As per our report of even date annexed.

**For Sunderji Gosar & Co**  
Chartered Accountants

**Alpesh K. Savla**  
Partner  
Membership No: 47828

Place : Mumbai  
Date : 26<sup>th</sup> June, 2009

**For and on behalf of the Board**

**Rushabh Shah**  
Chairman & Managing Director

**Mansi Shah**  
Director



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

### I. Registration Details

Registration No.	21862
State Code	04
Balance Sheet Date	31/03/2009

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

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Preferential Allotment	49934

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

Total Liabilities	2,08,770	Total Assets	2,08,770
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#### Sources of Funds:

Paid up Capital	1,00,000	Reserves & Surplus	558
Share Application Money	Nil	Deferred Tax Liability	894
Secured Loans	1,07,318	Unsecured Loans	Nil

#### Application of Funds:

Net Fixed Assets	65,545	Investments	Nil
Net Current Assets	1,43,225	Miscellaneous Expenditure	Nil

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

Turnover	101,192	Total Expenditure	97,675
Profit before tax	3,517	Profit after tax	1,713
Earning per share in Rs. (Basic and diluted)	0.49	Dividend Rate %	Nil

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

Item Code No. (ITC Code)	Nil
Product Description	N. A.

As per our report of even date annexed.

**For Sunderji Gosar & Co**  
Chartered Accountants

**For and on behalf of the Board**

**Alpesh K. Savla**  
(Partner)  
Membership No: 47828  
Place : Mumbai  
Date : 26<sup>th</sup> June, 2009

**Rushabh Shah**  
Chairman & Managing Director

**Mansi Shah**  
Director





NOTES

Multiple horizontal lines for writing notes.





## 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 Fifteenth Annual General Meeting of the Company to be held on  
**Thursday, the 17<sup>th</sup> September, 2009** at 11:00 a.m. and at any adjournment thereof.

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

Affix  
Re. 1.00  
Revenue  
Stamp

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Signature of Shareholder

#### 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 Fifteenth Annual General Meeting of the Company at Hotel Platinum, Near Gujarat Gram Haat, Anjali , Cross Road, Vasana, Ahmedabad- 380 007 on **Thursday, 17<sup>th</sup> September, 2009 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.

## BOOK-POST

*If undelivered, please return to :*

**Sharex Dynamics (India) Private Limited**

Luthra Industrial Estate,  
Andheri Kurla Road,  
Andheri (East),  
Mumbai - 400 072  
Tel. No.: 022- 28515606  
Fax No.: 022- 22641349  
Email: Sharexindia@vsnl.com