

AUDITOR'S REPORT

To the Share Holders of
M/S ADDI INDUSTRIES LIMITED

We have audited the attached Balance sheet of **M/S ADDI INDUSTRIES LIMITED**, as at **31st March 2012**, the Profit & Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date both 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require 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.

As required by the Companies (Auditor's Report) Order, 2003 (as amended by the Companies (Auditor's Report) (Amendment) Order, 2004) 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 the paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we report that:

- a) 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.
- b) 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.
- c) The Company's Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) 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.
- e) On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) 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:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) in the case of the Profit & Loss Account, of the **Loss** for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flow for the year ended on that date.

For S. R. DINODIA & CO.
CHARTERED ACCOUNTANTS
REGN. NO. 001478N


(SANDEEP DINODIA)
PARTNER
M. No. 083689

PLACE: NEW DELHI
DATED: 26 MAY 2012

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For ADDI INDUSTRIES LIMITED

ATUL JAIN
MANAGER (FINANCE)

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our audit report of even date)

- i) (a) *The Company is in the process of maintaining fixed asset register showing full particulars including quantitative details and situation of fixed assets. As explained to us, records pertaining to earlier years have been misplaced and work is in progress to retrieve the relevant information.*
- (b) *As explained to us, physical verification of major fixed assets has been conducted by the management at appropriate intervals. In our opinion, the program is reasonable having regard to the size of the Company and the nature of the fixed assets*
Further, in view of the above, the discrepancies, if any, between the book records and the physical verification has not been ascertained.
- (c) *In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.*
- ii) (a) *On the basis of information and explanation provided by the management, Inventories have been physically verified by the management during the year. In our opinion, frequency of verification is reasonable.*
- (b) *In our opinion, frequency and the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.*
- (c) *In our opinion, the company is maintaining the proper records of inventory except in the case of finished goods. We have been explained that discrepancies noticed on physical verification as compared to book records were not material and the same have been properly dealt with in the books of account. Further, in the case of finished goods, in the absence of proper records, the discrepancies, if any, between the book records and the physical verification has not been ascertained.*
- iii) *According to the information and explanations given to us, the company had not granted unsecured loans to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year. Accordingly, paragraphs 4(iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order 2003 are not applicable.*
According to the information and explanations given to us, the company had not taken unsecured loans from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year. Accordingly, paragraphs 4(iii) (e), (f) and (g) of the Companies (Auditor's Report) Order 2003 are not applicable.
- iv) *In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets, sales of goods. According to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.*
- v) (a) *Based on the audit procedures applied by us and according to the information and explanations given to us, we are of opinion that the particulars of contracts or arrangements that need to be entered into a register maintained under section 301 of the Companies Act, 1956 are being so entered.*
- (b) *In our opinion and according to explanation given to us, transactions made in pursuance of contracts and arrangements entered in the register maintained under Section 301 in respect of any party during the year have been made at prices which are reasonable having regard to the prevalent market prices at the relevant time.*



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FOR ADPI INDUSTRIES LIMITED

(Signature)

ATUL JAIN
MANAGER (FINANCE)

- vi) The Company has not accepted any deposits during the year from the public as defined in section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) According to the information and explanations given to us, the central government has not prescribed cost records under clause (d) of sub-section (1) of section 209 of the Companies Act for the product manufactured by the Company.
- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable to it. There was no undisputed amount outstanding at the year-end for a period more than six months from the date they become payable
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute, are as follows:

S.N o.	Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amt. relates	Forum where the dispute is pending
1	ESI Act	ESI	7,742,020	During 1995-1996 to 1998-1999	Civil court Ghaziabad

- x) The Company has accumulated losses as at 31st March, 2012 which are less than fifty per cent of its net worth. The company has incurred cash losses during the financial year, however has not incurred any cash losses in the immediately preceding financial year.
- xi) On the basis of information and explanation provided by the management and test checked by us, the Company has not made any default in the repayment of dues to the banks. The Company has not availed any loan from the debenture holders & financial institution.
- 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, during the year under audit.
- xiii) In our opinion considering the nature of activities carried on by the company during the year, the provision of any special statute applicable to chit fund /nidhi/mutual benefit fund/societies are not applicable to it.
- xiv) The company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) On the basis of information and explanation provided, the Company has not given guarantee for loans taken by other from the bank during the year.
- xvi) The company has not obtained any term loan during the current financial year.
- xvii) On the basis of information and explanation given to us and an overall examination of the balance sheet, we report that no funds raised on short-term basis have been used for long-term investments by the Company.
- xviii) According to information and explanation given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.



Certified to be correct
for ADGI INDUSTRIES LIMITED
TUL SINGH
MANAGER (FINANCE)

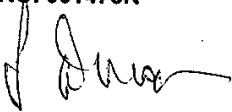
- xix) During the period covered by our audit report, the company has not issued any debentures.
- xx) The Company has not raised any money by public issues during the year.
- xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, during the year we have neither come across any instance of fraud on or by the Company nor have we been informed of such case by the management. **Certified to be true copy**

For ADDI INDUSTRIES LIMITED



ATUL JAIN
MANAGER (FINANCE)

For S. R. DINODIA & CO.
CHARTERED ACCOUNTANTS
REGN. NO. 001478N



(SANDEEP DINODIA)
PARTNER
M. No. 083689

PLACE: NEW DELHI

DATED: 26 MAY 2012

S.R. DINODIA & CO.

CHARTERED ACCOUNTANTS

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE

To the Members of

ADDI INDUSTRIES LIMITED

We have examined the compliance of the conditions of Corporate Governance by Addi Industries Limited, for the year ended on 31st March 2012, as stipulated in clause 49 of the Listing agreement of the said Company with the stock exchange.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedure and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing agreement.

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 S.R. DINODIA & CO.,
CHARTERED ACCOUNTANTS,

(SANDEEP DINODIA)

PARTNER

M.NO.83689

PLACE: NEW DELHI

DATED: 26.05.2012

For ADDI INDUSTRIES LIMITED

STU JAIN
MANAGER (FINANCE)