

15TH ANNUAL REPORT 2008-2009

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AADI INDUSTRIES LIMITED

15th Annual General Meeting

Day and Date : Thursday, 17th 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

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

15th Annual Report 2008-2009**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

15th Annual Report 2008-2009**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."

15th Annual Report 2008-2009**NOTES:**

- 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.**
- 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.
- The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 5 to 10 is appended hereto.
- 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).
- 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.
- 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.
- Members/proxies are requested to bring their copy of Annual Report to the Meeting.
- Members/proxies are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting.
- A brief profile of the Directors to be appointed is as follows:

Name	Mr. C. R. Mehta		Mr. Surjit Banga	
Age	70 years		68 years	
Qualification	F.C.A., F.C.S.		B. Com	
Nature of Expertise	Legal		Finance & Banking	
Experience	48 years		45 years	
Names of other Companies in which holds directorship	Fortune Financial Services (India) Limited Reliance Industrial Infrastructure Limited		Digicable Network (India) Private Limited	
	Name of the Company	Position	Name of the Company	Position
	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
Shareholding in Aadi Industries Limited	Nil		Nil	

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

For and on behalf of the Board

Place: Mumbai
Date: 26th 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.

15th Annual Report 2008-2009**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.



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For and on behalf of the Board

Place: Mumbai
Date: 26th June, 2009

Rushabh Shah
Chairman & Managing Director

REGISTERED OFFICE

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