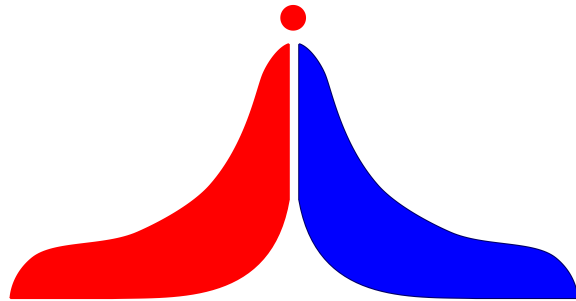


# **16<sup>TH</sup> ANNUAL REPORT**

## **2009-2010**



**AADI INDUSTRIES LIMITED**

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

**Day and Date** : Thursday, 26<sup>th</sup> August 2010

**Venue** : Plot No. 204, Lavender Baug,  
Next to Swami Narayan Mandir,  
90 Feet Road, Garodia Nagar,  
Ghatkopar (East), Mumbai 400 077

**Time** : 11.30 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 Doshi</b> (upto 16 <sup>th</sup> Jan., 2010)	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

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



## NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Aadi Industries Limited will be held on Thursday, 26<sup>th</sup> August 2010 at 11.30 a.m. at Plot No. 204, Lavender Baug, Next to Swami Narayan Mandir, 90 Feet Road, Garodia Nagar, Ghatkopar (East), Mumbai 400 077 to transact the following business:

### ORDINARY BUSINESS:

- 1 To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31<sup>st</sup> March 2010, the Balance Sheet as at that date along with the Reports of Directors and Auditors thereon.
- 2 To declare dividend on the paid up Equity Share Capital of the Company.
- 3 To appoint a Director in place of Mr. C. R. Mehta, 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 a **Special Resolution**:

**“RESOLVED THAT** pursuant to Sections 81 and 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof), SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 (“the ICDR Regulations”) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to the permission(s), sanction(s) and approval(s) of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), Bombay Stock Exchange Limited (BSE) and such other authorities as may be applicable in this regard from time to time and subject to such conditions, modifications and alterations as may be prescribed by any one of them while granting such permission(s), sanction(s) and approval(s), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) at its sole discretion, consent of the Company be and is hereby accorded to the Board to offer, issue and allot 50,00,000 (Fifty lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each for cash at a premium of Rs. 15/- (Rupees Fifteen only) per share aggregating to Rs. 12,50,00,000/- (Rupees Twelve Crores Fifty lacs only) in one or more tranches, at such time or times, in such manner, form and numbers as may be prescribed while granting permission(s), sanction(s) and approval(s) by the aforesaid authorities and/or which the Board may at its absolute discretion consider proper, desirable and expedient on Right Basis to such members who at the Record date (herein after called “the Record Date”) are holders of equity shares of the Company, in proportion, as nearly as circumstances admit, of One (1) Equity Share for every 2 (Two) Equity Shares held on the Record Date with right to renounce all or any of the shares so offered respectively to them in favour of any other person.

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

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

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to delegate all or any of the powers herein conferred, to any Director or Directors of the Company to give effect to the aforesaid resolution and matters connected 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 No. 5 is appended hereto.
- 4 The Register of Members and Share Transfer Books of the Company will be closed from Wednesday 25<sup>th</sup> August 2010 to Thursday 26<sup>th</sup> August 2010 (both days inclusive).
- 5 Shareholders desiring any information relating to the accounts are requested to write to the Company at least 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.

A brief profile of the Director to be re appointed is as follows:

<b>Name</b>	Mr. C. R. Mehta	
<b>Age</b>	71 years	
<b>Qualification</b>	F.C.A., F.C.S.	
<b>Nature of Expertise</b>	Legal	
<b>Experience</b>	49 years	
<b>Names of other Companies in which holds directorship</b>	1. Fortune Financial Services (India) Limited 2. Reliance Industrial Infrastructure Limited	
	<b>Name of the Company</b>	<b>Position</b>
	Fortune Financial Services (India) Limited	Member 1. Audit Committee 2. Remuneration Committee
	Reliance Industrial Infrastructure Limited	Chairman 1. Audit Committee 2. Shareholders/Investors' Grievances 3. Remuneration Committee
<b>Shareholding in Aadi Industries Limited</b>	Nil	

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No 5**

Your Company has lined up several initiatives to improve its turnover and profitability in coming years. Towards this objective, it is proposed to install additional machinery at the existing plant to increase the manufacturing capacity by 50% in the existing installed capacity to meet the increase in demand for its products, the Company is also planning to retire its debt in the form of Term Loan from Dena Bank with a view to decrease the interest burden and shore up profitability. In addition, the Company has decided to set up its own Corporate Office for better co-ordination and management of marketing and administrative functions. The Company has estimated that additional financial resources to the tune of Rs. 12.50 crores would be required to successfully transform the initiatives into achievements. For augmenting the required funds, the Company proposes to make, offer, issue and allot shares to its existing shareholders on the right basis in the ratio of One New Equity Share of Rs. 10/- each for two existing equity shares of Rs.10/- each fully paid up held in the Company as on the Record date to be determined by the Board of Directors in this regard. The issue price for the aforesaid Right Issue of shares has been determined at Rs. 25/- per share inclusive of premium of Rs. 15/- per share. The total issue size is contemplated of 50,00,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 15/- per share aggregating to Rs. 12.50 crores.

As per the provisions of the Companies Act, 1956, approval of members is necessary for issue of shares on right basis. Hence the same is placed before you for approval.

The Directors of the Company are concerned or interested in the above resolution to the extent of their respective entitlement, if any, for subscribing to shares in the proposed Right Issue of shares, based on their respective shareholding, if any, in the Company on their own and/or through their relatives.

Your Directors recommend the resolution.

**For and on behalf of the Board**

**Rushabh Shah**  
**Chairman and Managing Director**

**Place: Mumbai**

**Date: 2<sup>nd</sup> August 2010**



## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report on the operations of the Company together with the audited accounts for the year ended 31<sup>st</sup> March, 2010.

### Financial Results:

Financial Results for the year ended 31<sup>st</sup> March, 2010 are as under:

(Rs. in Lacs)

	Current Financial Year 2009-10	Previous Financial Year 2008-09
Net Sales and other Income	7664.30	1011.97
Profit before Depreciation, Interest and Tax (PBDIT)	535.61	59.40
Less: Interest	230.54	22.07
Depreciation	41.03	2.16
Profit before Taxation	264.04	31.57
Less: Provision for Taxes		
- Income Tax	67.94	4.71
- Deferred Tax Asset	16.62	13.33
Profit after Taxation	179.48	17.13
Balance brought from previous year	5.58	(11.55)
Balance available for appropriation	185.06	5.58

### APPROPRIATION

	Current Financial Year 2009-10	Previous Financial Year 2008-09
Proposed Dividend	50.00	0
Dividend Tax	8.50	0
Profit carried to Balance Sheet	126.56	5.58

### Performance:

During the year under review, the Company commenced its manufacturing operations at Silvassa. The Company achieved sales of Rs. 7648.03 lacs and earned net profit after tax of Rs. 179.48 lacs compared to Rs. 1011.92 lacs and Rs. 17.13 lacs respectively for the previous financial year.

### Project:

The Company's Project of manufacturing 4800 MT Shopping / Plastic Bags and 7200 MT of Tarpaulins / Wagon Cover at Silvassa was completed and after the successful trial run in March 2009, commissioned during the current financial year on stand by power connection. The power connection was made available to the Company by the Gujarat Electricity Board in the month of March 2010 and accordingly the entire manufacturing operations were commenced on full fledged basis thereafter. After detailed study on the current market prospects and considering the demand for Plastic / Shopping bags, the manufacturing of white plastic / shopping bags was undertaken. During the current financial year, the Company manufactured 3837.825 MT of plastic bags / shopping bags and 1644.782 of Tarpaulins. Barring some initial teething problems, the plant has been running at satisfactory level.

**Current year outlook:**

The Indian Plastic Industry is expected to maintain its growth rate in the current financial year considering investments by international companies in the automotive, electronics, food processing, healthcare, packaging and telecommunications industries.

The Company is well placed to compete in the market. The Company has plans not only to cater to the domestic demand but also international demand of white bags. Further it is proposed to also tap the market for the printed bags for the leading retail outlets of India. The Company has already initiated efforts towards these objectives by supplying its products in the international market through a company registered as Merchant Exporter. A team of marketing personnel has been appointed to tap the domestic market for the printed bags.

Presently, the ratio of trading and manufacturing sales is 40:60, which is expected to reduce gradually in the current financial year. With the power connection disbursed by the Company, the manufacturing facilities which is now being operated at 60% of the installed capacity, due to receipt of uninterrupted power supply, expected to achieve optimum level in couple of years. The Company's Printing Unit is also expected to commence its operations during the current financial year.

Barring unforeseen circumstances, your Directors are optimistic that the Company achieving better performance during the current year.

**Dividend:**

Your Directors are pleased to recommend maiden dividend @ Re. 0.50/- per share for the Financial Year 2009-10 subject to approval of the shareholders at the ensuing Annual General Meeting, which if approved, would absorb Rs. 58.50 lacs on account of dividend and tax thereon.

**Directors:**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. C. R. Mehta Director of the Company, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Mr. Shardul Shah and Mr. Pravin Doshi resigned from the directorship of the Company during the year under review. The Board places on record its deep appreciation of the invaluable services rendered by Mr. Shardul Shah and Mr. Pravin Doshi during their respective tenure as Director of the Company.

**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 31<sup>st</sup> March, 2010 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 31<sup>st</sup> March, 2010 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 Management Discussion & Analysis Report pursuant to Clause 49 of the Listing Agreement are annexed hereto and form part of this report.

**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 pursuant to 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 is 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 its 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 thank the employees at all levels for their hard work, commitment and invaluable contribution to the Company's operations.

**For and on behalf of the Board**

**Rushabh Shah**  
**Chairman and Managing Director**

Place: Mumbai  
Dated: **28<sup>th</sup> May 2010**



## 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 31<sup>st</sup> March 2010.

### I. CONSERVATION OF ENERGY

During the year under review, the Company applied strict control systems to monitor day to day power consumption, to endeavor to ensure the optimal use of energy with minimum wastage for its plant.

#### ENERGY CONSUMPTION

A. Power and Fuel Consumption	Year Ended 31-03-2010	Year Ended 31-03-2009
<b>1 Electricity</b>		
Purchased Units (in kw)	52192	Nil
Total Amount (Rs.)	233324	
Unit Rate (Rs.)	4.47	
<b>2 L.D.O./F.O.</b>		
Quantity (in Ltrs)	5473	Nil
Total Cost (Rs.)	1800454	
Average Rate/Litre (Rs.)	35.88	
<b>B. Consumption per Unit of Production:</b>		
Electricity (per MT)		
Tarpauline	2000 units	Nil
Plastic Bags	500 units	Nil

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

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

The Company has set up the facilities to manufacture plastic bags and tarpaulin covers with latest technology machines available in the industry and most suitable in the Indian conditions. During the year under review no R & D activities were undertaken up by the Company but online R & D process is proposed to be implemented to ensure optimum utilization of capacity, best quality output with control over the manufacturing cost.

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

Not applicable

#### 3. Future Plan of action

To reduce cost of production 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 manufacturing operations. However, the process applied is standard and generally accepted in the Industry.

2. Proper facilities will 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:

**Not applicable**

### III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review the Company did not have any earnings in foreign exchange (Previous Year Rs. Nil). However, the Company recorded foreign exchange outgo of Rs. 194063/- towards foreign traveling. (Previous Year Rs. Nil)

**For and on behalf of the Board**

**Rushabh Shah**  
Chairman and Managing Director

Place: Mumbai  
Date: 28<sup>th</sup> May 2010