

AADI INDUSTRIES LIMITED

24th ANNUAL REPORT

2017-2018

CHAIRMAN& MANAGING DIRECTOR

MR. RUSHABH SHAH

DIRECTORS

MR. SADANAND KOTNIS

MR. KAVITA JAMSUTKAR

AUDITORS

M/S. K.S. SUBRAMANYAM & CO.

Chartered

Accountants

Mumbai

BANKERS

DENA BANK

REGISTERED OFFICE

320/7, Siddhivinayak
Society, Hingwala Lane,
Pant Nagar, Ghatkopar
(East),
Mumbai - 400 075

REGISTRAR & SHARE
TRANSFER AGENT

SHAREX DYNAMIC (INDIA) PVT. LIMITED
Unit 1, Luthra Indl Estate, Andheri-Kurla
Road, Andheri (East),
Mumbai 400 072

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

Considering the plastic industry, in India, low-density polyethylene (LDPE) and linear low density polyethylene (LLDPE) are widely used polymers. This segment of polymers is maintained at the same level. More than 50% of LDPE/ LLDPE are used by the packaging industry. The second most used polymer in India is HDPE. The value of its domestic consumption is growing at expected level due to increase in all round of usage of plastics. HDPE is used in the manufacturing of raffia, blow molding, injection molding, and in the paper industry as well. The majority of manufacturing capacities are owned by the big industrial houses.

B. Opportunities and Threats, Risks and Concerns

Due to volatile prices fluctuation of oil coupled with absence of clear governmental policies on various sector, the capital inflow from the foreign countries have been slowed down. The Indian economy is also passing through its tough time with lower GDP, depreciation in rupee value and all round increase in cost. The plastic industry in particular with environment issue, and likely adverse effects from use of recycled hazardous sub grade raw materials has also witnessed recessionary trend. However, considering the size of Indian economy the plastic industry has good potential. The Industry will do better with good market conditions and stable oil prices.

With more concentration on the specialty grades quality products which are more eco friendly plastic products and moving away from the type of commodity made cheaply will have more scope to survive in the long run considering the environmental issues attached with the Plastic Industry. With the quality consciousness, India can regain its position in the international market.

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 is in process of designing and putting in place various internal control systems for all the key departments. Further Internal Audit systems will also be placed and proposed to be carried out to check the implementation and working of the Internal Systems.

D. Social Responsibility

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

E. Cautionary Statement

Statement in the Management discussion & analysis describing the Company's objectives, projections, estimates & exceptions may be "forward looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the company's operations include economic conditions affecting demand/supply and price conditions in the domestic & overseas markets in which the company operates changes in the Government regulations, tax laws & other statutes & other incidental factors.

F. Future Outlook

The trading in equity shares of the Company was suspended w.e.f. 5th September, 2017 due to non compliance with Regulation 34 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 for two consecutive years i.e. March 2015 & March 2016. The Company is now in process of complying all the Regulations and has already submitted application for revocation of suspension in trading of equity shares. The Company has also appointed compliance officer with effect from 21/06/2018. The Company has also submitted disclosures as required under SEBI (Prohibition of Insider Trading) Regulation, 1992 and SEBI (Substantial Acquisition of Shares and Takeover) Regulation, 2011. The Company has been putting its best efforts to recommence its operations.

For and on behalf of the Board,

Rushabh Shah
Chairman and Managing Director
DIN: 01944390

Date: 29 August, 2018
Place: Mumbai

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors of your Company take pleasure in presenting the Annual Report together with Audited Financial Statements of the Company for the financial year ended March 31, 2018.

1. Financial Performance

(Amount in Rs.)		
Particulars	As on 31st March, 2018	As on 31st March, 2017
Total Income	-	-
Total Expenses	6,88,657	14,77,550
Profit/(loss) before Tax	(6,88,657)	(14,77,550)
Provision for Income Tax (including for earlier years)	-	-
Net Profit/(Loss) After Tax	(6,88,657)	(14,77,550)

Your Company has not earned any income during the current Financial Year. The total expenses decreased from Rs. 14,77,550 to Rs. 6,88,657. Accordingly, the net loss has decreased from Rs. 14,77,550 in the preceding financial year to Rs. 6,88,657 in the current financial year.

2. Operations:

The Company was in the business of manufacturing but due to losses the Company has started trading of plastic products and plastic granules.

There was no change in nature of the business of the Company, during the year under review.

3. Dividend

With a view to loss incurred by the company, the Board of Directors of your Company has not recommended any dividend for the year under review.

4. Revision of Financial Statement

Aadi Industries Limited

There was no revision of the financial statements for the year under review.

5. Disclosures under section 134(3)(1) of the Companies Act, 2013

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

6. Change in nature of business, if any

There were no changes in the nature of business during financial year ending 31st March, 2018.

7. Significant and material orders passed by the regulators or courts or tribunals:

During the year under review the trading in equity shares of the company was suspended w.e.f. 5th September, 2017 due to non compliance with Regulation 34 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 for two consecutive years i.e. March 2015 & March 2016.

The Company has already made application to the Stock Exchange for revocation of suspension.

8. Share Capital

During the year under review, there was no increase in the Authorised and Paid up Share Capital of the Company.

As on March 31, 2018, the Authorised share capital stands at Rs. 25,00,00,000 divided into 2,50,00,000 equity shares of Rs.10/- each whereas issued, subscribed & paid-up share capital of your Company stand at Rs.10,00,00,000 divided into 1,00,00,000 Equity Shares of Rs.10 each.

a) Disclosure under Section 43(a)(ii) of the Companies Act, 2013

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a) (ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

b) Disclosure under Section 54(1)(d) of the Companies Act, 2013

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1) (d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

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c) Disclosure under Section 62(1)(b) of the Companies Act, 2013

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1) (b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

d) Disclosure under Section 67(3) of the Companies Act, 2013

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is furnished.

e) Information about Subsidiary/ JV/ Associate Company

Company does not have any Subsidiary, Joint venture or Associate Company.

9. Internal Financial Controls:

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

10. Board of Directors

a) Composition & Constitution of Board of Directors:

During the year under review, there was no change in the Directorship of the Company. Your Board comprises of three Directors – Mr. Rushabh Shah, Mr. Sadanand Purushottam Kotnis and Ms. Kavita Suresh Jamsutkar.

As per the provisions of Section 152 of the Companies Act, 2013, Mr. Rushabh Shah retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

The Company has also received declarations from Mr. Sadanand Purushottam Kotnis and Ms. Kavita Suresh Jamsutkar, Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013.

b) Board Meeting & Attendance:

Aadi Industries Limited

During the year under review, the Board of your company met five (5) times. The details of Board Meeting held and participation of Directors thereat is enumerated as below:

Sr. No.	Date of meeting	Total No. of Directors on the Date of Meeting	No. of Directors attended	% of Attendance
1	29.05.2017	3	3	100.00
2	14.08.2017	3	3	100.00
3	14.11.2017	3	3	100.00
4	14.12.2017	3	3	100.00
5	24.03.2018	3	3	100.00

c) Nomination and remuneration committee:

The Nomination and Remuneration Committee of Directors as constituted by the Board of Directors of the Company in accordance with the requirements of Section 178 of the Companies Act, 2013.

The composition of the committee is as under:

1. Mr. Sadanand Purushottam Kotnis, Chairman,
2. Ms. Kavita Suresh Jamsutkar, Independent Director and
3. Mr. Rushabh Shah, Director

The Board has in accordance with the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees.

Major criteria defined in the policy framed for appointment of and payment of remuneration to the Directors of the Company, are as under

The details of Meeting held and participation of Members of the Committee there at is as below

Sr. No.	Date of meeting	Total No. of Directors on the Date of Meeting	No. of Directors attended	% of Attendance
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Aadi Industries Limited

1	12.12.2017	3	3	100%
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I Selection of Directors And Key Managerial Personnel

In case of Executive Directors and Key Managerial Personnel, the selection can be made in either of the ways given below:

- a) by way of recruitment from outside;
- b) from within the Company hierarchy; or
- c) Upon recommendation by the Chairman or other Directors.

The appointment may be made either to fill up a vacancy caused by retirement, resignation, death or removal of an existing Executive Director or it may be a fresh appointment.

In case of Non-Executive Directors the selection can be made in either of the ways given below:

- a) By way of selection from the data bank of Independent Directors maintained by the Government.
- b) Upon recommendation by Chairman or other Directors

II Qualifications, Experience And Positive Attributes Of Directors

While appointing a Director, it shall always be ensured that the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

- a) In case of appointment as an Executive Director, the candidate must have the relevant technical or professional qualifications and experience as are considered necessary based on the job description of the position. In case no specific qualification or experience is prescribed or thought necessary for the position then, while recommending the appointment, the job description to the Committee shall be provided and along with justifications that the qualifications, experience and expertise of the recommended candidate are satisfactory for the relevant appointment.
- b) The Board, while making the appointment of a Director, shall also try to assess from the information available and from the interaction with the candidate that he is a fair achiever in his chosen field and that he is a person with integrity, diligence and open mind.

III Board Diversity and Independence of Directors

Aadi Industries Limited

While making appointment of directors, following principles shall be observed by the Board, as far as practicable:

- There shall be a proper mix of Executive and Non-Executive Directors and Independent and non-independent directors on the Board. The Company shall always be in compliance of the provisions of Section 149 of the Companies Act, 2013 in this regard.
- There shall be a workable mix of directors drawn from various disciplines like technical, finance, commercial, legal etc.
- While appointing a director to fill in a casual vacancy caused by death, resignation etc. of a director, an effort shall be made, as far as possible, to appoint such a person in his place who has the relevant experience in the fields or disciplines in which the outgoing director had with relevant expertise as requisite to Business of the Company.
- No preference on the basis of gender, religion or cast shall be given while considering the appointment of directors.
- While appointing independent directors, the criteria for the independent directors, as laid down in Section 149 (6) of the Companies Act, 2013 shall be followed.

d) **Audit Committee:**

The Audit Committee of Directors was constituted pursuant to the provisions of Section 177 of the Companies Act, 2013. The composition of the Audit Committee is in conformity with the provisions of the said section. The Audit Committee comprises of:

1. Mr. Rushabh Shah, Chairman,
2. Mr. Sadanand Purushottam Kotnis, Independent Director and
3. Ms. Kavita Suresh Jamsutkar, Independent Director.

The scope and terms of reference of the Audit Committee have been amended in accordance with the Act and the Listing Agreement entered into with the Stock Exchanges. During the year under review, the Board of Directors of the Company had accepted all the recommendations of the Committee.

The details of Meeting held and participation of Members of the Committee there at is as below

Sr. No.	Date of meeting	Total No. of Directors on the Date of	No. of Directors attended	% of Attendance
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