

AADI INDUSTRIES LIMITED

26TH ANNUAL REPORT

2019-2020

CHAIRMAN & MANAGING DIRECTOR	MR. RUSHABH SHAH
CHIEF FINANCIAL OFFICER	MR. SUSHIL SURVE
DIRECTORS	<p>MR. RUSHABH SHAH MRS. KAVITA JAMSUTKAR MR. SADANAND KOTNIS*</p> <p>* ON SEPTEMBER 03, 2020, BSE INTIMATION REGARDING THE DEATH OF MR. SADANAND KOTNIS PURUSHOTTAM, INDEPENDENT DIRECTOR OF THE COMPANY WAS GIVEN UNDER REGULATION 30 AND 68(2) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.</p>
AUDITORS	M/S. N. H. VYAS & CO. CHARTERED ACCOUNTANTS MUMBAI
BANKERS	DENA BANK
REGISTERED OFFICE	421, 4 TH FLOOR, KAILASH PLAZA BUILDING, VALLABH BAUG LANE, GHATKOPAR (EAST), MUMBAI- 400 075.
REGISTRAR & SHARE TRANSFER AGENT	<p>LINK INTIME INDIA PVT. LTD</p> <p>C 101, 247 PARK, L.B.S.MARG, VIKHROLI (WEST), MUMBAI - 400083.</p> <p>*MERGER OF SHAREX DYNAMIC (INDIA) PVT LTD INTO LINK INTIME INDIA PVT LTD WITH EFFECT FROM 31ST AUGUST, 2020 WAS INTIMATED TO BSE AS ON OCTOBER 10, 2020. AS THE COMPANY'S RTA WAS SHAREX DYNAMIC (INDIA) PVT LTD BUT DUE TO AFORESAID MERGER, LINK INTIME IS NOW THE RTA OF AADI INDUSTRIES LIMITED.</p>

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

Aadi Industries Limited

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 submitted disclosures as required under SEBI (Prohibition of Insider Trading) Regulation, 1992 and SEBI (Substantial Acquisition of Shares and Takeover) Regulation, 2011.

G. Industrial Relations

During the year under review, your Company had cordial and harmonious industrial relations at all levels of the organization.

H. Forward looking and cautionary statements

Statements in the Management Discussion and Analysis Report detailing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws and regulations. These statements being based on certain assumptions and expectation of future events, actual results could differ materially from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of subsequent developments, information or events.

I. Human Capital

Human Resources are important assets of Aadi Industries Limited. Your Company has employed 3 employees during financial year 2019-20.

J. Details of significant changes in key financial ratios:

The Company has started business last year so there is increase in the following financial ratios from financial year 2018-19 to 2019-20.

Sr. No.	Ratio	FY 2018-19	FY 2019-20
1.	Current Ratio	0.23	0.08
2.	Debt Equity Ratio	-1.31	-1.09
3.	Debtors Turnover Ratio	0.16	2.72
4.	Inventory Turnover Ratio	4.82	5.48
5.	Interest Coverage Ratio	Nil	Nil
6.	Operating Profit Margin	1	0.31
7.	Net Profit Margin	-0.92	0.60

K. Return on Net Worth:

The Company had incurred net loss of Rs. 23,58,215.61 in previous financial year in comparison to net profit of Rs. 1,23,70,955 in current financial year. Shareholders equity has increased from Rs. -7,19,18,640.61 in previous financial year to Rs. -5,96,23,036 in current financial year.

Accordingly, return on Net Worth of the Company has improved from 0.032 to -0.207 in the financial year 2019-20.

For and on behalf of the Board of Directors of Aadi Industries Limited

Sd/-

Mr. Rushabh Shah
Managing Director
(DIN: 01944390)
Place: Mumbai
December 5, 2020

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors of your Company take pleasure in presenting the Twenty-Sixth Annual Report together with Audited Financial Statements of the Company for the financial year ended March 31, 2020.

1. Financial Performance

(Amount in Rs.)		
Particulars	As on 31st March, 2020	As on 31st March, 2019
Total Income	2,06,21,872	25,53,296
Total Expenses	82,50,916	49,11,508
Profit/(loss) before Tax	1,23,70,956	(23,58,212)
Provision for Income Tax (including for earlier years)	75,352	-
Net Profit/(Loss) After Tax	1,22,95,604	(23,58,212)

Your Company has earned income of Rs. 2,06,21,872 during the current Financial Year. The total expenses increased from Rs. 49,11,508 to Rs. 82,50,916. Accordingly, the net profit has increased from loss of Rs. 23,58,212 in the preceding financial year to Rs. 1,22,95,604 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

The Board of Directors of your Company has not recommended any dividend for the year under review.

4. Transfer to Reserve

The Company has not transferred any amount to the General Reserves during the year.

5. Revision of Financial Statement

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

Aadi Industries Limited

6. 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.

7. Change in nature of business, if any

There were no changes in the nature of business during financial year ending 31st March, 2020.

8. 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 noncompliance 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.

9. 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, 2020, 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.

Aadi Industries Limited

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.

10. Means of Communication

The quarterly and annual results are generally published in English and Marathi Newspaper and simultaneously posted on the Company's website (www.aadiindustries.com) and are also sent to the BSE Limited.

Letters and Reminders to Shareholders

Updation of PAN and Bank Account Details:

Pursuant to circular issued by SEBI on 20th April, 2018, the Company has sent letters and reminders to shareholders holding shares in physical form for updation of PAN and Bank account details with the Company/ its RTA.

Dematerialisation of shares:

The Securities and Exchange Board of India also issued Circulars during the year thereby mandating transfer of securities only in electronic form effective 1st April, 2019.

Pursuant thereto, the Company sent letters and reminders to those shareholders holding shares in physical form advising them to dematerialise their holding.

11. 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.

12. Board of Directors

a) Composition & Constitution of Board of Directors& KMP:

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 Mrs. Kavita Suresh Jamsutkar.

Aadi Industries Limited

Mr. Jayesh Mohan Kakade was appointed as Chief Financial Officer (CFO) w.e.f May 29, 2019 and Mr. Jayesh Mohan Kakade resigned from post of C.F.O. w.e.f. June 14, 2019.

Mr. Sushil Surve was appointed as Chief Financial Officer of the Company w.e.f. June 14, 2019.

Mr. Akash Bhandari resigned from the post of Company secretary w.e.f April 01, 2019.

Mr. Bharat Tulsani was appointed as Company Secretary w.e.f. April 02, 2019 and Mr. Bharat Tulsani resigned from the post of Company secretary w.e.f August 31, 2019.

Mr. Rajendra Purohit was appointed as Company Secretary w.e.f. April 20, 2020 and Mr. Rajendra Purohit resigned from post of Company secretary w.e.f November 04, 2020.

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 received Declarations of Independence as stipulated under Section 149(7) of the Companies Act, 2013 from Independent Directors i.e. Mr. Sadanand Purushottam Kotnis* and Ms. Kavita Suresh Jamsutkar confirming that he/she is not disqualified from appointing/continuing as Independent Director as laid down in section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI LODR Regulations. The same are also displayed on the website of the Company i.e <https://www.aadiindustries.co/>. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013. The Independent Directors of the Company have registered / in the process of registering themselves with the data bank maintained by Indian Institute of Corporate Affairs (IICA). In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors are required to undertake online proficiency self-assessment test conducted by the IICA within a period of one (1) year from the date of inclusion of their names in the data bank. The said online proficiency self-assessment test will be undertaken by the Independent Directors of the Company, as applicable, within the prescribed timelines

* On September 03, 2020, BSE intimation regarding the death of Mr. Sadanand Kotnis Purushottam, Independent Director of the Company was given under regulation 30 and 68(2) of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

b) **Board Meeting & Attendance:**

During the year under review, the Board of your company met six (6) 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	02.04.2019	3	3	100.00
2	29.05.2019	3	3	100.00
3	14.06.2019	3	3	100.00
4	13.08.2019	3	3	100.00
5	13.11.2019	3	3	100.00

Aadi Industries Limited

6	14.02.2020	3	3	100.00
---	------------	---	---	--------

a) Board-skills/expertise/competencies:

The Board of directors based on the recommendations of the Nomination and Remuneration Committee, identified the following core skills/expertise/competencies of Directors as required in the context of business of the Company for its effective functioning:

Sr. No	Skills/Expertise/Competencies
1	Leadership qualities
2	Industry knowledge and experience
3	Understanding of relevant laws, rules and regulations
4	Financial Expertise
5	Risk Management

Following are the details of the skills and competence possessed by the Board of Directors:

S. N	Name of Directors	Leadership qualities	Industry knowledge and experience	Understanding of relevant laws, rules and regulations	Financial Expertise	Risk Management
1	Mr. Rushabh Shah	Expert	Expert	Expert	Expert	Expert
2	Mr. Sadanand Kotnis*	Proficient	Proficient	Proficient	Expert	Proficient
3	Ms. Kavita Suresh Jamsutkar	Proficient	Proficient	Proficient	Expert	Proficient

The identified skills / competences are broad-based and marking of 'Proficient' against a particular member does not necessarily mean the member does not possess the corresponding skills / competences.

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 as on March 31, 2020 is as under:

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

* On September 03, 2020, BSE intimation regarding the death of Mr. Sadanand Kotnis Purushottam, Independent Director of the Company was given under regulation 30 and 68(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Aadi Industries Limited

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
1	02.04.2019	3	3	100%
2	14.06.2019	3	3	100%

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:

- by way of recruitment from outside;
- from within the Company hierarchy; or
- 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:

- By way of selection from the data bank of Independent Directors maintained by the Government.
- 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.

- 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.
- 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

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