

27th
Annual Report
2008-09

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ADDI INDUSTRIES LIMITED



ADDI INDUSTRIES LIMITED

BOARD OF DIRECTORS	:	Shri C.L. Jain	-	Chairman & Managing Director
	:	Dr. B.K. Behera	-	Director
	:	Shri V.B. Aggarwal	-	Director
	:	Shri Hari Bansal	-	Whole-time Director
COMPANY SECRETARY	:	Shri Raj Kumar Arora		
MANAGER FINANCE & COMPLIANCE OFFICER	:	Shri Atul Jain		
BANKERS	:	Punjab National Bank		
AUDITORS	:	M/s S.R. Dinodia & Co. Chartered Accountants K-39 Connaught Circus New Delhi-110 001		
REGISTERED & CORPORATE OFFICE	:	A-106, Sector IV Noida – 201 301 (U.P.)		
WORKS	:	A-105, 106, Sector IV Noida – 201 301 (U.P.) B-1,2,3, Hosiery Complex Phase II, Noida (U.P.)		

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Request to Members:

- As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested kindly to bring their copies to the Meeting.
- Members/Proxy holders are requested to bring the Attendance Slip duly filled in for attending the Meeting.

NOTICE

TO ALL MEMBERS:

NOTICE IS HEREBY GIVEN THAT the 27th Annual General Meeting of the Members of Addi Industries Ltd. will be held on **Wednesday, the 30th day of September, 2009, at 9.00 A.M. at Ashoka White Farm House, Sector 70-71, Main Road Basai, Noida – 201 301 (U.P.)**, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2009, Profit & Loss Account for the year ended on that date & the Reports of the Directors' and the Auditors' thereon.
 2. To appoint a Director in place of Dr. B.K. Behera, who retires from office by rotation, and being eligible, offers him for re-appointment.
 3. To appoint Auditors for the current year 2009-2010 & to fix their remuneration.
- M/s. S.R. Dinodia & Co., Chartered Accountants, New Delhi, who hold office till the conclusion of this Annual General Meeting, being eligible, have furnished their consent and the requisite Certificate u/s 224(1B) of the Companies Act, 1956.

SPECIAL BUSINESS:

4. 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 Section 198, 269, 309, 310, 314, Schedule XIII & other applicable provisions, if any, of the Companies Act, 1956 and further in terms of the approval of the Central Government already granted vide their letter No. 12/197/2006-CL. VII, dated January 18, 2007, the approval of the members be and is hereby accorded for the extension of the tenure of Shri C.L. Jain, designated as Chairman cum Mg. Director, for a further period of 2 years from October 1, 2009 to September 30, 2011 on the same terms and conditions as earlier approved by the members in their 24th Annual General Meeting held on August 7, 2006 and as set-out in the explanatory statement annexed herewith.

RESOLVED FURTHER THAT the Board of Directors (including the Remuneration Committee) be and is hereby authorized to pay the aforesaid remuneration & perquisites (except commission) to the Chairman & Mg. Director, as minimum remuneration, in the event of absence or inadequacy of profits in any financial year.

RESOLVED FURTHER THAT the Board of Directors (including the Remuneration Committee) be and is hereby authorized to alter and vary the terms and conditions of the said appointment and/or remuneration, from time to time within the limits as specified by the Central Govt in their approval letter No. 12/197/2006-CL. VII, dated January 18, 2007 and as may be agreed to between the Board & Shri C.L. Jain.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, as the Board may, in the absolute discretion, consider necessary, expedient or desirable including power to sub-delegate, in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
"RESOLVED THAT in partial modification of the Resolution passed by the Members on 28th September, 2002, and in accordance with the provisions of Section 314 and all other applicable provisions of the Companies Act, 1956, and subject to the approval of the Central Govt., the consent & approval of the members be and is hereby accorded to the revision by way of enhancement from the existing remuneration of Rs.50,000 per month to the remuneration & perquisites to Shri Abhishek Bansal designated as Vice-President (Marketing), w.e.f. 1st January, 2010 as set-out in the explanatory statement annexed herewith.

RESOLVED FURTHER THAT the Board (including the Selection/Remuneration Committee constituted to exercise the powers) be and is hereby authorised to do all such acts, deeds, as the Board may, in the absolute discretion, consider necessary, expedient or desirable including power to sub-delegate, in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit."

For & on behalf of the Board

Regd. & Corp. Office:

A-106, Sector-IV, Noida-201 301 (U.P.)

Dated: September 3, 2009

C.L. JAIN

Chairman & Mg. Director

NOTES:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
- b) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 29th day of September, 2009 to Wednesday, the 30th day of September, 2009(both days inclusive).



ADDI INDUSTRIES LIMITED

- c) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under item nos. 4 & 5 of the accompanying notice is annexed hereto.
- d) All documents referred to in the accompanying notice and explanatory statement are open for inspection at the Registered Office of the Company on all working days between 10.00 A.M. to 12.00 'O' Clock prior to the date of Annual General Meeting.
- e) The Equity Shares of Rs. 10 each of the Company have been sub-divided/ splitted-up into 2 new Equity Shares of Rs. 5 each fully paid-up. All those Shareholders, who are still holding the Shares in physical form and have not yet got their Share Certificates of Rs. 10 each exchanged for new Share Certificates of Rs. 5 each, are requested to send the same to the Regd. & Corporate Office of the Company at A-106, Sector-IV, Noida - 201 301 (U.P.) for exchange thereof.
- f) Dividend @10% i.e. Re. 1 per Equity Share of Rs.10 was declared for the financial year 2002-03. Similarly, Dividend @ 10% i.e. Re. 0.50 per Equity Share of Rs.5 was declared for the financial years 2003-04 and 2004-05. Those Shareholders who have not yet got their Dividend warrant/s encashed are requested to send the same to the Regd. & Corporate Office of the Company for re-validation.
- g) The Company's Equity Shares continue to remain listed on the Bombay Stock Exchange Ltd., and the listing fee has been duly paid.
- h) The Equity Shares of the Company are dematerialised and the trading has to be compulsorily in demat mode. Those Shareholders who have not yet got their equity shares dematerialised may approach the Depository Participant with whom they are maintaining account, for getting their Shares dematerialised.
- i) A Statement u/s 212 of the Companies Act, 1956, in respect of the Subsidiary Company, Aum Texfab Pvt. Ltd., is contained hereinafter with the Consolidated Financial Statements. The Central Government on an Application moved by the Company u/s 212(8) of the Companies Act, 1956 has granted its kind consent for not attaching the Annual Accounts of the Subsidiary Company i.e. M/s Aum Texfab Private Limited. The Company undertakes that the Annual Accounts of the Subsidiary Company and the related detailed information will be made available to the Holding and Subsidiary Company's investors seeking such information at any point of time. The Annual Accounts of the Subsidiary Company has been kept open for inspection by any investor at the Head/Registered Office of the Company and the Registered/Head office of the Subsidiary Company i.e. Aum Texfab Private Limited on all working days between 10.00 A.M. to 12.00 'O' Clock, upto September 29, 2009.
- j) **NOMINATION : Pursuant to the new Section 109A inserted in the Companies Act, 1956, individual Shareholders holding Shares of the Company singly or jointly may nominate an individual to whom all the rights in the Shares of the Company shall vest in the event of death of the sole/all joint Shareholders.**
- k) **REGISTRAR & TRANSFER AGENTS : The Company has appointed M/s. Beetal Financial & Computer Services (P) Ltd., Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukh Dass Mandir, New Delhi-110 062, as its Registrar & Transfer Agents. Shareholders may write to them also directly, or communicate with the Company at its Regd. & Corporate Office, as they may like.**
- l) Pursuant to Clause 49 of the Listing Agreement(s) pertaining to Corporate Governance, the particulars of Directors proposed to be re-appointed vide item Nos. 2 & 4 of the Notice, are as follows:

S. No.	Particulars	Shri Chaman Lal Jain	Dr. B.K. Behera
1.	Date of Birth	08.09.1944	17.04.1959
2.	Date of Appointment	01.10.1988	28.06.2004
3.	Qualification	B.Com.	Ph.D, M. Tech, B. Tech.
4.	Expertise in specific functional area	Please refer Corporate Governance Report 2008-09.	Expertise in Textile Technology.
5.	Directorship held in other Public Companies*	Nil	M/s Seasons Textiles Ltd.
6.	Membership/Chairmanship of Committees**	Nil	Nil
7.	No. of Equity Shares held in the Company	Nil	Nil
8.	Relationship with other directors	Related to Shri Hari Bansal (Father-Son)	N.A

*excluding Foreign & Private Limited Companies.

**Includes only Audit and Shareholders/Investor Grievance Committee other than Addi Industries Limited

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956
ITEM NO. 4

Members of the Company in their 24th Annual General Meeting held on August 7, 2006 re-appointed Mr. C.L. Jain as Chairman & Mg. Director of the Company for a period of 3 years effective from October 1, 2006 to September 30, 2009, subject to the approval of the Central Government under the provisions of the Companies Act, 1956.

The Central Government vide its letter no. 12/197/2006-CL.VII dated January 18, 2007 has accorded its consent for his appointment for a period not exceeding 5 years with effect from October 1, 2006. Now, as per the approval of the Shareholders, the term of Mr. Jain expires on September 30, 2009 and to extend the term the fresh approval of the Shareholders is required at the ensuing Annual General Meeting.

The Board on the basis of review and recommendation of the matter by the Remuneration Committee in their Meeting held on August 29, 2009 has approved and commend the extension of the tenure of Mr. C. L. Jain as Chairman cum Mg. Director for a further period of 2 years on the following terms and conditions:

- 1) Salary : Rs.1,50,000 (Rs. One Lac Fifty thousand) per month
(in the scale of Rs.1,50,000-15,000-1,95,000)
- 2) Accommodation : Free furnished accommodation with servant, gas, electricity & water.
- 3) Perquisites : Usual perquisites, as per Rules of the Company, namely:
 - a) Medical re-imburement for self and family (equal to one month salary in a year),
 - b) Car for official use,
 - c) P.F., Bonus, Gratuity and/or other Superannuation benefits,
 - d) Membership of 2 clubs,
 - e) Leave Travel concession for self and family, once in a year,
 - f) Personal Accident insurance,
 - g) Leave encashment

Provided that the monetary value of the perquisites computed as per the Income-tax Act, 1961 shall not exceed the annual salary in any year.

4. Commission : 2% on the Net Profits of the Company.

Shareholders approval is sought for the extension of the tenure of Shri C.L. Jain as an Chairman & Mg. Director of the Company for a further period of 2 years w.e.f. October 1, 2009.

This may be treated as an abstract of the terms and conditions of appointment including remuneration of an Executive Director under the provisions of Section 302 of the Companies Act, 1956.

Your Directors recommend the said Resolution for your approval.

None of the Director except Shri C.L. Jain and Shri Hari Bansal are deemed to be interested or concerned in the resolution as they are relative to each other and Shri C.L. Jain is further interested as the matter pertains to his appointment.

ITEM NO. 5

Shri Abhishek Bansal was appointed as Manager (Overseas Operations) on 1st July, 2002 at the remuneration of Rs.20,000 per month, and the Members approval was accorded at their Nineteenth Annual General Meeting held on 28th September, 2002. Shri Abhishek Bansal has now been entrusted and is looking after the domestic and a chain of retail marketing setups. Shri Abhishek Bansal is technically qualified, a graduate in Computer Software and has been handling the business activities of the Company and has shown striking excellence, dynamism, perseverance, hard work and objectiveness in his approach to work for the domestic marketing setup of the Company.

The Company has expansion-cum-diversification plans, inter alia, retail/domestic marketing, forced by the growing complexities of / in the international marketing, keeping in view his day-to-day increasing activities, duties and functions, onerous responsibilities and the demands of his Office, it would be in the interest of the Company to re-designate him as Vice-President (Marketing) and revise his remuneration as set out as under, effective from 1st January, 2010.

- 1) Remuneration : Rs.60,000 p.m. (in the scale of Rs. 60,000-10,000-1,00,000) upto the maximum of Rs.1,00,000 p.m., over a period of 4 years.
- 2) Accommodation : Free furnished accommodation.



- 3) Perquisites : Usual perquisites, as per Rules of the Company, namely:
- Medical re-imbursement (equal to one month salary in a year),
 - Car for official use,
 - Communication Expenses
 - P.F., Bonus, Gratuity and/or other Superannuation benefits,
 - Leave Travel concession for self and family, once in a year in India or abroad,
 - Personal Accident insurance,
 - Leave encashment

Provided that the monetary value of the perquisites computed as per the Income-tax Act, 1961 shall not exceed the annual salary in any year."

The Board on the basis of review and recommendation of the matter by the Selection Committee in their Meeting held on August 29, 2009 has approved and commend the appointment of Shri Abhishek Bansal designated as Vice-President(Marketing), w.e.f January 1, 2010.

Your Directors recommend the said Resolution for your approval.

None of the Director except Shri C.L. Jain and Shri Hari Bansal are deemed to be interested or concerned in the resolution as they are relative to Shri Abhishek Bansal.

For & on behalf of the Board

Regd. & Corp. Office:

A-106, Sector-IV, Noida-201 301 (U.P.)

Dated: September 3, 2009

C.L. JAIN

Chairman & Mg. Director

DIRECTORS' REPORT

Dear Members

The Directors of your Company present their 27th Annual Report & the Audited Statements of Account of the Company for the year ended on 31st March, 2009.

FINANCIAL RESULTS

The performance of your Company for the financial year ended on 31st March, 2009 is summarized below:

(Rs./Lakhs)

	2008-2009	2007-2008
Turnover & other Income	2350.20	2171.92
(incl. Exports)	(1920.66)	(1303.51)
Gross Profit before Financial exp. & Depreciation	170.62	381.87
Less : Financial Expenses	47.93	23.07
Depreciation	111.72	85.23
Net Profit/(Loss) before Tax	10.97	273.57
Less : Provision for Taxation	—	—
Income Tax adj. for earlier years	—	1.28
Provision for Fringe Benefit Tax	1.70	1.62
Provision for Wealth Tax	0.09	—
Add: Adj. for deferred tax	8.18	(143.15)
Net Profit /(Loss) after tax	17.36	127.52
Add : Recoup/Transfer to General Reserve	—	—
Add : Amount b/f from last year	(77.27)	(204.79)
Balance transferred to Balance Sheet	(59.91)	(77.27)

DIVIDEND

In view to conserve resources for future operations, the Directors are not in a position to recommend dividend for the financial year 2008-09.

OPERATIONS

The performance of your Company during the financial year under review has marginally improved than that of the previous year. The turnover and exports of the Company have surged forward in the year under review. However, margins continue to be under pressure, mainly on account of high operational costs, overall recessionary trend in Indian and International markets.

TECHNOLOGY UPGRADATION, MODERNISATION-CUM-DIVERSIFICATION

The Company has incurred nominal capital expenditure of Rs. 15.51 lakhs on technology upgradation & modernization of machinery and equipment, wherever considered necessary, during the year under report, as against Rs.17.40 lakhs incurred in the preceding year.

FUTURE PROSPECTS

During the first quarter ended on 30th June, 2009, the Company has achieved turnover of Rs. 442.25 Lacs (incl. exports of Rs. 417.69 lacs) as against Rs.394.87 Lacs (incl. exports of Rs.333.66 Lacs) in the corresponding first quarter of the previous year. Strict monitoring is being done to cut down costs and overheads wherever feasible to make the product more price competitive. The Directors are making their best efforts and have taken effective steps to increase the turnover & exports and to improve the profitability of the Company. The performance is poised for improvement in the current year.

FINANCES

Your Company continues to have the support of its Bankers, Punjab National Bank, for the working capital requirements commensurate with its business activities.


DEPOSITS

The Company has neither invited nor accepted any deposits from the Public within the meaning of the Companies (Acceptance of Deposits), Rules, 1975 during the year under report.

DIRECTORS

Dr. B.K. Behera, Director, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

AUDITORS

M/s. S.R. Dinodia & Company, Chartered Accountants, New Delhi, retire and being eligible, offer themselves for re-appointment as Auditors of the Company for the current year 2008-09, to hold office till the conclusion of the next Annual General Meeting. The Company has received the consent and the requisite Certificate u/s 224(1B) of the Companies Act, 1956, from them.

SUBSIDIARY COMPANY

During the year under review, M/s Aum Texfab Pvt. Ltd. continues to be a Subsidiary of the Company and the contribution of the said Subsidiary Company was insignificant. Your Company had, pursuant to the provisions of Section 212(8) of the Companies Act, 1956(the Act), filed application with the Ministry of Corporate Affairs, seeking exemption from attaching the financials along with the Directors' and Auditors' thereon and other documents required to be attached under Section 212(1) of the Act. The requisite approval from the Ministry of Corporate Affairs was received vide their letter no. 47/512/2009-CL-III, dated August 7, 2009. Accordingly, the said documents are not being attached with the Annual Report of your Company. A gist of the financial performance of the subsidiary companies in the format prescribed by the Ministry of Corporate Affairs is contained elsewhere in the Annual Report. The Accounts of the Subsidiary Company is open for inspection for any Member/Investor at the Registered Office of your Company. The Company will make available these documents/details upon request to any Member/Investor interested in obtaining the same.

CORPORATE GOVERNANCE

The Management Discussion & Analysis Report and the Report on Corporate Governance, along with the Certificate from the Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is given in the Annexure, forming part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

As required u/s 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors hereby confirm that as stated by the Auditors:

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the accounting policies have been selected and applied consistently and judgments and estimates have been reasonably and prudently made when required so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting any fraud or other irregularities; and
- iv) the annual accounts for the financial year have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

There were no employees who were in receipt of remuneration for the financial year under report in the aggregate of not less than Rs. 24 Lacs per annum, within the meaning of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The relevant information & data required to be disclosed u/s 217 (1)(e) read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure and forms part of this Report.

ACKNOWLEDGEMENTS

Industrial relations continue to be cordial during the year under report. The Directors appreciate the effort and contribution made by the Workers, Staff Members and Executives at all levels for the improvement in the Company's performance. The Directors would also like to thank the Shareholders, Bankers, Customers, Suppliers & Vendors for the continuous support given by them to the Company, and their confidence in its management.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : September 3, 2009

C.L. JAIN
Chairman & Mg. Director

ANNEXURE TO & FORMING PART OF DIRECTORS' REPORT**Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo**

Conservation of Energy : The Company has been regularly monitoring the process of energy conservation through improved operational and maintenance activities. Various measures namely maximum use of natural day light, arresting leakages of air and steam and proper insulation for preventing loss of heat etc. have been implemented, to minimise losses. These measures have and are resulting in cost savings for the Company.

Total energy consumption & consumption per unit during the year ended 31st March, 2009, is as per Form 'A' below : **FORM 'A'**

A. Power and Fuel Consumption:

(Rs./Lakhs)

	Current Year 31.3.2009	Previous Year 31.3.2008
1. ELECTRICITY		
(a) Purchased		
Units	925178	854199
Total amount (Rs./Lacs)	47.71	38.49
Rate/unit (Rs.)	5.16	4.51
b) Own Generation		
i) Through diesel generator Units	66780	71648
Unit per ltr. of diesel oil	3.50	3.50
Cost/unit (Rs.)	9.97	8.73
ii) Through steam turbine/generator	N.A.	N.A.
2. COAL		
Qty. (Kgs.)	N.A.	N.A.
Value (Rs./Lacs)	N.A.	N.A.
3. FURNACE OIL/ LDO/HSD		
Qty. (Ltrs.)	146520	132854
Value (Rs./Lacs)	51.15	39.46
Rate/Unit (Rs.)	34.91	29.70
4. OTHERS : INTERNAL GENERATION		

B. Consumption per unit of production:

Product	(Unit)	Electricity (Units)		Furnace Oil (KL)		Coal (KG.)	
		Curr.Yr.	Prev.Yr.	Curr.Yr.	Prev.Yr.	Curr.Yr.	Prev.Yr.
Ready made Garments	1000 Pcs.	1264	1233	—	—	—	—

Technology Absorption : The requisite particulars are given in Form B below:

FORM 'B'

Research and Development (R&D) : R&D has always been a crucial factor, being carried out in manufacturing operations. The Company continues to give due attention and stress on R&D activities to achieve maximum benefit for process and product by adapting all round technological development. This is of utmost important in today's customer-driven market, where both quality and lower cost are dominant factors. Beside development of new designs, high value added specifications/ product and such like measures are imperative in the trade. The cumulative measures taken to update and use the latest technology for improvement in productivity are yielding positive results and are enabling the Company to concentrate upon high value added products. Expenditure on R&D is booked to respective heads as it is not separately identified.

Technology Absorption, Adoption and Innovation : The company puts proper emphasis on absorption of design and manufacturing technology. Priority is given in using latest technology for improving productivity, product quality and reducing wastage in consumption of raw materials, consumables and fuels. No technology import is required, since the product manufacturing is specific and subjective operation.

Foreign Exchange Earnings and Outgo : Total Foreign exchange earned and used :

(Rs./Lacs)

	31.3.2009	31.3.2008
Earnings	1868.99	1303.51
Outgoings	219.45	110.92

For and on behalf of the Board of Directors

Place : New Delhi
Dated : September -3, 2009

C.L. JAIN
Chairman & Mg. Director



MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. INDUSTRY STRUCTURE & DEVELOPMENTS

It is a recognized fact that the knitwear sector in the textile industry plays an important role in the Indian Economy. This industry, however, is highly competitive and fragmented. During the year 2008-09 the exports of readymade garments have surged forward. However, export growth was severely affected due to several internal and external developments. Stiff Global Competition, Changing Technology & Fashion industry and above all the overall recession continue to have an adverse impact on business prospects and profitability.

2. OPPORTUNITIES & THREATS

The opportunities in the Textile Industry and the increasing growth in export of knitted garments augur well for this vital segment. There is a perceptible change in the outlook and shift for diversified and high value added products.

Textile Companies are always experiencing pricing pressures, lately due to stiff international competition. Besides, lack of modern technology and archaic personnel laws are some of the other areas of significant threats.

Addi Industries is seized of all such factors having adverse effect on its exports. It is always eager and endeavouring to constantly update its plant & equipment for producing the best quality products. A capital expenditure of 15.50 Lacs was incurred during the year on technology upgradation and modernization of machinery & equipment, wherever considered necessary.

Sales in Company's domestic retail outlets are gradually improving. Keeping in view the market requirements, new and diversified product lines are continuously being added in the domestic market.

3. SEGMENT-WISE PERFORMANCE

The Company operates in one segment only i.e. manufacturing of garments. Hence, no segment-wise performance reporting is available.

4. FINANCIAL AND OPERATIONAL PERFORMANCE

The Company's performance during the financial year 2008-09 has improved. The Company achieved turnover of Rs.2098.52 Lacs (including exports of Rs.1920.66 Lacs) as against the turnover of Rs.1524.46 Lacs (including exports of Rs.1303.51 Lacs) in the previous year. However, margins continued to be under pressure, mainly on account of high operational costs. The operational profit in the year under report was Rs.10.96 lakhs as compared to the operational profit of Rs.273.57 Lacs in the previous year.

5. OUTLOOK

Exports in the current year 2009-10 are looking up. The Company has achieved exports of Rs.417.69 Lacs in the first quarter ended 30th June, 2009 as compared to the exports of Rs.333.66 Lacs in the corresponding first quarter of the previous year. International competition has and is exerting high pressure on selling prices of the export products. Exports also depend a lot on Govt. policies and developments in the international market.

6. RISKS & CONCERNS

The Company places its thrust on product excellence. Judicious risk management policies, strong systems, constant monitoring of various risk factors and a focus on greater market penetration continue to guide the business strategy of the Company. Strict monitoring is done to cut-down costs and overheads, whatever feasible, to make the product more prices competitive.

7. INTERNAL CONTROL SYSTEMS

The Company has instituted a system of internal control and checks, which are supplemented by an on-going programme of internal audits and Management Information System (MIS). An annual planning and budgeting system has been put into practice. The Audit Committee of the Board actively reviews internal control systems as well as financial disclosures normally on every quarterly period.

8. MATERIAL DEVELOPMENTS IN HR

Personal relations during the year under report have been cordial. To conform to international standards, the Company conducts different training programmes in-house. The Company has also identified and included specific programmes on Health, Safety & Environment in every employee's performance targets. A self assessment system is in vogue amongst the staff, and a code of conduct amongst the senior management personnel, which is reviewed by the top management from time to time.

CAUTIONARY STATEMENT

The Statements in the Report of the Board of Directors and the Management Discussion & Analysis Report describing the Company's projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since the company's operations are influenced by many external and internal factors beyond the control of the company.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : September 3, 2009

C.L. JAIN
Chairman & Mg. Director