

**35th
ANNUAL REPORT
2016-17**



ADDI INDUSTRIES LIMITED

CIN: L51109DL1980PLC256335

Regd. Office: 23, Eastern Avenue, Maharani Bagh,
New Delhi-110065.

BOARD OF DIRECTORS	:	Shri C.L. Jain DIN 00022903	-	Managing Director
	:	Dr. B.K. Behera DIN 01139185	-	Independent Director
	:	Shri V.B. Aggarwal DIN 00022967	-	Independent Director
	:	Shri S.R. Sharma DIN 05288842	-	Independent Director
	:	Smt. Kusum Chopra DIN 07137842	-	Independent Director
	:	Shri Hari Bansal DIN 00022923	-	Director
CHIEF FINANCIAL OFFICER	:	Shri Atul Jain		
COMPANY SECRETARY	:	Smt. Heena Arora		
BANKERS	:	Punjab National Bank		
AUDITORS	:	S.R. Dinodia & Co. LLP Chartered Accountants K-39, Connaught Circus New Delhi-110 001		
REGISTERED OFFICE	:	23, Eastern Avenue, Maharani Bagh, New Delhi-110 065		
WORKS & CORP. OFFICE	:	A-105, 106, Sector IV Noida- – 201 301 (U.P.)		

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DIRECTORS' REPORT

Dear Members

The Directors of your Company present their 35th Annual Report & the Audited Statements of Account of the Company for the financial year ended March 31, 2017.

Financial Results

The performance of your Company for the financial year ended March 31, 2017 is summarized below:

	(Rs./Lakhs)	
	2016-17	2015-16
Turnover & other Income	160.24	247.83
(incl. Exports)	NIL	Nil
Gross Profit before	62.34	151.88
financial exp. & depreciation		
Less: Financial Expenses	Nil	Nil
Depreciation	34.31	43.09
Exceptional Items	(1.52)	24.36
Net Profit/(Loss) before Tax	29.55	84.43
Less : Provision for Taxation	9.86	28.30
Income Tax adj. for earlier years	0.15	(0.25)
Less: Adj. for deferred tax	(4.64)	(8.03)
Mat credit entitlement	Nil	Nil
Net Profit /(Loss) after tax	24.18	64.41
Add: Amount b/f from last year	56.46	(7.95)
Impact of carrying amount of asset Where remaining useful life is Nil	Nil	Nil
Balance transferred to Balance Sheet	80.64	56.46

Dividend

In view of accumulated losses, the Directors are not in a position to recommend any dividend for the financial year 2016-17.

Operations

The performance of your Company during the financial year under review has been impacted substantially, due to scale-down of operations to negligible, higher input costs, low export orders and subdued cotton & textile markets.

Future Business Prospects:

The Board of Directors have been exploring and assessing various available business propositions for diversification including, inter-alia, the manufacturing of Woven Garments, for better prospects, and for augmenting the resources & the profitability of the Company. The Directors are hopeful of improved working results in the ensuing period.

Technology upgradation, modernisation-cum-diversification

The Company has not incurred any expenditure on technology upgradation & modernization of machinery and equipment during the year under report and during the preceding year.

Future Prospects

During the first quarter of the financial year 2017-18, the Company has achieved turnover of Rs. 11.80 Lakhs as against Rs. NIL 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.

Finances

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

Deposits

The Company has neither invited nor accepted any deposits from the Public during the year under report.

Particulars of Loans, Guarantees or Investments

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013.

The details of the investments made by Company are given in the notes to the financial statements.

Internal Financial Control Systems and their adequacy

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. The scope and authority of the internal audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the internal audit function reports to the Chairman of the Audit Committee of the Board and to the Managing Director.

Rajeev Shagun Gupta & Co were appointed as Internal Auditors in terms of Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2015 monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations, if any, along with corrective actions thereon are presented to the Audit Committee of the Board.

Directors

Mr. Hari Bansal, Director, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Board of Directors recommends his re-appointment.

The Board of Directors on the recommendation of Remuneration Committee has approved the reappointment of Mr. C.L Jain as Managing Director of the Company for a period of 3 years w.e.f. October 1, 2017, subject to the approval of Shareholders in the ensuing Annual General Meeting.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the requirements of the Listing agreement executed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the various Committees. The evaluation process focused on various aspects of the Board and Committees functioning such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution and independent judgment. The Directors expressed their satisfaction with the evaluation process.

Remuneration Policy

The Board on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

Meetings

A Calendar of Meetings is prepared and circulated in advance to the Directors.

During the year four Board Meetings and four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Audit Committee

The Company has in place an Audit Committee in terms of the requirements of the Companies Act, 2013 read with the rules made thereunder and the requirements of the Listing agreement executed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details relating to the same are given in Report on Corporate Governance forming part of this Report.

Directors' Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013 the directors would like to state that:

- 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 directors have selected such accounting policies and have applied them consistently and made judgments and estimates that were reasonable and prudent 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 or loss of the Company for the year under review;
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting any fraud or other irregularities;
- iv) The directors have prepared the annual accounts on a going concern basis;
- v) The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

Related party transactions

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with the Company at large. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with rules made thereunder.

Amount carried to Reserve

The Company has not transferred any amount to the reserves during the current financial year.

Material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of the report

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this Report.

Code of Conduct

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the Company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings/behaviors of any form.

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity at the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behavior from an employee in a given situation and the reporting structure.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code.

Vigil Mechanism/Whistle Blower Policy

The Company has a vigil mechanism policy to deal with the instance of fraud and mismanagement, if any.

In staying true to our values of strength, performance and passion and in line with our vision of being one of the Companies, having highest standards of Corporate Governance and stakeholder responsibility. The periodic report for any instance is to be reported before the Audit Committee.

Prevention of Insider Trading

The Company has adopted a Code of Conduct for prevention of insider trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading window is closed. The Board is responsible for implementation of the Code.

All Board members and the designated employees have confirmed compliance with the Code.

Details of significant & material orders passed by the Regulators or Courts or Tribunals

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

Secretarial Auditors

As required under Section 204(1) of the Companies Act, 2013 read with the Companies (Appointment and Annual Report 2016-17

Remuneration of managerial Personnel) Rules, 2015 the Company had appointed Ms. Jyoti Sharma, Company Secretary in practice of JVS & Associates to undertake the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed as **Annexure-A**.

Auditors

M/s. S.R. Dinodia & Co. LLP, Chartered Accountants, New Delhi, retire and being eligible, offer themselves for re-appointment as Auditors of the Company for the current financial year 2017-18, to hold office till the conclusion of the next Annual General Meeting. The Company has received the consent and the requisite Certificate(s) under the Companies Act, 2013, from them.

Auditor's Report/Secretarial Audit Report

The observation made in the Auditors'/Secretarial Auditors' Report read together with relevant notes thereon are self-explanatory and hence do not call for any further comments under Section 134 of the Companies Act, 2013.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as **Annexure-B**.

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. The consolidated financial statements of the Company and its above said subsidiary form part of the Annual Report.

Consolidated Financial Statements

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Section 129(3) of the Companies Act, 2013 and in terms of the Listing Agreement entered with the Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

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 the requirements of the Listing agreement executed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given in the Annexure, forming part of this Report. The Corporate Governance Report for the financial year ended March 31, 2017 is annexed as **Annexure-C**.

Particulars of Employees

There was no employee who was in receipt of remuneration for the financial year under report in the aggregate of not less than Rs. 60 Lacs per annum, if employed throughout the year or Rs. 5 lacs per month, if employed for part of the financial year, within the meaning of Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The information required pursuant to Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is annexed to this Report as **Annexure-D**.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

The relevant information & data required to be disclosed in terms of the provisions of the Companies Act, 2013 and the rules made thereunder is given in the **Annexure- E** 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. The Directors would also like to thank the Shareholders, Bankers, Customers, and 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 : August 26, 2017

C.L. Jain
Mg. Director
(DIN00022903)

Hari Bansal
Director
(DIN00022923)

Secretarial Audit Report (For the Financial Year ended March 31, 2017)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2015]

To,
The Board of Directors
ADDI INDUSTRIES LIMITED
23, EASTERN AVENUE, MAHARANI BAGH
NEW DELHI – 110065

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ADDI INDUSTRIES LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by **ADDI INDUSTRIES LIMITED** ("**The Company**") for the period ended on 31st March, 2017 according to the provisions of:
 - I. The Companies Act, 2013 (**the Act**) and the Rules made thereunder;
 - II. The Securities Contracts (Regulation) Act, 1956 ('**SCRA**') and the Rules made thereunder;
 - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**') to the extent applicable to the Company :-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - g. The Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited; and
 - h. The Memorandum and Articles of Association.
2. I have also examined compliance with the applicable clauses of the following:
 - i) Secretarial Standards issued by The Institute of Company Secretaries of India.
 - ii) The Listing Agreements entered into by the Company with the BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc. mentioned above.

3. I further report that the Company has, in my opinion, complied with the provisions of the Companies Act,

1956 and the Rules made under that Act and the provisions of Companies Act, 2013 as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:

- a) maintenance of various statutory registers and documents and making necessary entries therein;
- b) closure of the Register of Members
- c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- d) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- e) notice of Board meetings and Committee meetings of Directors;
- f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g) the 34th Annual General Meeting was held on 30th September 2016;
- h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
- k) payment of remuneration to Directors including the Managing Director;
- l) appointment and remuneration of Auditors and Cost Auditors;
- m) transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
- n) borrowings and registration, modification and satisfaction of charges wherever applicable;
- o) investment of the Company's funds including investments and loans to others;
- p) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule III to the Act;
- q) Directors' report;
- r) contracts, common seal, registered office and publication of name of the Company; and
- s) generally, all other applicable provisions of the Act and the Rules made under the Act.

4. I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- The Company has obtained all necessary approvals under the various provisions of the Act.
- There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.

4. The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding.

5. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
6. The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.
7. I further report that:
 - a) the Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited;
 - b) the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
 - c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
8. I further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**New Delhi
August 26, 2017**

**Jyoti Sharma
ACS No. F8843, CP No. 10196**

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

I.	CIN:-	L51109DL1980PLC256335
II.	Registration Date:-	26-December-1980
III.	Name of the Company	Addi Industries Ltd.
IV.	Category / Sub-Category of the Company:-	Company Limited by Shares Indian Non- Government Company
V.	Address of the Registered office and Contact details	23, Eastern Avenue, Maharani Bagh, New Delhi-110065.
VI.	Whether Listed Company Yes/No	Yes
VII.	Name, Address and Contact Details of Registrar and Transfer Agent, If any	Beetal Financial & Computer Services (P) Ltd., Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukh Das Mandir, New Delhi- 110 062

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture of textiles	Group - 131 Class- 1311 Sub class-13111	

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. NO.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section(s)
1.	Aum Texfab Private Limited Address- B-44, Maharani Bagh, New Delhi-110065.	U17111DL1991PTC043448	Subsidiary	100	2(46) & 2(87) of the Companies Act, 2013