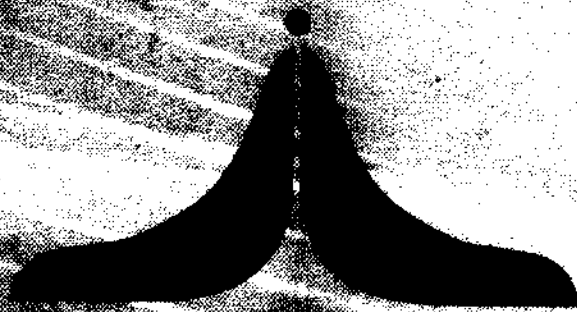


**17<sup>TH</sup> ANNUAL REPORT  
2010-2011**



**INDIAN AIRLINES LIMITED**

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

**Day and Date** : Tuesday, 27<sup>th</sup> September, 2011

**Venue** : Lavender Bough, Next to Swaminarayan Temple,  
90 feet road, Garodia Nagar, Ghatkopar(East),  
Mumbai 400077

**Time** : 11.00 a.m.

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

|                          |                                                                     |
|--------------------------|---------------------------------------------------------------------|
| <b>Mr. Rushabh Shah</b>  | (Chairman & Managing Director)                                      |
| <b>Mrs. Mansi Shah</b>   | (Director)                                                          |
| <b>Mr. Surjit Banga</b>  | (Independent Director)(Resigned W.E.F 6 <sup>th</sup> July 2011)    |
| <b>Mr. C. R. Mehta</b>   | (Independent Director) (Resigned W.E.F 26 <sup>th</sup> March 2011) |
| <b>Mr. R. C. Singhvi</b> | (Independent Director) (Resigned W.E.F 26 <sup>th</sup> March 2011) |
| <b>Mr. Sunil Mistry</b>  | (Independent Director) (Appointed W.E.F 30 <sup>th</sup> May 2011)  |

### AUDITORS

M/s. Sunderji Gosar & Co.  
Chartered Accountants  
Mumbai

### BANKERS

Dena Bank

### REGISTERED OFFICE

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

### REGISTRAR & SHARE TRANSFER AGENTS

Sharex Dynamics (India) Private Limited  
Luthra Industrial Estate, Andheri Kurla Road,  
Andheri (East), Mumbai 400 072  
Tel. No.: 022- 28515606  
Fax No.: 022- 22641349  
Email: sharexindia@vsnl.com



## NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of **Aadi Industries Limited** will be held on Tuesday, 27<sup>th</sup> September, 2011 at 11.00 a.m. at Lavender Bough, Next to Swaminarayan Temple, 90 feet road, Garodia Nagar, Ghatkopar(East), Mumbai - 400077 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet for the year ended 31<sup>st</sup> March, 2011, the Profit & Loss Account as at that date along with the Reports of Directors and Auditors thereon.
2. To appoint a director in place of Mrs. Mansi Shah, who retires by rotation and being eligible offer herself for re-appointment.
3. To declare dividend on the paid up Share Capital of the Company.
4. To appoint M/s. Sunderji Gosar & Co., Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and 310, and other applicable provisions, if any, of the Companies Act, 1956 ("the Act as amended or re-enacted from time to time) read with the provisions of Schedule XIII to the Act and in terms of the Articles of Association of the Company, approval of the shareholders of the Company be and is hereby accorded to re-appointment of Mr. Rushabh Shah, Chairman and Managing Director of the Company for the period a three years from 1st February 2011 to 31st January 2014 on such remuneration and perquisites as determined by the Board of Directors of the Company, the details of which are furnished to the explanatory statement of material facts attached hereto, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and payment of remuneration to Mr. Rushabh Shah, Chairman and Managing Director of the Company from time to time in such manner as may be agreed to between the Board of Directors and the said Mr. Rushabh Shah.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year during the currency of tenure of Mr. Rushabh Shah, Chairman and Managing Director of the Company, he shall be paid remuneration at the same substantive level as specified herein after and that such remuneration shall be treated as the Minimum Remuneration payable to him in accordance with Part II of Section II of Schedule XIII of the Act.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such agreements, documents and instruments as may be required from time to time for giving effect to the above resolution and matters related thereto."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr. Sunil Mistry, who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and Article 128 of the Articles of Association of the Company to hold office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956, proposing his candidature as a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY WHO NEED NOT BE MEMBER, TO ATTEND AND VOTE ON BEHALF OF HIMSELF/HERSELF.** The instruments appointing the Proxy should be deposited at the Registered Office of the Company not less than 48 (forty eight) hours before the commencement of the Meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to special business to be transacted at the meeting is annexed hereto.



3. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, 24th September, 2011 to Monday 26th September, 2011 (both days inclusive).
4. Members are requested to:
- Write to the Company at least 7 days before the date of the meeting, in case they desire any information as regards the Audited Accounts for the financial year ended 31st March 2011, so as to enable the Company to keep the information ready.
  - Bring their copy of the Annual Report and the Attendance Slip at the Annual General Meeting.
  - Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their addresses. Where the shares are held in electronic form such change is to be informed to the Depository Participant (DP) and not to the Company / R & TA.
  - Quote Registered Folio Number or DP ID/ Client ID in all the correspondence,
  - Approach the R&TA of the Company for consolidation of folios.
  - Furnish bank account details to the R&TA/ Depository Participant to prevent fraudulent encashment of dividend warrants.
  - Avail of Nomination facility by filling in and forwarding the nomination form to the R&TA, if not already done.
  - Send all share transfer lodgments (physical mode) / correspondence to the R&TA of the Company - M/s. Sharex Dynamics (India) Pvt. Ltd. Luthra Industrial Estate, Andheri Kurla Rd., Andheri(E), Mumbai 400072 up to the date of book closure.
5. Non-Resident Indian Members are requested to inform the Company/R&TA the following immediately:
- Change in the residential status on return to India for permanent settlement.
  - The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
6. Corporate Members are requested to forward a certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
7. In view of the Circular no. 18/2011 dated 29/04/2011 issued by Ministry of Corporate Affairs, as a part of Green Initiatives Company urges all its Shareholders to register their E-mail address with the RTA agent enabling the Company to send the Annual Report through E-mail.
8. Appointment/Re-appointment of Directors:  
Pursuant to Clause 49 (IV) (G) of the Listing Agreement relating to Corporate Governance, the brief profile of the Directors is given below:
- |                                              |   |                 |
|----------------------------------------------|---|-----------------|
| Name:                                        | : | Mrs. Mansi Shah |
| Date of Birth                                | : | 08/02/1982      |
| Qualification & Expertise                    | : | Dietician       |
| List of Directorship held in other Companies | : | Nil             |
| No. of Equity shares held                    | : | Nil             |
  - |                                              |   |                    |
|----------------------------------------------|---|--------------------|
| Name                                         | : | Mr. Sunil Mistry   |
| Date of Birth                                | : | 17/12/1977         |
| Qualification & Expertise                    | : | B.com, F.C.A, DISA |
| List of Directorship held in Dther Companies | : | Haria Exports Ltd. |
| No. of Equity shares held                    | : | NIL                |

By the order of the Board

Date: 11<sup>th</sup> August 2011  
Place: Mumbai

Rushabh Shah  
Chairman & Managing Director



## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item no 5

Mr. Rushabh Shah was appointed as Managing Director of the Company with effect from 1st February 2008 for a term of three years upto 31st January 2011.

The Managing Director has been instrumental in all phases of the Company since the time of setting up of the Project of manufacturing of aluminum profiles till date. Mr. Shah possesses deep knowledge and rich experience of more than a decade in the field of Plastic Industry.

The Company has benefited immensely from the long association of the Managing Director. The Managing Director has successfully driven the Company through its difficult times and under their able leadership and guidance, the Company has been able to achieve satisfactory results.

The Managing Director is performing duties and exercising powers to manage the affairs of the Company under guidance, supervision and control of the Board of Directors of the Company.

Considering the key role to be played by the Managing Directors in the Company's ongoing and future endeavours, the Board of Directors have thought it prudent and desirable to re-appoint the Managing Directors for a period of three years respectively with revised terms and conditions in accordance with the recommendation of the Remuneration Committee in terms of provisions of Schedule XIII of the Companies Act, 1956.

As per the recommendation of Remuneration Committee, the Board of Directors of the Company subject to approval from the shareholders approved the re-appointment of Mr. Rushabh Shah as Managing Director of the Company with effect from 1st February 2011 for a term of three years on the terms and conditions as mentioned herein below:

The proposed remuneration and terms and conditions of appointment of the Managing Directors are given below:

|            |                                                                                                                                                                                                                                    |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Period     | 1st February, 2011 to 31st January, 2014                                                                                                                                                                                           |
| Salary     | Rs. 1,50,000/- per month                                                                                                                                                                                                           |
| Commission | Such amount which together with the annual salary and perquisites, will not exceed 5% of the Net Profit as computed under Section 198/349 of the Act at the end of each financial year during the tenure of the Managing Director. |

### Other Perquisites

1. Gratuity payable in accordance with the rules of the Company or as per the Gratuity Act amended from time to time, and the value of such benefits shall not be included in the computation of limits for the remuneration or perquisites.
2. Free use of the Company's car for business and free telephone facility at residence are not considered as perquisites. No personal long distance calls on telephone are allowed.
3. Re-imbusement of all entertainment and traveling and out of pocket expenses actually and properly incurred for the business purpose of the Company.

### Other Terms

1. The Managing Directors shall not be entitled to receive the Directors Sitting fees for attending the meetings of the Board of Directors or any committee thereof as appointed by the Board or under any statute.
2. If at any time, any of the Managing Directors ceases to be a Director of the Company due to any reason or cause, he shall cease to be the Managing Director in terms of the agreement.
3. The respective agreement to be entered into may be terminated by either party by giving to the other party three months notice of such termination.



The draft agreement proposed to entered into by and between the Company and each of the Managing Directors respectively, is available for inspection of the shareholders of the Company at the Registered Office of the Company during business hours on all working days upto the date of the ensuing Extra-ordinary General Meeting.

This explanatory statement shall be treated as an abstract of the Agreement to be entered into between the Company and the said Managing Directors respectively pursuant to Section 302 (2) & (7) of the Companies Act, 1956.

Except, Mr. Rushabh Shah and Mrs. Mansi Shah, none of the Directors is interested or concerned in the said resolutions.

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

The resolutions are recommended for approval of the shareholders.

**Item no. 6:**

Mr. Sunil Mistry was appointed as Additional Director with effect from 30th May 2011 to hold office upto the date of ensuing Annual General Meeting. Mr. Mistry is a Member of the Institute of Chartered Accountants of India having wide experience in the field of Audit and Taxation. , The Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature along with Rs. 500/- as deposit as required under the, Act.

Your Directors recommend the said resolution.

None of the Directors, except Mr. Sunil Mistry are interested in the above said resolution.

**For and on behalf of the Board**

**Rushabh Shah  
Chairman and Managing Director**

**Place: Mumbai**

**Date: 11<sup>th</sup> August, 2011**



## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report on the operations of the Company together with the audited accounts for the year ended 31<sup>st</sup> March, 2011.

### Financial Results:

Financial Results for the year ended 31<sup>st</sup> March, 2011 are as under:

(Rs. in lacs)

|                                                      | Current<br>Financial Year<br>2010-11 | Previous<br>Financial Year<br>2009-10 |
|------------------------------------------------------|--------------------------------------|---------------------------------------|
| Net Sales and other Income                           | 12102.84                             | 7664.30                               |
| Profit before Depreciation, Interest and Tax (PBDIT) | 894.99                               | 535.61                                |
| Less: Interest                                       | 396.82                               | 230.54                                |
| Depreciation                                         | 55.16                                | 41.03                                 |
| Profit before Taxation                               | 443.01                               | 264.04                                |
| Less: Provision for Taxes                            |                                      |                                       |
| - Income Tax                                         | 130                                  | 67.94                                 |
| -Deferred Tax Asset                                  | 19.54                                | 16.62                                 |
| -Prior Period Item                                   | 8.22                                 | 0.00                                  |
| Profit after Taxation                                | 285.25                               | 179.48                                |
| Balance brought from previous year                   | 126.56                               | 5.58                                  |
| Balance available for appropriation                  | 411.81                               | 185.06                                |

### APPROPRIATION

|                                 | Current<br>Financial Year<br>2010-11 | Previous<br>Financial Year<br>2009-10 |
|---------------------------------|--------------------------------------|---------------------------------------|
| Proposed Dividend               | 50.00                                | 50.00                                 |
| Dividend Tax                    | 8.50                                 | 8.50                                  |
| Profit carried to Balance Sheet | 353.31                               | 126.56                                |

### Performance:

During the year under review, your Company achieved sales of Rs. 12102.84 lacs and earned net profit after tax of Rs. 285.25 lacs compared to Rs. 7664.30 lacs and Rs. 179.48 lacs respectively for the previous financial year.

### Dividend:

Your Directors are pleased to recommend final dividend @ Re. 0.50/- per share for the Financial Year 2010-11 subject to approval of the shareholders at the ensuing Annual General Meeting, which if approved, would absorb Rs. 58.50 lacs on account of dividend and distribution tax thereon.

### Directors:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mrs. Mansi Shah Director of the Company, retires by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting.

Mr. R. C. Singhvi was appointed as an Additional Director with effect from 1st December, 2010 to hold office upto the date of ensuing Annual General Meeting. However due to his pre occupation resigned from the office of director of the Company with effect from 26th March 2011.





Mr. C. R. Mehta and Mr. Surjit Banga Independent Directors also resigned from the directorship of the Company with effect from 26th March 2011 and 6th July 2011 respectively. The Board places on record its deep appreciation of the invaluable services rendered by Mr. C. R. Mehta, Mr. Surjit Banga and Mr. R. C. Singhvi during their respective tenure as Director of the Company. Mr. Sunil Mistry, Independent Director was appointed as the Additional Director of the Company w.e.f. 30th May, 2011 to hold office upto the date of ensuing Annual General Meeting and being eligible offer himself for reappointment. The Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature as Director of the Company.

**Alternation of Object Clause:**

The Object Clause of the Company was altered through Postal Ballots. The Members of the Company vide resolution passed at the Annual General Meeting of the members of the Company held on 26th August, 2010 altered the Object Clause of the Company and adopted the business as mentioned in the then inserted Clauses 67 to 70 under Part C of Object Clause of the Company. There after the said Objects were adopted as the Main Object of the Company substituting the then Main Objects.

**Directors' Responsibility Statement:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- in the preparation of the annual accounts, the applicable Accounting Standards have been followed and no material departures were found;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the year;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts for the year ended 31st March, 2011 have been prepared on going concern basis.

**Public Deposits:**

The Company has not accepted any deposit pursuant to provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

**Delisting of Shares**

The Company had made an application to Vadodara Stock Exchange for delisting of its shares since there was no trading of shares at the said Stock Exchange. The Company's said application for delisting of shares was approved by the Managing Body of the said Stock Exchange. The Company has been informed by the said Stock Exchange vide their letter dated 27th January, 2011 that the trading of shares of the Company have been delisted from the said Stock Exchange accordingly the shares of the Company is now listed only on Bombay Stock Exchange.

**Auditors:**

M/s Sunderji Gosar & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1 B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office. Members are requested to appoint auditors for the current year and to authorize the Board to fix their remuneration.

**Auditors' Report:**

As regards observations of the Auditors for non payment of certain Statutory Dues, the Board of Directors would like to state that due to temporary shortage of funds, the said dues have been remained unpaid. Necessary steps have been taken to make the payment of the said outstanding statutory liabilities.

**Corporate Governance:**

A Report on Corporate Governance and Management Discussion & Analysis Report pursuant to Clause 49 of the Listing Agreement are annexed hereto and form part of this report.



**Particulars of Conservation of Energy, Technology Absorption, Adaptation and Innovation and Foreign Exchange Earnings and outgo:**

Information relating to the Conservation of Energy, Technology Absorption, Adaptation and Innovation and Foreign Exchange Earnings and Outgo pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

**Particulars of Employees:**

During the year under review, none of the employees of the Company, whether employed for the whole year or part thereof, was in receipt of remuneration aggregating to or in excess of the limits specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, and hence, no particulars of employees are required to be furnished in connection with the said Rules.

**Acknowledgements:**

The Board wishes to place on record its sincere appreciation for the continuous support received from Shareholders, Customers, Suppliers, Bankers, Statutory Authorities and all other business associates. The Board also takes this opportunity to thank the employees at all levels for their hard work, commitment and invaluable contribution to the Company's operations.

**For and on behalf of the Board**

**Rushabh Shah  
Chairman & Managing Director**

**Dated: 11th August 2011  
Place: Mumbai**



## ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of the Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2011.

### I. CONSERVATION OF ENERGY

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

#### ENERGY CONSUMPTION

| A. Power and Fuel Consumption                | Year Ended<br>31-03-2011 | Year Ended<br>31-03-2010 |
|----------------------------------------------|--------------------------|--------------------------|
| 1. <b>Electricity</b>                        |                          |                          |
| Purchased Unit (in kw)                       | 313124                   | 52192                    |
| Total Amount (Rs.)                           | 13,99,668                | 233324                   |
| Unit Rate (Rs.)                              | 4.47                     | 4.47                     |
| 2. <b>L. D. O. / F. D.</b>                   |                          |                          |
| Quantity (in Ltrs)                           | 3,05,000                 | 5473                     |
| Total Cost (Rs.)                             | 7,093                    | 1800454                  |
| Average rate/liter (Rs.)                     | 43                       | 35.88                    |
| <b>B. Consumption per unit of production</b> |                          |                          |
| Electricity (per MT)                         | 176.86units              | 2000units                |
| L. D. O. (per MT)                            | 153.6 units              | 500units                 |

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

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

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

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

Not applicable

#### 3. Future Plan of action

To reduce cost of production and improve quality, it is proposed to carry out Research and Development in several areas with in-house facilities.

### B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. The Company has not acquired any technology for its manufacturing operations. However, the process applied is standard and generally accepted in the Industry.

2. Proper facilities will be set up for quality assurance and checking of various parameters at regular interval.

#### 3. Benefits derived as a result of the above efforts:

The Company is expected to achieve consistency in the product quality, cost control, product development, import substitution etc. This will also help to achieve better yields and quality of the end product and the cost reduction.

4. Purchase of technology imported during the last 5 years: **Not applicable**

### III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

For and on behalf of the Board

Date: 11th August 2011  
Place: Mumbai

Rushabh Shah  
Chairman and Managing Director



## 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 growing at the rate of 12% per year. More than 50% of LDPE/ LLDPE is used by the packaging industry. The second most used polymer in India is HDPE, with a share of 22%. The value of its domestic consumption is Rs 2,123 crore and it is growing at the rate of 15% per year. 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.

Investment in the plastics sector in India is also rising with domestic and overseas companies setting up or expanding manufacturing activities. Further, the Indian government has taken steps to enhance competitiveness of the country's plastic industry by reducing import duties and central excise rates, and introducing value-added tax to replace sales tax.

As regards growth in the Plastic Industry, the global consumption of plastic is much more than the consumption of plastics in India. It is expected that consumption of plastics in India is expected to rise within five years and the industry will offer "unprecedented opportunities" in the next two decades due to rapid urbanization and growth in retail business in India.

### (B) Opportunities and Threats, Risks and Concerns

The change in business policies, including the relaxation in restrictions on foreign ownership; some privatization of government assets; and tariff reductions, have made the country as competitive as the other Asian regions. Foreign investors view India as a country with enormous potential, hence new foreign and domestic investments in the plastics industry will accelerate competition through higher growth, and measures by the Indian government to encourage investments. It is expected that India's polymers sector will have one of the highest growth rates of any polymer industry over the next 10 years.

As per the study carried out for availability of growth of various industries in India, India's petrochemical industry is expected to attract investments of more than \$18 billion in the next 4-5 years. About \$10 billion of that will be invested in the downstream processing industry and the rest by several existing and new producers. India can become a global production base and an export hub in the coming years. Hence availability of raw materials would be easy and that will further enhance the opportunities for the Plastic Industry which is a by product of petrochemical industry.

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 be a competitive supplier to China and to the rest of Asia.

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 financial year under review being the Second year of operations with the commissioned of own manufacturing department, the Company is in process of designing and putting in place various internal control systems for all the key departments including production, purchase, finance and accounts with specific thrust on the materials wastage, environmental issue, and regular compliances at all level. Going forward, the Company has plans to expand its systems to other departments with recruitment of managerial cadre personnel more exhaustive reporting and rigorous follow up actions wherever any signs of shortcomings. 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) Material developments in Human Resources/Industrial Relations front, including number of people employed

The Company's industrial relations continued to be harmonious during the Second year of manufacturing activities wherein



the Company generated any employment during the year under review.

**(E) Social Responsibility**

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

**(F) 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.

**(G) Future Outlook**

Company is planning to expand its business by issuing the shares of the Company which forms the Un-issued Capital of the Company, this will enable the Company to have more money to expand its business and avail the emerging opportunities in Plastic Industries.

**For and on behalf of the Board,**

**Rushabh Shah  
Chairman & Managing Director**

**Date: 11<sup>th</sup> August 2011  
Place: Mumbai**



## CORPORATE GOVERNANCE REPORT

### (A) Company's Philosophy on Code of Corporate Governance

The Company believes that high standards of accountability and audit, timely disclosure and reporting in all areas of operations contribute towards developing and sustaining best operating systems and procedures. These standards define your Company's Corporate Governance philosophy of trusteeship, transparency, empowerment, accountability and integrity. The Company will continue to remain focused on good corporate governance practices for achieving growth, long term value creation and maximizing value for all its stakeholders.

### (B) Board of Directors

#### (i) Board Composition

The composition of the Board is in accordance with the requirements of the Corporate Governance Code of the Listing Agreement with the Stock Exchange. The Board of Directors of the Company consists of combination of Executive, Non-Executive and Independent Directors. Currently, two third of the Board of Directors comprises of Non-Executive Directors, having considerable experience in diverse fields. The Board has two (2) Non-Executive Directors of which 1 (one) is representing Promoters and Dne (1) independent Non-Executive Director. The Chairman of the Board is an Executive Director.

The day-to-day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors.

The constitution of the Board as on 31<sup>st</sup> March, 2011 was as under:

| Name of the Directors | Category                                  | Directorships | Number of other | Committee     |
|-----------------------|-------------------------------------------|---------------|-----------------|---------------|
|                       |                                           |               | Committee       | Chairmanships |
| Mr. Rushabh Shah      | Chairman and Managing Director, Executive | 1             | -               | -             |
| Mrs. Mansi Shah       | Director, Non-Executive                   | -             | -               | -             |
| Mr. C.R. Mehta*       | Non-Executive, Independent                | 2             | 2               | 1             |
| Mr. Surjit Banga      | Non-Executive, Independent                | 1             | 2               | 2             |
| Mr. R. C. Singhvi^    | Non-Executive, Independent                | ?             | ?               | ?             |

\* upto 26th March 2011

^ for the period from ..... December 2010 till 26th March 2011

Two of the Independent Directors resigned from the Directorship of the Company with effect from 26th March 2011.

Mr. Sunil Mistry was appointed as an Independent Director with effect from 30th May 2011 and Mr. Surjit Banga, Independent Director resigned from the office of director with effect from 6th July 2011 due to his other occupation.

The Company is in process of strengthening its board as per the provisions of the Listing Agreement.

#### (ii) Board Meetings and Attendance of Directors

During the year ended 31st March, 2011 5 (Five) meetings i.e. on 21st May 2010, 2nd August 2010, 11th November 2010, 7th February 2011 and 28th March 2011 of the Board of Directors were held.

Table hereunder gives the attendance record of the Directors at the Board Meetings held during 2010-11 and the last AGM:

| Name of the Directors | Number of Board Meetings held | Number of Board Meetings attended | Whether attended last AGM |
|-----------------------|-------------------------------|-----------------------------------|---------------------------|
| Mr. C. R. Mehta       | 4                             | 4                                 | Yes                       |
| Mr. Surjit Banga      | 5                             | 5                                 | Yes                       |
| Mr. Rushabh Shah      | 5                             | 5                                 | Yes                       |
| Mrs. Mansi Shah       | 5                             | 5                                 | Yes                       |
| Mr. R. C. Singhvi     | 1                             | -                                 | N.A.                      |



### (C) Board Committees

Currently, the Board has three Committees - the Audit Committee, the Shareholders/Investors Grievance Committee and the Remuneration Committee. As on date, the Audit Committee comprises of two members of which One Member is Non-Executive Independent Director and One is executive Director. The Shareholders/Investors Grievance Committee comprises of two Members. The respective Chairman of the said Committees is Non-Executive Director. The Remuneration Committee comprises of One Non-Executive Independent Director. However, presently vacancy created due to resignation of Mr. C. R. Mehta, Mr. Surjit Banga and Mr. R. C. Singhvi Remuneration Committee will be reconstituted after induction of Independent Directors. The Company is taking necessary steps to induct Independent Directors on the Board to comply with the provisions of the Listing Agreement.

The Board is responsible for the constitution, co-opting and fixing the terms of reference for the said Committees.

#### (i) Audit Committee Terms of reference

##### (a) Primary objectives of the Audit Committee

The Audit Committee acts as a link between the Statutory Auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements and other management information and adequacy of provisions for liabilities. The primary objective of the Audit Committee (the "Committee") is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

The Committee oversees the work carried out in the financial reporting process by the management, including the independent auditors and notes the process and safeguards employed by each.

##### (b) Role of the Audit Committee

1. Provide an open avenue of communication between the independent auditors and the Board of Directors ("BoD").
2. Recommending the appointment and removal of statutory auditors, fixation of audit fees and also to approve the payment for other services.
3. Confirm and assure the independence of the external auditors.
4. Review with independent auditors the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.
5. Consider and review with the independent auditors the adequacy of internal controls, including the computerised information system controls and security.
6. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
7. Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
  - a. Any changes in the accounting policies and practices;
  - b. The going concern assumption;
  - c. Compliance with accounting standards;
  - d. Compliance with stock exchange and legal requirements concerning financial statements;
  - e. Significant adjustment arising out of audit;
8. Consider and review with the management and the independent auditors:
  - (a) Significant findings during the year, including the status of previous audit recommendations;
  - (b) Any difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information.
9. Review of the following information:
  - a. Management discussion and analysis of financial conditions and results of operations;
  - b. Statement of significant related party transactions submitted by the management;



c. Management Letters/Letters of Internal Control Weaknesses issued by the Statutory Auditors.

**(c) Composition**

The Audit Committee is constituted in accordance with the Corporate Governance Code of the Listing Agreement and the provisions of the Companies Act, 1956. The statutory auditors are invited to the Audit Committee Meetings whenever required. The quorum for the Audit Committee Meeting is two members.

As on 31st March 2011, the Audit Committee comprises of two Directors of which One is Non-Executive Independent Director viz. Mr. Surjit Banga Chairman, and Mr. Rushabh Shah, Executive Director.

The Audit Committee reconstituted during the financial year 2010-11 to provide better transparency and effective working. However, due to resignation of Mr. C. R. Mehta and Mr. Surjit Banga the Audit Committee is required to be reconstituted. The Board is in process to fill up the vacancy.

Mr. Sunil Mistry is inducted as member of the Audit Committee with effect from 30th July 2011.

**(d) Audit Committee Meetings and Attendance during the financial year ended 31st March, 2011**

During the financial year ended 31st March, 2010, Four Audit Committee Meetings were held i.e. on 21st May 2010, 2nd August 2010, 11th November 2010, and 7th February 2011. The table hereunder gives the attendance record of the Audit Committee members.

| Name of the Audit Committee Members | No. of meetings held | No. of meetings attended |
|-------------------------------------|----------------------|--------------------------|
| Mr. C. R. Mehta                     | 4                    | 4                        |
| Mr. Surjit Banga                    | 4                    | 4                        |
| Mr. Rushabh Shah                    | 4                    | 4                        |

The Committee has recommended to the Board the appointment of M/s. Sunderji Gosar & Co., Chartered Accountants, as the statutory auditors of the Company for the Financial Year 31st March, 2012.

**(ii) Remuneration Committee:**

The broad terms of reference of the Remuneration Committee is to ensure that the remuneration practices of the Company in respect of the Senior Executive, including the Executive Directors are competitive keeping in view prevailing compensation packages in the Industry so as to recruit and retain suitable individual(s) in such capacity.

One meeting of the Remuneration Committee was held on 7th February 2011 for reappointment of Mr. Rushabh Shah, Chairman and Managing Director for three years with effect from 1st February 2011.

As on 31st March 2011 the Committee has only one member. The said Committee was reconstituted on 11th November, 2011 with the induction of Mr. R. C. Singhvi, Independent Director. However due to resignations of Mr. C. R. Mehta and Mr. R. C. Singhvi in March 2011 and subsequently of Mr. Surjit Banga in July 2011 as director of the Company, the said Remuneration Committee will be reconstituted. The Board is in process to fill up the casual vacancy.

**Directors' Remuneration**

The aggregate remuneration comprising of salary and perquisites paid to the Managing Director for the year ended 31st March 2011 is as follows:

Mr. Rushabh Shah                      Rs. 9,00,000/-

The Company has a policy for payment of sitting fees of Rs. 5000/- per meeting to the Non Executive Directors for attending the meetings of the Board and Committees. The details of sitting fees paid for the year ended 31st March 2011 are as follows:

|                  | Sitting Fees (Rs) |
|------------------|-------------------|
| Mr. C. R. Mehta  | 50,000/-          |
| Mr. Surjit Banga | 55,000/-          |

The Company does not have any stock option plans.



**(iii) Shareholders/Investors Grievance Committee:**

As on 31st March 2011, Shareholders / Investors Grievances Committee comprises of two members viz. Mr. Rushabh Shah and Mr. Surjit Banga. The said Committee was reconstituted on 11th November with induction of Mr. C. R. Mehta and Mr. Surjit Banga as Members.

Mr. C. R. Mehta Committee Member resigned from the Shareholders / Investors Grievances Committee with effect from 26th March 2011 since he has been resigned from the office of Director of the Company.

The said Committee was again reconstituted on 30th July 2011 with induction of Mr. Sunil Mistry as the member of the said Committee in place of Mr. Surjit Banga who resigned from the directorship of the Company with effect from 6th July 2011.

The said Committee among other functions considers and review redressal of shareholders' complaints regarding non receipt of balance sheets and transfer of shares as per Clause 49 of the Listing Agreement. During the year 13 meetings of the Committees were held.

During the year under review, the Company had transferred 48,600 Equity Shares held in physical form. The Company did not receive any complaints from the shareholders. There were no pending complaints from the shareholders as on 31st March 2011.

Delivery of equity shares of the Company by all investors / shareholders is now mandatory in the dematerialized form in all Stock Exchanges.

**(D) General Body Meetings:**

Details of last three Annual General Meetings are given hereunder:

| Year | Date       | Venue                                                                                | Time       |
|------|------------|--------------------------------------------------------------------------------------|------------|
| 2008 | 27.09.2008 | Hotel Platinum, Near Gujarat Gram Haat, Anjali Cross Road, Vasana, Ahmedabad 380 007 | 11.00 a.m. |
| 2009 | 17.09.2009 | Hotel Platinum, Near Gujarat Gram Haat, Anjali Cross Road, Vasana, Ahmedabad 380 007 | 11.00 a.m. |
| 2010 | 23.08.2010 | Lavender Baug, 90 Feet Road, Ghatkopar (East) Mumbai 400 077                         | 11.00 a.m. |

**Special Resolution:**

Details of Special Resolution passed at any of the last three Annual General Meetings:

| Date       |                                                                                                                                                                                                                                                                                                                                   |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 27.09.2008 | 1. Appointment of Mr. Rushabh Shah as Managing Director of the Company.<br>2. Shifting of Registered Office from Ahmedabad to Silvassa<br>3. Allotment of Shares on preferential basis to Mr. Rushabh Shah.                                                                                                                       |
| 17.07.2009 | 1. Increase in Authorised Share Capital from Rs. 10 crores to Rs. 25 crores.<br>2. Alteration of Articles of Association consequent to increase in Authorised Share Capital.<br>3. Delisting of Shares from Vadodara Stock Exchange.<br>4. Amendment in terms of appointment of Mr. Rushabh Shah, Chairman and Managing Director. |
| 26.08.2010 | Issue of 50,00,000 Equity Shares on the Right Basis                                                                                                                                                                                                                                                                               |

During last three financial years, no Extra ordinary General Meeting was held.

**Postal ballots:**

One resolution related to alteration of Object Clause of the Memorandum of Association to adopt the then Clauses bearing nos. 67 to 70 of Part C Other Object Clause of the Memorandum of Association of the Company related to Plastic and Plastic Industry as the Main Objects of the Company, was passed through postal ballot during the financial year ended 31st March 2011.

**(E) Disclosures:****(i) Related Party Transactions:**

Disclosures in respect of transactions of material nature with Directors/Promoters or any related entity, which will have



any potential conflict with the interests of the Company at large have been made in the Audited Accounts.

**(ii) Compliances by the Company:**

There is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchange, SEBI or any other statutory authority on any matter related to capital markets.

**(iii) Whistle Blower Policy and Access of personnel to the Audit Committee:**

The Company has not established the non-mandatory requirement of Whistle Blower Policy. However, the Company's personnel have access to the Chairman of the Audit Committee in cases such as concerns about unethical behavior, frauds and other grievances. No employee of the Company has been denied access to the Audit Committee.

**(iv) Compliance with the Mandatory requirements and implementation of the Non-mandatory requirements:**

The Company has complied with the mandatory requirements of the Corporate Governance Clause of Listing Agreement. The Company has not implemented the non-mandatory requirements enlisted by way of annexure to Clause 49 of the listing agreement except the constitution of Remuneration Committee.

**(F) Means of Communication:**

- (i) The quarterly results as well as the proceedings of the Annual General Meeting are submitted to the Bombay Stock Exchange Limited immediately after the conclusion of the respective meeting and also published in the newspapers as per the provisions of the Listing Agreement.
- (ii) No presentations were made to the institutional investors or to analysts during the year under review.
- (iii) The Management Discussion and Analysis Report forms part of this Annual Report.

**(G) Certificate on Corporate Governance:**

As required by Clause 49 of the Listing Agreement, a Certificate issued by M/s. Rathi & Associates, Practicing Company Secretaries, regarding compliance of conditions for Corporate Governance is given as an annexure to the Directors' Report.

**(H) CEO Certification:**

As required by Clause 49 of the Listing Agreement, the CEO i.e. the Chairman and Managing Director's certification is annexed to this Annual Report.

**(i) General Shareholders' Information:**

Annual General Meeting:  
 Date and time 27th September, 2011 at 11.00 A.M  
 Venue Lavender Bough, Next to Swaminarayan Temple, 90 feet Road, Garodia Nagar, Ghatkopar(East), Mumbai 400077.

|                                                                     |                                              |                      |
|---------------------------------------------------------------------|----------------------------------------------|----------------------|
| <b>(ii) Financial Calendar</b><br>(tentative and subject to change) | <b>Financial reporting for quarter ended</b> |                      |
|                                                                     | June 30, 2011                                | by August 14, 2011   |
|                                                                     | September 2011                               | by November 14, 2011 |
|                                                                     | December 2011                                | by February 14, 2012 |
|                                                                     | March 2012                                   | by May 30, 2012      |

Annual General Meeting for the year ended 31st March 2012  
 by September 30, 2012

**(ii) Book Closure date**

The Register of Members shall remain closed from Saturday, 24th of September, 2011 to Monday, 26th September, 2011 (both days inclusive) for the purpose of ensuing Annual General Meeting. The dividend, if approved by the members at the annual general meeting, shall be paid to all shareholders whose names appear:



- as beneficial owners at the end of the business day on 26th September, 2011 as per the details available from NSDL and CDSL and;
- On the Register of Members as on 26th September, 2011 of persons holding shares in physical form.

**(iii) Announcement of Dividend**

The Board of Directors have recommended a dividend of 5% i.e. Re. 0.50/- per share subject to approval of the shareholders at the Annual General Meeting.

**Mode of Payment and date of payment**

Dividend shall be paid through Electronic Clearance System (ECS) at approved locations, wherever details of ECS are available with the Company, and in all other cases, through warrants payable at par.

Date of payment: on or after 26th October, 2011 but within statutory time limit of 30 days from the date of Annual General Meeting.

The Shares of the Company are listed on Bombay Stock Exchange Ltd and hence facilitates liquidity. It is confirmed that the Company has paid Annual Listing Fee. The stock code on BSE is 530027.

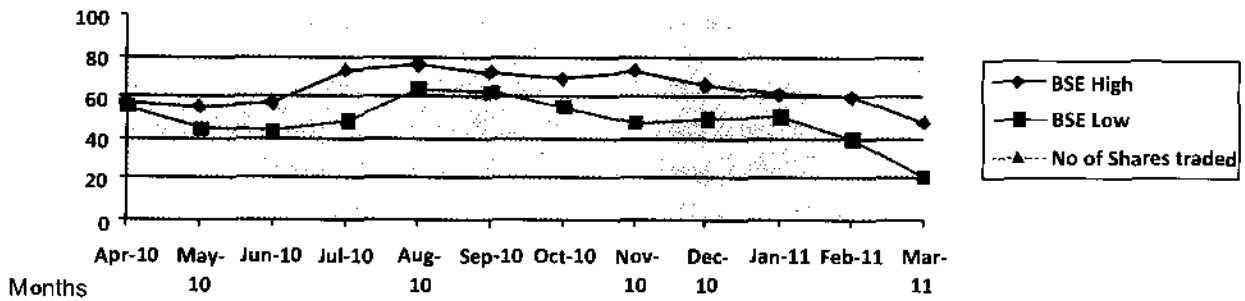
- (v) **Registered & Corporate Office** 320/7, Siddhivinayak Society,  
Hingwala Lane, Pant Nagar,  
Ghatkopar (East), Mumbai 400077  
Email: manishshah@aadi.industries.com  
Website: www.aadiindustries.com
- (vi) **Listing on Stock Exchange and fees for 2010-11** The Bombay Stock Exchange Limited. During the financial year 2010-11, trading of shares was delisted from Vadodara Stock Exchange.
- (vii) **Stock Exchange Code** 530027
- (viii) **Disclosure regarding appointment** Pursuant to the provisions of Sections 255 & 256 of the Companies Act, of re-director 1956, Mrs. Mansi Shah shall retire by rotation at the forthcoming Annual General Meeting.
- Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Sunil Mistry appointed as an Additional Director, shall cease to be a director of the Company. The Board has recommended his appointment as a director for the approval of members.
- The Board has recommended the re-appointment of Mrs. Mansi Shah to the shareholders.

**(ix) Stock Market Data**

| Month        | High  | Low   | No. of Shares |
|--------------|-------|-------|---------------|
| April 2010   | 57.75 | 35.00 | 3,76,645      |
| May          | 55.45 | 45.00 | 97,324        |
| June         | 56.90 | 44.00 | 37,554        |
| July         | 72.70 | 48.90 | 2,91,557      |
| August       | 75.80 | 64.20 | 1,36,189      |
| September    | 72.10 | 61.70 | 3,54,319      |
| October      | 68.95 | 55.55 | 13,28,899     |
| November     | 72.90 | 48.00 | 18,87,264     |
| December     | 66.00 | 50.00 | 23,67,082     |
| January 2011 | 60.90 | 50.10 | 21,45,062     |
| February     | 60.10 | 40.00 | 20,65,097     |
| March        | 47.95 | 21.35 | 24,27,576     |



Prices



(x) Registrar & Share Transfer Agents

Registrar and Share Transfer Agents  
 Sharex Dynamics (India) Pvt. Ltd  
 Luthra Industrial Estate, Andheri Kurla Road,  
 Andheri (East), Mumbai 400 072  
 Tel. No.: 022- 28515606  
 Fax No.: 022- 22641349  
 Email: sharexindia@vsnl.com  
 Contact Person: Mr. Shashi Kumar

(xi) Share Transfer Systems

Shares sent for physical transfer are generally registered and returned within a period of 30 days from the date of receipt, if the documents are proper in all respects. The Shareholders / Investors Grievance Committee meets as often as required. As per the revised Clause 49 of the Listing Agreement and to expedite the process of share transfers, the Board has delegated the powers of share transfers and related matters to Mr. Rushabh Shah, Chairman and Managing Director and Mr. Sunil Mistry who shall attend to share transfer formalities at least once in a fortnight.

The total number of equity shares transferred in physical form during the year 2010-11 was 48,600 shares

(xii) Distribution of Shareholding as on 31<sup>st</sup> March 2011

| No. of Equity Shares held | Shareholders |                         | Shares            |                    |
|---------------------------|--------------|-------------------------|-------------------|--------------------|
|                           | Number       | % to total Shareholders | Number            | % to total Capital |
| 1 - 500                   | 1,029        | 61.76                   | 2,27,447          | 2.27               |
| 501 - 1,000               | 246          | 14.77                   | 2,13,179          | 2.13               |
| 1,001 - 5,000             | 242          | 14.53                   | 6,16,811          | 6.17               |
| 5,001 - 10,000            | 76           | 4.56                    | 5,84,960          | 5.85               |
| 10,001 - above            | 73           | 4.38                    | 83,57,603         | 83.58              |
| <b>Total</b>              | <b>1,666</b> | <b>100</b>              | <b>10,000,000</b> | <b>100</b>         |

Category of Shareholders (as on 31<sup>st</sup> March 2011)

| Category                        | Shareholders |                         | Shares            |                    |
|---------------------------------|--------------|-------------------------|-------------------|--------------------|
|                                 | Number       | % to total Shareholders | Number            | % to total Capital |
| <b>PROMOTER HOLDING</b>         |              |                         |                   |                    |
| Indian Promoters                | 7            | 0.42                    | 48,64,709         | 48.65              |
| <b>Total</b>                    | <b>7</b>     | <b>0.42</b>             | <b>48,64,709</b>  | <b>48.65</b>       |
| <b>NON- PROMOTER HOLDING</b>    |              |                         |                   |                    |
| Institutional Investors FIIs    | 2            | 0.12                    | 22,000            | 0.22               |
| Others Private Corporate Bodies | 93           | 5.58                    | 6,96,472          | 6.97               |
| Indian Public                   | 1,553        | 93.22                   | 43,75,493         | 43.76              |
| NRIs/OCBs                       | 4            | 0.24                    | 19,107            | 0.19               |
| Any other (Shares in transit)   | 7            | 0.42                    | 22,219            | .22                |
| <b>Total</b>                    | <b>1,659</b> | <b>99.58</b>            | <b>51,35,291</b>  | <b>51.33</b>       |
| <b>Grand Total</b>              | <b>1,666</b> | <b>100.00</b>           | <b>10,000,000</b> | <b>100.00</b>      |

The Shares of the Company are listed on Bombay Stock Exchange Ltd and hence facilitates liquidity. It is confirmed that the Company has paid Annual Listing Fee. The stock code on BSE is 530027.

- (xiii) **Dematerialisation of Shares and liquidity** The Company has established connectivity with Central Depository Services (India) Limited and National Securities Depository Limited for dematerialization of shares and the same are available in electronic segment under ISIN No. INE563D01013. As on 31st March 2011, 91,10,300 Equity Shares representing 91.10% of the total paid up capital had been dematerialized.
- (xiv) **Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity.** Till date, the Company has not issued any GDRs / ADRs / Warrants or any other convertible instruments.
- (xv) **Plant Locations** The Plant of the Company is situated at:  
209/3, Samravarni,  
Masat Industrial Area,  
Silvassa,  
Dadra & Nagar Haveli
- (xvi) **Address for Correspondence** Sharex Dynamics (India) Private Limited.,  
Luthra Industrial Estate,  
Andheri Kurla Road,  
Andheri (East),  
Mumbai 400 072  
Tel. No.: 022-28515606  
Fax No.: 022-22641349  
Email: sharexindia@vsnl.com  
**Contact Person: Mr. Shashi Kumar**



## CODE OF CONDUCT DECLARATION

Pursuant to clause 49(D) of the Listing Agreement entered into the stock exchange, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliances with the code of conduct for the year ended 31<sup>st</sup> March, 2011.

Place: Mumbai  
Date: 11<sup>th</sup> August, 2011

**Rushabh Shah**  
Chairman & Managing Director

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## CERTIFICATE ON CORPORATE GOVERNANCE

To,  
**The Members of Aadi Industries Ltd.**

We have examined the Compliance of conditions of Corporate Governance by Aadi Industries Ltd. ("The Company") for the year ended 31<sup>st</sup> March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The Compliance of Condition of the Corporate Governance is the responsibility of the management. Our examination were limited to procedures and implementations thereof, adopted by the Company for ensuring the Compliance of the condition of the Corporate Governance. It is neither an Audit nor any expression of opinion on the Financials Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

As the records of the Company, there were no investor grievances remaining unattended for the period exceeding one month against the Company.

We further state that such compliance neither an assurance as to future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

**For and on behalf of Rathi & Associates**  
Company Secretaries

**Jayesh Shah**  
C.P no. 2535

Place: Mumbai  
Date: 11<sup>th</sup> August, 2011



## AUDITORS' REPORT

The Members of  
**M/s. AADI INDUSTRIES LIMITED,  
MUMBAI.**

We have audited the attached Balance Sheet of **M/s. AADI INDUSTRIES LIMITED**, as at 31<sup>st</sup> March 2011, the Profit and Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

3. Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which is to the best of our knowledge and belief, were necessary for the purpose of our audit.
- (ii) In our opinion, proper books of account as required by law, have been kept by the Company, so far as appears from our examination of these books.
- (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - a) In the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2011.
  - b) In the case of the profit and loss account, of the profit for the year ended on that date; and
  - c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

**For SUNDERJI GDSAR & CD.  
Chartered Accountants.**

**(ALPESH K. SAVLA)  
PARTNER.  
M. No. 047828.  
Firm Reg No 115543W**

**Place: Mumbai  
Date : 30-05-2011.**



## ANNEXURE TO THE AUDITORS REPORT.

Re: **M/s. AADI INDUSTRIES LIMITED.**

Referred to in paragraph 3 of our report of even date,

- (i) (a) We have been informed that the Fixed Assets Register showing full particulars, including quantitative details and situation of Fixed Assets is to be maintained.
- (b) All the assets have not been physically verified by the management during the year but there is a programme of verification at the year end which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets.
- (c) During the year, the Company has not disposed off any of the Plant & Machinery and hence has not affected the going concern status of the company.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has taken loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was 324.92 Lacs. & the year end balance of Loans Taken from such parties was 113.51. The Company has not granted any loans to parties covered in the register maintained Under 301 of the Companies Act, 1956, hence this clause is not applicable.
- (b) There are no interest free advances in the nature of loans to the employees which are being recovered / adjusted regularly.
- (c) There are no terms and conditions fixed on loans taken from the parties listed in the register maintained under section 301 of the Companies Act 1956 to that extent they are prejudicial to the interest of the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained Under Section 301 of the Companies Act, 1956 have been entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices prevailing market prices at the relevant time on cash basis.
- (vi) According to the information and explanations given to us, the provisions of sections 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules 1975 are not applicable to the company in the year under consideration.
- (vii) In our opinion and as per the explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) As explained to us the Central Government has not prescribed any maintenance of cost record under section 209(1)(d) of the Companies Act, 1956 to the Industry Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues (except Income Tax)





including provident fund, investor education protection fund, employees' state insurance, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts (except income tax) payable in respect of wealth tax, sales tax, custom duty, excise duty, cess were in arrears, as at 31-03-2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute.
- (x) The Company has not incurred cash loss during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) As per the information and explanations given to us the Company has not given guarantees for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, the term loans are being applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, no long-term funds have been used to finance short-term assets.
- (xviii) The company has not made preferential allotment of shares to Promoters covered in the register maintained under section 301 of the Act.
- (xix) The company has not received any money through Public Issue of Debentures.
- (xx) The Company has not received any money through preferential allotment of equity shares to non Promoters.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **SUNDERJI GOSAR & CO.**  
Chartered Accountants,

(ALPESH K. SAVLA)  
PARTNER.  
M. No.047828  
Firm Reg No 115543W

Place: Mumbai  
Date : 30-05-2011

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

(Amount in Rs.)

| PARTICULARS                                        | SCHEDULE | As at<br>31st March, 2011 | As at<br>31st March, 2010 |
|----------------------------------------------------|----------|---------------------------|---------------------------|
| <b>SOURCE OF FUNDS</b>                             |          |                           |                           |
| <b>Shareholders Funds</b>                          |          |                           |                           |
| Share Capital                                      | 1        | 100,000,000               | 100,000,000               |
| Share Application Pending Allotment                |          | 60,000,000                |                           |
| Reserves & Surplus                                 | 2        | 35,331,486                | 12,656,121                |
| <b>Loan Funds</b>                                  |          |                           |                           |
| Secured Loans                                      | 3        | 213,455,059               | 141,610,344               |
| Unsecured Loans                                    | 4        | 119,837,997               | 31,396,849                |
| Deferred Tax Liability                             |          | 4,509,648                 | 2,555,985                 |
| <b>Total</b>                                       |          | <b>533,134,190</b>        | <b>288,219,299</b>        |
| <b>APPLICATION OF FUNDS</b>                        |          |                           |                           |
| <b>Fixed Assets (At Cost)</b>                      | 5        | 121,887,266               | 100,311,393               |
| Less : Depreciation                                |          | 9,706,513                 | 4,190,503                 |
| Net Block                                          |          | <b>112,180,753</b>        | <b>96,120,890</b>         |
| <b>Investment</b>                                  |          | -                         | -                         |
| <b>Current Assets, Loans and Advances</b>          |          |                           |                           |
| Inventory                                          | 6        | 195,039,115               | 105,485,417               |
| Sundry Debtors                                     | 7        | 330,733,885               | 83,967,563                |
| Cash & Bank Balance                                | 8        | 18,468,153                | 17,384,922                |
| Loans, Advances & Deposits                         | 9        | 24,891,468                | 41,163,310                |
| Other Current Assets                               | 10       | 9,972,126                 | 12,951,593                |
|                                                    |          | 579,104,747               | 260,952,805               |
| <b>Less : Current Liabilities &amp; Provisions</b> | 11       | 158,151,310               | 68,854,398                |
| <b>Net Current Assets</b>                          |          | <b>420,953,437</b>        | <b>192,098,407</b>        |
| <b>Total</b>                                       |          | <b>533,134,190</b>        | <b>288,219,299</b>        |

As per our report of even date annexed.

**For Sunderji Gosar & Co**  
Chartered Accountants  
(Firm Reg No 115543W)

For and on behalf of the Board

**Alpesh K. Savla**  
Partner  
(Membership No: 47828)

**Rushabh Shah**  
Managing Director

**Mansi Shah**  
Director

Place : Mumbai  
Date : 30<sup>th</sup> May, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

(Amount in Rs.)

| PARTICULARS                                 | SCHEDULE | Year ended<br>31st March, 2011 | Year ended<br>31st March, 2010 |
|---------------------------------------------|----------|--------------------------------|--------------------------------|
| <b>INCDME</b>                               |          |                                |                                |
| Sales                                       |          | 1,207,648,247                  | 764,803,408                    |
| Other Income                                | 12       | 2,635,713                      | 1,627,246                      |
| Increase/(Decrease) in Stock                | 13       | 5,797,380                      | 4,098,810                      |
| <b>Total</b>                                |          | <b>1,216,081,341</b>           | <b>770,529,464</b>             |
| <b>EXPENDITURE</b>                          |          |                                |                                |
| Cost Of Raw Materials                       | 14       | 789,236,242                    | 368,987,998                    |
| Cost Of Traded Goods                        | 15       | 216,472,283                    | 289,162,701                    |
| Manufacturing Expenses                      | 16       | 6,499,588                      | 5,164,336                      |
| Personnel Expenses                          | 17       | 3,387,775                      | 2,485,335                      |
| Other Operating Expenses                    | 18       | 8,461,192                      | 3,944,528                      |
| Excise Duty & VAT                           |          | 101,929,376                    | 47,030,397                     |
| Interest & Financial Charges                | 19       | 39,681,728                     | 23,053,971                     |
| Selling & Distribution Expenses             | 20       | 596,206                        | 192,778                        |
|                                             |          | <b>1,166,264,370</b>           | <b>740,022,043</b>             |
| Profit /(Loss) before Depreciation & Tax    |          | 49,816,971                     | 30,507,421                     |
| Less : Depreciation                         |          | 5,516,010                      | 4,103,570                      |
| Profit/(Loss) After Depreciation            |          | <b>44,300,960</b>              | 26,403,851                     |
| Less: Prior Period Expense                  |          | <b>822,182</b>                 | -                              |
| Profit/(Loss) before Tax                    |          | <b>43,478,778</b>              | <b>26,403,851</b>              |
| Less : Provision for Income TAX             |          | 13,000,000                     | 6,794,498                      |
| Net Profit / (Loss) After Tax               |          | <b>30,478,778</b>              | <b>19,609,353</b>              |
| Less: Deferred Tax Liability/(Assets)       |          | 1,953,663                      | 1,661,806                      |
| Net Profit /Loss before Dividend            |          | <b>28,525,115</b>              | 17,947,547                     |
| Less: Proposed Dividend                     |          | 5,000,000                      | 5,000,000                      |
| Less: Dividend Distribution Tax             |          | 849,750                        | 849,750                        |
| Net Profit /Loss Available for Distribution |          | <b>22,675,365</b>              | <b>12,097,797</b>              |
| Add: Balance b/f from previous year         |          | 12,656,121                     | 558,324                        |
| Balance Transferred to Balance Sheet        |          | <b>35,331,486</b>              | <b>12,656,121</b>              |

As per our report of even date annexed.

For Sunderji Gosar &amp; Co

Chartered Accountants  
(Firm Reg No 115543W)

Alpesh K. Savla

Partner

(Membership No: 47828)

Place : Mumbai

Date : 30<sup>th</sup> May, 2011

For and on behalf of the Board

Rushabh Shah

Managing Director

Mansi Shah

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

(Rs. in Lacs)

| PARTICULARS                                           | As at<br>31st March, 2011 | As at<br>31st March, 2010 |
|-------------------------------------------------------|---------------------------|---------------------------|
| <b>A. CASH FLOW FROM OPERATING</b>                    |                           |                           |
| Net Profit before taxation and extraordinary          | 443.00                    | 264.03                    |
| Adjustment for :                                      |                           |                           |
| Depreciation & Amortization                           | 55.16                     | 41.04                     |
| Finance Charges/Interest (Net)                        | 396.82                    | 230.54                    |
| Interest/ Dividend Received.                          | (26.36)                   | (16.27)                   |
| <b>Cash generated from operations before</b>          | <b>868.62</b>             | <b>519.34</b>             |
| Increase/Decrease in trade receivables                | (2,467.66)                | (267.17)                  |
| Increase/ Decrease in loans & advances                | 192.51                    | (13.03)                   |
| Increase/Decrease in Inventories                      | (895.54)                  | (672.39)                  |
| Increase/Decrease in trade Payables &                 | 892.97                    | 577.20                    |
| <b>Cash Generated from Operations</b>                 | <b>(1,409.10)</b>         | <b>143.95</b>             |
| Direct tax Paid (Net of Excess/surplus)               | (130.00)                  | (67.94)                   |
| <b>Net Cash Flow before extraordinary Items</b>       | <b>(1,539.10)</b>         | <b>76.01</b>              |
| Extraordinary Items                                   | (8.22)                    | -                         |
| <b>Net Cash from</b>                                  | <b>(1,547.32)</b>         | <b>76.01</b>              |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>         |                           |                           |
| Purchase of Fixed Assets                              | (215.76)                  | (346.80)                  |
| Interest Received                                     | 26.36                     | 16.27                     |
| <b>Net Cash from</b>                                  | <b>(189.40)</b>           | <b>(330.53)</b>           |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>         |                           |                           |
| Proceeds from issuance of share capital               | 600.00                    | -                         |
| Net Proceeds from Secured loans                       | 718.45                    | 342.93                    |
| Net Proceeds from Unsecured loans                     | 884.41                    | 313.97                    |
| Finance Charges paid                                  | (396.82)                  | (230.54)                  |
| Dividend Paid                                         | (58.50)                   | (58.50)                   |
| <b>Net Cash from</b>                                  | <b>1,747.54</b>           | <b>367.86</b>             |
| <b>Net Increase/(Decrease) in Cash &amp; Cash</b>     | <b>10.82</b>              | <b>113.34</b>             |
| <b>Opening Balance in Cash &amp; Cash</b>             | <b>173.85</b>             | <b>60.51</b>              |
| <b>Closing Balance in Cash &amp; Cash Equivalents</b> | <b>184.67</b>             | <b>173.85</b>             |
| Components of Cash & Cash Equivalents                 |                           |                           |
| - Cash in hand                                        | 1.75                      | 6.90                      |
| - Cash/bank Balance with bank (current)               | 0.38                      | 64.54                     |
| -Balance with bank on deposit account                 | 182.54                    | 102.41                    |
| <b>CASH AND CASH EQUIVALENTS</b>                      | <b>184.67</b>             | <b>173.85</b>             |

Note: 1) Figures in Brackets represent the outflow of cash.

2) Cash Flow Statement has been prepared using indirect method as per Accounting Standard 3 - Cash Flow Statements issued by ICAI

As per our report of even date annexed.

For Sunderji Gosar & Co

Chartered Accountants  
(Firm Reg No 115543W)

**Alpesh K. Savla**  
Partner  
(Membership No: 47828)

Place : Mumbai  
Date : 30<sup>th</sup> May, 2011

For and on behalf of the Board

**Rushabh Shah**  
Managing Director

**Mansi Shah**  
Director



## SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(Amount in Rs.)

| Particulars                                                                                                                                   | As at              |                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                                                                               | 31st March, 2011   | 31st March, 2010   |
| <b>SCHEDULE - 1 SHARE CAPITAL</b>                                                                                                             |                    |                    |
| <b>Authorised Share Capital :</b>                                                                                                             |                    |                    |
| 2,50,00,000 Equity shares of Rs. 10 each<br>(1,00,00,000 Equity Shares of Rs. 10 Each.)                                                       | 250,000,000        | 100,000,000        |
| <b>Issued, Subscribed &amp; paid-up Share Capital:</b>                                                                                        |                    |                    |
| 1,00,00,000 Equity shares of Rs. 10 each                                                                                                      | 100,000,000        | 100,000,000        |
| <b>TOTAL</b>                                                                                                                                  | <b>100,000,000</b> | <b>100,000,000</b> |
| <b>SCHEDULE - 2 RESERVES &amp; SURPLUS</b>                                                                                                    |                    |                    |
| Profit & Loss Account Balance                                                                                                                 | 35,331,486         | 12,656,121         |
|                                                                                                                                               | <b>35,331,486</b>  | <b>12,656,121</b>  |
| <b>SCHEDULE - 3 SECURED LOANS</b>                                                                                                             |                    |                    |
| <b>Working Capital</b>                                                                                                                        |                    |                    |
| From Bank (L.C Facility)                                                                                                                      | 89,998,189         | 49,934,972.25      |
| From Bank (Cash Credit Facility)                                                                                                              | 101,793,312        | 60,841,935.30      |
| (Secured by Hypothecation of stocks and Debtors)                                                                                              |                    |                    |
| <b>Term Loan</b>                                                                                                                              |                    |                    |
| From Bank                                                                                                                                     | 21,054,776         | 30,095,546         |
| (Secured by First Charge by way of Hypothecation of All Movable & Immovable Properties of the Company and Personal Guarantee of the Director) |                    |                    |
| <b>Vehicle Loan</b>                                                                                                                           | 608,782            | 737,890            |
| <b>TOTAL</b>                                                                                                                                  | <b>213,455,059</b> | <b>141,610,344</b> |
| <b>SCHEDULE - 4 UNSECURED LOANS</b>                                                                                                           |                    |                    |
| From Directors & Share Holders                                                                                                                | 11,351,101         | 5,161,978          |
| Inter Corporate Deposits                                                                                                                      | 108,486,896        | 26,234,871         |
| <b>TOTAL</b>                                                                                                                                  | <b>119,837,997</b> | <b>31,396,849</b>  |
| <b>SCHEDULE - 5 FIXED ASSETS</b>                                                                                                              |                    |                    |

| PARTICULARS       | GROSS BLOCK        |                             |                            |                    | DEPRECIATION     |                                           |                             |                  | NET BLOCK          |                   |
|-------------------|--------------------|-----------------------------|----------------------------|--------------------|------------------|-------------------------------------------|-----------------------------|------------------|--------------------|-------------------|
|                   | As on 31.03.11     | Deduction during the Period | Addition during the period | As on 31.03.11     | As on 31.03.11   | Deduction/ Written Back during the Period | Depreciation for the Period | As on 31.03.11   | As on 31.03.11     | As on 31.03.10    |
| Building          | 46,886,947         | -                           | -                          | 46,886,947         | 1,540,839        | -                                         | 1,566,024                   | 3,106,863        | 43,780,084         | 45,346,108        |
| Plant & Machinery | 51,555,036         | -                           | 21,442,334                 | 72,997,370         | 2,487,531        | -                                         | 3,813,380                   | 6,300,911        | 66,696,459         | 49,067,505        |
| Office Equipments | 78,617             | -                           | 81,589                     | 160,206            | 5,781            | -                                         | 4,739                       | 10,520           | 149,686            | 72,836            |
| Furniture         | 105,914            | -                           | -                          | 105,914            | 7,409            | -                                         | 4,845                       | 11,454           | 94,460             | 98,505            |
| Computer          | 63,947             | -                           | 51,950                     | 115,897            | 6,596            | -                                         | 13,222                      | 19,818           | 96,079             | 57,351            |
| Vehicle           | 1,620,932          | -                           | -                          | 1,620,932          | 142,347          | -                                         | 114,688                     | 256,947          | 1,363,965          | 1,478,585         |
| <b>TOTAL</b>      | <b>100,311,383</b> | <b>-</b>                    | <b>21,575,873</b>          | <b>121,887,266</b> | <b>4,198,503</b> | <b>-</b>                                  | <b>5,516,818</b>            | <b>9,706,513</b> | <b>112,188,753</b> | <b>86,128,898</b> |



## SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(Amount in Rs.)

| Particulars                                                                                   | As at<br>31st March, 2011 | As at<br>31st March, 2010 |
|-----------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>SCHEDULE - 6 INVENTORIES</b><br>(Cost or NRV whichever is less)                            |                           |                           |
| Closing Stock                                                                                 |                           |                           |
| Raw Material                                                                                  | 34,214,568                | 29,259,355                |
| Work in Progress                                                                              | 4,561,060                 | 3,154,410                 |
| Goods Traded                                                                                  | 150,807,757               | 72,006,652                |
| Finished Goods Manufactured                                                                   | 5,455,730                 | 1,065,000                 |
| <b>TOTAL</b>                                                                                  | <b>195,039,115</b>        | <b>105,485,417</b>        |
| <b>SCHEDULE - 7 SUNDRY DEBTORS</b><br>(Unsecured, Considered Good & Receivable against goods) |                           |                           |
| Others                                                                                        | 330,733,885               | 83,967,563                |
| <b>TOTAL</b>                                                                                  | <b>330,733,885</b>        | <b>83,967,563</b>         |
| <b>SCHEDULE - 8 CASH &amp; BANK BALANCES</b>                                                  |                           |                           |
| Cash Balances                                                                                 | 175,042                   | 690,362                   |
| <b>Balance With Scheduled Banks:</b>                                                          |                           |                           |
| In Current Accounts                                                                           | 38,759                    | 6,453,935                 |
| In Fixed Deposit Accounts(Margin/ Others)                                                     | 18,254,352                | 10,240,625                |
| <b>TOTAL</b>                                                                                  | <b>18,468,153</b>         | <b>17,384,922</b>         |
| <b>SCHEDULE - 9 LOANS, ADVANCES &amp; DEPOSITS</b><br>(Considered Good & Receivable)          |                           |                           |
| Advances                                                                                      | 9,500,000                 | 20,535,000                |
| Advance Tax (FY 10-11)                                                                        | 60,468                    | 2,000,000                 |
| Deposit                                                                                       | 15,331,000                | 18,628,310                |
| <b>TOTAL</b>                                                                                  | <b>24,891,468</b>         | <b>41,163,310</b>         |
| <b>SCHEDULE - 10 Other Current Assets</b>                                                     |                           |                           |
| Prepaid Expenses                                                                              | 375,000                   | 1,058,345                 |
| Interest receivable on FD                                                                     | -                         | 629,981                   |
| Duties & Taxes                                                                                | 9,597,126                 | 11,263,267                |
| <b>TOTAL</b>                                                                                  | <b>9,972,126</b>          | <b>12,951,593</b>         |
| <b>SCHEDULE - 11 CURRENT LIABILITIES &amp; PROVISIONS</b>                                     |                           |                           |
| Sundry Creditors for Goods                                                                    | 127,515,271               | 47,414,562                |
| Sundry Creditors for Expenses                                                                 | 10,936,359                | 8,795,588                 |
| Provision for Taxation (A.Y 2010-11)                                                          | -                         | 6,794,498                 |
| Provision for Taxation (A.Y 2011-12)                                                          | 13,000,000                | -                         |
| Proposed Dividend                                                                             | 5,000,000                 | 5,000,000                 |
| Dividend Distribution Tax                                                                     | 1,699,500                 | 849,750                   |
| <b>TOTAL</b>                                                                                  | <b>158,151,130</b>        | <b>68,854,398</b>         |
| <b>SCHEDULE - 12 OTHER INCOME</b>                                                             |                           |                           |
| Interest Received                                                                             | 1,295,885                 | 862,506                   |
| Other Income                                                                                  | -                         | 153,640                   |
| Discount                                                                                      | 1,339,828                 | 611,100                   |
| <b>TOTAL</b>                                                                                  | <b>2,835,713</b>          | <b>1,627,246</b>          |
| <b>SCHEDULE - 13 INCREASE/(DECREASE) IN STOCK</b>                                             |                           |                           |
| Closing Stock of Work in Progress                                                             | 4,561,060 ✓               | 3,154,410 ✓               |
| Closing Stock of Finished Goods                                                               | 5,455,730 ✓               | 1,065,000 ✓               |
| Less: Opening Stock of Work in Progress                                                       | 3,154,410 ✓               | 120,600 ✓                 |
| Less: Opening Stock of Finished Goods                                                         | 1,065,000 ✓               | -                         |
| <b>TOTAL</b>                                                                                  | <b>5,797,380</b>          | <b>4,098,810.00</b>       |

## SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(Amount in Rs.)

| Particulars                                              | As at              |                    |
|----------------------------------------------------------|--------------------|--------------------|
|                                                          | 31st March, 2011   | 31st March, 2010   |
| <b>SCHEDULE - 14 COST OF RAW MATERIALS</b>               |                    |                    |
| Opening Stock Of Raw Materials                           | 29,259,355         | 844,200            |
| Add: Cost of Purchases                                   | 766,318,444        | 382,758,639        |
| Add: Direct Expenses                                     | 27,873,012         | 14,644,514         |
| Less: Closing Stock of Raw Materials                     | 34,214,568         | 29,259,355         |
| <b>TOTAL</b>                                             | <b>789,236,242</b> | <b>368,987,998</b> |
| <b>SCHEDULE - 15 COST OF TRADED GOODS</b>                |                    |                    |
| Opening Stock of Traded Goods                            | 72,006,652         | 37,281,038         |
| Add: Purchases of Traded Goods                           | 295,273,388        | 323,888,315        |
| Less: Closing Stock of Traded Goods                      | 150,807,757        | 72,006,652         |
|                                                          | <b>216,472,283</b> | <b>289,162,701</b> |
| <b>SCHEDULE - 16 MANUFACTURING EXPENSES</b>              |                    |                    |
| Power & Fuel Consumed                                    | 1,704,668          | 2,115,375          |
| Repairs & Maintenance                                    | -                  | 107,000            |
| Labour & Wages                                           | 3,871,220          | 2,041,961          |
| Pollution Control Certificate                            | 23,680             | -                  |
| Rent On Factory Land                                     | 900,000            | 900,000            |
| <b>TOTAL</b>                                             | <b>6,499,568</b>   | <b>5,164,336</b>   |
| <b>SCHEDULE - 17 PERSONNEL EXPENSES</b>                  |                    |                    |
| Salary, Wages, Bonus & Gratuity                          | 2,057,000          | 1,422,200          |
| Director Remuneration                                    | 1,200,000          | 900,000            |
| Directors Sitting Fees                                   | 105,000            | 135,000            |
| Profession Tax                                           | 25,775             | 28,135             |
| <b>TOTAL</b>                                             | <b>3,362,000</b>   | <b>2,485,335</b>   |
| <b>SCHEDULE - 18 Other Operating Expenses</b>            |                    |                    |
| Donation                                                 | -                  | 15,001             |
| Electricity Expenses                                     | 87,700             | 82,790             |
| Factory Expense                                          | -                  | 222,000            |
| Insurance Expenses                                       | 469,726            | 370,805            |
| Legal & Profession Fees                                  | 1,952,437          | 1,806,738          |
| Listing Expenses                                         | 32,777             | 70,042             |
| Other Misc & Administrative Expenses                     | 951,281            | 342,877            |
| Rent & taxes                                             | 239,699            | 125,874            |
| Sales Tax                                                | 50,725             | 34,761             |
| Security Charges                                         | 688,309            | -                  |
| Service Tax                                              | 86,933             | 85,155             |
| Stamp Duty Charges                                       | 321,130            | -                  |
| Telephone Expenses                                       | 112,063            | 105,444            |
| Transport Charges                                        | 1,956,493          | 73,205             |
| Travelling & Conveyance Expenses                         | 215,408            | 358,734            |
| Travelling (Overseas)                                    | 143,800            | -                  |
| Vehicle Exp                                              | 154,173            | 133,341            |
| Warehouse Exp                                            | 89,707             | 117,761            |
| Late payment charges                                     | 253,748            | -                  |
| Income tax                                               | 390,364            | -                  |
| Audit Fees                                               | 264,720            | -                  |
| <b>TOTAL</b>                                             | <b>8,461,192</b>   | <b>3,944,528</b>   |
| <b>SCHEDULE - 19 INTEREST &amp; FINANCIAL CHARGES</b>    |                    |                    |
| Interest Expenses                                        |                    |                    |
| Interest Expenses                                        | 35,647,286         | 20,467,050         |
| Other Financial Charges                                  |                    |                    |
| Bank Charges & Commission                                | 4,034,442          | 2,586,920          |
| <b>TOTAL</b>                                             | <b>39,681,728</b>  | <b>23,053,971</b>  |
| <b>SCHEDULE - 20 SELLING &amp; DISTRIBUTION EXPENSES</b> |                    |                    |
| Advertisement                                            | 72,685             | 87,992             |
| Business Promotion                                       | 535,393            | 74,163             |
| Discount & Commission                                    | (11,872)           | 30,623             |
| <b>TOTAL</b>                                             | <b>596,208</b>     | <b>192,778</b>     |

## NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011.

## 1. Accounting Convention:

The financial statements are prepared under the historical cost convention in accordance with the accounting principles accepted in India and are in line with the relevant laws as well as the guidelines prescribed by the department of company affairs and the Institute of Chartered Accountants of India.

## 2. Method of Accounting:

Method of accounting employed by the company is generally mercantile both as to income and expenditure except in the case of refunds from government bodies viz. sales tax, excise, income tax etc, subsidy, insurance claims and dividend receipts which are being accounted on cash basis.

## 3. a. Fixed Assets:

Fixed Assets have been stated at cost. Cost comprises of the purchase price and all other attributable cost of bringing the assets to its working condition for intended use.

## b. Capital work in Progress:

Expenses incurred towards acquisition of fixed assets which have not been installed or put to use before the year end are disclosed under capital work in progress and no depreciation has been provided on that.

## c. Impairment of Assets:

In compliance with Accounting Standards (AS) 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI), the carrying amount of Cash Generating Units/Assets are reviewed at Balance Sheet date to determine whether there is any indication of impairment if any such indication exists, the recoverable amount is estimated at the higher of net selling price and value in use. Impairment loss is recognized wherever carrying amount exceeds the recoverable amount.

## 4. Depreciation:

Depreciation on fixed assets is charged on straight line method basis in the manner and as per the rates and method provided in schedule XIV of The Companies Act, 1956.

Depreciation on Assets added / disposed off during the year has been provided on prorata basis with reference to the month of additions / deletions.

The Depreciation on Factory Building is @ 3.34% on straight line basis considering the terms and conditions stated in the lease of Land agreement and its residual scrap value thereafter.

## 5. Inventory:

Raw Materials, Stores and Spare parts are valued at cost (excluding excise and sales tax), finished goods are valued at realizable price and work-in-process is valued at cost of production. The manufacturing process being continuous, work-in-progress is separately accounted.

## 6. Excise Duty:

The liability for cess duty on finished goods is accounted as and when they are cleared from the factory premises.

## 7. Revenue Recognition:

Gross Receipts include commission and other income. Sales of goods are recognized on dispatch to customer and are net of returns. Sales turnover includes basic sales value, and includes other recoveries such as excise, sales tax etc.

## 8. Retirement Benefits:

Retirement benefits in the form of Provident Fund, Family Pension Fund and Super Annuation Schemes, which are defined Contribution Schemes are charged to the Profit & Loss Account of the year when the contribution to the respective funds accrue. There are no other obligations other than the contribution payable to the respective trusts.

## 9. Foreign Currency Transactions:





The transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Outstanding bills at the end of year are however booked at the exchange rate prevalent as on 31st March.

**10. Borrowing Costs:**

Interest and other related cost on acquiring qualifying assets are capitalized as per accounting standard AS-16.

**11. Taxes on Income:**

**Deferred Tax Provision.**

As per the accounting standard AS-22 issued by ICAI, the net deferred tax liability amounting to Rs. 19.54 lacs on account of timing differences as shown below for the year under consideration, is accounted for using the tax rate and laws that have been enacted or substantially enacted as on the Balance Sheet date, has been debited to the profit and loss account.

Deferred tax Liability on account of depreciation. Rs. 45.10 lacs

**12. EARNING PER SHARE:**

|                                                                                           | <u>2010-2011</u> | <u>2009-2010</u> |
|-------------------------------------------------------------------------------------------|------------------|------------------|
| Profit after tax as per profit & Loss Account                                             | Rs.2,85,25,115   | Rs.1,79,47,547   |
| Weighted average No. of Equity Shares Of Rs. 10/- each Outstanding Basic & Diluted E.P.S. | 1,00,00,000      | 1,00,00,000      |
|                                                                                           | 2.85             | 1.79             |

**13. RELATED PARTY DISCLDSURE**

(A) List of Related Parties

Particulars

Key Management Personnel

1) MR. RUSHABH SHAH

Enterprise with common key Management personnel

NIL

Enterprise in which key management personnel and their relatives have significant influence

1) AADI POLYFLEX PVT. LTD.

Relative of key management personnel

1) MRS. MANSI SHAH  
2) MR. HARDIK SHAH

| (B) Particulars | Relative of key personnel | Enterprise in which key management personnel and relatives have significant influence. | Key Management management Personnel. | Total |
|-----------------|---------------------------|----------------------------------------------------------------------------------------|--------------------------------------|-------|
|-----------------|---------------------------|----------------------------------------------------------------------------------------|--------------------------------------|-------|

1. Transaction for the year ended 31st March 2011. (Rs. In Lacs)

|                            |      |        |        |        |
|----------------------------|------|--------|--------|--------|
| 1 Purchases                | NIL  | NIL    | NIL    | NIL    |
| 2 Sales                    | NIL  | 141.21 | NIL    | 141.21 |
| 3 Purchase of Fixed Assets | NIL  | NIL    | NIL    | NIL    |
| 4 Sales of Fixed Assets    | NIL  | NIL    | NIL    | NIL    |
| 5 Labour charges paid      | NIL  | NIL    | NIL    | NIL    |
| 6 Labour charges income    | NIL  | NIL    | NIL    | NIL    |
| 7 Rent                     | 0.48 | NIL    | 9.00   | 9.48   |
| 8 Interest paid            | NIL  | NIL    | 14.19  | 14.19  |
| 9 Commission paid          | NIL  | NIL    | NIL    | NIL    |
| 10 Loan Given/ Repaid      | NIL  | NIL    | 233.72 | 233.72 |
| 11 Loan Received           | NIL  | NIL    | 845.85 | 845.85 |
| 12 Guarantee Given         | NIL  | NIL    | NIL    | NIL    |
| 13 Equity Contribution     | NIL  | NIL    | NIL    | NIL    |
| 14 Remuneration            | NIL  | NIL    | 12.00  | 12.00  |
| 15 Deposits Given          | NIL  | NIL    | 100.00 | 100.00 |
| 16 Share Application Money | NIL  | NIL    | 600.00 | 600.00 |

14. SEGMENT REPORTING.

The Company deals only in one item of products & hence there is nothing to report hereunder.

15. The balances of sundry Debtors, Creditors, Loans & Advances and non operative banks (as stated by the company) are accepted as appearing in the ledger accounts and subject to confirmation from individual parties concerned. The Company is confident of receiving all the sums due from debtors and the advances.

|                                           |                  |                  |
|-------------------------------------------|------------------|------------------|
| <b>16. Auditors remuneration includes</b> | <b>2010-2011</b> | <b>2009-2010</b> |
| Audit Fees                                | 2,40,000         | 1,50,000         |
| Total                                     | 2,40,000         | 1,50,000         |

17. In the opinion of the board the current assets, loans and advances are approximately of the values stated in the Balance Sheet, realized in the ordinary course of business. The company has informed that the balance confirmations have been sent to parties due adjustments will be made if any on receipt thereof.

18. Details of Remuneration to Directors.

|                            |                                     |                                     |
|----------------------------|-------------------------------------|-------------------------------------|
|                            | <b>Current Year.<br/>2010-2011.</b> | <b>Previous Year.<br/>2009-2010</b> |
| Remuneration to Directors. | 12,00,000                           | 9,00,000                            |
| Director Sitting Fees      | 1,05,000                            | 1,35,000                            |
|                            | <b>Rs. 13,05,000</b>                | <b>Rs. 10,35,000</b>                |

*Breakup*

19. The loans from Dena Bank have been secured by personal guarantee of two directors of the Company. Interest includes interest to Dena Bank of Rs 38.79 Lacs on their term loans.

20. The Company has to repay term loan of Dena Bank of Rs. 405 Lacs in 54 monthly installments of Rs. 7.50 Lacs each beginning from January, 2009.

21. Previous year figures have been regrouped & reclassified wherever necessary.

22. Additional information pursuant to Para 3 & 4 of part II of Schedule VI to the Companies Act, 1956.

**A. Particulars in respect of goods manufacture**

**(a) Licensed / Installed Capacity**

|                          |                                       |                                         |
|--------------------------|---------------------------------------|-----------------------------------------|
| <b>Particulars</b>       | <b>Licensed Capacit<br/>(in M.T.)</b> | <b>Installed Capacity<br/>(in M.T.)</b> |
| TARPAULIN/WAGDN COVER    | 24,000                                | 7,200                                   |
| SHOPPING BAGS/CARRY BAGS | 6,000                                 | 4,800                                   |

**(b) Particulars of Production, Sales, Opening and Closing stock of goods manufactured.**

| Particulars            | Opening Stock    |                    | Production       |                    | Sales            |                    | Closing Stock    |                    |
|------------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|
|                        | QTY.<br>(in kg.) | VALUE<br>(in Lacs) | QTY.<br>(in kg.) | VALUE<br>(in Lacs) | QTY.<br>(in kg.) | VALUE<br>(in Lacs) | QTY.<br>(in kg.) | VALUE<br>(in Lacs) |
| Tarpaulin              | Nil              | Nil                | 5733680          | 4033.75            | 5687021          | 4417.58            | 46659            | 32.66              |
| Tubing / Shopping Bags | 15,000           | 10.65              | 5731547          | 4015.77            | 5715267          | 4487.40            | 31280            | 21.90              |

**(c) Particulars of Good Traded:**

| Particulars      | Opening Stock    |                    | Production       |                    | Sales            |                    | Closing Stock    |                    |
|------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|
|                  | QTY.<br>(in kg.) | VALUE<br>(in Lacs) | QTY.<br>(in kg.) | VALUE<br>(in Lacs) | QTY.<br>(in kg.) | VALUE<br>(in Lacs) | QTY.<br>(in kg.) | VALUE<br>(in Lacs) |
| Plastic Granules | 1002750          | 720.07             | 4110969          | 2835.12            | 2914250          | 21199.02           | 2199469          | 1508.08            |

|                                                     |                |                 |
|-----------------------------------------------------|----------------|-----------------|
| <b>B. Particulars of Raw Material consumed:</b>     |                |                 |
| Items.                                              | Quantity       | Values (in Rs.) |
| TARPAULIN / TUBING                                  | 1,16,62,689 Kg | 15,47,10,419    |
| <b>C. Expenditure in Foreign Currency:</b>          | <b>2010-11</b> | <b>2009-10</b>  |
| CIF Values of imports                               |                |                 |
| 1. Raw Material                                     | NIL            | NIL             |
| 2. Traded Goods                                     | NIL            | NIL             |
| 3. Travelling Expenditure                           | 1.44 Lacs      | 1.94 Lacs       |
| <b>D. Earning in Foreign Currency:</b>              | <b>NIL</b>     | <b>NIL</b>      |
| <b>E. Break up of consumption of Raw-Materials:</b> | <b>2010-11</b> | <b>2009-10</b>  |
| I. Raw Material                                     |                |                 |
| Indigenous                                          | 100.00%        | 100%            |
| Imported                                            | NIL            | NIL             |
|                                                     | 100.00%        | 100%            |
| II Spare parts                                      |                |                 |
| Indigeneous                                         | 100.00%        | 100%            |
| Imported                                            | NIL            | NIL             |
|                                                     | 100.00%        | 100%            |

**For Sunderji Gosar & Co**  
Chartered Accountants  
(Firm Regn. No.-115543W)

**Alpesh K. Savia**  
Partner  
(Membership No: 47828)

**For AADI INDUSTRIES LIMITED**

**Rushabh Shah**  
Managing Director

**Mansi Shah**  
Director

Place : Mumbai  
Date : 30<sup>th</sup> May, 2011



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

|                    |            |
|--------------------|------------|
| Registration No.   | 04-21862   |
| State Code         | 11         |
| Balance Sheet Date | 31/03/2011 |

### II. Capital raised during the year : (in Rs. '000)

|              |     |                        |     |
|--------------|-----|------------------------|-----|
| Public Issue | Nil | Rights Issue           | Nil |
| Bonus Issue  | Nil | Preferential Allotment | Nil |

### III. Position of Mobilisation and Deployment of Funds (in Rs. '000)

|                   |          |              |          |
|-------------------|----------|--------------|----------|
| Total Liabilities | 5,33,134 | Total Assets | 5,33,134 |
|-------------------|----------|--------------|----------|

#### Sources of Funds:

|                         |          |                        |          |
|-------------------------|----------|------------------------|----------|
| Paid up Capital         | 1,00,000 | Reserves & Surplus     | 35,331   |
| Share Application Money | 6,000    | Deferred Tax Liability | 4,510    |
| Secured Loans           | 2,13,455 | Unsecured Loans        | 1,19,838 |

#### Application of Funds:

|                    |          |                           |     |
|--------------------|----------|---------------------------|-----|
| Net Fixed Assets   | 1,12,181 | Investments               | Nil |
| Net Current Assets | 4,20,953 | Miscellaneous Expenditure | Nil |

### IV. Performance of Company (in Rs. '000)

|                                                 |           |                       |           |
|-------------------------------------------------|-----------|-----------------------|-----------|
| Turnover                                        | 12,07,648 | Total Expenditure     | 11,72,602 |
| Profit /Loss before tax                         | 43,479    | Profit/Loss after tax | 28,525    |
| Earning per share in Rs.<br>(Basic and diluted) | 2.85      | Dividend Rate %       | 5         |

### V. Generic Names of Three Principal Products / Services of Company (As per Monetary Terms)

|                          |       |
|--------------------------|-------|
| Item Code No. (ITC Code) | Nil   |
| Product Description      | N. A. |

As per our report of even date annexed.

**For Sunderji Gosar & Co**  
Chartered Accountants  
(Firm Reg No 115543W)

**Aipesh K. Savia**  
Partner  
(Membership No: 47828)

Place : Mumbai  
Date : 30<sup>th</sup> May, 2011

**For and on behalf of the Board**

**Rushabh Shah**  
Managing Director

**Mansi Shah**  
Director