

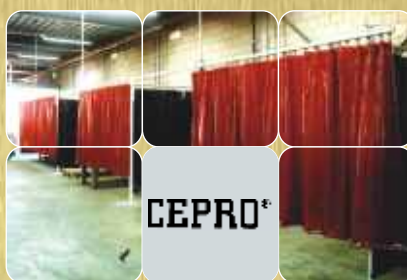
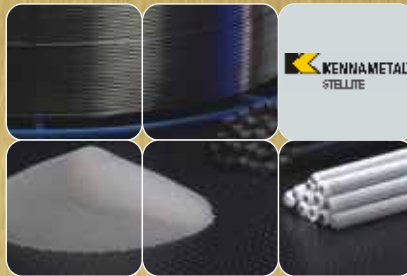
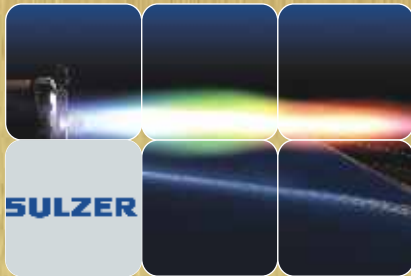
# Life Enhancement of Industrial Components

38<sup>th</sup> Annual Report 2012-13



Ador Fontech Limited

## Overseas Business Associates



## Board of Directors



**Mrs. N Malkani Nagpal**  
Chairman



**Mr. H P Ledwani**  
Managing Director



**Mr. A T Malkani**  
Executive Director



**Mr. N S Marshall**  
Independent Director



**Mr. Nayan B Pandya**  
Independent Director

# Ador Fontech Limited

## Board of Directors

Mrs. N Malkani Nagpal	Chairman
Mr. H P Ledwani	Managing Director
Mr. A T Malkani	Executive Director
Mr. N S Marshall	Director
Mr. Nayan B Pandya	Director

## Company Secretary

Ms. Geetha D

## Management Team

Mr. H P Ledwani  
Mr. Muneesh Narain  
Mr. P Vishwanathan  
Mr. Rajesh V Joshi  
Mr. S V Puntambekar  
Mr. Melville Ferns  
Mr. R Krishna Kumar

## Registered and Corporate Office

Belview 7 Haudin Road Bangalore 560 042

## Reclamation Centre

S-60-61 MIDC Hingna Industrial Estate Hingna Road Nagpur 440 016

## Manufacturing Plant I

486 B-1 14<sup>th</sup> Cross 3<sup>rd</sup> Main 4<sup>th</sup> Phase Peenya Industrial Estate Bangalore 560 058

## Manufacturing Plant II

A-288 6<sup>th</sup> Main 2<sup>nd</sup> Stage Peenya Industrial Estate Bangalore 560 058

## Share Transfer Agent

Integrated Enterprises (India) Limited  
(Formerly Alpha Systems Private Limited)  
30 Ramana Residency Sampige Road Malleswaram Bangalore 560 003

## Auditors

Amarnath Kamath and Associates  
Chartered Accountants  
Carewel House 6<sup>th</sup> Cross Muniswamappa Layout Opp. Kemp Fort  
Off HAL Airport Road Bangalore 560 017

## Bankers

HDFC Bank Limited  
8/24 Salco Centre Richmond Road Bangalore 560 025  
The Bank of Nova Scotia  
25/2 S N Towers M G Road Bangalore 560 001

## Contents

Notice.....	01
Directors' Report.....	03
Management Discussion and Analysis Report .....	05
Report on Corporate Governance.....	06
Independent Auditors' Report .....	11
Balance Sheet .....	14
Statement of Profit and Loss .....	15
Significant Accounting Policies.....	16
Notes to the Financial Statements .....	17
Cash Flow Statement.....	29

## NOTICE

Notice is hereby given that the 38<sup>th</sup> Annual General Meeting of the Members of the Company will be held at 'Woodlands Hotel Private Limited' #5 Raja Ram Mohan Roy Road Bangalore 560 025 on Friday, July 19, 2013 at 11:30 hours to transact the following business:

### ORDINARY BUSINESS

**1. Adoption of Accounts**

To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year ended on that date, together with the reports of the Directors and Auditors thereon.

**2. Declaration of Dividend**

To declare dividend for the financial year ended March 31, 2013.

**3. Re-appointment of Mr. N S Marshall as 'Director'**

To appoint a Director in place of Mr. N S Marshall, who retires by rotation and being eligible, offers himself for re-appointment.

**4. Appointment of Statutory Auditors**

To appoint the retiring auditors, M/s. Amarnath Kamath and Associates, Chartered Accountants, as the Statutory Auditors of the Company, to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting, at such remuneration as may be determined by the Board of Directors in consultation with the Auditors.

### SPECIAL BUSINESS

**5. Appointment of Branch Auditors**

**To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION**

"RESOLVED THAT pursuant to Section 228 and other applicable provisions of the Companies Act, 1956, and amendments thereof, the accounts for the year ending March 31, 2014 of the manufacturing plants of the Company, be audited by the Company's Auditors or such other person or persons, other than the Company's Auditors and as are qualified for appointment as Auditors under Section 226 of the Companies Act, 1956, and that the Board of Directors be and is hereby authorised to decide and appoint such Branch/Unit Auditors in consultation with the Company's Auditors".

### NOTES

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON BEHALF OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**  
Proxy form in order to be valid must be lodged at the Registered office of the Company, not later than forty eight hours before the commencement of the meeting.
- (b) The 'Register of Members' and 'Share Transfer Books' will remain closed from July 10, 2013 to July 19, 2013 (both days inclusive).
- (c) Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of dividend which remains unclaimed for a period of seven years from the date of declaration would be transferred to the 'Investor Education and Protection Fund'. As such, shareholders who have not encashed their dividend warrants are requested to write to the Company for claiming outstanding dividends, if any, in respect of the previous year(s).
- (d) Amount of unclaimed dividend as at March 31, 2013 for the years 2005-06 to 2011-12 aggregate to ₹57,29,148/- (Rupees fifty seven lakh, twenty nine thousand, one hundred and forty eight only).
- (e) To ensure prompt remittance of dividends, we recommend the shareholders to utilise the ECS scheme of the Reserve Bank of India. Kindly send photocopy of a cancelled cheque along with a request letter to the Registrar and Share Transfer Agent (Integrated Enterprises (India) Limited) or to the Depository Participant for shares held in physical and electronic form, respectively.
- (f) Members are requested to send all share transfer lodgements (physical mode) to Integrated Enterprises (India) Limited, marking on the envelope 'Unit-Ador Fontech Limited'.
- (g) The Company is concerned about the environment and natural resources in a sustainable way. The Ministry of Corporate Affairs (MCA), Government of India through its circulars, has permitted companies to send official documents to their shareholders by electronic mode as part of green initiative. Recognising the spirit of the circular issued by MCA, documents convening General meetings, Financial statements, Directors' report, Auditors' report are being e-mailed. Request to update your e-mail address with your depository participant to ensure that the Annual Report and other documents reach you on your preferred e-mail account.

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

**Item no. 5**

The Company's manufacturing plants are situated at diverse locations. In view of the same, it is proposed to authorise the Board of Directors to appoint, in consultation with the Company's Auditors, such persons as are qualified for appointment as Branch Auditors under Section 226 of the Companies Act, 1956, and amendments thereof, to audit the accounts, for the year ending March 31, 2014 and to fix their remuneration.

The Board recommends the resolution set out at item no. 5 for approval.

No Director of the Company is concerned or interested in the said resolution.

## NOTICE

### BRIEF PROFILE OF THE DIRECTOR

**Mr. N S Marshall**

Mr. N S Marshall is a British national of Indian origin. He holds a master's degree in Business Administration.

- (a) **Specific areas of expertise**  
Production, Planning and Leadership
- (b) **Directorship in companies (other than Ador Fontech Limited)**
  - Public Limited Companies**  
Simmonds Marshall Limited
  - Private Limited Companies**  
J N Marshall Engineering Private Limited  
Marshall Poultry Farm (India) Private Limited  
Langford Estates Private Limited  
S J Marshall Trading Company Private Limited  
Powair Automation Equipment Private Limited  
Jiji Marshall Trading Company Private Limited  
J N Marshall Private Limited  
Diamtools Private Limited  
Desmet Ballestra India Private Limited  
Corrodyne Coatings Private Limited
- (c) **Member of Board committees (other than Ador Fontech Limited): Nil**
- (d) **Chairman of Board committees (other than Ador Fontech Limited): Nil**
- (e) **Number of shares held in the Company: 3,099**

By order of the Board  
For Ador Fontech Limited

**Geetha D**

Company Secretary

Place: Mumbai

Date : April 26, 2013

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### Disclosure in terms of Clause 49 (IV)(G)(ia) of the Listing Agreement

There are no inter-se relationship between the Board Members.

By order of the Board  
For Ador Fontech Limited

**Geetha D**

Company Secretary

Place: Mumbai

Date : April 26, 2013

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### Annual Certification by the Managing Director pursuant to Clause 49 (I)(D)(ii) of the Listing Agreement

As the Managing Director of Ador Fontech Limited and as required pursuant to Clause 49(I)(D)(ii) of the Listing Agreement, I hereby declare and certify that all the Board Members and Senior Management personnel of Ador Fontech Limited have affirmed compliance with the Code of Conduct adopted by the Company for the financial year 2012-13.

For Ador Fontech Limited

**H P Ledwani**

Managing Director

Place: Mumbai

Date : April 26, 2013

## DIRECTORS' REPORT

### To the Members

The Directors have pleasure in presenting the 38<sup>th</sup> Annual Report and the Audited Statement of Accounts for the year ended March 31, 2013.

#### 1. FINANCIAL HIGHLIGHTS

(₹ in lakhs)

Details	2012-13	2011-12
Revenue	16,396	16,042
Operating profit	3,363	3,079
Interest	-	-
Depreciation	267	243
Profit before tax	3,096	2,836
Provision for tax	1,026	953
Profit after tax	2,070	1,883
<b>Appropriations</b>		
Transfer to general reserve	1,000	1,000
Proposed dividend including distribution tax	717	611

#### 2. DIVIDEND

The Directors are happy to recommend a dividend of ₹3.50/- per share (one hundred and seventy five percent), as compared to the previous year of ₹3/- per share (one hundred and fifty percent).

#### 3. REVIEW OF BUSINESS OPERATIONS

The Company has conscientiously balanced its performance in terms of revenue and profitability to ensure an optimum blend. Going forward, with the general economic scenario for the year 2013-14 also expected to remain in a state of stagflation, it becomes all the more essential for a cautious approach in all parameters of business performance. Training, performance and productivity will be the key thrust areas.

#### 4. DIRECTORS' RESPONSIBILITY STATEMENT

In the preparation of financial statements, the Board of Directors has ensured that:

- The applicable Accounting Standards have been followed.
- The accounting policies are reasonable, prudent and are consistently followed to give a true and fair view of the state of affairs of the Company, as at the end of the financial year and the profits of the Company for that period.
- Proper and sufficient care has been taken for maintenance of adequate accounting records, for safeguarding the assets of the Company, for preventing/detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

#### 5. DIRECTORS

During the year Mr. N Srinivasan, resigned from Directorship. The Board wishes to place on record his yeomen service and thankfully acknowledges his professional and dedicated contribution.

Mr. Nayan B Pandya also resigned on April 26, 2013 (at the end of the Board meeting) due to pre-occupied professional engagement. The Members of the Board send out their good wishes to his dedicated endeavour.

The Directors contemplate to fill the vacant positions arising out of the above cessations shortly.

Mr. N S Marshall retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

#### 6. CORPORATE GOVERNANCE

The Corporate governance report and certificate obtained from the Auditors of the Company are attached to this report.

#### 7. STATUTORY AUDITORS

M/s. Amarnath Kamath and Associates (Statutory Auditors) retire at the conclusion of the Annual General Meeting and being eligible offer themselves for re-appointment. The Branch Auditors will be appointed in consultation with the Statutory Auditors. As always, the Company has mandated for quarterly internal audits to be conducted by external independent auditors to ensure internal checks and financial discipline.

#### 8. COST AUDITORS

Pursuant to the Central Government's notification for conduct of cost audit based on industry wise applicability and turnover, M/s. Rao, Murthy and Associates (Firm registration no. 000065) represented by Mr. K R Murali Krishna (Membership no. M-21622) having office at 23/33 Surveyor's Street Basavanagudi Bangalore 560 004 Karnataka Tel: (080) 26602086 Fax: (080) 22428356 e-mail: raomurthy@vsnl.net, have been appointed as Cost Auditors.

## DIRECTORS' REPORT

### 9. FIXED DEPOSITS

The Company has not accepted fixed deposits and as such no amount was outstanding as on the date of the Balance Sheet.

### 10. PRODUCTS

The Company's products are manufactured to international standards and marketed under registered trade marks. Products in whole or in categories are certified/approved by TUV, DNV and NPCIL.

### 11. PARTICIPATION IN EXHIBITIONS

During the year, the Company participated in 'India Essen Welding and Cutting 2012' exhibition held at Mumbai.

### 12. AWARDS

The organisation received 'Forbes Asia's Best under a Billion Dollar Company' award in the category of the 'Region's top 200 small and midsize companies', for the second time in a row.

The Institute of Economic Studies has conferred Ador Fontech with 'Excellence Award' and the Managing Director with 'Udyog Rattan Award'.

### 13. EMPLOYEES

As has been in the past, the industrial relations with the employees of the Company continue to be harmonious, cordial and peaceful. Further, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this report and accounts are being sent to the shareholders of the Company excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Company addressed to the Registered Office.

### 14. PARTICULARS OF DISCLOSURE

The information required under the Companies Act, 1956, and amendments thereof is enclosed.

### 15. CORPORATE SOCIAL RESPONSIBILITIES (CSR)

The Company operating in the domain of 'Life Enhancement of Industrial Components' is dedicated to conserve and preserve valuable mineral resources. Broad domain categories include:

- (a) Life enhancement of industrial components through protective coating and repair services.
- (b) Reclamation and refurbishment of worn out components.

Products, services and solutions are designed to meet the above endeavour which leaves an indelible mark in the sphere of 'Corporate Social Responsibilities'. Besides, as part of general humanitarian support, the employees of the Company had visited an old age home and distributed blankets and food grains. The Company also provided waste disposable bins, through the aegis of a local civic body, to help segregate bio-degradable wastes. Further, keeping in view that education is essential, annual school fees of little children housed in an orphanage was defrayed.

### 16. ACKNOWLEDGEMENTS

The Board of Directors thank the Shareholders, Authorised Dealers, Channel Partners, Overseas and Inland Business Associates, Bankers and the various Government agencies for their continued patronage and support.

Further, wish to place on record appreciation to the contribution made by employees at all levels.

On behalf of the Board  
For Ador Fontech Limited  
**N Malkani Nagpal**  
Chairman

Place: Mumbai

Date : April 26, 2013

### ANNEXURE TO THE DIRECTORS' REPORT Under Section 217(1)(e) of the Companies Act, 1956

Additional information in terms of notification no. 1029 dated 31.12.1998 issued by the Department of Company affairs

### CONSERVATION OF ENERGY

Not given as the Company is not covered under the list of specified industries. However, efforts to conserve and optimise the use of energy through improved operational methods and other means will continue.

### RESEARCH AND DEVELOPMENT (R and D)

#### 1. Specific areas in which R and D has been carried out

Continual efforts are being made to develop special purpose flux-cored wires and electrodes to further improve the product range.

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

- (a) Conservation of basic raw materials coupled with low cost and longer life.
- (b) Improvement in product quality.

#### 3. Future plan of action

To make further progress in areas enunciated at item nos. 1 and 2 above.

## DIRECTORS' REPORT

### 4. Expenditure on R and D

- |   |   |  |
|---|---|--|
| (a) Capital   | : | Nil  |
| (b) Recurring   | : | As of now, it is being maintained as an on-going part of production activities and a separate head of account is not maintained. |
| (c) Total   | : | Not applicable   |
| (d) Total R and D expenditure as a percentage of total turnover | : | Not applicable   |

## TECHNOLOGY ABSORPTION AND INNOVATION

### 1. Efforts in brief made towards technology absorption and innovation

Locally available raw materials are utilised to gain maximum advantage and product development efforts are being made towards indigenisation of equipment.

### 2. Benefits derived as a result of the above efforts

- Product improvement.
- Reduced cost of final products.
- Comparable quality and performance with products produced using imported materials.

### 3. Details of technology imported during the last five years reckoned from the beginning of the financial year

- |  |   |                |
|--|---|----------------|
| (a) Technology imported  | : | Nil            |
| (b) Year of import   | : | Not applicable |
| (c) Has technology been fully absorbed   | : | Not applicable |
| (d) If not fully absorbed areas where this has not taken place.<br>Give reasons for the same and explain future plan of action, if any | : | Not applicable |

### 4. Foreign exchange earnings and outgoings : Please refer notes to the financial statements -2.29 and 2.30.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. INDUSTRY STRUCTURE AND DEVELOPMENT

Globally and in India, slow-down in industrial markets has meant that growth levels over short-term will be relatively slow. In corollary, the impact could result in the 'End-Users' to become extremely budget conscious, easily shift to cheaper equivalents and conscientiously postpone preventive maintenance and associated projects.

### 2. OPPORTUNITIES

Strategic alternatives, unchartered terrains and value added services will provide opportunities for sustenance.

### 3. THREATS

With perfect market having no barriers on entry and exit, keen competition is the order of the day and retention of market share would be a threat which has to be meticulously reckoned with.

### 4. RISKS AND CONCERNS

Concern is on the timing of economic recovery. As per analysts, short-time seems a period of six months and long-time period could be anywhere between one to two years. The sooner the growth impetus, greater will be the buoyancy to be back on track.

### 5. CURRENT YEAR OUTLOOK

Business has a positive correlation to the general economic and industrial growth. To remain competitive, it is essential to:

- Maintain and enhance customer loyalty.
- Undertake product customisation with strong distribution and on-time delivery system.
- Consistent technical and after sales/service support.

### 6. HUMAN RESOURCES DEVELOPMENT

It is essential to maintain the morale and motivation of employees, particularly during slowdown. Their competency and confidence to deliver positive outcomes under constraints would enable the organisation to stay afloat. Employee engagement, training and counselling will be undertaken in greater measures.

There were 246 employees on the muster roll of the Company as on March 31, 2013.



## REPORT ON CORPORATE GOVERNANCE

Good governance is an integral part of corporate management. It is a process of building positive relationship with various stakeholders and involves conducting business in a fair and transparent manner. It also implies that the management must be empowered to drive the enterprise forward without undue restraint and operate within the framework of applicable laws.

### 1. COMPANY'S PHILOSOPHY ON THE CODE OF CORPORATE GOVERNANCE

The Company is committed to a system of good corporate governance. It firmly believes and consistently practices good business principles by increasing transparency and accountability to its stakeholders, maximising shareholders' value and working towards a motivated work force with updated knowledge.

### 2. BOARD OF DIRECTORS

#### 2.1 Composition of the Board

Name of the Director	Category of Directorship
Mrs. N Malkani Nagpal	Promoter
Mr. A T Malkani	Promoter and Executive
Mr. H P Ledwani	Executive
Mr. N Srinivasan*	Non-Executive and Independent
Mr. N S Marshall	Non-Executive and Independent
Mr. Nayan B Pandya**	Non-Executive and Independent

\*Till Oct 26, 2012

\*\* Till April 26, 2013

#### 2.2 Meetings

During the year 2012-13, four Board meetings were held on April 27, 2012; July 19, 2012; October 26, 2012 and January 29, 2013.

#### 2.3 Attendance and Directorships

Attendance at Board Meetings and last Annual General Meeting, number of directorships in other companies and memberships in committees across various companies:

Name of the Director	Financial year 2012-2013		As on March 31, 2013		
	Attendance at		Number	Other Directorships	
	Board Meetings	Annual General Meeting held on 17.07.2012		No. of Memberships	Chairmanships
Mrs. N Malkani Nagpal	Four	Present	Five	Two	One
Mr. A T Malkani	Four	Present	Five	Two	-
Mr. H P Ledwani	Four	Present	One	-	-
Mr. N Srinivasan*	One	Present	Sixteen	Ten	Five
Mr. N S Marshall	Four	Present	Ten	-	-
Mr. Nayan B Pandya	Two	Present	Five	-	-

Directorship includes private limited companies and alternate Directorship.

\*Till Oct 26, 2012

### 3. AUDIT COMMITTEE

#### 3.1 Broad terms of reference

- To review the Company's financial reporting process and its financial statements.
- To review the efficacy of internal control mechanism and monitor risk management policies adopted by the Company.
- To review reports furnished by Internal/Statutory Auditors and ensure that suitable follow up action is taken.
- To examine accounting, taxation and disclosure aspects as stipulated under various legislations.
- Recommend appointment/re-appointment of Auditors and solicit professional guidance and support, wherever required.

#### 3.2 Meetings

During the year 2012-13, four Audit committee meetings were held on April 27, 2012; July 19, 2012; October 26, 2012 and January 29, 2013.

## REPORT ON CORPORATE GOVERNANCE

### 3.3 Composition and attendance

Name of the Director	Number of meetings attended
Mrs. N Malkani Nagpal	Four
Mr. N S Marshall	Four
Mr. Nayan B Pandya	Two

Mr. N Srinivasan and Mr. H P Ledwani were permanent invitees and had attended one and four meetings, respectively.

## 4. REMUNERATION COMMITTEE

The Remuneration committee is constituted by the Board to recommend compensation payable to the Directors. As regards Executive Directors, the recommendations of the committee are validated by the Board and thereafter, subjected to the approval of the shareholders. Non-executive Directors are paid sitting fees for attending meetings. Sitting fees for Board, Audit and Shareholders' committee meetings are ₹8,000/- (Rupees eight thousand only), ₹5,000/- (Rupees five thousand only) and ₹4,000/- (Rupees four thousand only) respectively. Directors in general will also be entitled towards travel expenditure (not being remuneration/perquisite) of travel fare/board and lodging/daily allowance/per diem allowance (as may become applicable) to enable discharge of official duties.

### 4.1 Sitting fees paid during the year 2012-13

Directors	Amount (₹)
Mrs. N Malkani Nagpal	68,000
Mr. A T Malkani	8,000
Mr. N Srinivasan	13,000
Mr. N S Marshall	52,000
Mr. Nayan B Pandya	34,000
<b>Total</b>	<b>1,75,000</b>

## 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

### 5.1 Functions

The Shareholders'/Investors' grievance committee of the Board looks in to the redressal of Investors' complaints like non-receipt of annual report, dividend payments etc. and matters related to share transfers/transmission, issue of duplicate share certificates, de-materialisation/re-materialisation of shares and other allied transactions. The committee has delegated powers to the Executives of the Company, to facilitate ease in operation and quick response.

During the year 2012-13, the committee had sent reminder letters to individual shareholders who had not encashed dividends and the same had an overwhelming response. The Company contemplates to do the same on a regular basis.

### 5.2 Meetings

During the year 2012-13, four Shareholders' committee meetings were held on April 27, 2012; July 19, 2012; October 26, 2012 and January 29, 2013.

### 5.3 Composition and attendance

Name of the Director	No. of meetings attended
Mrs. N Malkani Nagpal	Four
Mr. Nayan B Pandya	Two
Mr. H P Ledwani	Four

### 5.4 Compliance officer

The Board has designated Ms. Geetha D, Company Secretary as the Compliance officer.

### 5.5 Transfer committee meetings

Seventeen transfer committee meetings were held during the year 2012-13.

### 5.6 Director's shareholding as on March 31, 2013

Name of the Director	Number of shares
Mrs. N Malkani Nagpal	27,350
Mr. A T Malkani	4,38,598
Mr. H P Ledwani	50,885
Mr. N S Marshall	3,099
Mr. Nayan B Pandya	-

## REPORT ON CORPORATE GOVERNANCE

### 5.7 Shareholders' complaints received/replied and pending share transfers

Total number of complaints received and replied to the satisfaction of the shareholders during the year 2012-13 were eighteen.

There were no outstanding complaints as on March 31, 2013.

There were no pending share transfers in physical as well as in demat category. All requests received up to March 31, 2013 were processed.

## 6. GENERAL BODY MEETINGS

### 6.1 Location and time of last three Annual General Meetings

Financial Year	Date	Location of the Meeting	Time (hrs.)
2011-2012	17.07.2012	Hotel Woodlands, Bangalore	11.30
2010-2011	19.07.2011	Hotel Ajantha, Bangalore	11.30
2009-2010	26.07.2010	Hotel Ajantha, Bangalore	11.30

### 6.2 Dividend history

(₹ in lakhs)

Financial year	Dividend percent	Dividend outflow	Dividend tax outflow	Total amount
2011-2012	One hundred and fifty	525	86	611
2010-2011	One hundred and twenty five	438	73	511
2009-2010	One hundred and twenty	420	70	490
2008-2009	Fifty	175	30	205
2007-2008	Fifty	175	30	205
2006-2007	Fifty	175	30	205
2005-2006	Forty	140	20	160

## 7. DISCLOSURES

### 7.1 Materially significant related party transactions

During the year 2012-13, there were no materially significant related party transactions with the Promoters, Directors or the Management, their subsidiaries or relatives etc. that had a potential conflict with the interest of the Company at large.

### 7.2 Compliances

The Company has complied with various rules and regulations prescribed by the Stock Exchange, Securities and Exchange Board of India and/or other Statutory Authorities relating to capital markets during the last three years. No penalty or strictures have been imposed by them on the Company.

### 7.3 Affirmation

To the best of knowledge, the Company has complied with all mandatory requirements pertaining to corporate governance.

## 8. PREVENTION OF INSIDER TRADING

The Company has adopted measures for prevention of Insider Trading. The same prohibits purchase/sale of shares of the Company by Insiders while in possession of unpublished price sensitive information.

## 9. MEANS OF COMMUNICATION

Particulars	Details
Half-yearly/quarterly financial results sent to each shareholders' residence	No
In which newspaper quarterly and half yearly results are normally published	English: Business Standard Financial Express Kannada: Sanjevani Eesanje
Website, where results or official news are displayed	www.adorfon.com
Presentations made to institutional investors or to analysts	Yes, whenever required
Whether Management Discussion and Analysis Report is a part of the Annual Report	Yes

## REPORT ON CORPORATE GOVERNANCE

### 10. GENERAL SHAREHOLDERS' INFORMATION

- **Annual General Meeting**  
Date : July 19, 2013  
Time : 11:30 hours  
Venue : Woodlands Hotel Private Limited #5 Raja Ram Mohan Roy Road Bangalore 560 025
- **Equity shares listed at**  
Bombay Stock Exchange Limited, Mumbai
- **Book closure dates**  
July 10, 2013 to July 19, 2013 (both days inclusive)
- **Dividend payment dates**  
July 20, 2013 onwards
- **ISIN**  
INE853A01022
- **Scrip code**  
530431
- **Corporate/Head office**  
Belview 7 Haudin Road Bangalore 560 042 Tel: (080) 25596045, 25596073 Fax : (080) 25597085  
E-mail : investorservice@adorfon.com
- **Reclamation centre**  
S-60-61 MIDC Hingna Industrial Estate Nagpur 440 016 Tel: (07104) 237260, 237250 Fax: (07104) 236823
- **Manufacturing plant I**  
486 B-1 14<sup>th</sup> Cross 3<sup>rd</sup> Main 4<sup>th</sup> Phase Peenya Industrial Area Bangalore 560 058  
Tel: (080) 28365751, 65600154 Fax: (080) 28365752
- **Manufacturing plant II**  
A-288 6<sup>th</sup> Main 2<sup>nd</sup> Stage Peenya Industrial Estate Bangalore 560 058  
Tel: (080) 28360988 Fax: (080) 28362805
- **Share transfer agent**  
Integrated Enterprises (India) Limited  
30 Ramana Residency Sampige Road Malleswaram Bangalore 560 003 Tel: (080) 23460816-18 Fax : (080) 23460819
- **Share transfer system**  
The transfer of shares in physical form is processed and completed by Integrated Enterprises (India) Limited. In case where shares are held in electronic form, transfers are processed by NSDL/CDSL.
- **Distribution of Shareholding as on March 31, 2013**

Nominal value (₹)	Shareholders		Shares	
	Number	Percent	Number	Percent
Up to 5,000	3,686	63.80	11,49,228	6.57
5,001-10,000	861	14.90	8,02,637	4.59
10,001-20,000	425	7.36	6,69,322	3.82
20,001-30,000	307	5.31	7,81,813	4.47
30,001-40,000	86	1.49	3,07,023	1.75
40,001-50,000	125	2.16	6,05,847	3.46
50,001-1,00,000	124	2.15	9,37,397	5.36
1,00,001 and above	163	2.83	1,22,46,733	69.98
<b>Total</b>	<b>5,777</b>	<b>100.00</b>	<b>1,75,00,000</b>	<b>100.00</b>

- **Dematerialisation of shares and liquidity**  
Eighty nine percent of the paid up share capital of the Company stands dematerialised as on March 31, 2013.
- **GDRs/ADRs/Convertible instruments**  
The Company has no outstanding GDRs/ADRs/warrants or convertible instruments which are likely to have an impact on the equity shares.

## REPORT ON CORPORATE GOVERNANCE

- **Reconciliation of share capital**

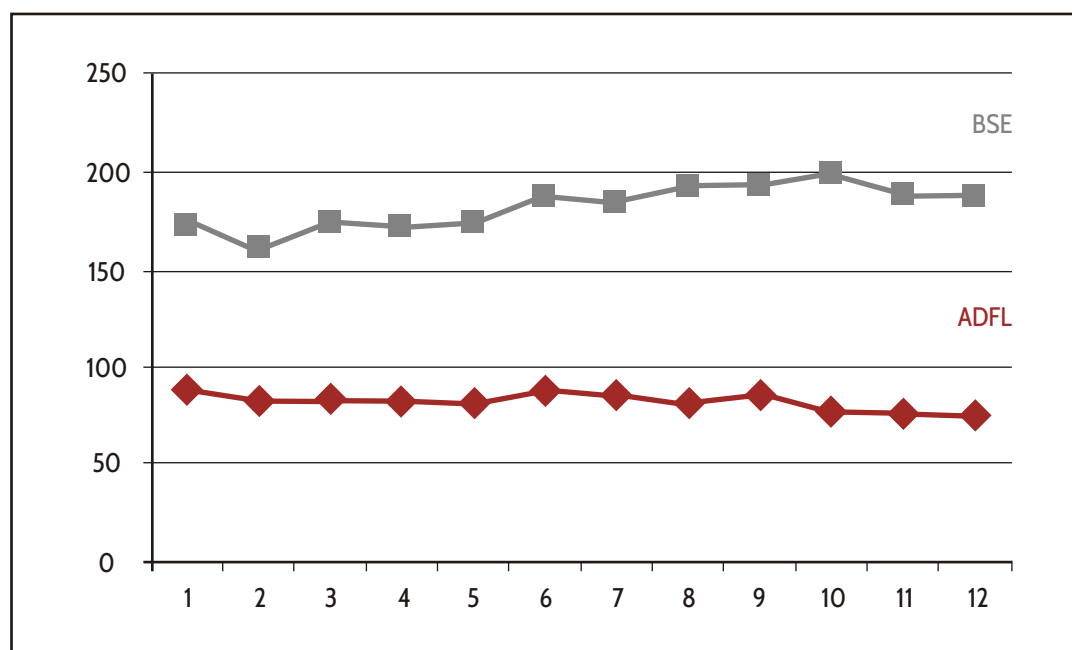
During the financial year 2012-13, audits were carried out at the end of every quarter by a qualified Practising Company Secretary for reconciling total admitted and listed capital with the total number of shares in physical form and dematerialised shares held with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Duly confirmed reports were submitted to the Stock exchange.

- **Stock price data: The Stock Exchange, Mumbai**

Month	Open Price	High Price	Low Price	Close Price
April 2012	88.2	97.9	86.6	88.8
May 2012	88.2	96.0	75.0	81.8
June 2012	78.8	85.9	73.3	82.6
July 2012	83.9	85.6	77.5	82.2
August 2012	80.3	83.5	78.1	81.2
September 2012	82.7	93.7	79.8	87.9
October 2012	88.0	93.9	83.8	86.3
November 2012	85.1	87.0	77.0	80.6
December 2012	80.5	87.2	79.2	86.4
January 2013	86.4	95.0	70.3	76.6
February 2013	77.0	84.0	74.0	75.6
March 2013	76.9	78.0	72.0	75.3

- **Share price movement**

BSE sensex and the Company's quotation - a comparative sketch



Monthly closing price from April 2012 to March 2013

### 11. SHAREHOLDING PATTERN AS ON MARCH 31, 2013

Category	No. of shares held	Percentage of Shareholding
<b>Promoters' Holding</b>		
Indian Promoters	62,22,321	35.56
<b>Others</b>		
Foreign Holdings	11,11,579	6.35
Indian Public	1,01,66,100	58.09
<b>TOTAL</b>	<b>1,75,00,000</b>	<b>100.00</b>

# INDEPENDENT AUDITORS' REPORT

## To the Members of Ador Fontech Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Ador Fontech Limited ('the Company') which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true & fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures, that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, 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.

### Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by 'the Companies (Auditors Report Amendment Order, 2004)' issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches/units of the Company not visited by us. The Auditor's reports of those branches/units have been forwarded to us and have been appropriately dealt with;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
  - (e) On the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For Amarnath Kamath and Associates

Chartered Accountants

Firm registration no. 000099S

**Amarnath Kamath**

Partner [Membership No.13124]

Place: Bangalore

Date : April 27, 2013

## INDEPENDENT AUDITORS' REPORT

### Annexure to the Auditors' Report

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) A substantial portion of the fixed assets have been physically verified by the management during the year. According to the information and explanations given to us, there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.  
(c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.
2. (a) We are informed that inventories have been physically verified by the management during the year and also at the end of the year. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion and according to the information and explanations given to us, 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) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses (iii) (b), (iii) (c) and (iii) (d) of the Order are not applicable to the Company.  
(b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) and (g) are not applicable to the Company.
4. 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 purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control systems.
5. (a) According to the information and explanations given to us, we are of the opinion that transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered.  
(b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts and arrangements referred to in (5) (a) above and exceeding the value of rupees five lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of manufacture of welding electrodes, flux cored wires, bare rods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
9. (a) According to the records, information and explanations, provided to us, the Company is generally regular in depositing with appropriate authorities undisputed amounts including Provident fund, Investor education and protection fund, Employees' state insurance, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, Cess, Service tax and other Statutory dues applicable to it and no undisputed amounts payable were outstanding as at March 31, 2013 for a period of more than six months from the date they became payable.  
(b) On the basis of our examination of the documents and other records, the following pertains to a disputed liability that has not been fully paid to the concerned authority:

Name of the Statute	Details	Amount in ₹	Period to which the amount relates	Forum where dispute/ objection raised is pending
Excise Duty	Levy of excise duty on traded imported goods	70,73,413	2002-06	CESTAT, Mumbai

## INDEPENDENT AUDITORS' REPORT

10. The Company neither has accumulated losses at the end of the financial year nor has incurred cash losses during the year and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company did not have any outstanding debentures or any outstanding loans from financial institutions during the year.
12. Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit/nidhi/mutual benefit fund/society and therefore provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. On the basis of information and explanations given to us, the Company has not given any guarantee for loans, taken by others from banks or financial institutions.
16. The Company had not availed term loans from banks and financial institutions.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not have outstanding debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the year.

For Amarnath Kamath and Associates  
Chartered Accountants  
Firm registration no. 000099S  
**Amarnath Kamath**  
Partner [Membership No.13124]

Place: Bangalore  
Date : April 27, 2013

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## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

### To the Members of Ador Fontech Limited

We have examined the compliance of conditions of Corporate Governance by Ador Fontech Limited for the year ended March 31, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the verification of procedures and implementation thereof, adopted by the Company. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing agreement.

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

For Amarnath Kamath and Associates  
Chartered Accountants  
Firm registration no. 000099S  
**Amarnath Kamath**  
Partner [Membership No.13124]

Place: Bangalore  
Date : April 27, 2013



## BALANCE SHEET AS AT MARCH 31, 2013

(₹ in lakhs)

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
Share capital	2.01	350	350
Reserves and surplus	2.02	7,425	6,072
<b>Sub-total</b>		<b>7,775</b>	<b>6,422</b>
<b>2. Non-current liabilities</b>			
Long-term liabilities	2.03	179	171
Long-term provisions	2.04	1,019	1,007
<b>Sub-total</b>		<b>1,198</b>	<b>1,178</b>
<b>3. Current liabilities</b>			
Trade payables	2.05	1,384	1,102
Other current liabilities	2.06	468	872
Short-term provisions	2.07	853	723
<b>Sub-total</b>		<b>2,705</b>	<b>2,697</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>11,678</b>	<b>10,297</b>
<b>ASSETS</b>			
<b>1. Non-current assets</b>			
Fixed assets			
Tangible assets	2.08	1,840	1,481
Intangible assets		53	42
Capital work-in-progress		-	226
<b>Sub-total</b>		<b>1,893</b>	<b>1,749</b>
Non-current investments	2.09	626	243
Deferred tax	2.10	310	382
Long-term loans and advances	2.11	200	180
<b>Sub-total</b>		<b>1,136</b>	<b>805</b>
<b>2. Current assets</b>			
Current investments	2.12	51	105
Inventories	2.13	2,357	2,007
Trade receivables	2.14	2,577	2,044
Cash and cash equivalents	2.15	3,158	3,056
Short-term loans and advances	2.16	506	531
<b>Sub-total</b>		<b>8,649</b>	<b>7,743</b>
<b>TOTAL- ASSETS</b>		<b>11,678</b>	<b>10,297</b>
Significant accounting policies and notes to the financial statements (Refer notes 1 and 2)			

**N Malkani Nagpal**  
Chairman

On behalf of the Board of Directors

**H P Ledwani**  
Managing Director  
Mumbai, April 26, 2013

**Geetha D**  
Company Secretary

As per our report of even date attached

For **Amarnath Kamath and Associates**  
Chartered Accountants  
Firm registration no. 000099S

**Amarnath Kamath**  
Partner (Membership No. 13124)  
Bangalore, April 27, 2013

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(₹ in lakhs)

Particulars	Note No.	Year ended 31.03.2013	Year ended 31.03.2012
1. Revenue from operations (gross)		16,049	16,528
Less: Excise duty		841	760
Revenue from operations (net)	2.17	15,208	15,768
2. Other income	2.18	1,188	274
3. Total revenue (1+2)		16,396	16,042
4. Expenses			
(a) Cost of materials consumed	2.19	3,419	3,759
(b) Purchase of traded goods		5,007	5,105
(c) Changes in inventories of finished goods work-in-progress and stock-in-trade	2.20	(54)	(378)
(d) Employee benefit expenses	2.21	1,983	1,806
(e) Finance cost	2.22	4	4
(f) Depreciation and amortisation expenses		267	243
(g) Other expenses	2.23	2,674	2,667
Total expenses		13,300	13,206
5. Profit before tax (3-4)		3,096	2,836
6. Tax expense			
(a) Current year		925	1,000
(b) Prior years		29	(35)
(c) Deferred tax		72	(12)
Sub-total		1,026	953
7. Profit after tax (5-6)		2,070	1,883
8. Earnings per share			
Basic and diluted	2.24	12.00	10.56
Significant accounting policies and notes to the financial statements (Refer notes 1 and 2)			

**N Malkani Nagpal**  
Chairman

On behalf of the Board of Directors

**H P Ledwani**  
Managing Director  
Mumbai, April 26, 2013

**Geetha D**  
Company Secretary

As per our report of even date attached

For **Amarnath Kamath and Associates**  
Chartered Accountants

Firm registration no. 000099S

**Amarnath Kamath**  
Partner (Membership No. 13124)  
Bangalore, April 27, 2013

## SIGNIFICANT ACCOUNTING POLICIES

### Note 1

#### Basis of preparation of financial statements

These financial statements are prepared under the historical cost basis of accounting and evaluated on a going concern basis, with revenues recognised and expenses accounted for on their accrual to comply in all material aspects with the applicable Accounting Principles and applicable Accounting Standards notified u/s. 211 (3C) of the Companies Act, 1956, other relevant provisions of the Companies Act, 1956 and the guidelines issued by the Securities and Exchange Board of India (SEBI).

#### Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported balances of assets and liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Accounting estimates could change from period to period. Actual results could differ from these estimates. Appropriate changes in estimates are made as and when the Management becomes aware of the changes in the circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and if material, their effects are disclosed in the notes to the financial statements.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

#### 1.01 Revenue recognition

- (a) Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. The amount recognised as sale is exclusive of sales tax/VAT and are net of returns. It is stated at gross and net of excise duty.  
Excise duty relating to the difference between closing and opening stock is recognised as part of changes in inventories of finished goods, work-in progress and stock-in trade.
- (b) Income from conversion job is recognised on its completion and on its acceptance by the customers.
- (c) Dividend income is accounted for in the year in which the right to receive the same is established.
- (d) Interest income is recognised using the time-proportion method, based on rates implicit in the transaction.

#### 1.02 Fixed assets

Tangible assets shown under gross block are valued at cost of acquisition inclusive of inward freight, duties, taxes and other incidental expenses/adjustments related to its acquisition. All such direct costs are capitalised when the tangible fixed assets are ready for use. Intangible assets relating to product development are recorded at actual cost incurred on the development of products and are capitalised once the products receive approval from relevant authorities and the same are carried at cost less accumulated amortisation.

#### 1.03 Depreciation and amortisation

- (a) Depreciation on tangible assets has been calculated in accordance with the revised Schedule XIV of the Companies Act, 1956:
  - (i) All assets (except leasehold interest): On written down value basis.
  - (ii) Lease hold land: On straight line basis over the period of lease.
  - (iii) Intangible assets: Over a period of approximately four years.
- (b) Depreciation on additions to fixed assets during the current year are charged on pro-rata basis, for the period of use.
- (c) Depreciation methods, useful lives and residual values of fixed assets are reviewed at each reporting date.

#### 1.04 Impairment of assets

An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### 1.05 Investments

Valued at cost inclusive of dividend re-invested thereon (where applicable).

#### 1.06 Inventories

- (a) Traded goods, raw materials and packing materials: At cost or net realisable value, whichever is lower.
- (b) Process stock: At cost or estimated realisable value, whichever is lower and
- (c) Finished goods: At cost or net realisable value, whichever is lower and are inclusive of cenvat thereon.  
Note: Cost is determined on a weighted average basis.

#### 1.07 Employee benefits

- (a) Gratuity: The Company has computed its liability towards future payments of gratuity to employees, on actuarial basis and the charge for current year is debited to the Statement of Profit and Loss.
- (b) Superannuation: The Company contributes towards superannuation fund, for future payment of retirement benefits to employees. The contributions accruing during each year are charged to the Statement of Profit and Loss.
- (c) Leave encashment: Liabilities are determined by actuarial valuation done at the end of the year and the charge for the current year is debited to the Statement of Profit and Loss.
- (d) Provident fund: Employer's contribution to provident fund is charged to the Statement of Profit and Loss.

## SIGNIFICANT ACCOUNTING POLICIES

### 1.08 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate on the date of the transaction. Any income or expense on account of exchange difference, either on settlement or on translation is recognised in the Statement of Profit and Loss. Assets and liabilities in foreign currencies are restated at the year-end exchange rates.

### 1.09 Leases

Lease rental payments under operating lease are recognised as an expense on straight line basis in the Statement of Profit and Loss over the lease term.

### 1.10 Taxes on income

- Current tax: Provision for current tax is made based on tax liability computed after considering tax allowances and exemptions.
- Deferred tax: Provision for deferred tax is made using the applicable rate of taxation, for all timing differences, which arise during a year and are reversed in subsequent periods.

### 1.11 Provisions and contingent liabilities

Based on the best estimate of the Management, provisions are determined on the outflow of economic benefits, which are required to settle obligations, as at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. Disclosure for contingent liability is also made when there is a possible obligation that may, but probably will not, require an outflow of the Company's resources.

### 1.12 Cash flow statement

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Cash flows from operating, investing and financing activities of the Company are segregated accordingly.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 2

The financial statements for the year ended March 31, 2013 and March 31, 2012 have been prepared as per revised schedule VI. Accordingly, data have been re-classified to conform to the classification/facilitate comparison, wherever essential.

#### 2.01 Shareholders' fund

The Company has only one class of shares, referred to as equity shares having a par value of ₹2/- per share. Each holder of equity share is entitled to one vote per share and dividend as may be declared at the Annual General Meeting. The right of the shareholders is governed by the Articles of Association and the Companies Act.

##### (a) Share capital

Particulars	As at 31.03.2013		As at 31.03.2012	
	Nos.	₹ in lakhs	Nos.	₹ in lakhs
<b>Authorised</b>				
Equity shares of ₹2/- each	2,50,00,000	500	2,50,00,000	500
<b>Issued</b>				
Equity shares of ₹2/-each	1,75,00,000	350	1,75,00,000	350
<b>Subscribed and paid up</b>				
Equity shares of ₹2/-each	1,75,00,000	350	1,75,00,000	350
<b>Subscribed but not fully paid up</b>				
Equity shares of ₹2/-each	Nil	Nil	Nil	Nil
Calls unpaid	Nil	Nil	Nil	Nil

##### (b) Reconciliation of number of equity shares

Particulars	As at 31.03.2013		As at 31.03.2012	
	Nos.	₹ in lakhs	Nos.	₹ in lakhs
<b>Equity shares</b>				
Shares outstanding at the beginning of the year	1,75,00,000	350	1,75,00,000	350
Shares issued during the year/period	Nil	Nil	Nil	Nil
Shares outstanding at the end of the year	1,75,00,000	350	1,75,00,000	350

##### (c) Shareholding of more than five percent

Particulars	As at 31.03.2013		As at 31.03.2012	
	No. of shares held	% of shareholding	No. of shares held	% of shareholding
J B Advani and Company Private Limited	46,06,578	26.32	45,61,045	26.06

## NOTES TO THE FINANCIAL STATEMENTS

### (d) As on the date of the Balance Sheet

- (i) The Company has not issued any equity share as fully paid pursuant to contracts without payment being received in cash.
- (ii) The Company has not issued any fully paid bonus share.
- (iii) The Company also did not buy back any equity share.

### (e) Issue/conversion of equity shares

As on the date of the Balance Sheet, the Company has not issued securities like convertible preference shares, convertible debentures etc., which are convertible in to equity/preference shares.

### 2.02 Reserves and surplus

(₹ in lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Capital reserve</b>		
Opening balance	12	12
Additions during the year	-	-
<b>Sub-total</b>	<b>12</b>	<b>12</b>
<b>Securities premium</b>		
Opening balance	171	171
Add: Received during the year	-	-
<b>Sub-total</b>	<b>171</b>	<b>171</b>
<b>General reserve</b>		
Opening balance	4,800	3,800
Add: Transfer from surplus	1,000	1,000
<b>Sub-total</b>	<b>5,800</b>	<b>4,800</b>
<b>Profit and loss</b>		
Opening balance	1,089	817
Add: Profit for the year	2,070	1,883
Sub-total	3,159	2,700
Less: Transfer to general reserve	1,000	1,000
Proposed dividend on equity shares	613	525
Dividend distribution tax	104	86
<b>Sub-total</b>	<b>1,442</b>	<b>1,089</b>
<b>Total</b>	<b>7,425</b>	<b>6,072</b>

### 2.03 Long-term liabilities

(₹ in lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
Deposits from dealers and employees	179	171
<b>Total</b>	<b>179</b>	<b>171</b>

### 2.04 Long-term provisions

(₹ in lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
Warranties	537	578
Compensated absences	482	429
<b>Total</b>	<b>1,019</b>	<b>1,007</b>

### 2.05 Trade payables

(₹ in lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
Sundry creditors for materials	959	587
Sundry creditors for expenses	425	515
<b>Total</b>	<b>1,384</b>	<b>1,102</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 2.06 Other current liabilities

(₹ in lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
Advance from customers	53	61
Advance from others	-	406
Statutory liabilities	62	106
Unclaimed dividends	57	51
Others	296	248
<b>Total</b>	<b>468</b>	<b>872</b>

### 2.07 Short-term provisions

(₹ in lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Provision for employee benefits</b>		
Compensated absences	53	48
<b>Sub-total</b>	<b>53</b>	<b>48</b>
<b>Others</b>		
Provision for proposed equity dividend	613	525
Dividend distribution tax	104	86
Provision for doubtful debts	22	-
Provision for warranties	61	64
<b>Sub-total</b>	<b>800</b>	<b>675</b>
<b>Total</b>	<b>853</b>	<b>723</b>

### 2.08 Fixed assets

(₹ in lakhs)

Particulars	Gross block					Depreciation						Net block		
	As at 01.04.12	Additions	Disposals	Other adjust-ments	As at 31.03.13	As at 01.04.12	For the year	Eliminated on disposal of assets	Impair-ment losses	Other adjust-ments	As at 31.03.13	As at 31.03.13	As at 31.03.12	
<b>Tangibles</b>														
Freehold land	77	-	-	-	77	-	-	-	-	-	-	77	77	
Leasehold land	7	7	(12)	-	2	1	-	(1)	-	-	-	2	6	
Buildings	629	480	(26)	-	1,083	140	68	(21)	-	-	187	896	489	
Office premises	110	-	-	-	110	61	3	-	-	-	64	46	49	
Plant & machineries	845	71	(6)	4	914	391	70	-	5	-	466	448	454	
Electrical equipment	41	7	(3)	-	45	10	6	(3)	-	-	13	32	31	
Computers	144	8	(6)	-	146	79	28	(4)	-	-	103	43	65	
Furniture & fixtures	108	3	-	1	112	67	8	-	1	-	76	36	41	
Vehicles	462	70	(43)	-	489	225	62	(24)	-	-	263	226	237	
Office equipment	59	9	(1)	1	68	27	8	(1)	-	-	34	34	32	
<b>Sub-total</b>	<b>2,482</b>	<b>655</b>	<b>(97)</b>	<b>6</b>	<b>3,046</b>	<b>1,001</b>	<b>253</b>	<b>(54)</b>	<b>6</b>	<b>-</b>	<b>1,206</b>	<b>1,840</b>	<b>1,481</b>	
<b>Intangibles</b>	<b>45</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>3</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>53</b>	<b>42</b>	
<b>Total</b>	<b>2,527</b>	<b>680</b>	<b>(97)</b>	<b>6</b>	<b>3,116</b>	<b>1,004</b>	<b>267</b>	<b>(54)</b>	<b>6</b>	<b>-</b>	<b>1,223</b>	<b>1,893</b>	<b>1,523</b>	
Previous year	1,804	861	(130)	(8)	2,527	862	243	(94)	(3)	(4)	1,004	1,523		

## NOTES TO THE FINANCIAL STATEMENTS

### 2.09 Non-current investments

(₹ in lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Investment in joint venture</b>		
Investment in Dualrank Fontech (M) Sdn. Bhd. (4,80,000 equity shares of MYR 1 each)	76	43
<b>Sub-total</b>	<b>76</b>	<b>43</b>
<b>Non-trade investments (mutual funds, quoted)</b>		
HDFC FMP 390 'D' growth fund (10,00,000 units)	100	100
LIC Nomura growth fund (9,99,985 units)	100	100
HDFC FMP 384 'D' growth fund (10,00,000 units)	100	-
Birla sun life dynamic bond fund (2,52,706.49 units)	50	-
Kotak bond fund (1,47,749.33 units)	50	-
Reliance dynamic bond fund (3,18,633.69 units)	50	-
SBI dynamic bond fund (3,40,119.86 units)	50	-
<b>Sub-total</b>	<b>500</b>	<b>200</b>
<b>Non-trade investments (bonds, unquoted)</b>		
National highways authority (500 bonds of ₹10,000 each)	50	-
<b>Total</b>	<b>626</b>	<b>243</b>
Market value of quoted investments	520	200

### 2.10 Deferred tax

Deferred tax is recognised subject to consideration of prudence on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(₹ in lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Tax effect of items constituting deferred tax liability</b>		
On difference between book and tax balance of fixed assets	(145)	(41)
<b>Sub-total</b>	<b>(145)</b>	<b>(41)</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Provision for compensated absences	182	155
Provision for warranties	203	208
Provision for bad and doubtful debts	7	-
Provision for indirect tax not acknowledged as debt	63	60
<b>Sub-total</b>	<b>455</b>	<b>423</b>
<b>Net deferred tax asset</b>	<b>310</b>	<b>382</b>

### 2.11 Long-term loans and advances

(₹ in lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
Rent deposits	22	19
Security deposits and retention monies	34	91
Earnest money deposits	144	70
<b>Total</b>	<b>200</b>	<b>180</b>

### 2.12 Current investments

(₹ in lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Non-trade investments (mutual funds, quoted)</b>		
HDFC CMF treasury advantage fund (10,44,566.89 units )	-	105
HDFC Liquid fund - daily reinvest (4,97,827.30 units)	51	-
<b>Total</b>	<b>51</b>	<b>105</b>
Market value of quoted investments	51	105

## NOTES TO THE FINANCIAL STATEMENTS

### 2.13 Inventories

(₹ in lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
Raw materials	975	691
Traded goods	1,150	1,088
Work-in-progress	75	82
Finished goods	104	105
Packing materials	10	28
Stores, spares and consumables	43	13
<b>Total</b>	<b>2,357</b>	<b>2,007</b>

### 2.14 Trade receivables

(₹ in lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Trade receivables outstanding for a period exceeding six months from the date, they were due for payment</b>		
Unsecured – considered good	128	40
<b>Sub-total</b>	<b>128</b>	<b>40</b>
<b>Other trade receivables</b>		
Secured – considered good	37	59
Unsecured – considered good	2,412	1,945
<b>Sub-total</b>	<b>2,449</b>	<b>2,004</b>
<b>Total</b>	<b>2,577</b>	<b>2,044</b>

### 2.15 Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
Cash in hand	1	1
Cheques, drafts on hand	153	86
Balance with banks in current/EEFC accounts	66	39
Fixed deposits with banks	2,881	2,879
Unclaimed dividends	57	51
<b>Total</b>	<b>3,158</b>	<b>3,056</b>

### 2.16 Short-term loans and advances

(₹ in lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
Taxes, duties, input credits and refunds due	411	429
Advance to suppliers	19	17
Security deposit-secured, considered good	20	20
Loans and advances to employees-unsecured considered good	39	47
Prepaid expenses and receivables	17	18
<b>Total</b>	<b>506</b>	<b>531</b>

### 2.17 Revenue from operations

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Manufactured goods	7,723	7,794
Excise duty	(841)	(760)
Traded goods	6,931	7,220
Sale of services	1,218	1,433
Commission on export services	177	81
<b>Total</b>	<b>15,208</b>	<b>15,768</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 2.18 Other income

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Interest and dividend income	286	231
Net gain on foreign currency transactions	1	5
Profit on sale of assets	736	-
Other non-operating income	32	38
Write back of excess provision for warranties	133	-
<b>Total</b>	<b>1,188</b>	<b>274</b>

### 2.19 Cost of materials consumed

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Opening inventory	719	599
Add: Purchases	3,685	3,879
<b>Sub total</b>	<b>4,404</b>	<b>4,478</b>
Less: Closing stock	985	719
<b>Total</b>	<b>3,419</b>	<b>3,759</b>

### 2.20 Changes in inventories

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
<b>Inventories at the end of the year</b>		
Finished goods	104	105
Work-in-progress	75	82
Stock-in-trade	1,150	1,088
<b>Sub-total</b>	<b>1,329</b>	<b>1,275</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	105	120
Work-in-progress	82	15
Stock-in-trade	1,088	762
<b>Sub-total</b>	<b>1,275</b>	<b>897</b>
<b>(Increase)/decrease in inventories</b>	<b>(54)</b>	<b>(378)</b>

### 2.21 Employee benefit expenses

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Salaries, allowances and other benefits	1,621	1,453
Contribution to provident and other funds	221	210
Staff welfare	141	143
<b>Total</b>	<b>1,983</b>	<b>1,806</b>

### 2.22 Finance cost

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Interest expense on dealer deposits	4	4
<b>Total</b>	<b>4</b>	<b>4</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 2.23 Other expenses

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Rent, rates, insurance and taxes	123	157
Consumables, stores and utilities	162	134
Sub contracting of job works	554	655
Stationery, printing and communication	91	97
Repairs to building	9	35
Repairs to machinery	9	15
Other repairs and maintenance	56	102
Professional fees	68	69
Travelling and conveyance	526	514
Freight and forwarding	206	195
Sales commission and promotional expenses	604	461
Provision for warranties	107	31
Payment to auditors	11	11
Bank and other charges	13	27
Bad debts written off	22	-
General expenses	113	164
<b>Total</b>	<b>2,674</b>	<b>2,667</b>

### 2.24 Earnings per share

The Company has evaluated its earning per share as per Accounting Standard - 20 issued by the Institute of Chartered Accountants of India, as under:

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Net profit after tax	2,070	1,883
Add/(Less) Prior period adjustments	-	-
Excess/(short) provision of taxes in respect of earlier years	29	(35)
Earnings	2,099	1,848
Number of Equity shares issued	1,75,00,000	1,75,00,000
<b>Basic earnings per share of ₹2/- each</b>	<b>12.00</b>	<b>10.56</b>

The Company does not have any outstanding dilutive potential equity shares as at March 31, 2013. Consequently, the basic and diluted earnings per share of the Company remain the same.

### 2.25 Disclosures relating to contingent liabilities, capital and other commitments

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Guarantees (bank and corporate)	338	226
Capital commitments	-	132
Disputed excise duty demand under appeal	71	71

### 2.26 Operating lease

The Company has entered in to cancellable operating lease with an option to renew in respect of certain godowns, offices and residential premises. The expenditure incurred thereon amounting to ₹61,74,048/- (Previous year ₹62,21,948/-) has been charged to the Statement of Profit and Loss.

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Lease payments for the year	61	62
<b>Minimum lease payments</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
Not later than one year	56	61
Later than one year but not later than five years	69	75
Later than five years	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 2.27 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The Company has not received any information from its vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006. Nonetheless, there are no amounts outstanding for a period beyond the stipulated period as specified under Micro, Small and Medium Enterprises Development Act, 2006.

### 2.28 Related party transactions

#### (a) Names of related parties and description of relationship with the Company

- (i) Associate companies: J B Advani and Company Private Limited, Ador Welding Limited, Ador Welding Academy Private Limited, Ador Multiproducts Limited and Ador Powertron Limited
- (ii) Related personnel (by virtue of shareholding in associate companies):  
Mrs. Vimla A Lalvani and Mr. Deep A Lalvani
- (iii) Joint venture : Dualrank Fontech (M) Sdn. Bhd.
- (iv) Key managerial personnel: Mrs. N Malkani Nagpal  
Mr. H P Ledwani  
Mr. A T Malkani
- (v) Relatives of key management personnel: Mrs. Sunila H Ledwani

#### (b) Transactions with related parties

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
<b>J B Advani and Company Private Limited</b>		
Purchase of traded goods	19	37
<b>Ador Welding Limited</b>		
Purchase of traded goods	380	197
Sale of manufactured goods	1	2
Rent paid	7	5
Royalty payment	3	3
<b>Ador Welding Academy Private Limited</b>		
Sale of traded goods	10	-
<b>Ador Multiproducts Limited</b>		
Sale of manufactured goods	-	1
<b>Ador Powertron Limited</b>		
Purchase of traded goods	4	15
Sale of manufactured goods	-	12
Reimbursements	2	4
Royalty payment	2	-
Transfer of research and development	22	45
<b>Related Personnel</b>		
Professional fees	21	20
Remuneration	73	40
<b>Joint Venture</b>		
Sale of manufactured goods	28	-
<b>Key Management Personnel</b>		
Remuneration	185	126
Lease rental deposits	10	10
<b>Relatives of Key Management Personnel</b>		
Rent	19	18

#### (c) Balances of related parties

(₹ in lakhs)

Particulars	As at 31.03.2013
Ador Welding Academy Private Limited (Dr.)	10
Ador Welding Limited (Dr.)	31

## NOTES TO THE FINANCIAL STATEMENTS

### (d) Maximum balance during the year

(in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Ador Welding Academy Private Limited (Dr.)	10	9
Ador Welding Limited (Dr.)	31	11

- Note:** (i) Remuneration:  
Travel expenses incurred for business purpose have been excluded.  
Perquisites are valued as per Income-Tax Act.
- (ii) Debit balances depict receivables/advance towards supplies.
- (iii) Related party relationship is as identified by the Company and relied upon by the auditors.

### 2.29 Receipts in foreign currencies

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Commission on export services	177	81
Other exports	95	-
<b>Total</b>	<b>272</b>	<b>81</b>

### 2.30 Expenditures in foreign currencies

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Travelling expenses	80	53
Conferences	21	28
<b>Total</b>	<b>101</b>	<b>81</b>

### 2.31 Details of imported and indigenous raw materials, stores and spares consumed

(₹ in lakhs)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
	Amount	Percentage	Amount	Percentage
<b>Raw materials</b>				
Imported	529	15.47	624	16.60
Indigenous	2,890	84.53	3,135	83.40
<b>Sub-total</b>	<b>3,419</b>	<b>100.00</b>	<b>3,759</b>	<b>100.00</b>
<b>Stores and spares</b>				
Imported	2	1.23	-	-
Indigenous	160	98.77	134	100.00
<b>Sub-total</b>	<b>162</b>	<b>100.00</b>	<b>134</b>	<b>100.00</b>
<b>Total</b>	<b>3,581</b>	<b>100.00</b>	<b>3,893</b>	<b>100.00</b>

### 2.32 C I F value of imports

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Raw materials	585	443
Equipment, spares and others	1,420	2,215
Traded goods	1,690	875
Plant and machinery	-	8
<b>Total</b>	<b>3,695</b>	<b>3,541</b>

### 2.33 Payment to auditors

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Statutory audit	5	5
Taxation	2	2
Other services	4	4
<b>Total</b>	<b>11</b>	<b>11</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 2.34 Particulars of unhedged foreign currency exposures

(in lakhs)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Foreign currencies	Indian rupees	Foreign currencies	Indian rupees
US Dollar*	6	326	2	102
Euro*	2	139	1	68

\* Payables

### 2.35 Defined benefit obligation: Gratuity

(₹ in lakhs)

Particulars	As at 31.03.2013
<b>1. Changes in defined benefit obligation</b>	
Obligation at the beginning of the year	248
Interest cost	21
Service cost	16
Actuarial (gain)/ loss	22
Benefits paid	(15)
Obligation at the end of the year	292
<b>2. Changes in fair value of assets</b>	
Opening fair value of plan assets	269
Expected return on plan assets	19
Actuarial gain/(losses)	9
Contribution made by the employer	-
Benefits paid	(15)
Closing fair value of plan assets	282
<b>3. Liability recognised in the Balance Sheet</b>	
Present value of funded obligations	291
Fair value of plan assets	(282)
Net liability	9
<b>4. Expenses recognised in the Statement of Profit and Loss</b>	
Service cost	16
Interest cost	21
Expected return on plan assets	(19)
Actuarial (gain)/loss	12
Total expenses included in employee benefit expenses	30
<b>Assumptions</b>	
Discount factor	8.05%
Estimated rate of return on plan assets	7.50%
Salary increase	7.00%
<b>Attrition rate</b>	
21-44 years	2%
45-57 years	1%
Retirement age	58 years

Note: The above information is as certified by the Actuary.

### 2.36 Defined contribution scheme

Superannuation:

The amounts are determined and defrayed to a trust fund, year on year and hence no further liability accrues to the Company on this account as on the date of the Balance Sheet.

### 2.37 Defined benefit obligation

Leave encashment:

Cumulative defined benefit obligation of compensated absences (unfunded) amounts to ₹536/- lakhs (Rupees five hundred and thirty six lakhs) as per actuarial valuation. The same has been provided for in the books of account.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.38 Information on joint venture

Name	Country of incorporation	Percentage of ownership
Dualrank Fontech (M) Sdn. Bhd.	Malaysia	48%

Company registration number : 905260-H

Authorised share capital : 10,00,000 ordinary shares of Malaysian Ringgit (MYR)1/- each.

The Company's interest in the joint venture is reported as non-current trade investment and stated at cost.

(a) Details of the Company's share of each of the assets, liabilities, income, expenses etc. without elimination of the effect of transactions between the Company and the joint venture

(i) Balance Sheet

(₹ in lakhs)

Particulars	As at 31.12.2012
<b>1. Shareholders' funds</b>	
Share capital	52
Accumulated losses	(64)
Shareholders' equity (A)	(12)
<b>2. Non-current liabilities</b>	
Financial borrowings (B)	3
<b>TOTAL (A) + (B)</b>	<b>(9)</b>
<b>3. Non-current assets</b>	
Plant and equipment (C)	25
<b>4. Current assets</b>	
Inventories	6
Trade receivables	35
Sundry receivables, deposits and prepayments	1
<b>Less: Current liabilities</b>	
Trade payables	(41)
Sundry payables and accruals	(24)
Amount due to Directors	(11)
Net current liabilities (D)	(34)
<b>TOTAL (C) + (D)</b>	<b>(9)</b>

(ii) Income Statement

(₹ in lakhs)

Particulars	As at 31.12.2012
<b>Revenue</b>	<b>166</b>
Less: Cost of sales	(142)
Operating and administrative expenses	(88)
<b>Operating loss</b>	<b>(64)</b>

Note: (i) This being the first year of commercial operation, loss is expected to be mitigated in the coming years.

(ii) The above results are as per audited accounts of Dualrank Fontech (M) Sdn. Bhd.

(b) Commitments

(₹ in lakhs)

Particulars	As at 31.03.2013
Contingent liabilities and capital commitments	Nil

(c) Contribution to Equity Capital

(₹ in lakhs)

Particulars	Date of remittance	As at 31.03.2013
2,88,000 equity shares of MYR 1/- each	05.07.2011	43
1,92,000 equity shares of MYR 1/- each	01.02.2013	33
<b>4,80,000 equity shares of Malaysian Ringgit (MYR) 1/- each</b>		<b>76</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 2.39 Segment reporting

#### (a) Segment policies

Revenues and identifiable operating expenses in relation to the segments are categorised based on items that are individually identifiable to that segment. In cases, where the management believes it is not practical to provide disclosure relating to some expenses, then these expenses are separately disclosed as 'unallocated' and adjusted against the total income of the Company. The accounting policies adopted for segment reporting are in line with accounting policies adopted by the Company for the purpose of financial statements.

#### (b) Business segments

For Management reporting purpose, the Company is organised in to two major operating segments:

- (i) Products
- (ii) Services

The above segments have been identified taking in to account the organisation's structure as well as differing risks and returns of these segments.

(₹ in lakhs)

Particulars	Financial year 2012-13			Financial year 2011-12		
	Products	Services	Total	Products	Services	Total
<b>Segment results</b>	13,813	1,395	15,208	14,254	1,514	15,768
<b>Segment revenue</b>	1,546	468	2,014	2,183	488	2,671
Unallocated expenses	-	-	106	-	-	109
Other income	-	-	1,188	-	-	274
Profit before tax	-	-	3,096	-	-	2,836
<b>Capital employed</b>						
Segment assets	6,071	3,858	9,929	5,697	3,869	9,566
Segment liabilities	2,747	394	3,141	3,552	321	3,873
Unallocable assets	-	-	987	-	-	729
Net capital employed	3,324	3,464	7,775	2,145	3,548	6,422
Capital expenditure	-	-	680	-	-	861
Depreciation and amortisation expenses	-	-	267	-	-	243

#### (c) Geographical segment

As revenue from sales to overseas customers is less than ten percent of the total revenue, geographical segment is not identified as reportable segment.

### 2.40 Contractual liabilities

All other contractual liabilities connected with business operations of the Company have been appropriately provided for.

### 2.41 Realisations

In the opinion of the Board and to the best of its knowledge and belief, the value on realisation of current assets, loans and advances, will in the ordinary course of business be not less than the amounts at which they are stated in the Balance Sheet.

### 2.42 Transfer pricing

A comprehensive system of maintenance of information and documents is required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of documentation of international transactions entered in to with associate enterprises during the financial year and expects such records to be in existence at the time of filing of the income-tax return. Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for tax.

## CASH FLOW STATEMENT

Pursuant to clause 32 of the listing agreement with the Stock Exchange

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
<b>A. Cash flow from operating activities</b>		
Net profit before tax as per Statement of Profit and Loss	3,096	2,836
<b>Add/(Less):</b>		
Depreciation, amortisation and impairment	267	243
Interest expense on dealer deposits	4	4
(Profit)/loss on sale of assets	(736)	-
Interest and dividend income	(286)	(231)
Bad debts/advances provided written-off-net of recovery/write back	155	(1)
<b>Operating profit before changes in working capital</b>	<b>2,500</b>	<b>2,851</b>
<b>Adjustments for</b>		
Trade receivables	(533)	(564)
Inventories	(350)	(487)
Movement in loans, advances and other current assets	5	38
Trade payables	282	(14)
Movement in current liabilities and provisions	(406)	294
<b>Cash generated from operations</b>	<b>1,498</b>	<b>2,118</b>
Taxes paid	(837)	(965)
<b>Net cash from operating activities (A)</b>	<b>661</b>	<b>1,153</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(680)	(626)
Sale of fixed assets	779	38
Purchase and sale of investments (net)	(329)	(198)
Interest and dividend income	286	231
Investment in fixed deposits with banks (net)	(2)	17
<b>Net cash from investing activities (B)</b>	<b>54</b>	<b>(538)</b>
<b>C. Cash flow from financing activities</b>		
Dividend paid including tax	(611)	(511)
Interest expense on dealer deposits	(4)	(4)
Long term loans and advances		
<b>Net cash from financing activities (C)</b>	<b>(615)</b>	<b>(515)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>100</b>	<b>100</b>
<b>Opening balance of cash and cash equivalents</b>	<b>177</b>	<b>77</b>
<b>Closing balance of cash and cash equivalents</b>	<b>277</b>	<b>177</b>
Investment in bank deposits as at the end of the year	2,881	2,879
Balance as per note no. 2.15	3,158	3,056
Note: Figures in brackets represent cash outflow.		

On behalf of the Board of Directors

**N Malkani Nagpal**  
Chairman

**H P Ledwani**  
Managing Director  
Mumbai, April 26, 2013

**Geetha D**  
Company Secretary

As per our report of even date attached

For **Amarnath Kamath and Associates**  
Chartered Accountants

Firm registration no. 000099S

**Amarnath Kamath**  
Partner (Membership No. 13124)  
Bangalore, April 27, 2013



## Ador Fontech Limited

Registered Office: Belview 7 Haudin Road Bangalore 560 042

### PROXY FORM

I/We ..... of ..... being  
a Member /Member(s) of the above named Company hereby appoint ..... of ..... or  
failing him/her ..... of ..... as my/our proxy to attend and  
vote for me/us on my/our behalf at the 38<sup>th</sup> Annual General Meeting of the Company to be held on Friday, July 19, 2013 at 11:30 hours at  
'Woodlands Hotel Private Limited' # 5 Raja Ram Mohan Roy Road Bangalore 560 025.

\*I/We wish my/our above Proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
Adoption of Accounts		
Declaration of Dividend		
Re-appointment of Mr. N S Marshall as 'Director'		
Appointment of Statutory Auditors		
Appointment of Branch Auditors		

Signed this ..... day of ..... 2013. Signature.....

Reference Folio No./Client ID No. .... Shares held.....

#### Notes:

1. Proxy form to be effective, should be deposited at the Registered office of the Company at Belview 7 Haudin Road Bangalore 560 042 not less than forty eight hours before the commencement of the aforesaid meeting.
2. A proxy need not be a Member of the Company.
3. This is only optional. Please mark "X" in the appropriate column against the resolutions indicated in the box. If you leave the "For" or "Against" column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate. Should you so desire, you may also appoint the Chairman or the Company Secretary of the Company as your proxy, who shall carry out your mandate as indicated above in the event of a poll being demanded at the meeting.

## Ador Fontech Limited

Registered Office: Belview 7 Haudin Road Bangalore 560 042

### ATTENDANCE SLIP

LF No ..... Number of shares.....

DPID ..... Client ID. ....

I hereby record my presence at the 38<sup>th</sup> Annual General Meeting of the Company on Friday, July 19, 2013 at 11:30 hours at 'Woodlands Hotel Private Limited' # 5 Raja Ram Mohan Roy Road Bangalore 560 025.

Name of the Shareholder (in block letters) .....

Signature of the Shareholder .....

Name of the Proxy (in block letters) .....

Signature of the Proxy .....

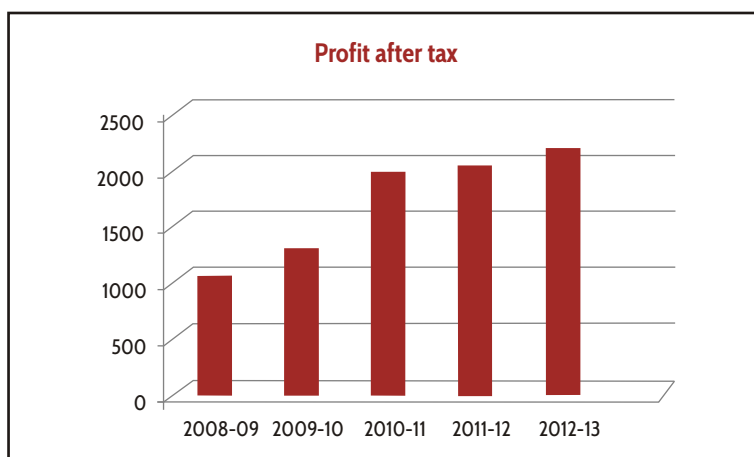
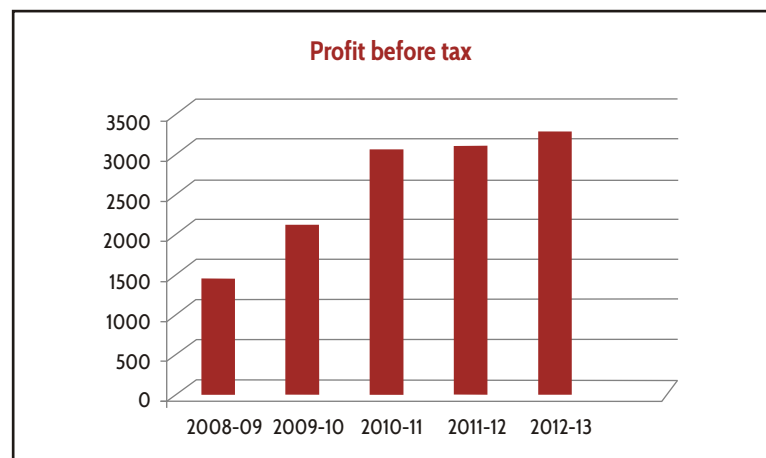
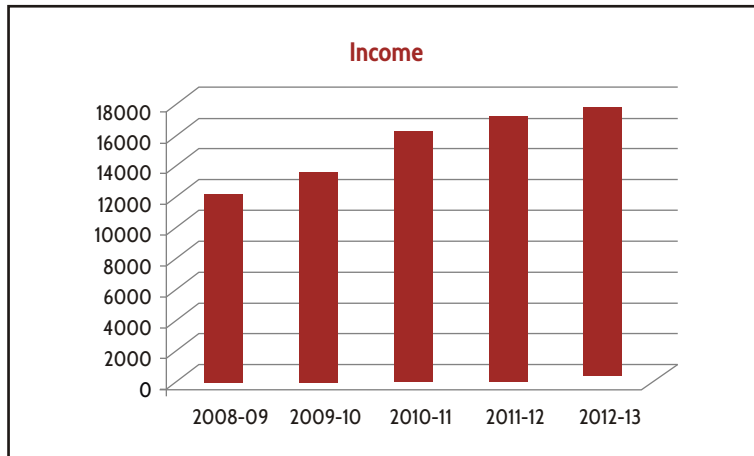
#### Notes:

1. You are requested to sign and hand over this slip at the entrance of the meeting venue.
2. This attendance is valid only in case shares are held as on the date of the meeting.

## FIVE YEARS AT A GLANCE

(₹ in lakhs)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Income	10,702	12,012	15,010	16,042	16,396
Expenditure	9,248	10,061	12,307	13,206	13,300
Profit before tax	1,454	1,951	2,703	2,836	3,096
Tax	512	676	867	953	1,026
Profit after tax	942	1,275	1,836	1,883	2,070
Share capital	350	350	350	350	350
Reserves and surplus	2,699	3,474	4,800	6,072	7,425





## Awards and Recognitions



Best Under a Billion Dollar in the category of the region's top 200 small and midsize companies for the second time in a row



Global Achiever's Award to Mr. H P Ledwani, Managing Director



- Excellence Award to Ador Fontech Limited
- Udyog Rattan Award to Mr. H P Ledwani, Managing Director



Best Vendor Award



Mr. H P Ledwani, Managing Director, receiving the Forbes Asia Award

# New Manufacturing Facilities



FONARC 400



FONARC MIG 400



FONARC 400 CR



## FONETWORK

### Regd. & Head Office Bangalore

Tel: 080-25596045, 25596073  
e-mail: customerservice@adorfon.com

### South Divisional Office Bangalore

Tel: 080-22223805, 22226682  
e-mail: south@adorfon.com

### North Divisional Office Delhi

Tel: 011-25790683, 25791683  
e-mail: north@adorfon.com

### Manufacturing Plant I Bangalore

Tel: 080-28365751, 65600154  
e-mail: plantbgl@adorfon.com

### East Divisional Office Kolkata

Tel: 033-22841537  
e-mail: east@adorfon.com

### Manufacturing Plant II Bangalore

Tel: 080-28360988  
e-mail: plantbgl@adorfon.com

### West Divisional Office Mumbai

Tel: 022-25961351  
e-mail: west@adorfon.com

### Reclamation Centre Nagpur

Tel: 07104-237260  
e-mail: frs@adorfon.com

FONETWORK also includes field sales offices at: Bhilai, Bokaro, Chennai, Chittorgarh, Hospet, Jabalpur, Jamshedpur, Lucknow, Ludhiana, Pune, Rajkot, Rourkela, Secunderabad, Trichy, Vadodara and Visakhapatnam.



### Ador Fontech Limited

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Fax: 080 25597085  
e-mail: customerservice@adorfon.com