

Ador Fontech Limited



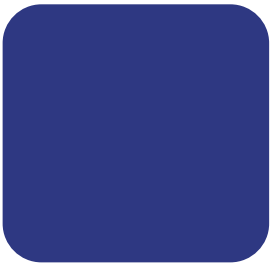
Board of Directors



Mrs. N Malkani Nagpal
Chairman



Mr. H P Ledwani
Managing Director



Mr. A T Malkani
Executive Director



Mr. N S Marshall
Independent Director



Mr. Santosh Janakiram
Independent Director

Ador Fontech Limited

The 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. Santosh Janakiram	Independent 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

Ador Fontech Limited
CIN: L31909KA1974PLC020010
Belview 7 Haudin Road Bangalore 560 042
Tel: (080) 25596045 / 73 Fax: (080) 25597085 Web: www.adorfon.com
E-mail: customerservice@adorfon.com / investorservice@adorfon.com

Manufacturing Plant I

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

Manufacturing Plant II

A-288 6th Main 2nd Stage Peenya Industrial Estate Bangalore 560 058

Reclamation Centre

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

Share Transfer Agent

Integrated Enterprises (India) Limited
CIN: U65993TN1987PLC014964
30 Ramana Residency Sampige Road Malleswaram Bangalore 560 003
Tel: (080) 23460815 – 818 Fax: (080) 23460819
E-mail: irg@integratedindia.in

Auditors

Amarnath Kamath and Associates
Chartered Accountants
Firm registration no. 000099S
Carewel House 6th 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

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NOTICE

Notice is hereby given that the 39th Annual General Meeting (AGM) of the Members of the Company will be held at Woodlands Hotel Private Limited #5 Raja Ram Mohan Roy Road Bangalore 560 025 on Wednesday, August 20, 2014 at 11:30 hours to transact the following business:

ORDINARY BUSINESS

1. Adoption of Accounts

To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2014, including the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors (the Board) and Auditors thereon.

2. Declaration of Dividend

To declare dividend of ₹ 3.50 (Rupees three and paise fifty only) per equity share for the financial year ended March 31, 2014.

3. Re-appointment of Mrs. N Malkani Nagpal as Director

To appoint a Director in place of Mrs. N Malkani Nagpal, who retires by rotation and being eligible, offers herself for re-appointment.

4. Appointment of Statutory Auditors

To re-appoint Auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the third consecutive AGM and pass the following resolution.

"RESOLVED THAT, pursuant to Section 139 of the Companies Act, 2013 and the Rules made there under and the recommendation of the Audit Committee of the Board of Directors, M/s. Amarnath Kamath and Associates, Chartered Accountants (Firm registration no.000099S) be and are hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the third consecutive AGM, (subject to ratification of appointment by the Members at every AGM held after this AGM) and that the Board of Directors be and are hereby authorised to fix such remuneration as may be recommended by the Audit Committee in consultation with the Auditors".

SPECIAL BUSINESS

5. Appointment of Mr. Santosh Janakiram as an Independent Director 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(s) 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules made there under, Mr. Santosh Janakiram, who was appointed as an Additional Director of the Company by the Board of Directors with effect from July 25, 2013 and who holds office till the date of the AGM and in respect of whom the Company has received Notice in writing from a Member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Santosh Janakiram as a candidate for the office of a Director, be and is hereby appointed as an Independent Director of the Company up to August 19, 2019, not liable to retire by rotation".

6. Appointment of Mr. N S Marshall as an Independent Director 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(s) 149, 152 read with Schedule IV and other applicable provisions of the Companies Act,

2013 and the Rules made there under and in term of Notice received from a Member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. N S Marshall as a candidate for the office of a Director of the Company, Mr. N S Marshall be and is hereby appointed as an Independent Director up to August 19, 2019, not liable to retire by rotation".

7. 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(s) 143, 139 and other applicable provisions of the Companies Act, 2013 read with Rules made there under, the accounts for the year ending March 31, 2015 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 141 of the Companies Act, 2013 and that the Board of Directors be and are hereby authorised to decide & appoint such Branch/Unit Auditors in consultation with the Company's Auditors and fix their remuneration and terms & conditions".

NOTES

- a. Statement pursuant to Section 102 of the Companies Act, 2013 with respect to the 'Special Business' set out in the Notice is annexed.
- b. **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.**
Instrument appointing the Proxy, duly completed, must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
- c. **Register of Members and Share Transfer Books will remain closed from August 11, 2014 to August 20, 2014 (both days inclusive) for the purpose of payment of final dividend.**
- d. Members are requested to note that dividends not claimed within seven years from the due date is required to 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 years.
- e. Amount of unclaimed dividend as at March 31, 2014 for the years 2006-07 to 2012-13 aggregate to ₹ 69,28,556/-.
- f. Member(s) whose shareholding is in electronic mode are requested to direct change of address and update details of bank account to their respective Depository Participant(s).
- g. Member(s) are requested to send all share transfer lodgements (physical mode) to Integrated Enterprises (India) Limited, marking on the envelope 'Unit-Ador Fontech Limited'.
- h. The Register of Directors and Key Management Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection at the AGM.

- i. The Company is concerned about the environment and natural resources in a sustainable way. The Companies Act, 2013 has enabled companies to send official documents to the Shareholders by electronic mode as part of green initiative. In recognition of the same, 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. In case you hold physical shares, kindly send a letter duly signed, quoting your folio reference number to the Registrar and Share Transfer Agent, providing your e-mail address for updation.
- j. Copies of Annual Report 2013–14 including Notice to the 39th Annual General Meeting are being sent by electronic mode to all the Members whose e-mail addresses are registered with the Company/Depository Participant(s), unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses or if e-mail sent bounces back, physical copies of the Annual Report are being sent by the permitted mode.
- k. Members may also note that the Notice to the 39th Annual General Meeting and Annual Report 2013–14 will be available on the Company's website www.adorfon.com. Physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to investorservice@adorfon.com.
- l. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in the securities market. Members are therefore requested to submit their PAN to their Depository Participant(s) and to the Company, in case of shareholding in electronic and physical form respectively.
- m. The Company has provided e-voting as an option (14.08.2014 to 16.08.2014) and instructions for the same has been made available as part of this Annual Report. Further, voting rights have been reckoned on the paid-up value of shares registered in the name of the Member(s) as on July 18, 2014.
- n. All documents referred to in the Notice (including terms and conditions of appointment of Independent Directors) will be available for inspection at the Company's Registered Office during normal business hours on all working days up to the date of the AGM.

APPOINTMENT OF DIRECTORS

Item no. 3

Mrs. N Malkani Nagpal retires at the ensuing AGM as per the provisions of Section 152 of the Companies Act, 2013 and is eligible for re-appointment. She has furnished her Director identification number as 00031985 and has made declaration that she is not disqualified to become a Director.

The Board recommends the resolution set out at item no. 3 for approval.

Nature of concern or interest, financial or otherwise, if any:

- (i) No Director of the Company is concerned or interested in the said resolution except Mrs. N Malkani Nagpal, as it pertains to her appointment.

- (ii) None of the Key Management Personnel (KMP) of the Company are concerned or interested in the resolution.
- (iii) Other than the relatives of person mentioned in sub clause (i) above, comprising Mrs. Gulshan Gulu Malkani & Ms. Michelle Gulu Malkani (holding shares in Ador Fontech Limited), none of the relatives of KMP are concerned or interested in the resolution.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 5

Mr. Santosh Janakiram was appointed as an Additional Director by the Board of Directors on July 25, 2013. Further, the Company has received Notice along with requisite deposit of Rupees one lakh from a Member, proposing the appointment of Mr. Santosh Janakiram as a Director. Mr. Santosh Janakiram has furnished (i) His Director identification number as 06801226 (ii) Consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules 2014 (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) Declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of Members for appointment of Mr. Santosh Janakiram as an Independent Director of the Company up to August 19, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under, as also in terms of SEBI / Stock Exchange listing requirements / guidelines. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Santosh Janakiram, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made there under and is independent of the Management.

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

Nature of concern or interest, financial or otherwise, if any:

- (i) No Director of the Company is concerned or interested in the said resolution except Mr. Santosh Janakiram, as it pertains to his appointment.
- (ii) None of the Key Management Personnel of the Company are concerned or interested in the resolution.
- (iii) None of the relatives of the persons mentioned in sub-clauses (i) and (ii) are concerned or interested in the resolution.

Item no. 6

Mr. N S Marshall is a Non-Executive (Independent) Director of the Company. He joined the Board in April 2009. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. N S Marshall is proposed to be appointed as an Independent Director for a term of five years. The Company has received Notice along with requisite deposit of Rupees one lakh from a Member, proposing the appointment of Mr. N S Marshall as a Director. Further, Mr. N S Marshall has furnished (i) His Director identification number as 00085754 (ii) Consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules 2014 (ii) Intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) Declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

NOTICE

The resolution seeks the approval of Members for appointment of Mr. N S Marshall as an Independent Director of the Company up to August 19, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under, as also in terms of SEBI / Stock Exchange listing requirements / guidelines. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. N S Marshall, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made there under and is independent of the Management. Further, the Board considers that his continued association would be of immense benefit to the Company.

The Board recommends the resolution set out at item no. 6 for approval.

Nature of concern or interest, financial or otherwise, if any:

- (i) No Director of the Company is concerned or interested in the said resolution except Mr. N S Marshall, as it pertains to his appointment.
- (ii) None of the Key Management Personnel of the Company are concerned or interested in the resolution.
- (iii) None of the relatives of the persons mentioned in sub-clauses (i) and (ii) are concerned or interested in the resolution.

Item no. 7

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 143(8) read with Section 141 of the Companies Act, 2013 and such other regulations/ notifications, to audit the accounts, for the year ending March 31, 2015 and to fix their remuneration.

The Board recommends the resolution set out at item no. 7 for approval.

Nature of concern or interest, financial or otherwise, if any:

- (i) No Director of the Company is concerned or interested in the said resolution.
- (ii) None of the Key Management Personnel of the Company are concerned or interested in the resolution.
- (iii) None of the relatives of the persons mentioned in sub-clauses (i) and (ii) are concerned or interested in the resolution.

BRIEF PROFILE OF THE DIRECTORS

1. Mrs. N Malkani Nagpal

Mrs. N Malkani Nagpal is a graduate in Commerce with a Master's degree in Business Administration. She is an industrialist by profession and represents the second generation of promoter group in Ador Fontech Limited.

- a. **Specific areas of expertise**
Finance
- b. **Directorship in companies (other than Ador Fontech Limited)**
Public Limited Companies
Ador Welding Limited and Piem Hotels Limited
Private Limited Companies
J B Advani and Company Private Limited, Ador Green Energy Private Limited and JBA Asia Pacific Pte. Limited
- c. **Member of Board committees (other than Ador Fontech Limited):** Two
- d. **Chairman of Board committees (other than Ador Fontech Limited):** Nil
- e. **Number of shares held in the Company:** 27,350

2. Mr. Santosh Janakiram

Mr. Santosh Janakiram is a Law Graduate from the National Law School and is enrolled as an Advocate with the Bar Council of Maharashtra and Goa. He is associated with Amarchand & Mangaldas & Suresh A Shroff & Company (Advocates and Solicitors), Mumbai as a 'Partner'.

- a. **Specific areas of expertise:** Corporate and General Laws
- b. **Directorship in companies (other than Ador Fontech Limited):** Nil
- 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:** Nil

3. 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 and Ador Multiproducts 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 Equipments Private Limited, Jiji Marshall Trading Company Private Limited, J N Marshall Private Limited, Diamtools Private Limited, Desmet Ballestra India Private Limited and 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

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

Mumbai
May 17, 2014

Geetha D
Company Secretary

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 2013-14.

For Ador Fontech Limited

Mumbai
May 17, 2014

HP Ledwani
Managing Director
DIN: 00040629

To the Members,

The Directors have pleasure in presenting the 39th Annual Report and the Audited Statement of Accounts for the year ended March 31, 2014.

1. FINANCIAL HIGHLIGHTS (₹ in lakhs)

Details	2013-14	2012-13
Revenue	14,211	16,396
Profit before interest, depreciation & tax	2,281	3,363
Interest	-	-
Depreciation	280	267
Profit before tax	2,001	3,096
Provision for tax	724	1,026
Profit after tax	1,277	2,070
Proposed dividend including tax	717	717

2. DIVIDEND

The Directors are happy to recommend a dividend of ₹ 3.50 (Rupees three and paise fifty only) per share (one hundred and seventy five percent), same as in the previous year.

3. RESERVES AND SURPLUS

The Directors propose to transfer Rupees two crores to the General Reserve. Further, an amount of Rupees three crores and sixty lakhs is proposed to be retained in the Surplus.

4. REVIEW OF BUSINESS OPERATIONS

While there was a decline in sales in the first two quarters due to slowdown in the economy, the performance during the second half of the financial year rebound and registered stability.

The Company has utilised this phase to realign its internal working system, particularly with focus on manpower productivity and training. There has been no significant change in the nature of business during the year and as such status quo continued. Going forward, much depends on the policies and fiscal measures of the Government to reign in robust industrial development.

5. DIRECTORS' RESPONSIBILITY STATEMENT

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- The Directors have selected applicable accounting policies and applied them consistently, as also have made judgements and estimates that are reasonable and prudent, to give a true & fair view of the state of affairs as at the end of the financial year and of the profits of the Company for that period.
- The Directors have taken proper and sufficient care (i) for maintenance of adequate accounting records in accordance with the provisions of the Companies Act (ii) for safeguarding the assets of the Company (iii) for preventing / detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.
- The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls in the opinion of the Board are adequate.
- The Directors have also devised proper systems to ensure compliance with the provisions of all applicable laws.

6. DIRECTORS

Mrs. N Malkani Nagpal retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Mr. Santosh Janakiram was appointed as an Additional Director on July 25, 2013. His expertise as a law graduate from National Law School and professionalism by virtue of being independent, would be of immense value addition. The Company has also received Notice nominating the candidature of Mr. N S Marshall as an Independent Director. The same are being placed for the approval of Members.

Both Mr. N S Marshall and Mr. Santosh Janakiram have given declaration that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013.

Further, the Board will be appointing one more Independent Director in compliance with the requirements of Corporate Governance.

7. DETAILS OF CHANGES IN DIRECTORS AND / OR KEY MANAGERIAL PERSONNEL

During the year 2013-14 Mr. Nayan B Pandya resigned and Mr. Santosh Janakiram joined the Board. There were no other changes in the Key Managerial Personnel of the Company.

8. AUDITS

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 as per the provisions of the Companies Act, 2013. 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, financial control and discipline. Further commercial audits are also being conducted to maintain operational efficiency.

In respect of the financial year 2013-14, there are no qualification(s) or reservation(s) or adverse remark(s) or disclaimer(s) specified in the Audit reports. Hence explanations or comments on the same do not become applicable.

9. COST AUDIT

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) having office at 23/33 Surveyor's Street Basavanagudi Bangalore Karnataka 560 004, were appointed as the Cost Auditors.

Details of Cost Audit Report filing:

Due date for filing Cost Audit Report (XBRL) for the Financial year 2012-13 by Cost Auditors with the Central Government: 27.09.2013.

Actual date of filing Cost Audit Report (XBRL) for the financial year 2012-13 with the Central Government: 26.09.2013.

Further, subject to the requirement for Cost Audit (2014-15) if any, remuneration shall be determined on mutual consultation between the Auditors and the Board, which shall be placed for approval / ratification at the successive AGM.

10. JOINT VENTURE

The joint venture-Dualrank Fontech (M) Sdn. Bhd. is still at the nascent stage, with break even yet to be achieved. Nonetheless, experience in terms of jobs executed poses opportunities both for growth and improvement. It is expected that it may take a year or two for the business to stabilise, which in normal circumstances is deemed to be the gestation period or time requisite on a new project.

DIRECTORS' REPORT

11. FIXED DEPOSITS

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

12. 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 & NPCIL.

13. SHARE WARRANTS

The validity of the special resolution passed by the Shareholders of the Company is for a period of one year i.e., up to March 19, 2015. Hence, the Board at the requisite time of project implementation, based on financial and operational requirements, decide on the same, in compliance with the requirements of the Companies Act, 2013; SEBI regulations and mandate of the Stock Exchange (as may become applicable from time to time). Details of shareholding/beneficial ownership under SEBI (ICDR) regulations and Clause 35 (listing agreement) forms part of the Corporate Governance Report.

14. PARTICULARS OF LOANS, GUARANTEE AND INVESTMENTS

During the year, the Company had provided inter-corporate deposits (ICD) to its Associates, J B Advani and Company Private Limited and Ador Powertron Limited. The ICD including interest has been repaid in full as at March 31, 2014. Further, the Company had also provided loan to its joint venture company Dualrank Fontech (M) Sdn. Bhd. of an amount equivalent to ₹ 91,98,070 (MYR 4,79,500) to tied over the working capital requirement, with an approximate equivalent contribution from Duralrank (M) Sdn. Bhd. (Malaysian partner).

Balance of investments made by the Company vests with Banks and Mutual Funds. The same suffices the requirement to maintain a debt free status to mitigate interest costs and particularly given an era of slow down, it balances to support (i) Employee benefit expenditure, which is vital for the Company (ii) Capital expenditure and (iii) Timely payment to Creditors and Suppliers.

15. TRANSACTIONS WITH RELATED PARTIES

Transactions with Related Parties are in the ordinary course of business and at arms length basis. The same is based on legal opinion(s) and subject to compliance of transfer pricing regulations and audit.

16. EMPLOYEES

As has been in the past, the industrial relations with the employees of the Company continue to be harmonious and cordial. This report is being sent to the Shareholders of the Company excluding the statement of particulars of employees under Section 217 (2A) in terms of Section 219 (1)(b)(iv) the Companies Act, 1956. Any Shareholder interested in obtaining a copy, may write to the Company.

The general policy of the Company as regards appointment of Directors, Key Managerial and Senior Management Personnel germinates from in-depth understanding of the concepts of welding/metallurgy and its associated / allied applications. Besides holistic business acumen and soft skills are pre-requisite. The remuneration gets determined on the basis of Competency Mapping, Key Result Areas (KRAs) and trends in the Industry.

17. MATERIAL CHANGES AND COMMITMENTS

There has been no significant material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.

18. RISK MANAGEMENT POLICY

The Company being in life enhancement of industrial components, work involved is not sophisticated, unlike the IT sector. This at times becomes reticent to attract and retain young talents. To mitigate this effect, the Company has developed diversified portfolio of products/services and also facilitates transfer of latest technology, from within and outside the country, which may pose both as a challenge for young minds and facilitate opportunities for growth.

19. PARTICULARS OF DISCLOSURE

The information required under the Companies Act including details on conservation of energy, technology absorption, foreign exchange earnings and outgo, Management Discussion and Analysis Report are appended to this report.

20. CORPORATE GOVERNANCE

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

21. CORPORATE SOCIAL RESPONSIBILITIES (CSR)

In consonance with Section 135 of the Companies Act, 2013, the Board of Directors has constituted a Corporate Social Responsibility Committee as under :

Sl No.	Name of the Director	Designation
1.	Mrs. N Malkani Nagpal	Chairman
2.	Mr. H P Ledwani	Member
3.	Mr. A T Malkani	Member
4.	Mr. N S Marshall	Member

As the Company operates in the domain of 'Life Enhancement of Industrial Components', it is dedicated to conserve and preserve valuable mineral resources. The CSR activities of the Company would be aligned to this and be guided by the theme of 'Environmental Sustainability' under the Policy of 'Reclaim...Do not Replace'. It is believed that education in this domain is the most important requirement to drive home the importance of preserving environment, which is extremely precious for the future generation, who may occupy this planet. Hence, the Company has programmed Seminars, Training, Road shows, Research, Workshops, Conferences, Exhibitions, Conclave and the like across India, associated with the same for the year 2014-15. It has also been the endeavour of the Company to render medical, food and educational support to the needy (borrowing from the words of Mother Teresa -to support 'the poorest of the poor'), which would continue to be maintained as part of humanitarian support.

22. 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

DIN: 00031985

Mumbai
May 17, 2014

1. THE ECONOMY

The main explanation for industrial slowdown in 2013-14 probably lies in domestic factors. Important reasons include (i) Infrastructure constraints (ii) Fall in capacity utilisation (iii) Erosion of business confidence, etc.

To overcome these challenges (i) revival of industrial growth would require major hike in infrastructure investment (ii) Reinvigoration of economic reforms (iii) Augmentation of agricultural productivity to lower food inflation and enhance purchasing power, etc.

Challenges also emanate to enhance technological competency, skill development and maintain cost controls.

2. INDUSTRY STRUCTURE AND DEVELOPMENT

From the time of metallic age, man has devised ways and means to use metals and metallic products productively. While anything which is in raw/natural form is easy to work on, recycling and repair welding of components assumes multifold challenges, basically encompassing engineering, metallurgy and welding. While the unorganised sector generally thrives in this area, organised B2B sector has evolved slowly over a period of time as a niche market. In an economy where business has seen a low ebb, industries have deferred both capex & planned maintenance, thereby impacting the generic growth that this industry had been witnessing in the past.

3. PERFORMANCE

The Company has a mixed portfolio of products and services and they are mutually interdependent. Details have been provided as part of 'Notes to the Accounts'. Further, as far as operational performances are concerned viz a viz financial performances, best efforts have been made to (i) Balance between risk and reward parameters (ii) Top line and profits (iii) Upgradation of functional work (iv) Adherence to statutory and legal requirements.

4. OPPORTUNITIES

Innovation in welding industry is slow and in terms of repair services, each job poses a rare challenge. Identification of executable jobs, coverage in terms of industries spread across vast geographical area(s)/industrial belts and the need to move forward in terms of automation to replace manual jobs provides plentiful opportunities, which will have to be carefully harnessed.

5. RISK, THREATS AND CONCERNS

Everyday work is a challenge. Competition, cost undercut, job failure, shortage of skilled and trained manpower, competition from individuals and organisation's operating both in the organised and unorganised sectors, overseas suppliers setting up business operations in India, disappearing demarcation between fabrication and repair welding, lack of institutional tie-up for repairs and maintenance, challenges / perceptions in sensing repair needs and last but not the least, the need to locate service units strategically close to the end users poses multi-faceted challenges.

6. CURRENT YEAR OUTLOOK

It may not be possible to move from a flat growth structure to a phenomenal growth in a year. So for the current year as well, the outlook seems to be on a conservative mode. Much depends on the Government's ability to bring in robustness within the economy and particularly amongst the core sector industries. The Company on its part shall endeavour to maintain interest of all stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

7. HUMAN RESOURCES DEVELOPMENT

Performance, productivity and training are the key focus areas as far as Human Resources Management is concerned. Similar to other industries, Manpower is one of the most dominating factor which would chart the Company's growth and development.

There has been a cordial relationship between the Company and its Employees.

As on March 31, 2014, there were 222 employees on the muster roll of the Company.

ANNEXURE TO THE DIRECTORS' REPORT

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

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

3. Future plan of action: To make further progress in areas enunciated at item nos. 1 and 2 above.

4. Expenditure on R and D

- Capital : Nil
- Recurring : As of now, it is being maintained as an on-going part of production activities.
- Total : Not applicable
- Total R & D expenditure as a percent 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.

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

- Technology imported : Nil
- Year of import : Not applicable
- Has technology been fully absorbed. If not fully absorbed, areas where this has not taken place. 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.

REPORT ON CORPORATE GOVERNANCE

Good governance has always been an important element in human interactions and in an increasingly uncertain global climate has now become imperative. Business and economy are closely aligned to the fortunes and well being of people which makes corporate governance a subject of great importance.

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 S Marshall	Non-Executive & Independent
Mr. Nayan B Pandya*	Non-Executive & Independent
Mr. Santosh Janakiram**	Non-Executive & Independent

*Till 26.04.2013

** From 25.07.2013

2.2 Meetings

During the year 2013-14, four Board meetings were held on April 26, 2013; July 25, 2013; October 25, 2013 and January 31, 2014.

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 2013-2014		As on March 31, 2014		
	Attendance at		Nos.	Other Directorships	
	Board Meetings	Annual General Meeting held on 19.07.13		No. of Memberships	Chairman ships
Mrs. N Malkani Nagpal	Four	Present	Five	Two	-
Mr. A T Malkani	Four	Present	Six	One	-
Mr. H P Ledwani	Four	Present	-	-	-
Mr. N S Marshall	Four	Present	Twelve	-	-
Mr. Nayan B Pandya*	One	-	-	-	-
Mr. Santosh Janakiram**	Two	-	-	-	-

Directorship includes private limited companies, foreign companies and alternate directorship.

*Till 26.04.2013

** From 25.07.2013

2.4 Key Management Personnel – Director identification number

(i) Mrs. N Malkani Nagpal – 00031985 (ii) Mr. H P Ledwani – 00040629 (iii) Mr. A T Malkani – 01585637

3. AUDIT COMMITTEE

3.1 Broad terms of reference

- Review the Company's financial reporting process and its financial statements.
- Review the efficacy of internal control mechanism including financial controls and monitor risk management policies adopted by the Company.
- Review reports furnished by Internal/Statutory Auditors and ensure that suitable follow up action is taken.
- Examine accounting, taxation and disclosure aspects as stipulated under various legislations.
- Recommend appointment/re-appointment as also terms of appointment and remuneration of the Auditors and solicit professional guidance and support, wherever required.
- Review and monitor auditor's independence, performance and effectiveness of the audit process.
- Examination of financial statement and the Auditors' report thereon.
- Approval / ratification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans, investments and deposits.
- Valuation of undertaking or assets of the Company, wherever it is necessary.
- Monitoring the end use of funds raised through public offers and related matters.
- All other matters as may be specified under Section 177 of the Companies Act, 2013, including soliciting professional and legal opinions, where ever required.

3.2 Meetings

During the year 2013-14, four Audit Committee Meetings were held on April 26, 2013; July 25, 2013; October 25, 2013 and January 31, 2014.

3.3 Composition and attendance

Name of the Director	Attendance
Mr. N S Marshall, Chairman	Four
Mrs. N Malkani Nagpal	Four
Mr. Nayan B Pandya*	One
Mr. Santosh Janakiram**	One

Mr. H P Ledwani is a permanent invitee to the Audit Committee and has attended all four meetings.

*Till 26.04.2013

** From 25.07.2013

3.4 Vigil mechanism

The Company has established vigil mechanism for Directors and Employees to report genuine concerns directly to the Members and Chairperson of the Audit Committee through e-mail subject to proof/genuineness of identification. Any Director or Employee using this mechanism shall not be subject to victimisation. The Members of the Audit Committee will take appropriate action to redress such grievances, if any.

REPORT ON CORPORATE GOVERNANCE

4. MANAGEMENT DEVELOPMENT, NOMINATION & REMUNERATION COMMITTEE

The Remuneration Committee has been re-designated as Management Development, Nomination and Remuneration Committee, to encompass all three functions.

4.1 Broad terms of reference

- a. Shall identify persons who are qualified to become Directors and who may be appointed in Senior Management Positions; Shall carry out evaluation of their performance; Partake in their development by attending to their training requirements; Recommend their remuneration including increments and incentives.
- b. The Committee shall take cognizance of the following:
 - (i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors and Key Managerial Personnel, of the quality required to run the Company successfully.
 - (ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks. It involves balance between fixed & incentive pay, reflecting on short term and long-term performances/objectives, that are appropriate to the working of the Company.

4.2 Composition

Name of the Director	Designation
Mrs. N Malkani Nagpal	Chairman
Mr. N S Marshall	Member
Mr. Santosh Janakiram	Member

4.3 Appointments and Remuneration

(i) As regards appointment of Executive Directors and terms and conditions of their appointment, the recommendations of the Committee are validated by the Board and thereafter subjected to, the approval of Shareholders. (ii) Non-Executive Directors and Independent Director's appointment are based on their qualifications, experience / expertise and approved by the Shareholders on the recommendation of the Board.

The 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. (iii) 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.

4.4 Sitting fees paid during the year 2013-14

Name of the Director	Amount (₹)
Mrs. N Malkani Nagpal	68,000
Mr. N S Marshall	52,000
Mr. Nayan B Pandya	17,000
Mr. Santosh Janakiram	25,000
Total	1,62,000

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Shareholders/Investors' grievance committee has been re-designated as Stakeholders Relationship Committee.

5.1 Functions

The Stakeholders Relationship 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 2013-14, reminder letters were sent to individual shareholders for encashment of 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 2013-14, four Shareholders Grievance/ Stakeholders' Relationship Committee meetings were held on April 26, 2013; July 25, 2013; October 25, 2013 and January 31, 2014.

5.3 Composition and attendance

Name of the Director	Attendance
Mrs. N Malkani Nagpal, Chairman	Four
Mr. Nayan B Pandya*	One
Mr. Santosh Janakiram**	One
Mr. H P Ledwani	Four

*Till 26.04.2013

** From 25.07.2013

5.4 Compliance officer

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

5.5 Transfer committee meetings

Eighteen transfer committee meetings were held during the year 2013-14.

5.6 Director's / KMP's* shareholding as on March 31, 2014

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	-
Mr. Santosh Janakiram	-

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 2013-14 were twelve. There were no outstanding complaints as on March 31, 2014.

There were no pending share transfers in physical as well as in demat category. All requests received up to March 31, 2014 were processed.

REPORT ON CORPORATE GOVERNANCE

6. GENERAL BODY MEETINGS

6.1 Location and time of last three Annual General Meetings

Financial Year	Date	Location of the Meeting	Time (hrs.)
2012-2013	19.07.2013	Hotel Woodlands, B'lore	11.30
2011-2012	17.07.2012	Hotel Woodlands, B'lore	11.30
2010-2011	19.07.2011	Hotel Ajantha, B'lore	11.30

6.2 Dividend history (₹ in lakhs)

Financial year	Dividend percent	Dividend outflow	Dividend tax outflow	Total
2012-13	One hundred & seventy five	613	104	717
2011-12	One hundred & fifty	525	86	611
2010-11	One hundred & twenty five	438	73	511
2009-10	One hundred & twenty	420	70	490
2008-09	Fifty	175	30	205
2007-08	Fifty	175	30	205
2006-07	Fifty	175	30	205
2005-06	Forty	140	20	160

7. DISCLOSURES

7.1 Materially significant related party transactions

During the year 2013-14, 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.

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

9. GENERAL SHAREHOLDERS' INFORMATION

- **Annual General Meeting**
Date : August 20, 2014
Time : 11.30 hours
Venue: Woodlands Hotel Private Limited, Bangalore
- **Equity shares listed at**
Bombay Stock Exchange Limited, Mumbai
- **Book closure dates**
August 11, 2014 to August 20, 2014 (both days inclusive)
- **Dividend payment dates:** August 21, 2014 and onwards
- **ISIN :** INE853A01022
- **Scrip code:** 530431
- **Corporate/Head office**
CIN: L31909KA1974PLCO20010
Belview 7 Haudin Road Bangalore 560 042
Tel: (080) 25596045 / 73 Fax: (080) 25597085
E-mail: investorservice@adorfon.com
- **Reclamation centre**
S-60-61 MIDC Hingna Industrial Estate Nagpur 440 016
Tel: (07104) 237260 / 250 Fax: (07104) 236823
- **Manufacturing plant I**
486 B-1 14th Cross 3rd Main 4th Phase Peenya Industrial Area Bangalore 560 058
Tel: (080) 28365751, 65600154 Fax: (080) 28365752
- **Manufacturing plant II**
A-288 6th Main 2nd 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) 23460815-18 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.
- **Dematerialisation of shares and liquidity**
Eighty nine percent of the paid up share capital of the Company stands dematerialised as on March 31, 2014.
- **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.
- **Reconciliation of share capital**
During the financial year 2013-14, 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.

10. DETAILS OF SHAREHOLDING

a. Distribution schedule as on March 31, 2014

Nominal value (₹)	Shareholders		Equity Shares	
	Number	Percent	Amount (₹)	Percent
Up to 5,000	3,539	63.45	22,13,174	6.32
5,001-10,000	853	15.29	15,82,392	4.52
10,001-20,000	403	7.22	12,62,846	3.61
20,001-30,000	301	5.40	15,30,366	4.37
30,001-40,000	78	1.40	5,60,138	1.60
40,001-50,000	122	2.19	11,80,470	3.37
50,001-1,00,000	118	2.11	17,62,480	5.04
1,00,001 and above	164	2.94	2,49,08,134	71.17
Total	5,578	100.00	3,50,00,000	100.00

b. Shareholding pattern as on March 31, 2014 (Clause 35)

Category	No. of Share-holders	No. of shares held	Percent of Share-holding
Promoter – Corporate	1	46,06,578	26.32
Promoter Group – Individual	12	16,15,918	9.23
Mutual Funds	2	10,490	0.06
Foreign Institutional Investors	2	7,38,162	4.22
Bodies Corporate	124	8,05,808	4.60
i. Individual Shareholders holding nominal share capital up to ₹ 1 lakh	5,182	47,77,679	27.30
ii. Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	126	44,25,182	25.29
Clearing Members	36	9,740	0.06
NRIs	93	5,10,443	2.92
Total	5,578	1,75,00,000	100.00

c. Promoter's share pattern / Beneficial ownership / Reg. 73(1)(e)

Folio No.	Shareholders of J B Advani & Co Pvt. Ltd.	Type of Share	No. of Shares	Face value per Share	Percentage
28	Ms. Aruna Bhagawan Advani and family	Equity	585	₹ 5000	20
30	Mr. Ajitkumar Tolaram Mirchandani and family	Equity	585	₹ 5000	20
32	Mr. Aditya Tarachand Malkani and family	Equity	585	₹ 5000	20
34	Mrs. Ninotchka Malkani Nagpal and family	Equity	585	₹ 5000	20
35	Mr. Deep Ashda Lalvani and family	Equity	585	₹ 5000	20

None of the Key Management Personnel of Ador Fontech Limited hold shares in J B Advani & Company Private Limited except Mrs. N Malkani Nagpal & Mr. A T Malkani. The Directors of J B Advani & Company Pvt. Ltd. are Ms. Aruna B Advani, Mr. Ravin Mirchandani, Mr. Aditya T Malkani, Mrs. N Malkani Nagpal & Mr. Deep A Lalvani.

d. Details of Promoter's shareholding and individuals / corporates holding greater than one percent share in Ador Fontech Limited

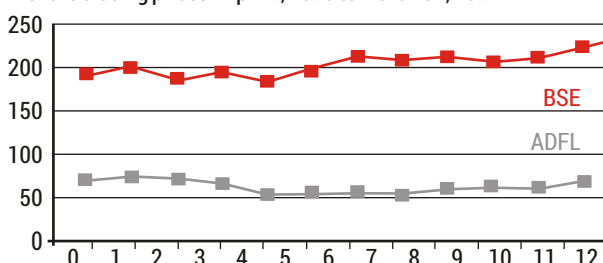
Name	No. of Shares	Percentage
J B Advani & Company Pvt. Ltd.	46,06,578	26.32
Aruna B Advani	4,50,500	2.57
Ajit T Mirchandani	73,730	0.42
Tania A Mirchandani	75,000	0.43
Ravin A Mirchandani	5,955	0.03
Aditya Tarachand Malkani	4,38,598	2.51
Rajbir Tarachand Malkani	83,515	0.48
Ninotchka Malkani Nagpal	27,350	0.16
Michelle Gulu Malkani	41,850	0.24
Gulshan Gulu Malkani	3,52,500	2.01
Deep Ashda Lalvani	15,920	0.09
Reshma A Lalvani	48,500	0.28
Vimla A Lalvani	2,500	0.01
Total (percent on total shares)	62,22,496	35.55
Newedge-Malabar India Fund	3,96,344	2.26
Novastar International Fund	3,41,818	1.95
Anil Kumar Goel	2,75,000	1.57
IL and FS Trust Company Ltd.	2,20,000	1.26
Gita Dolar Mehta	2,05,888	1.18
Sarla Chandna	1,79,000	1.02
Total (percent on total shares)	16,18,050	9.24

e. Stock price data: The Stock Exchange, Mumbai (₹)

Month	Open Price	High Price	Low Price	Close Price
April 2013	72	72	70	70
May 2013	73	72	72	72
June 2013	74	74	73	72
July 2013	65	65	65	65
August 2013	56	56	53	53
September 2013	55	55	53	53
October 2013	53	55	51	53
November 2013	54	58	53	54
December 2013	55	60	55	58
January 2014	60	65	55	61
February 2014	61	62	56	60
March 2014	59	72	57	68

f. Share price movement

BSE sensx and the Company's quotation – a comparative sketch – of the closing prices – April 1, 2013 to March 31, 2014



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, 2014, 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 principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with the General Circular #15/2013 dated September 13, 2013 issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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 have 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 Companies Act ('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, 2014;
- 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), we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. We report that:
 - a. We have obtained all the information and explanations which to the best of our 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 & 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 & Loss and Cash Flow Statement comply with the accounting standards notified under the Companies Act, 1956 read with the General Circular #15/2013 dt. September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013 and
 - e. On the basis of written representations received from the Directors as on March 31, 2014 and taken on record by the Board of Directors, none of the Director(s) is / are disqualified as on March 31, 2014 from being appointed as a Director, in terms of sub-section (1) of Section 274 of the Companies Act, 1956.

For **Amarnath Kamath and Associates**

Chartered Accountants
Firm registration no. 000099S

Bangalore
May 19, 2014

Amarnath Kamath
Partner [Membership No.13124]

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 as 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.
 - (i) The Company has granted loans to its joint venture partner company and has also made inter-corporate deposits with parties covered in the register maintained under Section 301 of the Act. The loan to the joint venture party is repayable on demand and the maximum amount outstanding during the year was ₹ 91,98,070 which is also the year-end balance. Inter-corporate deposits were fully repaid by the parties during the year. Other than the above, 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 Act.
 - (ii) In our opinion, the rate of interest and conditions on which these loans were granted were not, prima facie, prejudicial to the interest of the Company.
 - (iii) Interest accrued on the loan granted to the joint venture partner company is shown as receivable in the accounts, as on the Balance Sheet date.
 - (iv) As on the date of the Balance Sheet, there are no overdue amounts of more than Rupees one lakh, in respect of loans granted to bodies corporate, listed in the register maintained under Section 301 of the Act.
 - b. The Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Act. Thus paragraphs 4(iii)(e) to 4 (iii)(g) of the Order are not applicable and hence not commented upon.
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 Act, 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 lakhs, with any single party during the year, have been made at prices which are reasonable, having regard to the prevailing market prices, at the relevant time.
6. 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 Act, in respect of manufacture of welding electrodes, flux cored wires, bare rods, reclamation products and are of the opinion that, prima facie, the prescribed accounts and records have been 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 the appropriate authorities undisputed amounts, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax and other Statutory dues applicable to it. According to the information and explanations provided to us, other than delay in Wealth Tax payment of ₹ 2,00,000 no undisputed amounts, referred to above, were outstanding as at March 31, 2014 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
Excise Duty	Levy of excise duty on traded imported goods	70,73,413	2002-06
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the year and in the immediately preceding financial year.

INDEPENDENT AUDITORS' REPORT

Annexure to the Auditors' Report

11. 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. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. 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. The Company is not a dealer or trader in shares, securities, debentures and other investments.
15. The Company has not given any guarantee for loans, taken by others from banks or financial institutions.
16. The Company has not availed term loan(s) 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 Act.
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

Bangalore
May 19, 2014

Amarnath Kamath
Partner [Membership No.13124]

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, 2014 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

Bangalore
May 19, 2014

Amarnath Kamath
Partner [Membership No.13124]

BALANCE SHEET

(₹ in lakhs)

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share capital	2.01	350	350
Reserves and surplus	2.02	7,986	7,426
Sub-total		8,336	7,776
2. Non-current liabilities			
Long-term borrowings	2.03	185	179
Long-term provisions	2.04	1,002	1,020
Sub-total		1,187	1,199
3. Current liabilities			
Trade payables	2.05	942	1,384
Other current liabilities	2.06	656	454
Short-term provisions	2.07	793	866
Sub-total		2,391	2,704
TOTAL - EQUITY AND LIABILITIES		11,914	11,679
ASSETS			
1. Non-current assets			
Fixed assets	2.08		
Tangible assets		2,060	1,841
Intangible assets		40	53
Sub-total		2,100	1,894
Non-current investments	2.09	912	626
Deferred tax	2.10	287	310
Long-term loans and advances	2.11	221	220
Sub-total		1,420	1,156
2. Current assets			
Current investments	2.12	54	51
Inventories	2.13	2,409	2,358
Trade receivables	2.14	2,736	2,577
Cash and cash equivalents	2.15	2,520	3,158
Short-term loans and advances	2.16	675	485
Sub-total		8,394	8,629
TOTAL- ASSETS		11,914	11,679
Significant accounting policies and notes to the financial statements (Refer notes 1 and 2)			

On behalf of the Board of Directors

N Malkani Nagpal
Chairman
DIN 00031985

H P Ledwani
Managing Director
DIN 00040629

Geetha D
Company Secretary
Mumbai, May 17, 2014

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, May 19, 2014

STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Particulars	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
1. Revenue from operations (gross)		14,767	16,049
Less: Excise duty		823	841
Revenue from operations (net)	2.17	13,944	15,208
2. Other income	2.18	267	1,188
3. Total revenue (1+2)		14,211	16,396
4. Expenses			
a. Cost of materials consumed	2.19	3,658	3,419
b. Purchase of traded goods	2.20	4,495	5,007
c. Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.21	(304)	(54)
d. Employee benefit expenses	2.22	1,879	1,983
e. Finance cost	2.23	4	4
f. Depreciation and amortisation expenses		280	267
g. Other expenses	2.24	2,198	2,674
Total expenses		12,210	13,300
5. Profit before tax (3-4)		2,001	3,096
6. Tax expense			
a. Current year		700	925
b. Prior years		–	29
c. Deferred tax		24	72
Sub-total		724	1,026
7. Profit after tax (5-6)		1,277	2,070
8. Earnings per share	2.25		
Basic and diluted		7.29	12.00
Significant accounting policies and notes to the financial statements (Refer notes 1 and 2)			

On behalf of the Board of Directors

N Malkani Nagpal
Chairman
DIN 00031985

H P Ledwani
Managing Director
DIN 00040629

Geetha D
Company Secretary
Mumbai, May 17, 2014

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, May 19, 2014

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 Accounting Standards notified under the Companies (Accounting Standards) Rules 2006 (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular #15/2013 dated 13th September 2013 issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 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:

1.1 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.
- 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 time-proportion method, based on rates implicit in the transaction.

1.2 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 are approved by the authorities and the same is being carried at cost less accumulated amortisation.

1.3 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 lease period).
 - iii. Intangible assets: Over a period of approx. 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.

1.4 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.

1.5 Investments

Investments are valued at cost inclusive of dividend re-invested thereon (where applicable).

1.6 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.
- c. Finished goods: At cost or net realisable value, whichever is lower and are inclusive of cenvat thereon.
- d. 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.

Note: Cost is determined on a weighted average basis.

1.7 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.

1.8 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.

1.9 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

- a. Current tax: Provision for current tax is made based on tax liability computed after considering tax allowances and exemptions.
- b. 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.

SIGNIFICANT ACCOUNTING POLICIES

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 Company adopts the accrual concept in the preparation of Accounts. Assets and liabilities are recorded at historical cost. These costs are not adjusted to reflect the changing value in the purchasing power of money (inflation). Further, based on the nature of activities, the Company has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

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 31.03.2014		As at 31.03.2013	
	Nos.	₹ in lakhs	Nos.	₹ in lakhs
Authorised				
Equity shares of ₹ 2/- each	2,50,00,000	500	2,50,00,000	500
Issued				
Equity shares of ₹ 2/- each	1,75,00,000	350	1,75,00,000	350
Subscribed and paid up				
Equity shares of ₹ 2/- each	1,75,00,000	350	1,75,00,000	350
Subscribed but not fully paid up				
Equity shares of ₹ 2/- each	Nil	Nil	Nil	Nil
Calls unpaid	Nil	Nil	Nil	Nil
Par value per equity share	₹ 2/-	₹ 2/-	₹ 2/-	₹ 2/-

b. Reconciliation of number of equity shares

Particulars	As at 31.03.2014		As at 31.03.2013	
	Nos.	₹ in lakhs	Nos.	₹ in lakhs
Equity shares				
Shares outstanding at the beginning of the year	1,75,00,000	350	1,75,00,000	350
Shares issued during the year	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

Name of the Shareholder	As at 31.03.2014		As at 31.03.2013	
	No. of shares held	Percent	No. of shares held	Percent
J B Advani and Company Private Limited				
CIN:U51900MH1925PTC004217 PAN:AAACJ1966D	46,06,578	26.32	46,06,578	26.32

d. Share warrants

Rupees two hundred and sixty seven lakhs was received from J B Advani and Company Private Limited (JBA), the promoters towards issue of 17,50,000 warrants on preferential basis. Since necessary approvals were not received before the close of the year, the share warrants were not issued. The amount has since been refunded as per the provisions of the Companies Act, 2013 with commitment/undertaking from JBA executed for specific performance / requirements to subscribe, subject to necessary approvals/consents from requisite authorities.

NOTES TO THE FINANCIAL STATEMENTS

e. 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.

f. 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 31.03.2014	As at 31.03.2013
Capital reserve		
Opening balance	12	12
Additions during the year	-	-
Sub-total	12	12
Securities premium		
Opening balance	172	172
Add: Received during the year	-	-
Sub-total	172	172
General reserve		
Opening balance	5,800	4,800
Add: Transfer from surplus	200	1,000
Sub-total	6,000	5,800
Profit and loss		
Opening balance	1,442	1,089
Add: Profit for the year	1,277	2,070
Less: Transfer to general reserve	200	1,000
Proposed dividend on equity shares	613	613
Dividend distribution tax	104	104
Sub-total	1,802	1,442
Total	7,986	7,426

2.03 Long-term borrowings

(₹ in lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Deposits from dealers and employees	185	179
Total	185	179

2.04 Long-term provisions

(₹ in lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Warranties	520	538
Compensated absences	482	482
Total	1,002	1,020

2.05 Trade payables

(₹ in lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Sundry creditors for materials	550	959
Sundry creditors for expenses	392	425
Total	942	1,384

NOTES TO THE FINANCIAL STATEMENTS

2.06 Other current liabilities

(₹ in lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Advance from customers	33	53
Statutory liabilities	224	248
Unclaimed dividends	69	57
Share warrants application money	267	–
Others	63	96
Total	656	454

2.07 Short-term provisions

(₹ in lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Employee benefits		
Bonus to employees	11	12
Compensated absences	53	54
Sub-total	64	66
Others		
Proposed equity dividend	613	613
Dividend distribution tax	104	104
Provision for doubtful debts	12	22
Provision for warranties	–	61
Sub-total	729	800
Total	793	866

2.08 Fixed assets

(₹ in lakhs)

Particulars	Gross block					Depreciation					Net block	
	As at 01.04.13	Additions	Disposals	Impairment	As at 31.03.14	As at 01.04.13	Withdrawn on sales	Impairment	For the year	As at 31.03.14	As at 31.03.14	As at 31.03.13
Tangibles												
Freehold land	76	–	–	–	76	–	–	–	–	–	76	76
Leasehold land	2	–	–	–	2	–	–	–	–	–	2	2
Buildings	1,050	–	–	–	1,050	185	–	–	86	271	779	865
Office premises	109	355	–	–	464	63	–	–	8	71	393	46
Plant & machineries	914	51	(2)	(2)	961	466	(1)	(1)	70	534	427	448
Electrical equipment	78	3	(1)	(2)	78	14	–	–	9	23	55	65
Computers	146	22	(8)	–	160	104	(6)	–	21	119	41	43
Office equipment	70	8	(5)	–	73	35	(4)	–	4	35	38	35
Furniture & fixtures	112	2	–	–	114	76	–	–	7	83	31	36
Vehicles	489	86	(80)	–	495	263	(48)	–	62	277	218	225
Sub-total	3,046	527	(96)	(4)	3,473	1,206	(59)	(1)	267	1,413	2,060	1,841
Intangibles	70	–	–	–	70	17	–	–	13	30	40	53
Sub-total	70	–	–	–	70	17	–	–	13	30	40	53
Total	3,116	527	(96)	(4)	3,543	1,223	(59)	(1)	280	1,443	2,100	1,894
Previous Year	2,527	680	(97)	6	3,116	1,004	(55)	6	267	1,222	1,894	

NOTES TO THE FINANCIAL STATEMENTS

2.09 Non-current investments

(₹ in lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Trade investments – Joint venture		
4,80,000 ordinary shares of MYR 1/- each in Dualrank Fontech (M) Sdn. Bhd.	76	76
Non – trade investments (Mutual funds, quoted)		
HDFC FMP 390 'D' Growth Fund (10,00,000 units)	–	100
LIC Nomura Growth Fund (9,99,985 units)	–	100
HDFC FMP 384 'D' Growth Fund (10,00,000 units)	100	100
Birla Sun Life Dynamic Bond Fund (2,52,706.49 units)	–	50
Kotak Bond Fund Scheme Growth Plan (1,47,749.33 units)	50	50
Reliance Dynamic Bond Fund (3,18,633.69 units)	–	50
Reliance Internal Fund (ii) Series Growth Plan (10,00,000 units)	100	–
SBI Dynamic Bond Fund (3,40,119.86 units)	50	50
Tata Fixed Maturity Plan Series 45 (12,50,000 units)	125	–
HDFC Income Growth Fund (3,63,957.97 units)	100	–
HDFC FMP 366 'D' (21,05,920 units)	211	–
Non – trade investments (Bonds, unquoted)		
National Highways Authority (500 bonds of ₹ 10,000/- each)	50	50
Rural Electrification Corporation Limited (500 bonds of ₹ 10,000/- each)	50	–
Total	912	626
Market value of quoted investments	948	520

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 subsequent periods.

(₹ in lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Tax effect of items constituting deferred tax liability		
On difference between book and tax balance of fixed assets	130	145
Sub-total	130	145
Tax effect of items constituting deferred tax assets		
Provision for compensated absences	182	182
Provision for warranties	177	203
Provision for bad and doubtful debts	4	7
Disallowances under Section 43(B)	54	63
Sub-total	417	455
Net deferred tax asset	287	310

2.11 Long-term loans and advances

(₹ in lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Rent deposit and Government deposits	23	22
Security deposits and retention monies	48	54
Earnest money deposits	150	144
Total	221	220

2.12 Current investments

(₹ in lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Non – trade investments (mutual funds, quoted)		
HDFC Liquid fund – daily reinvest (5,33,600.36 units) (Previous year 4,97,827.30 units)	54	51
Total	54	51
Market value of quoted investments	54	51

NOTES TO THE FINANCIAL STATEMENTS

2.13 Inventories

(₹ in lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Raw materials	725	1,047
Traded goods	1,289	1,150
Work-in-progress	109	4
Finished goods	235	104
Packing materials	6	10
Stores, spares and consumables	45	43
Total	2,409	2,358

2.14 Trade receivables

(₹ in lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Outstanding for a period exceeding six months (from the due date of payment)		
Unsecured – considered good	373	128
Sub-total	373	128
Others		
Secured – considered good	4	37
Unsecured – considered good	2,359	2,412
Sub-total	2,363	2,449
Total	2,736	2,577

2.15 Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Cash in hand	1	1
Balance with banks in current/EEFC accounts	268	219
Fixed deposits with banks (includes ₹ 267 lakhs of share warrants application money)	2,182	2,881
Unclaimed dividends	69	57
Total	2,520	3,158

2.16 Short-term loans and advances

(₹ in lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Taxes, duties, input credits and refunds due	391	411
Advance to suppliers	24	19
Security deposit – secured, considered good	45	–
Loans and advances – unsecured considered good		
Joint venture	92	–
Other advances	100	40
Prepaid expenses and receivables	23	15
Total	675	485

2.17 Revenue from operations

(₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Manufactured goods	7,282	7,713
Scrap sales	8	10
Traded goods	6,153	6,931
Services	1,224	1,218
Commission on export services	100	177
Sub-total	14,767	16,049
Less: Excise duty	823	841
Total	13,944	15,208

NOTES TO THE FINANCIAL STATEMENTS

Details of sales

(₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Consumables	8,790	10,637
Equipment / Ancillaries	3,502	3,402
Others	1,652	1,169
Total	13,944	15,208

2.18 Other income

(₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Interest income	218	283
Dividend income	6	3
Net gain on sale of current investments	28	-
Net gain on foreign currency transactions	-	1
Excess provision for warranties	-	133
Liabilities no longer required	2	-
Other non operating income	13	32
Profit on sale of assets	-	736
Total	267	1,188

2.19 Cost of materials consumed

(₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Opening inventory	985	719
Add: Purchases	3,405	3,685
Less: Closing stock	732	985
Total	3,658	3,419
Details of materials consumed		
Wires, strips, coils, fluxes, tiles, components	2,894	3,037
Consumables	675	382
Others	89	-
Total	3,658	3,419

2.20 Purchase of traded goods

(₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Consumables	2,812	2,983
Equipment and spares	1,683	2,024
Total	4,495	5,007

2.21 Changes in inventories

(₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Inventories at the end of the year		
Finished goods	235	104
Work-in-progress	109	75
Stock-in-trade	1,289	1,150
Inventories at the beginning of the year		
Finished goods	104	105
Work-in-progress	75	82
Stock-in-trade	1,150	1,088
(Increase)/decrease in inventories	(304)	(54)

NOTES TO THE FINANCIAL STATEMENTS

2.22 Employee benefit expenses

(₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Salaries, allowances and other benefits	1,591	1,621
Contribution to provident and other funds	157	221
Staff welfare	131	141
Total	1,879	1,983

2.23 Finance cost

(₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Interest expense on dealer deposits	4	4
Total	4	4

2.24 Other expenses

(₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Rent, rates, insurance and taxes	126	123
Stores and spares	122	115
Power, fuel and other utilities	46	47
Sub-contracting of job works	468	554
Stationery, printing and communication	80	91
Repairs to building	5	9
Repairs to machinery	9	9
Other repairs and maintenance	67	56
Professional fees	70	68
Travelling and conveyance	453	526
Freight and forwarding	198	206
Sales commission and promotional expenses	282	403
Provision for warranties	24	107
Payment to auditors	12	11
Bank and other charges	13	13
General expenses	156	112
Discounts and rebates	60	201
Bad debts and irrecoverable advances written off (net)	7	23
Total	2,198	2,674

2.25 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 31.03.2014	Year ended 31.03.2013
Net profit after tax	1,277	2,070
Excess / (short) provision of taxes in respect of earlier years	-	29
Earnings	1,277	2,099
Number of equity shares issued	1,75,00,000	1,75,00,000
Basic earnings per share of ₹ 2/- each	7.29	12.00

The Company does not have any outstanding dilutive potential equity share as at March 31, 2014. Consequently, the basic and diluted earnings per share of the Company remain the same.

2.26 Disclosure relating to contingent liabilities, capital and other commitments

(₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Guarantees (bank and corporate)	328	338
Disputed excise duty demand under appeal	71	71

NOTES TO THE FINANCIAL STATEMENTS

2.27 Operating lease

(₹ in lakhs)

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 ₹ 61,46,610/- (Previous year ₹ 61,74,048/-) has been charged to the Statement of Profit and Loss.

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Lease payments for the year	61	61
Minimum lease payments	As at 31.03.2014	As at 31.03.2013
Not later than one year	51	56
Later than one year but not later than five years	2	13

2.28 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 the said Act.

2.29 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 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 management/managerial personnel (KMP): Mrs. N Malkani Nagpal, Mr. HP Ledwani and Mr. A T Malkani (v) Relatives of KMP: Mrs. Sunila H Ledwani.

b. Transactions with related parties

(₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
J B Advani and Company Private Limited – CIN: U51900MH1925PTC004217		
Purchase of traded goods	11	19
Inter corporate deposit – ICD (paid and repaid in full during the year)	750	–
Interest on ICD	24	–
Ador Welding Limited – CIN: L70100MH1951PLC008647		
Purchase of traded goods	251	380
Sale of manufactured goods	5	1
Rent paid	10	7
Royalty payment	3	3
Product development	1	–
Ador Welding Academy Private Limited – CIN: U74900PN2012PTC144148		
Sale of traded goods	18	10
Professional charges	2	–
Ador Powertron Limited – CIN: U31103PN1995PLC084268		
Purchase of traded goods	1	4
Reimbursements	–	2
Royalty payment	7	2
Transfer of research and development	–	22
Inter corporate deposit – ICD (paid and repaid in full during the year)	500	–
Interest on ICD	22	–
Related Personnel		
Professional fees	23	21
Remuneration	74	73
Dualrank Fontech (M) Sdn. Bhd. – Joint Venture – Reg No. 905260-H		
Sale of manufactured goods	56	28
Loans granted	92	–
Key Management Personnel		
Remuneration	187	185
Lease rental deposits (repaid in full during the year)	10	10
Relatives of Key Management Personnel – House rent as per lease agreement	19	19

NOTES TO THE FINANCIAL STATEMENTS

c. Balances of related parties (₹ in lakhs)

Particulars	Year ended 31.03.2014
J B Advani and Company Private Limited	Nil
Ador Welding Limited	Nil
Ador Welding Academy Private Limited	Nil
Ador Powertron Limited (Cr.)	7

d. Maximum balance during the year (₹ in lakhs)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
	Dr.	Cr.	Dr.	Cr.
J B Advani and Company Private Limited	8	-	10	-
Ador Welding Limited	12	6	31	-
Ador Welding Academy Private Limited	19	-	-	-
Ador Powertron Limited	7	-	2	-

- Note: a. Remuneration : (i) Salaries and perquisites are valued as per Income Tax Act. (ii) Travel expenses / per diem allowance incurred for business purpose have been excluded. (iii) KMP's remuneration includes salaries of both Managing & Executive Director. (iv) Payment to related personnel are depicted in chronological order.
- b. Debit balances depict receivables/advance towards supplies.
- c. Related party relationship is as identified by the Company and relied upon by the Auditors.

2.30 Receipts in foreign currencies (₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Commission on export services	100	177
Other exports	30	95
Total	130	272

2.31 Expenditure in foreign currencies (₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Travel expenses	52	80
Conferences	30	21
Total	82	101

2.32 Details of imported and indigenous raw materials, stores and spares consumed (₹ in lakhs)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
	Amount	Percentage	Amount	Percentage
Raw materials				
Imported	598	16.34	529	15.47
Indigenous	3,060	83.66	2,890	84.53
Sub-total	3,658	100.00	3,419	100.00
Stores and spares				
Imported			2	1.74
Indigenous	122	100.00	113	98.26
Sub-total	122	100.00	115	100.00
Total	3,780	100.00	3,534	100.00

2.33 CIF value of imports (₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Raw materials	280	585
Equipment, machineries, spares and others	1,282	1,420
Traded goods	1,729	1,690
Total	3,291	3,695

NOTES TO THE FINANCIAL STATEMENTS

2.34 Payment to auditors

(₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Statutory audit	5	5
Taxation	2	2
Other services	5	4
Total	12	11

2.35 Particulars of unhedged foreign currency exposures

(₹ in lakhs)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Foreign currencies	Indian Rupees	Foreign currencies	Indian Rupees
US Dollar*	3	174	6	326
Euro*	0.5	30	2	139

* Payables

2.36 Defined benefit obligation: gratuity

(₹ in lakhs)

Particulars	Year ended 31.03.2014
1. Changes in defined benefit obligation	
Obligation at the beginning of the year	292
Interest cost	23
Service cost	19
Actuarial (gain)/ loss	(34)
Benefits paid	(27)
Obligation at the end of the year	273
2. Changes in fair value of assets	
Opening fair value of plan assets	282
Expected return on plan assets	19
Actuarial gain/(losses)	21
Contribution made by the employer	10
Benefits paid	(27)
Closing fair value of plan assets	305
3. Liability recognised in the Balance Sheet	
Present value of funded obligations	273
Fair value of plan assets	(305)
Net liability	(32)
4. Expenses recognised in the Statement of Profit and Loss	
Service cost	19
Interest cost	23
Expected return on plan assets	(19)
Actuarial (gain)/loss	(54)
Total expenses included in the employee benefit expenses	(31)
Assumptions	
Discount factor	9.00%
Estimated rate of return on plan assets	7.50%
Salary increase	7.00%
Attrition rate 21-44 years	2%
45-57 years	1%
Retirement age	58 years

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

NOTES TO THE FINANCIAL STATEMENTS

2.37 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.

2.38 Defined benefit obligation

Leave encashment: Cumulative defined benefit obligation of compensated absences (unfunded) amounts to ₹ 535/- lakhs (Rupees five hundred and thirty five lakhs) as per actuarial valuation. The same has been provided for in the books of account.

2.39 Information on joint venture

Particulars	Country	Shareholding	Registration no.	Authorised share capital
Dualrank Fontech (M) Sdn. Bhd.	Malaysia	48%	905260-H	Ordinary shares–MYR 10,00,000

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

b. Details of Dualrank Fontech (M) Sdn. Bhd. and 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	Dualrank Fontech (M) Sdn. Bhd.		Ador Fontech Limited*	
	As at 31.12.2013	As at 31.03.2014	As at 31.12.2013	As at 31.03.2014
	Audited (MYR)	Unaudited (MYR)	Audited (INR)	Unaudited (INR)
1. Shareholders' funds				
Share capital	10	10	88	88
Accumulated losses	(12)	(14)	(106)	(123)
Shareholders' equity (A)	(2)	(4)	(18)	(35)
2. Non-current liabilities				
Financial borrowings (B)				
TOTAL (A) + (B)	(2)	(4)	(18)	(35)
3. Non-current assets				
Plant and equipment (C)	3	3	26	26
4. Current assets less current liabilities				
Inventories	4	5	35	44
Trade receivables	5	3	44	26
Sundry receivables, deposits and prepayments	–	1	–	9
Cash and bank balances				
Less: Trade payables	3	4	26	35
Sundry payables and accruals	11	12	97	105
Net current liabilities (D)	(5)	(7)	(44)	(61)
TOTAL (C) + (D)	(2)	(4)	(18)	(35)

ii. Income statement

(in lakhs)

Particulars	Dualrank Fontech (M) Sdn. Bhd.		Ador Fontech Limited*	
	As at 31.12.2013	As at 31.03.2014	As at 31.12.2013	As at 31.03.2014
	Audited (MYR)	Unaudited (MYR)	Audited (INR)	Unaudited (INR)
Revenue	16	1	141	9
Less: Cost of sales	13	1	115	9
Operating and administrative expenses	8	2	71	18
Operating loss	(5)	(2)	(45)	(18)

* In proportion to the shareholding and converted to Rupees.

c. Commitments

(₹ in lakhs)

Particulars	As at 31.03.2014
Contingent liabilities and capital commitments	Nil

NOTES TO THE FINANCIAL STATEMENTS

d. Contribution to equity capital (₹ in lakhs)

Particulars	Date of remittance	As at 31.03.2014
2,88,000 ordinary shares of MYR 1/- each	05.07.2011	43
1,92,000 ordinary shares of MYR 1/- each	01.02.2013	33
4,80,000 ordinary shares of Malaysian Ringgit (MYR) 1/- each		76

e. Loan towards working capital (₹ in lakhs)

Particulars	Date of remittance	As at 31.03.2014
First tranche - MYR 1,42,000	27.09.2013	27
Second tranche - MYR 1,80,000	31.10.2013	35
Third tranche - MYR 1,57,500	02.01.2014	30
Total		92

2.40 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' & 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 (2013-14)			Financial year (2012-13)		
	Products	Services	Total	Products	Services	Total
Segment revenue	12,619	1,325	13,944	13,813	1,395	15,208
Segment result	1,361	467	1,828	1,546	468	2,014
Unallocated expenses	-	-	94	-	-	106
Other income	-	-	267	-	-	1,188
Profit before tax	-	-	2,001	-	-	3,096
Capital employed						
Segment assets	6,252	1,449	7,701	6,157	977	7,134
Segment liabilities	2,534	266	2,800	2,747	394	3,141
Unallocable assets	-	-	1,253	-	-	987
Investments	-	-	2,182	-	-	2,796
Net capital employed	3,718	1,183	8,336	3,410	583	7,776
Capital expenditure	-	-	527	-	-	680
Depreciation and amortisation expenses	-	-	280	-	-	267

c. Geographical segment (₹ in lakhs)

Particulars	India		Rest of the world		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
Segment revenue	14,081	16,124	130	272	14,211	16,396

2.41 Contractual liabilities

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

2.42 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.

2.43 Transfer pricing

Transfer pricing report duly audited were filed for the Assessment Year 2013-14. Similar compliance will be made by the Company, for the Assessment Year 2014-15. Further, the Management is of the opinion that its 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 31.03.2014	Year ended 31.03.2013
A. Cash flow from operating activities		
Net profit before tax as per Statement of Profit and Loss	2,001	3,096
Add/(Less):		
Depreciation, amortisation and impairment	280	267
Interest expense on dealer deposits	4	4
(Profit)/loss on sale of assets/investments	(28)	(736)
Interest and dividend income	224	(286)
Bad debts/advances provided written-off-net of recovery/write back	7	155
Operating profit before changes in working capital	2,488	2,500
Adjustments for:		
Trade receivables	(159)	(533)
Inventories	(51)	(350)
Movement in loans, advances and other current assets	(192)	5
Trade payables	(442)	282
Movement in liabilities and provisions	65	(406)
Cash generated from operations	1,709	1,498
Taxes paid	(638)	(837)
Net cash from operating activities (A)	1,071	661
B. Cash flow from investing activities		
Purchase of fixed assets	(527)	(680)
Sale of fixed assets	40	779
Purchase and sale of investments (net)	(289)	(329)
Interest and dividend income	(224)	286
Investment in fixed deposits with banks (net)	699	(2)
Net cash from investing activities (B)	(301)	54
C. Cash flow from financing activities		
Dividend paid including tax	(705)	(611)
Interest expense on dealer deposits	(4)	(4)
Net cash from financing activities (C)	(709)	(615)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	61	100
Opening balance of cash and cash equivalents	277	177
Closing balance of cash and cash equivalents	338	277
Investment in bank deposits as at the end of the year	2,182	2,881
Balance as per note no. 2.15	2,520	3,158

Note: Figures in brackets represent cash outflow

On behalf of the Board of Directors

N Malkani Nagpal
Chairman
DIN 00031985

H P Ledwani
Managing Director
DIN 00040629

Geetha D
Company Secretary
Mumbai, May 17, 2014

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, May 19, 2014

VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its Members facility to exercise their right to vote at the 39th Annual General Meeting (AGM) by electronic means and the business to be transacted through e-voting services provided by National Securities Depository Limited (NSDL).

The instructions for e-voting are as under:

1. **In case a Member receives an email from NSDL [for Members whose email ids are registered with the Company/Depository Participant(s)]:**
 - a. Open email and open PDF file 'Ador Fontech – e-voting.pdf' with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN. Please note that the password is an initial password.
 - b. Launch the internet browser and type the URL <https://www.evoting.nsdl.com>.
 - c. Click on Shareholder-Login.
 - d. Input User ID, Password and Click Login.
 - e. Password change menu appears. Change the password/PIN with a new password of your choice with minimum 8 digits/characters or combination thereof. Please note down the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - f. Home page of e-voting opens. Click on e-voting – Active voting cycles.
 - g. Select "EVEN" of Ador Fontech Limited.
 - h. Now you are ready for e-voting as 'Cast Vote' page opens.
 - i. Cast your vote by selecting the appropriate option and click on 'Submit' and also 'Confirm' when prompted.
 - j. Upon confirmation, the message 'Vote cast successfully' will be displayed.
 - k. Once you have voted on the resolutions, you will not be allowed to modify your vote.
 - l. Institutional shareholders (Corporate/FIs/FILs/Trust/Mutual Funds/Banks, etc.) are required to send scanned (PDF/JPEG format) of the relevant Board resolution/Authority letter, etc. together with attested specimen signature of duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser through e-mail 'maresh@legalcliff.in' with a copy marked to 'evoting@nsdl.co.in'.
2. **In case a Member receives physical copy of the Notice to the AGM [for Member(s) whose email ids are not registered with the Company/Depository Participant(s) or who have requested for physical copy]:**
 - a. Kindly refer User ID and Password provided in the enclosed 'Attendance Slip'
EVEN (E Voting Event Number) USER ID PASSWORD/PIN
 - b. Please follow all steps from Sl No. (b) to Sl No. (i) of point no. 1 above, to cast vote.
 - c. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
 - d. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - e. **The e-voting period commences from 14.08.2014 (9:30 hours) and ends on 16.08.2014 (16.30 hours).** During this period, the Shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date - July 18, 2014, may cast their vote electronically. Once the vote on a resolution is cast by the Shareholder(s), it shall not be allowed to change subsequently.
 - f. The voting rights of the Shareholder(s) shall be in proportion to their shares reckoned on the paid-up equity share capital of the Company as on the cut off date – July 18, 2014.
 - g. Mr. Mahesh Shenoy, Company Secretary (FCS Membership#5647 and CP#4262) having office at No. 152, 2/3, 1st floor, 9th Cross, 80 Feet Main Road, J P Nagar 1st Phase, Bangalore 560 078 and failing him, Ms. Manjula Narayan (ACS Membership#28374 and CP#10150), having office at No. 22/A, 4th Cross, Venkateshwara Theatre Road, Devasandra, Krishnarajapuram, Bangalore 560 036; Company Secretary(ies) in practice have been appointed as the Scrutiniser(s) to scrutinise the e-voting process in a fair and transparent manner.
 - h. The Scrutiniser(s) shall from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company, make a Scrutiniser's Report of the votes cast in favour or against and submit it to the Chairman of the Company.
In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Members and e-voting User Manual available at the download section of <https://www.evoting.nsdl.com> or contact NSDL – Tel: (022) 24994600.

POLL AT THE MEETING

At the end of the AGM, the Chairman will order for a poll in respect of the items provided in the Notice. Poll will be conducted and supervised by the Scrutiniser(s) to be appointed for this purpose. After conclusion of the poll, the results (including consolidated result of e-voting and poll) will be announced and thereafter the meeting will be declared as closed.



Ador Fontech Limited

CIN: L31909KA1974PLCO20010

Registered Office: Belview 7 Haudin Road Bangalore 560 042 Tel: (080) 25596045 / 73 Fax: (080) 25597085

Web: www.adorfon.com E-mail:customerservice@adorfon.com / investorservice@adorfon.com

ATTENDANCE SLIP 39th ANNUAL GENERAL MEETING

I/We hereby record my/our presence at the 39th Annual General Meeting (AGM) of the Members of the Company on Wednesday, August 20, 2014 at 11:30 hours at Woodlands Hotel Private Limited #5 Raja Ram Mohan Roy Road Bangalore 560 025.

*Signature of the Member(s)/ Proxy/Authorised Representative

Place: Bangalore

Date: August 20, 2014

Notes: (i) Sign this attendance slip and hand it over at the entrance of the meeting hall. (ii) Bodies Corporate, whether a Company or not, who are Members, may attend through their authorised representative(s) appointed under Section 113 of the Companies Act, 2013. A copy of the authorisation should be deposited with the Company. (iii) In case of shares held in demat/electronic form, the signature(s) of the Beneficial Owner is liable for verification with the record furnished to the Company by National Securities Depository Limited (NSDL)/Central Depository Services Limited (CDSL).

ELECTRONIC VOTING PARTICULARS

EVEN (E-VOTING EVENT NUMBER)	USER ID	PASSWORD
Details as per email/attendance slip (physical document)		

E-VOTING FACILITY IS AVAILABLE DURING THE FOLLOWING VOTING PERIOD

Commencement of e-voting	End of e-voting
Thursday, August 14, 2014 at 9:30 hours	Saturday, August 16, 2014 at 16:30 hours

Note: For instructions on e-voting, kindly refer Page 30 of the Annual Report (2013-14).



Ador Fontech Limited

CIN: L31909KA1974PLCO20010

Registered Office: Belview 7 Haudin Road Bangalore 560 042 Tel: (080) 25596045 / 73 Fax: (080) 25597085

Web: www.adorfon.com E-mail: customerservice@adorfon.com / investorservice@adorfon.com

PROXY FORM – FORM NO. MGT-11

Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s):..... Email Id:

Registered address: Folio No/Client Id:

..... DP ID:

I/We, being the Member(s) ofshares of the above named Company hereby appoint.

1. Name: Address:
- E-mail id: Signature:..... or failing him
2. Name: Address:
- E-mail id: Signature:..... or failing him
3. Name: Address:
- E-mail id: Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 39th Annual General Meeting of the Company, to be held on Wednesday, August 20, 2014 at 11:30 hours at Woodlands Hotel Private Limited #5 Raja Ram Mohan Roy Road Bangalore 560 025 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl No.	Resolutions	For	Against
1.	Adoption of Accounts		
2.	Declaration of Dividend		
3.	Re-appointment of Mrs. N Malkani Nagpal as Director		
4.	Appointment of Statutory Auditors		
5.	Appointment of Mr. Santosh Janakiram as an Independent Director		
6.	Appointment of Mr. N S Marshall as an Independent Director		
7.	Appointment of Branch Auditors		

Signed this day of 2014

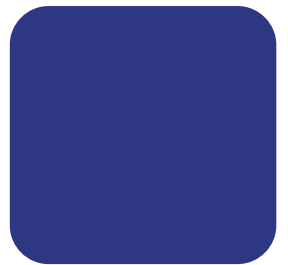
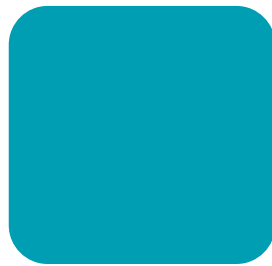
.....
Signature of the Shareholder

.....
Signature of Proxy holder(s)

Affix Revenue stamp

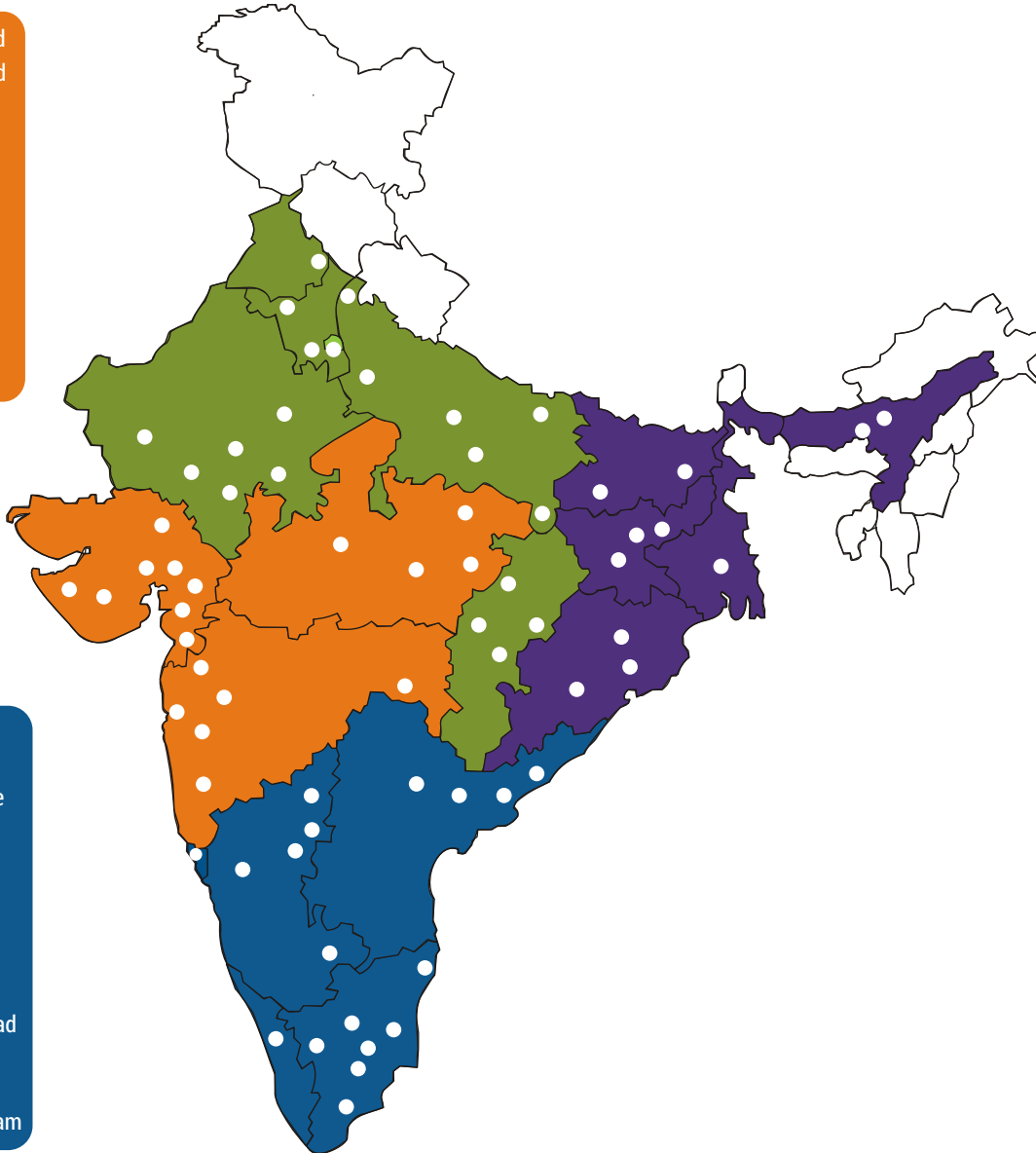
Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Life Enhancement of Industrial Components



Our Network

Ahmedabad
Aurangabad
Baroda
Goa
Kolhapur
Mumbai
Nasik
Pune
Ratnagiri
Surat
Thane



Bangalore
Chennai
Coimbatore
Hospet
Hubli
Madurai
Neyveli
Raichur
Salem
Secunderabad
Trichy
Tuticorin
Visakhapatnam

Bhilai
Bilaspur
Chandigarh
Chandrapur
Chittorgarh
Delhi
Gorakhpur
Gurgaon
Jabalpur
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